

Lenoir County, North Carolina

Financial Statements

Fiscal Year Ended June 30, 2012.



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Lenoir County, North Carolina

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INTRODUCTORY SECTION

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LENOIR COUNTY, NORTH CAROLINA
LIST OF PRINCIPAL OFFICERS
JUNE 30, 2012

BOARD OF COUNTY COMMISSIONERS

George W. Graham, Jr. – Chairman

Reuben J. Davis – Vice-Chairman

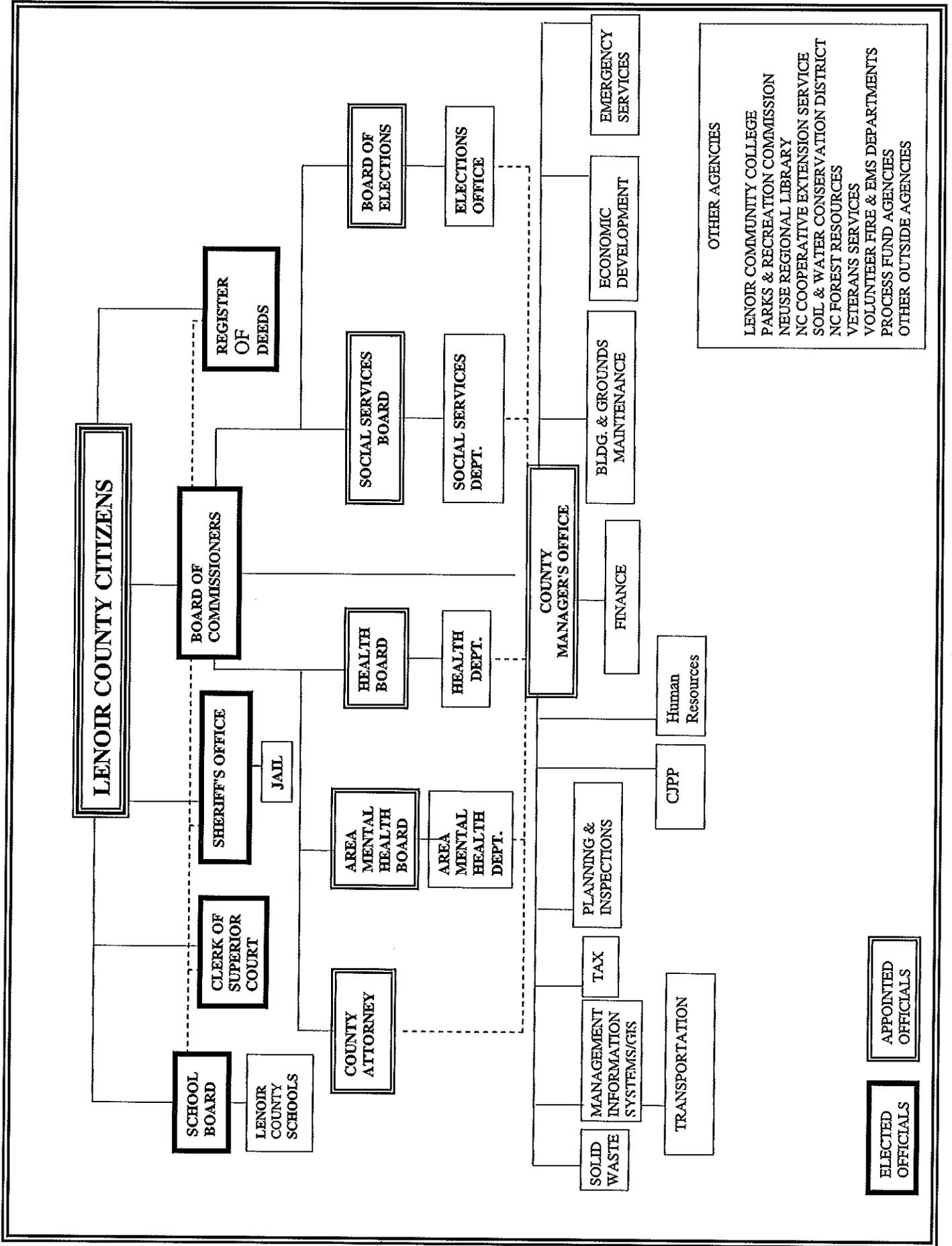
Jackie Brown
J. Mac Daughety
Eric Rouse
Tommy Pharo
Linda Rouse Sutton

COUNTY MANAGER/BUDGET OFFICER

Michael W. Jarman

FINANCE OFFICER

Martha H. Martin

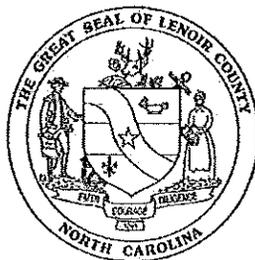


- OTHER AGENCIES**
- LENOIR COMMUNITY COLLEGE
 - PARKS & RECREATION COMMISSION
 - NEUSE REGIONAL LIBRARY
 - NC COOPERATIVE EXTENSION SERVICE
 - SOIL & WATER CONSERVATION DISTRICT
 - NC FOREST RESOURCES
 - VETERANS SERVICES
 - VOLUNTEER FIRE & EMS DEPARTMENTS
 - PROCESS FUND AGENCIES
 - OTHER OUTSIDE AGENCIES

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County of Lenoir

Board of Commissioners
George W. Graham, Jr., Chairman
Reuben J. Davis, Vice-Chairman
Jackie Brown
Mac Daughety
Thomas A. Pharo
Eric Rouse
Linda Rouse Sutton



Lenoir County Courthouse
Post Office Box 3289
130 South Queen Street
Kinston, NC 28502

Telephone: (252) 559-6450
Fax: (252) 559-6454

Michael W. Jarman, County Manager
Thomas L. Hollowell, Asst. Cnty Manager
Clevette Roberts, Interim Clerk to the Board

The Board of County Commissioners
Lenoir County
North Carolina

December 5, 2012

Introduction

State law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements. These financial statements must conform to generally accepted accounting principles (GAAP) and be audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to this requirement, we are pleased to present the Financial Statements of Lenoir County for the fiscal year ended June 30, 2012.

The financial statements and supplemental schedules that make up this report consist of management's representations concerning the finances of Lenoir County. Management accepts full responsibility for the completeness and reliability of all information contained in this report. To provide a reasonable basis for making these representations, the management of Lenoir County has established a comprehensive internal control system that is designed not only to protect the assets of Lenoir County from misuse, loss, or theft but also to compile sufficient, accurate, and reliable information for the preparation of Lenoir County's financial statements in conformity with GAAP. The cost of an internal control system should not outweigh its benefits; therefore, Lenoir County's comprehensive internal control system has been designed to provide a reasonable assurance rather than absolute assurance that the financial statements are free of material misstatement. We believe the data as presented is accurate in all material aspects, that it is presented in a manner designed to set forth fairly the financial position and results of operations of the County, and that all disclosures have been included to enable the reader to gain a better understanding of the County's financial affairs.

Lenoir County's financial statements have been audited by the certified public accounting firm of Pittard, Perry & Crone, Inc. The goal of the independent audit is to provide reasonable assurance that the financial statements of Lenoir County for the fiscal year ended June 30, 2012 are free of material misstatement. To accomplish this, the independent auditing firm examines, on a test basis, evidence to support the amounts and disclosures in the financial statements; assess the accounting principles employed and significant estimates made by the management of the County; and evaluate the overall presentation of the financial statement. The independent auditor concluded, based upon their audit findings, that there was a reasonable basis for rendering an unqualified opinion that the financial statements of Lenoir County for the fiscal year ended June 30, 2012, are fairly presented in accordance with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Lenoir County is part of a much broader federally mandated "Single Audit". The "Single Audit" is designed to comply with the special requirements of federal grantor agencies. The standards governing "Single Audits" require the independent auditor to report on the fair presentation of the audited unit's financial statements and on the unit's internal controls and compliance with legal requirements. Special emphasis is placed on the audited unit's internal controls and legal requirements involving the administration of federal grants and awards.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The MD&A is designed to

complement this letter of transmittal and should be read in conjunction with it. Lenoir County's MD&A can be found immediately following the independent auditor's report.

Description & Brief History of the County

Lenoir County is located in the Coastal Plains region of Eastern North Carolina approximately midway between South Carolina and Virginia. Encompassing an area of 401.96 square miles, the County is an irregular pentagon in shape and is bound on the north by Greene County, on the east by part of Jones, Pitt and Craven Counties, on the south by Jones County and on the west by Wayne and Duplin Counties.

The land is good land...an eastward-sloping plain crossed by shallow valleys and interrupted by a few gently rolling hills. From an elevation of 125 feet above sea level near the Dawson community in the western section of the county, the land drops to 44 feet at the headwaters of the Trent River in the southeast section. Along the river and a few of the larger creeks are broad lowland areas carved in the distant past as the streams changed course or as water rushed downstream in times of heavy rain or storm. The normally placid Neuse River snakes its way for 75 miles through the center of the county, dividing it into almost two equal parts. The river depth fluctuates with the seasons from a low of two feet to a 1999 high water mark of almost 28 feet. Its width averages 50-300 feet. Other streams include Southwest, Contentnea, Bear Creek, Falling Creek and Briery Run.

Three (3) municipalities are within the County, the largest being the City of Kinston, which serves as the county seat and is located near the center of the County. The Town of La Grange is located in the western part of the County and the Town of Pink Hill is located in the southern part of the County. A fourth town, entitled Grifton, located in the northeast section of the County, has a small section of its corporate limits located in Lenoir County south of Contentnea Creek with the major land area of the town located in Pitt County.

The County has a commissioner/manager form of government with a total of seven (7) commissioners; two (2) commissioners are elected "at-large" while five (5) commissioners live in and are elected by district. All run on a partisan basis and serve four-year staggered terms. The Chairman serves as the presiding officer and is a voting member and ceremonial leader. Commissioners hold policymaking and legislative authority, and they are responsible for adopting the budget and appointing the County Manager. The Manager is responsible for implementing policies, managing daily and long-range operations, and appointing Department Managers with the exception of those elected or board appointed by statute.

The County is a full service government, giving its citizens a wide range of services that include public safety, sanitation, health, mental health, and social services, cultural and recreational activities, and general administration. This report includes all of the County's activities in maintaining these services. The County also extends financial support to certain boards, agencies, and commissions to help their efforts in serving citizens. Among these are the Lenoir County Board of Education, Lenoir Community College, Eastern Carolina Council of Governments, North Carolina Cooperative Extension Service, Lenoir Soil & Water Conservation District, Neuse Regional Library, Lenoir County Council on Aging, Inc., North Carolina Division of Forest Resources, three (3) rescue squads, and eleven (11) volunteer fire departments.

In the eighteenth century, North Carolina did not yet have a permanent capital, and if Governor Arthur Dobbs had gotten his way, the seat of government would have been established in Lenoir County. Dobbs, royal governor of the colony from 1754 to 1765, attempted to establish a permanent capital in present-day Lenoir County, on 850 acres of Tower Hill, on the north side of the Neuse River about three miles east of the present location of Kinston, which site Dobbs purchased for this purpose. Dobbs had a particular interest in public architecture, having been supervisor of construction of public buildings in Ireland and a promoter of new public architecture during his tenure in North Carolina. In 1758 he proposed that a complex of public buildings, to be known as George City, be built at Tower Hill. Detailed specifications both for the plan of the new town and the design of the public buildings were included in the "Act for erecting a City on Neuse River, upon the Plantation called Tower-Hill, fixing the Seat of Government therein, and building a Governor's House, and public offices in the same." The act was passed but never executed, in part because of sectional rivalries regarding the location of the seat of government. In 1766 New Bern was selected as the capital.

The period following the Revolution was one of corruption and lawlessness in Dobbs County, especially in the far reaches of the area where Greene County is now located. Lack of honest qualified leaders and difficulties in administering justice in the remote sections of the county resulted in an emergence of many individuals who

sought riches and power by any means, without regard to law. Government in some areas was non-existent. Tax collections were scant and law and order a farce. In efforts to remedy the situation, a bill was introduced in the General Assembly in December, 1791 to divide Dobbs County into two new counties with courts, prisons and stocks in each. An opponent of the bill, General William Graham, declared it was the first time he had ever heard of destroying a government to establish law and order. The new counties were to be named Lenoir and Glasgow. A strong effort was made to name one of the counties for Stephen Cabarrus, then president of the State Senate. The name of Lenoir was stricken from the bill and Cabarrus substituted. Then, following arguments by Lenoir partisans, Cabarrus was stricken and Lenoir re-inserted. Thus, Lenoir County came very close to being Cabarrus County. The act of abolishing Dobbs County and creating Lenoir County was ratified on January 21, 1792, and Kinston was named the County Seat. Lenoir County's name honors General William Lenoir, described by his contemporaries as a "venerable patriot and soldier", and who played a major role in the affairs of the state of North Carolina.

In Lenoir County, as elsewhere in North Carolina during the eighteenth century, the sale of early land grants, the economics of a plantation economy, and the lack of urban amenities created a far-flung society. Its members lived on large estates and used the county seat primarily for trade and government business. At the turn of the 19th century both town and county remained sparsely settled, with 4,005 people in the county, 107 of whom lived in Kinston. A spirit of enterprise swept Lenoir County between 1850 and 1860, much of it undoubtedly due to the arrival of the Atlantic and North Carolina Railroad. On March 8, 1865, Lenoir County underwent its final battle of war, known variously as the Battle of Wyse Fork and the Battle of Southwest Creek. In Lenoir County the twentieth century—the tobacco century—can properly be considered to have started in 1895, when Jessie Willis Grainger with 500 dollars worth of tobacco seeds became the Johnny Appleseed of tobacco. There was apparently a spate of arson in Kinston in 1895 in which much of the downtown district was destroyed. Around 1940, 640 acres were purchased at \$25 per acre to build an airport. The base became known as Stallings Field in honor of two (2) Kinston brothers, killed during WW II in 1945. In the early 1950's, the event that began the large-scale employment shift from agriculture to factory jobs was the construction of the E. I. Dupont de Nemours and Company dacron fiber plant; it was the first plant in the world to produce the new synthetic fiber dacron polyester.

Source: Lenoir County – 200 Years of Progress – 1776-1976
Published by the Lenoir County Board of Commissioners
And the Kinston-Lenoir County Bicentennial Commission

Coastal Plain & Fancy: The Historic Architecture of Lenoir County and Kinston, North Carolina
(1998); M. Ruth Little, Published by the City of Kinston and the Lenoir Historic Association

Economic Outlook

FY 2011-12 has proven to be another exciting and active year for Lenoir County Economic Development. As for the local economy, industrial growth is expanding toward levels not seen in 50 years. As industry and technology increase in our community, the need to properly educate and train our youth is vital. The State of North Carolina's initiative to promote science, technology, engineering and mathematics (STEM) is working with Lenoir County Public Schools, local industries, and government groups to enhance the education of our youth in these critical areas.

Since the grand opening in July 2010 of its 500,000 SF facility located within the N.C. Global TranPark, Spirit Aero Systems began production of composite center fuselage panels for the Airbus A350 XWB. In October 2011, the first production run was transported on the Russian plane "Antonov" to France for final assembly. Other shipments followed in November and December. Spirit officials anticipate having 274 full-time employees on board by the end of December 2012, with 40% of those employees residing in Lenoir County. In July 2011, Spirit announced it was awarded a contract to provide wing components for the Gulfstream G250 business jet. This announcement will add a new program to its manufacturing operations at the N.C. Global TransPark. The company anticipates that 150-200 new jobs will be created over the next 5 years as part of this work package.

The \$14.3 million construction of a 5.6 mile long rail spur to serve the N.C. Global TransPark is scheduled to be completed in February 2013. The spur will assist Spirit Aero Systems and other tenants of the Global TransPark in transporting their finished products to all corners of the globe.

In November 2011, Smithfield Foods announced an \$85.5 million expansion of their current facility located in the Hwy 70 West Industrial Park. This new facility will be a "state-of-the-art" food processing plant utilizing robotic technology. In addition to the investment in real and personal property, Smithfield will create 330 new jobs over the next 3 years.

In June 2012, the newly constructed skilled VA nursing home began advertising to fill approximately 150 positions. The new staff will include nurses, certified nursing assistants, housekeeping workers, laundry workers, dieticians, dietary aides, administrative staff and others. This facility is one of two being constructed in the State of North Carolina. This facility will provide much needed services to the 110,000 veterans living within a 50-mile radius of Lenoir County.

In February 2009, Mother Earth Brewing announced plans to renovate several empty buildings in downtown Kinston to construct a micro brewing operation. This project represented a \$1.4 million investment in industrial equipment, machinery and real property improvements. This project has proved to be a great success and sales continue to surpass projections. In conjunction with a major facelift in downtown Kinston, Mother Earth Brewing has invested another \$1.7 million renovating at least 5 storefronts and an empty lot with public art. Another building in the area has been purchased by the same developer, with the intent to turn the old 28,000 square foot building into market rate apartments, a boutique hotel, a spa, and an upscale bistro and oyster bar restaurant. The total cost of this renovation will be approximately \$2 million.

The newly constructed \$12 million Woodmen of the World Community Center opened in July 2012. The new center houses the Kinston-Lenoir County Parks and Recreation Department administrative staff, regional offices for the Woodmen of the World, banquet meeting rooms and kitchen facility, two basketball and volleyball courts, an elevated walking track, a teen center, a fitness center, aerobics classrooms, a competition size pool, a heated therapeutic pool, and a water park, featuring slides and a "lazy river" raft float. The water park is the largest of its kind in the eastern part of North Carolina and is built to accommodate individuals with visual impairments and other disabilities. This project was an excellent example of a joint partnership between the private sector, the County of Lenoir and the City of Kinston.

Major Initiatives

During fiscal year 2011-12, the County government made progress on different fronts. Key events/actions included:

- 1) Completed the administration of \$69.7 million school construction project funded by General Obligation Bonds issued in 2007 and 2008.
- 2) Continued and almost completed the construction of a 192 bed jail which began in November 2010. This project should be completed by November 2012.
- 3) The County obtained permits from the Division of Waste Management for the construction of a second 5-year MSW cell at the landfill, but may delay construction until funding is available in the Solid Waste Fund, so funds won't have to be borrowed.
- 4) Completed the administration of the 2009 CDBG Scattered Site project in the amount of \$400,000 and also the additional funding for the project in the amount of \$80,000, which was used for the refurbishment/replacement of homes in the County.
- 5) Worked with the City of Kinston to obtain funding for the upgrade of the sewer system within the Hwy 70 West Industrial Park – a joint project of the City of Kinston and the County.
- 6) Completed the North Carolina Housing Finance Agency's 2010 NCHFA SFR project in the amount of \$200,000 for the rehabilitation of qualified homes in the County.
- 7) Held joint work sessions with elected and appointed officials of the City of Kinston to discuss mutually beneficial solutions to common problems.
- 8) Completed the cleanup of debris throughout the County that resulted from Hurricane Irene, which ravaged Eastern North Carolina in August 2011. Paperwork requesting reimbursement from FEMA and the State has been submitted, with the last ¼ of the reimbursement still outstanding.

Department Focus

Each year in a transmittal letter to this report, the accomplishments of a single County department for that fiscal year are highlighted. This year, Lenoir County Transit has been designated for recognition.

Lenoir County Transit is a consolidated transportation system and primary provider of human services and general public transportation services for Lenoir County, North Carolina, including the incorporated cities of Kinston, LaGrange, and Pink Hill.

The Lenoir County Transit and partner agencies, who serve on the advisory board, are responsible for the planning, coordination, direction and evaluation of all transportation related services provided within Lenoir County, North Carolina. The Lenoir County Board of Commissioners has final approval on all matters involving the services provided by the Lenoir County Transit. These services include, but are not limited to subscription route, demand-response and Rural General Public (RGP) transportation. RGP services are available on all of our subscription routes. LCT provides subscription route (scheduled and recurring on a standard pattern), demand-response (call to schedule when the services are needed) and Rural General Public transportation. LCT offers subscription route and demand/response transportation by contractual agreement with the following human service organizations:

Lenoir County Council on Aging
Lenoir County Department of Social Services
Bastpointe Mental Health Center
Vocational Rehabilitation

Users of the LCT are comprised mainly of the clients and consumers of the participating organizations. Destination points are at the discretion of the participating/authorizing agency throughout Lenoir County and include transportation services to Greenville, NC.

Lenoir County Transit operates seventeen vehicles. Sixteen vehicles are lift equipped to accommodate passengers that use mobility aids/devices and which conform to ADA accessibility standards. The LCT fleet includes twelve (12) vans, one 20 foot Light Transit Vehicle, two 22 foot LTVs (one of which has no lift), one 25 foot LTV and one 28 foot LTV. On average, LCT provides 10,000 passenger trips and travel in excess of 70,000 miles each month.

The Lenoir County Transit receives funding from multiple grant sources and agency fees for service. Fee calculations are based upon many factors including but not limited to; mileage, fuel, maintenance, salaries and benefits, and facility cost. Fees charged for individuals are based upon the funding agency's contract price or the inclusion of other funding sources that apply such as the Dial-A-Ride from the Rural General Public (RGP) portion of the Rural Operating and Assistance Program (ROAP) funds. The Lenoir County Transit does not utilize any county funds.

The Lenoir County Transportation System depends on the variety of funding sources to enhance coverage and services that would not be available or affordable if any one of these funding streams were to be removed. Transportation services are provided by utilizing an array of funding sources including the Community Transportation Program (CTP), Rural Operating Assistance Program (ROAP), contractual fees for services and rider fares. Many of our clients have transportation services funded by multiple agencies, such as an individual that may be a Medicaid recipient; receive services from the Council on Aging under EDTAP or pay to ride to employment under the RGP program all in the same day. Current fees and cost are driven primarily by efficiency and depend largely on consolidation. The consolidation of trips for numerous clients from different agencies going to the same general location allows all agencies involved to receive cost savings generated by the masses transported together creating a much higher system utilization rate.

Cash Management

The County's strict investment policy provides strong controls over the safety and liquidity of County assets. Most of the available funds are invested in North Carolina Capital Management Trust – Cash Account. This is a mutual fund authorized by the Local Government Commission that provides safe, attractive rates, and liquidity. Certificates of Deposit are held solely in banks using the "Pooled Collateralization" method of securement. As these expire, the Finance Office obtains quotes from local institutions that use the pooled method before reinvesting the funds.

Risk Management

Lenoir County obtains insurance for property damage and general liability through a local insurance agent, competitively quoted. In addition, all county employees are covered by professional liability insurance. The County participates in two self-funded insurance programs, one for health insurance and one for workers compensation insurance. The health insurance program is administered by MedCost Benefit Services and the workers compensation insurance program is administered by Discovery Insurance Services.

Pension and Other Post Employment Benefits

Lenoir County contributes to the Local Government Employees Retirement System. This statewide plan is administered by the State of North Carolina. The plan provides retirement and disability benefits to plan members and their beneficiaries. Plan members are required to contribute six percent of their annual covered salary. Contribution requirements are established and may be amended by the North Carolina General Assembly.

Lenoir County contributes to the Supplemental Retirement Income Plan for Law Enforcement Officers. The plan provides retirement benefits to sworn law enforcement officers employed by the County. The County contributes five percent of the officer's salary and the officers may make voluntary contributions.

Lenoir County contributes to the Register of Deeds' Supplemental Pension Fund, which is a noncontributory, defined contribution plan. The Fund provides supplemental pension benefits to eligible retired Registers of Deeds. The Fund is administered by the North Carolina Department of State Treasurer.

Lenoir County provides health care benefits to retired county employees who participate in the North Carolina Local Government Employee's Retirement System and have at least thirty years of creditable service with the County or are 60 years of age and have at least 25 years of creditable service with the County. The retired employees pay the same cost for this benefit as regular-active county employees. Currently, twenty-nine retired employees are eligible for post-retirement health benefits.

Lenoir County has chosen to provide death benefits to employees through the Death Benefit Plan for members of the Local Government Employees' Retirement System. This plan is administered by the State of North Carolina and is funded on a one-year term cost basis. Contributions are determined as a percentage of monthly payroll based upon rates set annually by the State.

Additional information on Lenoir County's pension plan and post employment benefits can be found in Note III in the notes to the financial statements.

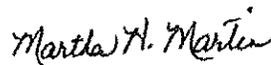
Awards and Acknowledgements

Preparation of this report would not have been possible without the dedicated and often times unnoticed efforts by the staff of the County Manager's Office and the Finance Department: Tommy Hollowell, Joyce Miller and Rose Fox. We also recognize all department managers and administrative staff for adhering to sound accounting, purchasing, and budgetary principles in carrying through on daily obligations. Without their efforts, this report would not have been possible.

Respectfully Submitted,



Michael W. Jarman
County Manager / Budget Officer



Martha H. Martin
Finance Officer

**FINANCIAL
SECTION**

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Independent Auditor's Report

To the Board of County Commissioners
Lenoir County, North Carolina

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 the Lenoir 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 and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Lenoir County, North Carolina, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the School Capital Outlay 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 a report dated December 5, 2012 on our consideration of Lenoir County, North Carolina's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants and other matters. The purpose of that report is to describe the scope of our testing of internal controls 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.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance's and the Other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions on pages 4 through 11 and 49 through 52 consecutively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries of the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lenoir County, North Carolina's basic financial statements. The introductory information, combining and individual nonmajor fund financial statements, budgetary schedules, other schedules, and the statistical tables, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the State Single Audit Implementation Act, are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and State awards have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and State awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Pittard Perry & Crone, Inc.

La Grange, North Carolina
December 5, 2012

Management's Discussion and Analysis

As management of Lenoir County, we offer readers of Lenoir County's financial statements this mandatory narrative overview and analysis of the financial activities of Lenoir County for the fiscal year ended June 30, 2012. We encourage readers to review 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

At the close of the fiscal year, June 30, 2012, the following is true:

- The net assets of the County totaled \$(2,810,062); the major categorical breakout of these net assets follows:

	2012		2011	
		% of Total Net Assets		% of Total Net Assets
Investment in Capital Assets, net of related debt	\$ 14,285,049	-508.3%	\$ 12,473,845	-121.1%
Restricted	18,170,392	-646.6%	21,346,857	-207.3%
Unrestricted	(35,265,503)	1,154.9%	(44,120,001)	428.4%
Total Net Assets	\$ (2,810,062)	100.0%	\$ (10,299,299)	100.0%

*Note: Unrestricted net assets includes cash and cash equivalents and net receivables minus current and long-term liabilities

*Note: Net assets equal gross assets minus liabilities

- Total net assets of the County increased by \$7,489,237, primarily due to the balance of Recovery Zone Economic Development bond proceeds for the new Jail Project still showing on the County's balance sheet. These funds were received in FY 10-11 with the majority of the funds being expended in FY 10-11 and FY 11-12. The net result is an increase in current cash and cash equivalents. This compares to a decrease of \$7,922,380 in the prior year. This increase in net assets should not be interpreted to mean an equal increase in fund balance.

- The combined ending fund balance of all Governmental Funds is \$40,402,617 broken out as follows:

	General Fund		Other Governmental Funds		Total Governmental Funds	
	2012	2011	2012	2011	2012	2011
	Stabilization by state statute	\$ 4,398,902	\$ 3,019,531	\$ 750,985	\$ 831,225	\$ 5,149,887
Assigned	12,152,740	15,796,235	14,353,400	20,271,110	26,506,140	36,067,345
Unassigned	8,909,366	9,818,692	(162,776)	6,277,499	8,746,590	16,096,191
Total Fund Balances	\$ 25,461,008	\$ 28,634,458	\$ 14,941,609	\$ 27,379,834	\$ 40,402,617	\$ 56,014,292

- The combined ending fund balance for all Governmental Funds decreased by \$ 15,611,675 in comparison to an increase of \$11,076,816 in the prior year, mainly due to the expending of Recovery Zone Economic Development bond proceeds received for the construction of a new jail. A breakdown follows:

General Fund	(3,173,450)
Other Governmental Funds	(12,438,225)
Total Decrease	\$(15,611,675)

- In the General Fund, the total unassigned fund balance was \$8,909,366 or 14.48% of General Fund expenditures, as compared to \$9,818,692 or 17.75% in the prior year. The following chart provides a breakdown of the assigned and unassigned fund balances:

	2012		2011	
	Fund Expenditures	% of General	Fund Expenditures	% of General
Assigned	12,152,740	19.8%	15,796,235	28.6%
Unassigned	8,909,366	14.5%	9,818,692	17.7%
Total General Fund	\$ 21,062,106	34.3%	\$ 25,614,927	46.3%

- Lenoir County's total net debt decreased by \$4,525,000 (5.4%) during the current fiscal year. The key factor in this decrease was the payment on Series 2007 and Series 2008 General Obligation Bonds and the first installment payment on the new jail.
- Lenoir County maintained the following bond ratings:

Moody's	A1
Standard & Poor's	A+

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Lenoir 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 Lenoir County.

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 11) 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 and agency 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.

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 activities; and 3) component units. The governmental activities include most of the County's basic services such as general government, public safety, human services, cultural and recreational, 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 landfill services offered by Lenoir County. The final category is the component units. Although it is a legally separate entity from the County, the Lenoir County ABC Board is important to the County because the County exercises control over the ABC Board by appointing its members and because the ABC Board is required by State statute to distribute its surpluses to the General Fund of the County. The Lenoir County Industrial Facility and Pollution Control Financing Authority exists to issue and service revenue bond debt of private businesses for economic development. The Authority has no financial transactions or account balances; therefore it is not presented in the basic financial statements.

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. Lenoir 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 Lenoir County can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds- Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in the 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* which provides 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.

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

Proprietary Funds- Lenoir County has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Lenoir County uses enterprise funds to account for its Solid Waste 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. Lenoir County has two fiduciary funds; both 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 are on pages 25-46 of this report.

Other Information- In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Lenoir County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 48 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The net assets of Lenoir County equaled \$(2,810,062) as of June 30, 2012. As of June 30, 2011, the net assets of Lenoir County stood at \$(10,299,299). The County's net assets increased by \$7,489,237 for the fiscal year ended June 30, 2012, compared to a decrease of \$7,922,380 for the fiscal year ended June 30, 2011. A large portion of Lenoir County's net assets, \$14,285,049, reflects the County's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Lenoir County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Lenoir 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. An additional portion of Lenoir County's net assets, \$18,170,392, represents resources that are subject to external restrictions on how they may be used. Unrestricted net assets increased \$8,854,498, as compared to the prior fiscal year. As stated earlier, the County borrowed \$18.5 million in Recovery Zone Economic Development Bonds, with some of those funds remaining on the County's books at 6/30/2012. In the prior fiscal year, ending June 30, 2011, the amount of net assets invested in capital assets net of related debt was \$12,473,845 with restricted assets standing at \$21,346,857. The remaining \$(44,120,001) was unrestricted net assets for that year.

Lenoir County's Net Assets

	Governmental Activities		Business-type Activities		Total	Total
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 46,952,440	\$ 63,279,003	\$ 4,528,888	\$ 4,497,707	\$ 51,481,328	\$ 67,776,710
Capital assets	32,229,574	12,066,556	1,080,575	1,857,389	33,310,149	13,923,945
Total assets	<u>\$ 79,182,014</u>	<u>\$ 75,345,559</u>	<u>\$ 5,609,463</u>	<u>\$ 6,355,096</u>	<u>\$ 84,791,477</u>	<u>\$ 81,700,655</u>
Long-term liabilities outstanding	\$ 83,570,403	\$ 87,860,871	\$ 1,422,189	\$ 1,414,536	\$ 84,992,592	\$ 89,275,407
Other liabilities	2,413,954	2,521,575	194,993	202,972	2,608,947	2,724,547
Total liabilities	<u>\$ 85,984,357</u>	<u>\$ 90,382,446</u>	<u>\$ 1,617,182</u>	<u>\$ 1,617,508</u>	<u>\$ 87,601,539</u>	<u>\$ 91,999,954</u>
Net assets						
Invested in capital assets, net of related debt	\$ 13,204,474	\$ 10,616,456	\$ 1,080,575	\$ 1,857,389	\$ 14,285,049	\$ 12,473,845
Restricted	18,170,392	21,346,834	-	-	18,170,392	21,346,857
Unrestricted	(38,177,209)	(47,000,200)	2,911,706	2,880,199	(35,265,503)	(44,120,001)
Total net Assets	<u>\$ (6,802,343)</u>	<u>\$ (15,036,887)</u>	<u>\$ 3,992,281</u>	<u>\$ 4,737,588</u>	<u>\$ (2,810,062)</u>	<u>\$ (10,299,299)</u>

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

- Sales Tax revenues up \$430,404 over prior year
- Property Tax revenues up \$2,203,579 over prior year
- Miscellaneous revenues up \$654,829 over prior year
- Long term liabilities decreased \$4.4 million as the result of School Bond and Jail debt payments

Lenoir County's Change in Net Assets

	Governmental Activities		Business-type Activities		Total	Total
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	8,322,091	7,474,735	3,039,671	2,929,188	11,361,762	10,403,923
Operating grants and contributions	17,732,152	12,701,477	50,168	-	17,782,320	12,704,477
Capital grants and contributions	658,201	3,156,812	-	-	658,201	3,156,812
General revenues:						
Property taxes	32,078,518	29,759,572	-	-	32,078,518	29,759,572
Other taxes	9,553,311	8,960,072	18,027	18,395	9,571,338	8,978,467
Grants and contributions not restricted to specific programs	548,157	339,338	-	-	548,157	339,338
Other	598,597	416,015	(45,237)	(30,678)	553,360	385,337
Total revenues	69,491,027	\$ 62,808,021	\$ 3,062,629	\$ 2,919,905	\$ 72,553,656	\$ 65,724,926
Expenses:						
General government	6,137,456	5,411,066	-	-	6,137,456	5,381,248
Public safety	15,907,052	14,876,737	-	-	15,907,052	14,767,184
Economic and community development	2,854,745	13,539,235	-	-	2,854,745	13,532,181
Human services	18,168,935	18,120,360	-	-	18,168,935	18,013,015
Environmental protection	-	125,952	-	-	-	125,952
Cultural and recreational	1,280,917	1,521,156	-	-	1,280,917	1,521,156
Education	12,873,551	13,225,717	-	-	12,873,551	13,225,717
Interest on long-term debt	4,033,827	3,084,419	-	-	4,033,827	3,084,419
Landfill	-	-	3,807,936	3,742,665	3,807,936	3,734,145
Total expenses	\$ 61,256,483	\$ 69,904,642	\$ 3,807,936	\$ 3,742,665	\$ 65,064,419	\$ 73,647,307
Increase/Decrease in net assets	8,234,544	(7,096,620)	(745,307)	(825,760)	7,489,237	(7,922,380)
Net assets, July 1	(15,036,887)	(7,940,267)	4,737,588	5,563,348	(10,299,299)	(2,376,919)
Net assets, June 30	<u>\$ (6,802,343)</u>	<u>\$ (15,036,887)</u>	<u>\$ 3,992,281</u>	<u>\$ 4,737,588</u>	<u>\$ (2,810,062)</u>	<u>\$ (10,299,299)</u>

Governmental activities: Governmental activities increased the County's net assets by \$8,234,544, representing 45.2% of the total increase in net assets of Lenoir County. This compares to a decrease of \$7,096,620 in the prior fiscal year, which represented 89.5% of the decline in the County's net assets. The key element of this increase in FY11-12 was the Recovery Zone Economic Development Bond funds for the new jail construction not yet expended.

Business-type activities: Business-type activities decreased Lenoir County's net assets by \$745,307 representing 84.3% of the total change in net assets of Lenoir County. This compares to a decrease of \$825,760 in the prior fiscal year, which represented 10.5% of the change in the County's net assets. The key element of the decrease in FY11-12 was Landfill revenues less than expenditures due to contracting with Waste Industries to haul MSW to a regional landfill. This was necessary due to delays by the State in permitting a new MSW cell at the landfill,

Financial Analysis of the County's Funds

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

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

The general fund is the chief operating fund of Lenoir County. At the end of the current fiscal year, Lenoir County's fund balance available in the General Fund was \$8,909,366, while total fund balance was \$25,461,008. The Governing Body of Lenoir County has determined that the County should maintain an available fund balance of 20% of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 14.5% of General Fund expenditures, while 19.8% of that same amount has been assigned for future expenditures.

At June 30, 2012, the governmental funds of Lenoir County reported a combined fund balance of \$40,402,617, a 27.9% decrease from last year. The primary reason for this decrease was the expenditure of funds for General Obligation Bond debt service that had been transferred into the General Fund in FY 10-11, due to GASB 54.

General Fund Budgetary Highlights: During the 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 budgeted revenues by \$6.7 million. Approximately \$1,530,991 represented increases in funding over the original budgeted amount for D.S.S, and approximately \$385,139 for increased State appropriations for the Health Department and approximately \$2,129,919 was increases as a result of overtime, debris cleanup and other expenditures in the aftermath of Hurricane Irene in August 2011.

Proprietary Fund. Lenoir County's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Solid Waste Fund at the end of the fiscal year amounted to \$2,911,706 as compared to \$2,880,199 in the prior year. The total net assets of the Solid Waste Fund decreased by \$745,307. This decrease was the result of the purchase of new equipment.

Capital Asset and Debt Administration

Capital assets. Lenoir County's investment in capital assets for its governmental and business-type activities as of June 30, 2012, totaled \$33,310,149 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, and vehicles.

Major capital asset transactions during the year included:

- Purchase of two (2) new servers in MIS for digitally storing records
- Purchase of five (5) new in-car cameras in Sheriff's Department
- Purchase of eight (8) new Dodge chargers in Sheriff's Department
- Purchase of one (1) new server for the Sheriff's Department to store information from in-car cameras
- Purchase of one (1) inmate transfer van for the Sheriff's Department
- Purchase of Smart Board and accessories in Emergency Management
- Purchase of three (3) new vehicles in Emergency Services
- Purchase of two (2) new vans for Transit
- Purchase of land adjacent to new jail facility
- Purchase of two (2) new vans in Social Services
- Construction of new radio tower site in the Hugo area

Lenoir County's Capital Assets

	Governmental		Business-type		Total	Total
	Activities		Activities			
	2012	2011	2012	2011		
Land	\$ 6,843,784	\$ 6,293,207	\$ 335,543	\$ 335,542	\$ 7,179,327	\$ 6,628,749
Construction in progress	18,743,886	-	-	-	18,743,886	-
Buildings and systems	16,067,783	14,481,557	5,446,226	5,446,227	21,514,009	19,927,784
Improvements	411,077	798,730	-	-	411,077	798,730
Equipment	4,322,263	4,189,954	1,386,174	1,253,583	5,708,437	5,443,537
Vehicles and motor equipment	4,301,795	4,091,384	567,422	567,422	4,869,217	4,658,806
Subtotal	\$ 50,690,588	29,854,832	\$ 7,735,365	\$ 7,602,774	\$ 58,425,953	\$ 37,457,606
Less accumulated depreciation	18,461,014	17,788,276	6,654,790	5,745,385	25,115,804	23,533,661
Total	\$ 32,229,574	\$ 12,066,556	\$ 1,080,575	\$ 1,857,389	\$ 33,310,149	\$ 13,923,945

Additional information on the County's capital assets can be found in Note III, A, 5 of the Notes to the Financial Statements.

Long Term Debt. As of June 30, 2012, Lenoir County had total bonded debt outstanding of \$60,600,000, all of which is debt backed by the full faith and credit of the County.

**Lenoir County's Outstanding Debt
General Obligation and Revenue Bonds**

	Governmental	
	Activities	
	2012	2011
General Obligation Bonds	\$ 60,600,000	\$ 64,200,000
Installment Purchases	19,025,100	19,950,100
Total	\$ 79,625,100	\$ 84,150,100

Lenoir County's total debt decreased by \$4,525,000 (5.4 %) during the past fiscal year. General Obligation Bonded Debt decreased by \$3,600,000 due to principal retirement during the Fiscal Year of Series 2007 and Series 2008 General Obligation Bonds for the Library and School Construction. Installment debt decreased by \$925,000 due to the first installment payment of Recovery Zone Economic Development bonds for the construction of a new jail.

As mentioned in the financial highlights section of this document, Lenoir County maintains an A1 bond rating from Moody's Investor Services and an A+ rating from Standard and Poor's Corporation. This bond rating is a clear indication of the sound financial condition of the County.

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 the government's boundaries. The legal debt margin for Lenoir County is \$235,874,062.

Additional information regarding Lenoir County's long-term debt can be found in note 7, beginning on page 42 of this audited financial report.

Economic Factors and Next Year's Budgets and Rates

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

- The nation is currently in the longest recession since the Great Depression of the 1930's
- The average unemployment rate for the County was 10.80% , slightly higher than the state average of 10.12%; however, with the opening of new major employers in Lenoir County, Sanderson Farms (up to 1,600 new jobs) and Spirit Aerosystems (up to 1,000 new jobs), this should have a positive effect on the unemployment figures
- Property tax collections totaled \$33,116,483, an increase of 7.6% from the prior year
- Sales tax revenues totaled \$8,278,337, an increase of 7.2% from the prior year
- An \$85 million expansion of Smithfield Foods and the creation of 330 new jobs is on target for early 2013

Budget Highlights for the Fiscal Year Ending June 30, 2013

Governmental Activities: The County Commissioners approved a \$63.2 million General Fund Budget which was included within a \$78.6 million all Funds Budget Ordinance adopted on May 14, 2012.

The property tax rate remained at \$.80 per \$100 of assessed valuation. Approximately \$3,979,393 in General Fund fund balance was used to balance against expenditures. This larger than normal use of fund balance, savings to balance the General Fund budget, was due to the implementation of a new GASB requirement. GASB 54 requires all units of government to eliminate the use of Capital Reserve Funds. Lenoir County used its Capital Reserve Fund to "bank" funds for future debt payments of Series 2007 and 2008 General Obligation Bonds and for future economic development projects. Funds previously housed in the Capital Reserve Fund were transferred to the General Fund as "assigned fund balance" and are appropriated as needed for debt payments and economic development projects. Growth in the tax base was estimated to be .69%. At the adopted tax rate of \$.80 per \$100 of assessed value and a collection rate of 94.83%, this equates to a gain of \$208,072 in current year property tax revenues. This gain was attributable to increases in the tax base from new industry growth.

The General Fund Budget increased by \$810,533 which represents a 1.3% increase over the adopted FY11-12 budget. This increase was primarily due to the addition of staff and other services related to the new jail. It should be noted that nearly all County Departments were able to hold their operating expenditures steady, while absorbing increased utility and retirement costs. This budget did not include any COLA increases for employees.

Business-type Activities: The County issued \$3.0 million in Special Revenue Bond debt early in FY03-04 for the construction of a new municipal solid waste landfill cell. The total project cost, including construction of the 5-year cell, a leachate pump station and force main, and new equipment to operate the cell was approximately \$4.3 million. Approximately \$1.3 million in fund balance of the Solid Waste Fund was then appropriated to complete the project. The project was completed by June 30, 2004. This five (5) year cell has nearly reached its maximum capacity. The County contracted with Municipal Engineering, located in Garner, NC, to obtain the necessary state permits to construct a second five (5) year MSW cell and the environmental permits have been received. However, due to the fact the County will have to buy dirt and have it hauled to the new cell for construction, and later as cover, the construction of the new cell has been put on hold.

In June of 2002, the Lenoir County Board of Commissioners created the Deep Run Water and Sewer District (DR-WSD). The construction for this project was completed in November 2005. The project consisted of sewer lines and pump stations in the southern part of the County satisfactory to collect wastewater from Moss Hill Elementary School, South Lenoir High School, and the Village of Deep Run. The project also included an expansion of the wastewater treatment plant in the Town of Pink Hill, which is treating the additional wastewater. The entire project cost was \$4.5 million and was paid for with 100% grant funds. With construction complete, the District operated similar to the Solid Waste Fund, with fees from customers as the only source of revenue to support daily operations. During FY07-08, all assets and ownership rights were transferred from the Deep Run Water and Sewer District to the Town of Pink Hill. The Deep Run Water and Sewer District was not dissolved and remains intact to pursue future opportunities to develop commercial projects for the southern half of Lenoir County.

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 Lenoir County Finance Office, 130 S. Queen Street, Kinston, N.C. 28501.

BASIC FINANCIAL STATEMENTS

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

EXHIBIT 1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Lenoir County ABC Board
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 39,208,495	\$ 4,058,021	\$ 43,266,516	\$ 521,149
Restricted cash and cash equivalents	27,532	-	27,532	-
Receivables, net	7,716,413	470,867	8,187,280	-
Prepaid expenses	-	-	-	7,453
Inventory	-	-	-	237,600
Total current assets	<u>46,952,440</u>	<u>4,528,888</u>	<u>51,481,328</u>	<u>766,202</u>
Noncurrent assets:				
Capital assets:				
Land, improvements, and construction in progress	25,587,670	335,543	25,923,213	-
Other capital assets, net of depreciation	6,641,904	745,032	7,386,936	112,674
Total capital assets	<u>32,229,574</u>	<u>1,080,575</u>	<u>33,310,149</u>	<u>112,674</u>
Total assets	<u>79,182,014</u>	<u>5,609,463</u>	<u>84,791,477</u>	<u>878,876</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	2,263,548	194,993	2,458,541	410,425
Unearned revenues	150,406	-	150,406	-
Long-term liabilities:				
Due within one year	4,544,649	-	4,544,649	-
Due in more than one year	79,025,754	1,422,189	80,447,943	26,738
Total liabilities	<u>85,984,357</u>	<u>1,617,182</u>	<u>87,601,539</u>	<u>437,163</u>
NET ASSETS				
Investment in capital assets, net of related debt	13,204,474	1,080,575	14,285,049	112,674
Restricted for:				
Stabilization by state statute	5,149,887	-	5,149,887	-
General government	27,528	-	27,528	-
Public safety	4,667,903	-	4,667,903	-
Insurance	2,184,261	-	2,184,261	-
Education	5,985,822	-	5,985,822	-
Register of deeds	154,991	-	154,991	-
Working capital	-	-	-	102,530
Unrestricted	(38,177,209)	2,911,706	(35,265,503)	226,509
Total net assets	<u>\$ (6,802,343)</u>	<u>3,992,281</u>	<u>\$ (2,810,062)</u>	<u>\$ 441,713</u>

The accompanying notes are an integral part of this statement

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

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	
PRIMARY GOVERNMENT				
Governmental activities:				
General government	\$ 6,137,456	\$ 4,377,397	\$ 713,166	\$ -
Public safety	15,907,052	3,749,090	3,779,903	-
Economic and community development	2,854,745	66,155	802,858	452,652
Human services	18,168,935	129,449	12,273,292	-
Cultural and recreational	1,280,917	-	-	-
Education	12,873,551	-	162,933	205,549
Interest on debt	4,033,827	-	-	-
Total governmental activities	<u>61,256,483</u>	<u>8,322,091</u>	<u>17,732,152</u>	<u>658,201</u>
Business-type activities:				
Landfill	3,807,936	3,039,671	50,168	-
Total primary government	<u>\$ 65,064,419</u>	<u>\$ 11,361,762</u>	<u>\$ 17,782,320</u>	<u>\$ 658,201</u>
Component Unit:				
Lenoir County ABC Board	<u>\$ 3,462,230</u>	<u>\$ 3,460,661</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

- Property taxes, levied for general purposes
- Local option sales taxes
- Other taxes and licenses
- Investment earnings, unrestricted
- Grants & contributions not restricted to specific programs
- Miscellaneous, unrestricted
- Transfers
- Gain (loss) on sale of assets
- Total general revenues, special items, and transfers
- Change in net assets
- Net assets - beginning
- Net assets - ending

EXHIBIT 2

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Lenoir County ABC Board
\$ (1,046,893)	\$ -	\$ (1,046,893)	\$ -
(8,378,059)	-	(8,378,059)	-
(1,533,080)	-	(1,533,080)	-
(5,766,194)	-	(5,766,194)	-
(1,280,917)	-	(1,280,917)	-
(12,505,069)	-	(12,505,069)	-
(4,033,827)	-	(4,033,827)	-
<u>(34,544,039)</u>	<u>-</u>	<u>(34,544,039)</u>	<u>-</u>
-	(718,097)	(718,097)	-
<u>\$ (34,544,039)</u>	<u>\$ (718,097)</u>	<u>\$ (35,262,136)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,569)</u>
\$ 32,078,518	\$ -	\$ 32,078,518	\$ -
8,278,337	-	8,278,337	-
1,274,974	18,027	1,293,001	-
44,518	4,763	49,281	549
548,157	-	548,157	-
457,752	-	457,752	1,020
50,000	(50,000)	-	-
46,327	-	46,327	-
<u>42,778,583</u>	<u>(27,210)</u>	<u>42,751,373</u>	<u>1,569</u>
8,234,544	(745,307)	7,489,237	-
(15,036,887)	4,737,588	(10,299,299)	441,713
<u>\$ (6,802,343)</u>	<u>\$ 3,992,281</u>	<u>\$ (2,810,062)</u>	<u>\$ 441,713</u>

The accompanying notes are an integral part of this statement

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

EXHIBIT 3

ASSETS	Major			Non-Major	Total Governmental Funds
	General Fund	School Capital Outlay Fund	Capital Projects Fund	Other Governmental Funds	
Cash and cash equivalents	\$ 22,174,015	\$ 6,590,193	\$ 4,115,254	\$ 4,598,503	\$ 37,477,965
Restricted cash and cash equivalents	-	-	-	27,532	27,532
Receivables (net)					
Property taxes	2,372,906	-	-	117,437	2,490,343
Accounts	2,484,416	-	-	151,093	2,635,509
Local option sales tax	2,074,516	462,557	-	47,400	2,584,473
Due from other funds	-	-	-	104,543	104,543
Total assets	<u>\$ 29,105,853</u>	<u>\$ 7,052,750</u>	<u>\$ 4,115,254</u>	<u>\$ 5,046,508</u>	<u>\$ 45,320,365</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued liabilities	\$ 961,503	\$ 5,854	\$ 897,237	\$ 147,832	\$ 2,012,426
Due to other funds	-	-	-	104,543	104,543
Deferred revenues	2,683,342	-	-	117,437	2,800,779
Total liabilities	<u>3,644,845</u>	<u>5,854</u>	<u>897,237</u>	<u>369,812</u>	<u>4,917,748</u>
Fund balances:					
Restricted					
Stabilization by state statute	4,398,902	462,557	-	288,428	5,149,887
Register of deeds	-	-	-	154,991	154,991
Public safety	-	-	3,218,017	200,574	3,418,591
Emergency services	-	-	-	1,249,312	1,249,312
Tax revaluation	-	-	-	27,528	27,528
School capital	-	5,985,822	-	-	5,985,822
Committed					
Scrap tire disposal	-	-	-	88,601	88,601
Vehicle replacement	-	-	-	56,582	56,582
Capital improvements	-	-	-	2,733,956	2,733,956
Assigned					
Subsequent years' expenditures	12,152,740	598,517	-	39,500	12,790,757
Unassigned	8,909,366	-	-	(162,776)	8,746,591
Total fund balances	<u>25,461,008</u>	<u>7,046,896</u>	<u>3,218,017</u>	<u>4,676,696</u>	<u>40,402,617</u>
Total liabilities & fund balances	<u>\$ 29,105,853</u>	<u>\$ 7,052,750</u>	<u>\$ 4,115,254</u>	<u>\$ 5,046,508</u>	

Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	32,229,574
Internal service fund net assets that primarily support governmental activities	1,485,496
Liabilities for earned but deferred revenues in fund statements.	2,650,373
Deferred revenue related to bond premiums	(717,335)
Some liabilities, including bonds payable and other postemployment benefits, are not due and payable in the current period and therefore are not reported in the funds.	<u>(82,853,068)</u>
Net assets of governmental activities	<u>\$ (6,802,343)</u>

The accompanying notes are an integral part of this statement

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Lenoir County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2012

	Major			Non-Major	Total Governmental Funds
	General Fund	School Capital Outlay Fund	Capital Projects Fund	Other Governmental Funds	
REVENUES					
Ad valorem taxes	\$ 31,909,965	\$ -	\$ -	\$ 1,206,518	\$ 33,116,483
Local option sales taxes	6,316,737	1,777,475	-	184,125	8,278,337
Other taxes and licenses	1,274,974	-	-	-	1,274,974
Unrestricted intergovernmental	553,143	-	-	-	553,143
Restricted intergovernmental	14,965,745	205,549	57,329	2,300,054	17,528,677
Sales and services	3,384,395	-	-	-	3,384,395
Investment earnings	21,484	6,669	-	2,349	30,502
Miscellaneous	1,502,721	-	-	201,333	1,704,054
Total revenues	59,929,164	1,989,693	57,329	3,894,379	65,870,565
EXPENDITURES					
Current:					
General government	5,938,086	-	-	375,645	6,313,731
Public safety	15,504,297	-	12,769,237	2,141,804	30,415,338
Economic & community development	829,657	-	-	2,871,729	3,701,386
Human services	16,708,828	-	-	1,329,633	18,038,461
Cultural and recreational	1,500,500	-	-	-	1,500,500
Intergovernmental:					
Education	12,446,628	426,923	-	-	12,873,551
Debt service					
Principal retirement	4,570,941	-	-	-	4,570,941
Interest and fees	4,032,607	-	-	-	4,032,607
Total expenditures	61,531,544	426,923	12,769,237	6,718,811	81,446,515
 Excess (deficiency) of revenues over expenditures	 (1,602,380)	 1,562,770	 (12,711,908)	 (2,824,432)	 (15,575,950)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	1,500,000	-	459,413	2,575,932	4,535,345
Transfers to other funds	(3,185,345)	(1,500,000)	-	-	(4,685,345)
Loan proceeds	86,100	-	-	-	86,100
Sale of fixed assets	28,175	-	-	-	28,175
Total other financing sources (uses)	(1,571,070)	(1,500,000)	459,413	2,575,932	(35,725)
 Net change in fund balance	 (3,173,450)	 62,770	 (12,252,495)	 (248,500)	 (15,611,675)
FUND BALANCES, beginning of year	28,634,458	6,984,126	15,470,512	4,925,196	56,014,292
FUND BALANCES, end of year	\$ 25,461,008	\$ 7,046,896	\$ 3,218,017	\$ 4,676,696	\$ 40,402,617

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

Net changes in fund balances - total governmental funds	\$ (15,611,675)
---	-----------------

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	20,316,100
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Cost of capital assets disposed of during the year, not recognized on modified accrual basis	(153,082)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in deferred revenue for tax revenues	13,298

Internal service fund operations that primarily support governmental activities	(620,564)
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	(12,131)
Net pension obligation	(28,576)
Net OPEB obligation	(198,388)
Amortization of bond premiums not recorded on fund statements	44,721

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

	<u>4,484,841</u>
Total changes in net assets of governmental activities	<u>\$ 8,234,544</u>

Lenoir County, North Carolina
General Fund and Annually Budgeted Major Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Fiscal Year Ended June 30, 2012

	General Fund			Variance with Final Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Ad valorem taxes	\$ 30,953,640	\$ 31,967,271	\$ 31,909,965	\$ (57,306)
Local option sales taxes	5,600,000	5,717,000	6,316,737	599,737
Other taxes and licenses	1,276,673	1,286,673	1,274,974	(11,699)
Unrestricted intergovernmental	326,470	547,262	553,143	5,881
Restricted intergovernmental	13,366,931	16,859,013	14,965,745	(1,893,267)
Sales and services	3,463,165	3,463,165	3,384,395	(78,770)
Investment earnings	100,000	50,000	21,484	(28,516)
Miscellaneous	1,334,119	1,368,197	1,502,721	134,524
Total revenues	<u>56,420,998</u>	<u>61,258,581</u>	<u>59,929,164</u>	<u>(1,329,417)</u>
EXPENDITURES				
Current:				
General government	6,479,157	6,759,647	5,938,086	821,561
Public safety	12,897,876	15,568,874	15,504,297	64,577
Economic and community development	866,508	1,008,860	829,657	179,203
Human services	18,532,426	19,845,409	16,708,828	3,136,581
Cultural and recreational	1,500,500	1,500,500	1,500,500	
Intergovernmental:				
Education	12,585,000	12,585,000	12,446,628	138,372
Debt service				
Principal retirement	4,570,941	4,570,941	4,570,941	-
Interest and fees	3,835,959	4,037,532	4,032,607	4,925
Total expenditures	<u>61,268,367</u>	<u>65,876,763</u>	<u>61,531,544</u>	<u>4,345,219</u>
Revenues over (under) expenditures	(4,847,369)	(4,618,182)	(1,602,380)	3,015,802
OTHER FINANCING SOURCES (USES)				
Sale of fixed assets	500	32,100	28,175	(3,925)
Proceeds from sale of bonds	-	86,100	86,100	-
Operating transfers from (to) other funds	(682,182)	(1,685,345)	(1,685,345)	-
Contingency	(50,000)	(17,710)	-	17,710
Total other financing uses	<u>(731,682)</u>	<u>(1,584,855)</u>	<u>(1,571,070)</u>	<u>13,785</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(5,579,051)	(6,203,037)	(3,173,450)	3,029,587
Appropriated fund balance	<u>5,579,051</u>	<u>6,203,037</u>	<u>-</u>	<u>(6,203,037)</u>
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>(3,173,450)</u>	<u>\$ (3,173,450)</u>
FUND BALANCES, beginning of year			<u>28,634,458</u>	
FUND BALANCES, end of year			<u>\$ 25,461,008</u>	

EXHIBIT 5

School Capital Outlay Fund			
Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)
\$ -	\$ -	\$ -	\$ -
1,600,000	1,600,000	1,777,475	177,475
-	-	-	-
-	-	-	-
205,550	205,550	205,549	(1)
-	-	-	-
-	-	6,669	6,669
-	-	-	-
<u>1,805,550</u>	<u>1,805,550</u>	<u>1,989,693</u>	<u>184,143</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
421,069	421,069	426,923	(5,854)
-	-	-	-
-	-	-	-
<u>421,069</u>	<u>421,069</u>	<u>426,923</u>	<u>(5,854)</u>
1,384,481	1,384,481	1,562,770	178,289
-	-	-	-
-	-	-	-
(1,500,000)	(1,500,000)	(1,500,000)	-
-	-	-	-
<u>(1,500,000)</u>	<u>(1,500,000)</u>	<u>(1,500,000)</u>	<u>-</u>
(115,519)	(115,519)	62,770	178,289
<u>115,519</u>	<u>115,519</u>	<u>-</u>	<u>(115,519)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>62,770</u>	<u>\$ 62,770</u>
		<u>6,984,126</u>	
		<u>\$ 7,046,896</u>	

The accompanying notes are an integral part of this statement

Lenoir County, North Carolina
Statement of Net Assets
Proprietary Funds
June 30, 2012

EXHIBIT 6

	Landfill Fund	Internal Service Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,058,021	\$ 1,730,530
Accounts receivable (net)	470,867	6,088
Total current assets	<u>4,528,888</u>	<u>1,736,618</u>
Noncurrent assets:		
Capital assets:		
Land and improvements	335,543	-
Buildings, improvements, and equipment	6,832,398	-
Vehicles and motorized equipment	567,425	-
Less accumulated depreciation	(6,654,790)	-
Total capital assets	<u>1,080,575</u>	<u>-</u>
 Total assets	 <u>5,609,463</u>	 <u>1,736,618</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	194,993	251,122
Noncurrent liabilities:		
Accrued landfill closure and postclosure costs	1,356,955	-
Compensated absences payable	37,530	-
Other postemployment benefits	27,704	-
Total noncurrent liabilities	<u>1,422,189</u>	<u>-</u>
 Total liabilities	 <u>1,617,182</u>	 <u>251,122</u>
NET ASSETS		
Invested in capital assets, net of related debt	1,080,575	-
Unrestricted	2,911,706	1,485,496
Total net assets	<u>\$ 3,992,281</u>	<u>\$ 1,485,496</u>

The accompanying notes are an integral part of this statement

Lenoir County, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Balance
Proprietary Fund
For the Fiscal Year Ended June 30, 2012

EXHIBIT 7

	Landfill Fund	Internal Service Fund
OPERATING REVENUES:		
Charges for services	\$ 2,980,286	\$ 3,643,346
Other operating revenues	109,553	-
Total operating revenues	3,089,839	3,643,346
OPERATING EXPENSES:		
Cost of operations	2,898,531	4,465,252
Depreciation	909,405	-
Total operating expenses	3,807,936	4,465,252
Operating income (loss)	(718,096)	(821,906)
NONOPERATING REVENUES (EXPENSES):		
Investment earnings	4,763	1,342
White goods disposal taxes	18,027	-
Net nonoperating revenues	22,789	1,342
Income (loss) before contributions and transfers	(695,307)	(820,564)
Transfer from (to) other funds	(50,000)	200,000
Change in net assets	(745,307)	(620,564)
TOTAL NET ASSETS, beginning of year	4,737,588	2,106,060
TOTAL NET ASSETS, end of year	\$ 3,992,281	\$ 1,485,496

The accompanying notes are an integral part of this statement

Lenoir County, North Carolina
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2012

EXHIBIT 8

	Landfill Fund	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 2,945,771	\$ 3,651,527
Cash paid for goods and services	(2,091,019)	(4,468,886)
Cash paid to employees for services	(789,812)	-
Other operating revenue	109,553	-
Net cash provided (used) by operating activities	174,493	(817,359)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers in (out)	(50,000)	200,000
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Acquisition of capital assets	(132,590)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	4,763	1,342
Net decrease in cash and cash equivalents	(3,334)	(616,017)
Cash and cash equivalents at beginning of year	4,061,355	2,346,547
Cash and cash equivalents at end of year	\$ 4,058,021	\$ 1,730,530
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating loss	\$ (718,096)	\$ (821,906)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
White goods disposal taxes	18,027	-
Landfill closure and postclosure care costs	(587)	-
Depreciation	909,405	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(34,515)	8,181
Increase (decrease) in accounts payable and accrued liabilities	(7,979)	(3,634)
Increase (decrease) in accrued vacation pay	811	-
Increase (decrease) in OPEB payable	7,427	-
Total adjustments	892,589	4,547
Net cash provided (used) by operating activities	\$ 174,493	\$ (817,359)

The accompanying notes are an integral part of this statement

Lenoir County, North Carolina
Agency Fund
Statement of Net Assets
For the Fiscal Year Ended June 30, 2012

EXHIBIT 9

ASSETS	
Cash and cash equivalents	\$ 20,296
 LIABILITIES AND NET ASSETS	
Accounts payable	<u>20,296</u>
Net assets	<u><u>\$ -</u></u>

The accompanying notes are an integral part of this statement

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Lenoir County, North Carolina
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2012

NOTE I. Summary of Significant Accounting Policies

The accounting policies of Lenoir County, North Carolina and its discretely presented component units conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies.

A. Reporting Entity

The County, which is governed by a seven-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally-separate entities for which the County is financially accountable. The Lenoir County ABC Board (the Board), which has a June 30 year-end, is presented as if it were a separate proprietary fund of the County (discrete presentation). Lenoir County Industrial Facility and Pollution Control Financing Authority (the Authority) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements.

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
Lenoir County ABC Board	Discrete	The members of the ABC Board's governing board are appointed by the County. The ABC Board is required by State statute to distribute its surpluses to the General Fund of the County.	Lenoir County ABC Board 110 S. Heritage Street Kinston, NC 28502
Lenoir County Industrial Facility and Pollution Control Financing Authority	Discrete	The Authority is governed by a six-member board of commissioners that is appointed by the County commissioners. The County can remove any commissioner of the Authority with or without cause.	None issued

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (the County) and its component units. 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 non-major 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. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Lenoir County, North Carolina
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2012

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. The Capital Reserve Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54 it is consolidated in the General Fund.

School Capital Outlay Fund. This fund is used to track the uses of Article 40 and 42 sales tax revenues to improve the County's school capital facilities.

Capital Projects Fund. This fund accounts for various capital projects within the County including the construction of the new jail and the gas line extension.

The County reports the following major enterprise fund:

Landfill Fund. This fund is used to account for the operations of the County landfill.

The County reports the following fund types:

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 three agency funds; the Social Services Fund, which accounts for moneys deposited with the Social Services Department for the benefit of certain individuals; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to Lenoir County Board of Education and 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 and Register of Deeds Trust Fund which accounts for the five dollars of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage.

Internal Service Fund. The Employee Insurance Fund is used to account for the allocation of hospitalization insurance to each fund.

Nonmajor Funds. The County maintains thirteen legally budgeted funds. The Federally Seized Property Fund, Scrap Tire Disposal Fund, Revaluation Reserve Fund, Fire District Funds, Transportation Grant Project Fund, CDBG Fund, Emergency Telephone System Fund, Family and Caregiver Education Fund, Vehicle Replacement Fund, Automation Preservation Fund, State Controlled Substance Fund, and the School Bond Fund are reported as nonmajor special revenue funds. The Capital Improvements Fund is reported as a nonmajor capital project fund.

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. The government-wide and proprietary 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 program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 non-operating revenues and expenses.

Lenoir County, North Carolina
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2012

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, Lenoir 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 become due. Therefore, taxes for vehicles registered from March 2011 through February 2012 apply to the fiscal year ended June 30, 2012. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements.

Sales taxes 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, special revenue (excluding the School Bond Fund, and the Community Development Block Grant Fund), the Enterprise Fund, and the Internal Service Fund. All annual appropriations lapse at the fiscal year end. Project ordinances are adopted for the project and grants funds.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level (the legal level of budgetary control) for the General Fund and Special Revenue Funds (excluding the School Bond Fund, and the Community Development Block Grant Fund, as well as the Capital Projects Fund, which are at the project level). Expenditures may not exceed appropriations at the fund level for the enterprise fund. Any revisions that alter total expenditures of any fund must be approved by the governing board. All revisions to the budget and transfer appropriations must be approved by the governing board. During the year, several amendments to the original budget were necessary, the effects of which were not material.

A budget calendar is included in the North Carolina General Statutes, which prescribes the last day on which certain steps of the budget procedure are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed.

- | | |
|----------|---|
| April 30 | Each department head will transmit to the budget officer the budget requests and revenue estimates for their department for the budget year. |
| June 1 | The budget and the budget message shall be submitted to the governing board. The public hearing on the budget should be scheduled at this time. |
| July 1 | The budget ordinance shall be adopted by the governing board. |

Lenoir County, North Carolina
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2012

As required by State law [G.S. 159-26(d)], the County maintains encumbrance accounts, which are considered to be "budgetary accounts". Encumbrances outstanding at year-end represent the estimated amounts of the expenditures ultimately to result if unperformed contracts in progress at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. The County has no encumbrances outstanding at year-end and any unencumbered appropriations lapse at year-end.

D. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

All deposits of the County and the Lenoir County 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 with a maturity of more than one year at acquisition and non-money market 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. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earnings and investment contracts are reported at cost.

2. Cash and Cash Equivalents

The County pools monies from several funds to facilitate disbursement and investment and maximize investment income. Investment earnings are allocated to all funds based on the cash balance outstanding at the end of each month. All cash and investments are essentially demand deposits and are considered cash and cash equivalents. The ABC Board considers all highly liquid investments (including restricted assets) with an original maturity of three months or less to be cash and cash equivalents, and records them at cost.

3. Restricted Assets

Unexpended bond proceeds are classified as restricted assets on the balance sheet because their use is completely restricted to the purpose for which the bonds were originally issued. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. Money in the Revaluation Reserve Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150.

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2011.

5. Allowance for Doubtful Accounts

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

6. Inventory and Prepaid Items

Lenoir County accounts for inventories using the "purchases method." Under the purchases method, purchases are recorded as expenditures when purchased. The County did not have significant amounts of inventory on hand at year-end. The inventory of the ABC Board is valued at the lower of (FIFO) or market, and consists of products held for resale. The cost of this inventory is charged to cost of sales as the inventory is sold. Occasionally, certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Lenoir County, North Carolina
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2012

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. The minimum capitalization cost is \$5,000. 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.

Any interest incurred during the construction phase of proprietary fund type capital assets is reflected in the capitalized value of the asset constructed. Capital assets of the County are depreciated on a straight-line basis over the following estimated useful lives:

	<u>Useful Life</u>
Furniture and office equipment	10 years
Maintenance and construction equipment	5-10 years
Building and improvements	10-50 years
Automobiles and trucks	6 years

Property, plant, and equipment of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

	<u>Useful Life</u>
Buildings	20-30 years
Furniture and equipment	5-10 years
Leasehold improvements	10-20 years

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 provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. The ABC board provides for the accumulation of up to fifteen days earned vacation leave with such leave being fully vested when earned. For the County's government-wide and proprietary funds, and the ABC Board, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The sick leave policies of the County and the ABC Board provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither entity has any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

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 externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balances

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

Lenoir County, North Carolina
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2012

The governmental fund types classify fund balances as follows.

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The County does not report any nonspendable fund balance.

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

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

Restricted for Register of Deeds – portion of fund balance that is restricted by revenue source to pay for the computer equipment and imaging technology for the Register of Deeds office.

Restricted for Public Safety – portion of fund balance that is restricted by revenue source for the construction of a new jail and to maintain funds for sheriff use from federally seized property and state controlled substance tax.

Restricted for Emergency Services – portion of fund balance that is restricted by revenue source for the establishment and maintenance of emergency telephone services.

Restricted for Tax Revaluation – portion of fund balance restricted by revenue source for the county-wide revaluation of real property.

Restricted for School Capital – portion of fund balance that can only be used for School Capital per G.S. 159-18-22.

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

Committed for Scrap Tire Disposal – portion of fund balance set aside for the disposal of scrap tires.

Committed for Vehicle Replacement – portion of fund balance set aside for the replacement of County vehicles using local tax dollars, insurance reimbursements, and sales of surplus vehicles.

Committed for Capital Improvements – portion of fund balance used for long-term improvements of the County's infrastructure.

Assigned Fund Balance – portion of fund balance that the Lenoir County governing board has budgeted.

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$100,000.

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

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

Lenoir County, North Carolina
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2012

E. Reconciliation of Government-wide and Fund Financial Statements

1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. The net adjustment of \$(47,204,960) consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 50,690,588
Less accumulated depreciation	(18,461,014)
Net capital assets	32,229,574
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide	2,650,373
Liability for deferred revenue related to the premiums on bonds	(717,335)
Internal service fund net assets that primarily support governmental activities	1,485,496
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	(79,665,258)
Net pension obligation	(792,446)
Other postemployment benefits	(1,087,383)
Compensated absences	(1,307,981)
Total adjustment	<u>\$ (47,204,960)</u>

2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$23,846,219 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 21,323,865
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.	(1,007,765)
Cost of capital assets disposed of during the year, not recognized on modified accrual basis	(153,082)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities – it affects only the government-wide statement of net assets	(86,100)
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	4,570,941
Amortization of bond premiums reported on the government-wide financial statements which reduces the interest expense paid on the fund financial statements	44,721
Internal service fund operations that primarily support governmental activities	(620,564)

Lenoir County, North Carolina
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2012

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.

Differences in compensated absences accrued in the government-wide statements but not in the fund statements because they do not use current resources	(12,131)
Differences in net pension obligation accrued in the government-wide statements but not in the fund statements because they do not use current resources	(28,576)
Differences in the other postemployment benefits in the government-wide statements but not in the fund statements because they do not use current resources	(198,388)

Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the funds statements.

Reversal of deferred tax revenue recorded at 7/1/11	(2,637,075)
Recording of tax receipts deferred in the fund statements as of 6/30/12	2,650,373
Total adjustment	\$ 23,846,219

Note II. Stewardship, Compliance, and Accountability

A. Deficit Fund Balance or Net Assets of Individual Funds

For the fiscal year ended June 30, 2012, the Transportation Grant Project Fund had a deficit fund balance of \$49,634 due to accounts payable recorded at year-end.

B. Excess of Expenditures over Appropriations

Budgets are adopted at the department level. The Budget Officer is authorized to transfer appropriations within a fund in amounts not to exceed 10% of the appropriated monies for the Department whose allocation is reduced. Any revisions that alter total expenditures of any fund must be approved by the governing board. For the fiscal year ended June 30, 2012, the following expenditures exceeded the authorized appropriations made by the governing board:

General Fund:	
FEMA	\$ 577,454
School Capital Outlay Fund	
Public school building projects	5,854
Emergency Telephone System Fund	
Capital Outlay	7,226
Family and Caregiver Education Fund	
Smart Start	72

Management and the Board will more closely review the budget reports to ensure compliance in future years.

Note III. Detail Notes on All Funds

A. Assets

1. Deposits

All of the County and ABC Board deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage are collateralized with securities held by the County or the ABC Board. 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' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits 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, the ABC Board or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County or the ABC Board under the Pooling Method, the potential exists for undercollateralization, 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 County has no formal policy regarding custodial credit risk.

Lenoir County, North Carolina
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2012

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

At June 30, 2012, the carrying amount of the County's deposits was \$7,702,803 and the bank balance was \$9,266,009. Of the bank balance, \$500,000 was covered by federal depository insurance and \$8,766,009 was covered by collateral held under the Pooling Method. At June 30, 2012, the County had \$3,255 cash on hand.

At June 30, 2012, the carrying amount of deposits for Lenoir County ABC Board was \$518,099 and the bank balance was \$494,830. Of this balance \$250,000 was covered by federal depository insurance and \$244,830 was maintained in financial institutions utilizing the Pooling Method of collateralization. At June 30, 2012, the ABC Board had \$3,050 cash on hand.

2. Investments

At June 30, 2012, the County had \$35,608,286 invested with 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 regarding credit risk.

At June 30, 2012 the ABC Board had no investments.

3. Property Tax - Use-Value Assessment on Certain Lands

In accordance with the general statutes, agriculture, horticulture, and forestland may be taxed by the County at the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2008	1,623,969	531,865	2,155,834
2009	2,304,463	548,344	2,852,807
2010	2,284,041	336,894	2,620,935
2011	2,355,210	135,425	2,490,635
	<u>\$ 8,567,683</u>	<u>\$ 1,552,528</u>	<u>\$ 10,120,211</u>

4. Receivables

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

	<u>Accounts</u>	<u>Taxes</u>	<u>Total</u>
Governmental Activities:			
General	\$ 2,484,416	\$ 5,485,387	\$ 7,969,803
Other Governmental	151,093	627,394	778,487
Internal Service Fund	6,088	-	6,088
Total receivables	<u>2,641,597</u>	<u>6,112,781</u>	<u>8,754,378</u>
Allowance for doubtful accounts	-	(1,037,965)	(1,037,965)
Total governmental activities	<u>\$ 2,641,597</u>	<u>\$ 5,074,816</u>	<u>\$ 7,716,413</u>
Business-type Activities:			
Landfill	\$ 648,852	\$ -	\$ 648,852
Allowance for doubtful accounts	(177,985)	-	(177,985)
Total business-type activities	<u>\$ 470,867</u>	<u>\$ -</u>	<u>\$ 470,867</u>

Lenoir County, North Carolina
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2012

5. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,293,207	\$ 550,577	\$ -	\$ 6,843,784
Construction in progress	-	18,743,886	-	18,743,886
Total capital assets not being depreciated	<u>6,293,207</u>	<u>19,294,463</u>	<u>-</u>	<u>25,587,670</u>
Capital assets being depreciated:				
Buildings	14,869,210	1,198,573	-	16,067,783
Other improvements	411,077	-	-	411,077
Equipment	4,189,954	242,649	110,340	4,322,263
Vehicles and motor equipment	4,091,384	588,179	377,768	4,301,795
Total capital assets being depreciated:	<u>23,561,625</u>	<u>2,029,401</u>	<u>488,108</u>	<u>25,102,918</u>
Less accum. depreciation for:				
Buildings	11,695,070	242,011	-	11,937,081
Other improvements	258,321	13,683	-	272,004
Equipment	3,159,602	322,926	105,778	3,376,750
Vehicles and motor equipment	2,675,283	429,145	227,249	2,875,179
Total accumulated depreciation	<u>17,788,276</u>	<u>1,007,765</u>	<u>333,027</u>	<u>18,461,014</u>
Total capital assets being depreciated, net	<u>5,773,349</u>			<u>6,641,904</u>
Governmental activity capital assets, net	<u>\$ 12,066,556</u>			<u>\$ 32,229,574</u>

Primary Government

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

General government	\$ 41,658
Human services	159,367
Economic and community development	97,026
Culture and recreation	46,994
Public safety	662,720
Total depreciation expense	<u>\$ 1,007,765</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 335,543	\$ -	\$ -	\$ 335,543
Capital assets being depreciated:				
Buildings, improvements & equip	5,446,226	-	-	5,446,226
Furniture & maintenance equip.	1,253,583	132,591	-	1,386,174
Vehicles	567,422	-	-	567,422
Total capital assets being depreciated:	<u>7,267,231</u>	<u>-</u>	<u>-</u>	<u>7,399,822</u>
Less accum. depreciation for:				
Buildings, improvements & equip	4,284,397	822,987	-	5,107,384
Furniture & maintenance equip.	1,013,403	45,986	-	1,059,389
Vehicles	447,585	40,432	-	488,017
Total accumulated depreciation	<u>5,745,385</u>	<u>909,405</u>	<u>-</u>	<u>6,654,790</u>
Total capital assets being depreciated, net	<u>1,521,846</u>			<u>745,032</u>
Business-type capital assets, net	<u>\$ 1,857,389</u>			<u>\$ 1,080,575</u>

Lenoir County, North Carolina
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For The Fiscal Year Ended June 30, 2012

Discretely presented component units

Activity for the ABC Board for the year ended June 30, 2012, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Furniture & equipment	\$ 182,278	\$ -	\$ 55,256	\$ 127,022
Leasehold improvements	212,297	-	-	212,297
Total capital assets being depreciated:	394,575	-	55,256	339,319
Less accum. depreciation for:				
Furniture & equipment	139,609	8,309	55,256	92,662
Leasehold improvements	121,553	12,430	-	133,983
Total accumulated depreciation	261,162	20,739	55,256	226,645
ABC capital assets, net	\$ 133,413			\$ 112,674

Commitments

The County has one active construction project at June 30, 2012. The project is the construction of a new five story, 65,100 square foot detention center.

At year-end, the County's commitments with contractors are as follows:

	Total Project	County Commitment	Spent To Date
Detention Center	\$ 21,657,451	\$ 21,657,451	\$ 18,764,444

The ABC Board has elected to pay direct costs of employment securities benefits in lieu of employment security taxes on payroll. A liability for benefit payments could accrue in the year following discharge of employees.

B. Liabilities

1. Payables

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

	Vendors	Salaries and Benefits	Other	Total
Governmental activities:				
General	\$ 845,846	\$ -	\$ 115,657	\$ 961,503
Other Governmental	1,050,408	517	-	1,050,925
Internal Service Fund	251,120	-	-	251,120
Total governmental activities	\$ 2,147,374	\$ 517	\$ 115,657	\$ 2,263,548
Business-type activities:				
Landfill	\$ 194,993	\$ -	\$ -	\$ 194,993

2. Pension Plan and Other Postemployment Obligations

a. Local Governmental Employee's Retirement System

Plan Description. Lenoir County and the ABC Board contribute to the statewide Local Governmental Employees' Retirement System (LERS), a cost-sharing multi-employer defined benefit pension plan administered by the State of North Carolina. LERS 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 Government 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 LERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27669-1410, 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 4.90% and 4.86%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is

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6.99% of annual covered payroll. The contribution requirements of members and of Lenoir County and the ABC Board are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2012, 2011 and 2010 were \$1,095,786, \$997,541, and \$739,205, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2012, 2011 and 2010 were \$14,057, \$13,087, and \$11,485, 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

Lenoir 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. There are no separate financial statements issued for the Separation Allowance.

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

Retirees receiving benefits and terminated plan	7
Members entitled to but not yet receiving benefits	-
Active plan members	65
	72

2. Summary of Significant Accounting Policies:

Basis of Accounting. The County has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

Method Used to Value Investments. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

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 amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the County contributed \$132,936 or 5.75% of annual covered payroll. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings.

The annual required contribution for the current year was determined as part of the December 31, 2011 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increase ranging from 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2011 was 19 years.

Employer annual required contribution	\$ 140,311
Interest on net pension obligation	38,194
Adjustment to annual required contribution	(45,569)
Annual pension cost	132,936
Contributions made	104,360
Increase in net pension obligation	28,576
Net pension obligation beginning of year	763,870
Net pension obligation end of year	\$ 792,446

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Fiscal Year Ended	3 Year Trend Information		Net Pension Obligation
	Annual Pension Cost (APC)	Percentage of APC Contributed	
6/30/10	\$ 121,801	55.00%	\$ 704,452
6/30/11	145,124	59.06%	763,870
6/30/12	132,936	78.50%	792,446

4. Funded Status and Funding Progress

As of December 31, 2011 the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$1,477,879, and the actuarial value of assets were \$0, resulting in an unfunded actuarial liability (UAAL) of \$1,477,879.

The covered payroll (annual payroll of active employees covered by the plan) was \$2,561,185, and the ratio of the UAAL to the covered payroll was 57.70%.

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

Plan Description. The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to all employees 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 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. 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 the County has elected to contribute five percent of all employees participating in the State retirement system. All law enforcement amounts contributed are vested immediately. Also, the employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2012 were \$977,375, which consisted of \$788,673 from the County and \$188,702 from the employees.

d. Registers of Deeds' Supplemental Pension Fund

Plan Description. Lenoir County also contributes to the Registers 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 eligible 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 Registers 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 Registers 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, 2012, the County's required and actual contributions were \$4,216.

e. Other Postemployment Benefits

Plan Description. Under the terms of the County resolution, the County administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). This plan provides postemployment healthcare benefits to retirees of the County, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least 30 years of creditable service with the County, or are 60 years of age with 25 years of creditable service with the County. The retiree pays the same amount for equal coverage equivalent to what active

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County employees pay. The County obtains health care coverage 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, 2011, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	27	5
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	387	64
Total	414	69

Funding Policy. The retirees pay the same amount for equal coverage equivalent to what active County employees pay under a County resolution that can be amended by the Board of Commissioners. The County members pay for dependent coverage based on size of family. The County has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 4.44% of annual covered payroll. For the current year, the County contributed \$350,052 or 2.2% of annual covered payroll. The County obtains healthcare coverage through private insurers. The County's required contributions, under a County resolution for employees not engaged in law enforcement and for law enforcement officers represent 6.35% and 6.82% of covered payroll, respectively. There were no contributions made by employees, except for dependent coverage in the amount of \$22,560. The County's obligation to contribute to the 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 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 year, the amount actually contributed to the plan, and any changes in the County's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$	554,241
Interest on net OPEB obligation		36,371
Adjustment to annual required contribution		(34,745)
Annual OPEB cost (expense)		555,867
Contributions made		(350,052)
Increase in net OPEB obligation		205,815
Net OPEB obligation, beginning of year		909,272
Net OPEB obligation, end of year	\$	1,115,087

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

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$510,641	40.6%	\$303,044
2010	\$505,437	37.5%	\$618,898
2011	\$506,543	42.7%	\$909,272
2012	\$555,867	63.0%	\$1,115,087

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$8,333,416. The covered payroll (annual payroll of active employees covered by the plan) was \$15,867,358, and the ratio of the UAAL to the covered payroll was 52.5%. 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

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future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information about the actuarial value of plan assets and 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 employer and plan members at 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 of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.00% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 9.50% and 5.00% annually. Both rates included a 3.00% inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011, was 30 years.

f. Other Postemployment Benefits – Lenoir County ABC Board

Plan Description. The Lenoir County ABC Board administers a single-employer defined benefit healthcare plan (the Retiree Health Plan). The plan provides postemployment healthcare benefits to retirees of the Board, provided they participate in the North Carolina Local Governmental Employees' Retirement System, have at least 25 years of creditable service with the Board and be 62 years of age. These benefits are only available between the ages of 62 and 65. A separate report was not issued for the plan.

Funding Policy. The Board pays the full cost of coverage for the healthcare benefits paid to qualified retirees. The Board has chosen to fund the healthcare benefits on a pay as you go basis.

Annual OPEB Cost and Net OPEB Obligation. The Board's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The Board has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. 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 Board's annual OPEB cost for the year, the amount actually contributed to the plan, and any changes in the Board's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$	13,688
Interest on net OPEB obligation		547
Adjustment to annual required contribution		-
Annual OPEB cost (expense)		14,235
Contributions made		-
Increase in net OPEB obligation		14,235
Net OPEB obligation, beginning of year		12,503
Net OPEB obligation, end of year	\$	26,738

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

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$12,503	0%	\$12,503
2012	\$14,235	0%	\$26,738

The Board intends to update its OPEB valuation (triennial basis) for the year ended June 30, 2015 as allowed per GASB 45.

Funded Status and Funding Progress. As of June 30, 2012, the actuarial accrued liability for benefits was \$174,354, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$272,168, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 64.06%. The projection of future benefit payments for an ongoing plan involves 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

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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.

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 employer and plan members at 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 of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees – Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 62, or at the first subsequent year in which the member would qualify for benefits.

Marital Status – Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality – Age at life expectancy is based on calculations on the OPEB Liability Alternative Valuation Method Worksheet.

Turnover – Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for development of an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare cost trend rate – The expected rate of increase in healthcare insurance premiums was based on projections for the state of North Carolina and based on the past decade's healthcare cost trend.

Health insurance premiums – 2011 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Inflation rate – The expected inflation rate of 10% was based on projections for the state of North Carolina and based on past decade's inflation rate.

Payroll growth rate – The expected long-term payroll growth rate was assumed to equal the rate of inflation.

A discount rate of 4% was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2012 was thirty years.

g. Other Employment Benefits

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

3. Closure and Postclosure Care Costs – Lenoir County Landfill Facility

State and federal laws and regulations require the County to place a final cover on its landfill facilities when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$1,356,955 reported as landfill closure and post-closure care liability at June 30, 2012 represents a cumulative amount reported to date based on the use of 100 percent of the total estimated capacity of the old landfill and 85% of the total capacity of the new landfill. Lenoir County closed the old facility in the fiscal year ended 1999. Total costs incurred to date on the final

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cover of the old landfill is \$1,041,995. The County will recognize the remaining estimated cost of closure and postclosure care of \$838,000 as the remaining estimated capacity of the new landfill is filled. Final costs may be higher due to inflation, changes in technology, or changes in regulations. All of the above amounts are based on what it would cost to perform all closure and post-closure care in 2012.

The County has met the requirements of a local government financial test that is one option under State and federal laws and regulations that helps determine if a unit is financially able to meet closure and post-closure care requirements. The County is not currently required to fund the estimated closure costs of this facility based upon its present financial stability.

4. Deferred / Unearned Revenues

The balance in deferred / unearned revenue at year-end is comprised of the following:

	Unearned or Deferred Revenue	Full Accrual Unearned Revenue
Taxes receivable, net (General)	\$ 2,532,936	\$ -
Taxes receivable, net (Special Revenue)	117,437	-
Prepaid taxes not yet earned (General)	150,406	150,406
Total	\$ 2,800,779	\$ 150,406

5. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The County obtains property insurance coverage and general liability coverage for these risks. The County participates in two self-funded risk-financing programs, one administered by Discovery Insurance Services and one administered by Medcost Benefit Services. Through these programs, the County obtains workers' compensation coverage up to the statutory limits, and health insurance for County employees. For health insurance, the County is reinsured through the program for individual losses in excess of \$150,000 and aggregate annual losses in excess of 115% of expected claims. The workers' compensation program is reinsured through commercial carrier for individual losses in excess of \$350,000. Based on past experience, management believes the above coverages are sufficient.

The County carries flood insurance purchased through a local agent on two county buildings; the Cooperative Extension Building and the Livestock Arena. The County carries \$500,000 coverage on the Cooperative Extension Building and \$68,300 coverage on the contents. On the Livestock Arena, the County carries \$409,000 coverage on the building and \$0 coverage on the contents.

In accordance with G.S. 159-29, the County's employees that have access of \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Director of Finance is individually bonded for \$50,000, and the tax collector is individually bonded for \$25,000. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

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

Lenoir County ABC Board 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 ABC Board has property, general liability, auto liability, workmen's compensation and employee health coverage. The Board also has liquor legal liability coverage. There have been no significant reductions in insurance coverage from the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

In accordance with G.S. 18B-700(i) and G.S. 18B-803(b), each Lenoir County ABC Board member and the employees designated as the general manager and finance officer are bonded in the amount of \$50,000 secured by a corporate surety.

6. Contingent Liabilities

At June 30, 2012, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

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7. Long-Term Obligations

a. General Obligation Indebtedness

All general obligation bonds serviced by the County's general fund are collateralized by the full faith, credit and taxing power of the County.

The County's general obligation bonds payable at June 30, 2012 are comprised of the following individual issues:

Serviced by the County's General Fund:

\$30,000,000 2007 Public Improvement School Bonds, in annual installments of up to \$1,650,000 through February 1, 2028	\$ 24,600,000
\$2,600,000 2007 Public Improvements Library Bonds, in annual installments of up to \$200,000 through February 1, 2025	2,000,000
\$39,700,000 2008 Public Improvement School Bonds, in annual installments of up to \$2,800,000 through February 1, 2029	34,000,000
	\$ 60,600,000

Annual debt service requirements to maturity for the County's general obligation bonds are as follows:

<u>Year Ending June 30,</u>	Governmental Activities	
	Principal	Interest
2013	\$ 3,600,000	\$ 2,609,650
2014	3,600,000	2,475,150
2015	3,600,000	2,340,650
2016	3,600,000	2,196,650
2017	3,600,000	2,035,650
2018-2022	18,000,000	7,716,750
2023-2027	18,150,000	3,764,425
2028-2031	6,450,000	393,125
Totals	\$ 60,600,000	\$ 23,532,050
Premium on bonds	717,335	-
Carrying value of general obligation bonds	\$ 61,317,335	\$ 23,532,050

As June 30, 2012, Lenoir County had a legal debt margin of \$235,874,062.

b. Notes Payable

On November 3, 2008, the County obtained a \$1,450,100 loan from the North Carolina Eastern Region to assist in the construction of an industrial shell building. The loan requires quarterly interest payments through 2023. The interest rate is 3.5% with the first payment being made on December 1, 2008. The first principal payment will begin on December 1, 2013. At June 30, 2012, the balance of the note was \$1,450,100.

On October 14, 2010, the County issued \$18,500,000 of Recovery Zone Economic Development Bonds to enable the County to construct a new five story, 65,000 square foot jail facility on County owned property. The loan is through BB&T and requires annual installments of \$925,000 through October 14, 2030. At June 30, 2012, the balance of the note was \$17,575,000.

Annual note requirements to maturity for the County's notes payable are as follows:

<u>Year Ending June 30,</u>	Governmental Activities	
	Principal	Interest
2013	\$ 925,000	\$ 1,131,616
2014	1,017,104	1,073,927
2015	1,051,611	1,012,968
2016	1,056,101	951,590
2017	1,060,750	890,054
2018-2022	5,379,467	3,521,240
2023-2027	4,835,067	1,996,610
2028-2031	3,700,000	568,873
Principal payments	\$ 19,025,100	
Total interest payments		\$ 11,146,878

Lenoir County, North Carolina
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2012

The Recovery Zone Economic Development Bonds are part of the 2009 American Recovery and Reinvestment Act (ARRA). For these Recovery Zone Bonds, the County will receive a 45% interest payment subsidy. The interest rebate will be recognized as follows:

<u>Year Ending June 30,</u>	<u>Interest Rebate</u>
2013	\$ 486,388
2014	460,789
2015	435,189
2016	409,590
2017	383,991
2018-2022	1,535,963
2023-2027	895,978
2028-2031	255,993
Totals	<u>\$ 4,863,881</u>

c. Capital Leases

The County has entered into an agreement to lease certain equipment. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of their inception.

The agreement was executed on August 1, 2011 to lease computer equipment and requires an initial payment of \$24,982 and 3 annual payments of \$21,406. Title passes to the County at the end of the lease term.

The following is an analysis of the assets recorded under the capital lease at June 30, 2012:

Class of Property	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment	\$ 46,683	\$ 9,337	\$ 37,346

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012 were as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 19,649	\$ 1,757
2014	20,509	897
Principal payments	<u>\$ 40,158</u>	<u>\$ 2,654</u>

d. Long-Term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2012:

	<u>Balance July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2012</u>	<u>Current Portion of Balance</u>
Governmental activities:					
General obligation debt	\$ 64,962,055	\$ -	\$ 3,644,720	\$ 61,317,335	\$ 3,600,000
Notes payable	19,950,100	-	925,000	19,025,100	925,000
Capital lease	-	86,100	45,942	40,158	19,649
Compensated absences	1,295,851	12,130	-	1,307,981	-
Other postemployment benefit	888,995	198,388	-	1,087,383	-
Net pension obligation	763,870	28,576	-	792,446	-
Total governmental activities	<u>\$ 87,860,871</u>	<u>\$ 325,194</u>	<u>\$ 4,615,662</u>	<u>\$ 83,570,403</u>	<u>\$ 4,544,649</u>
Business-type activities:					
Accrued landfill closure and Postclosure care costs	\$ 1,357,542	\$ -	\$ 587	\$ 1,356,955	\$ -
Compensated absences	36,717	813	-	37,530	-
Other postemployment benefit	20,277	7,427	-	27,704	-
Total business-type activities	<u>\$ 1,414,536</u>	<u>\$ 8,240</u>	<u>\$ 587</u>	<u>\$ 1,422,189</u>	<u>\$ -</u>

Lenoir County, North Carolina
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2012

The following is a summary of the changes in the ABC Board's long-term obligations for the fiscal year ended June 30, 2012:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012	Current Portion of Balance
ABC Board:					
Notes payable	\$ 11,721	\$ -	\$ 11,721	\$ -	\$ -
Other postemployment benefit	12,503	14,235	-	26,738	-
Total governmental activities	<u>\$ 24,224</u>	<u>\$ 14,235</u>	<u>\$ 11,721</u>	<u>\$ 26,738</u>	<u>\$ -</u>

C. Interfund Balances and Activity

Transfers to/from other funds

Transfers to/from other funds at June 30, 2012, consists of the following:

From the General Fund to the Capital Improvements Fund to improve the County's infrastructure and decrease annual maintenance costs	\$ 2,295,932
From the Landfill Fund to the Scrap Tire Disposal Fund to aid in the disposal of scrap tires	50,000
From the General Fund to the Vehicle Replacement Fund for replacement of vehicles in the Sheriff and EMS departments	230,000
From the General Fund to the Employee Insurance Fund for insurance claims	200,000
From the General Fund to the Capital Projects Fund to aid in the construction of jail	459,413
From the School Capital Outlay Fund to the General Fund for debt payment on bonds	1,500,000
	<u>\$ 4,735,345</u>

D. Fund Balance

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

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

Total fund balance – General Fund	\$ 25,461,008
Less:	
Stabilization by State Statute	4,398,902
Appropriated fund balance in 2013 budget	12,152,740
Remaining Fund Balance	<u>\$ 8,909,366</u>

Note IV. Joint Ventures

The County in conjunction with the City of Kinston, participates in the Tourism Development Authority. The County appoints three members to the seven member board. The County has the authority to levy a Tourism tax and also serves as the collection agency for the Authority's taxes; however, the County does not have the power to determine the nature or type of tax imposed. Total funds remitted to the Authority were \$211,629 for the year ended June 30, 2012. The Authority controls the disbursements of all funds and the County has no responsibility for financing deficits or providing guarantees of the unit, nor is it entitled to any surpluses. The County has no equity interest in the Authority. Complete financial statements for the Authority can be obtained from the Authority's offices at City of Kinston, 301 N. Queen Street, Kinston, NC 28501.

The County also participates in a joint venture to operate Neuse Regional Library with three other local governments. Lenoir County appoints two board members to the twelve member board of the Library. The County has an on going financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so

Lenoir County, North Carolina
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2012

no equity interest has been reflected in the financial statements at June 30, 2012. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$760,000 to the Library to supplement its activities. Complete financial statements for the Library can be obtained from the Library offices, at 510 N. Queen Street, City of Kinston, NC 28501.

The County in conjunction with the State of North Carolina and the Lenoir County Board of Education, participates in a joint venture to operate the Lenoir County 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. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. 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 \$2,185,000 to the community college for operating purposes during the fiscal year ended June 30, 2012. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2012.

Complete financial statements for the community college may be obtained from the community college's administrative offices at 231 Highway 58 South, Kinston, NC 28502.

Effective July 1, 2002 the County in conjunction with Duplin County, Sampson County and Wayne County, participated in a joint venture to operate Eastpointe. Each participating government appoints three board members to the fifteen member board. The County has an ongoing financial responsibility for the joint venture because Eastpointe's continued existence depends on the participating governments' continued funding. The County paid \$245,715 to the joint venture during the fiscal year ended June 30, 2012. None of the participating governments have any equity interest in the joint venture, so no equity interest has been reflected in the County's financial statements at June 30, 2012. Complete financial statements for Eastpointe can be obtained from their office in Kenansville, N.C.

Note V. Joint Governed Organization

The County has joined with other counties and municipalities in the area to establish the Eastern Carolina 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 \$12,141 to the Council during the fiscal year ended June 30, 2012. The County has no equity interest in the Council.

Note VI. Major Taxpayer

Lenoir County had property tax revenue from one taxpayer in 2012 of \$1,257,053, which accounted for 3% of total property tax revenue.

Note VII. Benefit Payments Issued by the State

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

	Federal	State
Special Supplemental Food Program for Women, Infants, and Children	\$ 1,513,418	\$ -
Temporary Assistance for Needy Families	400,011	-
IV-E Foster Care	55,071	14,720
IV-E Admin County	17,281	8,641
State Foster Home	-	23,636
Special Assistance to Adults	-	833,811
IV-E Adoptions Subsidy Payments	275,945	74,008
CWS Adoption Subsidy Payments	-	193,354
Food Stamp Program	24,145,821	-
Medical Assistance	62,506,454	36,545,945
Energy Assistance	240	-
SFHF Maximization	-	11,842

Lenoir County, North Carolina
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2012

Note VIII. Summary Disclosure of Significant Commitments and 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 moneys 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 moneys.

Note IX. Detailed Note on Individual Fund Balance

As part of the loan agreement for the construction of the new landfill, the County is required to have a minimum fund balance in the Landfill Fund of \$1,000,000. At June 30, 2012, the fund balance for the Landfill Fund was \$3,992,281, consisting of \$1,080,575 invested in capital assets, and \$2,911,706 in unrestricted fund balance.

SUPPLEMENTARY
INFORMATION

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REQUIRED SUPPLEMENTAL FINANCIAL DATA

This section contains additional information required by generally accepted accounting principles, and/or the Governmental Accounting Standards Board.

Schedule of Funding Progress for the Law Enforcement
Officers' Special Separation Allowance

Schedule of Employer Contributions for the
Law Enforcement Officers' Special Separation Allowance

Notes to the Required Schedules for the Law
Enforcement Officers' Special Separation Allowance

Schedule of Funding Progress for Other
Postemployment Benefits

Schedule of Employer Contributions for
Other Postemployment Benefits

Notes to the Required Schedules for
Other Postemployment Benefits

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

STATEMENT 1

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)
12/31/2001	\$ -	\$ 510,328	\$ 510,328	0%	\$ 1,472,899	34.65%
12/31/2002	-	608,944	608,944	0%	1,488,455	40.91%
12/31/2003	-	664,951	664,951	0%	1,559,910	42.63%
12/31/2004	-	802,824	802,824	0%	1,643,062	48.86%
12/31/2005	-	758,072	758,072	0%	1,824,114	41.56%
12/31/2006	-	831,347	831,347	0%	2,044,360	40.67%
12/31/2007	-	995,875	995,875	0%	2,090,047	47.65%
12/31/2008	-	1,121,755	1,121,755	0%	2,213,593	50.68%
12/31/2009	-	1,504,712	1,504,712	0%	2,548,597	59.04%
12/31/2010	-	1,434,272	1,434,272	0%	2,473,401	57.99%
12/31/2011	-	1,477,879	1,477,879	0%	2,561,185	57.70%

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

STATEMENT 2

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2003	62,122	7%
2004	69,905	16%
2005	82,495	34%
2006	91,725	32%
2007	87,525	39%
2008	96,626	48%
2009	107,943	53%
2010	121,801	55%
2011	147,615	58%
2012	132,936	79%

Notes to the Required Schedules:

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

Valuation date	12/31/2011
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	19 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.5% - 7.85%
*Includes inflation at	3.00%
Cost of living adjustments	N/A

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

STATEMENT 3

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)
12/31/2006	\$ -	\$ 7,587,345	\$ 7,587,345	0%	\$ 13,606,848	55.8%
12/31/2007	-	6,818,855	6,818,855	0%	12,304,510	55.4%
12/31/2008	-	5,802,279	5,802,279	0%	14,403,576	40.3%
12/31/2009	-	5,973,257	5,973,257	0%	15,417,737	38.7%
12/31/2010	-	6,664,035	6,664,035	0%	16,001,264	41.6%
12/31/2011	-	8,333,416	8,333,416	0%	15,867,358	52.5%

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

STATEMENT 4

Year Ended June 30,	Annual Required Contribution*	Percentage Contributed*
2010	\$ 505,437	37.5%
2011	506,543	42.7%
2012	555,867	63.0%

* Presented for all years for which data is available.

Notes to the Required Schedules:

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

Valuation date	12/31/2011
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend rate	9.5% - 5.0%
Year of ultimate trend rate	2018
*Includes inflation at	3.00%

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, claim and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures on governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. The following types of governmental funds are included in this section:

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.

SPECIAL REVENUE FUNDS

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

Federally Seized Property Fund – This fund accounts for federal controlled substance tax revenues and other revenues related to drug offenses.

School Capital Outlay Fund – This fund is used to track the uses of Article 40 and 42 Sales Tax Revenues to improve the County's school capital facilities.

Scrap Tire Disposal Fund – This fund accounts for the 1% tire retailer fee paid to the State and then distributed to NC Counties to defray the costs of scrap tire disposal.

Revaluation Reserve Fund – This fund accounts for the revenues/expenditures related to the quadrennial county-wide revaluation of real property.

Fire District Funds – These funds account for the revenues collected and disbursed to eleven volunteer fire districts in the County. The fire districts use the money to pay for operations, maintenance and equipment.

Transportation Grant Project Fund – This fund accounts for NC DOT grant funds used for the operation of a county transit system.

State Controlled Substance Fund – This fund accounts for state controlled substance tax and other related fund related to drug offenses.

CDBG Fund – This fund accounts for federal Community Development Block Grants used for improving area housing and water and septic system needs for low income families and the elderly.

Emergency Telephone System Fund – This fund accounts for revenue derived from the telephone surcharge collected by phone companies and remitted to NC counties to establish and maintain emergency telephone services.

Vehicle Replacement Fund – This fund accounts for the scheduled/predicted replacement of County vehicles using local tax dollars, insurance reimbursements, and sales of surplus vehicles.

Family and Caregiver Education Fund – This fund accounts for Federal and State revenue for the Smart Start Program.

Automation Preservation Fund – This fund accounts for 10% of the fees collected and maintained by the register of deeds' office to be used for computer and imaging technology for that office.

School Bond Fund – This fund accounts for school construction and the school bond debt.

CAPITAL PROJECT FUNDS

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

Capital Projects Fund – This fund is used to account for the construction of the jail facility and the expansion of the gas line for Sanderson Farms.

Capital Improvements Fund – This fund accounts for significant, long-term improvements to the County's infrastructure and also for capital asset improvements for the purpose of increasing economic and community development opportunities.

Lenoir County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For The Fiscal Year Ended June 30, 2012
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2011)

STATEMENT 5
Page 1 of 10

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues:				
Ad valorem taxes:				
Taxes	\$ 31,507,271	\$ 31,458,158	\$ (49,113)	\$ 29,332,409
Penalties and interest	460,000	451,807	(8,193)	373,977
Total	31,967,271	31,909,965	(57,306)	29,706,386
Local option sales taxes:				
Article 39 one percent	3,550,000	3,800,572	250,572	3,571,106
Article 40 one-half of one percent	1,350,000	1,616,591	266,591	1,522,437
Article 42 one-half of one percent	800,000	890,220	90,220	764,433
Article 44 one-half of one percent	17,000	9,354	(7,646)	19,357
Total	5,717,000	6,316,737	599,737	5,877,333
Other taxes and licenses:				
Real estate transfer tax	95,000	88,547	(6,453)	80,255
Motor vehicle rental tax	24,000	24,423	423	21,635
Intangible taxes	115,000	110,323	(4,677)	109,759
Register of deeds	205,000	202,600	(2,400)	197,032
Inspection fees	177,200	179,499	2,299	176,738
Privilege licenses	13,000	10,209	(2,791)	13,449
Sheriff fees	657,473	659,373	1,900	640,229
Total	1,286,673	1,274,974	(11,699)	1,239,097
Unrestricted intergovernmental :				
Beer and wine taxes	148,206	148,205	(1)	137,674
Social service revenues	87,189	80,797	(6,392)	97,043
Other	311,867	324,141	12,274	233,846
Total	547,262	553,143	5,881	468,563
Restricted intergovernmental:				
Federal grants	1,975,781	2,608,038	632,257	-
State grants	1,200,415	1,162,084	(38,331)	397,281
Disaster funds, grants and other	14,287	14,287	-	52,364
Health department grants	1,749,175	1,634,299	(114,876)	1,392,017
Mental health grants	125,382	125,382	-	123,354
Social service grants	11,344,723	8,920,559	(2,424,164)	9,031,145
Court facility fees	140,000	114,134	(25,866)	130,786
ABC profits distribution	100,000	160,778	60,778	109,266
ABC profits for law enforcement	15,000	12,908	(2,092)	14,768
ABC bottle taxes	-	13,149	13,149	12,484
Occupancy and tourism tax	194,250	200,127	5,877	245,007
Total	16,859,013	14,965,745	(1,893,268)	11,508,472

Lenoir County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For The Fiscal Year Ended June 30, 2012
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2011)

STATEMENT 5
Page 2 of 10

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Sales and services:				
Cablevision fees	\$ 1,250	\$ 1,371	\$ 121	\$ 782
Jail fees	72,300	69,487	(2,813)	109,048
Health department fees	114,432	108,997	(5,435)	96,794
Emergency medical service fees	2,995,533	2,927,637	(67,896)	3,031,461
E-911 fees	22,500	20,250	(2,250)	30,000
PEG access fees	67,000	66,155	(845)	25,937
Rents and parking	190,150	190,498	348	202,506
Total	3,463,165	3,384,395	(78,770)	3,496,528
Investment earnings	50,000	21,484	(28,516)	40,979
Miscellaneous:				
Fines	400,000	361,628	(38,372)	385,685
Other revenues	968,197	1,141,093	172,896	847,892
Total revenues	61,258,581	59,929,164	(1,329,417)	53,570,935
Expenditures				
General Government:				
Governing body:				
Salaries and employee benefits		131,378		152,751
Other operating expenditures		60,100		52,857
Total	230,255	191,478	38,777	205,608
County Manager:				
Salaries and employee benefits		248,099		244,138
Other operating expenditures		15,917		21,362
Total	273,381	264,016	9,365	265,500
Board of Elections:				
Salaries and employee benefits		254,007		242,640
Other operating expenditures		73,934		76,164
Capital outlay		1,609		-
Total	397,060	329,550	67,510	318,804
Finance Department:				
Salaries and employee benefits		184,117		197,250
Other operating expenditures		6,776		10,472
Total	199,058	190,893	8,165	207,722

Lenoir County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For The Fiscal Year Ended June 30, 2012
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2011)

STATEMENT 5
Page 3 of 10

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Tax Office:				
Salaries and employee benefits		\$ 678,537		\$ 685,777
Other operating expenditures		101,832		118,399
Total	829,528	780,369	49,159	804,176
Human Resources:				
Salaries and employee benefits		184,843		51,267
Other operating expenditures		20,278		3,192
Total	242,784	205,121	37,663	54,459
County Attorney:				
Contracted services	62,500	43,705	18,795	74,834
Register of Deeds:				
Salaries and employee benefits		224,809		196,692
Other operating expenditures		49,377		58,430
Total	296,134	274,186	21,948	255,122
Public Buildings:				
Salaries and employee benefits		106,543		121,959
Other operating expenditures		346,997		335,088
Total	526,856	453,540	73,316	457,047
Court facilities:				
Salaries and employee benefits		16,482		15,911
Other operating expenditures		408,425		285,039
Total	520,387	424,907	95,480	300,950
Non-departmental:				
Salaries and employee benefits		232,243		236,744
Other operating expenditures		1,659,363		1,428,063
Total	2,243,036	1,891,606	351,430	1,664,807
Management Information System:				
Salaries and employee benefits		492,465		479,040
Other operating expenditures		197,304		179,304
Capital outlay		87,035		732
Total	806,668	776,804	29,864	659,076
Outside agencies	132,000	111,911	20,089	166,424
Total general government	<u>6,759,647</u>	<u>5,938,086</u>	<u>821,561</u>	<u>5,434,529</u>

Lenoir County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For The Fiscal Year Ended June 30, 2012
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2011)

STATEMENT 5
Page 4 of 10

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Public Safety:				
Sheriff:				
Salaries and employee benefits		\$ 3,614,957		\$ 3,577,971
Other operating expenditures		573,368		584,177
Capital outlay		53,919		68,848
Total		<u>4,242,244</u>		<u>4,230,996</u>
Jail:				
Salaries and employee benefits		1,608,240		1,532,292
Other operating expenditures		1,056,139		708,354
Total		<u>2,664,378</u>		<u>2,240,646</u>
Total Sheriff and Jail	<u>7,258,476</u>	<u>6,906,623</u>	351,853	<u>6,471,642</u>
Emergency management:				
Salaries and employee benefits		271,123		259,463
Other operating expenditures		124,995		102,374
Capital outlay		-		446
Total	<u>396,336</u>	<u>396,118</u>	218	<u>362,283</u>
Central communications:				
Salaries and employee benefits		1,058,395		1,030,482
Other operating expenditures		64,671		69,151
Capital outlay		73,077		67,918
Total	<u>1,205,999</u>	<u>1,196,143</u>	9,856	<u>1,167,551</u>
Emergency Medical Services Department:				
Salaries and benefits		2,890,237		2,822,460
Other expenses		727,971		674,625
Capital outlay		4,583		79,151
Total	<u>3,831,129</u>	<u>3,622,791</u>	208,338	<u>3,576,236</u>
Fire:				
Contracted services	48,340	48,340	-	50,000
Inspections:				
Salaries and employee benefits		190,014		187,142
Contracted services		19,636		20,715
Total	<u>216,153</u>	<u>209,650</u>	6,503	<u>207,857</u>
Medical examiner:				
Contracted services	40,000	38,950	1,050	48,775

Lenoir County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
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	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
FEMA:				
Salaries and employee benefits		\$ 47,381		\$ -
Other operating expenditures		2,609,992		-
Total	2,079,919	2,657,373	(577,454)	-
Disaster expenses - Floyd/Flood:				
Salaries and employee benefits		349,052		380,646
Other operating expenditures		79,257		85,213
Total	492,522	428,309	64,213	465,859
Total public safety	15,568,874	15,504,297	64,577	12,350,203
Economic and community development:				
Economic development:				
Salaries and employee benefits		201,685		269,761
Other operating expenditures		38,550		49,211
Capital outlay		-		1,826
Total	319,769	240,235	79,534	320,798
Agriculture extension:				
Salaries and employee benefits		291,852		280,302
Other operating expenditures		84,328		84,832
Capital outlay		-		1,790
Total	390,212	376,180	14,032	366,924
Soil and water conservation:				
Salaries and employee benefits		108,188		106,600
Other operating expenditures		2,922		2,860
Total	121,488	111,110	10,378	109,460
Cooperative extension prevention block grant:				
Salaries and employee benefits		39,922		37,485
Other operating expenditures		8,023		10,531
Total	48,119	47,945	174	48,016
Cooperative extension RAFI grant:				
Salaries and employee benefits		4,751		1,708
Other operating expenditures		12,755		3,382
Total	17,506	17,506	-	5,090
Golden Leaf Grant:				
Salaries and employee benefits		759		-
Other operating expenditures		1,558		-
Total	76,572	2,317	74,255	-
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Lenoir County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
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	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
JCPC:				
Salaries and employee benefits		\$ 31,294		\$ 35,779
Other operating expenditures		3,070		1,332
Total	35,194	34,364	830	37,111
Total economic and community development	1,008,860	829,657	179,203	887,399
Human Services:				
Health:				
Administration:				
Salaries and employee benefits		397,631		449,257
Other operating expenditures		331,652		195,752
Total		729,283		645,009
Animal control:				
Salaries and employee benefits		79,679		79,304
Other operating expenditures		153,955		128,315
Total		233,634		207,619
Immunization:				
Salaries and employee benefits		43,037		42,427
Other operating expenditures		1,638		4,729
Total		44,675		47,156
H1N1:				
Salaries and employee benefits		-		3,488
Health promotions:				
Salaries and employee benefits		899,238		907,292
Other operating expenditures		254,218		263,392
Total		1,153,456		1,170,684
Child health:				
Salaries and employee benefits		392,421		426,888
Other operating expenditures		19,024		16,143
Total		411,445		443,031
Women, infants, and children:				
Salaries and employee benefits		317,642		306,645
Other operating expenditures		19,313		36,530
Total		336,955		343,175

Lenoir County, North Carolina
General Fund
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	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Pregnancy Care Management:				
Salaries and employee benefits		\$ 73,888		\$ -
Other operating expenditures		13,531		-
Total		<u>87,419</u>		<u>-</u>
Care Coordination for Children:				
Salaries and employee benefits		36,963		-
Other operating expenditures		4,506		-
Total		<u>41,469</u>		<u>-</u>
Environmental health:				
Salaries and employee benefits		385,817		379,867
Other operating expenditures		18,282		19,005
Capital outlay		-		7,500
Total		<u>404,099</u>		<u>406,372</u>
Total health	<u>3,951,490</u>	<u>3,442,435</u>	<u>509,055</u>	<u>3,266,534</u>
Mental health:				
Administration:				
Other operating expenditures	<u>245,715</u>	<u>245,715</u>	<u>-</u>	<u>236,906</u>
Social services:				
Administration:				
Salaries and employee benefits		5,946,418		5,718,321
Other operating expenditures		664,420		640,304
Capital outlay		5,649		120,772
Total		<u>6,616,487</u>		<u>6,479,397</u>
Daycare:				
Assistance payments		2,405,542		2,669,080
Smart Start:				
Other operating expenditures		-		(84)
Temporary Assistance for Needy Families:				
Assistance payments		116,731		188,656
Medical assistance:				
Assistance payments		588,958		486,909
Child support enforcement:				
Salaries and employee benefits		49,150		51,631
Other operating expenditures		172,250		167,925
Total		<u>221,400</u>		<u>219,556</u>

Lenoir County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
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	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Adult daycare:				
Other operating expenditures		\$ 832,300		\$ 851,345
Social Services Block Grant:				
Contract services		70,259		76,804
Income maintenance programs:				
Other operating expenditures		185,005		203,936
Capital outlay		52,688		-
Total		237,693		203,936
Adoption assistance:				
Other operating expenditures		115,957		116,912
H & CC Block Grant:				
Other operating expenditures		578,699		558,386
Foster care:				
Other operating expenditures		80,183		213,042
Services to the blind:				
Other operating expenditures		6,931		6,606
Food stamp program:				
Other operating expenditures		27,292		27,537
Crisis intervention:				
Other operating expenditures		836,706		479,978
Other social service programs:				
Other operating expenditures		92,630		123,739
Total social services	15,438,483	12,827,769	2,610,714	12,701,799
Bioterrorism:				
Salaries and employee benefits		37,195		41,076
Other operating expenditures		3,390		2,029
Total	48,808	40,585	8,223	43,105
Veteran's services:				
Salaries and employee benefits		11,863		2,536
Other operating expenditures		12,797		22,848
Total	33,241	24,660	8,581	25,384

Lenoir County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
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	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
CJPP Day Reporting:				
Salaries and employee benefits		\$ 96,720		\$ 90,079
Other operating expenditures		30,944		33,580
Total	127,672	127,664	8	123,659
Total human services	19,845,409	16,708,828	3,136,581	16,397,387
Cultural and recreational:				
Recreation:				
Other operating expenditures	760,000	760,000	-	733,000
Libraries:				
Contribution to regional library	740,500	740,500	-	740,500
Total cultural and recreational	1,500,500	1,500,500	-	1,473,500
Education:				
Public schools - current	9,900,000	9,900,000	-	9,900,000
Fines	500,000	361,628	138,372	385,686
Community college - current	2,185,000	2,185,000	-	2,185,000
Total education	12,585,000	12,446,628	138,372	12,470,686
Debt service:				
Bond principal		4,570,941		3,600,000
Interest and fees		4,032,607		3,084,419
Total debt service	8,608,473	8,603,548	4,925	6,684,419
Total expenditures	65,876,763	61,531,544	4,345,218	55,698,123
Revenues over (under) expenditures	(4,618,182)	(1,602,380)	3,015,802	(2,127,187)

Lenoir County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For The Fiscal Year Ended June 30, 2012
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2011)

STATEMENT 5
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	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Other financing sources (uses):				
Operating transfers from (to) other funds:				
Transfer from special revenue funds	\$ -	\$ -	\$ -	\$ 7,921,364
Transfer from capital reserve fund	1,500,000	1,500,000	-	1,500,000
Transfer to capital project funds	(459,413)	(459,413)	-	(1,320,159)
Transfer to insurance reserve	(200,000)	(200,000)	-	-
Transfer to special revenue funds	(2,525,932)	(2,525,932)	-	(3,256,403)
Total operating transfers	<u>(1,685,345)</u>	<u>(1,685,345)</u>	-	<u>4,844,802</u>
Contingency	(17,710)	-	17,710	-
Proceeds from sale of bonds	86,100	86,100	-	-
Sales of fixed assets	<u>32,100</u>	<u>28,175</u>	<u>(3,925)</u>	<u>8,934</u>
Total other financing sources (uses)	<u>(1,584,855)</u>	<u>(1,571,070)</u>	<u>13,785</u>	<u>4,853,736</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(6,203,037)	(3,173,450)	3,029,587	2,726,549
Appropriated fund balance	<u>6,203,037</u>	<u>-</u>	<u>(6,203,037)</u>	<u>-</u>
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(3,173,450)</u>	<u>\$ (3,173,450)</u>	<u>2,726,549</u>
Fund balance, beginning of year		<u>28,634,458</u>		<u>25,907,909</u>
Fund balance, end of year		<u>\$ 25,461,008</u>		<u>\$ 28,634,458</u>

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

STATEMENT 6

	Special Revenue Funds	Capital Project Funds Capital Improvements Fund	Totals
ASSETS			
Cash and investments	\$ 1,860,481	\$ 2,738,022	\$ 4,598,503
Restricted cash and investments	27,532	-	27,532
Receivables:			
Property taxes	117,437	-	117,437
Accounts receivable	151,093	-	151,093
Local option sales tax	47,400	-	47,400
Due from other funds	104,543	-	104,543
Total assets	<u>\$ 2,308,486</u>	<u>\$ 2,738,022</u>	<u>\$ 5,046,508</u>
LIABILITIES AND EQUITY			
Liabilities:			
Accounts payable and accrued liabilities	\$ 143,766	\$ 4,066	\$ 147,832
Due to other funds	104,543	-	104,543
Deferred revenues	117,437	-	117,437
Total liabilities	<u>365,746</u>	<u>4,066</u>	<u>369,812</u>
Fund balances:			
Restricted			
Stabilization by state statute	288,428	-	288,428
Register of deeds	154,991	-	154,991
Sheriff	200,574	-	200,574
Emergency services	1,249,312	-	1,249,312
Tax revaluation	27,528	-	27,528
Committed			
Capital improvements	-	2,733,956	2,733,956
Scrap tire disposal	88,601	-	88,601
Vehicle replacement	56,582	-	56,582
Assigned			
Subsequent years' expenditures	39,500	-	39,500
Unassigned	(162,776)	-	(162,776)
Total equity	<u>1,942,740</u>	<u>2,733,956</u>	<u>4,676,696</u>
Total liabilities and equity	<u>\$ 2,308,486</u>	<u>\$ 2,738,022</u>	<u>\$ 5,046,508</u>

Lenoir County, North Carolina
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
For the Fiscal Year Ended June 30, 2012

STATEMENT 7

	Special Revenue Funds	Capital Project Funds Capital Improvements Fund	Totals
Revenues:			
Ad valorem taxes	\$ 1,206,518	\$ -	\$ 1,206,518
Local option sales tax	184,125	-	184,125
Restricted intergovernmental	2,200,054	100,000	2,300,054
Investment earnings	2,349	-	2,349
Other	173,211	28,122	201,333
Total revenues	<u>3,766,257</u>	<u>128,122</u>	<u>3,894,379</u>
Expenditures:			
General government	375,645	-	375,645
Public safety	2,141,804	-	2,141,804
Economic and community development	322,537	2,407,458	2,729,995
Human services	1,329,633	-	1,329,633
Sanitation	141,734	-	141,734
Total expenditures	<u>4,311,353</u>	<u>2,407,458</u>	<u>6,718,811</u>
Revenues over (under) expenditures	(545,096)	(2,279,336)	(2,824,432)
Other financing sources (uses):			
Operating transfers in	<u>280,000</u>	<u>2,295,932</u>	<u>2,575,932</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(265,096)	16,596	(248,500)
Fund balance, beginning of year	<u>2,207,836</u>	<u>2,717,360</u>	<u>4,925,196</u>
Fund balance, end of year	<u>\$ 1,942,740</u>	<u>\$ 2,733,956</u>	<u>\$ 4,676,696</u>

Lenoir County, North Carolina
Non-Major Governmental Funds
Special Revenue Funds
Combining Balance Sheet
June 30, 2012

	Federally Seized Property Fund	Scrap Tire Disposal Fund	Revaluation Reserve Fund	Fire District Funds	Transportation Grant Project Fund
ASSETS					
Cash and investments	\$ 160,371	\$ 100,022	\$ -	\$ 54,824	\$ -
Restricted cash and investments	-	-	27,532	-	-
Receivables:					
Property taxes	-	-	-	117,437	-
Accounts receivable	966	32,212	-	-	51,075
Local option sales tax	-	-	-	47,400	-
Due from other funds	-	-	-	-	-
Total assets	\$ 161,337	\$ 132,234	\$ 27,532	\$ 219,661	\$ 51,075
LIABILITIES AND EQUITY					
Liabilities:					
Accounts payable and accrued liabilities	\$ 4,290	\$ 11,421	\$ 4	\$ 98,372	\$ 17,209
Due to other funds	-	-	-	-	83,500
Deferred revenues	-	-	-	117,437	-
Total liabilities	4,290	11,421	4	215,809	100,709
Fund balances:					
Restricted					
Stabilization by state statute	966	32,212	-	47,400	51,075
Register of deeds	-	-	-	-	-
Sheriff	129,081	-	-	-	-
Emergency services	-	-	-	-	-
Tax revaluation	-	-	27,528	-	-
Committed					
Scrap tire disposal	-	88,601	-	-	-
Vehicle replacement	-	-	-	-	-
Assigned					
Subsequent years' expenditures	27,000	-	-	-	-
Unassigned					
Total equity	157,047	120,813	27,528	(43,548)	(100,709)
Total liabilities and equity	\$ 161,337	\$ 132,234	\$ 27,532	\$ 219,661	\$ 51,075

STATEMENT 8

CDBG Fund	Emergency Telephone System Fund	Family and Caregiver Education Fund	Vehicle Replacement Fund	Automation Preservation Fund	State Controlled Substance Fund	Total
\$ -	\$ 1,249,698	\$ -	\$ 56,582	\$ 157,491	\$ 81,493	\$ 1,860,481
-	-	-	-	-	-	27,532
-	-	-	-	-	-	117,437
14,608	33,637	18,595	-	-	-	151,093
-	-	-	-	-	-	47,400
-	104,543	-	-	-	-	104,543
<u>\$ 14,608</u>	<u>\$ 1,387,878</u>	<u>\$ 18,595</u>	<u>\$ 56,582</u>	<u>\$ 157,491</u>	<u>\$ 81,493</u>	<u>\$ 2,308,486</u>
\$ 2,699	\$ 386	\$ 9,385	\$ -	\$ -	\$ -	\$ 143,766
11,909	-	9,134	-	-	-	104,543
-	-	-	-	-	-	117,437
<u>14,608</u>	<u>386</u>	<u>18,519</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>365,746</u>
-	138,180	18,595	-	-	-	288,428
-	-	-	-	154,991	-	154,991
-	-	-	-	-	71,493	200,574
-	1,249,312	-	-	-	-	1,249,312
-	-	-	-	-	-	27,528
-	-	-	-	-	-	88,601
-	-	-	56,582	-	-	56,582
-	-	-	-	2,500	10,000	39,500
-	-	(18,519)	-	-	-	(162,776)
<u>-</u>	<u>1,387,492</u>	<u>76</u>	<u>56,582</u>	<u>157,491</u>	<u>81,493</u>	<u>1,942,740</u>
<u>\$ 14,608</u>	<u>\$ 1,387,878</u>	<u>\$ 18,595</u>	<u>\$ 56,582</u>	<u>\$ 157,491</u>	<u>\$ 81,493</u>	<u>\$ 2,308,486</u>

Lenoir County, North Carolina
Non-Major Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures, and
Changes In Fund Balance
For The Fiscal Year Ended June 30, 2012

	Federally Seized Property Fund	Scrap Tire Disposal Fund	Revaluation Reserve Fund	Fire District Funds	Transportation Grant Project Fund
Revenues:					
Ad valorem taxes	\$ -	\$ -	\$ 54,460	\$ 1,152,058	\$ -
Local option sales tax	-	-	-	184,125	-
Restricted intergovernmental	146,521	132,437	-	-	1,069,323
Investment earnings	113	83	-	-	-
Other	-	-	-	-	164,102
Total revenues	<u>146,634</u>	<u>132,520</u>	<u>54,460</u>	<u>1,336,183</u>	<u>1,233,425</u>
Expenditures:					
General government	-	-	50,661	-	-
Public safety	45,407	-	-	1,338,936	-
Economic and community development	-	-	-	-	-
Human services	-	-	-	-	1,224,909
Sanitation	-	141,734	-	-	-
Total expenditures	<u>45,407</u>	<u>141,734</u>	<u>50,661</u>	<u>1,338,936</u>	<u>1,224,909</u>
Revenues over (under) expenditures	101,227	(9,214)	3,799	(2,753)	8,516
Other financing sources (uses): Operating transfers in	-	50,000	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	101,227	40,786	3,799	(2,753)	8,516
Fund balance, beginning of year	55,820	80,027	23,729	6,605	(58,150)
Fund balance, end of year	<u>\$ 157,047</u>	<u>\$ 120,813</u>	<u>\$ 27,528</u>	<u>\$ 3,852</u>	<u>\$ (49,634)</u>

STATEMENT 9

CDBG Fund	Emergency Telephone System Fund	Family and Caregiver Education Fund	Vehicle Replacement Fund	Automation Preservation Fund	State Controlled Substance Fund	School Bond Fund	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,206,518
-	-	-	-	-	-	-	184,125
279,875	417,726	102,475	-	22,476	29,219	2	2,200,054
-	1,917	-	-	162	74	-	2,349
-	-	-	9,109	-	-	-	173,211
<u>279,875</u>	<u>419,643</u>	<u>102,475</u>	<u>9,109</u>	<u>22,638</u>	<u>29,293</u>	<u>2</u>	<u>3,766,257</u>
-	-	-	324,984	-	-	-	375,645
-	757,461	-	-	-	-	-	2,141,804
274,413	-	-	-	-	-	48,124	322,537
-	-	104,724	-	-	-	-	1,329,633
-	-	-	-	-	-	-	141,734
<u>274,413</u>	<u>757,461</u>	<u>104,724</u>	<u>324,984</u>	<u>-</u>	<u>-</u>	<u>48,124</u>	<u>4,311,353</u>
5,462	(337,818)	(2,249)	(315,875)	22,638	29,293	(48,122)	(545,096)
-	-	-	230,000	-	-	-	280,000
5,462	(337,818)	(2,249)	(85,875)	22,638	29,293	(48,122)	(265,096)
<u>(5,462)</u>	<u>1,725,310</u>	<u>2,325</u>	<u>142,457</u>	<u>134,853</u>	<u>52,200</u>	<u>48,122</u>	<u>2,207,836</u>
<u>\$ -</u>	<u>\$ 1,387,492</u>	<u>\$ 76</u>	<u>\$ 56,582</u>	<u>\$ 157,491</u>	<u>\$ 81,493</u>	<u>\$ -</u>	<u>\$ 1,942,740</u>

Lenoir County, North Carolina
Federally Seized Property Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For The Fiscal Year Ended June 30, 2012
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2011)

STATEMENT 10

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues:				
Restricted intergovernmental	\$ 155,000	\$ 146,521	\$ (8,479)	\$ 4,317
Investment earnings	1,000	113	(887)	87
Total revenues	156,000	146,634	(9,366)	4,404
Expenditures:				
Public safety				
Operating expenses		8,012		618
Capital outlay		37,395		11,151
Total expenditures	156,000	45,407	110,593	11,769
Revenues over (under) expenditures	\$ -	101,227	\$ 101,227	(7,365)
Fund balance, beginning of year		55,820		63,185
Fund balance, end of year		\$ 157,047		\$ 55,820

Lenoir County, North Carolina
School Capital Outlay Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For The Fiscal Year Ended June 30, 2012
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2011)

STATEMENT 11

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues:				
Local option sales tax	\$ 1,600,000	\$ 1,777,475	\$ 177,475	\$ 1,667,830
State grants	205,550	205,549	(1)	671,984
Investment earnings	-	6,669	6,669	8,755
Total revenues	<u>1,805,550</u>	<u>1,989,693</u>	<u>184,143</u>	<u>2,348,569</u>
Expenditures:				
Public school building projects	420,169	426,023	(5,854)	1,140,717
Interest and fees	900	900	-	-
Total expenditures	<u>421,069</u>	<u>426,923</u>	<u>(5,854)</u>	<u>1,140,717</u>
Revenues over (under) expenditures	1,384,481	1,562,770	178,289	1,207,852
Other financing sources (uses):				
Transfer to general fund	<u>(1,500,000)</u>	<u>(1,500,000)</u>	<u>-</u>	<u>(1,500,000)</u>
Revenues and other financing sources over (under) expenditures	(115,519)	62,770	178,289	(292,148)
Appropriated fund balance	<u>115,519</u>	<u>-</u>	<u>(115,519)</u>	<u>-</u>
Revenues, other financing sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>62,770</u>	<u>\$ 62,770</u>	<u>(292,148)</u>
Fund balance, beginning of year		<u>6,984,126</u>		<u>7,276,274</u>
Fund balance, end of year		<u>\$ 7,046,896</u>		<u>\$ 6,984,126</u>

Lenoir County, North Carolina
Scrap Tire Disposal Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For The Fiscal Year Ended June 30, 2012

(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2011)

STATEMENT 12

	2012			2011
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Restricted intergovernmental	\$ 100,550	\$ 132,437	\$ 31,887	\$ 110,831
Investment earnings	-	83	83	87
Total revenues	<u>100,550</u>	<u>132,520</u>	<u>31,970</u>	<u>110,918</u>
Expenditures:				
Sanitation				
Contracted services	<u>150,550</u>	<u>141,734</u>	<u>8,816</u>	<u>125,952</u>
Revenues over (under) expenditures	(50,000)	(9,214)	40,786	(15,034)
Other financing sources:				
Operating transfer in	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>35,300</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>40,786</u>	<u>\$ 40,786</u>	<u>20,266</u>
Fund balance, beginning of year		<u>80,027</u>		<u>59,761</u>
Fund balance, end of year		<u>\$ 120,813</u>		<u>\$ 80,027</u>

Lenoir County, North Carolina
 Revaluation Reserve Fund
**Statement of Revenues, Expenditures, and
 Changes In Fund Balance - Budget and Actual**
 For The Fiscal Year Ended June 30, 2012
 (With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2011)

STATEMENT 13

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues:				
Ad valorem taxes	\$ 54,460	\$ 54,460	\$ -	\$ -
Expenditures:				
General government				
Salaries and benefits	47,980	47,973	7	47,231
Operating expenditures	6,480	2,688	3,792	2,577
Total expenditures	54,460	50,661	3,799	49,807
Revenues over (under) expenditures	-	3,799	3,799	(49,807)
Other financing sources (uses):				
Operating transfers in	-	-	-	25,000
Revenues and other financing sources over (under) expenditures	\$ -	3,799	\$ 3,799	(24,807)
Fund balance, beginning of year		23,729		48,536
Fund balance, end of year		\$ 27,528		\$ 23,729

Lenoir County, North Carolina
 Fire District Funds
**Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual**
 For The Fiscal Year Ended June 30, 2012
 (With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2011)

STATEMENT 14

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues:				
Ad valorem taxes	\$ 1,129,599	\$ 1,152,058	\$ 22,459	\$ 1,057,705
Local option sales taxes	160,700	184,125	23,425	175,812
Unrestricted intergovernmental revenues	125,691	-	(125,691)	-
Total revenues	1,415,990	1,336,183	(79,807)	1,233,517
Expenditures:				
Public safety				
Contracted services	1,415,990	1,338,936	77,054	1,233,663
Revenues over (under) expenditures	\$ -	(2,753)	\$ (2,753)	(146)
Fund balance, beginning of year		6,605		6,751
Fund balance, end of year		\$ 3,852		\$ 6,605

Lenoir County, North Carolina
 Transportation Grant Project Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual
 For The Fiscal Year Ended June 30, 2012
 (With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2011)

STATEMENT 15

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues:				
Restricted intergovernmental	\$ 1,115,291	\$ 1,069,323	\$ (45,968)	\$ 1,169,011
Other income	171,767	164,102	(7,665)	30,263
Total revenues	1,287,058	1,233,425	(53,632)	1,199,274
Expenditures:				
Human Services:				
Smart Start				
Salaries and benefits	695,514	677,143	18,371	731,995
Other operating expenditures	481,794	438,016	43,778	416,843
Capital outlay	79,906	79,906	-	40,153
Transportation Department:				
Other operating expenditures	-	-	-	53
ARRA:				
Other operating expenditures	29,844	29,844	-	98,966
Capital outlay	-	-	-	77,421
Total expenditures	1,287,058	1,224,909	62,149	1,365,431
Revenues over (under) expenditures	-	8,516	8,517	(166,157)
Other financing sources:				
Transfer from general fund	-	-	-	75,000
Revenues and other financing sources over (under) expenditures	\$ -	8,516	\$ 8,517	(91,157)
Fund balance, beginning of year		(58,150)		33,007
Fund balance, end of year		\$ (49,634)		\$ (58,150)

Lenoir County, North Carolina
Community Development Block Grant Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance
From Inception And For The Fiscal Year Ended June 30, 2012

STATEMENT 16

Page 1 of 2

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Totals to Date	
Revenues:					
Restricted intergovernmental					
Federal grants					
06-C-1515 Concentrated needs	\$ 700,000	\$ 516,581	\$ -	\$ 516,581	\$ (183,419)
06-C-1532 Scattered site	400,000	361,442	-	361,442	(38,558)
09-C-1997 Scattered site	400,000	370,279	28,738	399,017	(983)
05-C-2175 Scattered site	80,000	-	79,323	79,323	(677)
NCHFA SFR0719	392,000	353,409	-	353,409	(38,591)
NCHFA SFR 1019	200,000	12,727	171,814	184,541	(15,459)
Rural Ctr - Economic Infrastructure	96,054	96,054	-	96,054	-
Industrial Dev. Fund Grant	253,174	253,174	-	253,174	-
Rural Center Grant - Nova	480,000	480,000	-	480,000	-
Local match	22,460	22,460	-	22,460	-
Total revenues	3,023,688	2,466,126	279,875	2,746,001	(277,687)
Expenditures:					
Economic & community development					
2006 CDBG CN06-C-1515 C-1:					
Administration	61,000	61,360	-	61,360	(360)
Acquisition	65,000	39,954	-	39,954	25,046
Clearance	56,000	29,258	-	29,258	26,742
Relocation	235,000	123,289	-	123,289	111,711
Rehabilitation	205,000	194,915	-	194,915	10,085
Total	622,000	448,776	-	448,776	173,224
2006 CDBG CN06-C-1515 L-1:					
Administration	10,000	9,978	-	9,978	22
Clearance	10,000	8,287	-	8,287	1,713
Relocation	85,000	84,755	-	84,755	245
C-1 Rehabilitation	8,000	-	-	-	8,000
Total	113,000	103,020	-	103,020	9,980
2006 CDBG SS-C-1532:					
Administration	40,000	39,982	-	39,982	18
Clearance	30,000	30,000	-	30,000	-
Relocation	290,000	289,973	-	289,973	27
Rehabilitation	40,000	1,487	-	1,487	38,513
Total	400,000	361,442	-	361,442	38,558
2009 CDBG SS-C-1997:					
Administration	40,000	37,283	1,732	39,015	985
Clearance	30,000	21,478	8,522	30,000	-
Relocation	330,000	311,519	18,481	330,000	-
Total	400,000	370,280	28,735	399,015	985

Lenoir County, North Carolina
Community Development Block Grant Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance
From Inception And For The Fiscal Year Ended June 30, 2012

STATEMENT 16
Page 2 of 2

	Actual				Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Totals to Date	
2009 CDBG SS-C-2175:					
Administration	\$ 8,000	\$ -	\$ 7,890	\$ 7,890	\$ 110
Reconstruction	72,000	-	71,433	71,433	567
Total	80,000	-	79,323	79,323	677
NCHFA SFR0719:					
Administration	32,000	28,593	-	28,593	3,407
Rehab soft costs	40,000	34,677	-	34,677	5,323
Relocation	8,000	-	-	-	8,000
Rehabilitation	312,000	290,140	-	290,140	21,860
Total	392,000	353,410	-	353,410	38,590
NCHFA SFR 1019:					
Administration	20,000	18,187	(1,413)	16,774	3,226
Rehab soft costs	20,000	-	23,580	23,580	(3,580)
Rehabilitation	160,000	-	144,188	144,188	15,812
Total	200,000	18,187	166,355	184,542	15,458
Hwy 70 Industrial Park:					
Engineering Inspections	39,185	39,185	-	39,185	-
Administration	25,822	25,822	-	25,822	-
Construction	306,681	306,681	-	306,681	-
Total	371,688	371,688	-	371,688	-
NOVA:					
Construction	480,000	480,000	-	480,000	-
Total expenditures	3,058,688	2,506,806	274,413	2,781,216	277,472
Revenues over (under) expenditures	(35,000)	(40,680)	5,462	(35,215)	(215)
Other financing sources: Operating transfers in	35,000	35,215	-	35,215	215
Revenues and other financing sources over (under) expenditures	\$ -	\$ (5,465)	5,462	\$ -	\$ -
Fund balance, beginning of year			(5,462)		
Fund balance, end of year			\$ -		

Lenoir County, North Carolina
Emergency Telephone System Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
 For The Fiscal Year Ended June 30, 2012
 (With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2011)

STATEMENT 17

	2012			2011
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
E-911 fund				
Investment earnings	\$ -	\$ 1,917	\$ 1,917	\$ 2,055
Restricted intergovernmental:				
E911 revenue - state	382,440	382,516	76	668,360
Reimbursement Jones Co. grant application	35,210	35,210	-	-
Total revenues	<u>417,650</u>	<u>419,643</u>	<u>1,993</u>	<u>670,415</u>
Expenditures:				
Public safety				
E-911 fund				
Salaries and employee benefits	-	-	-	6,488
Operating expenditures	452,860	300,235	152,625	184,542
Capital outlay	450,000	457,226	(7,226)	122,053
Total expenditures	<u>902,860</u>	<u>757,461</u>	<u>145,399</u>	<u>313,083</u>
Revenues over (under) expenditures	(485,210)	(337,818)	147,392	357,332
Other financing sources (uses):				
Operating transfer in	-	-	-	12,098
Revenues and other financing sources over (under) expenditures	(485,210)	(337,818)	147,392	369,430
Appropriated fund balance	<u>485,210</u>	<u>-</u>	<u>(485,210)</u>	<u>-</u>
Revenues, other financing sources, and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(337,818)</u>	<u>\$ 337,818</u>	<u>369,430</u>
Fund balance, beginning of year		<u>1,725,310</u>		<u>1,355,880</u>
Fund balance, end of year		<u>\$ 1,387,492</u>		<u>\$ 1,725,310</u>

Lenoir County, North Carolina
Family and Caregiver Education Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
 For The Fiscal Year Ended June 30, 2012
 (With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2011)

STATEMENT 18

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues:				
Restricted Intergovernmental	\$ 102,383	\$ 102,475	\$ 92	\$ 147,370
Expenditures:				
Human Services:				
Smart Start				
Other operating expenditures	104,652	104,724	(72)	145,069
Revenues over (under) expenditures	(2,269)	(2,249)	21	2,301
Appropriated fund balance	2,269	-	(2,269)	-
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	(2,249)	<u>\$ (2,249)</u>	2,301
Fund balance, beginning of year		2,325		24
Fund balance, end of year		<u>\$ 76</u>		<u>\$ 2,325</u>

Lenoir County, North Carolina
 Vehicle Replacement fund
**Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual**
 For The Fiscal Year Ended June 30, 2012
 (With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2011)

STATEMENT 19

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues:				
Other income	\$ 9,200	\$ 9,109	\$ (91)	\$ 12,846
Expenditures:				
General government				
Operating expenditures	364,200	324,984	39,216	169,084
Revenues over (under) expenditures	(355,000)	(315,875)	39,125	(156,238)
Other financing sources (uses):				
Operating transfers in	230,000	230,000	-	95,000
Revenues and other financing sources over (under) expenditures	(125,000)	(85,875)	39,125	(61,238)
Appropriated fund balance	125,000	-	(125,000)	-
Revenues, other financing sources and appropriated fund balance over (under) expenditures	<u>\$ -</u>	(85,875)	<u>\$ (85,875)</u>	(61,238)
Fund balance, beginning of year		142,457		203,695
Fund balance, end of year		<u>\$ 56,582</u>		<u>\$ 142,457</u>

Lenoir County, North Carolina
Automation Preservation Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For The Fiscal Year Ended June 30, 2012
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2011)

STATEMENT 20

	2012			2011
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Restricted intergovernmental	\$ 22,300	\$ 22,476	\$ 176	\$ 21,743
Investment earnings	500	162	(338)	184
Total revenues	<u>22,800</u>	<u>22,638</u>	<u>(162)</u>	<u>21,927</u>
Expenditures:				
General government				
Operating expenditures	2,500	-	2,500	-
Capital outlay	<u>21,500</u>	<u>-</u>	<u>21,500</u>	<u>15,252</u>
Total expenditures	<u>24,000</u>	<u>-</u>	<u>24,000</u>	<u>15,252</u>
Revenues over (under) expenditures	(1,200)	22,638	23,838	6,675
Appropriated fund balance	<u>1,200</u>	<u>-</u>	<u>(1,200)</u>	<u>-</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>22,638</u>	<u>\$ 22,638</u>	<u>6,675</u>
Fund balance, beginning of year		<u>134,853</u>		<u>128,178</u>
Fund balance, end of year		<u>\$ 157,491</u>		<u>\$ 134,853</u>

Lenoir County, North Carolina
State Controlled Substance Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
 For The Fiscal Year Ended June 30, 2012
 (With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2011)

STATEMENT 21

	2012			2011
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Restricted intergovernmental	\$ 30,000	\$ 29,219	\$ (781)	\$ 16,609
Investment earnings	-	74	74	77
Total revenues	30,000	29,293	(707)	16,686
Expenditures:				
Public safety				
Operating expenses	5,000	-	5,000	-
Capital outlay	25,000	-	25,000	11,450
Total expenditures	30,000	-	30,000	11,450
Revenues over (under) expenditures	\$ -	29,293	\$ 29,293	5,236
Fund balance, beginning of year		52,200		46,964
Fund balance, end of year		\$ 81,493		\$ 52,200

Lenoir County, North Carolina
School Bond Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance
From Inception And For The Fiscal Year Ended June 30, 2012

STATEMENT 22

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Totals to Date	
Expenditures:					
Public school building projects:					
2007 school bond building project	\$ 32,282,748	\$ 32,282,748	\$ -	\$ 32,282,748	\$ -
2008 school bond building project	40,341,118	40,292,994	48,124	40,341,118	-
Total expenditures	<u>72,623,866</u>	<u>72,575,742</u>	<u>48,124</u>	<u>72,623,866</u>	
Other financing sources (uses):					
Bond proceeds	70,567,930	70,567,930	-	70,567,930	-
Interest and fees	2,055,936	2,055,934	2	2,055,936	-
Total other financing sources	<u>72,623,866</u>	<u>72,623,864</u>	<u>2</u>	<u>72,623,866</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 48,122</u>	(48,122)	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning of year			<u>48,122</u>		
Fund balance, end of year			<u>\$ -</u>		

Lenoir County, North Carolina
Capital Projects Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance
From Inception And For The Fiscal Year Ended June 30, 2012

STATEMENT 23
Page 1 of 2

	Project Authorization	Actual			Variance Favorable (Unfavorable)
		Prior Years	Current Year	Totals to Date	
Revenues:					
Restricted intergovernmental:					
Community Development Block Grant	\$ 1,000,000	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -
IDF U-399 Grant	500,000	500,000	-	500,000	-
Rural Center Grant	1,000,000	955,345	44,655	1,000,000	-
Contributions	1,608,159	1,607,785	-	1,607,785	(374)
Investment earnings	28,340	16,127	12,674	28,801	461
Miscellaneous	5,606	5,606	-	5,606	-
Total revenues	4,142,105	4,084,863	57,329	4,142,192	87
Expenditures:					
Economic and community development					
Miscellaneous	25	24	-	24	1
Construction	1,533,732	1,528,887	-	1,528,887	4,845
Architect/engineering	312,733	312,733	-	312,733	-
Sanderson Farms					
Administration	25,000	25,000	-	25,000	-
Construction	1,150,185	1,150,185	-	1,150,185	-
Architect/engineering	324,815	324,815	-	324,815	-
Gas Line Extension					
Land acquisition/easements	3,000	3,000	-	3,000	-
Administration	31,271	31,271	-	31,271	-
Construction	2,844,768	2,844,768	-	2,844,768	-
Other funding architect	29,482	29,482	-	29,482	-
Inspections/commission	300,078	300,078	-	300,078	-
Service lines	123,000	123,000	-	123,000	-
Public safety					
Land acquisition	756,719	756,719	-	756,719	-
Environmental testing	11,975	11,975	-	11,975	-
Issuance costs	12,700	12,700	-	12,700	-
Miscellaneous	1,158,751	75,483	43,496	118,979	1,039,772
Material testing	100,000	35,562	45,525	81,087	18,913
Construction management	791,592	614,275	177,317	791,592	-
Construction	16,618,563	2,749,375	11,975,805	14,725,180	1,893,383
Furniture/equipment	100,000	-	-	-	100,000
General conditions	915,920	545,455	356,840	902,295	13,625
Transaction/activation	69,500	-	44,614	44,614	24,886
Architect/engineering	1,319,321	1,193,663	125,640	1,319,303	18
Total expenditures	28,533,130	12,668,450	12,769,237	25,437,687	3,095,443
Revenues over (under) expenditures	(24,391,025)	(8,583,587)	(12,711,908)	(21,295,495)	3,095,530

Lenoir County, North Carolina
Capital Projects Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance
From Inception And For The Fiscal Year Ended June 30, 2012

STATEMENT 23
Page 2 of 2

	Actual				Variance Favorable (Unfavorable)
	Project Authorization	Prior Years	Current Year	Totals to Date	
Other financing sources:					
Loan proceeds	\$ 19,950,100	\$ 19,950,100	\$ -	\$ 19,950,100	\$ -
Operating transfers in	4,563,412	4,103,999	459,413	4,563,412	-
Contingency	(122,487)	-	-	-	122,487
Total other financing sources	<u>24,391,025</u>	<u>24,054,099</u>	<u>459,413</u>	<u>24,513,512</u>	<u>122,487</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 15,470,512</u>	<u>(12,252,495)</u>	<u>\$ 3,218,017</u>	<u>\$ 3,218,017</u>
Fund balance, beginning of year			<u>15,470,512</u>		
Fund balance, end of year			<u>\$ 3,218,017</u>		

Lenoir County, North Carolina
Capital Improvements Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For The Fiscal Year Ended June 30, 2012
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2011)

STATEMENT 24

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues:				
Restricted intergovernmental	\$ 600,000	\$ 100,000	\$ (500,000)	\$ 75,000
Other income	31,147	28,122	(3,025)	-
Total revenues	631,147	128,122	(503,025)	75,000
Expenditures:				
Economic development	2,657,509	1,720,895	936,614	832,595
Community development	1,511,072	254,923	1,256,149	303,896
Building and grounds	545,297	380,886	164,411	35,692
Debt service:				
Interest and fees	50,800	50,754	46	50,754
Total expenditures	4,764,678	2,407,458	2,357,220	1,222,937
Revenues over (under) expenditures	(4,133,531)	(2,279,336)	1,854,195	(1,147,937)
Other financing sources (uses):				
Operating transfers in	2,295,932	2,295,932	-	1,825,305
Revenues and other financing sources over (under) expenditures and other financing uses	(1,837,599)	16,596	1,854,195	677,368
Appropriated fund balance	1,837,599	-	(1,837,599)	-
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	\$ -	16,596	\$ 16,596	677,368
Fund balance, beginning of year		2,717,360		2,039,992
Fund balance, end of year		\$ 2,733,956		\$ 2,717,360

ENTERPRISE FUND

The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing board is that the costs of providing goods or 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.

Landfill Fund – This fund is used to account for the operations of the County's solid waste activities.

Landfill Debt Service Fund – This fund is used to account for the debt payments of the new landfill.

Lenoir County, North Carolina
Landfill Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For The Fiscal Year Ended June 30, 2012

(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2011)

STATEMENT 25

Page 1 of 2

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues:				
Charges for services				
Landfill user fees - billing	\$ 1,950,000	\$ 1,969,973	\$ 19,973	\$ 1,787,133
Landfill user fees - taxes	1,011,000	1,010,313	(687)	1,004,988
Other operating revenues	110,479	109,553	(926)	137,067
Total operating revenues	<u>3,071,479</u>	<u>3,089,839</u>	<u>18,360</u>	<u>2,929,188</u>
Nonoperating revenues				
Investment earnings	5,000	4,714	(286)	5,963
White goods disposal taxes	18,027	18,027	-	18,395
Total nonoperating revenues	<u>23,027</u>	<u>22,741</u>	<u>(286)</u>	<u>24,358</u>
Total revenues	<u>3,094,506</u>	<u>3,112,580</u>	<u>18,074</u>	<u>2,953,546</u>
Expenditures:				
Landfill operations				
Salaries and benefits		798,050		798,301
Operating expenditures		485,420		508,467
Contracted services		1,607,420		1,492,997
Total	<u>3,334,051</u>	<u>2,890,890</u>	<u>443,161</u>	<u>2,799,765</u>
Capital outlay	147,000	133,391	13,609	-
Total expenditures	<u>3,481,051</u>	<u>3,024,281</u>	<u>456,770</u>	<u>2,799,765</u>
Revenues over (under) expenditures	(386,545)	88,299	474,844	153,781
Other financing sources (uses):				
Operating transfers from (to) other funds:				
Operating transfers out	(50,000)	(50,000)	-	(36,690)
Revenues and other financing sources over (under) expenditures and other financing uses	(436,545)	38,299	474,844	117,091
Appropriated fund balance	<u>436,545</u>	<u>-</u>	<u>(436,545)</u>	<u>-</u>
Revenues, other financing sources, and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 38,299</u>	<u>\$ 38,299</u>	<u>\$ 117,091</u>

Lenoir County, North Carolina
 Landfill Fund
**Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual**
 For The Fiscal Year Ended June 30, 2012
 (With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2011)

STATEMENT 25
 Page 2 of 2

Reconciliation from budgetary basis (modified accrual) to full accrual:

	2012	2011
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	\$ 38,299	\$ 117,091
Depreciation	(909,405)	(921,312)
Increase in other postemployment benefits	(7,427)	(9,106)
Investment earnings from debt service	48	53
Capital outlay	132,591	-
Landfill closure costs	587	(12,486)
Net income (loss), full accrual basis	\$ (745,307)	\$ (825,760)

Lenoir County, North Carolina
Landfill Debt Service Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
 For The Fiscal Year Ended June 30, 2012
 (With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2011)

STATEMENT 26

	2012			2011
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Investment earnings	\$ -	\$ 48	\$ 48	\$ 53
Expenditures	-	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	48	<u>\$ 48</u>	53
Fund balance, beginning of year		<u>18,351</u>		<u>18,298</u>
Fund balance, end of year		<u>\$ 18,399</u>		<u>\$ 18,351</u>

INTERNAL SERVICE FUND

The Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of a County on a cost reimbursement basis.

Employee Insurance Fund - This fund is used to account for the accumulation and allocation of costs associated with the County's hospitalization insurance.

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Lenoir County, North Carolina
Employee Insurance Internal Service Fund
Statement of Revenues, Expenditures, and
Financial Plan and Actual
For The Fiscal Year Ended June 30, 2012
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2011)

STATEMENT 27

	2012		Variance Positive (Negative)	2011
	Financial Plan	Actual		Actual
Revenues:				
Operating revenues				
Charges for services	\$ 3,006,327	\$ 3,643,346	\$ 637,019	\$ 4,234,725
Nonoperating revenues				
Investment earnings	2,000	1,342	(658)	3,967
Total revenues	<u>3,008,327</u>	<u>3,644,688</u>	<u>636,361</u>	<u>4,238,692</u>
Expenditures:				
Insurance claims paid	<u>5,376,327</u>	<u>4,465,252</u>	<u>911,075</u>	<u>4,814,612</u>
Revenues over (under) expenditures	(2,368,000)	(820,564)	1,547,436	(575,920)
Other financing sources:				
Transfer from general fund	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	(2,168,000)	(620,564)	1,547,436	(575,920)
Appropriated fund balance	<u>2,168,000</u>	<u>-</u>	<u>(2,168,000)</u>	<u>-</u>
Revenues, other financing sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(620,564)</u>	<u>\$ (620,564)</u>	<u>(575,920)</u>
Fund balance, beginning of year		<u>2,106,060</u>		<u>2,681,980</u>
Fund balance, end of year		<u>\$ 1,485,496</u>		<u>\$ 2,106,060</u>

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AGENCY FUNDS

Agency Funds serve primarily as clearing mechanisms for cash resources which are collected by a governmental unit, held as such for a brief period, and then distributed to authorized recipients.

Social Services Fund – This fund accounts for moneys held by the Social Service Department for the benefit of certain individuals in the county.

Fines and Forfeitures Fund – This fund accounts for fines and forfeitures collected by the county that are required to be remitted to the Lenoir County Board of Education.

Motor Vehicle Tax Fund – This fund accounts for 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.

Register of Deeds Trust Fund – This fund accounts for the five dollars of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage to remit to North Carolina.

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

STATEMENT 28

	Balance July 1, 2011	Deposits	Disbursements	Balance June 30, 2012
Social Services Fund:				
Assets, cash	\$ 85,961	\$ 155,359	\$ 221,024	\$ 20,296
Liabilities				
Accounts payable	\$ 85,961	\$ 155,359	\$ 221,024	\$ 20,296
Fines and Forfeitures Fund:				
Assets, cash	\$ -	\$ 361,628	\$ 361,628	\$ -
Liabilities				
Intergovernmental payable	\$ -	\$ 361,628	\$ 361,628	\$ -
Motor Vehicle Tax:				
Assets, cash	\$ -	\$ 44,933	\$ 44,933	\$ -
Liabilities				
Accounts payable	\$ -	\$ 44,933	\$ 44,933	\$ -
Register of Deeds Trust Fund:				
Assets, cash	\$ -	\$ 5,509	\$ 5,509	\$ -
Liabilities				
Accounts payable	\$ -	\$ 5,509	\$ 5,509	\$ -
Totals - All Agency Funds:				
Assets, cash	\$ 85,961	\$ 567,429	\$ 633,094	\$ 20,296
Liabilities				
Accounts payable	\$ 85,961	\$ 205,801	\$ 271,466	\$ 20,296
Intergovernmental payable	-	361,628	361,628	-
Total liabilities	\$ 85,961	\$ 567,429	\$ 633,094	\$ 20,296

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**SUPPLEMENTAL
SCHEDULES**

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Lenoir County, North Carolina
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
 June 30, 2012

SCHEDULE 1

Fiscal Year	Uncollected Balance June 30, 2011	Additions	Collections and Credits	Adjustments	Uncollected Balance June 30, 2012
2011-2012	\$ -	\$ 31,609,205	\$ 29,976,680	\$ -	\$ 1,632,525
2010-2011	1,525,433	-	1,059,893	-	465,540
2009-2010	558,654	-	283,813	-	274,841
2008-2009	319,546	-	104,011	-	215,535
2007-2008	230,902	-	42,549	-	188,353
2006-2007	197,913	-	25,792	-	172,121
2005-2006	156,761	-	13,729	-	143,032
2004-2005	169,647	-	11,419	-	158,228
2003-2004	89,183	-	6,867	-	82,316
2002-2003	83,849	-	5,469	-	78,380
2001-2002	76,264	-	4,306	(71,958)	-
	<u>\$ 3,408,152</u>	<u>\$ 31,609,205</u>	<u>\$ 31,534,528</u>	<u>\$ (71,958)</u>	<u>\$ 3,410,871</u>
Less allowance for uncollectible taxes General Fund					<u>(1,037,965)</u>
Ad valorem taxes receivable - net					<u>\$ 2,372,906</u>
Reconciliation with revenues:					
Ad valorem taxes - General Fund					\$ 31,964,425
Reconciling Items					
Interest collected					(451,807)
Adjustments					22,110
Total reconciling items					<u>(429,697)</u>
Total collections and credits					<u>\$ 31,534,728</u>

Lenoir County, North Carolina
ANALYSIS OF CURRENT TAX LEVY-COUNTY-WIDE LEVY
 June 30, 2012

SCHEDULE 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 years rate	\$ 3,988,521,808	0.800	\$ 31,908,174	\$ 28,785,012	\$ 3,123,162
Penalties	-		47,082	47,082	-
	<u>3,988,521,808</u>		<u>31,955,256</u>	<u>28,832,094</u>	<u>3,123,162</u>
Discoveries:					
Discoveries and corrections			215,601	215,601	
Releases			(203,395)	(203,395)	
Total			<u>12,206</u>	<u>12,206</u>	
Abatements	<u>(44,782,277)</u>		<u>(358,258)</u>	<u>(358,258)</u>	
Total property valuation	<u>\$ 3,943,739,531</u>				
Net Levy			31,609,204	28,486,042	3,123,162
Uncollected taxes at June 30, 2012			<u>1,632,525</u>	<u>1,044,237</u>	<u>588,288</u>
Current years taxes collected			<u>\$ 29,976,679</u>	<u>\$ 27,441,805</u>	<u>\$ 2,534,874</u>
Current levy collection percentage			<u>94.84%</u>	<u>96.33%</u>	<u>81.16%</u>

Lenoir County, North Carolina
ANALYSIS OF CURRENT TAX LEVY
 For the Fiscal Year Ended June 30, 2012

SCHEDULE 3

Secondary Market Disclosures:

	Taxed at Current Year's Rate
Assessed Valuation:	
Assessment Ratio	
Real property	\$ 2,784,107,095
Personal property	1,065,716,012
Public service companies	93,916,424
Total assessed valuation	3,943,739,531
Tax rate per \$100	0.800
Levy (net of abatements)	\$ 31,609,204

In addition to the County-wide rate the following table lists the levies by the County on behalf of fire protection districts and the Global Transpark for the fiscal year ended June 30, 2012:

Fire Protection Districts	\$ 1,083,038
Global Transpark	71,984
	\$ 1,155,022

Lenoir County, North Carolina
SCHEDULE OF INTERFUND TRANSACTIONS
 June 30, 2012

SCHEDULE 4

	Transfers	
	From	To
Operating Transfer From/To Other Funds:		
General Fund		
Vehicle Replacement Fund	\$ 230,000	\$ -
Capital Improvements Fund	2,295,932	
Employee Insurance Fund	200,000	
Capital Projects Fund	459,413	
School Capital Outlay Fund		1,500,000
School Capital Outlay Fund		
General Fund	1,500,000	
Capital Projects Fund		
General Fund		459,413
Landfill Fund		
Scrap Tire Disposal Fund	50,000	
Employee Insurance Fund		
General Fund		200,000
Vehicle Replacement Fund		
General Fund		230,000
Scrap Tire Disposal Fund		
Landfill Fund		50,000
Capital Improvements Fund		
General Fund		2,295,932
Total operating transfers-other funds	<u>\$ 4,735,345</u>	<u>\$ 4,735,345</u>

Lenoir County, North Carolina
SCHEDULE OF CASH AND INVESTMENT BALANCES
 June 30, 2012

SCHEDULE 5

	Carrying Value	Cost Value	Market Value
Cash			
On hand	\$ 3,255	\$ 3,255	\$ 3,255
In demand deposits	7,702,803	7,702,803	7,702,803
	<u>7,706,058</u>	<u>7,706,058</u>	<u>7,706,058</u>
Other investments			
North Carolina Cash Management Trust	35,608,286	35,608,286	35,608,286
	<u>35,608,286</u>	<u>35,608,286</u>	<u>35,608,286</u>
Total cash and investments	<u>\$ 43,314,344</u>	<u>\$ 43,314,344</u>	<u>\$ 43,314,344</u>

Distribution by Funds

	Carrying Value
General Fund	\$ 22,174,015
Special Revenue Funds	
Vehicle Replacement Fund	56,582
State Controlled Substance Fund	81,493
Revaluation Reserve Fund	27,532
Federally Seized Property Fund	160,371
School Capital Outlay Fund	6,590,193
Emergency Telephone System Fund	1,249,698
Automation Preservation Fund	157,491
Scrap Tire Disposal Fund	100,022
Fire District Funds (Consolidated)	54,824
	<u>8,478,206</u>
Capital Project Funds	
Capital Projects Fund	4,115,254
Capital Improvement Fund	2,738,022
	<u>6,853,276</u>
Enterprise Funds	
Landfill Fund	4,058,021
Internal Service Fund	
Employee Insurance Fund	1,730,530
Agency Fund	
Social Services Fund	20,296
	<u>20,296</u>
Total cash and investments	<u>\$ 43,314,344</u>

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OTHER
INFORMATION

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LENOIR COUNTY, NORTH CAROLINA
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS

Table 1

Fiscal Year Ended June 30	General Government	Public Safety	Human Services	Economic & Physical Development	Education	Debt Service	Cultural and Recreational	Total
2012	\$ 6,313,731	\$ 30,415,338	\$ 18,038,461	\$ 3,701,386	\$ 12,873,551	\$ 8,603,548	\$ 1,500,500	\$ 81,446,515
2011	5,668,672	13,920,168	17,907,887	13,560,639	13,225,717	6,735,173	1,473,500	72,491,756
2010	5,701,726	14,859,500	17,569,703	14,440,063	14,938,541	6,826,980	1,425,000	75,761,513
2009	5,359,402	14,725,718	19,081,681	31,104,389	11,961,760	4,464,769	1,373,100	88,070,819
2008	5,365,522	12,280,616	20,887,896	37,688,876	11,803,273	1,941,593	1,248,000	91,215,776
2007	5,061,241	11,513,617	21,253,090	4,358,303	13,781,016	603,120	1,182,950	57,753,337
2006	4,700,415	11,848,055	20,830,440	3,097,816	10,859,730	720,721	1,134,114	53,191,291
2005	4,832,081	9,458,833	19,537,266	9,060,712	10,511,186	747,089	1,122,885	55,270,052
2004	4,489,331	9,292,387	18,620,425	2,165,380	10,567,637	1,084,644	1,111,770	47,331,574
2003	4,146,958	8,710,423	17,713,892	10,508,557	11,233,495	2,405,769	1,100,894	55,819,988

LENOIR COUNTY, NORTH CAROLINA
GENERAL GOVERNMENT REVENUES BY SOURCE
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Ad Valorem Taxes	Sales Taxes	Other Taxes & Licenses	Intergovernmental Revenues	Sales & Service	Miscellaneous	Total
2012	\$ 33,116,483	\$ 8,278,337	\$ 1,274,974	\$ 18,037,120	\$ 3,384,395	\$ 1,734,556	\$ 65,825,865
2011	30,764,091	7,720,975	1,239,097	20,091,970	3,496,528	1,710,287	65,022,948
2010	31,411,976	8,153,714	1,255,801	16,455,119	3,808,845	1,971,922	63,057,377
2009	30,062,487	9,403,561	809,941	17,265,408	3,762,271	4,038,579	65,342,247
2008	29,421,575	11,712,875	910,688	13,952,180	3,366,539	5,441,268	64,805,125
2007	28,631,926	11,503,324	813,997	13,228,405	3,488,827	4,209,475	61,875,954
2006	26,682,707	10,557,500	692,017	13,435,534	2,852,619	2,499,776	56,720,153
2005	25,267,046	10,628,325	645,594	16,447,284	1,847,682	1,538,086	56,374,017
2004	24,870,749	9,711,402	665,446	15,076,784	1,739,584	1,167,088	53,231,053
2003	24,044,754	8,269,079	683,520	20,107,166	1,515,854	1,244,486	55,864,859

Source: Lenoir County Finance Department
Schedule includes general, special revenue and capital project funds.

**LENOIR COUNTY, NORTH CAROLINA
ASSESSED VALUES OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Table 2

Fiscal Year Ended June 30	Tax Levy Year	Real Property		Personal Property	Public Service Company Property		Total Assessed Value	County Tax Rate	Ratio of Assessed Value to Estimated Actual Value
		Property	Property		Property	Property			
2012	2011	\$ 2,784,107,196	\$ 1,065,715,911	\$ 93,916,424	\$ 3,943,739,531	0.80	108.35%		
2011	2010	2,696,899,188	875,752,356	93,262,570	3,665,914,114	0.80	102.96%		
2010	2009	2,578,332,039	895,348,323	95,598,424	3,569,278,786	0.80	100.55%		
2009	2008	2,348,688,441	922,251,355	95,070,691	3,366,010,487	0.84	99.59%		
2008	2007	2,334,526,537	931,518,856	92,197,873	3,358,243,266	0.84	91.05%		
2007	2006	2,294,157,301	905,953,552	89,399,845	3,289,519,424	0.84	91.93%		
2006	2005	2,257,366,427	876,931,158	80,938,366	3,215,235,951	0.79	94.71%		
2005	2004	2,248,460,909	872,873,484	74,785,757	3,196,120,150	0.79	95.94%		
2004	2003	2,222,499,049	847,084,537	67,518,720	3,137,102,306	0.775	97.29%		
2003	2002	2,198,914,940	880,553,661	68,613,908	3,148,082,509	0.75	96.61%		

Notes: Assessed valuations are established by law at 100 percent of established market value.

A revaluation of real property is required by North Carolina General Statutes at least every eight years. The last revaluation was completed in 2008 for the 2009-2010 fiscal year.

**LENOIR COUNTY, NORTH CAROLINA
 ASSESSED ACTUAL VALUE TO TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**

Table 3

Fiscal Year Ended June 30	Total Assessed Value (1)	Percentage of Assessed Value Growth
2012	\$ 3,943,739,531	7.58%
2011	3,665,914,114	2.71%
2010	3,569,278,786	6.04%
2009	3,366,010,487	0.23%
2008	3,358,243,266	2.09%
2007	3,289,519,424	2.31%
2006	3,215,235,951	0.60%
2005	3,196,120,150	1.88%
2004	3,137,102,306	-0.35%
2003	3,148,082,509	-1.70%

Source: Lenoir County Finance Department
 Lenoir County Tax Department

Note: (1) Countywide values, excluding Fire Districts

**LENOIR COUNTY, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS - GENERAL FUND
LAST TEN FISCAL YEARS**

Table 4

Fiscal Year Ended June 30	Tax Levy Year	Total Original Tax Levy (1)	Percent of		Delinquent Tax Collections	Uncollected Balance	Total Tax Collections	Ratio of Total Tax Collections To Total Tax Levy
			Current Tax Collections	Current Taxes Collected				
2012	2011	\$ 31,609,205	\$ 29,976,680	94.84%	\$ 1,535,939	\$ 1,632,525	\$ 31,512,619	99.69%
2011	2010	29,430,729	27,905,296	94.82%	1,427,113	1,525,433	29,332,409	99.67%
2010	2009	29,843,289	28,291,994	94.80%	1,501,259	1,551,295	29,755,737	99.71%
2009	2008	28,854,541	27,216,975	94.32%	1,407,317	1,637,566	28,624,292	99.20%
2008	2007	26,260,939	26,697,495	94.47%	1,430,762	1,563,444	28,128,257	99.53%
2007	2006	27,437,385	25,820,899	94.11%	1,525,958	1,616,486	27,346,857	99.67%
2006	2005	25,496,416	23,909,278	93.78%	1,683,351	1,587,138	25,592,629	100.38%
2005	2004	24,575,424	22,938,551	93.34%	1,419,218	1,636,873	24,357,769	99.11%
2004	2003	24,235,345	22,701,692	93.67%	1,331,514	1,533,653	24,033,206	99.17%
2003	2002	23,698,371	22,086,642	93.20%	1,197,487	1,611,729	23,284,129	98.25%

Note: (1) This schedule includes data from only the General Fund county-wide property tax levy.

LENOIR COUNTY, NORTH CAROLINA
 PROPERTY TAX RATES - DIRECT AND ALL OVERLAPPING GOVERNMENTS (Per \$100)
 LAST TEN FISCAL YEARS

Table 5

Fiscal Year Ended June 30	Tax Levy Year	Lenoir County	City of Kinston	Town of LaGrange	Town of Pink Hill	Town of Grifton
2012	2011	0.80	0.66	0.45	0.55	0.60
2011	2010	0.80	0.66	0.45	0.55	0.60
2010	2009	0.80	0.66	0.45	0.55	0.55
2009	2008	0.84	0.66	0.50	0.58	0.55
2008	2007	0.84	0.6	0.50	0.58	0.55
2007	2006	0.84	0.60	0.50	0.58	0.55
2006	2005	0.79	0.60	0.50	0.58	0.55
2005	2004	0.775	0.60	0.50	0.58	0.55
2004	2003	0.775	0.60	0.50	0.58	0.55
2003	2002	0.75	0.575	0.50	0.58	0.57

Source: Lenoir County Tax Department

**LENOIR COUNTY, NORTH CAROLINA
FIRE DISTRICTS
PROPERTY TAX RATES (Per \$100)
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Tax Year	Southwood		North		Seven Springs		Sandy Bottom		Deep Run		Hugo		Sand Hill		Cherry Tree		Moseley Hall		Wyse Fork		Griffon		GTP	
		Fire Tax	Fire Tax	Fire Tax	Fire Tax	Fire Tax	Fire Tax	Fire Tax	Fire Tax	Fire Tax	Fire Tax	Fire Tax	Fire Tax	Fire Tax	Fire Tax	Fire Tax	Fire Tax	Fire Tax	Fire Tax	Fire Tax	Fire Tax	Fire Tax	Fire Tax	Fire Tax	Fire Tax
2012	2011	0.07	0.045	0.04	0.08	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.07	0.08	0.08	0.04	0.04	0.065	0.03	0.03	0.03	0.03	0.045	0.045
2011	2010	0.06	0.045	0.04	0.08	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.07	0.08	0.08	0.04	0.04	0.065	0.03	0.03	0.03	0.03	0.045	0.045
2010	2009	0.06	0.045	0.04	0.08	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.07	0.08	0.08	0.04	0.04	0.065	0.03	0.03	0.03	0.03	-	-
2009	2008	0.06	0.045	0.04	0.08	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.07	0.08	0.08	0.04	0.04	0.065	0.03	0.03	0.03	0.03	-	-
2008	2007	0.06	0.045	0.04	0.08	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.07	0.08	0.08	0.04	0.04	0.065	0.03	0.03	0.03	0.03	-	-
2007	2006	0.05	0.045	0.04	0.08	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.07	0.08	0.08	0.04	0.04	0.065	0.03	0.03	0.03	0.03	-	-
2006	2005	0.05	0.02	0.04	0.05	0.04	0.05	0.04	0.04	0.04	0.04	0.04	0.04	0.07	0.08	0.08	0.04	0.04	0.065	0.03	0.03	0.03	0.03	-	-
2005	2004	0.035	0.02	0.04	0.05	0.04	0.05	0.04	0.04	0.04	0.04	0.04	0.025	0.07	0.08	0.08	0.04	0.04	0.065	0.03	0.03	0.03	0.03	-	-
2004	2003	0.035	0.02	0.04	0.05	0.04	0.05	0.04	0.04	0.04	0.04	0.04	0.025	0.07	0.08	0.08	0.04	0.04	0.065	0.03	0.03	0.03	0.03	-	-
2003	2002	0.035	0.02	0.04	0.05	0.04	0.05	0.04	0.04	0.04	0.04	0.04	0.025	0.07	0.08	0.08	0.03	0.03	0.065	0.03	0.03	0.03	0.03	-	-

Note: Lenoir County does not have a County-wide fire tax rate

Source: Lenoir County Tax Department
Lenoir County Finance Office

LENOIR COUNTY, NORTH CAROLINA
PROPERTY TAX RATES AND LEVIES
COUNTY OF LENOIR AND CITY OF KINSTON
LAST TEN FISCAL YEARS

Table 7

Fiscal Year Ended June 30	Tax Rates			Tax Levies		
	City of Kinston	County of Lenoir	Total	City of Kinston	County of Lenoir	Total
2012	0.66	0.80	1.460	\$ 9,603,868	\$ 31,609,205	\$ 41,213,073
2011	0.66	0.80	1.460	8,939,105	29,430,729	38,369,834
2010	0.66	0.80	1.460	9,062,805	29,843,289	38,906,094
2009	0.66	0.84	1.500	8,644,167	28,854,541	37,498,708
2008	0.60	0.84	1.440	7,890,703	28,260,939	36,151,642
2007	0.60	0.84	1.440	7,486,913	27,437,385	34,924,298
2006	0.60	0.79	1.390	7,394,907	25,496,416	32,891,323
2005	0.60	0.775	1.375	7,278,703	24,575,425	31,854,128
2004	0.60	0.775	1.375	7,165,190	24,235,344	31,400,534
2003	0.575	0.75	1.325	6,716,562	23,698,371	30,414,933

Source: City of Kinston
Lenoir County Finance Department

LENOIR COUNTY, NORTH CAROLINA
 TEN LARGEST TAXPAYERS
 JUNE 30, 2012

Table 8

	2011 Assessed Value	Tax Levy (2)	Percentage of Total Assessed Valuation (1)
Spirit Aerosystems NC, Inc.	\$ 157,131,609	\$ 1,257,053	3.98%
Sanderson Farms, Inc.	119,972,286	959,778	3.04%
Smithfield Packing	72,452,521	579,620	1.84%
Electrolux Home Products	58,117,531	464,940	1.47%
E.I. DuPont DeNemours, Inc.	52,663,364	421,307	1.34%
West Pharmaceuticals	42,939,407	343,515	1.09%
Dopaco	41,110,652	328,885	1.04%
Progress Energy	35,953,169	287,625	0.91%
Carolina Telephone	27,539,214	220,314	0.70%
Masterbrands Cabinets, Inc.	20,846,685	166,773	0.53%
	<u>\$ 628,726,438</u>	<u>\$ 5,029,810</u>	<u>15.94%</u>

(1) Total Assessed Valuation \$3,943,739,531
 (2) County Portion of Levy Only (Value x .0080)

LENOIR COUNTY, NORTH CAROLINA
GENERAL FUND
TAX REVENUE BY SOURCE (1)
LAST TEN FISCAL YEARS

Table 9

Fiscal Year Ended June 30	Ad Valorem (2)	Sales	Intangible (5)	Occupancy	Motor Vehicle Rentals (4)	Licenses & Permits (3)	Total
2012	\$ 31,909,965	\$ 6,316,737	\$ -	\$ 200,127	\$ 24,423	\$ 189,708	\$ 38,640,960
2011	29,706,386	5,877,333	-	245,007	21,635	190,187	36,040,548
2010	30,347,627	6,307,372	-	179,620	15,824	147,312	36,997,755
2009	29,101,969	7,148,007	-	181,336	18,417	176,790	36,626,519
2008	28,507,864	9,507,875	-	188,708	17,959	267,136	38,489,542
2007	27,753,045	9,157,484	-	171,982	21,138	234,190	37,337,839
2006	26,007,691	8,215,617	-	173,898	21,529	170,142	34,588,877
2005	24,690,487	8,560,338	-	146,897	15,399	146,997	33,560,118
2004	24,316,659	7,913,301	-	152,787	17,868	165,093	32,565,708
2003	23,494,726	6,388,058	-	144,961	14,254	181,650	30,223,649

Source: Lenoir County Finance Office

- (1) General Fund Only
- (2) Includes penalties & interest
- (3) Lenoir County implemented an Inspections Department in February, 1998
- (4) Lenoir County began collecting this tax in August 2000
- (5) State of NC began withholding this reimburseable tax in 2003

**LENOIR COUNTY, NORTH CAROLINA
CONSTRUCTION/BUILDING PERMIT ACTIVITY
LAST TEN FISCAL YEARS**

Table 10

Fiscal Yr Ended June 30	Single Family		Units	Multi- Family		Units	Additions/ Alterations		Total Residential Houses		New Commercial	Additions/ Alterations		Total Commercial		Total Value
	\$			\$			\$		\$			\$				
2012	5,652,463		33	300,000		1	1,615,630		7,568,093		\$ 11,617,748	\$ 1,974,900	\$ 13,592,648		\$ 21,160,741	
2011	4,658,485		24	143,000		2	1,679,877		6,481,362		12,519,123	148,548	12,667,671		19,149,033	
2010	5,619,427		37	-		0	2,992,169		8,611,596		15,981,936	163,010	16,144,946		24,756,542	
2009	5,624,570		31	-		0	3,353,821		8,978,391		26,820,141	20,160	26,840,301		35,818,692	
2008	11,116,765		62	380,000		4	3,327,768		14,824,533		4,676,760	152,000	4,828,760		19,653,293	
2007	11,867,600		64	-		0	4,831,010		16,698,610		36,019,724	260,000	36,279,724		52,978,334	
2006	9,801,180		54	604,000		2	3,354,200		13,759,380		16,617,990	115,000	16,732,990		30,492,370	
2005	10,597,500		66	233,400		2	2,369,280		13,200,180		9,770,898	485,900	10,256,798		23,456,978	
2004	11,174,150		72	220,000		2	2,733,300		13,907,450		9,995,347	607,000	10,602,347		24,509,797	
2003	11,872,700		97	130,000		1	3,216,525		15,219,225		16,985,200	1,123,000	18,108,200		33,327,425	

Source: Lenoir County Inspections Department

LENOIR COUNTY, NORTH CAROLINA
RATIO OF BONDED DEBT TO ASSESSED VALUE AND BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

Table 11

Fiscal Year Ended June 30	Population Estimate (1)	Taxable Property Assessed Value (2)	8% Debt Limit	Bonded Debt (\$)	Ratio of Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2012	59,314	\$ 3,943,739,531	\$ 315,499,162	\$ 60,600,000	1.54%	\$ 1,021.68
2011	59,493	3,665,914,114	293,273,129	64,200,000	1.75%	1,079.12
2010	57,232	3,569,278,786	285,542,303	67,800,000	1.90%	1,184.65
2009	57,535	3,366,010,487	269,280,939	71,400,000	2.12%	1,240.98
2008	57,648	3,358,243,266	268,659,461	73,100,000	2.18%	1,268.04
2007	58,172	3,289,519,424	263,161,554	33,800,000	1.03%	581.00
2006	58,278	3,215,235,951	257,218,876	1,600,000	0.05%	28.00
2005	58,544	3,196,120,150	255,689,612	2,095,000	0.07%	36.00
2004	58,945	3,137,102,306	250,968,184	2,595,000	0.08%	44.00
2003	59,294	3,148,082,509	251,846,601	3,450,000	0.11%	58.00

Source: (1) NC State Demographics Website - July 2008 estimate

(2) Lenoir County Tax Department - Does not include Fire Districts or Enterprise Fund

(3) Lenoir County Finance Department

LENOIR COUNTY, NORTH CAROLINA
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2012

Total Assessed Value	\$ 3,943,739,531
Debt limitation - 8% of total assessed value	\$ 315,499,162
Debt applicable to limitation	
Total bonded debt	\$ 60,600,000
Notes payable	19,025,100
Total debt applicable to limitation	<u>79,625,100</u>
Legal debt margin	<u>\$ 235,874,062</u>

LENOIR COUNTY, NORTH CAROLINA
 RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BOND DEBT
 TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
 LAST TEN FISCAL YEARS

Table 12

Fiscal Year Ended June 30	Interest		Total Debt		Total General		Ratio of Debt Service to Total General Government Expend.
	Principal	on Bonds	Service	Government Expend.	Government Expend.	Government Expend.	
2012	\$ 3,600,000	2,744,150	6,344,150	\$	81,446,515	7.79%	
2011	3,600,000	2,878,650	6,478,650		72,491,756	8.94%	
2010	3,600,000	3,017,150	6,617,150		75,761,513	8.73%	
2009	1,700,000	2,548,864	4,248,864		88,070,819	4.82%	
2008	400,000	1,514,650	1,914,650		91,215,776	2.10%	
2007	400,000	80,000	480,000		57,753,337	0.83%	
2006	495,000	106,413	601,413		53,191,291	1.13%	
2005	500,000	133,163	633,163		55,270,051	1.15%	
2004	855,000	177,263	1,032,263		47,331,574	2.18%	
2003	1,335,000	244,788	1,579,788		55,819,988	2.83%	

Source: Lenoir County Finance Office

LENOIR COUNTY, NORTH CAROLINA
 COMPUTATION OF DIRECT AND UNDERLYING BONDED DEBT
 GENERAL OBLIGATION BONDS
 JUNE 30, 2012

Table 13

	Net General Obligation Bonded Debt	Percent Applicable To County	Amount Applicable To County
Direct:			
Lenoir County	\$ 60,600,000	100%	\$ 60,600,000
Underlying:			
City of Kinston	-	-	-
Town of Lagrange	-	-	-
Town of Pink Hill	-	-	-

**LENOIR COUNTY, NORTH CAROLINA
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

Table 14

Fiscal Year Ended June 30	County Population	County Per Capita Income	County Unemployment Rate	City and County School Enrollment	County Retail Sales	Bank Deposits
	(1)	(3)	(3)	(4)	(5) (6)	(2)
2012	59,314	(7)	10.80%	9,097	\$ 493,184,939	(7)
2011	59,493	(7)	10.53%	9,220	\$ 462,001,600	\$ 745,751,000
2010	57,232	\$ 31,426	11.33%	9,222	459,638,992	737,772,000
2009	57,535	33,476	10.30%	9,366	457,801,972	760,008,000
2008	57,648	32,309	5.58%	9,634	484,845,748	729,087,000
2007	58,172	29,600	5.74%	9,791	491,160,300	750,271,000
2006	58,278	28,212	5.76%	9,806	543,042,028	713,559,000
2005	58,544	27,296	6.10%	9,753	1,032,201,888	665,499,000
2004	58,945	25,968	5.92%	9,883	921,306,304	610,244,000
2003	59,294	24,149	7.40%	10,234	862,766,372	585,208,000

Note: (7) Information not presently available

Source: (1) NC Department of Demographics Website-estimate
State Reference Library Website, Bureau of Economic Analysis through 2001.
(3) NC Employment Security Commission Website 2002
(4) Lenoir County Board of Education
(5) NC Department of Revenue - Tax Research Division
(6) Beginning July 2005, the State no longer reports total retail sales, only gross collections and taxable sales are reported. Post July 2005 figures can not be compared to prior years' figures
(2) First Citizens Bank & Trust Company - Cash Management Division through 2002
F.D.I.C. website 2003 & Forward

LENOIR COUNTY, NORTH CAROLINA
 MISCELLANEOUS STATISTICS
 JUNE 30, 2012

Table 15
 Page 1 of 3

Population	59,314
Date of Establishment	1792
Form of Government	Commission/Manager
Area - Square Miles (1)	401.96
Elevation: Feet above sea level	44
Miles of streets and roads (1)	881.88
Employees:	
Full-time, permanent	455
Other	270
County Seat:	Kinston
Fire Protection:	
Lenoir County - Number of volunteer departments	10
Number of fireman/officers	300
City of Kinston - Number of stations	3
Number of fireman/officers	46
Law Enforcement:	
Sheriff's Department - officer/support personnel (includes 35 for jail)	107
Kinston Police Department - officers/support personnel	71
LaGrange Police Department - 0 full time / 0 part time	0
Pink Hill Police Department - 2 full time / 2 part time	4
Hospital: (2)	
(Not included in primary government)	
Number of hospitals	1
Number of patient beds (2) (Licensed as of 12-21-99)	261
Inspections:	
Building permits issued (3)	1,779

LENOIR COUNTY, NORTH CAROLINA
 MISCELLANEOUS STATISTICS
 JUNE 30, 2012

Table 15
 Page 2 of 3

Miscellaneous Statistics - continued

Cultural and recreational:

Libraries	3
Number of volumes - (At June 30, 2011) (4)	230,276
Theatres (Includes 1 seven (7) plex theatre)	1
Number of seats	1383
Number of parks (County wide)	27
Park acreage (County wide)	689
Golf Courses (2 private 18 hole, 1 public 9 hole, Par 3)	3
Disc Golf Courses	1
Swimming pools - public (County wide)	4
Tennis courts (County wide)	17
Museum	2
Planetarium	1
Baseball stadiums	1
Number of seats	4200
Athletic Skill Center/ Fitness Center/ Indoor Baseball Cages	2
Visitor and Information Center	1
Community Centers	8

Education: (5)

Number of Elementary Schools	9
Number of Elementary School Teachers	304
Number of Intermediate and Secondary Schools	7
Number of Intermediate and Secondary School Teachers	372
Number of Alternative Schools	2
Number of Alternative School Teachers	24
Community Colleges	1
Number of Instructors - Curriculum - (Full time-94, Part time-63)	157
Non Curriculum - (Full time-11, Part time-177)	188
Enrollment - (2010-2011)	
Curriculum	4,907
Non Curriculum	20,304

LENOIR COUNTY, NORTH CAROLINA
MISCELLANEOUS STATISTICS
JUNE 30, 2012

Table 15
Page 3 of 3

Miscellaneous Statistics - continued

Notes: (1) Includes cities of Kinston, LaGrange, Pink Hill

(5) Numbers are based on School year

Source: (2) Lenoir Memorial Hospital

(3) Lenoir County Building Inspections Office (Fiscal Year 2010-2011)

(4) Kinston-Lenoir County Public Library

(5) Lenoir County Board of Education and Lenoir Community College

Other Statistics - Lenoir County Finance Office

City of Kinston, Town of LaGrange, Town of Pink Hill

Lenoir County Recreation Department

Office of State Planning

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COMPLIANCE
SECTION

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

To the Board of County Commissioners
Lenoir County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregated remaining fund information of Lenoir County, North Carolina, as of and for the year ended June 30, 2012, which collectively comprises Lenoir County's basic financial statements, and have issued our report thereon dated December 5, 2012. 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 Lenoir County ABC Board, as described in our report on Lenoir County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Lenoir County ABC Board were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

Management of Lenoir County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Lenoir 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 Lenoir County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lenoir 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.

We noted certain matters that we reported to management of Lenoir County, in a separate letter dated December 5, 2012.

This report is intended solely for the information and use of management, others within the entity, members of the Board, 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.

Pittard Perry & Crone, Inc.

La Grange, North Carolina
December 5, 2012

Member: North Carolina Association of Certified Public Accountants
American Institute of Certified Public Accountants

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

To the Board of County Commissioners
Lenoir County, North Carolina

Compliance

We have audited Lenoir County, North Carolina, 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 Lenoir County's major federal programs for the year ended June 30, 2012. Lenoir 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 Lenoir County's management. Our responsibility is to express an opinion on Lenoir 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 a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lenoir 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 Lenoir County's compliance with those requirements.

In our opinion, Lenoir County complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and the State Single Audit Implementation Act, and which are described in the accompanying schedule of findings and questioned costs as item 12-1.

Internal Control Over Compliance

Management of Lenoir 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 Lenoir County's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our 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 Lenoir 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 that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 12-1. A significant deficiency in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged in governance.

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

This report is intended solely for the information and use of management, others within the organization, members of the Board, 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.

Pittard Perry & Crone, Inc.

La Grange, North Carolina
December 5, 2012

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

To The Board of County Commissioners
Lenoir County, North Carolina

Compliance

We have audited Lenoir County, North Carolina, 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 are applicable to each of its major State programs for the year ended June 30, 2012. Lenoir 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 Lenoir County's management. Our responsibility is to express an opinion on Lenoir 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 a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Lenoir 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 Lenoir County's compliance with those requirements.

In our opinion, Lenoir County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reporting in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act and which are described in the accompanying schedule of findings and questioned costs as item 12-2.

Internal Control Over Compliance

Management of Lenoir 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 Lenoir County's internal control over compliance with 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 Lenoir County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, 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. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as Item 12-2. A significant deficiency in internal control over compliance with a type of compliance requirement of a State program is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report is intended solely for the information and use of management, others within the organization, members of the Board, 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.

Pittard Perry & Crone, Inc.

La Grange, North Carolina
December 5, 2012

Lenoir County, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2012

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? yes no
- Significant deficiencies 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 weaknesses identified? yes no
- Significant deficiencies 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:

CFDA Numbers Names of Federal Program or Cluster

10.557	Special Supplemental Nutrition Program for Women, Infants and Children
93.558	Temporary Assistance for Needy Families
97.036	Public Assistance Grants
93.778	Medical Assistance

Lenoir County, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2012

Section I. Summary of Auditor's Results (Continued)

Note: Federal programs that did not meet the criteria for a major program using the criteria discussed in OMB Circular A-133 Section .520 but were tested as a major program because the State awards met the threshold for a major State program are included in the list of major Federal programs (Subsidized Child Care Cluster).

Dollar threshold used to distinguish
between Type A and Type B Programs \$2,281,572

Auditee qualified as low-risk auditee? yes no

State Awards

Internal control over major State programs:

-- Material weaknesses identified? yes no

-- Significant deficiencies identified
that are not considered to be
material weaknesses yes none reported

Noncompliance material to State awards yes 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 no

Identification of major State programs:

Program Names

State/County Special Assistance for Adults

Section II - Financial Statement Findings

None reported

Lenoir County, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2012

Section III - Federal Award Findings and Questioned Costs

US Department of Health and Human Services

Passed through the NC Department of Health and Human Services

Program Name: Medical Assistance Program

CFDA #: 93.778

Finding: 12-1

IMMATERIAL WEAKNESS

IMMATERIAL NONCOMPLIANCE

Eligibility

Criteria: In order to ensure that the program is in compliance with the guidelines, we have to be able to test eligibility by reviewing the application and the documentation verifying income and resources.

Condition: One client file could not be located.

Questioned Costs: As of the date of the audit, the questioned costs had been requested from the State but had not been received.

Context: We pulled 25 case files for examination and one file could not be located.

Effect: We were unable to verify that the recipient was eligible for benefits.

Cause: Human error in maintaining proper filing procedures.

Recommendation: Verify that all case files are located in the file room and returned in a certain amount of time to avoid future misplacement.

Views of responsible officials and planned corrective actions: Files will be kept in a secure place to avoid future misplacement. The storage building developed a leak and the County received the approval from the State to destroy files due to mold caused by the leak. It is the belief of the County that this file must have mistakenly been put in storage and destroyed by accident. The County is in the process of going paperless in the hopes of avoiding misplacement in the future.

Lenoir County, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2012

Section IV - State Award Findings and Questioned Costs

State and County Special Assistance For Adults

Finding: 12-2

IMMATERIAL WEAKNESS
IMMATERIAL NONCOMPLIANCE
Eligibility

Criteria: Income eligibility and benefit payment amount are based on the individual's total countable income and the current maximum rate that a facility can charge recipients of Special Assistance.

Condition: One case file contained an incorrect benefit calculation.

Questioned Costs: \$216 The recipient should have received \$648 instead of \$672. The change in payment was due to a change in unearned income. The mistake in calculation was corrected in December 2011. The difference of \$24 over 9 months results in questioned costs of \$216.

Context: We pulled 25 case files for examination and one file contained an incorrect benefit calculation.

Effect: There are deficiencies in documentation and review procedures.

Cause: Human error in maintaining proper documentation. Also, the department failed to timely review files to ensure proper procedures were being followed.

Recommendation: Review files regularly to ensure that benefit payments have been properly calculated and proper documentation is in the files.

Views of responsible officials and planned corrective actions: The error was corrected as soon as it was discovered. Going forward, file will be reviewed regularly by the supervisor.

Lenoir County, North Carolina
Corrective Action Plan
For the Fiscal Year Ended June 30, 2012

Section II - Financial Statement Findings

None reported

Section III- Federal Award Findings and Questioned Costs

Finding: 12-1

Name of Contact Person: Susan Moore, Director of Social Services

Corrective Action Plan: Proper placement of file to avoid future misplacement.

Proposed Completion Date: August 1, 2012

Section IV - State Award Findings and Questioned Costs

Finding: 12-2

Name of Contact Person: Susan Moore, Director of Social Services

Corrective Action Plan: Review procedures will be enforced immediately.

Proposed Completion Date: December 31, 2011

Lenoir County, North Carolina
Summary Schedule of Prior Year Audit Findings
For the Fiscal Year Ended June 30, 2012

None reported

Lenoir County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 Year Ended June 30, 2012

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
Federal Awards:				
U.S. Department of Agriculture:				
<u>Food and Nutrition Service</u>				
Passed through N.C. Department of Health and Human Services:				
Division of Social Services:				
Administration:				
<u>Food Stamp Cluster:</u>				
State Administrative Matching Grants for the Food Stamp Program	10.561	\$ 629,770	\$ -	\$ 629,711
Division of Public Health:				
Administration:				
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	353,788	-	-
Direct Benefit Payments:				
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	1,513,418	-	-
AGRI - SFP Food Program Meal	10.559	860	-	-
Total U.S. Department of Agriculture		<u>2,497,836</u>	<u>-</u>	<u>629,711</u>
U.S. Department of Commerce:				
Passed-through N.C. Department of Commerce				
Community Development Block Grant	14.228	109,662	-	-
Housing Finance Agency				
Passed-through N.C. Housing Finance Agency				
SFR 1019	14.239	117,814	-	-

Lenoir County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 Year Ended June 30, 2012

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>Federal Emergency Management Agency:</u>				
Passed through N.C. Department of Crime Control and Public Safety:				
Division of Emergency Management:				
Public Assistance	97.036	\$ 2,657,373	-	-
Emergency Management Performance	97.042	34,373	-	-
Total Federal Emergency Management Agency		<u>2,691,746</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Health and Human Services:</u>				
<u>Administration on Aging</u>				
Passed through N.C. Department of Health and Human Services:				
N.C. Division of Aging				
Passed through Eastern Carolina Council:				
Aging Cluster:				
Special Programs for the Aging				
Title III C - Nutrition Services				
Congregate Meals	93.045	68,092	4,005	8,011
Home Delivered Meals	93.045	27,822	1,637	3,273
Title III B - Grants for Supportive Services and Senior Centers				
Access	93.044	12,163	716	1,431
In Home	93.044	107,245	6,309	12,617
NSIP-Nutrition	93.053	13,064	-	-
HCCBG - In Home/Support Services	93.667	28,178	805	3,220
HCCBG- State	N/A	-	252,440	28,048
Total Aging Cluster		<u>256,564</u>	<u>265,912</u>	<u>56,600</u>
<u>Health Resources and Service Administration</u>				
Passed through N.C. Department of Health and Human Services:				
Division of Public Health				
Maternal and Child Health Services Block Grant	93.994	105,130	78,857	-

Lenoir County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 Year Ended June 30, 2012

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>Administration for Children and Families</u>				
Passed through N.C. Department of Health and Human Services:				
Division of Social Services:				
Family Preservation	93.556	\$ 2,705	-	\$ -
Temporary Assistance for Needy Families Block Grant (TANF)	93.558	12,623	-	-
Temporary Assistance for Needy Families Block Grant (TANF)	93.558	918,234	19,303	921,356
TANF - Direct Benefit Payments	93.558	400,215	(204)	-
AFDC - Direct Benefit Payments	93.560	(1,655)	(454)	(453)
Child Support Enforcement	93.563	801,171	-	412,724
Low-Income Home Energy Assistance Block Grant - Administration	93.568	796,915	-	-
Energy Assistance Payments - Direct Benefit Payments	93.568	240	-	-
Permanency Planning - Families for Kids	93.645	3,702	2,139	1,947
<u>Foster Care and Adoption Cluster:</u>				
Title IV-E Foster Care	93.658	398,618	24,653	363,778
Foster Care - Direct Benefit Payments	93.658	55,071	14,720	14,720
Title IV-E Optional Adoption	93.659	4,262	-	4,054
Total Foster Care and Adoption Cluster		457,951	39,373	382,552
Social Services Block Grant (SSBG)	93.667	361,659	42,789	113,820
Links	93.674	7,316	1,829	-
<u>Subsidized Child Care Cluster (Note 2):</u>				
<u>Child Care Development Fund Cluster</u>				
Division of Social Services:				
Childcare Development Fund - Administration	93.596	107,672	-	-
Division of Child Development:				
Child Care and Development Fund - Discretionary	93.575	1,036,712	-	-
Child Care and Development Fund - Mandatory	93.596	388,695	-	-
Child Care and Development Fund - Match	93.596	149,035	-	-
Total Child Care Fund Cluster		1,582,114	-	-

Lenoir County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 Year Ended June 30, 2012

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>Child Care Development Fund Cluster (continued)</u>				
Temporary Assistance for Needy Families	93.558	\$ 473,120	-	-
Temporary Assistance for Needy Families State Programs	93.714	27,972	-	-
Foster Care Title IV-E	93.658	14,480	-	-
State Appropriations	N/A	-	246,222	-
TANF-MOE	N/A	-	75,028	-
Total Subsidized Child Care Cluster		2,197,686	321,250	-
<u>Health Care Financing Administration</u>				
Passed through the N.C. Department of Health and Human Services:				
Division of Medical Assistance:				
Medical Assistance Program	93.778	39,586	15,273	-
Direct Benefit Payments:				
Medical Assistance Program	93.778	62,506,454	36,545,945	11,385
Division of Social Services:				
Administration:				
Medical Assistance Program	93.778	1,063,744	32,139	1,029,945
Health Choice	93.767	57,772	2,811	15,828
<u>Office of Population Affairs</u>				
Passed through N.C. Department of Health and Human Services:				
Office of Population Affairs				
Family Planning Services	93.217	65,864	-	-
<u>Centers for Disease Control and Prevention</u>				
Passed through N.C. Department of Health and Human Services:				
Division of Public Health:				
Public Health Emergency Preparedness	93.069	31,053	-	-
Tuberculosis Control Program	93.116	39,133	-	-
Immunization Program/Aid to County Funding	93.268	27,932	-	-
Prevention Investigations and Technical Assistance	93.283	1,899	-	-
ARRA Preventing Healthcare - Associated Infections	93.717	660	-	-
Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	6,365	2,550	-
Total U.S Department of Health and Human Services		70,160,918	37,369,512	2,945,704

Lenoir County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 Year Ended June 30, 2012

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
State Awards:				
<u>N.C. Department of Health and Human Services:</u>				
Division of Social Services:				
State/County Special Assistance to Adults - Administration		\$ -	-	97,745
State/County Special Assistance to Adults - Direct Benefit Payments		-	833,811	833,811
Non-Allocating County Cost		-	-	55,500
State Foster Home - Direct Benefit Payments		-	23,636	23,636
Child Welfare Services Adoption Subsidy and Vendor - Direct Benefit Payment		-	193,354	33,601
County Funded Programs		-	-	214,917
Energy Assistance Private Grants		-	6,340	-
SFHF Maximization - Direct Benefit Payment		-	11,842	11,842
Adoption/Foster Care		-	38,695	-
Other Local Expenditures		-	-	-
Total Division of Social Services		-	1,107,678	241,258
Division of Public Health:				
General Aid to Counties		-	144,102	-
General Communicable Disease Control		-	7,270	-
Risk Reduction/Health Promotion		-	6,249	-
High Risk Maternity Clinics		-	69,984	-
Environmental Health		-	4,000	-
Lead Prevention Aid to County Funds		-	612	-
Mosquito - Public Health Pesticide		-	2,689	-
WHSF		-	9,591	-
TB Medical Service		-	759	-
School Nurse Funding Initiative		-	150,000	-
Tuberculosis		-	12,272	-

Lenoir County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 Year Ended June 30, 2012

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>N.C. Department of Health and Human Services (continued):</u>				
Division of Public Health (continued):				
Maternal Health				
Total Division of Public Health				
Total N.C. Department of Health and Human Services				
<u>N.C. Department of Transportation</u>				
Public Transportation Division				
PTD #10-AR-034	20.509	174,564	-	-
PTD #10-CT-034	20.509	83,736	7,241	-
PTD#11-CT-034	20.509	134,044	8,378	-
PTD #12-CT-034	20.509	63,924	7,990	-
PTD #10-ED-034	20.513	18,160	2,270	-
Rural Operating Assistance Program (ROAP)				
Elderly and Disabled Transportation Assistance Program (E&DTAP)			70,817	-
Work First/Employment Transportation Operating Assistance (Work First)			38,486	-
Rural General Public Program			66,794	-
Construction Fire Department			25,000	-
Total N.C. Department of Transportation		474,428	226,976	-
<u>N.C. Department of Environment and Natural Resources</u>				
Division of Environmental Health:				
Food/Lodging Fee			750	-
Lead Prevention			612	-
Division of Waste Management				
Scrap Tire			44,753	-
White Goods			50,168	-
Total N.C. Department of Environment and Natural Resources			96,283	-

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended June 30, 2012

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>N.C. Department of Administration</u>				
Division of Veterans Affairs:				
Administered by County Veterans Services:				
Veterans Services	-	\$ -	\$ 1,452	\$ -
<u>N.C. Department of Public Safety:</u>				
Department of Juvenile Justice and Delinquency Prevention				
Advisory Council	-	-	5,000	-
Structured Day/Restitution	-	-	136,578	-
Gang Positive Behavior	-	-	12,524	-
Parenting Matters	-	-	35,194	-
OJJDP MacArthur Foundation	-	-	2,000	-
8th Judicial District	-	-	226,959	-
Teen Court	-	-	33,029	-
Total Department of Juvenile Justice and Delinquency Prevention	-	-	451,284	-
Division of Community Corrections:				
Criminal Justice Partnership Program	-	-	105,382	-
Total N.C. Department of Public Safety	-	-	556,666	-
<u>Administrative Office of the Courts</u>				
Safe Roads Act	-	-	7,731	-
<u>N.C. Department of Public Instruction:</u>				
Public School Bond Fund	-	-	205,549	205,549
<u>N.C. Department of Insurance:</u>				
SHIP Grant	-	-	4,128	-
Total expenditures of federal and State awards		\$ 76,052,404	\$ 40,001,894	\$ 5,293,274

LENOIR COUNTY, NORTH CAROLINA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2012

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Lenoir 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, or used in the 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. 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.