

Lenoir County, North Carolina

Financial Statements

June 30, 2013

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# Lenoir County, North Carolina

## Financial Statements

Fiscal Year Ended June 30, 2013.



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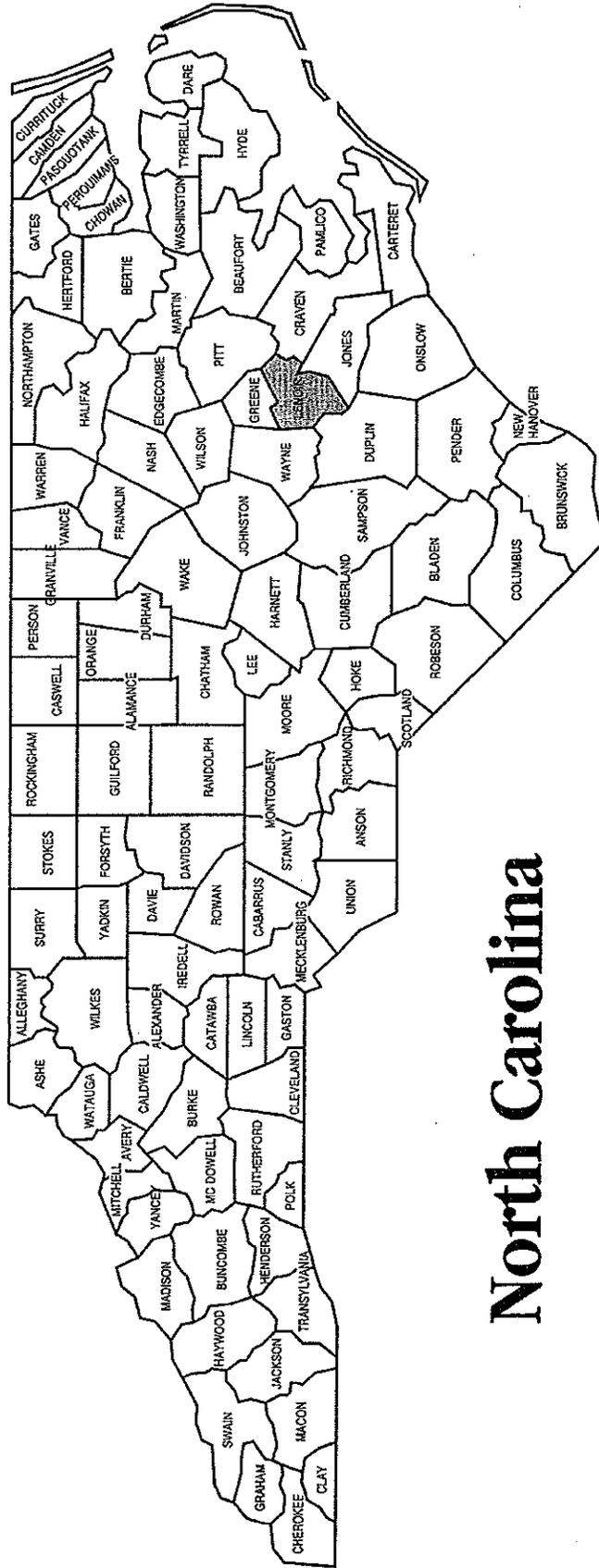
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INTRODUCTORY  
SECTION

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# North Carolina

LENOIR COUNTY, NORTH CAROLINA  
LIST OF PRINCIPAL OFFICERS  
JUNE 30, 2013

BOARD OF COUNTY COMMISSIONERS

Reuben Davis – Chairman

Jackie Brown – Vice-Chairman

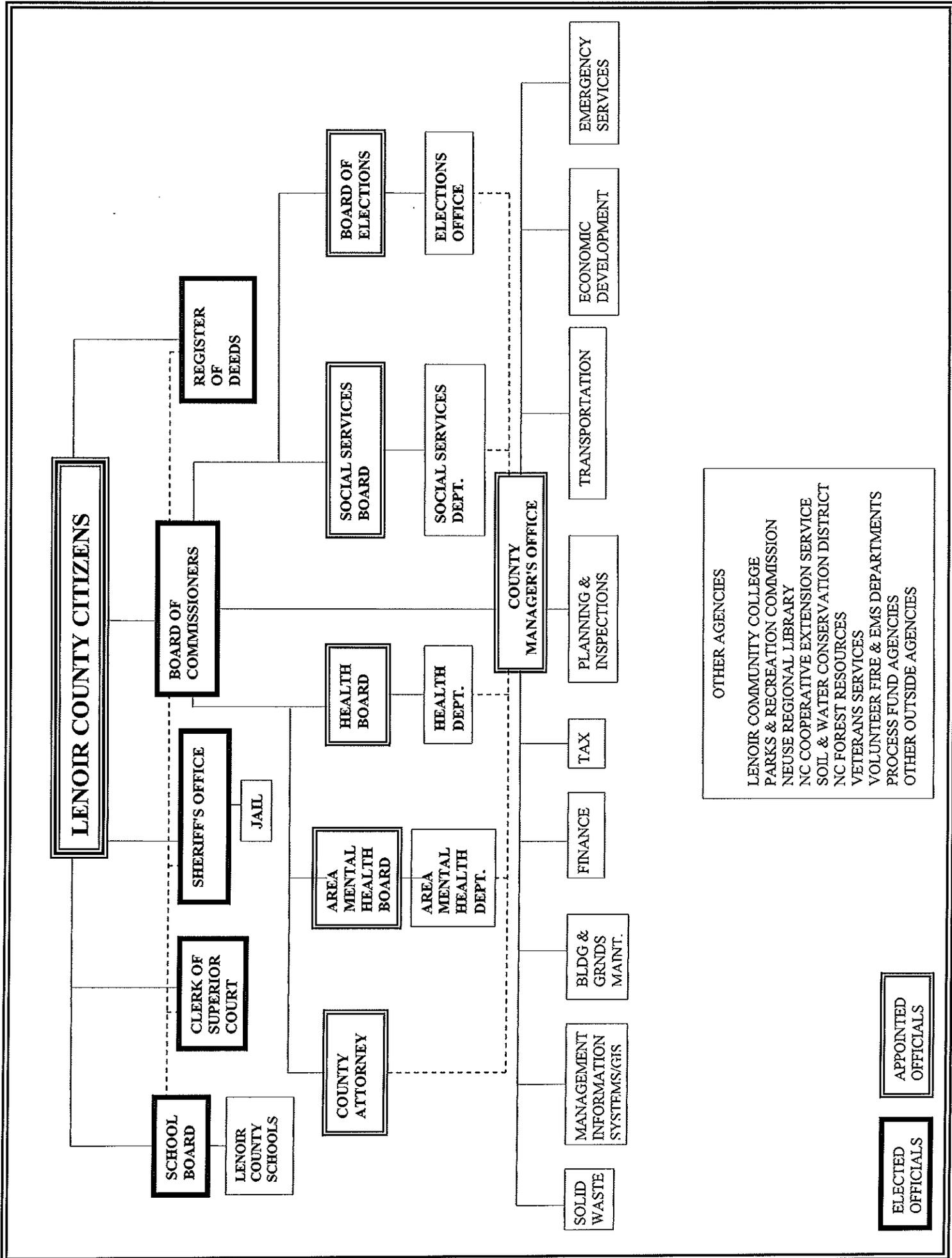
Ronald Best  
J. Mac Daughety  
Craig Hill  
Eric Rouse  
Linda Rouse Sutton

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

**APPOINTED OFFICIALS**

**ELECTED OFFICIALS**

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# County of Lenoir

**Board of Commissioners**  
Reuben J. Davis, Chairman  
Jackie Brown, Vice-Chairman  
Roland Best  
Mac Daughety  
Craig Hill  
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  
Martha H. Martin, Clerk to the Board

The Board of County Commissioners  
Lenoir County  
North Carolina

December 12, 2013

## 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, 2013.

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 Carr Riggs & Ingram, formerly 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, 2013 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, 2013, 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 19<sup>th</sup> 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 2012-13 has proven to be another exciting and active year for Lenoir County Economic Development. Industrial growth is expanding toward levels not seen in 50 years. With expanding industries and rapid growth in technology, the need to properly inform and train our youth is essential. The State of North Carolina's initiative to promote science, technology, engineering and mathematics (S T E M) continues to expand its influence upon Lenoir County public schools and local industries.

In July 2010, Spirit Aero Systems began production of center fuselage panels for the Airbus A350 XWB at its 500,000 SF facility located within the N.C. Global TransPark. In June 2013, the first flight of the Airbus A350 XWB took place in France. Spirit Aero Systems currently has 389 full-time employees at its Lenoir County facilities. Approximately 40% of those employees reside in Lenoir County.

Construction of a 5.6 mile long rail spur to serve the N.C. Global TransPark was completed in February 2013. This \$14.3 million project will assist Spirit Aero Systems and other tenants of the Global TransPark in transporting their finished products to all corners of the globe. Construction is also underway for a new "passing sidling" on the NCRR near the Lenoir-Wayne county line. This "sidling" will increase rail capacity on the eastern portion of the rail corridor and will aid in serving civilian customers as well as nearby military installations. This two-mile stretch of rail is the first lengthy passing track to be constructed along the 114 miles of rail between Selma and Morehead City. This will greatly increase the efficiency of the current single track lines.

Smithfield Foods completed an \$85.5 million expansion in the Hwy 70 West Industrial Park. This new facility is a “state-of-the-art” food processing plant utilizing robotic technology. Smithfield Foods is currently in the midst of merger/acquisition negotiations with a Chinese Food Company. This merger/acquisition would greatly benefit American agriculture and position Smithfield Foods as one of the largest food processing companies in the world.

Pactiv, formally Dopaco, announced an expansion of its facility in Kinston. This expansion will create 26 new jobs and invest an additional \$3,250,000 in Lenoir County. This expansion is expected to be completed by December 31, 2013.

Strata Solar Farms recently held ribbon cuttings at two solar farm sites in Lenoir County. Each of these sites represents a \$20 million investment and the creation of 100 new jobs. Strata Solar is looking at additional sites within the County. Each new site increases the property tax base without requiring any other services from the County.

The \$12 million Woodmen of the World Community Center opened in July 2012. The outdoor Lions Water Adventure Park portion of the facility opened for the summer of 2013. The water park, featuring slides and a “lazy river”, is the largest water recreation facility in eastern North Carolina. The water park was a huge success this past summer and attracted crowds from all over eastern North Carolina.

West Pharmaceuticals is nearing completion of a 30,000 SF clean room facility at its current location in the Hwy 70 West Industrial Park. Upon completion of this construction project, the Lenoir County facility will obtain an industry designation as a world class facility. West Pharmaceuticals, celebrating its 90<sup>th</sup> anniversary, continues to improve and grow its Lenoir County operations.

Mother Earth Brewing, LLC, a craft beer brewery began its operations in downtown Kinston in 2009. Mother Earth was recently approved to expand its production to include distilled spirits. Plans are in the works to produce several types of gin, grappa, rum, and whiskey under the banner of Mother Earth Spirits. These new distilled spirits should hit the shelves no later than Christmas 2013.

Located on the south end of downtown Kinston, at a site that was once a tobacco warehouse, construction of the African American Music Trail Park has commenced. Construction in the shape of a giant stringed bass will serve as the hub of the eight-county African American Music Trail. Funding for the music park comes from the NC State Arts Council, the State Department of Transportation, the City of Kinston, and the Golden Leaf Foundation. Look for coming events and concerts here in the near future.

Lenoir County Economic Development will continue to prepare Lenoir County to effectively compete for economic development projects and market the County’s strategic assets to a variety of industrial and business prospects. Building new relationships and maintaining existing relationships is a continuing goal for the future.

### **Major Initiatives**

During fiscal year 2012-13, the County government made progress on different fronts. Key events/actions included:

- 1) Continued and almost completed the construction of a 192 bed jail which began in November 2010. This project should be completely closed out by December 2013
- 2) 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.
- 3) Completed the process for the refunding of a portion of the Series 2007 General Obligation Bonds for a net savings of \$542,950.
- 4) 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.

- 5) Held joint work sessions with elected and appointed officials of the City of Kinston to discuss mutually beneficial solutions to common problems.

### **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 Department of Social Services has been designated for recognition.

DSS is a county-operated, State Supervised, non-profit, human services organization funded by Federal, State, and County dollars. DSS provides economic assistance to low income residents, employment and training services to Work First parents, child support enforcement services to families, and professional social work services to individuals and families living in Lenoir County. DSS is also responsible for management of evacuation shelters in times of disaster or other large scale emergencies.

DSS is one of the larger County Departments with 131 employees and a Total Budget of \$154 million. Over 70% of the DSS budget comes from the Federal government. The County's share is less than 3% of the Total DSS budget. Medicaid is the biggest benefit program in the Total DSS budget. The State pays Medicaid benefits directly to medical providers. Only the administrative costs associated with the Medicaid programs flow through the County Finance Budget. Child Support payments, Food and Nutrition Benefits, Work First Family Assistance benefits, and Low Income Energy Assistance benefits are authorized by DSS, but are issued directly by the State; therefore, the benefit costs for these programs are included in the DSS Total Budget, but only these program administrative costs are reflected in the DSS County Budget. Roughly, 27% of the County's population received financial assistance through a DSS administered program.

The DSS County Budget is \$13.6 million for Fiscal Year 2012-2013. The largest program in the DSS County Budget is Child Day Care Subsidy Services (40%), which served 499 children. These children live in households earning less than \$25,000 per year. Currently, 36.3% of all Lenoir County children live in a household with an income below the poverty level. DSS served only a small percentage of the total number of eligible children during FY 2012-2013 due to insufficient funding.

The next largest program in the DSS County Budget is Adult Services. These services include public guardianship services, payee services, Adult Protective Services, Adult Day Care services, and placement services. Adult Services staff also license and monitor Adult Care Homes in Lenoir County. Currently, 17.61% of older Lenoir County residents live in poverty.

The number of children in county custody continued to average 40 to 50 during FY 2012-2013. DSS places a high priority on keeping children within their extended family unit rather than foster care, whenever possible. This focus benefits children because they remain in the care of their families. This approach is the least disruptive for the child and less expensive for the County. On average, children ages 0 to 5 years tend to stay in Foster Care less than one year while children ages 6 to 17 tend to stay in Foster Care 450 days or more. When a child in Foster Care cannot safely return to his/her family after one year, DSS works with the Courts to arrange legal custody or guardianship by an extended family member and/or adoptions for these children.

DSS has implemented automated case management for the Food and Nutrition Benefits program, the Medicaid programs, the State/County Special Assistance program, and the Work First Family Assistance program using the new NCFASST computer system. During FY 2012-2013, DSS transitioned to a paperless process in Children's Services, Child Support Enforcement Services, and Medicaid Transportation Services. The Department began implementation of Work Support Strategies intended to streamline the customer's experience in accessing benefits with the goal of having the customer to tell his/her story once and then receive the benefits for which he/she qualifies. This approach also allows customers to apply for benefits over the telephone, through the mail, or using the Internet.

### **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, thirty-two 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.

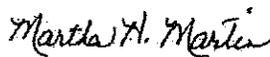
### **Awards and Acknowledgements**

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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**CRI** CARR  
RIGGS &  
INGRAM

CPAs and Advisors

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## **Independent Auditor's Report**

To the Board of County Commissioners  
Lenoir County, North Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lenoir County, North Carolina as of and for the year then ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Lenoir County's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Lenoir County ABC Board. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **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, 2013, 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 accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

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 5 through 12 and 62 through 65 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 appropriate 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.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Lenoir County, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Implementation Act* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual 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.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2013 on our consideration of Lenoir County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lenoir County's internal control over financial reporting and compliance.

*Carly Riggs & Ingram, L.L.C.*

La Grange, North Carolina  
December 12, 2013

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## 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, 2013. 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, 2013, the following is true:

- The net position of the County totaled \$(5,359,210); the major categorical breakout of net position follows:

	% of Total		% of Total	
	2013	Net Position	2012	Net Position
Net Investment in Capital Assets	\$ 15,888,599	-296.5%	\$ 14,285,049	-508.3%
Restricted	14,105,002	-263.2%	8,996,552	-320.1%
Unrestricted	(35,352,811)	659.7%	(26,061,663)	928.4%
Total Net Position	\$ (5,359,210)	100.0%	\$ (2,810,062)	100.0%

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

\*Note: Net position equal gross assets minus liabilities.

- Total net position of the County decreased by \$2,549,148, primarily due to the expenditure in the current fiscal year 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. Also negatively affecting net position was the use of General Fund Fund Balance to pay debt service on School Bonds and the elimination of the Corporate ADM funds by the State for School Capital Projects. The net result is a decrease in current cash and cash equivalents. This compares to an increase of \$7,489,237 in the prior year. This decrease in net position should not be interpreted to mean an equal decrease in fund balance.
- The combined ending fund balance of all Governmental Funds is \$36,090,908 broken out as follows:

	General Fund		Other Governmental Funds		Total Governmental Funds	
	2013	2012	2013	2012	2013	2012
Stabilization by state statute	\$ 3,853,215	\$ 4,398,902	\$ 884,907	\$ 750,985	\$ 4,738,122	\$ 5,149,887
Assigned	11,238,994	12,152,740	11,578,350	14,353,400	22,817,344	26,506,140
Unassigned	8,672,516	8,909,366	(137,074)	(162,776)	8,535,442	8,746,590
Total Fund Balances	\$ 23,764,725	\$ 25,461,008	\$ 12,326,183	\$ 14,941,609	\$ 36,090,908	\$ 40,402,617

- The combined ending fund balance for all Governmental Funds decreased by \$ 4,311,709 in comparison to a decrease of \$15,611,675 in the prior year, mainly due to the expending of Recovery Zone Economic Development bond proceeds received for the construction of a new jail, the use of General Fund Balance for School Bond Debt Service and the elimination of the Corporate ADM funds for School Capital Project. A breakdown follows:
 

General Fund	< 1,696,283 >
Other Governmental Funds	< 2,615,426 >
Total Decrease	\$ < 4,311,709 >
- In the General Fund, the total unassigned fund balance was \$8,672,516 or 14.7% of General Fund expenditures, as compared to \$8,909,366 or 14.5% in the prior year. The following chart provides a breakdown of the assigned and unassigned fund balances:

	% of General Fund Expenditures		% of General Fund Expenditures	
	2013	2012	2013	2012
Assigned	11,238,994	12,152,740	19.0%	19.8%
Unassigned	8,672,516	8,909,699	14.7%	14.5%
Total General Fund	\$ 19,911,510	\$ 21,062,439	33.7%	34.3%

- Lenoir County's total net debt decreased by \$3,655,000 (4.6%) during the current fiscal year. The key factor in this decrease was payment on Series 2007 and Series 2008 General Obligation Bonds and the refunding of a portion of the Series 2007 General Obligation Bonds.
- Lenoir County attained higher bond ratings than the previous year's A1 and A+ ratings. The new bond ratings are:
 

Moody's	Aa2
Standard & Poor's	AA-

### 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 I). 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 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary 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 position and how they have changed. Net position is the difference between the County's total assets and total liabilities. Measuring net position 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 Position 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 Position 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 27-59 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 61 of this report.

#### **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The net position of Lenoir County equaled \$(5,359,210) as of June 30, 2013. As of June 30, 2012, the net position of Lenoir County stood at \$(2,810,062). The County's net position decreased by \$2,549,148 for the fiscal year ended June 30, 2013, compared to an increase of \$7,489,237 for the fiscal year ended June 30, 2012. A large portion of Lenoir County's net position, \$15,888,599, 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 position, \$13,869,763, represents resources that are subject to external restrictions on how they may be used. Unrestricted net position increased \$147,931, as compared to the prior fiscal year. As stated earlier, the County borrowed \$18.5 million in Recovery Zone Economic Development Bonds in FY10-11, with some of those funds remaining on the County's books at 6/30/2013. Also, as indicated earlier, the County refunded a portion of its Series 2007 General Obligation Bonds, which will decrease the County's debt payments in future years by approximately \$40,000.00 per year. In the prior fiscal year, ending June 30, 2012, the amount of net investment in capital assets was \$14,285,049 with restricted assets standing at \$8,966,552. The remaining \$(26,061,663) was unrestricted net position for that year.

**Lenoir County's Net Position**

	Governmental Activities		Business-type Activities		Total	Total
	2013	2012	2013	2012	2013	2012
Current and other assets	41,537,783	\$ 46,952,440	\$ 4,435,617	\$ 4,528,888	\$ 45,973,400	\$ 51,481,328
Capital assets	33,038,184	32,229,574	\$ 950,515	\$ 1,080,575	33,988,699	33,310,149
Total assets	<u>\$ 74,575,967</u>	<u>\$ 79,182,014</u>	<u>\$ 5,386,132</u>	<u>\$ 5,609,463</u>	<u>\$ 79,962,099</u>	<u>\$ 84,791,477</u>
Long-term liabilities outstanding	\$ 82,428,426	\$ 83,570,403	\$ 1,444,332	\$ 1,422,189	\$ 83,872,758	\$ 84,992,592
Other liabilities	1,171,489	2,263,548	137,351	194,993	1,308,840	2,458,541
Total liabilities	<u>\$ 83,599,915</u>	<u>\$ 85,833,951</u>	<u>\$ 1,581,683</u>	<u>\$ 1,617,182</u>	<u>\$ 85,181,598</u>	<u>\$ 87,451,133</u>
Deferred inflows of resources	139,711	150,406	-	-	139,711	150,406
Net position						
Net investment in capital assets	\$ 14,938,084	\$ 13,204,474	\$ 950,515	\$ 1,080,575	\$ 15,888,599	\$ 14,285,049
Restricted	14,105,002	18,170,392	-	-	14,105,002	8,966,552
Unrestricted	<u>(38,206,745)</u>	<u>(38,177,209)</u>	<u>2,853,934</u>	<u>2,911,706</u>	<u>(35,352,811)</u>	<u>(26,061,663)</u>
Total net position	<u>\$ (9,163,659)</u>	<u>\$ ( 6,802,343)</u>	<u>\$ 3,804,449</u>	<u>\$ 3,992,281</u>	<u>\$ (5,359,210)</u>	<u>\$ ( 2,810,062)</u>

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

- Sales Tax revenues down \$77,433 from prior year
- Property Tax revenues up \$350,235 over prior year
- Miscellaneous revenues down \$12,865 from prior year
- Long term liabilities decreased as the result of School Bond and Jail debt payments and the refunding of a portion of the Series 2007 General Obligation School Bonds

**Lenoir County's Change in Net Position**

	Governmental Activities		Business-type Activities		Total	Total
	2013	2012	2013	2012	2013	2012
<b>Revenues:</b>						
Program revenues:						
Charges for services	8,814,497	8,322,091	2,700,965	3,039,671	11,515,462	11,361,762
Operating grants and contributions	13,999,068	17,732,152	24,038	50,168	14,023,106	17,782,320
Capital grants and contributions	2,426,250	658,201	-	-	2,426,250	658,201
General revenues:						
Property taxes	32,426,431	32,078,518	-	-	32,426,431	32,078,518
Other taxes	9,568,298	9,553,311	18,777	18,027	9,587,075	9,571,338
Grants and contributions not restricted to specific programs	-	548,157	-	-	-	548,157
Other	272,032	598,597	(50,000)	(45,237)	222,032	553,360
<b>Total revenues</b>	<b>67,506,576</b>	<b>\$ 69,491,027</b>	<b>\$ 2,693,780</b>	<b>\$ 3,062,629</b>	<b>\$ 70,200,356</b>	<b>\$ 72,553,656</b>
<b>Expenses:</b>						
General government	9,408,959	6,137,456	-	-	9,408,959	6,137,456
Public safety	19,645,336	15,907,052	-	-	19,645,336	15,907,052
Economic and community development	4,586,620	2,854,745	-	-	4,586,620	2,854,745
Human services	17,499,808	18,168,935	-	-	17,499,808	18,168,935
Cultural and recreational	1,601,149	1,280,917	-	-	1,601,149	1,280,917
Education	13,259,765	12,873,551	-	-	13,259,765	12,873,551
Interest on long-term debt	3,866,255	4,033,827	-	-	3,866,255	4,033,827
Landfill	-	-	2,881,612	3,807,936	2,881,612	3,807,936
<b>Total expenses</b>	<b>\$ 69,867,892</b>	<b>\$ 61,256,483</b>	<b>\$ 2,881,612</b>	<b>\$ 3,807,936</b>	<b>\$ 72,749,504</b>	<b>\$ 65,064,419</b>
Increase/Decrease in net position	(2,361,316)	8,234,544	(187,832)	(745,307)	( 2,549,148)	7,489,237
Net position, July 1	(6,802,343)	(15,036,887)	3,992,281	4,737,588	( 2,810,062)	(10,299,299)
Net position, June 30	<u>\$ (9,163,659)</u>	<u>\$( 6,802,343)</u>	<u>\$ 3,804,449</u>	<u>\$ 3,992,281</u>	<u>\$(5,359,210)</u>	<u>\$(2,810,062)</u>

**Governmental activities:** Governmental activities decreased the County's net position by \$2,361,316, representing 92.6% of the total decrease in net position of Lenoir County. This compares to an increase of \$8,234,544 in the prior fiscal year, which represented 109.9% of the increase in the County's net position. The key element of this decrease in FY12-13 was the expenditure of Recovery Zone Economic Development Bond funds for the new jail construction and the elimination of the Corporate ADM funds for School Capital Projects.

**Business-type activities:** Business-type activities decreased Lenoir County's net position by \$187,832, representing 7.4% of the total change in net position of Lenoir County. This compares to a decrease of \$745,307 in the prior fiscal year, which represented -9.9% of the change in the County's net position. The key element of the decrease in FY12-13 was Landfill revenues less than expenditures due to write off of prior years accumulated bad debt.

## 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 unassigned fund balance available in the General Fund was \$8,672,516, while total fund balance was \$23,764,725. 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 14.7% of General Fund expenditures, while 25.5% of that same amount has been assigned for future expenditures.

At June 30, 2013, the governmental funds of Lenoir County reported a combined fund balance of \$36,090,908, a 10.7% 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, and the decrease in School Capital Funds due to the elimination of the Corporate ADM Tax funds by the State of North Carolina for school capital projects.

**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 \$2.7 million. Approximately \$240,422 represented increases in funding over the original budgeted amount for Health and approximately \$989,010 for appropriations for the Sheriff/Jail Departments due to increased inmate housing costs prior to new jail completion.

**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 position of the Solid Waste Fund at the end of the fiscal year amounted to \$2,853,934 as compared to \$2,911,706 in the prior year. The total net position of the Solid Waste Fund decreased by \$187,832. This decrease was mainly due to the write off of prior years' accumulated bad debt.

### 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, 2013, totaled \$33,988,699 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, and vehicles.

Major capital asset transactions during the year included:

- Purchase of one (1) new phone system for all departments
- Purchase of five (5) Ipads for Emergency Management
- Purchase of three (3) new Dodge chargers in Sheriff's Department
- Purchase of one (1) CAD paging link for E-911
- Purchase of one (1) Fingerprint/Palm machine for the Jail
- Purchase of one (1) Ice Machine for Cooperative Extension
- Purchase of four (4) new vans for Transit
- Purchase of land & building adjacent to the new jail facility
- Purchase of thirteen (13) new desktop/laptop computers for Health
- Purchase of Data Management software for Environmental Health
- Purchase of one (1) new van for Cooperative Extension

### Lenoir County's Capital Assets

	Governmental Activities		Business-type Activities		Total	Total
	2013	2012	2013	2012	2013	2012
Land	\$ 6,764,740	\$ 6,843,784	\$ 335,543	\$ 335,542	\$ 7,100,283	\$ 7,179,327
Construction in progress	-	18,743,886	-	-	0	18,743,886
Buildings and systems	36,981,519	16,067,783	5,446,226	5,446,227	42,427,745	21,514,009
Improvements	411,077	411,077	-	-	411,077	411,077
Equipment	4,664,600	4,322,263	1,389,318	1,386,174	6,053,918	5,708,437
Vehicles and motor equipment	4,422,559	4,301,795	589,722	567,422	5,012,281	4,869,217
Subtotal	\$ 53,244,495	50,690,588	\$ 7,760,809	\$ 7,735,365	\$ 61,005,304	\$ 58,425,953
Less accumulated depreciation	20,206,311	18,461,014	6,810,294	6,654,790	27,016,605	25,115,804
Total	\$ 33,038,184	\$ 32,229,574	\$ 950,515	\$ 1,080,575	\$ 33,988,699	\$ 33,310,149

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, 2013, Lenoir County had total bonded debt outstanding of \$57,870,000, 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	
	2013	2012
General Obligation Bonds	\$ 57,870,000	\$ 60,600,000
Installment Purchases	18,100,100	19,025,100
Total	\$ 75,970,100	\$ 79,625,100

Lenoir County's total debt decreased by \$3,655,000 (4.6 %) during the past fiscal year. General Obligation Bonded Debt decreased by \$2,730,000 due to the refunding of a portion of the Series 2007 General Obligation Bonds for the Library and School Construction and the principal retirement of a portion of the Series 2007 and Series 2008 General Obligation Bonds. Installment debt decreased by \$925,000 due to an installment payment on Recovery Zone Economic Development bonds for the construction of a new jail.

As mentioned in the financial highlights section of this document, Lenoir County improved its bond ratings to an Aa2 bond rating from Moody's Investor Services and an AA- rating from Standard and Poor's Corporation. These bond ratings are 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 \$243,005,687.

Additional information regarding Lenoir County's long-term debt can be found in note 7, beginning on page 51 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 9.93% , slightly higher than the state average of 9.29%; however, with the opening of new major employers in Lenoir County, Sanderson Farms (1,650 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 \$33,466,718, an increase of 1.1% from the prior year
- Sales tax revenues totaled \$8,200,904, a decrease of 1% from the prior year
- The \$85 million expansion of Smithfield Foods and the creation of 330 new jobs has been completed

## **Budget Highlights for the Fiscal Year Ending June 30, 2014**

**Governmental Activities:** The County Commissioners approved a \$64.2 million General Fund Budget which was included within a \$81.0 million all Funds Budget Ordinance adopted on June 3, 2013.

The property tax rate was increased from \$.80 per \$100 of assessed valuation to \$.835 per \$100 of assessed valuation in order to meet debt service payments for Series 2007 and Series 2008 General Obligation School Bonds approved by the citizens by referendum in 2006. Approximately \$1,978,140 in General Fund fund balance was used to balance against expenditures. This 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 .87%. At the adopted tax rate of \$.835 per \$100 of assessed value and a collection rate of 94.85%, this equates to a gain of \$1,596,481 in current year property tax revenues. This gain is attributable to increases in the tax base from new industry growth and the property tax rate increase.

The General Fund Budget increased by \$964,952 which represents a 1.5% increase over the adopted FY12-13 budget. The majority of the increase was due to the reinstating of the yearly replacement of law enforcement and EMS vehicles, which was removed in the prior year, a 2% COLA for employees and additional expenditures due to the merger of the Lenoir and Jones County Emergency Communications systems. It should be noted that nearly all County Departments were able to hold their operating expenditures steady, while absorbing increased utility and retirement costs.

**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. The County entered into a new five-year contract with Republic Services of North Carolina to haul the County's MSW to a regional landfill for proper disposal.

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 Position  
June 30, 2013

EXHIBIT 1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Lenoir County ABC Board
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 33,977,132	\$ 4,034,839	\$ 38,011,971	\$ 410,710
Restricted cash and cash equivalents	33,090	-	33,090	-
Receivables, net	7,527,561	400,778	7,928,339	-
Prepaid expenses	-	-	-	8,174
Inventory	-	-	-	250,354
<b>Total current assets</b>	<b>41,537,783</b>	<b>4,435,617</b>	<b>45,973,400</b>	<b>669,238</b>
Noncurrent assets:				
Capital assets:				
Land, improvements, and construction in progress	6,764,740	335,543	7,100,283	-
Other capital assets, net of depreciation	26,273,444	614,972	26,888,415	91,934
<b>Total capital assets</b>	<b>33,038,184</b>	<b>950,515</b>	<b>33,988,698</b>	<b>91,934</b>
<b>Total assets</b>	<b>74,575,967</b>	<b>5,386,132</b>	<b>79,962,098</b>	<b>761,172</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	1,171,489	137,351	1,308,840	292,721
Long-term liabilities:				
Due within one year	4,882,046	560	4,882,606	-
Due in more than one year	77,546,380	1,443,772	78,990,152	26,738
<b>Total liabilities</b>	<b>83,599,915</b>	<b>1,581,683</b>	<b>85,181,598</b>	<b>319,459</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>139,711</b>	<b>-</b>	<b>139,711</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	14,938,084	950,515	15,888,599	91,934
Restricted for:				
Stabilization by state statute	4,738,122	-	4,738,122	-
General government	32,648	-	32,648	-
Public safety	2,425,597	-	2,425,597	-
Insurance	1,565,197	-	1,565,197	-
Education	5,253,530	-	5,253,530	-
Register of deeds	64,908	-	64,908	-
Community development	25,000	-	25,000	-
Working capital	-	-	-	101,008
Unrestricted	(38,206,745)	2,853,934	(35,352,811)	248,771
<b>Total net position</b>	<b>\$ (9,163,659)</b>	<b>3,804,449</b>	<b>\$ (5,359,210)</b>	<b>\$ 441,713</b>

The accompanying notes are an integral part of this statement.

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental activities:				
General government	\$ 9,408,959	\$ 5,485,470	\$ 24,271	\$ -
Public safety	19,645,336	162,972	1,002,397	181,239
Economic & community development	4,586,620	-	282,294	123,356
Human services	17,499,808	3,166,055	12,529,591	-
Cultural and recreational	1,601,149	-	-	611,434
Education	13,259,765	-	160,515	1,510,221
Interest on debt	3,866,255	-	-	-
<b>Total governmental activities</b>	<b>69,867,892</b>	<b>8,814,497</b>	<b>13,999,068</b>	<b>2,426,250</b>
Business-type activities:				
Landfill	2,881,612	2,700,965	24,038	-
<b>Total primary government</b>	<b>\$ 72,749,504</b>	<b>\$ 11,515,462</b>	<b>\$ 14,023,106</b>	<b>\$ 2,426,250</b>
Component Unit:				
Lenoir County ABC Board	\$ 3,408,858	\$ 3,406,924	\$ -	\$ -

General revenues:

Property taxes, levied for general purposes

Local option sales taxes

Other taxes and licenses

Investment earnings, unrestricted

Miscellaneous, unrestricted

Transfers

Gain (loss) on sale of assets

Total general revenues, special items, and transfers

Change in net position

Net position - beginning

Net position - ending

Lenoir County, North Carolina  
Statement of Activities  
For the Fiscal Year Ended June 30, 2013

EXHIBIT 2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Lenoir County ABC Board
\$ (3,899,218)	\$ -	\$ (3,899,218)	\$ -
(18,298,728)	-	(18,298,728)	-
(4,180,970)	-	(4,180,970)	-
(1,804,162)	-	(1,804,162)	-
(989,715)	-	(989,715)	-
(11,589,029)	-	(11,589,029)	-
(3,866,255)	-	(3,866,255)	-
(44,628,077)	-	(44,628,077)	-
-	(156,609)	(156,609)	-
\$ (44,628,077)	\$ (156,609)	\$ (44,784,686)	\$ -
-	-	-	(1,934)
\$ 32,426,431	\$ -	\$ 32,426,431	\$ -
8,200,904	-	8,200,904	-
1,367,394	18,312	1,385,706	-
24,690	465	25,155	404
194,196	-	194,196	1,530
50,000	(50,000)	-	-
3,146	-	3,146	-
42,266,761	(31,223)	42,235,538	1,934
(2,361,316)	(187,832)	(2,549,148)	-
(6,802,343)	3,992,281	(2,810,062)	441,713
\$ (9,163,659)	\$ 3,804,449	\$ (5,359,210)	\$ 441,713

The accompanying notes are an integral part of this statement.

	Major			Non-Major	Total
	General Fund	School Capital Outlay Fund	Capital Projects Fund	Other Governmental Funds	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 20,882,135	\$ 5,852,047	\$ 1,089,844	\$ 4,866,866	\$ 32,690,892
Restricted cash and cash equivalents	-	-	-	33,090	33,090
Receivables (net)					
Property taxes	2,596,706	-	-	129,224	2,725,930
Accounts	2,026,727	-	-	280,212	2,306,939
Local option sales tax	1,938,430	487,695	-	50,942	2,477,067
Due from other funds	-	-	-	66,058	66,058
<b>Total assets</b>	<b>\$ 27,443,998</b>	<b>\$ 6,339,742</b>	<b>\$ 1,089,844</b>	<b>\$ 5,426,392</b>	<b>\$ 40,299,976</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ 830,914	\$ -	\$ 202,222	\$ 132,291	\$ 1,165,427
Due to other funds	-	-	-	66,058	66,058
<b>Total liabilities</b>	<b>830,914</b>	<b>-</b>	<b>202,222</b>	<b>198,349</b>	<b>1,231,485</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>2,848,359</b>	<b>-</b>	<b>-</b>	<b>129,224</b>	<b>2,977,583</b>
<b>Fund balances:</b>					
<b>Restricted</b>					
Stabilization by state statute	3,853,215	487,695	-	397,212	4,738,122
Register of deeds	-	-	-	64,908	64,908
Public safety	-	-	887,622	226,992	1,114,614
Emergency services	-	-	-	1,310,983	1,310,983
Tax revaluation	-	-	-	32,648	32,648
School capital	-	5,253,530	-	-	5,253,530
Community development	-	-	-	25,000	25,000
<b>Committed</b>					
Scrap tire disposal	-	-	-	145,551	145,551
Vehicle replacement	-	-	-	65,292	65,292
Capital improvements	-	-	-	2,939,507	2,939,507
<b>Assigned</b>					
Subsequent years' expenditures	11,238,994	598,517	-	27,800	11,865,311
<b>Unassigned</b>	<b>8,672,516</b>	<b>-</b>	<b>-</b>	<b>(137,074)</b>	<b>8,535,442</b>
<b>Total fund balances</b>	<b>23,764,725</b>	<b>6,339,742</b>	<b>887,622</b>	<b>5,098,819</b>	<b>36,090,908</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 27,443,998</b>	<b>\$ 6,339,742</b>	<b>\$ 1,089,844</b>	<b>\$ 5,426,392</b>	

Lenoir County, North Carolina  
Balance Sheet  
Governmental Funds  
June 30, 2013

EXHIBIT 3

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	33,038,184
Internal service fund net assets that primarily support governmental activities	1,297,803
Deferred inflows of resources for taxes and special assessments receivable	2,837,872
Deferred inflow of resources for bond premiums	(2,496,221)
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.	(79,932,205)
<u>Net position of governmental activities</u>	<u>\$ (9,163,659)</u>

The accompanying notes are an integral part of this statement.

	Major			Non-Major	Total
	General	School	Capital	Other	
	Fund	Capital Outlay	Projects	Governmental	Governmental
	Fund	Fund	Fund	Funds	Funds
<b>REVENUES</b>					
Ad valorem taxes	\$ 32,211,250	\$ -	\$ -	\$ 1,255,468	\$ 33,466,718
Local option sales taxes	6,353,635	1,674,311	-	172,958	8,200,904
Other taxes and licenses	1,367,394	-	-	-	1,367,394
Unrestricted intergovernmental	498,326	-	-	-	498,326
Restricted intergovernmental	13,634,823	410,221	181,239	2,326,719	16,553,002
Sales and services	3,109,690	-	-	-	3,109,690
Investment earnings	23,705	622	-	196	24,523
Miscellaneous	1,273,433	-	-	417,756	1,691,189
<b>Total revenues</b>	<b>58,472,256</b>	<b>2,085,154</b>	<b>181,239</b>	<b>4,173,097</b>	<b>64,911,746</b>
<b>EXPENDITURES</b>					
Current:					
General government	5,802,003	-	-	190,520	5,992,523
Public safety	13,905,015	-	2,511,634	1,776,671	18,193,320
Economic & community development	833,730	-	-	3,735,272	4,569,002
Human services	15,981,944	-	-	1,292,031	17,273,975
Cultural and recreational	1,550,579	-	-	-	1,550,579
Intergovernmental:					
Education	12,467,457	792,308	-	-	13,259,765
Debt service					
Principal retirement	4,747,175	-	-	-	4,747,175
Interest and fees	3,781,071	-	-	-	3,781,071
Bond issuance costs	83,391	-	-	-	83,391
<b>Total expenditures</b>	<b>59,152,366</b>	<b>792,308</b>	<b>2,511,634</b>	<b>6,994,494</b>	<b>69,450,802</b>
Excess (deficiency) of revenues over expenditures	(680,109)	1,292,846	(2,330,395)	(2,821,397)	(4,539,055)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	2,000,000	-	-	3,254,599	5,254,599
Transfers to other funds	(3,193,520)	(2,000,000)	-	(11,079)	(5,204,599)
Proceeds from sale of bonds	90,559	-	-	-	90,559
Refunding bonds issued	21,262,130	-	-	-	21,262,130
Payment to refunding bond escrow agent	(21,178,489)	-	-	-	(21,178,489)
Sale of fixed assets	3,146	-	-	-	3,146
<b>Total other financing sources (uses)</b>	<b>(1,016,174)</b>	<b>(2,000,000)</b>	<b>-</b>	<b>3,243,520</b>	<b>227,346</b>
<b>Net change in fund balance</b>	<b>(1,696,283)</b>	<b>(707,154)</b>	<b>(2,330,395)</b>	<b>422,123</b>	<b>(4,311,708)</b>
<b>FUND BALANCES, beginning of year</b>	<b>25,461,008</b>	<b>7,046,896</b>	<b>3,218,017</b>	<b>4,676,696</b>	<b>40,402,616</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 23,764,725</b>	<b>\$ 6,339,742</b>	<b>\$ 887,622</b>	<b>\$ 5,098,819</b>	<b>\$ 36,090,908</b>

Lenoir County, North Carolina  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended June 30, 2013

EXHIBIT 4

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

Net changes in fund balances - total governmental funds	\$ (4,311,708)
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.	933,338
Cost of capital assets disposed of during the year, not recognized on modified accrual basis	(124,728)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in deferred inflows of resources for tax revenues	187,498
Internal service fund operations that primarily support governmental activities	(187,693)
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	- 10,195
Net pension obligation	- 576
Net OPEB obligation	(549,410)
Amortization of bond premiums not recorded on fund statements	1,792
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 position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,678,824

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Total changes in net position of governmental activities	\$ (2,361,316)
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The accompanying notes are an integral part of this statement.

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)
<b>REVENUES</b>				
Ad valorem taxes	\$ 31,880,421	\$ 32,478,576	\$ 32,211,250	\$ (267,326)
Local option sales taxes	5,650,000	5,910,000	6,353,635	443,635
Other taxes and licenses	1,437,094	1,526,258	1,367,394	(158,864)
Unrestricted intergovernmental	494,070	491,970	498,326	6,356
Restricted intergovernmental	13,930,910	13,841,752	13,634,823	(206,929)
Sales and services	2,806,150	3,059,363	3,109,690	50,327
Investment earnings	50,000	50,000	23,705	(26,295)
Miscellaneous	991,889	1,515,565	1,273,433	(242,132)
<b>Total revenues</b>	<b>57,240,534</b>	<b>58,873,484</b>	<b>58,472,256</b>	<b>(401,229)</b>
<b>EXPENDITURES</b>				
Current:				
General government	6,642,132	6,601,104	5,802,003	799,101
Public safety	13,846,093	14,825,585	13,905,015	920,570
Economic & community development	880,129	1,000,635	833,730	166,905
Human services	17,499,961	17,714,000	15,981,944	1,732,056
Cultural and recreational	1,539,500	1,550,579	1,550,579	-
Intergovernmental:				
Education	12,135,000	12,515,000	12,467,457	47,543
Debt service				
Principal retirement	4,605,741	4,761,373	4,747,175	14,198
Interest and fees	3,609,772	3,781,072	3,781,071	1
Bond issuance costs	-	-	83,391	(83,391)
<b>Total expenditures</b>	<b>60,758,327</b>	<b>62,749,348</b>	<b>59,152,366</b>	<b>3,596,982</b>
Revenues over (under) expenditures	(3,517,793)	(3,875,864)	(680,109)	3,195,755
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of fixed assets	500	4,000	3,146	(855)
Proceeds from sale of bonds	-	90,559	90,559	-
Refunding bonds issued	-	-	21,262,130	-
Payment to refunding bond escrow agent	-	-	(21,178,489)	-
Operating transfers from (to) other funds	(412,000)	(1,193,520)	(1,193,520)	-
Contingency	(50,100)	(29,153)	-	29,153
<b>Total other financing uses</b>	<b>(461,600)</b>	<b>(1,128,114)</b>	<b>(1,016,174)</b>	<b>111,940</b>
Revenues and other financing sources over (under) expenditures and other financing uses	(3,979,393)	(5,003,978)	(1,696,283)	3,307,696
Appropriated fund balance	3,979,393	5,003,978	-	(5,003,978)
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	\$ -	\$ -	(1,696,283)	\$ (1,696,283)
<b>FUND BALANCES, beginning of year</b>			<b>25,461,008</b>	
<b>FUND BALANCES, end of year</b>			<b>\$ 23,764,725</b>	

Lenoir County, North Carolina  
 General Fund and Annually Budgeted Major Sepcial Revenue Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance -  
 Budget and Actual  
 For the Fiscal Year Ended June 30, 2013

EXHIBIT 5

School Capital Outlay Fund				
	Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)
	\$ -	\$ -	\$ -	\$ -
	1,600,000	1,600,000	1,674,311	74,311
	-	-	-	-
	-	-	-	-
	205,550	410,222	410,221	(1)
	-	-	-	-
	-	-	622	622
	-	-	-	-
	1,805,550	2,010,222	2,085,154	74,932
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	404,067	792,312	792,308	4
	-	-	-	-
	-	-	-	-
	-	-	-	-
	404,067	792,312	792,308	4
	1,401,483	1,217,910	1,292,846	74,936
	-	-	-	-
	-	-	-	-
	-	-	-	-
	(2,000,000)	(2,000,000)	(2,000,000)	-
	-	-	-	-
	(2,000,000)	(2,000,000)	(2,000,000)	-
	(598,517)	(782,090)	(707,154)	74,936
	598,517	782,090	-	(782,090)
	\$ -	\$ -	(707,154)	\$ (707,154)
			7,046,896	
			\$ 6,339,742	

The accompanying notes are an integral part of this statement.

Lenoir County, North Carolina  
Statement of Net Position  
Proprietary Funds  
June 30, 2013

EXHIBIT 6

	Landfill Fund	Internal Service Fund
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 4,034,839	\$ 1,286,240
Accounts receivable (net)	400,778	17,625
<b>Total current assets</b>	<b>4,435,617</b>	<b>1,303,865</b>
Noncurrent assets:		
Capital assets:		
Land and improvements	335,543	-
Buildings, improvements, and equipment	6,835,542	-
Vehicles and motorized equipment	589,725	-
Less accumulated depreciation	(6,810,295)	-
<b>Total capital assets</b>	<b>950,515</b>	<b>-</b>
<b>Total assets</b>	<b>5,386,132</b>	<b>1,303,865</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued liabilities	137,351	6,062
Capital lease payable	560	-
<b>Total current liabilities</b>	<b>137,911</b>	<b>6,062</b>
Noncurrent liabilities:		
Accrued landfill closure and postclosure costs	1,367,933	-
Compensated absences payable	37,992	-
Other postemployment benefits	35,352	-
Capital lease payable	2,495	-
<b>Total noncurrent liabilities</b>	<b>1,443,772</b>	<b>-</b>
<b>Total liabilities</b>	<b>1,581,683</b>	<b>6,062</b>
<b>NET POSITION</b>		
Net investment in capital assets	950,515	-
Unrestricted	2,853,934	1,297,803
<b>Total net position</b>	<b>\$ 3,804,449</b>	<b>\$ 1,297,803</b>

The accompanying notes are an integral part of this statement.

Lenoir County, North Carolina  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Fund  
For the Fiscal Year Ended June 30, 2013

EXHIBIT 7

	Landfill Fund	Internal Service Fund
<b>OPERATING REVENUES:</b>		
Charges for services	\$ 2,574,713	\$ 3,581,805
Other operating revenues	150,290	-
<b>Total operating revenues</b>	<b>2,725,003</b>	<b>3,581,805</b>
<b>OPERATING EXPENSES:</b>		
Cost of operations	2,726,108	3,769,665
Depreciation	155,504	-
<b>Total operating expenses</b>	<b>2,881,612</b>	<b>3,769,665</b>
Operating income (loss)	(156,609)	(187,860)
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment earnings	465	167
White goods disposal taxes	18,312	-
<b>Net nonoperating revenues</b>	<b>18,777</b>	<b>167</b>
Income (loss) before contributions and transfers	(137,832)	(187,693)
Transfer from (to) other funds	(50,000)	-
Change in net position	(187,832)	(187,693)
<b>TOTAL NET POSITION, beginning of year</b>	<b>3,992,281</b>	<b>1,485,496</b>
<b>TOTAL NET POSITION, end of year</b>	<b>\$ 3,804,449</b>	<b>\$ 1,297,803</b>

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, 2013

EXHIBIT 8

	Landfill Fund	Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 2,644,802	\$ 3,570,269
Cash paid for goods and services	(1,990,341)	(4,014,726)
Cash paid to employees for services	(756,009)	-
Other operating revenue	150,290	-
Net cash provided (used) by operating activities	48,742	(444,457)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Transfers in (out)	(50,000)	-
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(25,444)	-
Proceeds from capital lease	3,055	-
Net cash used by capital financing activities	(22,389)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	465	167
Net decrease in cash and cash equivalents	(23,182)	(444,290)
Cash and cash equivalents at beginning of year	4,058,021	1,730,530
Cash and cash equivalents at end of year	\$ 4,034,839	\$ 1,286,240
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating loss	\$ (156,609)	\$ (187,860)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
White goods disposal taxes	18,312	-
Landfill closure and postclosure care costs	10,978	-
Depreciation	155,504	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	70,089	(11,537)
Increase (decrease) in accounts payable and accrued liabilities	(57,642)	(245,060)
Increase (decrease) in accrued vacation pay	462	-
Increase (decrease) in OPEB payable	7,648	-
Total adjustments	205,351	(256,597)
Net cash provided (used) by operating activities	\$ 48,742	\$ (444,457)

The accompanying notes are an integral part of this statement.

Lenoir County, North Carolina  
Agency Fund  
Statement of Net Position  
For the Fiscal Year Ended June 30, 2013

EXHIBIT 9

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<b>ASSETS</b>	
Cash and cash equivalents	\$ 19,752
 <b>LIABILITIES AND NET POSITION</b>	
Accounts payable	19,752
<hr/>	
Net position	\$ -
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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, 2013

**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 position and the statement of activities display information about the primary government net position (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.

Lenoir County, North Carolina  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2013

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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.

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

Lenoir County, North Carolina  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2013

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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.

*Non-major Funds.* The County maintains twelve 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, and State Controlled Substance Fund are reported as non-major special revenue funds. The Capital Improvements Fund is reported as a non-major 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.

*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.

Lenoir County, North Carolina  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2013

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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 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements and are offset by deferred inflows of resources.

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 position 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.

### **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.

Lenoir County, North Carolina  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2013

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.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.

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, Deferred Inflows and Outflows, 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).

Lenoir County, North Carolina  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2013

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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, 2012.

**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, 2013

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**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. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has no deferred outflows of resources. In addition to liabilities, the statement of financial position can also report a separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has only one item that meets the criterion for this category, prepaid taxes.

**9. 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 position.

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

#### **10. 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.

#### **11. Net Position/Fund Balances**

##### **Net Position**

Net position in government-wide and proprietary fund financial statements are classified as investment in capital assets; restricted; and unrestricted. Restricted net position represents 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.

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.

Lenoir County, North Carolina  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2013

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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 outlay.

Restricted for Community Development – portion of fund balance that can only be used for community development block grant projects.

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, 2013

**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 position.

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$(45,254,567) 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)	\$ 53,244,495
Less accumulated depreciation	( 20,206,311)
Net capital assets	33,038,184
Liabilities for deferred inflow of resources reported in the fund statements but not the government-wide	2,837,872
Deferred inflow of resources related to the premiums on bonds	( 2,496,221)
Internal service fund net assets that primarily support governmental activities	1,297,803
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	( 76,205,756)
Net pension obligation	( 791,870)
Other postemployment benefits	( 1,636,793)
Compensated absences	( 1,297,786)
Total adjustment	<u>\$ ( 45,254,567)</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 position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$1,950,392 as follows:

Lenoir County, North Carolina  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2013

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 2,862,767
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.	( 1,929,429)
Cost of capital assets disposed of during the year, not recognized on modified accrual basis	( 124,728)
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	( 21,477,276)
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	23,156,100
Amortization of bond premiums reported on the government-wide financial statements which reduces the interest expense paid on the fund financial statements	1,792
Internal service fund operations that primarily support governmental activities	( 187,693)
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	10,195
Differences in net pension obligation accrued in the government-wide statements but not in the fund statements because they do not use current resources	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	( 549,410)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Reversal of deferred tax revenue recorded at 7/1/12	( 2,650,374)
Recording of tax receipts deferred in the fund statements as of 6/30/13	2,837,872
Total adjustment	<u>\$ 1,950,392</u>

Lenoir County, North Carolina  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2013

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**Note II. Stewardship, Compliance, and Accountability**

**A. Deficit Fund Balance or Net Position of Individual Funds**

For the fiscal year ended June 30, 2013, the Fire District Fund had a deficit fund balance of \$7,810 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, 2013, the following expenditures exceeded the authorized appropriations made by the governing board:

General Fund:		
Debt Service	\$	69,192

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.

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.

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At June 30, 2013, the carrying amount of the County's deposits was \$9,662,913 and the bank balance was \$10,568,607. Of the bank balance, \$500,000 was covered by federal depository insurance and \$10,068,607 was covered by collateral held under the Pooling Method. At June 30, 2013, the County had \$3,123 cash on hand.

At June 30, 2013, the carrying amount of deposits for Lenoir County ABC Board was \$407,660 and the bank balance was \$485,483. Of this balance \$250,000 was covered by federal depository insurance and \$235,483 was maintained in financial institutions utilizing the Pooling Method of collateralization. At June 30, 2016, the ABC Board had \$3,050 cash on hand.

**2. Investments**

At June 30, 2013, the County had \$28,398,777 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, 2013 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>
2009	2,304,770	754,894	3,059,664
2010	2,277,265	540,846	2,818,111
2011	2,346,869	346,163	2,693,032
2012	2,374,344	136,525	2,510,869
	<u>\$ 9,303,248</u>	<u>\$ 1,778,428</u>	<u>\$ 11,081,676</u>

**4. Receivables**

Receivables at the government-wide level at June 30, 2013, were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Total</u>
Governmental Activities:			
General	\$ 3,965,157	\$ 3,636,993	\$ 7,602,150
Other Governmental	818,849	129,224	948,073
Internal Service Fund	17,625	-	17,625
Total receivables	4,801,631	3,766,217	8,287,636
Allowance for doubtful accounts	-	(1,040,287)	( 1,040,287)
Total governmental activities	<u>\$ 4,801,631</u>	<u>\$ 2,725,930</u>	<u>\$ 7,527,561</u>
Business-type Activities:			
Landfill	\$ 690,549	\$ -	\$ 690,549
Allowance for doubtful accounts	(289,771)	-	(289,771)
Total business-type activities	<u>\$ 400,778</u>	<u>\$ -</u>	<u>\$ 400,778</u>

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**5. Capital Assets**

Capital asset activity for the year ended June 30, 2013, was as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 6,843,784	\$ 10,146	\$ 89,190	\$ -	\$ 6,764,740
Construction in progress	18,743,886	-	-	(18,743,886)	-
Total capital assets not being depreciated	<u>25,587,670</u>	<u>10,146</u>	<u>-</u>	<u>(18,743,886)</u>	<u>6,764,740</u>
Capital assets being depreciated:					
Buildings	16,067,783	2,169,850	-	18,743,886	36,981,519
Other improvements	411,077	-	-	-	411,077
Equipment	4,322,263	361,848	19,511	-	4,664,600
Vehicles	4,301,795	331,069	210,305	-	4,422,559
Total capital assets being depreciated:	<u>25,102,918</u>	<u>2,862,767</u>	<u>229,816</u>	<u>18,743,886</u>	<u>46,479,755</u>
Less accum. depreciation for:					
Buildings	11,937,081	1,155,218	-	-	13,092,299
Other improvements	272,004	13,682	-	-	285,686
Equipment	3,376,750	341,904	-	-	3,718,654
Vehicles	2,875,179	418,625	184,132	-	3,109,672
Total accum. depreciation	<u>18,461,014</u>	<u>1,929,429</u>	<u>184,132</u>	<u>-</u>	<u>20,206,311</u>
Total capital assets being depreciated, net	<u>6,641,904</u>				<u>26,273,444</u>
Governmental activity capital assets, net	<u>\$ 32,229,574</u>				<u>\$ 33,038,184</u>

**Primary Government**

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

General government	\$ 43,547
Human services	180,324
Economic and community development	115,420
Culture and recreation	50,570
Public safety	<u>1,539,568</u>
Total depreciation expense	<u>\$ 1,929,429</u>

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	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.	1,386,174	3,144	-	1,389,318
Vehicles	567,422	22,300	-	589,722
Total capital assets being depreciated:	7,399,822	25,444	-	7,425,266
Less accum. depreciation for:				
Buildings improvements & equip	5,107,384	60,269	-	5,167,653
Furniture & maintenance equip.	1,059,389	54,803	-	1,114,192
Vehicles	488,017	40,432	-	528,449
Total accumulated depreciation	6,654,790	155,504	-	6,810,294
Total capital assets being depreciated, net	745,032			614,972
Business-type capital assets, net	<u>\$ 1,080,575</u>			<u>\$ 950,515</u>

**Discretely presented component units**

Activity for the ABC Board for the year ended June 30, 2013, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Furniture & equipment	\$ 127,022	\$ -	\$ 14,041	\$ 112,981
Leasehold improvements	212,297	-	26,839	185,458
Total capital assets being depreciated:	393,319	-	40,880	298,439
Less accum. depreciation for:				
Furniture & equipment	92,662	8,309	14,041	86,930
Leasehold improvements	133,983	12,431	26,839	119,575
Total accumulated depreciation	226,645	20,740	40,880	206,505
ABC capital assets, net	<u>\$ 112,674</u>			<u>\$ 91,934</u>

**Commitments**

The County has one active construction project at June 30, 2013. 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	<u>\$ 21,999,136</u>	<u>\$ 21,999,136</u>	<u>\$ 20,910,844</u>

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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, 2013, were as follows:

	Vendors	Salaries and Benefits	Other	Total
Governmental activities:				
General	\$ 734,606	\$ -	\$ 96,308	\$ 830,914
Other Governmental	325,361	-	9,152	334,513
Internal Service Fund	6,062	-	-	6,062
Total governmental activities	<u>\$ 1,066,029</u>	<u>\$ -</u>	<u>\$ 105,460</u>	<u>\$ 1,171,489</u>
Business-type activities:				
Landfill	<u>\$ 137,351</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137,351</u>

**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 (LGERS), a cost-sharing multi-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local 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 LGERS. 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 6.83% and 7.05%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 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, 2013, 2012 and 2011 were \$1,066,327, \$1,095,786, and \$997,541, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2013, 2012 and 2011 were \$14,662, \$14,057, and \$13,087, 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, 2012, the Separation Allowance's membership consisted of:

Retirees receiving benefits and terminated plan	10
Members entitled to but not yet receiving benefits	-
Active plan members	69
	79

**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 \$153,162 or 5.89% 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, 2012 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, 2012 was 18 years.

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Employer annual required contribution	\$ 147,185
Interest on net pension obligation	39,622
Adjustment to annual required contribution	(49,315)
Annual pension cost	<u>137,492</u>
Contributions made	138,068
Increase in net pension obligation	( 576)
Net pension obligation beginning of year	<u>792,446</u>
Net pension obligation end of year	<u>\$ 791,870</u>

**3 Year Trend Information**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/11	\$ 145,124	59.06%	\$ 763,870
6/30/12	132,936	78.50%	792,446
6/30/13	137,492	100.42%	791,870

**4. Funded Status and Funding Progress**

As of December 31, 2012 the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$1,530,231, and the actuarial value of assets were \$0, resulting in an unfunded actuarial liability (UAAL) of \$1,530,231.

The covered payroll (annual payroll of active employees covered by the plan) was \$2,600,991, and the ratio of the UAAL to the covered payroll was 58.83%.

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, 2013 were \$1,027,663, which consisted of \$793,812 from the County and \$233,851 from the employees.

Lenoir County, North Carolina  
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**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, 2013, the County's required and actual contributions were \$4,063.

**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 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, 2012, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	22	5
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	380	66
Total	402	71

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*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 4.59% of annual covered payroll. For the current year, the County contributed \$148,242 or .93% 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 \$24,720. 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	\$ 703,307
Interest on net OPEB obligation	44,603
Adjustment to annual required contribution	( 42,610)
Annual OPEB cost (expense)	705,300
Contributions made	(148,242)
Increase in net OPEB obligation	557,058
Net OPEB obligation, beginning of year	1,115,087
Net OPEB obligation, end of year	\$ 1,672,145

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	Annual	Percentage of	Net OPEB
June 30	OPEB Cost	Annual OPEB Cost Contributed	Obligation
2011	\$506,543	42.7%	\$ 909,272
2012	\$555,867	63.0%	\$1,115,087
2013	\$705,300	21.0%	\$1,672,145

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*Funded Status and Funding Progress.* As of December 31, 2012, 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 \$8,503,420. The covered payroll (annual payroll of active employees covered by the plan) was \$15,882,771, and the ratio of the UAAL to the covered payroll was 53.5%. 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 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, 2012 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 8.50% 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, 2012, 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

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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 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.

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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.

Lenoir County, North Carolina  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2013

**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 \$1,367,933 reported as landfill closure and post-closure care liability at June 30, 2013 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 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 2013.

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 Outflows and Inflows of Resources**

The balance in deferred inflows of resources at year-end is comprised of the following:

	Unavailable Revenue	Unearned Revenue
Taxes receivable, net (General)	\$ 2,708,648	\$ -
Taxes receivable, net (Special Revenue)	129,224	-
Prepaid taxes not yet earned (General)	139,711	139,711
Total	<u>\$ 2,977,583</u>	<u>\$ 139,711</u>

**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.

Lenoir County, North Carolina  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2013

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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, 2013, 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.

## **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, 2013 are comprised of the following individual issues:

Lenoir County, North Carolina  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2013

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	\$ 6,200,000
\$2,600,000 2007 Public Improvements Library Bonds, in annual installments of up to \$200,000 through February 1, 2025	600,000
\$39,700,000 2008 Public Improvement School Bonds, in annual installments of up to \$2,800,000 through February 1, 2029	32,100,000
\$18,970,000 of 2013 Refunding Bonds, in annual installments of up to \$1,770,000 through February 1, 2028	18,970,000
	\$ 57,870,000

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
2014	\$ 3,805,000	\$ 2,235,739
2015	3,680,000	2,219,800
2016	3,680,000	2,074,200
2017	3,680,000	1,910,800
2018	3,685,000	1,742,650
2019-2023	18,315,000	6,389,900
2024-2028	18,225,000	2,723,925
2029	2,800,000	119,000
Totals	\$ 57,870,000	\$ 19,416,014
Premium on bonds	2,496,222	-
Carrying value of general obligation bonds	\$ 60,366,222	\$ 19,416,014

As June 30, 2013, Lenoir County had a legal debt margin of \$243,005,687.

**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.

Lenoir County, North Carolina  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2013

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

<u>Year Ending June 30,</u>	Governmental Activities	
	<u>Principal</u>	<u>Interest</u>
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	1,065,564	828,352
2019-2023	5,406,221	3,210,047
2024-2028	4,667,749	1,706,999
2029-2031	2,775,000	341,325
Principal payments	<u>\$ 18,100,100</u>	
Total interest payments		<u>\$ 10,015,262</u>

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>
2014	\$ 460,789
2015	435,189
2016	409,590
2017	383,991
2018	358,391
2019-2023	1,407,966
2024-2028	767,981
2029-2031	153,596
Totals	<u>\$ 4,377,493</u>

**c. Capital Leases**

The County has entered agreements to lease certain equipment. The lease agreements 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.

An 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.

An agreement was executed on April 2, 2013 to lease telephones and requires monthly payments of \$4,046. Title passes to the County at the end of the lease term.

Lenoir County, North Carolina  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2013

The following is an analysis of the assets recorded under the capital lease at June 30, 2013:

Governmental: Class of Property	Cost	Accumulated Depreciation	Net Book Value
Computer equipment	\$ 46,683	\$ 17,896	\$ 28,787
Telephones	218,237	5,196	213,041
	<u>\$ 264,920</u>	<u>\$ 23,092</u>	<u>\$ 241,828</u>
Business-type: Telephones	\$ 3,144	\$ 157	\$ 2,987

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013 were as follows:

<u>Year Ending June 30,</u>	Governmental Activities	
	Principal	Interest
2014	\$ 59,942	\$ 9,338
2015	41,154	6,720
2016	42,951	4,923
2017	44,826	3,048
2018	46,782	1,092
Principal payments	<u>\$ 235,655</u>	<u>\$ 25,121</u>
	Business-type Activities	
	Principal	Interest
2014	\$ 560	\$ 120
2015	584	95
2016	610	70
2017	637	43
2018	664	16
Principal payments	<u>\$ 3,055</u>	<u>\$ 344</u>

**d. Advance Refundings**

On April 2, 2013, the County issued \$18,970,000 of general obligation advance refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust to be used for all future debt service payments of \$18,100,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$870,000. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 15 years by \$636,386 and resulted in an economic gain of \$543,488.

Lenoir County, North Carolina  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2013

**e. 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, 2013:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Current Portion of Balance
<b>Governmental activities:</b>					
General obligation debt	\$ 61,317,335	\$ 21,262,130	\$ 22,213,243	\$ 60,366,222	\$ 3,805,000
Notes payable	19,025,100	-	925,000	18,100,100	1,017,104
Capital lease	40,158	215,146	19,649	235,655	59,942
Compensated absences	1,307,981	-	10,195	1,297,786	-
Other postemployment benefit	1,087,383	549,410	-	1,636,793	-
Net pension obligation	792,446	-	576	791,870	-
<b>Total governmental activities</b>	<b>\$ 83,570,403</b>	<b>\$ 22,026,686</b>	<b>\$ 23,168,663</b>	<b>\$ 82,428,426</b>	<b>\$ 4,882,046</b>
<b>Business-type activities:</b>					
Accrued landfill closure and postclosure care costs	\$ 1,356,955	\$ 10,978	\$ -	\$ 1,367,933	\$ -
Capital lease	-	3,055	-	3,055	560
Compensated absences	37,530	462	-	37,992	-
Other postemployment benefit	27,704	7,648	-	35,352	-
<b>Total business-type</b>	<b>\$ 1,422,189</b>	<b>\$ 22,143</b>	<b>\$ -</b>	<b>\$ 1,444,332</b>	<b>\$ 560</b>

The following is a summary of the changes in the ABC Board's long-term obligations for the fiscal year ended June 30, 2013:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Current Portion of Balance
<b>ABC Board:</b>					
Other postemployment benefit	26,738	-	-	26,738	-
<b>Total governmental activities</b>	<b>\$ 26,738</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 26,738</b>	<b>\$ -</b>

Lenoir County, North Carolina  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2013

**C. Interfund Balances and Activity**

Transfers to/from other funds

Transfers to/from other funds at June 30, 2013, consists of the following:

From the General Fund to the Capital Improvements Fund to improve the County's infrastructure and decrease annual maintenance costs	\$	2,429,599
From the General Fund to the CDBG Fund for grant match requirements for community development		25,000
From the General Fund to the Capital Improvements Fund for economic and community development		750,000
From the Capital Improvements Fund to the General Fund to for funds unused for community improvements		11,079
From the Landfill Fund to the Scrap Tire Disposal Fund to aid in the cost of scrap tire disposal		50,000
From the School Capital Outlay Fund to the General Fund for debt payment on bonds		2,000,000
	<u>\$</u>	<u>5,265,678</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	\$	23,764,725
Less:		
Stabilization by State Statute		3,853,215
Appropriated fund balance in 2014 budget		11,238,994
Remaining Fund Balance	<u>\$</u>	<u>8,672,516</u>

Lenoir County, North Carolina  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2013

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**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 \$177,577 for the year ended June 30, 2013. 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 no equity interest has been reflected in the financial statements at June 30, 2013. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$799,000 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 \$2,235,000 to the community college for operating purposes during the fiscal year ended June 30, 2013. 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, 2013.

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, 2013. 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, 2013. Complete financial statements for Eastpointe can be obtained from their office in Kenansville, N.C.

Lenoir County, North Carolina  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2013

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**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 \$19,976 to the Council during the fiscal year ended June 30, 2013. The County has no equity interest in the Council.

**Note VI. Major Taxpayer**

Lenoir County had property tax revenue from one taxpayer in 2013 of \$1,485,755, which accounted for 4% 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.

	<u>Federal</u>	<u>State</u>
Special Supplemental Food Program for Women, Infants, and Children	\$ 1,518,794	\$ -
Temporary Assistance for Needy Families	343,125	-
IV-E Foster Care	72,623	19,154
IV-E Admin County	38,075	19,038
State Foster Home	-	21,683
Special Assistance to Adults	-	733,572
IV-E Adoptions Subsidy Payments	287,595	75,955
CWS Adoption Subsidy Payments	-	167,606
Food Stamp Program	20,848,621	-
Medical Assistance	63,523,005	36,006,389
SFHF Maximization	-	21,811

**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.

Lenoir County, North Carolina  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2013

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**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, 2013, the fund balance for the Landfill Fund was \$3,804,449, consisting of \$950,515 invested in capital assets, and \$2,853,934 in unrestricted net position.

**Note X. Change in Accounting Principles/Restatement**

The County implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources* in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position.

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SUPPLEMENTARY  
INFORMATION

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# REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

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

Schedule of Employer Contributions for the  
Law Enforcement Officers' 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%
12/31/2012	-	1,530,231	1,530,231	0%	2,600,991	58.83%

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
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%
2013	137,492	100%

**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 date	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	18 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25% - 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%
12/31/2012	-	8,503,420	8,503,420	0%	15,882,771	53.5%

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*
2011	\$ 506,543	42.7%
2012	555,867	63.0%
2013	705,300	21.0%

**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	12/31/2012
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	8.5% - 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

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

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## SPECIAL REVENUE FUNDS

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

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**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.

**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.

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

## CAPITAL PROJECT FUNDS

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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.

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**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.

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Lenoir County, North Carolina  
General Fund

Statement of Revenues, Expenditures, and  
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	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
<b>Revenues:</b>				
Ad valorem taxes:				
Taxes	\$32,003,576	\$31,750,239	\$ (253,337)	\$31,458,158
Penalties and interest	475,000	461,011	(13,989)	451,807
<b>Total</b>	<b>32,478,576</b>	<b>32,211,250</b>	<b>(267,326)</b>	<b>31,909,965</b>
Local option sales taxes:				
Article 39 one percent	3,550,000	3,716,279	166,279	3,800,572
Article 40 one-half of one percent	1,500,000	1,687,460	187,460	1,616,591
Article 42 one-half of one percent	850,000	936,486	86,486	890,220
Article 44 one-half of one percent	10,000	13,410	3,410	9,354
<b>Total</b>	<b>5,910,000</b>	<b>6,353,635</b>	<b>443,635</b>	<b>6,316,737</b>
Other taxes and licenses:				
Real estate transfer tax	95,200	85,621	(9,579)	88,547
Motor vehicle rental tax	24,000	23,877	(123)	24,423
Intangible taxes	109,000	108,135	(865)	110,323
Register of deeds	200,000	207,480	7,480	202,600
Inspection fees	185,000	167,475	(17,525)	179,499
Privilege licenses	13,000	11,963	(1,037)	10,209
Sheriff fees	900,058	762,843	(137,215)	659,373
<b>Total</b>	<b>1,526,258</b>	<b>1,367,394</b>	<b>(158,864)</b>	<b>1,274,974</b>
Unrestricted intergovernmental :				
Beer and wine taxes	137,900	137,811	(89)	148,205
Social service revenues	141,082	139,840	(1,242)	80,797
Other	212,988	220,675	7,687	324,141
<b>Total</b>	<b>491,970</b>	<b>498,326</b>	<b>6,356</b>	<b>553,143</b>

Lenoir County, North Carolina  
General Fund

Statement of Revenues, Expenditures, and  
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	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
<b>Restricted intergovernmental:</b>				
Federal grants	\$ -	\$ 1,218	\$ 1,218	\$ 2,608,038
State grants	1,012,770	957,901	(54,869)	1,162,084
Public school capital projects	1,100,000	1,100,000	-	-
Disaster funds, grants and other	13,981	13,981	-	14,287
Health department grants	2,004,240	2,211,400	207,160	1,634,299
Mental health grants	-	-	-	125,382
Social service grants	9,277,761	8,865,085	(412,676)	8,920,559
Court facility fees	110,000	110,146	146	114,134
ABC profits distribution	100,000	157,838	57,838	160,778
ABC profits for law enforcement	13,000	12,672	(328)	12,908
ABC bottle taxes	-	12,852	12,852	13,149
Occupancy and tourism tax	210,000	191,730	(18,270)	200,127
<b>Total</b>	<b>13,841,752</b>	<b>13,634,823</b>	<b>(206,929)</b>	<b>14,965,745</b>
<b>Sales and services:</b>				
Cablevision fees	1,500	1,050	(450)	1,371
Jail fees	71,000	73,829	2,829	69,487
Health department fees	107,778	99,295	(8,483)	108,997
Emergency medical service fees	2,600,000	2,665,711	65,711	2,927,637
E-911 fees	23,000	14,207	(8,793)	20,250
PEG access fees	67,000	63,672	(3,328)	66,155
Rents and parking	189,085	191,926	2,841	190,498
<b>Total</b>	<b>3,059,363</b>	<b>3,109,690</b>	<b>50,327</b>	<b>3,384,395</b>
Investment earnings	50,000	23,705	(26,295)	21,484
<b>Miscellaneous:</b>				
Fines	380,000	332,457	(47,543)	361,628
Other revenues	1,135,565	940,976	(194,589)	1,141,093
<b>Total revenues</b>	<b>58,873,484</b>	<b>58,472,256</b>	<b>(401,228)</b>	<b>59,929,164</b>

Lenoir County, North Carolina  
General Fund

Statement of Revenues, Expenditures, and  
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	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
<b>Expenditures</b>				
<b>General Government:</b>				
Governing body:				
Salaries and employee benefits		\$ 145,234		\$ 131,378
Other operating expenditures		53,527		60,100
Total	227,557	198,761	28,796	191,478
County Manager:				
Salaries and employee benefits		248,230		248,099
Other operating expenditures		14,630		15,917
Total	272,984	262,860	10,124	264,016
Board of Elections:				
Salaries and employee benefits		278,324		254,007
Other operating expenditures		97,615		73,934
Capital outlay		-		1,609
Total	387,247	375,939	11,308	329,550
Finance Department:				
Salaries and employee benefits		184,777		184,117
Other operating expenditures		7,354		6,776
Total	198,801	192,131	6,670	190,893
Tax Office:				
Salaries and employee benefits		640,390		678,537
Other operating expenditures		110,901		101,832
Total	810,610	751,291	59,319	780,369
Human Resources:				
Salaries and employee benefits		190,763		184,843
Other operating expenditures		7,328		20,278
Total	231,611	198,091	33,520	205,121

Lenoir County, North Carolina  
General Fund  
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	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
County Attorney:				
Contracted services	\$ 62,500	\$ 24,360	\$ 38,140	\$ 43,705
Register of Deeds:				
Salaries and employee benefits		206,388		224,809
Other operating expenditures		54,194		49,377
Total	289,960	260,582	29,378	274,186
Public Buildings:				
Salaries and employee benefits		99,206		106,543
Other operating expenditures		393,856		346,997
Total	592,187	493,062	99,125	453,540
Court facilities:				
Salaries and employee benefits		22,291		16,482
Other operating expenditures		409,142		408,425
Total	595,887	431,433	164,454	424,907
Non-departmental:				
Salaries and employee benefits		196,405		232,243
Other operating expenditures		1,611,036		1,659,363
Total	2,071,418	1,807,441	263,977	1,891,606
Management Information System:				
Salaries and employee benefits		491,625		492,465
Other operating expenditures		212,946		197,304
Capital outlay		-		87,035
Total	730,842	704,571	26,271	776,804
Outside agencies	129,500	101,481	28,019	111,911
<b>Total general government</b>	<b>6,601,104</b>	<b>5,802,003</b>	<b>799,101</b>	<b>5,938,086</b>

Lenoir County, North Carolina  
General Fund

Statement of Revenues, Expenditures, and  
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	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
<b>Public Safety:</b>				
Sheriff:				
Salaries and employee benefits		\$ 3,656,278		\$ 3,614,957
Other operating expenditures		625,148		573,368
Capital outlay		43,860		53,919
Total		4,325,286		4,242,244
Jail:				
Salaries and employee benefits		2,183,446		1,608,240
Other operating expenditures		1,588,929		1,056,139
Total		3,772,375		2,664,378
Total Sheriff and Jail	8,772,373	8,097,661	674,712	6,906,623
Emergency management:				
Salaries and employee benefits		269,791		271,123
Other operating expenditures		96,258		124,995
Capital outlay		-		-
Total	384,474	366,049	18,425	396,118
Central communications:				
Salaries and employee benefits		1,041,370		1,058,395
Other operating expenditures		57,835		64,671
Contracted services		88,508		73,077
Total	1,243,640	1,187,713	55,927	1,196,143
Emergency Medical Services Department:				
Salaries and benefits		2,873,642		2,890,237
Other expenses		790,532		727,971
Capital outlay		2,339		4,583
Total	3,768,798	3,666,513	102,285	3,622,791
Fire:				
Contracted services	48,340	48,340	-	48,340

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General Fund  
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	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
<b>Inspections:</b>				
Salaries and employee benefits		\$ 189,850		\$ 190,014
Contracted services		20,863		19,636
Total	218,748	210,713	8,035	209,650
<b>Medical examiner:</b>				
Contracted services	40,000	37,420	2,580	38,950
<b>FEMA:</b>				
Salaries and employee benefits		-		47,381
Other operating expenditures		-		2,609,992
Total	-	-	-	2,657,373
<b>Non-emergency Services:</b>				
Salaries and employee benefits		229,030		349,052
Other operating expenditures		61,576		79,257
Total	349,212	290,606	58,606	428,309
<b>Total public safety</b>	<b>14,825,585</b>	<b>13,905,015</b>	<b>920,570</b>	<b>15,504,297</b>
<b>Economic and community development:</b>				
<b>Economic development:</b>				
Salaries and employee benefits		204,737		201,685
Other operating expenditures		36,969		38,550
Capital outlay		-		-
Total	319,014	241,706	77,308	240,235
<b>Agriculture extension:</b>				
Salaries and employee benefits		278,537		291,852
Other operating expenditures		82,996		84,328
Capital outlay		-		-
Total	391,949	361,533	30,416	376,180

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	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
<b>Soil and water conservation:</b>				
Salaries and employee benefits		\$ 108,202		\$ 108,188
Other operating expenditures		3,760		2,922
<b>Total</b>	121,047	111,962	9,085	111,110
<b>Cooperative extension prevention block grant:</b>				
Salaries and employee benefits		27,248		39,922
Other operating expenditures		15,544		8,023
<b>Total</b>	48,119	42,792	5,327	47,945
<b>Cooperative extension RAFI grant:</b>				
Salaries and employee benefits		-		4,751
Other operating expenditures		-		12,755
<b>Total</b>	-	-	-	17,506
<b>Golden Leaf Grant:</b>				
Salaries and employee benefits		25,364		759
Other operating expenditures		4,460		1,558
<b>Total</b>	74,255	29,824	44,431	2,317
<b>JCPC:</b>				
Salaries and employee benefits		35,109		31,294
Other operating expenditures		62		3,070
Capital outlay		10,742		-
<b>Total</b>	46,251	45,913	338	34,364
<b>Total economic and community development</b>				
	1,000,635	833,730	166,905	829,657
<b>Human Services:</b>				
<b>Health:</b>				
<b>Administration:</b>				
Salaries and employee benefits		412,014		397,631
Other operating expenditures		330,118		331,652
<b>Total</b>		742,132		729,283

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 General Fund  
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	2013		Variance Positive (Negative)	2012	
	Budget	Actual		Actual	Actual
Animal control:					
Salaries and employee benefits		\$ 80,724		\$ 79,679	
Other operating expenditures		138,390		153,955	
Total		219,114		233,634	
Immunization:					
Salaries and employee benefits		42,964		43,037	
Other operating expenditures		602		1,638	
Total		43,566		44,675	
Health promotions:					
Salaries and employee benefits		847,862		899,238	
Other operating expenditures		146,212		254,218	
Total		994,074		1,153,456	
Child health:					
Salaries and employee benefits		376,621		392,421	
Other operating expenditures		10,377		19,024	
Total		386,998		411,445	
Women, infants, and children:					
Salaries and employee benefits		313,718		317,642	
Other operating expenditures		15,969		19,313	
Capital outlay		9,051		-	
Total		338,738		336,955	
Pregnancy Care Management:					
Salaries and employee benefits		113,102		73,888	
Other operating expenditures		4,683		13,531	
Total		117,785		87,419	

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	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
Care Coordination for Children:				
Salaries and employee benefits		\$ 89,410		\$ 36,963
Other operating expenditures		6,161		4,506
Total		95,571		41,469
Environmental health:				
Salaries and employee benefits		386,500		385,817
Other operating expenditures		20,112		18,282
Capital outlay		7,500		-
Total		414,112		404,099
<b>Total health</b>	3,864,142	3,352,090	512,052	3,442,435
Mental health:				
Administration:				
Other operating expenditures	245,715	245,715	-	245,715
Social services:				
Administration:				
Salaries and employee benefits		5,916,245		5,946,418
Other operating expenditures		588,624		664,420
Capital outlay		2,613		5,649
Total		6,507,482		6,616,487
Daycare:				
Assistance payments		2,204,786		2,405,542
Temporary Assistance for Needy Families:				
Assistance payments		213,620		116,731
Medical assistance:				
Assistance payments		578,199		588,958

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General Fund  
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	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
Child support enforcement:				
Salaries and employee benefits		\$ 49,150		\$ 49,150
Other operating expenditures		191,560		172,250
Total		240,710		221,400
Adult daycare:				
Other operating expenditures		735,083		832,300
Social Services Block Grant:				
Contract services		64,584		70,259
Income maintenance programs:				
Other operating expenditures		187,020		185,005
Capital outlay		-		52,688
Total		187,020		237,693
Adoption assistance:				
Other operating expenditures		108,939		115,957
H & CC Block Grant:				
Other operating expenditures		552,020		578,699
Foster care:				
Other operating expenditures		92,708		80,183
Services to the blind:				
Other operating expenditures		7,202		6,931
Food stamp program:				
Other operating expenditures		23,794		27,292
Crisis intervention:				
Other operating expenditures		702,708		836,706

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General Fund

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	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
Other social service programs:				
Other operating expenditures		\$ 100,169		\$ 92,630
<b>Total social services</b>	13,522,094	12,319,024	1,203,070	12,827,769
<b>Bioterrorism:</b>				
Salaries and employee benefits		37,505		37,195
Other operating expenditures		2,874		3,390
Capital outlay		2,437		-
Total	48,808	42,816	5,992	40,585
<b>Veteran's services:</b>				
Salaries and employee benefits		-		11,863
Other operating expenditures		22,299		12,797
Total	33,241	22,299	10,942	24,660
<b>CJPP Day Reporting:</b>				
Salaries and employee benefits		-		96,720
Other operating expenditures		-		30,944
Total	-	-	-	127,664
<b>Total human services</b>	17,714,000	15,981,944	1,732,056	16,708,828
<b>Cultural and recreational:</b>				
Recreation:				
Other operating expenditures	799,000	799,000	-	760,000
Libraries:				
Contribution to regional library	751,579	751,579	-	740,500
<b>Total cultural and recreational</b>	1,550,579	1,550,579	-	1,500,500

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General Fund

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	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
<b>Education:</b>				
Public schools - current	\$ 9,900,000	\$ 9,900,000	\$ -	\$ 9,900,000
Fines	380,000	332,457	47,543	361,628
Community college - current	2,235,000	2,235,000	-	2,185,000
<b>Total education</b>	<b>12,515,000</b>	<b>12,467,457</b>	<b>47,543</b>	<b>12,446,628</b>
<b>Debt service:</b>				
Lease principal		222,175		-
Bond principal		4,525,000		4,570,941
Bond issuance costs		83,391		-
Interest and fees		3,781,071		4,032,607
<b>Total debt service</b>	<b>8,542,445</b>	<b>8,611,637</b>	<b>(69,192)</b>	<b>8,603,548</b>
<b>Total expenditures</b>	<b>62,749,348</b>	<b>59,152,365</b>	<b>3,596,983</b>	<b>61,531,544</b>
Revenues over (under) expenditures	(3,875,864)	(680,109)	3,195,755	(1,602,380)
<b>Other financings sources (uses):</b>				
Operating transfers from (to) other funds:				
Transfer from special revenue funds	11,079	11,079	-	-
Transfer from capital reserve fund	2,000,000	2,000,000	-	1,500,000
Transfer to capital project funds	(3,179,599)	(3,179,599)	-	(2,755,345)
Transfer to insurance reserve	-	-	-	(200,000)
Transfer to special revenue funds	(25,000)	(25,000)	-	(230,000)
<b>Total operating transfers</b>	<b>(1,193,520)</b>	<b>(1,193,520)</b>	<b>-</b>	<b>(1,685,345)</b>

Lenoir County, North Carolina  
General Fund

Statement of Revenues, Expenditures, and  
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	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
Contingency	\$ (29,153)	\$ -	\$ 29,153	\$ -
Proceeds from sale of bonds	90,559	90,559	-	86,100
Refunding bonds issued	-	21,262,130	21,262,130	-
Payment to refunded bond escrow agent	-	(21,178,489)	(21,178,489)	-
Sales of fixed assets	4,000	3,146	(854)	28,175
<b>Total other financing sources (uses)</b>	<b>(1,128,114)</b>	<b>(1,016,174)</b>	<b>111,940</b>	<b>(1,571,070)</b>
Revenues and other financing sources over (under) expenditures and other financing uses	(5,003,978)	(1,696,283)	3,307,695	(3,173,450)
Appropriated fund balance	5,003,978	-	(5,003,978)	-
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(1,696,283)</u>	<u>\$ (1,696,283)</u>	(3,173,450)
Fund balance, beginning of year		25,461,008		28,634,458
Fund balance, end of year		<b>\$ 23,764,725</b>		<b>\$ 25,461,008</b>

Lenoir County, North Carolina  
 Non-Major Governmental Funds  
 Combining Balance Sheet  
 June 30, 2013

STATEMENT 6

	Special Revenue Funds	Capital Project Funds Capital Improvements Fund	Totals
<b>ASSETS</b>			
Cash and investments	\$ 1,925,441	\$ 2,941,425	\$ 4,866,866
Restricted cash and investments	33,090	-	33,090
Receivables:			
Property taxes	129,224	-	129,224
Accounts receivable	184,684	95,528	280,212
Local option sales tax	50,942	-	50,942
Due from other funds	66,058	-	66,058
<b>Total assets</b>	<b>\$ 2,389,439</b>	<b>\$ 3,036,953</b>	<b>\$ 5,426,392</b>
<b>LIABILITIES AND EQUITY</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 130,373	\$ 1,918	\$ 132,291
Due to other funds	66,058	-	66,058
<b>Total liabilities</b>	<b>196,431</b>	<b>1,918</b>	<b>198,349</b>
Deferred inflows of resources	129,224	-	129,224
Fund balances:			
Restricted			
Stabilization by state statute	301,684	95,528	397,212
Register of deeds	64,908	-	64,908
Sheriff	226,992	-	226,992
Emergency services	1,310,983	-	1,310,983
Tax revaluation	32,648	-	32,648
Community development	25,000	-	25,000
Committed			
Capital improvements	-	2,939,507	2,939,507
Scrap tire disposal	145,551	-	145,551
Vehicle replacement	65,292	-	65,292
Assigned			
Subsequent years' expenditures	27,800	-	27,800
Unassigned	(137,074)	-	(137,074)
<b>Total equity</b>	<b>2,063,784</b>	<b>3,035,035</b>	<b>5,098,819</b>
<b>Total liabilities, deferred inflows of resources, and equity</b>	<b>\$ 2,389,439</b>	<b>\$ 3,036,953</b>	<b>\$ 5,426,392</b>

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, 2013

STATEMENT 7

	Special Revenue Funds	<u>Capital Project Funds</u> Capital Improvements Fund	Totals
Revenues:			
Ad valorem taxes	\$ 1,255,468	\$ -	\$ 1,255,468
Local option sales tax	172,958	-	172,958
Restricted intergovernmental	1,740,363	586,356	2,326,719
Investment earnings	196	-	196
Other	281,322	136,434	417,756
<b>Total revenues</b>	<b>3,450,307</b>	<b>722,790</b>	<b>4,173,097</b>
Expenditures:			
General government	190,520	-	190,520
Public safety	1,776,671	-	1,776,671
Economic and community development	12,000	3,590,231	3,602,231
Human services	1,292,031	-	1,292,031
Sanitation	133,041	-	133,041
<b>Total expenditures</b>	<b>3,404,263</b>	<b>3,590,231</b>	<b>6,994,494</b>
Revenues over (under) expenditures	46,044	(2,867,441)	(2,821,397)
Other financing sources (uses):			
Operating transfers in	75,000	3,179,599	3,254,599
Operating transfers out	-	(11,079)	(11,079)
<b>Total other financing sources (uses)</b>	<b>75,000</b>	<b>3,168,520</b>	<b>3,243,520</b>
Revenues and other financing sources over (under) expenditures and other financing uses	121,044	301,079	422,123
Fund balance, beginning of year	1,942,740	2,733,956	4,676,696
<b>Fund balance, end of year</b>	<b>\$ 2,063,784</b>	<b>\$ 3,035,035</b>	<b>\$ 5,098,819</b>

<b>ASSETS</b>	Federally Seized Property Fund	Scrap Tire Disposal Fund	Revaluation Reserve Fund	Fire District Funds	Transportation Grant Project Fund
Cash and investments	\$ 181,373	\$ 155,826	\$ -	\$ 35,055	\$ -
Restricted cash and investments	-	-	33,090	-	-
Receivables:					
Property taxes	-	-	-	129,224	-
Accounts receivable	-	30,329	-	-	94,446
Local option sales tax	-	-	-	50,942	-
Due from other funds	-	-	-	-	-
<b>Total assets</b>	<b>\$ 181,373</b>	<b>\$ 186,155</b>	<b>\$ 33,090</b>	<b>\$ 215,221</b>	<b>\$ 94,446</b>

**LIABILITIES AND EQUITY**

Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ 10,275	\$ 442	\$ 93,807	\$ 14,846
Due to other funds	-	-	-	-	66,058
<b>Total liabilities</b>	<b>-</b>	<b>10,275</b>	<b>442</b>	<b>93,807</b>	<b>80,904</b>
Deferred inflows of resources:					
Taxes receivable	-	-	-	129,224	-
Fund balances:					
Restricted					
Stabilization by state statute	-	30,329	-	50,942	94,446
Register of deeds	-	-	-	-	-
Sheriff	171,498	-	-	-	-
Emergency services	-	-	-	-	-
Tax revaluation	-	-	32,648	-	-
Community development	-	-	-	-	-
Committed					
Scrap tire disposal	-	145,551	-	-	-
Vehicle replacement	-	-	-	-	-
Assigned					
Subsequent years' expenditures	9,875	-	-	-	-
Unassigned					
	-	-	-	(58,752)	(80,904)
<b>Total equity</b>	<b>181,373</b>	<b>175,880</b>	<b>32,648</b>	<b>(7,810)</b>	<b>13,542</b>
<b>Total liabilities, deferred inflows of resources, and equity</b>	<b>\$ 181,373</b>	<b>\$ 186,155</b>	<b>\$ 33,090</b>	<b>\$ 215,221</b>	<b>\$ 94,446</b>

Lenoir County, North Carolina  
 Non-Major Governmental Funds  
 Special Revenue Funds  
 Combining Balance Sheet  
 June 30, 2013

STATEMENT 8

CDBG Fund	Emergency Telephone System Fund	Family and Caregiver Education Fund	Vehicle Replacement Fund	Automation Preservation Fund	State Controlled Substance Fund	Total
\$ 25,000	\$ 1,311,437	13,131	\$ 65,292	\$ 64,908	\$ 73,419	\$ 1,925,441
-	-	-	-	-	-	33,090
-	-	-	-	-	-	129,224
-	59,909	-	-	-	-	184,684
-	-	-	-	-	-	50,942
-	66,058	-	-	-	-	66,058
<u>\$ 25,000</u>	<u>\$ 1,437,404</u>	<u>\$ 13,131</u>	<u>\$ 65,292</u>	<u>\$ 64,908</u>	<u>\$ 73,419</u>	<u>\$ 2,389,439</u>

\$ -	\$ 454	\$ 10,549	\$ -	\$ -	\$ -	\$ 130,373
-	-	-	-	-	-	66,058
-	454	10,549	-	-	-	196,431

-	-	-	-	-	-	129,224
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-	125,967	-	-	-	-	301,684
-	-	-	-	64,908	-	64,908
-	-	-	-	-	55,494	226,992
-	1,310,983	-	-	-	-	1,310,983
-	-	-	-	-	-	32,648
25,000	-	-	-	-	-	25,000
-	-	-	-	-	-	145,551
-	-	-	65,292	-	-	65,292
-	-	-	-	-	17,925	27,800
-	-	2,582	-	-	-	(137,074)
<u>25,000</u>	<u>1,436,950</u>	<u>2,582</u>	<u>65,292</u>	<u>64,908</u>	<u>73,419</u>	<u>2,063,784</u>

<u>\$ 25,000</u>	<u>\$ 1,437,404</u>	<u>\$ 13,131</u>	<u>\$ 65,292</u>	<u>\$ 64,908</u>	<u>\$ 73,419</u>	<u>\$ 2,389,439</u>
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	Federally Seized Property Fund	Scrap Tire Disposal Fund	Revaluation Reserve Fund	Fire District Funds	Transportation Grant Project Fund
<b>Revenues:</b>					
Ad valorem taxes	\$ -	\$ -	\$ 54,384	\$ 1,201,084	\$ -
Local option sales tax	-	-	-	172,958	-
Restricted intergovernmental	92,235	138,095	-	-	1,006,438
Investment earnings	18	13	-	-	-
Other	-	-	-	-	247,002
<b>Total revenues</b>	<b>92,253</b>	<b>138,108</b>	<b>54,384</b>	<b>1,374,042</b>	<b>1,253,440</b>
<b>Expenditures:</b>					
General government	-	-	49,264	-	-
Public safety	67,927	-	-	1,385,704	-
Economic and community development	-	-	-	-	-
Human services	-	-	-	-	1,190,264
Sanitation	-	133,041	-	-	-
<b>Total expenditures</b>	<b>67,927</b>	<b>133,041</b>	<b>49,264</b>	<b>1,385,704</b>	<b>1,190,264</b>
Revenues over (under) expenditures	24,326	5,067	5,120	(11,662)	63,176
<b>Other financing sources (uses):</b>					
Operating transfers in	-	50,000	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	24,326	55,067	5,120	(11,662)	63,176
Fund balance, beginning of year	157,047	120,813	27,528	3,852	(49,634)
<b>Fund balance, end of year</b>	<b>\$ 181,373</b>	<b>\$ 175,880</b>	<b>\$ 32,648</b>	<b>\$ (7,810)</b>	<b>\$ 13,542</b>

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, 2013

STATEMENT 9

CDBG Fund	Emergency Telephone System Fund	Family and Caregiver Education Fund	Vehicle Replacement Fund	Automation Preservation Fund	State Controlled Substance Fund	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,255,468
-	-	-	-	-	-	172,958
12,000	359,451	104,273	-	23,053	4,818	1,740,363
-	147	-	-	10	8	196
-	-	-	34,320	-	-	281,322
12,000	359,598	104,273	34,320	23,063	4,826	3,450,307
-	-	-	25,610	115,646	-	190,520
-	310,140	-	-	-	12,900	1,776,671
12,000	-	-	-	-	-	12,000
-	-	101,767	-	-	-	1,292,031
-	-	-	-	-	-	133,041
12,000	310,140	101,767	25,610	115,646	12,900	3,404,263
-	49,458	2,506	8,710	(92,583)	(8,074)	46,044
25,000	-	-	-	-	-	75,000
25,000	49,458	2,506	8,710	(92,583)	(8,074)	121,044
-	1,387,492	76	56,582	157,491	81,493	1,942,740
\$ 25,000	\$ 1,436,950	\$ 2,582	\$ 65,292	\$ 64,908	\$ 73,419	\$ 2,063,784

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, 2013  
 (With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2012)

STATEMENT 10

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
Revenues:				
Restricted intergovernmental	\$ 94,000	\$ 92,235	\$ (1,765)	\$ 146,521
Investment earnings	1,000	18	(982)	113
Total revenues	95,000	92,253	(2,747)	146,634
Expenditures:				
Public safety				
Operating expenses		8,866		8,012
Capital outlay		59,061		37,395
Total expenditures	111,629	67,927	43,702	45,407
Revenues over (under) expenditures	(16,629)	24,326	40,955	101,227
Appropriated fund balance	16,629	-	(16,629)	-
Revenues and appropriated fund balance over (under) expenditures	\$ -	24,326	\$ 24,326	101,227
Fund balance, beginning of year		157,047		55,820
Fund balance, end of year		\$ 181,373		\$ 157,047

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, 2013  
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2012)

STATEMENT 11

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
<b>Revenues:</b>				
Local option sales tax	\$ 1,600,000	\$ 1,674,311	\$ 74,311	\$ 1,777,475
State grants	410,222	410,221	(1)	205,549
Investment earnings	-	622	622	6,669
<b>Total revenues</b>	<b>2,010,222</b>	<b>2,085,154</b>	<b>74,932</b>	<b>1,989,693</b>
<b>Expenditures:</b>				
Public school building projects	792,312	792,308	4	426,023
Interest and fees	-	-	-	900
<b>Total expenditures</b>	<b>792,312</b>	<b>792,308</b>	<b>4</b>	<b>426,923</b>
Revenues over (under) expenditures	1,217,910	1,292,846	74,936	1,562,770
<b>Other financing sources (uses):</b>				
Transfer to general fund	(2,000,000)	(2,000,000)	-	(1,500,000)
Revenues and other financing sources over (under) expenditures	(782,090)	(707,154)	74,936	62,770
Appropriated fund balance	782,090	-	(782,090)	-
Revenues, other financing sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(707,154)</u>	<u>\$ (707,154)</u>	62,770
Fund balance, beginning of year		7,046,896		6,984,126
Fund balance, end of year		<u>\$ 6,339,742</u>		<u>\$ 7,046,896</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, 2013  
 (With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2012)

STATEMENT 12

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
Revenues:				
Restricted intergovernmental	\$ 109,000	\$ 138,095	\$ 29,095	\$ 132,437
Investment earnings	-	13	13	83
Total revenues	109,000	138,108	29,108	132,520
Expenditures:				
Sanitation				
Contracted services	159,000	133,041	25,959	141,734
Revenues over (under) expenditures	(50,000)	5,067	55,067	(9,214)
Other financing sources:				
Operating transfer in	50,000	50,000	-	50,000
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>55,067</u>	<u>\$ 55,067</u>	40,786
Fund balance, beginning of year		120,813		80,027
Fund balance, end of year		\$ 175,880		\$ 120,813

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, 2013  
 (With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2012)

STATEMENT 13

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
Revenues:				
Ad valorem taxes	\$ 54,384	\$ 54,384	\$ -	\$ 54,460
Expenditures:				
General government				
Salaries and benefits	47,984	47,837	147	47,973
Operating expenditures	6,400	1,427	4,973	2,688
Total expenditures	54,384	49,264	5,120	50,661
Revenues over (under) expenditures	\$ -	5,120	\$ 5,120	3,799
Fund balance, beginning of year		27,528		23,729
Fund balance, end of year		\$ 32,648		\$ 27,528

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, 2013  
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2012)

STATEMENT 14

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
Revenues:				
Ad valorem taxes	\$ 1,178,551	\$ 1,201,084	\$ 22,533	\$ 1,152,058
Local option sales taxes	157,550	172,958	15,408	184,125
Unrestricted intergovernmental revenues	118,899	-	(118,899)	-
Total revenues	1,455,000	1,374,042	(80,958)	1,336,183
Expenditures:				
Public safety				
Contracted services	1,455,000	1,385,704	69,296	1,338,936
Revenues over (under) expenditures	<u>\$ -</u>	<u>(11,662)</u>	<u>\$ (11,662)</u>	<u>(2,753)</u>
Fund balance, beginning of year		3,852		6,605
Fund balance, end of year		\$ (7,810)		\$ 3,852

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, 2013  
 (With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2012)

STATEMENT 15

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
Revenues:				
Restricted intergovernmental:				
Department of Transportation	\$ 534,756	\$ 495,869	\$ (38,887)	\$ 571,155
Other restricted revenue	535,842	510,569	(25,273)	498,168
Other income	199,859	247,002	47,143	164,102
Total revenues	1,270,457	1,253,440	(17,017)	1,233,425
Expenditures:				
Human Services:				
Smart Start				
Salaries and benefits	661,384	622,806	38,578	677,143
Other operating expenditures	414,333	374,119	40,214	438,016
Capital outlay	194,740	193,339	1,401.07	79,906
Other operating expenditures	-	-	-	29,844
Total expenditures	1,270,457	1,190,264	80,193	1,224,909
Revenues over (under) expenditures	<u>\$ -</u>	<u>63,176</u>	<u>\$ 63,176</u>	8,516
Fund balance, beginning of year		(49,634)		(58,150)
Fund balance, end of year		\$ 13,542		\$ (49,634)

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, 2013

STATEMENT 16

Page 1 of 3

	Actual				Variance Positive (Negative)
	Project Authorization	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	399,017	-	399,017	(983)
05-C-2175 Scattered site	80,000	79,323	-	79,323	(677)
11-C-2375 Scattered site	500,000	-	12,000	12,000	(488,000)
NCHFA SFR0719	392,000	353,409	-	353,409	(38,591)
NCHFA SFR 1019	200,000	184,541	-	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	27,460	22,460	-	22,460	(5,000)
Total revenues	3,528,688	2,746,001	12,000	2,758,001	(770,687)
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

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, 2013

STATEMENT 16

Page 2 of 3

	Actual				Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Totals to Date	
<b>2006 CDBG SS-C-1532:</b>					
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
<b>Total</b>	<b>400,000</b>	<b>361,442</b>	<b>-</b>	<b>361,442</b>	<b>38,558</b>
<b>2009 CDBG SS-C-1997:</b>					
Administration	40,000	39,015	-	39,015	985
Clearance	30,000	30,000	-	30,000	-
Relocation	330,000	330,000	-	330,000	-
<b>Total</b>	<b>400,000</b>	<b>399,015</b>	<b>-</b>	<b>399,015</b>	<b>985</b>
<b>2009 CDBG SS-C-2175:</b>					
Administration	8,000	7,890	-	7,890	110
Reconstruction	72,000	71,433	-	71,433	567
<b>Total</b>	<b>80,000</b>	<b>79,323</b>	<b>-</b>	<b>79,323</b>	<b>677</b>
<b>NCHFA SFR0719:</b>					
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
<b>Total</b>	<b>392,000</b>	<b>353,410</b>	<b>-</b>	<b>353,410</b>	<b>38,590</b>
<b>NCHFA SFR 1019:</b>					
Administration	20,000	16,774	-	16,774	3,226
Rehab soft costs	20,000	23,580	-	23,580	(3,580)
Rehabilitation	160,000	144,188	-	144,188	15,812
<b>Total</b>	<b>200,000</b>	<b>184,542</b>	<b>-</b>	<b>184,542</b>	<b>15,458</b>
<b>Hwy 70 Industrial Park:</b>					
Engineering Inspections	39,185	39,185	-	39,185	-
Administration	25,822	25,822	-	25,822	-
Construction	306,681	306,681	-	306,681	-
<b>Total</b>	<b>371,688</b>	<b>371,688</b>	<b>-</b>	<b>371,688</b>	<b>-</b>

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, 2013

STATEMENT 16  
Page 3 of 3

	Actual				Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Totals to Date	
2011 Catalyst 11-C-2375					
Administration	\$ 55,000	\$ -	\$ 12,000	\$ 12,000	\$ 43,000
Acquisition	10,000	-	-	-	10,000
Clearance	10,000	-	-	-	10,000
Reconstruction	186,000	-	-	-	186,000
Rehabilitation	60,000	-	-	-	60,000
Street improvements	102,000	-	-	-	102,000
Drainage improvements	25,800	-	-	-	25,800
Sidewalk improvements	11,000	-	-	-	11,000
Sewer improvements	45,200	-	-	-	45,200
Water improvements	25,000	-	-	-	25,000
<b>Total</b>	<b>530,000</b>		<b>12,000</b>	<b>12,000</b>	<b>518,000</b>
NOVA:					
Construction	480,000	480,000	-	480,000	-
<b>Total expenditures</b>	<b>3,588,688</b>	<b>2,781,216</b>	<b>12,000</b>	<b>2,793,216</b>	<b>795,472</b>
Revenues over (under) expenditures	(60,000)	(35,215)	-	(35,215)	24,785
Other financing sources: Operating transfers in	60,000	35,215	25,000	60,215	215
Revenues and other financing sources over (under) expenditures	\$ -	\$ -	25,000	\$ 25,000	\$ 25,000
Fund balance, beginning of year			-		
<b>Fund balance, end of year</b>			<b>\$ 25,000</b>		

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, 2013  
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2012)

STATEMENT 17

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
Revenues:				
E-911 fund				
Investment earnings	\$ -	\$ 147	\$ 147	\$ 1,917
Restricted intergovernmental:				
E911 revenue - state	359,451	359,451	-	382,516
Reimbursement Jones Co. grant application	-	-	-	35,210
Total revenues	359,451	359,598	147	419,643
Expenditures:				
Public safety				
E-911 fund				
Operating expenditures	262,617	216,569	46,048	300,235
Capital outlay	96,834	93,571	3,263	457,226
Total expenditures	359,451	310,140	49,311	757,461
Revenues over (under) expenditures	<u>\$ -</u>	<u>49,458</u>	<u>\$ 49,458</u>	(337,818)
Fund balance, beginning of year		1,387,492		1,725,310
Fund balance, end of year		<u>\$ 1,436,950</u>		<u>\$ 1,387,492</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, 2013  
 (With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2012)

STATEMENT 18

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
Revenues:				
Restricted intergovernmental	\$ 119,723	\$ 104,273	\$ (15,450)	\$ 102,475
Expenditures:				
Human Services:				
Smart Start				
Other operating expenditures	119,723	101,767	17,956	104,724
Revenues over (under) expenditures	<u>\$ -</u>	2,506	<u>\$ 2,506</u>	(2,249)
Fund balance, beginning of year		76		2,325
Fund balance, end of year		<u>\$ 2,582</u>		<u>\$ 76</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, 2013  
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2012)

STATEMENT 19

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
Revenues:				
Other income	\$ 34,320	\$ 34,320	\$ -	\$ 9,109
Expenditures:				
General government				
Operating expenditures	57,174	25,610	31,564	324,984
Revenues over (under) expenditures	(22,854)	8,710	31,564	(315,875)
Other financing sources (uses):				
Operating transfers in	-	-	-	230,000
Revenues and other financing sources over (under) expenditures	(22,854)	8,710	31,564	(85,875)
Appropriated fund balance	22,854	-	(22,854)	-
Revenues, other financing sources and appropriated fund balance over (under) expenditures	<u>\$ -</u>	8,710	<u>\$ 8,710</u>	(85,875)
Fund balance, beginning of year		56,582		142,457
Fund balance, end of year		<u>\$ 65,292</u>		<u>\$ 56,582</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, 2013  
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2012)

STATEMENT 20

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
Revenues:				
Restricted intergovernmental	\$ 23,500	\$ 23,053	\$ (447)	\$ 22,476
Investment earnings	500	10	(490)	162
Total revenues	24,000	23,063	(937)	22,638
Expenditures:				
General government				
Operating expenditures	122,500	115,646	6,854	-
Capital outlay	21,500	-	21,500	-
Total expenditures	144,000	115,646	28,354	-
Revenues over (under) expenditures	(120,000)	(92,583)	27,417	22,638
Appropriated fund balance	120,000	-	(120,000)	-
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(92,583)</u>	<u>\$ (92,583)</u>	22,638
Fund balance, beginning of year		157,491		134,853
Fund balance, end of year		<u>\$ 64,908</u>		<u>\$ 157,491</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, 2013  
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2012)

STATEMENT 21

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
Revenues:				
Restricted intergovernmental	\$ 10,000	\$ 4,818	\$ (5,182)	\$ 29,219
Investment earnings	-	8	8	74
Total revenues	10,000	4,826	(5,174)	29,293
Expenditures:				
Public safety				
Operating expenses	5,000	1,926	3,074	-
Capital outlay	29,974	10,974	19,000	-
Total expenditures	34,974	12,900	22,074	-
Revenues over (under) expenditures	(24,974)	(8,074)	16,900	29,293
Appropriated fund balance	24,974	-	(24,974)	-
Revenues and appropriated fund balance over (under) expenditures	\$ -	(8,074)	\$ (8,074)	29,293
Fund balance, beginning of year		81,493		52,200
Fund balance, end of year		\$ 73,419		\$ 81,493

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, 2013

STATEMENT 22  
 Page 1 of 2

	Actual				Variance Favorable (Unfavorable)
	Project Authorization	Prior Years	Current Year	Totals to Date	
<b>Revenues:</b>					
<b>Restricted intergovernmental:</b>					
CDBG	\$ 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	1,000,000	-	1,000,000	-
E911 Consolidation Grant	7,400,000	-	160,002	160,002	(7,239,998)
Contributions	1,608,159	1,607,785	-	1,607,785	(374)
Investment earnings	28,340	28,801	1,851	30,652	2,312
Miscellaneous	24,992	5,606	19,386	24,992	-
<b>Total revenues</b>	<b>11,561,491</b>	<b>4,142,192</b>	<b>181,239</b>	<b>4,323,431</b>	<b>(7,238,059)</b>
<b>Expenditures:</b>					
<b>Economic &amp; community dev.</b>					
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	-
<b>Sanderson Farms</b>					
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	-
<b>Gas Line Extension</b>					
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	-
<b>Public Safety - E911</b>					
Consultant	272,100	-	166,744	166,744	105,356
Architect/engineering	-	-	102,515	102,515	(102,515)
Construction	7,125,400	-	34,414	34,414	7,090,986
Contracted services	2,500	-	2,500	2,500	-
<b>Public safety</b>					
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	118,979	250,197	369,176	789,575

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, 2013

STATEMENT 22  
 Page 2 of 2

	Actual				Variance Favorable (Unfavorable)
	Project Authorization	Prior Years	Current Year	Totals to Date	
Material testing	\$ 100,000	\$ 81,087	\$ 5,337	\$ 86,424	\$ 13,576
Construction management	791,592	791,592	-	791,592	-
Construction	16,637,949	14,725,180	1,727,040	16,452,220	185,729
Furniture/equipment	100,000	-	43,311	43,311	56,689
General conditions	915,920	902,295	154,790	1,057,085	(141,165)
Transaction/activation	69,500	44,614	24,786	69,400	100
Architect/engineering	1,319,321	1,319,303	-	1,319,303	18
<b>Total expenditures</b>	<b>35,952,516</b>	<b>25,437,687</b>	<b>2,511,634</b>	<b>27,949,321</b>	<b>8,003,195</b>
Revenues over (under) expenditures	(24,391,025)	(21,295,495)	(2,330,395)	(23,625,890)	765,135
Other financing sources:					
Loan proceeds	19,950,100	19,950,100	-	19,950,100	-
Operating transfers in	4,563,412	4,563,412	-	4,563,412	-
Contingency	(122,487)	-	-	-	122,487
<b>Total other financing sources</b>	<b>24,391,025</b>	<b>24,513,512</b>		<b>24,513,512</b>	<b>122,487</b>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 3,218,017</u>	<u>(2,330,395)</u>	<u>\$ 887,622</u>	<u>\$ 887,622</u>
Fund balance, beg. of year			<b>3,218,017</b>		
Fund balance, end of year			<b>\$ 887,622</b>		

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, 2013  
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2012)

STATEMENT 23

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
<b>Revenues:</b>				
Restricted intergovernmental	\$ 936,356	\$ 586,356	\$ (350,000)	\$ 100,000
Other income	136,435	136,434	(1)	28,122
<b>Total revenues</b>	<b>1,072,791</b>	<b>722,790</b>	<b>(350,001)</b>	<b>128,122</b>
<b>Expenditures:</b>				
Economic development	3,485,696	1,837,855	1,647,841	1,720,895
Community development	1,811,372	1,502,334	309,038	254,923
Building and grounds	740,540	199,288	541,252	380,886
<b>Debt service:</b>				
Interest and fees	50,800	50,754	46	50,754
<b>Total expenditures</b>	<b>6,088,408</b>	<b>3,590,231</b>	<b>2,498,177</b>	<b>2,407,458</b>
Revenues over (under) expenditures	(5,015,617)	(2,867,441)	2,148,176	(2,279,336)
<b>Other financing sources (uses):</b>				
Operating transfers in	3,179,599	3,179,599	-	2,295,932
Operating transfers out	(11,079)	(11,079)	-	-
<b>Total other financing sources (uses)</b>	<b>3,168,520</b>	<b>3,168,520</b>	<b>-</b>	<b>2,295,932</b>
Revenues and other financing sources over (under) expenditures and other financing uses	(1,847,097)	301,079	2,148,176	16,596
Appropriated fund balance	1,847,097	-	(1,847,097)	-
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>301,079</u>	<u>\$ 301,079</u>	16,596
Fund balance, beginning of year		2,733,956		2,717,362
Fund balance, end of year		<u>\$ 3,035,035</u>		<u>\$ 2,733,956</u>

## ENTERPRISE FUND

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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.

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**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, 2013  
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2012)

STATEMENT 24  
Page 1 of 2

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
<b>Revenues:</b>				
Charges for services				
Landfill user fees - billing	\$ 1,900,000	\$ 1,572,700	\$ (327,300)	\$ 1,969,973
Landfill user fees - taxes	1,008,000	1,002,012	(5,988)	1,010,313
Other operating revenues	168,483	150,290	(18,193)	109,553
Total operating revenues	3,076,483	2,725,002	(351,481)	3,089,839
<b>Nonoperating revenues</b>				
Investment earnings	5,000	436	(4,564)	4,714
White goods disposal taxes	18,313	18,312	-	18,027
Total nonoperating revenues	23,313	18,748	(4,565)	22,741
Total revenues	3,099,796	2,743,750	(356,046)	3,112,580
<b>Expenditures:</b>				
<b>Landfill operations</b>				
Salaries and benefits		764,119		798,050
Operating expenditures		594,753		485,420
Contracted services		1,348,609		1,607,420
Total	3,310,853	2,707,481	603,372	2,890,890
Capital outlay	77,000	25,444	51,556	133,391
Total expenditures	3,387,853	2,732,925	654,928	3,024,281
Revenues over (under) expenditures	(288,057)	10,825	298,882	88,299
<b>Other financing sources (uses):</b>				
<b>Operating transfers from (to) other funds:</b>				
Operating transfers out	(50,000)	(50,000)	-	(50,000)
Lease proceeds	-	3,055	3,055	-
Total other financing sources (uses)	(50,000)	(46,945)	3,055	(50,000)
Revenues and other financing sources over (under) expenditures and other financing uses	(338,057)	(36,120)	301,937	38,299
Appropriated fund balance	338,057	-	(338,057)	-
Revenues, other financing sources, and appropriated fund balance over (under) expenditures and other financing uses	\$ -	\$ (36,120)	\$ (36,120)	\$ 38,299

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, 2013  
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2012)

STATEMENT 24  
Page 2 of 2

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

	<u>2013</u>	<u>2012</u>
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	\$ (36,120)	\$ 38,299
Depreciation	(155,504)	(909,405)
Lease proceeds	(3,055)	-
Increase in other postemployment benefits	(7,648)	(7,427)
Investment earnings from debt service	29	48
Capital outlay	25,444	132,591
Landfill closure costs	(10,978)	587
<b>Net income (loss), full accrual basis</b>	<b>\$ (187,832)</b>	<b>\$ (745,307)</b>

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, 2013  
 (With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2012)

STATEMENT 25

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
Revenues:				
Investment earnings	\$ -	\$ 29	\$ 29	\$ 48
Expenditures	-	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>29</u>	<u>\$ 29</u>	48
Fund balance, beginning of year		18,399		18,351
Fund balance, end of year		<u>\$ 18,428</u>		<u>\$ 18,399</u>

## INTERNAL SERVICE FUND

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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.

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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, 2013  
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2012)

STATEMENT 26

	2013		Variance Positive (Negative)	2012
	Financial Plan	Actual		Actual
Revenues:				
Operating revenues				
Charges for services	\$ 3,480,000	\$ 3,581,805	\$ 101,805	\$ 3,643,346
Nonoperating revenues				
Investment earnings	2,000	167	(1,833)	1,342
Total revenues	3,482,000	3,581,972	99,972	3,644,688
Expenditures:				
Insurance claims paid	3,905,000	3,769,665	135,335	4,465,252
Revenues over (under) expenditures	(423,000)	(187,693)	235,307	(820,564)
Other financing sources:				
Transfer from general fund	-	-	-	200,000
Revenues and other financing sources over (under) expenditures	(423,000)	(187,693)	235,307	(620,564)
Appropriated fund balance	423,000	-	(423,000)	-
Revenues, other financing sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(187,693)</u>	<u>\$ (187,693)</u>	(620,564)
Fund balance, beginning of year		1,485,496		2,106,060
Fund balance, end of year		<u>\$ 1,297,803</u>		<u>\$ 1,485,496</u>

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## AGENCY FUNDS

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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.

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**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, 2013

STATEMENT 27

	Balance July 1, 2012	Deposits	Disbursements	Balance June 30, 2013
<b>Social Services Fund:</b>				
Assets, cash	\$ 20,296	\$ 129,114	\$ 129,658	\$ 19,752
Liabilities				
Accounts payable	\$ 20,296	\$ 129,114	\$ 129,658	\$ 19,752
<b>Fines and Forfeitures Fund:</b>				
Assets, cash	\$ -	\$ 332,457	\$ 332,457	\$ -
Liabilities				
Intergovernmental payable	\$ -	\$ 332,457	\$ 332,457	\$ -
<b>Motor Vehicle Tax:</b>				
Assets, cash	\$ -	\$ 49,086	\$ 49,086	\$ -
Liabilities				
Accounts payable	\$ -	\$ 49,086	\$ 49,086	\$ -
<b>Register of Deeds Trust Fund:</b>				
Assets, cash	\$ -	\$ 6,036	\$ 6,036	\$ -
Liabilities				
Accounts payable	\$ -	\$ 6,036	\$ 6,036	\$ -
<b>Totals - All Agency Funds:</b>				
Assets, cash	\$ 20,296	\$ 516,693	\$ 517,237	\$ 19,752
Liabilities				
Accounts payable	\$ 20,296	\$ 184,236	\$ 184,780	\$ 19,752
Intergovernmental payable	-	332,457	332,457	-
Total liabilities	\$ 20,296	\$ 516,693	\$ 517,237	\$ 19,752

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SUPPLEMENTAL  
SCHEDULES

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Lenoir County, North Carolina  
Schedule of Ad Valorem Taxes Receivable  
June 30, 2013

SCHEDULE 1

Fiscal Year	Uncollected Balance June 30, 2012	Additions	Collections and Credits	Adjustments	Uncollected Balance June 30, 2013
2012-2013	\$ -	\$ 32,106,588	\$ 30,352,731	\$ -	\$ 1,753,857
2011-2012	1,632,525	-	1,061,801	(2,209)	568,515
2010-2011	465,540	-	195,531	4,326	274,335
2009-2010	274,841	-	81,460	1,480	194,861
2008-2009	215,535	-	39,034	(1,565)	174,936
2007-2008	188,353	-	24,065	(1,325)	162,963
2006-2007	172,121	-	15,146	(1,099)	155,876
2005-2006	143,032	-	12,283	(859)	129,890
2004-2005	158,228	-	9,184	(1,888)	147,156
2003-2004	82,316	-	7,551	(160)	74,605
2002-2003	78,380	-	6,252	(72,128)	-
	<u>\$ 3,410,871</u>	<u>\$ 32,106,588</u>	<u>\$ 31,805,038</u>	<u>\$ (75,427)</u>	<u>\$ 3,636,994</u>
Less allowance for uncollectible taxes					
General Fund					(1,040,287)
<u>Ad valorem taxes receivable - net</u>					<u>\$ 2,596,707</u>
Reconciliation with revenues:					
Ad valorem taxes - General Fund					\$ 32,211,250
Reconciling items					
Interest collected					(461,011)
Adjustments					(17,329)
Taxes written off					72,128
<u>Total reconciling items</u>					<u>(406,212)</u>
<u>Total collections and credits</u>					<u>\$ 31,805,038</u>

Lenoir County, North Carolina  
 Analysis of Current Tax Levy-County-Wide Levy  
 June 30, 2013

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	\$ 4,033,015,000	0.800	\$ 32,264,120	\$ 29,023,041	\$ 3,241,079
Penalties	-		118,324	118,324	-
	<u>4,033,015,000</u>		<u>32,382,444</u>	<u>29,141,365</u>	<u>3,241,079</u>
Discoveries:					
Discoveries and corrections	40,452,750		323,622	323,622	-
Releases	(29,117,125)		(232,937)	(232,937)	-
Total	<u>11,335,625</u>		<u>90,685</u>	<u>90,685</u>	<u>-</u>
Abatements	<u>(45,817,625)</u>		<u>(366,541)</u>	<u>(366,541)</u>	<u>-</u>
<u>Total property valuation</u>	<u>\$ 4,009,868,625</u>				
Net Levy			32,106,588	28,865,509	3,241,079
Uncollected taxes at June 30, 2013			1,753,857	1,122,523	631,334
Current years taxes collected			<u>\$ 30,352,731</u>	<u>\$ 27,742,986</u>	<u>\$ 2,609,745</u>
Current levy collection percentage			94.54%	96.11%	80.52%

Lenoir County, North Carolina  
 Analysis Of Current Tax Levy  
 For the Fiscal Year Ended June 30, 2013

SCHEDULE 3

Secondary Market Disclosures:

	Taxed at Current Year's Rate
<b>Assessed Valuation:</b>	
Assessment Ratio	
Real property	\$ 2,839,067,345
Personal property	1,079,508,142
Public service companies	94,748,013
<hr/>	
Total assessed valuation	4,013,323,500
Tax rate per \$100	0.800
Levy (net of abatements)	\$ 32,106,588

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, 2013:

Fire Protection Districts	\$ 1,127,772
Global Transpark	86,661
	\$ 1,214,433

Lenoir County, North Carolina  
 Schedule of Interfund Transactions  
 June 30, 2013

SCHEDULE 4

	Transfers	
	From	To
Operating Transfer From/To Other Funds:		
General Fund		
Capital Improvements Fund	\$ 3,179,599	\$ 11,079
CDBG Fund	25,000	
School Capital Outlay Fund		2,000,000
School Capital Outlay Fund		
General Fund	2,000,000	
Landfill Fund		
Scrap Tire Disposal Fund	50,000	
CBDG Fund		
General Fund		25,000
Scrap Tire Disposal Fund		
Landfill Fund		50,000
Capital Improvements Fund		
General Fund	11,079	3,179,599
Total operating transfers-other funds	<u>\$ 5,265,678</u>	<u>\$ 5,265,678</u>

Lenoir County, North Carolina  
 Schedule Of Cash And Investment Balances  
 June 30, 2013

SCHEDULE 5

	Carrying Value	Cost Value	Market Value
Cash			
On hand	\$ 3,123	\$ 3,123	\$ 3,123
In demand deposits	9,662,913	9,662,913	9,662,913
	<u>9,666,036</u>	<u>9,666,036</u>	<u>9,666,036</u>
Other investments			
North Carolina Cash Management Trust	28,398,777	28,398,777	28,398,777
	<u>\$ 38,064,813</u>	<u>\$ 38,064,813</u>	<u>\$ 38,064,813</u>

**Distribution by Funds**

	Carrying Value
General Fund	\$ 20,882,135
Special Revenue Funds	
Vehicle Replacement Fund	65,292
State Controlled Substance Fund	73,419
Revaluation Reserve Fund	33,090
Federally Seized Property Fund	181,373
School Capital Outlay Fund	5,852,047
CDBG Fund	25,000
Emergency Telephone System Fund	1,311,437
Family and Caregiver Education Fund	13,131
Automation Preservation Fund	64,908
Scrap Tire Disposal Fund	155,826
Fire District Funds (Consolidated)	35,055
	<u>7,810,578</u>
Capital Project Funds	
Capital Projects Fund	1,089,844
Capital Improvement Fund	2,941,425
	<u>4,031,269</u>
Enterprise Funds	
Landfill Fund	4,034,839
Internal Service Fund	
Employee Insurance Fund	1,286,240
Agency Fund	
Social Services Fund	19,752
	<u>\$ 38,064,813</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 & Community Development	Education	Debt Service	Cultural and Recreational	Total
2013	\$ 5,992,523	\$ 18,193,320	\$ 17,273,975	\$ 4,569,002	\$ 13,259,765	\$ 8,611,637	\$ 1,550,579	\$ 69,450,801
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

**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
2013	\$ 33,466,718	\$ 8,200,904	\$ 1,367,394	\$ 17,051,328	\$ 3,109,690	\$ 1,715,712	\$ 64,911,746
2012	33,116,483	8,278,337	1,274,974	18,037,119	3,384,395	1,734,556	65,825,864
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

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
2013	2012	\$ 2,793,249,665.00	\$ 1,099,199,660.00	\$ 94,748,013.00	\$ 3,987,197,338.00	0.80	103.78%
2012	2011	2,784,107,196.00	1,065,715,911.00	93,916,424.00	3,943,739,531.00	0.80	108.35%
2011	2010	2,696,899,188.00	875,752,356.00	93,262,570.00	3,665,914,114.00	0.80	102.96%
2010	2009	2,578,332,039.00	895,348,323.00	95,598,424.00	3,569,278,786.00	0.80	100.55%
2009	2008	2,348,688,441.00	922,251,355.00	95,070,691.00	3,366,010,487.00	0.84	99.59%
2008	2007	2,334,526,537.00	931,518,856.00	92,197,873.00	3,358,243,266.00	0.84	91.05%
2007	2006	2,294,157,301.00	905,953,552.00	89,399,845.00	3,289,519,424.00	0.84	91.93%
2006	2005	2,257,366,427.00	876,931,158.00	80,938,366.00	3,215,235,951.00	0.79	94.71%
2005	2004	2,248,460,909.00	872,873,484.00	74,785,757.00	3,196,120,150.00	0.79	95.94%
2004	2003	2,222,499,049.00	847,084,537.00	67,518,720.00	3,137,102,306.00	0.775	97.29%

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

<u>Fiscal Year Ended June 30</u>	<u>Total Assessed Value (1)</u>	<u>Percentage of Assessed Value Growth</u>
2013	\$ 3,987,197,338	1.10%
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%

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				
2013	2012	\$ 32,106,588	\$ 30,352,731	94.54%	\$ 1,452,307	\$ 1,753,857	\$ 31,805,038	99.06%
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%

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

<u>Fiscal Year Ended June 30</u>	<u>Tax Levy Year</u>	<u>Lenoir County</u>	<u>City of Kinston</u>	<u>Town of LaGrange</u>	<u>Town of Pink Hill</u>	<u>Town of Grifton</u>
2013	2012	0.80	0.66	0.45	0.55	0.60
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	0.60	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

Source: Lenoir County Tax Department

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

Table 6

<u>Fiscal Year Ended June 30</u>	<u>Tax Levy Year</u>	<u>Southwood Fire Tax</u>	<u>North Lenoir Fire Tax</u>	<u>Seven Springs Fire Tax</u>	<u>Sandy Bottom Fire Tax</u>	<u>Deep Run Fire Tax</u>	<u>Hugo Fire Tax</u>	<u>Sand Hill Fire Tax</u>	<u>Cherry Tree Fire Tax</u>	<u>Moseley Hall Fire Tax</u>	<u>Wyse Fork Fire Tax</u>	<u>Grifton Fire Tax</u>	<u>GTP Fire Tax</u>
2013	2012	0.07	0.045	0.04	0.08	0.06	0.04	0.07	0.08	0.04	0.065	0.03	0.045
2012	2011	0.07	0.045	0.04	0.08	0.04	0.04	0.07	0.08	0.04	0.065	0.03	0.045
2011	2010	0.06	0.045	0.04	0.08	0.04	0.04	0.07	0.08	0.04	0.065	0.03	0.045
2010	2009	0.06	0.045	0.04	0.08	0.04	0.04	0.07	0.08	0.04	0.065	0.03	0.045
2009	2008	0.06	0.045	0.04	0.08	0.04	0.04	0.07	0.08	0.04	0.065	0.03	0.045
2008	2007	0.06	0.045	0.04	0.08	0.04	0.04	0.07	0.08	0.04	0.065	0.03	0.045
2007	2006	0.05	0.045	0.04	0.08	0.04	0.04	0.07	0.08	0.04	0.065	0.03	0.045
2006	2005	0.05	0.02	0.04	0.05	0.04	0.04	0.07	0.08	0.04	0.065	0.03	0.045
2005	2004	0.035	0.02	0.04	0.05	0.04	0.04	0.07	0.08	0.04	0.065	0.03	0.045
2004	2003	0.035	0.02	0.04	0.05	0.04	0.025	0.07	0.08	0.04	0.065	0.03	0.045

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
2013	0.66	0.80	1.460	\$ 9,701,086	\$ 32,106,588	\$ 41,807,674
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

Source: City of Kinston  
Lenoir County Finance Department

**LENOIR COUNTY, NORTH CAROLINA**  
**TEN LARGEST TAXPAYERS**  
 JUNE 30, 2013

Table 8

	<u>2012 Assessed Value</u>	<u>Tax Levy (2)</u>	<u>Percentage of Total Assessed Valuation (1)</u>
Spirit Aerosystems NC, Inc.	\$ 181,802,461	\$ 1,485,755	4.56%
Sanderson Farms, Inc.	\$ 117,470,311	\$ 970,576	2.95%
Smithfield Packing	\$ 69,086,307	\$ 552,690	1.73%
Electrolux Home Products	\$ 52,544,308	\$ 420,354	1.32%
E.I. DuPont Denemours, Inc.	\$ 51,212,289	\$ 409,698	1.28%
West Pharmaceuticals	\$ 41,451,607	\$ 358,925	1.04%
Dopaco	\$ 44,390,618	\$ 355,124	1.11%
Progress Energy	\$ 36,819,472	\$ 294,556	0.92%
Carolina Telephone	\$ 25,908,686	\$ 207,269	0.65%
Masterbrands Cabinets, Inc.	\$ 18,965,719	\$ 151,725	0.48%
	<u>\$ 639,651,778</u>	<u>\$ 5,206,672</u>	<u>16.22%</u>

(1) Total Assessed Valuation \$3,987,197,338  
 (2) County Portion of Levy Only (Value x .0080)

**LENOIR COUNTY, NORTH CAROLINA  
GENERAL FUND  
TAX REVENUE BY SOURCE <sup>(1)</sup>**  
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
2013	32,211,250	6,353,635	-	191,730	23,877	179,438	\$ 38,959,930
2012	31,909,965	6,315,737	-	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	30,347,827	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

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 reimbursable tax in 2003

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

Table 10

Fiscal Yr Ended 30-Jun	Single Family		Multi-Family		Units	Additions/ Alterations		Total Residential Houses		New Commercial		Additions/ Alterations		Total Commercial		Total Value
	Units	\$	Units	\$		Units	\$	Units	\$	Units	\$	Units	\$	Units	\$	
2013	31	5,588,475	-	-	0	2,218,931	7,807,406	42,487,725	44,480	42,487,725	44,480	42,532,205	50,339,611			
2012	33	5,652,463	300,000	300,000	1	1,615,630	7,568,093	11,617,748	1,974,900	11,617,748	1,974,900	13,592,648	21,160,741			
2011	24	4,658,485	143,000	143,000	2	1,879,877	6,481,362	12,519,123	148,548	12,519,123	148,548	12,667,671	19,149,033			
2010	37	5,619,427	-	-	0	2,992,169	8,611,596	15,981,936	163,010	15,981,936	163,010	16,144,946	24,756,542			
2009	31	5,624,570	-	-	0	3,353,821	8,978,391	26,820,141	20,160	26,820,141	20,160	26,840,301	35,818,692			
2008	62	11,116,765	380,000	380,000	4	3,327,768	14,824,533	4,676,760	152,000	4,676,760	152,000	4,828,760	19,653,293			
2007	64	11,867,600	-	-	0	4,831,010	16,698,610	36,019,724	260,000	36,019,724	260,000	36,279,724	52,976,334			
2006	54	9,801,180	604,000	604,000	2	3,354,200	13,759,380	16,617,990	115,000	16,617,990	115,000	16,732,990	30,492,370			
2005	66	10,597,500	233,400	233,400	2	2,369,280	13,200,180	9,770,898	485,900	9,770,898	485,900	10,256,798	23,456,978			
2004	72	11,174,150	220,000	220,000	2	2,793,300	13,907,450	9,995,347	607,000	9,995,347	607,000	10,602,347	24,509,797			

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 (3)	Ratio of Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2013	59,401	\$ 3,987,197,338	\$ 318,975,787	\$ 57,870,000	1.45%	\$ 974.23
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	269,280,839	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

Source: (1) NC State Demographics Website - July 2012 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, 2013

Total Assessed Value	<u>\$ 3,987,197,338</u>
Debt limitation - 8% of total assessed value	318,975,787
Debt applicable to limitation	
Total bonded debt	\$ 57,870,000
Installment purchase	<u>18,100,100</u>
Total debt applicable to limitation	<u>75,970,100</u>
Legal debt margin	<u>\$ 243,005,687</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

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Principal</u>	<u>Interest</u> <u>on Bonds</u>	<u>Total Debt</u> <u>Service</u>	<u>Total General</u> <u>Government Expend.</u>	<u>Ratio of Debt Service</u> <u>to Total General</u> <u>Government Expend.</u>
2013	\$ 3,600,000	2,609,650	6,209,650	\$ 69,450,802	8.94%
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	2,548,792	4,248,792	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%

Source: Lenoir County Finance Office

**LENOIR COUNTY, NORTH CAROLINA  
COMPUTATION OF DIRECT AND UNDERLYING BONDED DEBT  
GENERAL OBLIGATION BONDS**

JUNE 30, 2013

Table 13

	<u>Net General Obligation Bonded Debt</u>	<u>Percent Applicable To County</u>	<u>Amount Applicable To County</u>
Direct:			
Lenoir County	\$ 57,870,000	100%	\$ 57,870,000
Underlying:			
City of Kinston	-	-	-
Town of Lagrange	-	-	-
Town of Pink Hill	-	-	-

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**LENOIR COUNTY, NORTH CAROLINA  
DEMOGRAPHIC STATISTICS**

LAST TEN FISCAL YEARS

Table 14

Fiscal Year Ended June 30	County	County	County	County	City and	County	County	County	County	County	County	County
	Population	Per Capita Income	Unemployment Rate	School Enrollment	School Enrollment	Retail Sales	Retail Sales	Bank Deposits	Bank Deposits	Bank Deposits	Bank Deposits	Bank Deposits
	(1)	(2)	(3)	(4)	(4)	(5) (6)	(5) (6)	(7)	(7)	(7)	(7)	(7)
2013	59,401		9.93%	9,079	9,079	\$ 475,880,806	\$ 475,880,806	\$ 761,918,000	\$ 761,918,000			
2012	59,314		10.80%	9,097	9,097	493,184,939	493,184,939	745,751,000	745,751,000			
2011	59,493	\$ 32,022	10.53%	9,220	9,220	462,001,600	462,001,600	737,772,000	737,772,000			
2010	57,232	31,426	11.33%	9,222	9,222	459,638,992	459,638,992	760,008,000	760,008,000			
2009	57,535	33,476	10.30%	9,366	9,366	457,801,972	457,801,972	729,087,000	729,087,000			
2008	57,648	32,309	5.58%	9,634	9,634	484,845,748	484,845,748	750,271,000	750,271,000			
2007	58,172	29,600	5.74%	9,791	9,791	491,160,300	491,160,300	713,559,000	713,559,000			
2006	58,278	28,212	5.76%	9,806	9,806	543,042,028	543,042,028	665,499,000	665,499,000			
2005	58,544	27,296	6.10%	9,753	9,753	1,032,201,888	1,032,201,888	610,244,000	610,244,000			
2004	58,945	25,968	5.92%	9,883	9,883	921,306,304	921,306,304					

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

(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, 2013

Table 15  
 Page 1 of 2

Population	59,401
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	470
Other	261
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 63 for jail)	133
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: (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)	1,574

Contd. next page

**LENOIR COUNTY, NORTH CAROLINA  
MISCELLANEOUS STATISTICS**  
JUNE 30, 2013

Table 15  
Page 2 of 2

Miscellaneous Statistics - continued	
<b>Cultural and recreational:</b>	
Libraries	3
Number of volumes --(At June 30, 2012) (4)	245,878
Theatres (Includes 1 seven (7) plex theatre)	1
Number of seats	1,383
Number of parks (County wide)	15
Park acreage(County wide)	332
Golf Courses (2 private 18 hole, 1 public 9 hole, Par 3)	3
Disc Golf Courses	2
Swimming pools - public (County wide)	4
Tennis courts(County wide)	17
Museum	2
Planetarium	1
Baseball stadiums	1
Number of seats	4,200
Athletic Skill Center/ Fitness Center/ Indoor Baseball Cages	2
Visitor and Information Center	1
Community Centers	7
<b>Education:</b> (5)	
Number of Elementary Schools	9
Number of Elementary School Teachers	307
Number of Intermediate and Secondary Schools	7
Number of Intermediate and Secondary School Teachers	355
Number of Alternative Schools	2
Number of Alternative School Teachers	24
Community Colleges	1
Number of Instructors -Curriculum - (Full time-88, Part time-72)	160
Non Curriculum - (Full time-10, Part time-178)	188
<b>Enrollment --(2011-2012)</b>	
Curriculum	4,345
Non Curriculum	18,119

Notes: (1) Includes cities of Kinston, LaGrange, Plink Hill  
(5) Numbers are based on School year

Source: (2) Lenoir Memorial Hospital  
(3) Lenoir County Building Inspections Office (Fiscal Year 2012-2013)  
(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 Plink Hill  
Lenoir County Recreation Department  
Office of State Planning

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COMPLIANCE  
SECTION



**INDEPENDENT AUDITOR'S 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, in accordance with the 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, the financial statements 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 and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Lenoir County, North Carolina's basic financial statements, and have issued our report thereon dated December 12, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Lenoir County, North Carolina's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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, North Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of Lenoir County, North Carolina's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Lenoir County, North Carolina's financial statements are free from 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*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Carly Riggs & Ingram, L.L.C.*

La Grange, North Carolina  
December 12, 2013



**CRI** CARR  
RIGGS &  
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CPAs and Advisors

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON 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

**Report on Compliance for Each Major Federal Program**

We have audited Lenoir County, North Carolina's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Lenoir County, North Carolina's major federal programs for the year ended June 30, 2013. Lenoir County, North Carolina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Lenoir County, North Carolina's major federal programs based on our audit of the types of compliance requirements referred to above. 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; 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, North Carolina'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 on compliance for each major federal program. However, our audit does not provide a legal determination of Lenoir County, North Carolina's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Lenoir County, North Carolina, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2013-1 and 2013-2. Our opinion on each major federal program is not modified with respect to these matters.

Lenoir County, North Carolina's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Lenoir County, North Carolina's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of Lenoir County, North Carolina, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lenoir County, North Carolina's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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, North Carolina'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 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. 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 with governance.

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 significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2013-1 and 2013-2 that we consider to be significant deficiencies.

Lenoir County, North Carolina's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned

costs. Lenoir County, North Carolina's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Cam, Riggs & Ingram, L.L.C.*

La Grange, North Carolina  
December 12, 2013

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON 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

**Report on Compliance for Each Major State Program**

We have audited Lenoir County, North Carolina's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Lenoir County, North Carolina's major state programs for the year ended June 30, 2013. Lenoir County, North Carolina's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Lenoir County, North Carolina's major state programs based on our audit of the types of compliance requirements referred to above. 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 applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, 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 state program occurred. An audit includes examining, on a test basis, evidence about Lenoir County, North Carolina'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 on compliance for each major state program. However, our audit does not provide a legal determination of Lenoir County, North Carolina's compliance.

### ***Opinion on Each Major State Program***

In our opinion, Lenoir County, North Carolina, complied, in all material respects, with the types of 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, 2013.

### **Report on Internal Control Over Compliance**

Management Lenoir County, North Carolina, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lenoir County, North Carolina's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program 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, North Carolina'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 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Carly Riggs & Ingram, L.L.C.*

La Grange, North Carolina  
December 12, 2013

Lenoir County, North Carolina  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2013

---

**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 Number Names of Federal Program or Cluster

93.575	}	Subsidized Child Care Cluster
93.596		
93.658		
93.667		
93.658	}	Foster Care/Adoption Assistance Cluster
93.659		
93.778		



Lenoir County, North Carolina  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2013

---

**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: Crosscutting Requirements

**Finding: 2013-1**

IMMATERIAL WEAKNESS

IMMATERIAL NONCOMPLIANCE

Reporting

Criteria: As part of our crosscutting procedures in the review of 1571's, employees timesheets are reviewed to verify that their time has been properly allocated to the correct program on the 1571 reports.

Condition Forty-five minutes was incorrectly allocated to Medicaid.

Questioned Costs: \$14.66

Context: We pulled 2 months of 1571 reports to test for proper allocation of expenses to the various programs.

Effect: Forty-five minutes was incorrectly charged to Medicaid when it should have been Special Assistance.

Cause: Human error in filling out time sheets.

Recommendation: Review the time sheets for proper program allocation. Also, list client that was worked on that day to help avoid future error.

Views of responsible officials and planned corrective actions: Client agrees with the error.  
A correction sheet was prepared on the July 2013 Form 1571.

Lenoir County, North Carolina  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2013

---

**Section III - Federal Award Findings and Questioned Costs**

---

**Finding: 2013-2**

IMMATERIAL WEAKNESS  
IMMATERIAL NONCOMPLIANCE  
Eligibility

Criteria: An Application for Enrollment form is required to be completed annually by each provider of daycare services. This form must be signed and on file prior to payment being made to a provider.

Condition One provider file did not contain a signed Application for Enrollment form.

Questioned Costs: \$71,350 Since the form was not signed and on file, all payments made to the provider from July 2012 through June 2013 are reported as as questioned costs.

Context: We pulled 25 provider files for examination and one file did not contain a signed Application for Enrollment form.

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 prior to making payment to providers at the beginning of each fiscal year.

Views of responsible officials and planned corrective actions: There are review procedures in place and a checklist is completed in each file for proper documentation. This was a human oversight. A supervisor will review the checklist and documentation to ensure files are complet going forward.

---

**Section IV - State Award Findings and Questioned Costs**

---

None reported.

Lenoir County, North Carolina  
Corrective Action Plan  
For the Fiscal Year Ended June 30, 2013

---

**Section II - Financial Statement Findings**

---

None reported

---

**Section III- Federal Award Findings and Questioned Costs**

---

Finding: 2013-1

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

Corrective Action Plan: Review timesheets more closely.

Proposed Completion Date: July, 2013

---

**Section IV - State Award Findings and Questioned Costs**

---

Finding: 2013-2

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

Corrective Action Plan: Review procedures will be enforced immediately.

Proposed Completion Date: August 1, 2013

Lenoir County, North Carolina  
Summary Schedule of Prior Year Audit Findings  
For the Fiscal Year Ended June 30, 2013

---

None reported

Lenoir County, North Carolina  
 Schedule of Expenditures of Federal and State Awards  
 Year Ended June 30, 2013

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
<b>Federal Awards:</b>				
<b><u>U.S. Department of Agriculture:</u></b>				
<u>Food and Nutrition Service</u>				
Passed through N.C. Department of Health and Human Services:				
Division of Social Services:				
Administration:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)				
	10.561	\$ 669,574	-	\$ 669,574
Division of Public Health:				
Administration:				
Special Supplemental Nutrition Program for Women, Infants and Children				
	10.557	350,675	-	-
Direct Benefit Payments:				
Special Supplemental Nutrition Program for Women, Infants and Children				
	10.557	1,518,794	-	-
		<b>2,539,043</b>	<b>-</b>	<b>669,574</b>
<b><u>U.S. Department of Commerce:</u></b>				
Passed-through N.C. Department of Commerce				
<b>Community Development Block Grant</b>				
	<b>14.228</b>	<b>12,000</b>	<b>-</b>	<b>-</b>
<b><u>Federal Emergency Management Agency:</u></b>				
Passed through N.C. Department of Crime Control and Public Safety:				
Division of Emergency Management:				
<b>Emergency Management Performance</b>				
	<b>97.042</b>	<b>34,606</b>	<b>-</b>	<b>-</b>

Lenoir County, North Carolina  
 Schedule of Expenditures of Federal and State Awards  
 Year Ended June 30, 2013

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
<b><u>U.S. Department of Health and Human Services:</u></b>				
<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				
Home Delivered Meals				
Title III B - Grants for Supportive Services and Senior Centers Access				
In Home				
NSIP-Nutrition				
HCCBG - In Home/Support Services				
HCCBG- State				
Total Aging Cluster				
		206,532	292,030	54,081
<u>Health Resources and Service Administration</u>				
Passed through N.C. Department of Health and Human Services:				
Division of Public Health				
State Health Access Program				
Maternal and Child Health Services Block Grant				
	93.256	2,199	-	-
	93.994	113,084	84,821	-

Lenoir County, North Carolina  
 Schedule of Expenditures of Federal and State Awards  
 Year Ended June 30, 2013

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal		Local
		(Direct and Pass-through) Expenditures	State Expenditures	
<u>Administration for Children and Families</u>				
Passed through N.C. Department of Health and Human Services:				
Division of Social Services:				
Temporary Assistance for Needy Families Block Grant (TANF)	93.558	\$ 10,414	\$ -	\$ -
Temporary Assistance for Needy Families Block Grant (TANF)	93.558	846,063	-	921,621
TANF - Direct Benefit Payments	93.558	340,701	(206)	-
AFDC - Direct Benefit Payments	93.560	(1,769)	(485)	(485)
Child Support Enforcement	93.563	914,984	-	471,355
Low-Income Home Energy Assistance Block Grant - Administration	93.568	794,233	-	-
Permanency Planning - Families for Kids	93.645	9,252	53	3,102
<u>Foster Care and Adoption Cluster:</u>				
Title IV-E Foster Care	93.658	336,357	24,860	304,261
Foster Care - Direct Benefit Payments	93.658	113,818	39,000	39,001
Title IV-E Optional Adoption	93.659	9,851	-	8,330
Title IV-E Optional Adoption - Direct Benefit Payments	93.659	287,595	75,955	75,899
Total Foster Care and Adoption Cluster		747,621	139,815	427,491
Social Services Block Grant (SSBG)				
Links	93.667	362,480	44,597	117,825
	93.674	8,596	2,149	-

Lenoir County, North Carolina  
 Schedule of Expenditures of Federal and State Awards  
 Year Ended June 30, 2013

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures		
					Federal	
					Expenditures	Expenditures
<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	\$ 88,111	\$ -	\$ -		
Division of Child Development:						
Child Care and Development Fund - Discretionary	93.575	874,251	-	-		
Child Care and Development Fund - Mandatory	93.596	383,329	-	-		
Child Care and Development Fund - Match	93.596	104,856	-	-		
Total Child Care Fund Cluster		1,450,547	-	-		
<u>Child Care Development Fund Cluster (continued)</u>						
Temporary Assistance for Needy Families	93.558	484,350	-	-		
ARRA - Emergency Contingency Fund For Social Security Block Grant	93.667	10,524	-	-		
Foster Care Title IV-E	93.658	21,462	10,429	-		
State Appropriations	N/A	-	237,490	-		
TANF-MOE	N/A	-	70,820	-		
Total Subsidized Child Care Cluster		1,966,883	318,739	-		
<u>Health Care Financing Administration</u>						
Passed through the N.C. Department of Health and Human Services:						
Direct Benefit Payments:						
Medical Assistance Program	93.778	63,523,005	36,006,389	9,235		
Division of Social Services:						
Administration:						
Medical Assistance Program	93.778	1,062,299	32,612	1,029,634		
Health Choice	93.767	50,850	2,774	13,445		

Lenoir County, North Carolina  
 Schedule of Expenditures of Federal and State Awards  
 Year Ended June 30, 2013

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
<b>Office of Population Affairs</b>				
Passed through N.C. Department of Health and Human Services:				
Office of Population Affairs				
Family Planning Services	93.217	\$ 58,947	\$ -	\$ -
<b>Centers for Disease Control and Prevention</b>				
Passed through N.C. Department of Health and Human Services:				
Division of Public Health:				
Public Health Emergency Preparedness	93.069	26,300	-	-
Tuberculosis Control Program	93.116	41,029	-	-
Immunization Program/Aid to County Funding	93.268	23,145	-	-
Prevention Investigations and Technical Assistance	93.283	494	-	-
Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	6,375	2,550	-
HIV Prevention Activities Health Department Based	93.940	3,622	-	-
Statewide Health Promotion Program	93.991	4,667	-	-
<b>Total U.S. Department of Health and Human Services</b>		<b>71,122,006</b>	<b>36,925,838</b>	<b>3,047,304</b>

**State Awards:**

**N.C. Department of Health and Human Services:**

Division of Social Services:

State/County Special Assistance to Adults - Administration	-	-	-	36,513
State/County Special Assistance to Adults - Direct Benefit Payments	-	733,572	733,572	733,572
Non-Allocating County Cost	-	-	-	82,282
State Foster Home - Direct Benefit Payments	-	21,136	21,136	21,136
Child Welfare Services Adoption Subsidy and Vendor - Direct Benefit Payment	-	167,606	167,606	29,438
County Funded Programs	-	-	-	142,680
Energy Assistance Private Grants	-	3,625	3,625	-

Lenoir County, North Carolina  
 Schedule of Expenditures of Federal and State Awards  
 Year Ended June 30, 2013

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
<b>Division of Social Services(continued):</b>				
SFHF Maximization - Direct Benefit Payment	-	\$ 22,566	\$ 22,566	22,566
AFDC Incentive/Program Integrity	-	-	2,783	-
<b>Total Division of Social Services</b>	-	-	951,288	1,068,187
<b>Division of Public Health:</b>				
General Aid to Counties	-	-	134,540	-
General Communicable Disease Control	-	-	7,270	-
Risk Reduction/Health Promotion	-	-	6,206	-
High Risk Maternity Clinics	-	-	69,984	-
Environmental Health	-	-	4,000	-
Food and Lodging Fees	-	-	6,369	-
Mosquito - Public Health Pesticide	-	-	2,795	-
WHSF	-	-	10,340	-
TB Medical Service	-	-	1,795	-
School Nurse Funding Initiative	-	-	150,000	-
Tuberculosis	-	-	35,184	-
<b>Total Division of Public Health</b>	-	-	428,483	-
<b>Total N.C. Department of Health and Human Services</b>	-	-	1,379,771	1,068,187

**N.C. Department of Agriculture and Consumer Services:**

Soil and Water Conservation

-

-

30,275

Lenoir County, North Carolina  
 Schedule of Expenditures of Federal and State Awards  
 Year Ended June 30, 2013

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through)		State Expenditures	Local Expenditures
		Expenditures	Expenditures		
<b><u>N.C. Department of Transportation:</u></b>					
Public Transportation Division					
PTD #10-AR-034	20.509	\$ 5,570	\$ -	\$ -	-
PTD#11-CT-034	20.509	117,698	14,712	-	-
PTD #12-CT-034	20.509	42,072	2,629	-	-
PTD #10-ED-034	20.509	140,099	8,756	-	-
Rural Operating Assistance Program (ROAP)					
Elderly and Disabled Transportation Assistance Program (E&DTAP)	-	-	63,721	-	-
Work First/Employment Transportation Operating Assistance (Work First)	-	-	23,830	-	-
Rural General Public Program	-	-	76,782	-	-
Rail Freight Assistance Program	-	-	86,356	-	-
<b>Total N.C. Department of Transportation</b>		<b>305,439</b>	<b>276,786</b>		
<b><u>N.C. Department of Environment and Natural Resources:</u></b>					
Division of Parks and Recreation:					
Parks and Recreation Trust Fund	-	-	404,472	-	-
Division of Waste Management					
Scrap Tire	-	-	68,372	-	-
White Goods	-	-	24,038	-	-
<b>Total N.C. Department of Environment and Natural Resources</b>			<b>496,882</b>		
<b><u>N.C. Department of Administration:</u></b>					
Division of Veterans Affairs:					
Administered by County Veterans Services:	-	-	1,452	-	-
Veterans Services	-	-	-	-	-

Lenoir County, North Carolina  
 Schedule of Expenditures of Federal and State Awards  
 Year Ended June 30, 2013

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal		Local
		(Direct and Pass-through) Expenditures	State Expenditures	
		\$	\$	\$
HAVA 2013		-	7,828	-
<b>Total N.C. Department of Administration</b>		-	<b>9,280</b>	-
<b><u>N.C. Department of Public Safety:</u></b>				
Department of Juvenile Justice and Delinquency Prevention				
Advisory Council		-	5,000	-
Structured Day/Restitution		-	157,892	-
Parenting Matters		-	46,251	-
8th Judicial District		-	117,000	-
Teen Court		-	33,029	-
<b>Total Department of Juvenile Justice and Delinquency Prevention</b>		-	<b>359,172</b>	-
Division of Community Corrections:				
ICE Grant		-	3,677	-
<b>Total N.C. Department of Public Safety</b>		-	<b>362,849</b>	-
<b><u>Administrative Office of the Courts:</u></b>				
Safe Roads Act		-	6,478	-
<b><u>N.C. Department of Public Instruction:</u></b>				
Public School Building Capital Fund		-	271,003	271,003
<b><u>N.C. Department of Insurance:</u></b>				
SHIP Grant		-	7,493	-
<b>Total expenditures of federal and State awards</b>		<b>\$ 74,013,094</b>	<b>\$ 41,092,140</b>	<b>\$ 6,124,255</b>

Lenoir County, North Carolina  
Notes to the Schedule of Expenditures of Federal and State Awards  
Year Ended June 30, 2013

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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.

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