

# Lenoir County, North Carolina

## Financial Statements

Fiscal Year Ended June 30, 2015.



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June 30, 2015

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INTRODUCTORY  
SECTION

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# North Carolina

LENOIR COUNTY, NORTH CAROLINA  
LIST OF PRINCIPAL OFFICERS  
JUNE 30, 2015

**BOARD OF COUNTY COMMISSIONERS**

Craig Hill – Chairman

Jackie Brown – Vice-Chairman

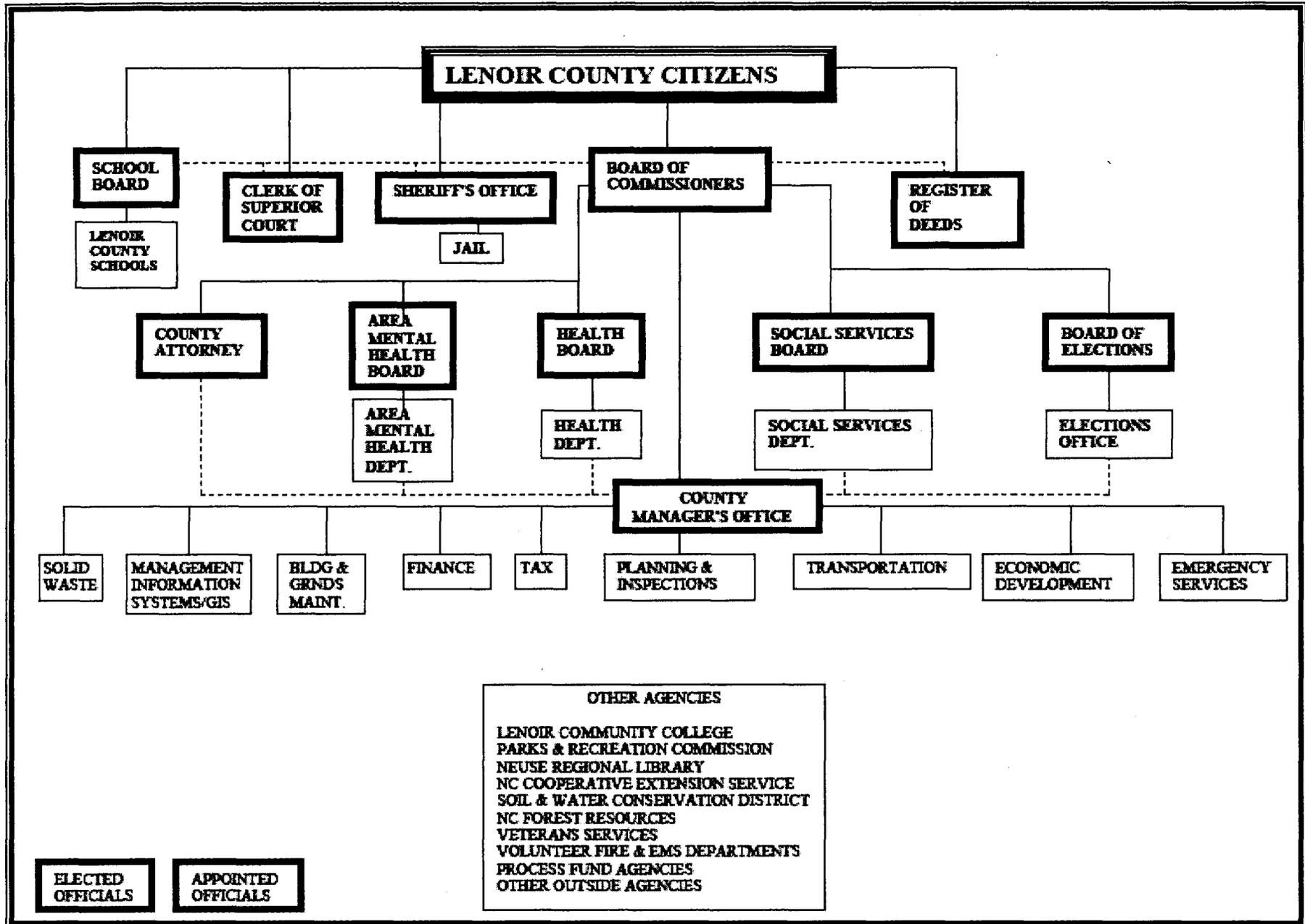
Roland Best  
J. Mac Daughety  
Reuben J. Davis  
Eric Rouse  
Linda Rouse Sutton

**COUNTY MANAGER / BUDGET OFFICER**

Michael W. Jarman

**FINANCE OFFICER**

Martha H. Martin



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# County of Lenoir

**Board of Commissioners**  
Craig Hill, Chairman  
Jackie Brown, Vice-Chairman  
Roland Best  
Mac Daughety  
Reuben J. Davis  
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  
Vickie F. King, Clerk to the Board

The Board of County Commissioners  
Lenoir County  
North Carolina

December 23, 2015

## 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, 2015.

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. 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, 2015 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, 2015, 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, 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 2014-15 has proven to be another exciting and active year for Lenoir County Economic Development. Lenoir County announced 4 industrial expansions and 1 new industry, 194 jobs created, and \$66.8 million in investments for the fiscal year. Lenoir County is currently home to 36 manufacturing companies which employ 7,000 people. With advancements in technology, the need to educate and train our youth and employable workforce is essential. The State of North Carolina's initiative to promote science, technology, engineering, and mathematics (STEM) continues to expand its influence upon Lenoir County Government, Lenoir County Public Schools, and industries.

The Lenoir Committee of 100, Inc. celebrated its 30<sup>th</sup> anniversary in 2015. This committee has accomplished 30 years of supporting economic development projects and initiatives in Lenoir County.

Construction of the C. F. Harvey Parkway – Section A was completed and opened in May 2014, and Section C will take place over the next three years. The Lenoir County Transportation Committee submitted C. F. Harvey Parkway – Section C as its top priority project to the Rural Planning Organization.

The extension of Smithfield Way, in the Hwy 70 West Industrial Park to U.S. Hwy 258, is now complete. Both local and through traffic have utilized this much needed ingress/egress of the Hwy 70 Industrial Park.

DuPont initiated a \$30 million expansion of its current facility in 2015. This expansion will take place over the next two years and will create 18 new jobs as well as the \$30 million investment. DuPont has been located in Lenoir County since 1951.

Pactiv announced an expansion at its facility in Kinston in 2015. This expansion created 59 new jobs and represented a \$27 million investment. Pactiv has also purchased/leased an additional building in Lenoir County for warehousing and distribution.

Strata Solar Farms continues its presence in Lenoir County. Each job site represents an investment of \$20 million and the employment of an average of 100 contracted laborers.

Associated Materials announced an expansion of its facility in 2015. This expansion created 72 new jobs and added \$4.5 million in investments.

Mother Earth Brewing, LLC, a craft beer brewery, celebrated its 5<sup>th</sup> year Anniversary on Saturday, October 25, 2014. Recently, Mother Earth began the manufacture and distribution of a line of distilled spirits, which includes gin, grappa, rum, and whiskey. Spirits were released for the first time during the 5<sup>th</sup> year Anniversary Celebration. Over 80 bottles of Spirits were purchased on the day of release.

Electrolux celebrated its 25<sup>th</sup> Anniversary on Saturday, October 18, 2014. Representatives from Electrolux's corporate office, the Governor and representatives from his office, local elected officials, and local employees and their families helped to celebrate the occasion.

In 2014, A "Chef's Life" began its second season on PBS. This character driven documentary and cooking show has received 92% national coverage, 1.1 million viewers per episode as of March 2014, a Peabody award, and local and state recognition. "A Chef's Life" continues to educate our nation about the traditional and modern aspects of Eastern North Carolina by highlighting and supporting a farm-to-table culture.

A Kinston Riverwalk has been designed with three phases of construction. Phase I has received funding and has begun construction. The route for Phase I will begin at Pearson Park and end at the old Power Plant on Atlantic Avenue. Phase I is expected to be paved, elevated, and lighted. The North Carolina Department of Transportation, City of Kinston, and other Partners have come together to fund this project. The estimated cost of the entire project is \$2 million.

ColorCoat, Inc. expanded its location in early 2015 from California to North Carolina. This expansion includes 45 new jobs and \$300,000 in investments.

Neuse Sport Shop, Inc. announced an expansion of their facility on Hwy 70 East in late 2014. This expansion creates 15 new jobs and \$1.5 million in investments. This expansion includes a warehousing space and an indoor shooting range.

Sanderson Farms announced an expansion of its feed mill in Kinston in early 2015. This expansion includes \$5 million in investments.

On October 3, 2015, the Kinston-Lenoir County Parks and Recreation Department received "Outstanding Parks and Recreation Department of the Year" by the USTA NC.

Construction of the new bridges over the Neuse River on South Queen Street has begun. This project will take a little over a year to complete. Along with the new bridges, Queen Street will also receive a new design, giving downtown Kinston a new look and aid in its future growth.

The Lenoir County Manufacturers Association has created a partnership with Lenoir County Public Schools to connect education to industry. Lenoir County Economic Development plays a strong role in the implementation of this partnership. In 2014, the LCMA hosted National Manufacturing Day for over 75 students and various community members. Several of Lenoir County's Manufactures opened the doors of their facilities for guided tours and informational presentations. The LCMA expanded on National Manufacturing Day in 2015 to serve over 300

participants, including students and educators. Students and educators from across Lenoir County visited Barnet, Spirit AeroSystems, DuPont, Eaton, Electrolux, Mother Earth Brewing, Moen, Best Diamond Packaging, Field Controls, West Pharmaceuticals, Domestic Fabrics and Blankets and Horseware. Participants then proceeded to Lenoir Community College for a presentation on the importance of manufacturing in Lenoir County and the STEM related careers associated with manufacturing.

Lenoir County Economic Development will continue to prepare Lenoir County to effectively compete for economic development projects and to 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 2014-15, the County government made progress on different fronts. Key events/actions included:

- 1) Closed out its construction project which consisted of a 192 bed jail which began in November 2010.
- 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) Continued the construction of a backup PSAP in Jones County, part of the process of the \$7.4 million grant for the Jones Lenoir Emergency Communications Center (JLECC)
- 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**

Lenoir County officials organized county public health services in 1917. Lenoir County was the eighth county that established a local program that provided full-time public health services to county residents and the Lenoir County Health Department still provides those services today. The services and programs include Adult Health, Breast and Cervical Cancer Prevention and Promotion, Animal/Rabies Control, Child Health, Care Coordination for Children (CC4C), Childhood Lead Prevention, Environmental Health services, Family Planning, Immunizations, Laboratory Services, Prenatal Care, Pregnancy Care Home Case Management, Public Health Social Work, Vital Records, TB/Communicable Diseases/STD/HIV, and WIC. The Health Department is a two-story, 19,000 square foot facility located at 201 N. McLewean Street in Kinston. The agency has 60 staff positions, the majority possessing a degree and/or a professional license or registration. The FY2015-2016 approved operational budget is approximately \$4.3 million. The agency's primary source of revenue is local appropriation, followed by state/federal grants, Medicaid reimbursements, and fees.

The Health Department hired a full-time physician as medical director in April 2014. Well-child physicals were reinstated in July, 2015 under the guidance of the medical director and the recently trained Enhanced Role Nurse after a 2 year interruption. The health department is preparing to convert from hard copy patient records to an electronic health record system. The agency is currently authorized to bill commercial insurance for a limited number of plans and is pursuing the application process to seek approval from additional commercial plans.

### **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.

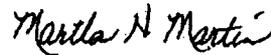
**Awards and Acknowledgements**

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. 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

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FINANCIAL  
SECTION

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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, 2015, 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 and the Lenoir County Tourism Authority, which represent 100 percent of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial 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 and the Lenoir County Tourism Authority, 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 and the Lenoir County Tourism Authority 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lenoir County, North Carolina, as of June 30, 2015, 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 the Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance, and the Other Postemployment Benefits Schedules of Funding Progress and Employer Contributions, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Asset and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions on pages 5 through 12 and 72 through 80 respectively, 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 responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *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 introductory information, combining and individual fund financial statements, budgetary schedules, other schedules, statistical section, 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.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2015 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.*

LaGrange, North Carolina  
December 23, 2015

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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, 2015. 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, 2015, the following is true:

- The net position of the County totaled \$7,255,173; the major categorical breakout of these net position follows:

	% of Total		% of Total	
	2015	Net Assets	2014	Net Assets
Investment in Capital Assets, net of related debt	\$ 22,474,020	309.77%	\$ 21,151,365	517.51%
Restricted	9,836,589	135.58%	12,949,034	316.82%
Unrestricted	(25,055,436)	-345.35%	(30,013,254)	-734.33%
<b>Total Net Position</b>	<b>\$ 7,255,173</b>	<b>100.0%</b>	<b>\$ 4,087,145</b>	<b>100.0%</b>

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

\*Note: Net position equals gross assets minus liabilities

- Total net position of the County increased by \$3,168,029, primarily due to the increase in Capital Assets and the decrease in the amount of debt owed. This compares to an increase of \$9,446,355 in the prior year. This increase in net position should not be interpreted to mean an equal increase in fund balance.
- The combined ending fund balance of all Governmental Funds is \$35,248,896 broken out as follows:

	General Fund		Other Governmental Funds		Total Governmental Funds	
	2015	2014	2015	2014	2015	2014
	Stabilization by state statute	\$ 4,732,066	\$ 4,491,679	\$ 847,402	\$ 1,351,173	\$ 5,579,468
Assigned and restricted	10,864,585	11,117,117	8,196,630	9,843,666	19,061,215	20,960,783
Unassigned	10,841,089	10,828,590	(232,876)	(250,615)	10,608,213	10,577,975
<b>Total Fund Balances</b>	<b>\$ 26,437,740</b>	<b>\$ 26,437,386</b>	<b>\$ 8,811,156</b>	<b>\$ 10,944,224</b>	<b>\$ 35,248,896</b>	<b>\$ 37,381,610</b>

- The combined ending fund balance for all Governmental Funds decreased by \$2,132,714 in comparison to an increase of \$1,290,702 in the prior year, mainly due to the declining fund balance in the School Capital Fund. Since the State stopped the Corporate ADM tax which paid 75% of most school capital projects/purchases, the County is now paying 100% of the projects/purchases out of dedicated sales tax revenue. There was also a significant decrease in the Employee Insurance Fund and the Emergency Telephone Fund. A breakdown follows:

General Fund	354
Other Governmental Funds	< 2,133,068 >
<b>Total Decrease</b>	<b>\$ &lt; 2,132,714 &gt;</b>

- In the General Fund, the total unassigned fund balance was \$10,841,089 or 17.73% of General Fund expenditures, as compared to \$10,828,590 or 18.42% in the prior year. The following chart provides a breakdown of the assigned and unassigned fund balances:

	% of General		% of General	
	2015	Fund Expenditures	2014	Fund Expenditures
Assigned	10,781,885	17.62%	11,117,117	18.91%
Unassigned	10,841,089	17.73%	10,828,590	18.42%
<b>Total General Fund</b>	<b>\$ 21,622,974</b>	<b>35.35%</b>	<b>\$ 21,945,707</b>	<b>37.33%</b>

- Lenoir County's total net debt decreased by \$4,720,385 (6.7%) during the current fiscal year. The key factor in this decrease was payment on Series 2007 and Series 2008 General Obligation Bonds, payment on the Series 2013 Refunding Bonds and a payment to the State for the Smithfield Sewer Project loan.

- Lenoir County continues to maintain the following bond ratings:

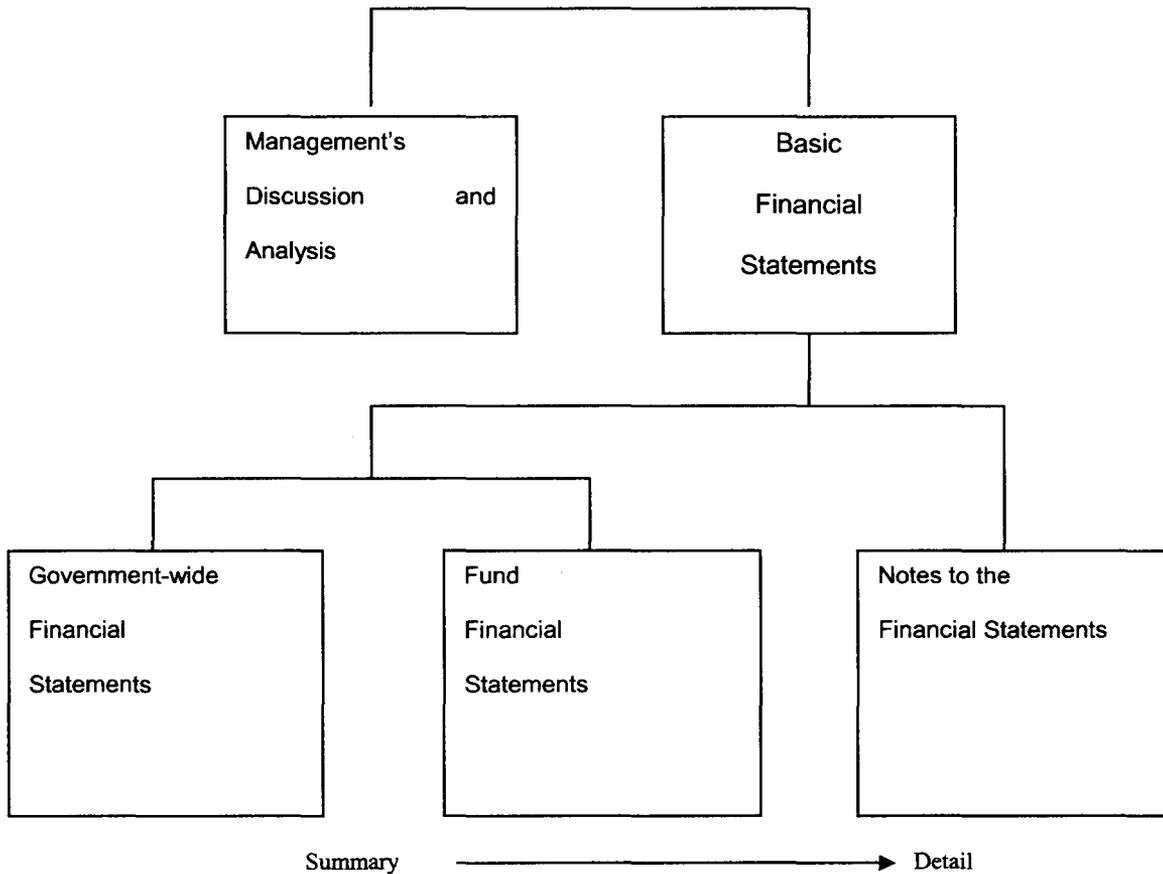
Moody's	Aa2
Standard & Poor's	AA-

**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 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Lenoir County.

**Required Components of Annual Financial Report**

**Figure 1**



**Basic Financial Statements**

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

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

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

## Government-wide Financial Statements

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

The two government-wide statements report the County's net position and how it has changed. Net position is the difference between the total of the County's assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. 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 economic development. 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 three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds-** Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in 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 27-70 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 73 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 7,255,173 as of June 30, 2015. As of June 30, 2014, the net position of Lenoir County stood at \$4,087,145. The County's net position increased by \$3,168,029 for the fiscal year ended June 30, 2015, compared to an increase of \$9,446,355 for the fiscal year ended June 30, 2014. A large portion of Lenoir County's net position, \$22,474,020, 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, \$9,836,589, represents resources that are subject to external restrictions on how they may be used. Unrestricted net position increased \$4,957,818, as compared to the prior fiscal year. As stated earlier, the County's Capital Assets increased by \$552,880 in FY14-15, mainly due to the addition of new equipment and building construction/improvements associated with the Jones Lenoir Emergency Communications Center (JLECC). In the prior fiscal year, ending June 30, 2014, the amount of net assets invested in capital assets net of related debt was \$21,151,365 with restricted assets standing at \$12,949,034. The remaining \$<30,013,254> was unrestricted net position for that year.

**Lenoir County's Net Position  
Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 45,170,453	\$ 41,778,016	\$ 4,376,801	\$ 4,450,047	\$ 49,547,254	\$ 46,228,063
Capital assets	37,453,907	36,768,300	730,469	863,196	38,184,376	37,631,496
Total assets	82,624,360	78,546,316	5,107,270	5,313,243	87,731,630	83,859,559
Total deferred outflows of resources	1,244,437	-	25,387	-	1,269,824	-
Long-term liabilities	72,943,537	76,755,572	1,802,679	1,451,402	74,746,216	78,206,974
Other liabilities	2,638,074	1,179,056	72,649	110,634	2,710,723	1,289,690
Total liabilities	75,581,611	77,934,628	1,875,328	1,562,036	77,456,938	79,496,664
Total deferred inflows of resources	4,205,955	275,750	83,387	-	4,289,342	275,750
Net position:						
Net investment in capital assets	21,745,462	20,290,664	728,558	860,701	22,474,020	21,151,365
Restricted	9,836,589	12,949,034	-	-	9,836,589	12,949,034
Unrestricted	(27,500,820)	(32,903,760)	2,445,384	2,890,506	(25,055,436)	(30,013,254)
Total net position	\$ 4,081,231	\$ 335,938	\$ 3,173,942	\$ 3,751,207	\$ 7,255,173	\$ 4,087,145

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

- Sales Tax revenues up \$341,619 from prior year
- Property Tax revenues down \$1,182,722 over prior year
- Sales and Services revenues up \$410,866 from prior year
- Long term liabilities decreased as the result of School Bond, Jail and Eastern Region debt payments

**Governmental activities:** Governmental activities increased the County's net position by \$2,094,863, representing 133.95% of the total increase in net position of Lenoir County. This compares to an increase of \$9,499,597 in the prior fiscal year, which represented 100.01% of the increase in the County's net position. The key element of this increase in FY14-15 was the booking of a receivable from the sale of the hospital as well as reporting of the County's portion of the State pension fund.

**Business-type activities:** Business-type activities decreased Lenoir County's net position by \$530,900, representing (33.95%) of the total change in net position of Lenoir County. This compares to a decrease of \$53,242 in the prior fiscal year, which represented -.01% of the change in the County's net position. The key element of the decrease in FY14-15 was Landfill revenues less than expenditures due to write off of prior years' accumulated bad debt.

**Lenoir County's Change in Net Position**  
**Figure 3**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Program revenues</b>						
Charges for services	\$ 5,129,538	\$ 10,033,747	\$ 2,318,027	\$ 2,520,560	\$ 7,447,565	\$ 12,554,307
Operating grants and contributions	13,780,429	14,550,838	42,931	21,324	13,823,360	14,572,162
Capital grants and contributions	4,756,382	6,718,900	-	-	4,756,382	6,718,900
<b>General revenues</b>						
Property taxes	35,935,548	36,364,756	-	-	35,935,548	36,364,756
Local option sales tax	8,744,842	8,403,223	-	-	8,744,842	8,403,223
Other taxes	352,502	1,871,244	45,809	22,948	398,311	1,894,192
Grants and contributions not restricted to specific programs	362,386	-	-	-	362,386	-
Investment earnings	11,132	14,097	1,160	1,515	12,292	15,612
Miscellaneous	(1,588,356)	(16,959)	-	-	(1,588,356)	(16,959)
<b>Total revenues</b>	<b>67,484,403</b>	<b>77,939,846</b>	<b>2,407,927</b>	<b>2,566,347</b>	<b>69,892,330</b>	<b>80,506,193</b>
<b>Expenses</b>						
General government	8,498,340	11,194,424	-	-	8,498,340	11,194,424
Public Safety	16,200,986	17,463,280	-	-	16,200,986	17,463,280
Economic and physical development	4,872,725	5,245,760	-	-	4,872,725	5,245,760
Human services	17,940,773	16,894,323	-	-	17,940,773	16,894,323
Environmental protection	114,008	-	-	-	114,008	-
Cultural and recreation	1,590,204	1,569,436	-	-	1,590,204	1,569,436
Education	13,346,696	13,029,607	-	-	13,346,696	13,029,607
Interest on long-term debt	2,875,807	3,093,419	-	-	2,875,807	3,093,419
Landfill	-	-	2,888,827	2,569,589	2,888,827	2,569,589
<b>Total expenses</b>	<b>65,439,540</b>	<b>68,490,249</b>	<b>2,888,827</b>	<b>2,569,589</b>	<b>68,328,367</b>	<b>71,059,838</b>
<b>Increase (decrease) in net position before transfers</b>	<b>2,044,863</b>	<b>9,449,597</b>	<b>(480,900)</b>	<b>(3,242)</b>	<b>1,563,963</b>	<b>9,446,355</b>
<b>Transfers</b>	<b>50,000</b>	<b>50,000</b>	<b>(50,000)</b>	<b>(50,000)</b>	<b>-</b>	<b>-</b>
<b>Increase (decrease) in net position</b>	<b>2,094,863</b>	<b>9,499,597</b>	<b>(530,900)</b>	<b>(53,242)</b>	<b>1,563,963</b>	<b>9,446,355</b>
<b>Net position, beginning</b>	<b>335,938</b>	<b>(9,163,659)</b>	<b>3,751,207</b>	<b>3,804,449</b>	<b>4,087,145</b>	<b>(5,359,210)</b>
<b>Prior period adjustments</b>	<b>1,650,430</b>	<b>-</b>	<b>(46,365)</b>	<b>-</b>	<b>1,604,065</b>	<b>-</b>
<b>Net position, beginning restated</b>	<b>1,986,368</b>	<b>(9,163,659)</b>	<b>3,704,842</b>	<b>3,804,449</b>	<b>5,691,210</b>	<b>(5,359,210)</b>
<b>Net position, ending</b>	<b>\$ 4,081,231</b>	<b>\$ 335,938</b>	<b>\$ 3,173,942</b>	<b>\$ 3,751,207</b>	<b>\$ 7,255,173</b>	<b>\$ 4,087,145</b>

**Financial Analysis of the County's Funds**

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

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

The general fund is the chief operating fund of Lenoir County. At the end of the current fiscal year, Lenoir County's fund balance available in the General Fund was \$21,705,674, while total fund balance was \$26,437,740. 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 33.62% of General Fund expenditures, while total fund balance represents 40.94% of that same amount. Fund balance of 17.76% has been assigned for future expenditures.

At June 30, 2015, the governmental funds of Lenoir County reported a combined fund balance of \$35,248,895, a 5.71% decrease from last year. The primary reason for this decrease was due to the decreasing fund balances in the School Capital Fund, the Employee Insurance Fund and the Emergency Telephone Fund.

**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 \$2.5 million. Approximately \$566,920 represented increases in funding over the original budgeted amount for Social Services and approximately \$341,586 for appropriations for the Sheriff Department, due to re-appropriating Civil Process funds. Other increases occurred within the Process Funds Department due to receiving pass through grants for other entities.

**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 \$2,445,384 as compared to \$2,890,506 in the prior year. The total net position of the Solid Waste Fund decreased by \$530,900. This decrease was mainly due to the write off of prior years' accumulated bad debt, as well as the accumulation of post closure expenses.

**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, 2015, totaled \$38,184,376 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, and vehicles.

Major capital asset transactions during the year included:

- Purchase of VIPER radio system for Jones/Lenoir Emergency Communications Center consolidation
- Purchase of six (6) new vans for Transit
- Purchase of one (1) used ambulance for EMS and the remounting of 3 ambulance boxes onto new chasses
- Purchase of ten (10) new vehicles for the Sheriff Department
- Purchase of four (4) new in-car cameras for the Sheriff Department
- Lease/purchase of eleven (11) defibrillators for EMS
- Purchase of one (1) new vehicle for Emergency Management
- Purchase of four (4) new vehicles for Social Services
- Purchased/installed chain link fencing for Transit Vehicles
- Purchased themed dragon for the Recreation Department

**Lenoir County's Capital Assets  
Figure 4**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 6,408,940	\$ 6,668,140	\$ 335,543	\$ 335,543	\$ 6,744,483	\$ 7,003,683
Construction in progress	6,545,587	5,233,118	-	-	6,545,587	5,233,118
Buildings and system Improvements	36,847,417	36,981,519	5,446,225	5,446,226	42,293,642	42,427,745
Furniture and equipment	411,077	411,077	-	-	411,077	411,077
Vehicles and motorized equipment	5,659,566	4,777,985	1,212,119	1,212,120	6,871,685	5,990,105
Subtotal	4,641,531	4,488,070	694,467	671,367	5,335,998	5,159,437
	60,514,118	58,559,909	7,688,354	7,665,256	68,202,472	66,225,165
Less accumulated depreciation	23,060,211	21,791,609	6,957,885	6,802,060	30,018,096	28,593,669
<b>Total</b>	<b>\$ 37,453,907</b>	<b>\$ 36,768,300</b>	<b>\$ 730,469</b>	<b>\$ 863,196</b>	<b>\$ 38,184,376</b>	<b>\$ 37,631,496</b>

Additional information on the County's capital assets can be found in Note III, A, 6 of the Notes to the Financial Statements.

**Long Term Debt.** As of June 30, 2015, Lenoir County had total bonded debt outstanding of \$50,385,000, all of which is debt backed by the full faith and credit of the County.

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

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 50,385,000	\$ 54,065,000	\$ -	\$ -	\$ 50,385,000	\$ 54,065,000
Bond premium	2,163,631	2,329,926	-	-	2,163,631	2,329,926
Installment purchases	15,261,538	16,301,923	-	-	15,261,538	16,301,923
Capital leases	446,907	175,713	1,911	2,495	448,818	178,208
<b>Total</b>	<b>\$ 68,257,076</b>	<b>\$ 72,872,562</b>	<b>\$ 1,911</b>	<b>\$ 2,495</b>	<b>\$ 68,258,987</b>	<b>\$ 72,875,057</b>

Lenoir County's total debt decreased by \$4,616,070 (6.33 %) during the past fiscal year. General Obligation Bonded Debt decreased by \$3,680,000 due to the principal retirement of a portion of the Series 2007 and Series 2008 General Obligation Bonds and Series 2013 Refunding Bonds. Installment debt decreased by \$1,040,385 due to an installment payment on Recovery Zone Economic Development bonds for the construction of a new jail and an installment payment to the State for the Smithfield Sewer Project. Capital leases increased due to the lease of eleven defibrillators for the EMS Department at a cost of \$398,510.

As mentioned in the financial highlights section of this document, Lenoir County maintained its bond ratings of 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 \$263,245,453.

Additional information regarding Lenoir County's long-term debt can be found in Note III, B, 7, beginning on page 61 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, state and county are emerging from the longest recession since the Great Depression of the 1930's
- The average unemployment rate for the County was 6.58% , slightly higher than the state average of 5.73%
- Property tax collections totaled \$35,935,548, a decrease of 1.2% from the prior year
- Sales tax revenues totaled \$8,744,842, an increase of 4.07% from the prior year

**Budget Highlights for the Fiscal Year Ending June 30, 2016**

**Governmental Activities:** The County Commissioners approved a \$66.7 million General Fund Budget which was included within an \$83.8 million all Funds Budget Ordinance adopted on June 1, 2015.

The property tax rate remains \$.835 per \$100 of assessed valuation. Approximately \$2,853,792 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 .47%. At the adopted tax rate of \$.835 per \$100 of assessed value and a collection rate of 95.83%, this equates to a gain of \$151,842 in current year property tax revenues. This gain is attributable to increases in the tax base from new industry growth.

The General Fund Budget increased by \$1,240,068 which represents a 1.89% increase over the adopted FY14-15 budget. The majority of the increase was due to an increase in the County's contribution toward Employees' health insurance as well as the purchase of new software for Tax, Human Resources and Finance. 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. You can also call (252)-559-6464, visit our website <http://www.co.lenoir.nc.us> or send an email to [mmartin@co.lenoir.nc.us](mailto:mmartin@co.lenoir.nc.us) for more information.

**BASIC FINANCIAL  
STATEMENTS**

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Lenoir County, North Carolina  
Statement of Net Position  
June 30, 2015

EXHIBIT 1

	Primary Government			Component Unit	
	Governmental	Business-type	Total	Kinston-Lenoir	
	Activities	Activities		TDA	Lenoir County ABC Board
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	27,537,910	\$ 3,951,961	\$31,489,871	\$ 114,510	\$ 574,729
Restricted cash and cash equivalents	3,682,772	-	3,682,772	-	-
Receivables, net	4,756,949	380,210	5,137,160	38,974	-
Due from other governments	2,435,885	10,416	2,446,301	-	-
Prepaid expenses	-	-	-	-	11,981
Utility deposit	-	-	-	-	-
Inventory	-	-	-	-	360,105
<b>Total current assets</b>	<b>38,413,516</b>	<b>4,342,587</b>	<b>42,756,103</b>	<b>153,484</b>	<b>946,815</b>
Noncurrent assets:					
Note receivable	5,000,000	-	5,000,000	-	-
Net pension asset	1,756,937	34,214	1,791,151	-	20,169
Capital assets:					
Land, improvements, and construction in progress	12,954,527	335,543	13,290,070	-	174,000
Other capital assets, net of depreciation	24,499,380	394,926	24,894,306	562	580,894
<b>Total capital assets</b>	<b>37,453,907</b>	<b>730,469</b>	<b>38,184,376</b>	<b>562</b>	<b>754,894</b>
<b>Total assets</b>	<b>82,624,360</b>	<b>5,107,270</b>	<b>87,731,630</b>	<b>154,046</b>	<b>1,721,878</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>1,244,437</b>	<b>25,387</b>	<b>1,269,824</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable and accrued liabilities	1,132,938	72,649	1,205,587	11,486	402,709
Accrued interest payable	1,505,136	-	1,505,136	-	-
Long-term liabilities:					
Due within one year	4,836,830	610	4,837,440	-	28,395
Due in more than one year	68,106,707	1,802,069	69,908,776	-	528,874
<b>Total liabilities</b>	<b>75,581,611</b>	<b>1,875,328</b>	<b>77,456,939</b>	<b>11,486</b>	<b>959,978</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>4,205,955</b>	<b>83,387</b>	<b>4,289,342</b>	<b>-</b>	<b>48,425</b>
<b>NET POSITION</b>					
Net investment in capital assets	21,745,462	728,558	22,474,020	562	274,578
Restricted for:					
Stabilization by state statute	5,579,468	-	5,579,468	38,974	-
General government	35,458	-	35,458	-	-
Public safety	395,740	-	395,740	-	196,590
Insurance	82,700	-	82,700	-	-
Education	3,647,079	-	3,647,079	-	-
Register of deeds	88,231	-	88,231	-	-
Community development	7,913	-	7,913	-	-
Working capital	-	-	-	-	114,526
Unrestricted	(27,500,820)	2,445,384	(25,055,436)	103,024	142,266
<b>Total net position</b>	<b>\$ 4,081,231</b>	<b>3,173,942</b>	<b>\$ 7,255,173</b>	<b>\$ 142,560</b>	<b>\$ 727,960</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	\$ 8,498,340	\$ 491,544	\$ 588,001	\$ -
Public safety	16,200,986	4,520,848	82,280	3,371,703
Economic & community development	4,872,725	-	216,223	700,000
Human services	17,940,773	117,146	12,415,452	-
Environmental protection	114,008	-	74,617	-
Cultural and recreational	1,590,204	-	-	-
Education	13,346,696	-	-	684,679
Interest on debt	2,875,807	-	403,856	-
<b>Total governmental activities</b>	<b>65,439,540</b>	<b>5,129,538</b>	<b>13,780,429</b>	<b>4,756,382</b>
Business-type activities:				
Landfill	2,888,827	2,318,027	42,931	-
<b>Total primary government</b>	<b>\$ 68,328,367</b>	<b>\$ 7,447,565</b>	<b>\$ 13,823,360</b>	<b>\$ 4,756,382</b>
Component Unit:				
Kinston-Lenoir TDA	\$ 376,186	\$ -	\$ -	\$ -
<b>Lenoir County ABC Board</b>	<b>\$ 3,700,779</b>	<b>\$ 3,864,149</b>	<b>\$ -</b>	<b>\$ -</b>

General revenues:

Property taxes, levied for general purposes  
Local option sales taxes  
Other taxes and licenses  
Grants & contributions not restricted to specific programs  
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, previously reported

Restatement

Net position - beginning, restated

Net position - ending

Lenoir County, North Carolina  
Statement of Activities  
June 30, 2015

EXHIBIT 2

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Unit		
Governmental Activities	Business-type Activities	Total	Kinston-Lenoir TDA	Lenoir County ABC Board	
\$ (7,418,795)	\$ -	\$ (7,418,795)	\$ -	\$ -	
(8,226,156)	-	(8,226,156)	-	-	
(3,956,502)	-	(3,956,502)	-	-	
(5,408,175)	-	(5,408,175)	-	-	
(1,590,204)	-	(1,590,204)	-	-	
(12,662,017)	-	(12,662,017)	-	-	
(2,471,951)	-	(2,471,951)	-	-	
(41,773,191)	-	(41,733,800)	-	-	
-	(527,869)	(527,869)	-	-	
\$ (41,773,191)	\$ (527,869)	\$ (42,261,668)	\$ -	\$ -	
\$ -	\$ -	\$ -	\$ (376,186)	\$ -	
\$ -	\$ -	\$ -	\$ -	\$ 163,370	
\$ 35,935,548	\$ -	\$ 35,935,548	\$ -	\$ -	
8,744,842	-	8,744,842	-	-	
352,502	45,809	398,311	376,267	-	
362,386	-	362,386	-	-	
11,132	1,160	12,292	-	265	
814,061	-	814,061	1,100	1,020	
50,000	(50,000)	-	-	-	
(2,402,417)	-	(2,402,417)	-	-	
43,868,054	(3,031)	43,865,023	377,367	1,285	
2,094,863	(530,900)	1,563,963	1,181	164,655	
335,938	3,751,207	4,087,145	141,379	643,590	
1,650,430	(46,365)	1,604,065	-	(80,285)	
1,986,368	3,704,842	5,691,210	141,379	563,305	
\$ 4,081,231	\$ 3,173,942	\$ 7,255,173	\$ 142,560	\$ 727,960	

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	\$ 22,795,013	\$ -	\$ -	\$ 4,742,897	\$ 27,537,910
Restricted cash	-	3,647,079	-	35,693	3,682,772
Receivables (net)					
Property taxes	2,032,042	-	-	103,879	2,135,921
Accounts	2,186,461	-	320,278	114,289	2,621,028
Due from other governments	2,003,024	375,450	-	57,411	2,435,885
Due from other funds	542,581	-	-	-	542,581
<b>Total assets</b>	<b>\$ 29,559,121</b>	<b>\$ 4,022,529</b>	<b>\$ 320,278</b>	<b>\$ 5,054,169</b>	<b>\$ 38,956,097</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts payable and accrued liabilities	\$ 965,874	\$ -	\$ -	\$ 167,064	\$ 1,132,938
Due to other funds	-	-	310,178	3,912	314,090
<b>Total liabilities</b>	<b>965,874</b>	<b>-</b>	<b>310,178</b>	<b>170,976</b>	<b>1,447,028</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>2,155,507</b>	<b>-</b>	<b>-</b>	<b>104,666</b>	<b>2,260,173</b>
Fund balances:					
Restricted					
Stabilization by state statute	4,732,066	375,450	320,278	151,674	5,579,468
Register of deeds	-	-	-	88,231	88,231
Public safety	-	-	-	327,861	327,861
Emergency services	-	-	-	67,879	67,879
Tax revaluation	-	-	-	35,458	35,458
Insurance	82,700	-	-	-	82,700
School capital	-	3,647,079	-	-	3,647,079
Community development	-	-	-	7,913	7,913
Committed					
Scrap tire disposal	-	-	-	222,716	222,716
Vehicle replacement	-	-	-	126,782	126,782
Capital improvements	-	-	-	3,672,711	3,672,711
Assigned					
Subsequent years' expenditures	10,781,885	-	-	-	10,781,885
Unassigned	10,841,089	-	(310,178)	77,302	10,608,213
<b>Total fund balances</b>	<b>26,437,740</b>	<b>4,022,529</b>	<b>10,100</b>	<b>4,778,527</b>	<b>35,248,896</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 29,559,121</b>	<b>\$ 4,022,529</b>	<b>\$ 320,278</b>	<b>\$ 5,054,169</b>	

Lenoir County, North Carolina  
Balance Sheet  
Governmental Funds  
June 30, 2015

EXHIBIT 3

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

Total Fund Balance, Governmental Funds		\$ 35,248,896
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		37,453,907
Note receivable - Lenoir Memorial Hospital		5,000,000
Net pension asset		1,756,937
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position		1,244,437
Internal service fund net assets that primarily support governmental activities		(228,491)
Deferred inflows of resources for taxes and special assessments receivable		2,135,921
Deferred inflow of resources for bond premiums		(2,163,631)
Pension related deferrals		(4,081,703)
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.		
General obligation bonds payable	\$(50,385,000)	
Notes payable	(15,261,538)	
Capital leases payable	(446,907)	
Compensated absences	(1,643,208)	
Other postemployment benefit obligation	(2,292,814)	
Net pension obligation	(750,439)	
Accrued interest	(1,505,136)	(72,285,042)
<b>Net position of governmental activities</b>		<b>\$ 4,081,231</b>

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	\$ 34,929,337	\$ -	\$ -	\$ 1,280,992	\$ 36,210,329
Local option sales taxes	6,513,425	2,033,268	-	198,149	8,744,842
Other taxes and licenses	352,502	-	-	-	352,502
Unrestricted intergovernmental	362,386	-	-	-	362,386
Restricted intergovernmental	13,037,170	84,679	2,815,846	2,599,116	18,536,811
Sales and services	5,129,538	-	-	-	5,129,538
Investment earnings	9,803	917	72	340	11,132
Miscellaneous	1,116,100	-	-	197,961	1,314,061
<b>Total revenues</b>	<b>61,450,261</b>	<b>2,118,864</b>	<b>2,815,918</b>	<b>4,276,558</b>	<b>70,661,601</b>
<b>EXPENDITURES</b>					
Current:					
General government	6,320,522	-	-	549,285	6,869,807
Public safety	14,615,020	-	2,895,060	2,518,527	20,028,607
Economic & community development	822,208	-	-	4,014,277	4,836,485
Human services	17,187,131	-	-	1,262,793	18,449,924
Sanitation	-	-	-	114,008	114,008
Cultural and recreational	1,596,030	-	-	-	1,596,030
Intergovernmental:					
Education	12,579,937	766,759	-	-	13,346,696
Debt service					
Principal retirement	4,847,701	-	-	-	4,847,701
Interest and fees	3,193,608	1,650	-	-	3,195,258
<b>Total expenditures</b>	<b>61,162,157</b>	<b>768,409</b>	<b>2,895,060</b>	<b>8,458,890</b>	<b>73,284,516</b>
Excess (deficiency) of revenues over expenditures	288,104	1,350,455	(79,141)	(4,182,332)	(2,622,915)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	2,700,000	(2,700,000)	(4,472)	3,150,773	3,146,301
Transfers to other funds	(3,400,473)	-	4,472	-	(3,396,001)
Proceeds from issuance of debt	398,510	-	-	-	398,510
Contingency	-	-	(144,123)	-	(144,123)
Sale of fixed assets	14,213	-	-	471,300	485,513
<b>Total other financing sources (uses)</b>	<b>(287,750)</b>	<b>(2,700,000)</b>	<b>(144,123)</b>	<b>3,622,073</b>	<b>490,200</b>
Net change in fund balance	354	(1,349,545)	(223,264)	(560,259)	(2,132,715)
<b>FUND BALANCES, beginning of year</b>	<b>26,437,386</b>	<b>5,372,074</b>	<b>233,364</b>	<b>5,338,786</b>	<b>37,381,610</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 26,437,740</b>	<b>\$ 4,022,529</b>	<b>\$ 10,100</b>	<b>\$ 4,778,527</b>	<b>\$ 35,248,895</b>

Lenoir County, North Carolina  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended June 30, 2015

EXHIBIT 4

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

Net changes in fund balances - total governmental funds	\$ (2,132,715)
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 capital outlays exceeded depreciation in the current period.	3,573,537
Cost of capital assets disposed of during the year, not recognized on modified accrual basis	(2,887,930)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	1,217,716
Payments received from Lenoir Memorial Hospital are reported as a reduction in note receivable balance in Governmental Activities Statement of Net Position	(500,000)
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	(274,781)
Internal service fund operations that primarily support governmental activities	(759,389)
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	(296,057)
Accrued interest	153,156
Net pension obligation	(1,267)
Other postemployment benefits	(506,127)
Pension expense	(106,766)
Amortization of bond premiums not recorded on fund statements	166,295
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.	4,449,191
Total changes in net position of governmental activities	\$ 2,094,863

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	\$ 33,848,567	\$ 35,010,361	\$ 34,929,337	\$ (81,024)
Local option sales taxes	6,150,000	6,150,000	6,513,425	363,425
Other taxes and licenses	1,297,269	354,675	352,502	(2,174)
Unrestricted intergovernmental	681,200	347,990	362,386	14,396
Restricted intergovernmental	14,238,027	14,248,742	13,037,170	(1,211,572)
Sales and services	2,548,150	5,345,892	5,129,538	(216,354)
Investment earnings	30,000	31,250	9,803	(21,447)
Miscellaneous	902,485	1,151,368	1,116,100	(35,268)
<b>Total revenues</b>	<b>59,695,698</b>	<b>62,640,278</b>	<b>61,450,261</b>	<b>(1,190,017)</b>
<b>EXPENDITURES</b>				
Current:				
General government	6,859,136	7,199,031	6,320,522	878,509
Public safety	14,535,413	15,029,540	14,615,020	414,520
Economic & community development	897,850	994,433	822,208	172,225
Human services	18,509,330	18,731,136	17,187,131	1,544,005
Cultural and recreational	1,596,030	1,596,030	1,596,030	-
Intergovernmental:				
Education	12,160,000	12,585,000	12,579,937	5,063
Debt service				
Principal retirement	4,605,000	4,800,552	4,847,701	(47,149)
Interest and fees	3,186,888	3,186,888	3,193,608	(6,720)
<b>Total expenditures</b>	<b>62,349,647</b>	<b>64,122,610</b>	<b>61,162,157</b>	<b>2,960,453</b>
Revenues over (under) expenditures	(2,653,949)	(1,482,332)	288,104	1,770,436
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of fixed assets	500	14,715	14,213	(502)
Proceeds from capital lease	-	-	398,510	-
Operating transfers from (to) other funds	(355,203)	(700,473)	(700,473)	-
Contingency	(50,000)	(11,524)	-	11,524
<b>Total other financing uses</b>	<b>(404,703)</b>	<b>(697,282)</b>	<b>(287,750)</b>	<b>409,532</b>
Revenues and other financing sources over (under) expenditures and other financing uses	(3,058,652)	(2,179,614)	354	2,179,968
<b>Appropriated fund balance</b>	<b>3,058,652</b>	<b>2,563,948</b>	<b>-</b>	<b>(2,563,948)</b>
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 384,334</u>	354	<u>\$ (383,980)</u>
<b>FUND BALANCES, beginning of year</b>			26,437,386	
<b>FUND BALANCES, end of year</b>			<b>\$ 26,437,740</b>	

Lenoir County, North Carolina  
 General Fund and Annually Budgeted Major Special Revenue Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance -  
 Budget and Actual  
 June 30, 2015

EXHIBIT 5

School Capital Outlay Fund				
	Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)
	\$ -	\$ -	\$ -	\$ -
	1,600,000	1,600,000	2,033,268	433,268
	-	-	-	-
	84,550	84,680	84,679	(1)
	250	250	917	667
	-	-	-	-
	1,684,800	1,684,930	2,118,864	433,934
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	184,800	766,758	766,759	(1)
	-	-	-	-
	-	1,650	1,650	-
	184,800	768,408	768,409	(1)
	1,500,000	916,522	1,350,455	433,933
	-	-	-	-
	-	-	-	-
	(2,700,000)	(2,700,000)	(2,700,000)	-
	-	-	-	-
	(2,700,000)	(2,700,000)	(2,700,000)	-
	(1,200,000)	(1,783,478)	(1,349,545)	433,933
	1,200,000	1,783,478	-	(1,783,478)
	-	-	-	-
	\$ -	\$ -	(1,349,545)	\$ (1,349,545)
			5,372,074	
			\$ 4,022,529	

The accompanying notes are an integral part of this statement.

Lenoir County, North Carolina  
Statement of Net Position  
Proprietary Fund  
June 30, 2015

EXHIBIT 6

	Landfill Fund	Internal Service Fund
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,951,961	\$ -
Accounts receivable (net)	380,210	-
Due from other governments	10,416	-
<b>Total current assets</b>	<b>4,342,587</b>	<b>-</b>
Noncurrent assets:		
Net pension assets	34,214	-
Capital assets:		
Land and improvements	335,543	-
Buildings, improvements, and equipment	6,658,344	-
Vehicles and motorized equipment	694,467	-
Less accumulated depreciation	(6,957,885)	-
<b>Total capital assets</b>	<b>730,469</b>	<b>-</b>
<b>Total noncurrent assets</b>	<b>764,683</b>	<b>-</b>
<b>Total assets</b>	<b>5,107,270</b>	<b>-</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
	25,387	-
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued liabilities	72,649	-
Due to other funds	-	228,491
Capital lease payable	610	-
<b>Total current liabilities</b>	<b>73,259</b>	<b>228,491</b>
Noncurrent liabilities:		
Accrued landfill closure and postclosure costs	1,714,532	-
Compensated absences payable	38,269	-
Other postemployment benefits	47,967	-
Capital lease payable	1,301	-
<b>Total noncurrent liabilities</b>	<b>1,802,069</b>	<b>-</b>
<b>Total liabilities</b>	<b>1,875,328</b>	<b>228,491</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
	83,387	-
<b>NET POSITION</b>		
Net investment in capital assets	728,558	-
Unrestricted	2,445,384	(228,491)
<b>Total net position</b>	<b>\$ 3,173,942</b>	<b>\$ (228,491)</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, 2015

EXHIBIT 7

	Landfill Fund	Internal Service Fund
<b>OPERATING REVENUES:</b>		
Charges for services	\$ 2,318,027	\$ 3,711,600
Other operating revenues	42,931	-
<b>Total operating revenues</b>	<b>2,360,958</b>	<b>3,711,600</b>
<b>OPERATING EXPENSES:</b>		
Cost of operations	2,419,156	4,770,689
Landfill closure and postclosure care costs	336,945	-
Depreciation	132,726	-
<b>Total operating expenses</b>	<b>2,888,827</b>	<b>4,770,689</b>
Operating income (loss)	(527,869)	(1,059,089)
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment earnings	1,160	-
Solid waste disposal taxes	27,015	-
White goods disposal taxes	18,794	-
<b>Net nonoperating revenues</b>	<b>46,969</b>	<b>-</b>
Income (loss) before contributions and transfers	(480,900)	(1,059,089)
Transfer from (to) other funds	(50,000)	299,700
Change in net position	(530,900)	(759,389)
TOTAL NET POSITION, beginning of year	3,751,207	530,898
RESTATEMENT	(46,365)	-
<b>TOTAL NET POSITION, beginning of year, restated</b>	<b>3,704,842</b>	<b>530,898</b>
<b>TOTAL NET POSITION, end of year</b>	<b>\$ 3,173,942</b>	<b>\$ (228,491)</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, 2015

EXHIBIT 8

	Landfill Fund	Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 2,347,089	\$ 4,006,040
Cash paid for goods and services	(1,701,348)	(4,779,349)
Cash paid to employees for services	(763,455)	-
Other operating revenue	42,931	-
<b>Net cash provided (used) by operating activities</b>	<b>(74,783)</b>	<b>(773,309)</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Transfers in (out)	(50,000)	299,700
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Acquisition of capital assets	-	-
Payments on capital lease	(584)	-
<b>Net cash used by capital financing activities</b>	<b>(584)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	1,160	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(124,207)</b>	<b>(473,609)</b>
Cash and cash equivalents at beginning of year	4,076,168	473,609
<b>Cash and cash equivalents at end of year</b>	<b>\$ 3,951,961</b>	<b>\$ -</b>
<b>Reconciliation of operating loss to net cash provided (used) by operating activities:</b>		
Operating loss	\$ (527,869)	\$ (1,059,089)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Solid waste disposal taxes	27,015	-
White goods disposal taxes	18,794	-
Landfill closure and postclosure care costs	336,945	-
Depreciation	132,726	-
Pension expense	2,278	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(6,331)	65,949
(Increase) decrease in due from other governments	(10,416)	-
Increase (decrease) in accounts payable and accrued liabilities	(37,985)	(8,660)
Increase (decrease) in due to other funds		228,491
Increase (decrease) in accrued vacation pay	4,643	-
Increase (decrease) in deferred outflows of resources for pensions	(24,856)	-
Increase (decrease) in OPEB payable	10,273	-
<b>Total adjustments</b>	<b>453,086</b>	<b>285,780</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ (74,783)</b>	<b>\$ (773,309)</b>

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, 2015

EXHIBIT 9

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<b>ASSETS</b>	
Cash and cash equivalents	\$ 21,607
<b>LIABILITIES AND NET POSITION</b>	
Accounts payable	21,607
<b>Net position</b>	<b>\$ -</b>

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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, 2015

**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) and the Kinston-Lenoir County Tourism Development Authority (the Authority), which both have June 30 year-ends, are presented as if they were separate proprietary funds of the County (discrete presentation). Lenoir County Industrial Facility and Pollution Control Financing Authority (the Financing 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
Kinston-Lenoir County Tourism Development Authority	Discrete	The Authority exists to promote travel and tourism within the County. The Authority was created by Lenoir County and the County finance officer is the ex officio finance officer of the Authority.	Kinston-Lenoir County Tourism Development Authority 301 North Queen St. Kinston, NC 28502
Lenoir County Industrial Facility and Pollution Control Financing Authority	Discrete	The Financing 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

Lenoir County, North Carolina  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2015

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**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.

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 E-911 facility and the jail.

Lenoir County, North Carolina  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2015

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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 four 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; the Motor Vehicle Tax Fund which 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; 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 and is remitted to the State Treasurer on a monthly basis.

*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, except for the agency funds which have no 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.

Lenoir County, North Carolina  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2015

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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. 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.

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 revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, 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, the State of North Carolina is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in 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. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. 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

Lenoir County, North Carolina  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2015

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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 Community Development Block Grant Fund), the Enterprise Fund, and the Internal Service Fund. All annual appropriations lapse at the fiscal year end. Project ordinances are adopted for the project and grants funds.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level (the legal level of budgetary control) for the General Fund and Special Revenue Funds (excluding the 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. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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, the Lenoir County ABC Board, and the Kinston-Lenoir County Tourism Development Authority are made in board-designated official depositories and are secured as required by G.S. 159-31. The County, the ABC Board, and the Authority may

Lenoir County, North Carolina  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2015

designate as an official depository any bank or savings association whose principal office is located in North Carolina. Also, the County, the ABC Board, and the Authority 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, the Tourism Development Authority, and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

The County, the Tourism Development Authority, 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. Therefore, 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. The Tourism Development Authority considers all bank deposits cash and cash equivalents.

**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. The cash in the Revaluation Reserve Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. Money in the School Capital Outlay Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 159-18 through 22.

Lenoir County Restricted Cash			
Governmental Activities			
	Revaluation Reserve Fund	Tax Revaluation	\$35,693
	School Capital Outlay Fund	Unexpended Public School Building Funds	3,647,079
	Total Restricted Cash		\$3,682,772

Lenoir County, North Carolina  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2015

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**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, 2014.

**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.

**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

Lenoir County, North Carolina  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2015

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Capital assets for the Tourism Development Authority are depreciated over the following estimated useful lives:

	<u>Useful Life</u>
Equipment	5 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 several items that meet this criterion - pension related deferrals and contributions made to the pension plan in the current fiscal year. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows or resources. This 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 two items that meets the criterion for this category - prepaid taxes and other pension related deferrals.

**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 other financing sources.

**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 statements, 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 accruals for sick leave have been made.

The Tourism Development Authority has no employees. They are managed by the Kinston-Lenoir County Chamber of Commerce under an agreement signed on March 17, 2010, which expires on June 30, 2015. The Tourism Development Authority pays a monthly management fee of 15% of the net occupancy tax collection plus, if present, 10% of the excess collections received over collections budgeted. The agreement also guarantees a minimum payment of \$3,000 per month.

Lenoir County, North Carolina  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2015

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**11. Net Position/Fund Balances**

**Net Position**

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

**Fund Balances**

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

The governmental fund types classify fund 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 or imposed by law.

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

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

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

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

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

Restricted for School Capital – portion of fund balance that can only be used for school capital 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.

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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.

## **12. Defined Benefit Pension Plans**

The County participates in three cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS) and the Registers of Deeds' Supplemental Pension Fund (RODSPF) (collectively, the "state-administered defined benefit pension plans"). For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

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**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 total fund balance for the governmental funds and net position for governmental activities as reported in the government-wide statement of net position. The net adjustment of \$(31,249,989) 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)	\$ 60,514,118
Less accumulated depreciation	<u>(23,060,211)</u>
Net capital assets	37,453,907
Note Receivable – Lenoir Memorial Hospital	5,000,000
Net Pension Asset	1,756,937
Contributions to the pension plan in the current fiscal year	1,244,437
Deferred inflows of resources reported in the government-wide statement but not the fund statements	
Deferred inflows of resources for taxes receivable	2,135,921
Pension related deferrals	(4,081,703)
Deferred inflow of resources related to the premiums on bonds	(2,163,631)
Internal service fund net assets that primarily support governmental activities	(228,491)
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	(66,093,445)
Net pension obligation	(750,439)
Other postemployment benefits	(2,292,814)
Compensated absences	(1,643,208)
Accrued interest payable	<u>(1,505,136)</u>
Total adjustment	<u>\$ (31,167,665)</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 for the 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 \$4,220,236 as follows:

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Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 5,644,199
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.	(2,070,662)
Cost of capital assets disposed of during the year, not recognized on modified accrual basis	(2,887,930)
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 position	(398,510)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statements	4,847,701
Amortization of bond premiums reported on the government-wide financial statements which reduces the interest expense paid on the fund financial statements	166,295
Internal service fund operations that primarily support governmental activities	(759,389)
Contribution to the pension plan in the current fiscal year are not included on the Statement of Activities	1,217,716
Payment on note receivable from Lenoir Memorial Hospital not included on the Statement of Activities	(500,000)
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Differences in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	153,156.
Compensated absences	(296,057)
Other postemployment benefits	(506,127)
Net pension obligation	(1,267)
County's portion of collective pension expense	(106,766)
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 July 1, 2014	(2,410,702)
Tax receipts deferred in the fund statements as of June 30, 2015	2,135,921
<b>Total adjustment</b>	<b>\$ 4,227,578</b>

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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, 2015, the following funds had a deficit fund balance:

Fire District Funds	\$	1,112
Employee Insurance Internal Service Fund		228,491

The deficit fund balance in the Fire District Funds is due to accounts payable recorded at year end in the fire district funds. For the Employee Insurance Internal Service Fund, insurance claims paid exceeded premiums collected from the County and its employees.

**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, 2015, the following expenditures exceeded the authorized appropriations made by the governing board:

General Fund:		
Emergency Medical Services	\$	225,368
Debt Service		53,869
Emergency Telephone System Fund:		
Operating expenditures		162,516
Employee Insurance Internal Service Fund		
Insurance claims paid		370,989

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, ABC Board, and Tourism Development Authority deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's, ABC Board's, and the Authority's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, the ABC Board, and the Authority, 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, the Authority, or the escrow agent. Because of the inability to measure

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the exact amount of collateral pledged for the County, the ABC Board, or the Authority under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The 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 and the Authority have no formal policy regarding custodial credit risk for deposits.

At June 30, 2015, the carrying amount of the County's deposits was \$9,836,501 and the bank balance was \$11,045,817. Of the bank balance, \$250,000 was covered by federal depository insurance and \$10,795,817 was covered by collateral held under the Pooling Method. At June 30, 2015, the County had \$3,021 cash on hand.

At June 30, 2015, the carrying amount of deposits for Lenoir County ABC Board was \$570,629 and the bank balance was \$591,329. Of this balance \$250,000 was covered by federal depository insurance and \$341,329 was maintained in financial institutions utilizing the Pooling Method of collateralization. At June 30, 2015, the ABC Board had \$4,100 cash on hand.

At June 30, 2015, the carrying amount of deposits for the Kinston-Lenoir County Tourism Development Authority was \$114,510 and the bank balance was \$105,401. The entire bank balance was covered by federal depository insurance. At June 30, 2015, the Authority's petty cash was \$50.

## **2. Investments**

At June 30, 2015 the County had \$25,333,120 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, 2015 the ABC Board and the Authority 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.

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Year Levied	Tax	Interest	Total
2011	2,329,775	763,001	3,092,776
2012	2,354,160	559,115	2,913,275
2013	2,473,546	364,845	2,838,391
2014	2,489,182	143,127	2,632,309
Total	<u>\$ 9,646,663</u>	<u>\$ 1,830,088</u>	<u>\$ 11,476,751</u>

**4. Receivables**

Receivables at the government-wide level at June 30, 2015, were as follows:

	Accounts	Taxes	Total
Governmental activities:			
General	\$ 2,186,461	\$ 2,940,544	\$ 5,127,005
Other Governmental	434,567	103,879	538,446
Total receivables	2,621,028	3,044,423	5,665,451
Allowance for doubtful accounts	-	(908,502)	(908,502)
Total governmental activities	<u>\$ 2,621,028</u>	<u>\$ 2,135,921</u>	<u>\$ 4,756,949</u>
Business-type activities:			
Landfill	\$ 847,288	\$ -	\$ 847,288
Allowance for doubtful accounts	(467,078)	-	(467,078)
Total business-type activities	<u>\$ 380,210</u>	<u>\$ -</u>	<u>\$ 380,210</u>

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

Local option sales tax	\$2,415,859
Scrap tire tax	20,026
Solid waste disposal tax	6,199
White goods disposal tax	4,217
Total	<u>\$2,446,301</u>

**5. Note Receivable**

On January 4, 2004, Lenoir County sold its hospital facility and land to Lenoir Memorial Hospital for \$12,000,000. Lenoir Memorial Hospital paid to the County a down payment of \$2,000,000 upon closing of the sale. The remaining balance of \$10,000,000 is payable in 20 annual installments of \$500,000 beginning on or before July 10, 2005 and ending on July 10, 2024.

The promissory note does not bear any interest and is subordinated to outstanding bonds payable by the Hospital. Should Lenoir Memorial Hospital dissolve or fail to operate the property as a community general hospital, all ownership rights in the property including licenses, the certificate of need, and other assets of the Hospital shall revert back to the County. The outstanding balance of the promissory note receivable as of June 30, 2015 is \$5,000,000.

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**6. Capital Assets**

Capital asset activity for the year ended June 30, 2015, was as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
<b>Governmental activities:</b>					
Capital assets not being depreciated:					
Land	\$ 6,668,140	\$ -	\$ 259,200	\$ -	\$ 6,408,940
Construction in progress	5,233,118	2,984,144	1,671,675	-	6,545,587
Total capital assets not being depreciated	11,901,258	2,984,144	1,930,875	-	12,954,527
Capital assets being depreciated:					
Buildings	36,981,519	572,841	706,943	-	36,847,417
Other improvements	411,077	-	-	-	411,077
Equipment	4,777,985	961,809	80,228	-	5,659,566
Vehicles	4,488,070	1,125,405	971,944	-	4,641,531
Total capital assets being depreciated	46,658,651	2,660,055	1,759,115	-	47,559,591
Total	58,559,909	5,644,199	3,689,990	-	60,514,118
Less accumulated depreciation for:					
Buildings	14,422,708	1,315,242	48,379		15,689,571
Other improvements	299,368	13,333	(351)		313,052
Equipment	3,986,832	304,409	71,972		4,219,269
Vehicles	3,082,701	437,678	682,060		2,838,319
Total accumulated depreciation	21,791,609	2,070,662	802,060	-	23,060,211
Total capital assets being depreciated, net	24,867,042	589,393	957,055	-	24,499,380
Governmental activity capital assets, net	<u>\$ 36,768,300</u>				<u>\$ 37,453,907</u>

**Primary Government**

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

General government	\$ 45,631
Public safety	1,708,107
Economic and community development	80,763
Human services	193,987
Cultural and recreational	42,174
Total depreciation expense	<u>\$ 2,070,662</u>

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	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
<b>Business-type activities:</b>					
Capital assets not being depreciated:					
Land	\$ 335,543	\$ -	\$ -	\$ -	\$ 335,543
Total capital assets not being depreciated	335,543	-	-	-	335,543
Capital assets being depreciated:					
Buildings and improvements	5,446,226	-	(1)		5,446,225
Equipment	1,212,120	-	(1)		1,212,119
Vehicles	671,367	-	3	23,097	694,467
Total capital assets being depreciated	7,329,713	-	1	23,097	7,352,811
Total	7,665,256	-	1	23,097	7,688,354
Less accumulated depreciation for:					
Buildings and improvements	5,224,204	56,368	-		5,280,572
Equipment	991,003	55,569	2		1,046,574
Vehicles	586,853	20,789	-	23,097	630,739
Total accumulated depreciation	6,802,060	132,726	2	23,097	6,957,885
Total capital assets being depreciated, net	527,653	(132,726)	(1)	-	394,926
Business-type activities capital assets, net	<u>\$ 863,196</u>				<u>\$ 730,469</u>

**Discretely presented component units**

Activity for the ABC Board for the year ended June 30, 2015, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 174,000	\$ -	\$ -	\$ 174,000
Construction in progress	504,126	-	504,126	-
Total capital assets not being depreciated	678,126	-	504,126	174,000
Capital assets being depreciated:				
Building	-	505,223	-	505,223
Furniture and equipment	103,194	10,986	3,092	111,088
Vehicles	26,317	9,523	-	35,840
Leasehold improvements	185,458	2,650	-	188,108
Total capital assets being depreciated	314,969	528,382	3,092	840,259
Less accumulated depreciation for:				
Building	-	11,578	-	11,578
Furniture and equipment	70,572	9,151	3,092	76,631
Vehicles	25,878	824	-	26,702
Leasehold improvements	132,006	12,448	-	144,454
Total accumulated depreciation	228,456	34,001	3,092	259,365
Total capital assets being depreciated, net	86,513	494,381	-	580,894
ABC Board capital assets, net	<u>\$ 764,639</u>			<u>\$ 754,894</u>

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Activity for the Tourism Development Authority for the year ended June 30, 2015, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Equipment	\$ 1,874	\$ -	\$ -	\$ 1,874
Less accumulated depreciation for:				
Equipment	937	375	-	1,312
Authority capital assets, net	<u>\$ 937</u>			<u>\$ 562</u>

**Commitments**

The County has one active construction project at June 30, 2015. Eleven of the thirteen prime contracts have closed and the final two are pending County approval for closeout.

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

	Total Project	County Commitment	Spent To Date
E-911 Center	<u>\$ 6,256,172</u>	<u>\$ 6,256,172</u>	<u>\$ 5,995,377</u>

**B. Liabilities**

**1. Payables**

Payables at the government-wide level at June 30, 2015, were as follows:

**Payables**

	Accounts	Other	Total
Governmental activities:			
General	\$ 804,613	\$ 161,261	\$ 965,874
Other Governmental	166,249	815	167,064
Total governmental activities	<u>\$ 970,862</u>	<u>\$ 162,076</u>	<u>\$ 1,132,938</u>
Business-type activities:			
Landfill	<u>\$ 12,501</u>	<u>\$ 60,148</u>	<u>\$ 72,649</u>

**2. Pension Plan and Other Postemployment Obligations**

**a. Local Governmental Employee's Retirement System**

*Plan Description.* The County is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of

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general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$1,239,814 for the year ended June 30, 2015.

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*Refunds of Contributions* – County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2015, the County reported an asset of \$1,706,548 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the County's proportion was .28937%, which was a decrease of .00073% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$113,628. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 186,470
Net difference between projected and actual earnings on pension plan investments	-	3,972,807
Changes in proportion and difference between County contributions and proportionate share of contributions	26,476	-
County contributions subsequent to the measurement date	1,239,814	-
Total	\$ 1,266,290	\$ 4,159,277

\$1,239,814 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2016	\$ 1,033,301
2017	1,033,301
2018	1,033,301
2019	1,032,898
2020	-
Thereafter	-

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*Actuarial Assumptions.* The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	<u>100%</u>	

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The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

*Discount rate.* The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate.* The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability (asset)	\$ 5,792,764	\$ (1,706,548)	\$ (8,020,728)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

The Lenoir County ABC Board is also a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS). The ABC Board's proportionate share of the net pension assets is not material relative to the primary government, Lenoir County. Therefore, pension disclosures for the ABC Board are not included in this report. Detailed information about the ABC Board's pension plan is included in the separately issued audit report of the Lenoir County ABC Board.

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**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, 2014, the Separation Allowance's membership consisted of:

Retirees receiving benefits and terminated plan	12
Members entitled to but not yet receiving benefits	-
Active plan members	67
	<u>79</u>

**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. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68:

- contributions to the pension plan and earnings on those contributions are irrevocable
- pension plan assets are dedicated to providing benefits to plan members
- pension plan assets are legally protected from the creditors or employers, nonemployer contributing entities, the plan administrator, and plan members.

*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 benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

For the current year, the County contributed \$158,140 or 6.34% of annual covered payroll.

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The annual required contribution for the current year was determined as part of the December 31, 2013 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.

*Annual Pension Cost and Net Pension Obligation.* The City's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Employer annual required contribution	\$ 185,235
Interest on net pension obligation	37,459
Adjustment to annual required contribution	(63,287)
Annual pension cost	159,407
Contributions made	158,140
Increase in net pension obligation	1,,267
Net pension obligation beginning of year	749,172
Net pension obligation end of year	\$ 750,439

<b>3 Year Trend Information</b>			
Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/13	\$ 137,492	100.42%	\$ 791,870
6/30/14	128,240	133.30%	749,172
6/30/15	159,407	99.21%	750,439

**4. Funded Status and Funding Progress**

As of December 31, 2014 the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial liability (UAAL) was \$1,415,841.

The covered payroll (annual payroll of active employees covered by the plan) was \$2,493,846, and the ratio of the UAAL to the covered payroll was 56.77%.

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

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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, 2015 were \$1,126,454, which consisted of \$849,238 from the County and \$277,216 from the employees.

**d. Registers of Deeds' Supplemental Pension Fund**

*Plan Description.* Lenoir County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF 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. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. 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, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

*Benefits Provided.* An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

*Contributions.* Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$2,758 for the year ended June 30, 2015.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2015, the County reported an asset of \$84,603 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement

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date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2014, the County's proportion was .37%, which was an increase of .03% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$(4,584). At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 776	\$ -
Net difference between projected and actual earnings on pension plan investments	-	455
Changes in proportion and difference between County contributions and proportionate share of contributions	-	5,358
County contributions subsequent to the measurement date	2,758	-
Total	\$ 3,534	\$ 5,813

\$2,758 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2016	\$ (2,197)
2017	(2,197)
2018	(530)
2019	(113)
2020	-
Thereafter	-

*Actuarial Assumptions.* The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 7.75 percent, including inflation and productivity factor
Investment rate of return	5.75 percent, net of pension plan investment expense, including inflation

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The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2014 is 2.5%:

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate.* The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 5.75 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability (asset)	\$ (75,970)	\$ (84,603)	\$ (92,023)

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*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

**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, are 60 years of age with 25 years of creditable service with the County, or for law enforcement officers, are 55 years of age with 5 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, 2014, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	28	5
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	391	64
Total	419	69

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

The current annual required contribution (ARC) rate is 4.70% of annual covered payroll. For the current year, the County contributed \$266,803 or 1.61% 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 1.28% and 0.23% of covered payroll, respectively. The County's contributions totaled \$266,803 in fiscal year 2015. There were no contributions made by employees, except for dependent coverage in the amount of \$445,240. 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.

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*Annual OPEB Cost and Net OPEB Obligation.* The County's annual OPEB cost (expense) is calculated based on the annual required contribution (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	\$ 779,942
Interest on net OPEB obligation	72,975
Adjustment to annual required contribution	<u>(69,714)</u>
Annual OPEB cost (expense)	783,203
Contributions made	<u>(266,803)</u>
Increase in net OPEB obligation	516,400
Net OPEB obligation, beginning of year	1,824,381
Net OPEB obligation, end of year	<u>\$ 2,340,781</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2015 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$705,300	21.0%	\$1,672,145
2014	\$731,255	79.2%	\$1,824,381
2015	\$783,203	34.1%	\$2,340,781

*Funded Status and Funding Progress.* As of December 31, 2014, 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 \$9,082,702. The covered payroll (annual payroll of active employees covered by the plan) was \$16,579,977, and the ratio of the UAAL to the covered payroll was 54.8%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between 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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In the December 31, 2014 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 7.50% 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, 2014, 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 30 years of creditable service with the Board or 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. As of July 1, 2010, the Board has eliminated the Retiree Health Plan and as of June 30, 2015, only three employees remain grandfathered into the plan. 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. No funds are set aside to pay benefits and administrative costs. These expenditures are paid as they come due. In the fiscal year ended June 30, 2015, the Board's total contributions were \$9,705.

*Annual OPEB Cost and Net OPEB Obligation.* The Board's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The Board has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Board's annual OPEB cost for the current 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	\$ 6,004
Interest on net OPEB obligation	3,208
Adjustment to annual required contribution	(2,768)
Annual OPEB cost (expense)	<u>6,444</u>
Contributions made	9,705
Increase in net OPEB obligation	(3,261)
Net OPEB obligation, beginning of year	<u>80,214</u>
Net OPEB obligation, end of year	<u>\$ 76,953</u>

The Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2015 were as follows:

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For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$14,235	0.00%	\$65,979
2014	\$14,235	0.00%	\$80,214
2015	\$ 6,444	8.37%	\$76,953

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, 2015, the actuarial accrued liability for benefits was \$111,879, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$109,790, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 98.13%.

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.

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 of the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate of 5.40% was used.

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*Health insurance premiums* – 2015 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 assumption of 2.70 percent was based on projected changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) in *The 2014 Annual Report of the Board of Trustees of Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds* for an intermediate growth scenario.

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

A discount rate of 3.27% was used, based off of the December 31, 2014 rate of return on the 10-year municipal bond index. 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, 2015 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. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. 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. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

For the fiscal year ended June 30, 2015, the County made contributions to the State for death benefits of \$0. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0% and 0% of covered payroll, respectively.

Due to a surplus in the death benefit, a decision was made by the State to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. A temporary relief period based on the number of years the employer has contributed as of December 31, 2010 was established as follows:

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<u>No. Years Contributing</u>	<u>Years Relief</u>	<u>FY Contributions Resume</u>
10 – 20	2	2015
20 or more	3	2016

The period of reprieve is determined separately for law enforcement officers. Lenoir County will have a three year reprieve because it has been contributing for more than 20 years. Contributions will resume in the fiscal year beginning July 1, 2015.

**3. Closure and Post-closure 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 \$1,714,532 reported as landfill closure and post-closure care liability at June 30, 2015 represents a cumulative amount reported to date based on the use of 99 percent of the total estimated capacity of the old landfill and 81% of the total estimated capacity of the new landfill. Lenoir County closed the old facility in the fiscal year ended 1999. Total cost incurred to date on the final cover of the old and new landfill is \$1,176,377 and \$1,041,995, respectively. The County will recognize the remaining estimated cost of closure and post-closure care of \$1,859,221 as the remaining estimated capacity of the new landfill is filled. All of the above amounts are based on what it would cost to perform all closure and post-closure care in 2015. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County has met the requirements of a local government financial test that is one option under State and federal laws and regulations that help 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**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pensions - difference between expected and actual experience		
LGERS	\$ -	\$ 186,470
Register of Deeds	776	
Pensions - difference between projected and actual investment earnings	-	3,973,262
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions		
LGERS	26,476	
Register of Deeds		5,358
Contributions to pension plan in 2014-2015 fiscal year	1,242,572	
Prepaid taxes not yet earned (General)	-	123,465
Prepaid taxes not yet earned (Special Revenue)	-	787
Taxes receivable, net, less penalties (General)	-	2,032,042
Taxes receivable, net, less penalties (Special Revenue)	-	103,879
Total	<u>\$ 1,269,824</u>	<u>\$ 6,425,263</u>

Lenoir County, North Carolina  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2015

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**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 \$600,000. Based on past experience, management believes the above coverages are sufficient.

The County carries flood insurance purchased through a local agent on three county buildings; the Cooperative Extension Building, Livestock Arena, and the Kinston Lenoir County Visitors Center. 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. The County carries \$350,000 coverage on the Visitors Center building and \$100,000 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.

Kinston-Lenoir County Tourism Development Authority 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 Authority does not carry flood insurance. The Authority does carry commercial coverage for all other risks of loss. There have been not significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years. The Authority has no employees.

Lenoir County, North Carolina  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2015

**6. Contingent Liabilities**

At June 30, 2015, 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. Principal and interest payments are appropriated when due.

The County's general obligation bonds payable at June 30, 2015 are comprised of the following individual issues:

Serviced by the County's General Fund:

\$30,000,000 2007 Public Improvement School Bonds, in annual installments of up to \$1,650,000 through February 1, 2028	\$ 3,100,000
\$2,600,000 2007 Public Improvements Library Bonds, in annual installments of up to \$200,000 through February 1, 2025	300,000
\$39,700,000 2008 Public Improvement School Bonds, in annual installments of up to \$2,800,000 through February 1, 2029	28,300,000
\$18,970,000 of 2013 Refunding Bonds, in annual installments of up to \$1,770,000 through February 1, 2028	18,685,000
	<u>\$ 50,385,000</u>

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

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 3,680,000	\$ 2,074,200
2017	3,680,000	1,910,800
2018	3,685,000	1,742,650
2019	3,670,000	1,571,500
2020	3,670,000	1,424,700
2021-2025	18,280,000	4,923,925
2026-2029	13,720,000	1,312,700
Totals	\$ 50,385,000	\$ 14,960,475
Premium on bonds	2,163,631	-
Carrying value of general obligation bonds	<u>\$ 52,548,631</u>	<u>\$ 14,960,475</u>

As June 30, 2015, Lenoir County had a legal debt margin of \$263,245,453.

Lenoir County, North Carolina  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2015

**b. Notes Payable**

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, 2015, the balance of the note was \$14,800,000.

On May 8, 2014, the County obtained a \$576,923 loan from the North Carolina Eastern Region to assist with capital improvements within the County. The loan requires annual payments of \$115,385 through April 8, 2019. At June 20, 2015, the balance of the note was \$461,538.

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

<u>Year Ending June 30,</u>	Governmental Activities	
	Principal	Interest
2016	\$ 1,040,385	\$ 910,200
2017	1,040,384	853,313
2018	1,040,385	796,425
2019	1,040,384	739,537
2020	925,000	682,650
2021-2025	4,625,000	2,559,938
2026-2030	4,625,000	1,137,750
2031	925,000	56,887
Principal payments	<u>\$ 15,261,538</u>	
Total interest payments		<u>\$ 7,736,700</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>	Interest Rebate
2016	\$ 409,590
2017	383,991
2018	358,391
2019	332,792
2020	307,193
2021-2025	1,151,972
2026-2030	511,987
2031	25,599
Totals	<u>\$ 3,481,515</u>

The ABC Board obtained financing from First Citizens Bank on May 19, 2014 for the purchase and renovation of a building and related land in the amount of \$524,450. The ABC Board used the building to relocate a store. The loan agreement calls for interest only payments to be made for the first six months beginning July 1, 2014 and principal and interest payments of \$3,749 beginning on January 1, 2015. The interest rate is a fixed amount of 3.45%.

Lenoir County, North Carolina  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2015

The loan consists of 59 payments in the amount of \$3,749 and a final balloon payment of \$382,872 will be made on December 1, 2019. The outstanding note payable balance as of June 30, 2015 was \$480,316.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 28,395	\$ 16,593
2017	27,805	17,183
2018	28,779	16,209
2019	29,788	15,200
2020	365,549	6,305
Total payments	<u>\$ 480,316</u>	<u>\$ 71,490</u>

**c. Capital Leases**

The County has entered agreements to lease certain equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

An agreement was executed on July 1, 2014 to lease heart monitors and defibrillators and requires 5 annual payments of \$86,162. 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.

The following is an analysis of the assets recorded under the capital lease at June 30, 2015:

Governmental:			Net Book
Class of Property	Cost	Accumulated Depreciation	Value
Computer equipment	\$ 46,683	\$ 35,012	\$ 11,671
Defibrillators	368,535	36,853	331,682
Telephones	218,237	72,746	145,491
	<u>\$ 633,455</u>	<u>\$ 144,611</u>	<u>\$ 488,844</u>
 Business-type:			
Telephones	<u>\$ 3,144</u>	<u>\$ 1,415</u>	<u>\$ 1,729</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 were as follows:

<u>Year Ending June 30,</u>	Governmental Activities	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 116,445	\$ 17,591
2017	121,300	12,736
2018	126,358	7,678
2019	82,804	3,358
Total payments	<u>\$ 446,907</u>	<u>\$ 41,363</u>

Lenoir County, North Carolina  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2015

**d. Advance Refunding**

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.

**Debt Related to Capital Activities** - Of the total Governmental Activities debt listed only \$15,708,445 relates to assets the County holds title.

**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, 2015:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Current Portion of Balance
<b>Governmental Activities:</b>					
General obligation debt	\$ 56,394,926	\$ -	\$ 3,846,295	52,548,631	\$ 3,680,000
Notes payable	16,301,923	-	1,040,385	15,261,538	1,040,385
Capital leases	175,713	398,510	127,316	446,907	116,445
Compensated absences	1,347,151	296,057	-	1,643,208	-
Net pension liability (LGERS)	3,426,713	-	3,426,713	-	-
Net pension obligation (LEOSSA)	749,172	159,407	158,140	750,439	-
Other postemployment benefits	1,786,687	772,930	266,803	2,292,814	-
Total governmental activities	<u>\$ 80,182,285</u>	<u>\$ 1,626,904</u>	<u>\$ 8,865,652</u>	<u>\$ 72,943,537</u>	<u>\$ 4,836,830</u>
<b>Business-Type Activities:</b>					
Accrued landfill closure and post-closure care costs	\$ 1,377,587	\$ 336,945	\$ -	\$ 1,714,532	\$ -
Capital leases	2,495	-	584	1,911	610
Compensated absences	33,626	4,643	-	38,269	-
Net pension liability (LGERS)	70,106	-	70,106	-	-
Other postemployment benefits	37,694	10,273	-	47,967	-
Total business-type activities	<u>\$ 1,521,508</u>	<u>\$ 351,861</u>	<u>\$ 70,690</u>	<u>\$ 1,802,679</u>	<u>\$ 610</u>

The LGERS plan had a net pension asset as of June 30, 2015; however, the plan had a net pension liability at the beginning of the fiscal year.

Compensated absences for governmental activities typically have been liquidated in the general fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

Lenoir County, North Carolina  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2015

The following is a summary of the changes in the ABC Board's long-term obligations for the fiscal year ended June 30, 2015:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Current Portion of Balance
ABC Board:					
Notes payable	\$ 524,450	\$ -	\$ 44,134	\$ 480,316	\$ 28,395
Net pension liability (LGERS)	40,983	-	40,983	-	-
Other postemployment benefits	80,214	-	3,261	76,953	-
Total ABC Board	<u>\$ 645,647</u>	<u>\$ -</u>	<u>\$ 88,378</u>	<u>\$ 557,269</u>	<u>\$ 28,395</u>

**C. Interfund Balances and Activity**

Transfers to/from other funds at June 30, 2015, consists of the following:

From the General Fund to the Capital Improvements Fund to cover economic Incentives that have been approved by the Commissioners.	\$ 2,715,203
From the General Fund to the Employee Insurance Fund to cover the increasing cost of medical insurance for the employees.	299,700
From the General Fund to the Vehicle Replacement Fund to cover the costs of replacing Sheriff's and Emergency Services vehicles.	385,570
From the Solid Waste Fund to the Scrap Tire Fund in order to help pay for the costs of handling/processing scrap tires.	50,000
From the School Capital Outlay Fund to the General Fund for debt payment on bonds for the building of new schools.	<u>2,700,000</u>
Total	<u>\$ 6,150,473</u>

Balances due to/from other funds as of June 30, 2015, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 310,178
General Fund	Family and Caregiver Education Fund	3,912
General Fund	Employee Insurance Internal Service Fund	<u>228,491</u>
Total		<u>\$ 542,581</u>

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Lenoir County, North Carolina  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2015

**D. Net Investment in Capital Assets**

	Governmental Activities	Business-type Activities	ABC Board	Kinston-Lenoir TDA
Capital assets, net of depreciation	\$ 37,453,907	\$ 730,469	\$ 754,894	\$ 562
Less: Long-Term Debt	15,708,445	1,911	480,316	-
Net investment in capital assets	<u>\$ 21,745,462</u>	<u>\$ 728,558</u>	<u>\$ 274,578</u>	<u>\$ 562</u>

**E. 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-county funds, county funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer 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	\$ 26,437,740
Less:	
Stabilization by state statute	4,732,066
Insurance	82,700
Appropriated Fund Balance in 2016 budget	10,781,885
Working Capital / Fund Balance Policy	5,160,556
Remaining Fund Balance	<u>\$ 5,680,533</u>

Lenoir County has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 8% of budgeted expenditures. The County has set a goal to increase unassigned fund balance to 20% of General Fund expenditures.

**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 \$188,080 for the year ended June 30, 2015. 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 28502.

Lenoir County, North Carolina  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2015

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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, 2015. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$740,500 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, 2015. 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, 2015. 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, 2015. 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, 2015. Complete financial statements for Eastpointe can be obtained from their office at 117 Beasley Street, Kenansville, NC 28349.

**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 \$15,521 to the Council during the fiscal year ended June 30, 2015. The County has no equity interest in the Council.

Lenoir County, North Carolina  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2015

**Note VI. Major Taxpayer**

Lenoir County had property tax revenue from one taxpayer in 2015 of \$1,395,886, 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.

	Federal	State
Special Supplemental Food Program for Women, Infants, and Children	\$ 1,562,136	\$ -
Temporary Assistance for Needy Families	342,371	-
IV-E Foster Care	185,093	66,883
IV-E Admin County	66,555	33,277
State Foster Home	-	14,416
Special Assistance to Adults	-	681,756
IV-E Adoptions Subsidy Payments	168,422	42,703
CWS Adoption Subsidy Payments	-	141,472
Food Stamp Program	21,078,281	-
Medical Assistance	67,243,244	37,561,928
SFHF Maximization	-	10,142
State Children's Insurance Program	894,222	283,448

**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.

**Unemployment Taxes**

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

Lenoir County, North Carolina  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2015

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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, 2015, the net position for the Landfill Fund was \$3,173,942, consisting of \$728,558 invested in capital assets, and \$2,445,384 in unrestricted net position.

**Note X. Change in Accounting Principles/Restatement/Prior Period Adjustments**

**Pensions**

The County implemented Governmental Accounting Standards Board (GASB) statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the County to record beginning net pension liability and the effects on net position of contributions made by the County during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by \$2,191,278 and \$46,365, respectively.

The ABC Board implemented Governmental Accounting Standards Board (GASB) statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the Board to record beginning net pension liability and the effects on net position of contributions made by the ABC Board during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the ABC Board decreased by \$26,809.

**Other Postemployment Benefits**

The ABC Board has determined that certain transactions were recorded incorrectly in a prior year. Instead of an annual adjustment for the OPEB cost (expense) an entry was only booked for the years ending June 30, 2009 and 2012, as part of the triennial actuarial valuation. A prior period adjustment was made to obtain the correct beginning balance of the OPEB liability in the amount of \$39,241 and account for the annual OPEB cost (expense) of \$14,235 thus decreasing the net position by \$53,476 for the fiscal year ended June 30, 2014.

**Note Receivable and Accrued Interest Payable**

As disclosed in Note III. A 5, Lenoir County sold its hospital facility and land to Lenoir Memorial Hospital for \$12,000,000 in fiscal year 2004. Lenoir Memorial Hospital paid to the County a down payment of \$2,000,000 upon closing of the sale. The remaining balance of \$10,000,000 is payable in 20 annual installments of \$500,000 beginning on or before July 10, 2005 and ending on July 10, 2024. This note receivable was not recorded as an asset in previous years. A prior period adjustment was made to record the outstanding balance of the promissory note receivable as of June 30, 2014. As a result, net position for the governmental activities increased by \$5,500,000.

Also, accrued interest payable on long-term debt was not recorded and a liability in previous years. A prior period adjustment was made to record accrued interest payable as of June 30, 2014, resulting in a decrease of \$1,658,292 in net position for the governmental activities.

Lenoir County, North Carolina  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2015

A summary of prior period adjustments and changes in net position for the fiscal year ended June 30, 2014 is shown below:

	Governmental Activities	Business-type Activities	Total Primary Government	ABC Board
Net position beginning previously reported	\$ 335,938	\$ 3,751,207	\$ 4,087,145	\$ 643,590
Prior Period Adjustments				
GASB 68 LGERS Pension	(2,266,260)	(46,365)	(2,312,625)	(26,809)
GASB 68 Register of Deeds Pension	74,982	-	74,982	-
Note Receivable from Hospital	5,500,000	-	5,500,000	-
Accrued interest payable	(1,658,292)	-	(1,658,292)	-
Other postemployment benefits	-	-	-	(53,476)
Total prior period adjustments	1,650,430	(46,365)	1,604,065	(80,285)
Net position beginning restated	<u>\$ 1,986,368</u>	<u>\$ 3,704,842</u>	<u>\$ 5,691,210</u>	<u>\$ 563,305</u>

**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

Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)  
Local Government Employees' Retirement System

Schedule of County Contributions  
Local Government Employees' Retirement System

Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)  
Register of Deeds' Supplemental Pension Fund

Schedule of County Contributions  
Register of Deeds' Supplemental Pension Fund

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%
12/31/2013	-	1,589,352	1,589,352	0%	2,519,552	63.08%
12/31/2014	-	1,415,841	1,415,841	0%	2,493,846	56.77%

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
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%
2014	128,240	133%
2015	185,235	85%

**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

Valuation date	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	16 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%
12/31/2013	-	9,000,115	9,000,115	0%	15,987,942	56.3%
12/31/2014	-	9,082,702	9,082,702	0%	16,579,977	54.8%

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*
2012	\$ 555,867	63.0%
2013	705,300	21.0%
2014	731,255	79.2%
2015	779,942	34.2%

\* Presented for all years for which data is available.

**Notes to the Required Schedules:**

actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay open
Remaining amortization period	30 years
Amortization factor	26.1695
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend rate	7.75% - 5.00%
Year of ultimate trend rate	2020

Lenoir County, North Carolina  
 Local Government Employees' Retirement System  
 Required Supplementary Information  
 Schedule of the County's Proportionate Share of the  
 Net Pension Liability (Asset)  
 Last Two Fiscal Years \*

STATEMENT 5

	2015	2014
County's proportion of the net pension liability (asset) %	0.28937%	0.29100%
County's proportion of the net pension liability (asset) \$	\$ (1,706,548)	\$ 3,496,819
County's covered-employee payroll	\$ 17,410,807	\$ 16,749,562
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-9.80%	20.88%
Plan fiduciary net position as a percentage of the total pension liability	102.64%	94.35%

\* The amounts presented for each year were determined as of the prior fiscal year ending June 30.

Lenoir County, North Carolina  
 Local Government Employees' Retirement System  
 Required Supplementary Information  
 Schedule of County Contributions  
 Last Two Fiscal Years

STATEMENT 6

	2015	2014
Contractually required contribution	\$ 1,239,815	\$ 1,184,194
Contributions in relation to the contractually required contribution	1,239,815	1,184,194
Contribution deficiency (excess)	\$ -	\$ -
County's covered-employee payroll	\$ 17,410,807	\$ 16,749,562
Contributions as a percentage of covered-employee payroll	7.12%	7.07%

Lenoir County, North Carolina  
 Register of Deeds' Supplemental Pension Fund  
 Required Supplementary Information  
 Schedule of the County's Proportionate Share of the  
 Net Pension Liability (Asset)  
 Last Two Fiscal Years \*

STATEMENT 7

	2015	2014
County's proportion of the net pension liability (asset) %	0.37331%	0.33677%
County's proportion of the net pension liability (asset) \$	\$ (84,603)	\$ (71,934)
County's covered-employee payroll	\$ 52,365	\$ 47,685
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-161.56%	-150.85%
Plan fiduciary net position as a percentage of the total pension liability	1.9388%	1.9050%

\* The amounts presented for each year were determined as of the prior fiscal year ending June 30.

Lenoir County, North Carolina  
 Register of Deeds' Supplemental Pension Fund  
 Required Supplementary Information  
 Schedule of County Contributions  
 Last Two Fiscal Years

STATEMENT 8

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,758	\$ 3,048
Contributions in relation to the contractually required contribution	<u>2,758</u>	<u>3,048</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 52,365	\$ 47,685
Contributions as a percentage of covered-employee payroll	5.27%	6.39%

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# 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  
 Changes in Fund Balance – Budget and Actual  
 For the Year Ended June 30, 2015  
 (With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2014)

STATEMENT 9  
 Page 1 of 13

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
<b>Revenues:</b>				
Ad valorem taxes:				
Taxes	\$ 34,586,261	<b>\$ 34,566,424</b>	\$ (19,837)	\$ 35,521,256
Penalties and interest	424,100	<b>362,913</b>	(61,187)	537,699
Total	35,010,361	<b>34,929,337</b>	(81,024)	36,058,955
Local option sales taxes:				
Article 39 one percent	3,750,000	<b>3,870,054</b>	120,054	3,781,627
Article 40 one-half of one percent	1,600,000	<b>1,835,980</b>	235,980	1,754,290
Article 42 one-half of one percent	800,000	<b>806,718</b>	6,718	796,347
Article 44 one-half of one percent	-	<b>674</b>	674	5,974
Total	6,150,000	<b>6,513,425</b>	363,425	6,338,238
Other taxes and licenses:				
Real estate transfer tax	92,275	<b>82,497</b>	(9,778)	102,089
Motor vehicle rental tax	61,400	<b>71,642</b>	10,242	58,805
Occupancy and tourism tax	189,000	<b>192,705</b>	3,705	225,693
Privilege licenses	12,000	<b>5,658</b>	(6,343)	11,069
Total	354,675	<b>352,502</b>	(2,174)	397,656
Unrestricted intergovernmental :				
Beer and wine taxes	162,740	<b>162,736</b>	(4)	150,857
Video franchise tax	105,250	<b>105,247</b>	(3)	105,897
Housing Authority payment in lieu of tax	15,000	<b>3,494</b>	(11,506)	9,211
ABC profits distribution	65,000	<b>90,909</b>	25,909	35,979
Total	347,990	<b>362,386</b>	14,396	301,944

Lenoir County, North Carolina  
 General Fund  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balance – Budget and Actual  
 For the Year Ended June 30, 2015  
 (With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2014)

STATEMENT 9  
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	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
<b>Restricted intergovernmental:</b>				
Federal grants	\$ 101,481	\$ <b>101,481</b>	\$ -	\$ -
State grants	486,758	<b>480,197</b>	(6,560)	562,799
Public school capital projects	600,000	<b>600,000</b>	-	600,000
Disaster funds, grants and other	15,827	<b>15,827</b>	-	10,390
Health department grants	2,015,677	<b>1,715,125</b>	(300,552)	1,920,277
Social service grants	10,395,908	<b>9,489,211</b>	(906,697)	8,565,254
Other grants	35,135	<b>33,801</b>	(1,334)	47,633
Court facility fees	110,000	<b>119,696</b>	9,696	115,294
PEG access fees	58,600	<b>58,452</b>	(148)	63,568
ABC profits for law enforcement	13,000	<b>5,545</b>	(7,455)	15,167
ABC bottle taxes	12,500	<b>13,979</b>	1,479	12,990
Interest rebate - RZED bonds	403,856	<b>403,856</b>	-	420,700
<b>Total</b>	<b>14,248,742</b>	<b>13,037,170</b>	<b>(1,211,572)</b>	<b>12,334,072</b>
<b>Sales and services:</b>				
Cablevision fees	1,200	-	(1,200)	224
Jail fees	98,200	<b>106,883</b>	8,683	84,205
School resource officer	335,373	<b>333,705</b>	(1,668)	167,137
Sheriff fees	1,173,614	<b>1,094,957</b>	(78,657)	1,279,255
Register of deeds	200,000	<b>178,788</b>	(21,212)	198,440
Inspection fees	165,000	<b>168,230</b>	3,230	144,317
Reimbursement City elections	-	-	-	19,679
Social service revenues	40,430	<b>26,409</b>	(14,021)	43,453
Health department fees	111,300	<b>90,737</b>	(20,563)	94,865
Emergency medical service fees	2,908,208	<b>2,817,073</b>	(91,135)	2,752,091
Tax collection fees	154,417	<b>155,478</b>	1,061	162,808
Rents and parking	158,150	<b>157,278</b>	(872)	158,278
<b>Total</b>	<b>5,345,892</b>	<b>5,129,538</b>	<b>(216,354)</b>	<b>5,104,752</b>
Investment earnings	31,250	<b>9,803</b>	(21,447)	11,397

Lenoir County, North Carolina  
General Fund  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance – Budget and Actual  
For the Year Ended June 30, 2015

(With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2014)

STATEMENT 9  
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	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
Miscellaneous:				
Fines	\$ 350,000	\$ 344,937	\$ (5,063)	\$ 295,431
Hospital annual payment	500,000	500,000	-	500,000
Other revenues	301,368	271,163	(30,205)	369,063
Total	1,151,368	1,116,100	(35,268)	1,164,494
<b>Total revenues</b>	62,640,278	61,450,261	(1,190,017)	61,711,507
<b>Expenditures</b>				
<b>General Government:</b>				
Governing body:				
Salaries and employee benefits		164,114		131,243
Other operating expenditures		46,240		39,861
Total	218,993	210,354	8,639	171,104
County Manager:				
Salaries and employee benefits		290,904		261,634
Other operating expenditures		6,796		6,156
Total	308,143	297,700	10,443	267,790
Board of Elections:				
Salaries and employee benefits		180,518		206,089
Other operating expenditures		79,275		80,166
Total	333,075	259,793	73,282	286,255
Finance Department:				
Salaries and employee benefits		213,850		199,982
Other operating expenditures		7,358		8,166
Total	228,064	221,208	6,856	208,148

Lenoir County, North Carolina  
 General Fund  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balance – Budget and Actual  
 For the Year Ended June 30, 2015  
 (With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2014)

STATEMENT 9  
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	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
<b>Tax Office:</b>				
Salaries and employee benefits		<b>\$ 630,039</b>		\$ 669,395
Other operating expenditures		<b>90,246</b>		91,030
NCVTS collection costs		<b>103,674</b>		70,485
Total	\$ 843,255	<b>823,959</b>	\$ 19,296	830,910
<b>Human Resources:</b>				
Salaries and employee benefits		<b>116,541</b>		165,783
Other operating expenditures		<b>6,744</b>		12,460
Total	167,503	<b>123,285</b>	44,218	178,243
<b>County Attorney:</b>				
Contracted services	62,500	<b>33,294</b>	29,206	28,697
<b>Register of Deeds:</b>				
Salaries and employee benefits		<b>188,597</b>		180,791
Other operating expenditures		<b>47,655</b>		47,389
Total	254,774	<b>236,252</b>	18,522	228,180
<b>Public Buildings:</b>				
Salaries and employee benefits		<b>106,878</b>		100,832
Other operating expenditures		<b>473,662</b>		416,316
Total	615,021	<b>580,540</b>	34,481	517,148
<b>Court facilities:</b>				
Salaries and employee benefits		<b>23,823</b>		28,969
Other operating expenditures		<b>361,302</b>		421,833
Total	593,861	<b>385,125</b>	208,736	450,802
<b>Non-departmental:</b>				
Salaries and employee benefits		<b>270,870</b>		335,621
Other operating expenditures		<b>1,940,650</b>		1,734,580
Total	2,440,290	<b>2,211,520</b>	228,770	2,070,201

Lenoir County, North Carolina  
General Fund  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance – Budget and Actual  
For the Year Ended June 30, 2015

(With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2014)

STATEMENT 9  
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	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
<b>Management Information System:</b>				
Salaries and employee benefits		\$ 525,981		\$ 513,142
Other operating expenditures		217,024		214,285
Lease payments		80,167		-
Capital outlay		1,111		689
Total	\$ 946,052	824,283	\$ 121,769	728,116
Outside agencies	187,500	113,209	74,291	101,090
<b>Total general government</b>	7,199,031	6,320,522	878,509	6,066,684
<b>Public Safety:</b>				
Sheriff:				
Salaries and employee benefits		3,805,601		3,724,537
Other operating expenditures		631,138		672,612
Capital outlay		25,328		56,272
Total	4,913,994	4,462,067	451,927	4,453,421
Jail:				
Salaries and employee benefits		2,725,997		2,596,737
Other operating expenditures		1,255,907		1,113,264
Total	4,056,032	3,981,904	74,128	3,710,001
Total Sheriff and Jail	8,970,026	8,443,971	526,055	8,163,422
Concealed weapon:				
Salaries and employee benefits		18,370		3,457
Other operating expenditures		4,713		1,730
Total	25,042	23,083	1,959	5,187
Emergency management:				
Salaries and employee benefits		275,318		281,684
Other operating expenditures		109,007		107,704
Total	427,405	384,325	43,080	389,388

Lenoir County, North Carolina  
 General Fund  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balance – Budget and Actual  
 For the Year Ended June 30, 2015  
 (With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2014)

STATEMENT 9  
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	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
Central communications:				
Salaries and employee benefits		\$ 1,124,281		\$ 1,148,581
Other operating expenditures		82,104		55,836
Contracted services		78,221		115,860
Total	\$ 1,339,755	1,284,606	\$ 55,149	1,320,277
Emergency Medical Services Department:				
Salaries and benefits		2,978,300		2,924,697
Other expenses		823,020		777,115
Capital outlay		368,535		4,708
Total	3,944,430	4,169,855	(225,425)	3,706,520
Fire:				
Contracted services	\$ 58,000	\$ 56,000	\$ 2,000	\$ 28,279
Inspections:				
Salaries and employee benefits		198,352		194,448
Contracted services		19,498		21,402
Total	223,650	217,850	5,800	215,850
Medical examiner:				
Contracted services	40,000	34,100	5,900	32,900
FEMA:				
Other operating expenditures		-		(499)
Total	-	-	-	(499)
Non-emergency Services:				
Salaries and employee benefits		1,230		274,179
Other operating expenditures		-		65,090
Total	1,232	1,230	2	339,269
<b>Total public safety</b>	15,029,540	14,615,020	414,520	14,200,592

Lenoir County, North Carolina  
 General Fund  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balance – Budget and Actual  
 For the Year Ended June 30, 2015  
 (With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2014)

STATEMENT 9  
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	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
<b>Economic and community development:</b>				
Economic development:				
Salaries and employee benefits		\$ 223,101		\$ 217,575
Other operating expenditures		28,691		22,747
Total	\$ 266,703	251,792	\$ 14,911	240,322
Agriculture extension:				
Salaries and employee benefits		232,526		258,123
Other operating expenditures		98,650		85,870
Total	372,260	331,176	41,084	343,993
Soil and water conservation:				
Salaries and employee benefits		116,090		110,356
Other operating expenditures		3,204		2,221
Total	123,509	119,294	4,215	112,577
Cooperative extension prevention block grant:				
Salaries and employee benefits		36,692		28,107
Other operating expenditures		5,029		14,030
Total	42,997	41,721	1,276	42,137
Kate B Reynolds Grant:				
Salaries and employee benefits		30,472		30,450
Other operating expenditures		21,417		8,481
Total	160,770	51,889	108,881	38,931
JCPC:				
Salaries and employee benefits		21,023		28,482
Other operating expenditures		5,313		3,891
Capital outlay		-		-
Total	28,194	26,336	1,858	32,373
<b>Total economic and community development</b>	994,433	822,208	172,225	810,333

Lenoir County, North Carolina  
 General Fund  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balance – Budget and Actual  
 For the Year Ended June 30, 2015  
 (With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2014)

STATEMENT 9  
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	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
<b>Human Services:</b>				
<b>Health:</b>				
Administration:				
Salaries and employee benefits		\$ 825,202		\$ 405,506
Other operating expenditures		502,805		407,263
Total	\$ 1,564,081	1,328,007	\$ 236,074	812,769
Animal control:				
Salaries and employee benefits		81,228		81,553
Other operating expenditures		167,602		149,042
Total	272,689	248,830	23,859	230,595
Immunization:				
Salaries and employee benefits		44,627		43,798
Other operating expenditures		7,108		1,900
Total	53,494	51,735	1,759	45,698
Health promotions:				
Salaries and employee benefits		799,467		925,255
Other operating expenditures		149,713		140,331
Total	1,071,815	949,180	122,635	1,065,586
Child health:				
Salaries and employee benefits		51,934		248,016
Other operating expenditures		36,481		15,166
Total	114,157	88,415	25,742	263,182
Women, infants, and children:				
Salaries and employee benefits		314,502		313,866
Other operating expenditures		11,170		17,760
Total	-	325,672	(325,672)	331,626

Lenoir County, North Carolina  
General Fund  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance – Budget and Actual  
For the Year Ended June 30, 2015  
(With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2014)

STATEMENT 9  
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	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
<b>Pregnancy Care Management:</b>				
Salaries and employee benefits		\$ 144,841		\$ 137,444
Other operating expenditures		4,325		1,128
Total	\$ 160,046	149,166	\$ 10,880	138,572
 <b>Care Coordination for Children:</b>				
Salaries and employee benefits		129,602		84,833
Other operating expenditures		5,604		4,465
Total	143,309	135,206	8,103	89,298
 <b>Environmental health:</b>				
Salaries and employee benefits		386,540		394,460
Other operating expenditures		26,272		24,614
Total	427,325	412,812	14,513	419,074
<b>Total health</b>	<b>3,806,916</b>	<b>3,689,023</b>	<b>117,893</b>	<b>3,396,400</b>
 <b>Mental health:</b>				
Administration:				
Other operating expenditures	245,715	245,715	-	245,715
 <b>Social services:</b>				
Administration:				
Salaries and employee benefits		6,227,737		5,846,818
Other operating expenditures		1,264,227		594,965
Lease payments		57,746		-
Capital outlay		23,186		10,142
Total	8,336,236	7,572,896	763,340	6,451,925
 <b>Daycare:</b>				
Assistance payments	2,208,480	2,086,629	121,851	1,910,352
 <b>Temporary Assistance for Needy Families:</b>				
Assistance payments	354,000	336,876	17,124	279,964

Lenoir County, North Carolina  
 General Fund  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balance – Budget and Actual  
 For the Year Ended June 30, 2015  
 (With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2014)

STATEMENT 9  
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	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
Medical assistance:				
Assistance payments	\$ 602,000	\$ <b>544,949</b>	\$ 57,051	\$ 590,790
Child support enforcement:				
Salaries and employee benefits		<b>47,694</b>		47,171
Other operating expenditures		<b>46,742</b>		104,884
Total	141,421	<b>94,436</b>	46,985	152,055
Adult daycare:				
Other operating expenditures	738,339	<b>680,360</b>	57,979	687,532
Social Services Block Grant:				
Contract services	99,709	<b>45,791</b>	53,918	80,315
Income maintenance programs:				
Other operating expenditures	288,450	<b>242,715</b>	45,735	172,603
Adoption assistance:				
Other operating expenditures	217,031	<b>191,996</b>	25,035	100,338
H & CC Block Grant:				
Other operating expenditures	561,454	<b>547,445</b>	14,009	550,257
Foster care:				
Other operating expenditures	104,370	<b>69,402</b>	34,968	109,626
Services to the blind:				
Other operating expenditures	7,400	<b>7,357</b>	43	7,245
Food stamp program:				
Other operating expenditures	28,919	<b>20,803</b>	8,116	18,279
Crisis intervention:				
Other operating expenditures	823,011	<b>722,270</b>	100,741	677,341

Lenoir County, North Carolina  
 General Fund  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balance – Budget and Actual  
 For the Year Ended June 30, 2015  
 (With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2014)

STATEMENT 9  
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	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
Other social service programs:				
Other operating expenditures	\$ 100,780	\$ 41,531	\$ 59,249	\$ 65,363
<b>Total social services</b>	<b>14,611,600</b>	<b>13,205,456</b>	1,406,144	11,853,985
<b>Bioterrorism:</b>				
Salaries and employee benefits		22,851		34,931
Other operating expenditures		2,842		-
Total	33,664	25,693	7,971	34,931
<b>Veteran's services:</b>				
Other operating expenditures	33,241	21,244	11,997	18,783
<b>Total human services</b>	<b>18,731,136</b>	<b>17,187,131</b>	1,544,005	15,549,814
<b>Cultural and recreational:</b>				
Recreation:				
Other operating expenditures	855,530	855,530	-	799,000
Libraries:				
Contribution to regional library	740,500	740,500	-	740,500
<b>Total cultural and recreational</b>	<b>1,596,030</b>	<b>1,596,030</b>	-	1,539,500
<b>Education:</b>				
Public schools - current	9,900,000	9,900,000	-	9,900,000
Fines	350,000	344,937	5,063	295,431
Community college - current	2,335,000	2,335,000	-	2,235,000
<b>Total education</b>	<b>12,585,000</b>	<b>12,579,937</b>	5,063	12,430,431

Lenoir County, North Carolina  
 General Fund  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balance – Budget and Actual  
 For the Year Ended June 30, 2015  
 (With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2014)

STATEMENT 9  
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	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
<b>Debt service:</b>				
Lease principal	\$ 80,167	\$ 127,316		\$ 198,819
Bond principal	4,720,385	4,720,385		4,730,000
Interest and fees	3,186,888	3,193,608		3,259,714
<b>Total debt service</b>	<b>7,987,440</b>	<b>8,041,309</b>	<b>(53,869)</b>	<b>8,188,533</b>
<b>Total expenditures</b>	<b>64,122,610</b>	<b>61,162,157</b>	<b>2,960,453</b>	<b>58,785,887</b>
Revenues over (under) expenditures	(1,482,332)	288,104	1,770,436	2,925,620
Other financings sources (uses):				
Operating transfers from (to) other funds:				
Transfer from capital project fund	-	-	-	410,025
Transfer from capital reserve fund	2,700,000	2,700,000	-	2,500,000
Transfer to capital project funds	(2,715,203)	(2,715,203)	-	(2,542,324)
Transfer to insurance reserve	(299,700)	(299,700)	-	(285,910)
Transfer to special revenue funds	(385,570)	(385,570)	-	(340,000)
<b>Total operating transfers</b>	<b>(700,473)</b>	<b>(700,473)</b>	<b>-</b>	<b>(258,209)</b>
Contingency	(11,524)	-	11,524	-
Proceeds from capital lease	-	398,510	398,510	-
Sales of fixed assets	14,715	14,213	(502)	5,250
<b>Total other financing sources (uses)</b>	<b>(697,282)</b>	<b>(287,750)</b>	<b>409,532</b>	<b>(252,959)</b>
Revenues and other financing sources over (under) expenditures and other financing uses	(2,179,614)	354	2,179,967	2,672,661
Appropriated fund balance	2,563,948	-	(2,563,948)	-
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ 384,334</u>	<u>\$ 354</u>	<u>\$ (383,981)</u>	<u>\$ 2,672,661</u>

Lenoir County, North Carolina  
 General Fund  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balance – Budget and Actual  
 For the Year Ended June 30, 2015  
 (With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2014)

STATEMENT 9  
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	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ 384,334</u>	<u>\$ 354</u>	<u>\$ (383,981)</u>	\$ 2,672,661
Fund balance, beginning of year		<b>26,437,386</b>		23,764,725
Fund balance, end of year		<b>\$ 26,437,740</b>		<b>\$ 26,437,386</b>

Lenoir County, North Carolina  
 Non-Major Governmental Funds  
 Combining Balance Sheet  
 June 30, 2015

STATEMENT 10

	Special Revenue Funds	<u>Capital Project Funds</u> Capital Improvements Fund	Totals
<b>ASSETS</b>			
Cash and investments	\$ 1,065,006	\$ 3,677,891	\$ 4,742,897
Restricted cash and investments	35,693	-	35,693
Receivables:			
Property taxes	103,879	-	103,879
Accounts receivable	114,289	-	114,289
Due from other governments	57,411	-	57,411
<b>Total assets</b>	<b>\$ 1,376,278</b>	<b>\$ 3,677,891</b>	<b>\$ 5,054,169</b>
<b>LIABILITIES AND EQUITY</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 161,884	\$ 5,180	\$ 167,064
Due to other funds	3,912	-	3,912
<b>Total liabilities</b>	<b>165,796</b>	<b>5,180</b>	<b>170,976</b>
Deferred inflows of resources	104,666	-	104,666
Fund balances:			
Restricted			
Stabilization by state statute	151,674	-	151,674
Register of deeds	88,231	-	88,231
Sheriff	327,861	-	327,861
Emergency services	67,879	-	67,879
Tax revaluation	35,458	-	35,458
Community development	7,913	-	7,913
Committed			
Capital improvements	-	3,672,711	3,672,711
Scrap tire disposal	222,716	-	222,716
Vehicle replacement	126,782	-	126,782
Unassigned	77,302	-	77,302
<b>Total equity</b>	<b>1,105,816</b>	<b>3,672,711</b>	<b>4,778,527</b>
<b>Total liabilities, deferred inflows of resources, and equity</b>	<b>\$ 1,376,278</b>	<b>\$ 3,677,891</b>	<b>\$ 5,054,169</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, 2015

STATEMENT 11

	Special Revenue Funds	Capital Project Funds Capital Improvements Fund	Totals
<b>Revenues:</b>			
Ad valorem taxes	\$ 1,280,992	\$ -	\$ 1,280,992
Local option sales tax	198,149	-	198,149
Restricted intergovernmental	1,899,116	700,000	2,599,116
Investment earnings	340	-	340
Other	197,961	-	197,961
<b>Total revenues</b>	<b>3,576,558</b>	<b>700,000</b>	<b>4,276,558</b>
<b>Expenditures:</b>			
General government	549,285	-	549,285
Public safety	2,518,527	-	2,518,527
Economic and community development	37,875	3,976,402	4,014,277
Human services	1,262,793	-	1,262,793
Sanitation	114,008	-	114,008
<b>Total expenditures</b>	<b>4,482,488</b>	<b>3,976,402</b>	<b>8,458,890</b>
Revenues over (under) expenditures	(905,930)	(3,276,402)	(4,182,332)
<b>Other financing sources (uses):</b>			
Sale of fixed assets	-	471,300	471,300
Operating transfers in	435,570	2,715,203	3,150,773
<b>Total other financing sources (uses)</b>	<b>435,570</b>	<b>3,186,503</b>	<b>3,622,073</b>
Revenues and other financing sources over (under) expenditures and other financing uses	(470,360)	(89,899)	(560,259)
Fund balance, beginning of year	1,576,176	3,762,610	5,338,786
<b>Fund balance, end of year</b>	<b>\$ 1,105,816</b>	<b>\$ 3,672,711</b>	<b>\$ 4,778,527</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	\$ 311,711	\$ 214,266	\$ -	\$ 53,292	\$ 166,854
Restricted cash and investments	-	-	35,693	-	-
Receivables:					
Property taxes	-	-	-	103,879	-
Accounts receivable	-	-	-	12,518	46,566
Due from other governments	-	20,026	-	37,385	-
<b>Total assets</b>	<b>\$ 311,711</b>	<b>\$ 234,292</b>	<b>\$ 35,693</b>	<b>\$ 207,074</b>	<b>\$ 213,420</b>

#### LIABILITIES AND EQUITY

Liabilities:

Accounts payable and accrued liabilities	\$ 9,773	\$ 11,576	\$ 235	\$ 103,520	30,334
Due to other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>9,773</b>	<b>11,576</b>	<b>235</b>	<b>103,520</b>	<b>30,334</b>

Deferred inflows of resources:

Taxes receivable	-	-	-	104,666	-
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Fund balances:

Restricted					
Stabilization by state statute	-	-	-	49,903	46,566
Register of deeds	-	-	-	-	-
Sheriff	301,938	-	-	-	-
Emergency services	-	-	-	-	-
Tax revaluation	-	-	35,458	-	-
Community development	-	-	-	-	-
Committed					
Scrap tire disposal	-	222,716	-	-	-
Vehicle replacement	-	-	-	-	-
Unassigned	-	-	-	(51,015)	136,520
<b>Total equity</b>	<b>301,938</b>	<b>222,716</b>	<b>35,458</b>	<b>(1,112)</b>	<b>183,086</b>

Total liabilities, deferred inflows  
of resources, and equity

\$ 311,711	\$ 234,292	\$ 35,693	\$ 207,074	\$ 213,420
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Lenoir County, North Carolina  
 Non-Major Governmental Funds  
 Special Revenue Funds  
 Combining Balance Sheet  
 June 30, 2015

STATEMENT 12

CDBG Fund	Emergency Telephone System Fund	Family and Caregiver Education Fund	Vehicle Replacement Fund	Automation Preservation Fund	State Controlled Substance Fund	Total
\$ 7,913	\$ 67,989	\$ -	\$ 127,567	\$ 88,231	\$ 27,183	\$ 1,065,006
-	-	-	-	-	-	35,693
-	-	-	-	-	-	103,879
12,087	28,606	14,512	-	-	-	114,289
-	-	-	-	-	-	57,411
<u>\$ 20,000</u>	<u>\$ 96,595</u>	<u>\$ 14,512</u>	<u>\$ 127,567</u>	<u>\$ 88,231</u>	<u>\$ 27,183</u>	<u>\$ 1,376,278</u>
\$ -	110	4,291	\$ 785	\$ -	\$ 1,260	\$ 161,884
-	-	3,912	-	-	-	3,912
-	110	8,203	785	-	1,260	165,796
-	-	-	-	-	-	104,666
12,087	28,606	14,512	-	-	-	151,674
-	-	-	-	88,231	-	88,231
-	-	-	-	-	25,923	327,861
-	67,879	-	-	-	-	67,879
-	-	-	-	-	-	35,458
7,913	-	-	-	-	-	7,913
-	-	-	-	-	-	222,716
-	-	-	126,782	-	-	126,782
-	-	(8,203)	-	-	-	77,302
<u>20,000</u>	<u>96,485</u>	<u>6,309</u>	<u>126,782</u>	<u>88,231</u>	<u>25,923</u>	<u>1,105,816</u>
<u>\$ 20,000</u>	<u>\$ 96,595</u>	<u>\$ 14,512</u>	<u>\$ 127,567</u>	<u>\$ 88,231</u>	<u>\$ 27,183</u>	<u>\$ 1,376,278</u>

	Federally Seized Property Fund	Scrap Tire Disposal Fund	Revaluation Reserve Fund	Fire District Funds	Transportation Grant Project Fund
<b>Revenues:</b>					
Ad valorem taxes	\$ -	\$ -	\$ 55,604	\$ 1,225,388	\$ -
Local option sales tax	-	-	-	198,149	-
Restricted intergovernmental	212,587	74,617	-	-	1,157,503
Investment earnings	46	51	-	45	-
Other	-	-	-	-	139,842
<b>Total revenues</b>	<b>212,633</b>	<b>74,668</b>	<b>55,604</b>	<b>1,423,582</b>	<b>1,297,345</b>
<b>Expenditures:</b>					
General government	-	-	55,007	-	-
Public safety	77,299	-	-	1,419,892	-
Economic and community development	-	-	-	-	-
Human services	-	-	-	-	1,210,694
Sanitation	-	114,008	-	-	-
<b>Total expenditures</b>	<b>77,299</b>	<b>114,008</b>	<b>55,007</b>	<b>1,419,892</b>	<b>1,210,694</b>
Revenues over (under) expenditures	135,334	(39,340)	597	3,690	86,651
<b>Other financing sources (uses):</b>					
Operating transfers in	-	50,000	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	135,334	10,660	597	3,690	86,651
Fund balance, beginning of year	166,604	212,056	34,861	(4,802)	96,435
<b>Fund balance, end of year</b>	<b>\$ 301,938</b>	<b>\$ 222,716</b>	<b>\$ 35,458</b>	<b>\$ (1,112)</b>	<b>\$ 183,086</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, 2015

STATEMENT 13

CDBG Fund	Emergency Telephone System Fund	Family and Caregiver Education Fund	Vehicle Replacement Fund	Automation Preservation Fund	State Controlled Substance Fund	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,280,992
-	-	-	-	-	-	198,149
32,875	343,270	53,613	-	19,831	4,820	1,899,116
-	164	-	-	22	12	340
-	-	-	58,119	-	-	197,961
<u>32,875</u>	<u>343,434</u>	<u>53,613</u>	<u>58,119</u>	<u>19,853</u>	<u>4,832</u>	<u>3,576,558</u>
-	-	-	494,278	-	-	549,285
-	977,752	-	-	-	43,584	2,518,527
37,875	-	-	-	-	-	37,875
-	-	52,099	-	-	-	1,262,793
-	-	-	-	-	-	114,008
<u>37,875</u>	<u>977,752</u>	<u>52,099</u>	<u>494,278</u>	<u>-</u>	<u>43,584</u>	<u>4,482,488</u>
(5,000)	(634,318)	1,514	(436,159)	19,853	(38,752)	(905,930)
-	-	-	385,570	-	-	435,570
(5,000)	(634,318)	1,514	(50,589)	19,853	(38,752)	(470,360)
<u>25,000</u>	<u>730,803</u>	<u>4,795</u>	<u>177,371</u>	<u>68,378</u>	<u>64,675</u>	<u>1,576,176</u>
<u>\$ 20,000</u>	<u>\$ 96,485</u>	<u>\$ 6,309</u>	<u>\$ 126,782</u>	<u>\$ 88,231</u>	<u>\$ 25,923</u>	<u>\$ 1,105,816</u>

Lenoir County, North Carolina  
 Federally Seized Property Fund  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balance – Budget and Actual  
 For the Fiscal Year Ended June 30, 2015  
 (With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2014)

STATEMENT 14

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
<b>Revenues:</b>				
Restricted intergovernmental	\$ 222,589	\$ 212,587	\$ (10,002)	\$ 135,792
Investment earnings	100	46	(54)	74
Total revenues	222,689	212,633	(10,056)	135,866
<b>Expenditures:</b>				
Public safety				
Operating expenses	227,847	25,550		67,337
Capital outlay	86,763	51,749		83,298
Total expenditures	314,610	77,299	237,311	150,635
Revenues over (under) expenditures	(91,921)	135,334	227,255	(14,769)
Appropriated fund balance	91,921	-	(91,921)	-
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>135,334</u>	<u>\$ 135,334</u>	(14,769)
Fund balance, beginning of year		166,604		181,373
Fund balance, end of year		\$ 301,938		\$ 166,604

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, 2015  
(With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2014)

STATEMENT 15

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
<b>Revenues:</b>				
Local option sales tax	\$ 1,600,000	\$ 2,033,268	\$ 433,268	\$ 1,874,695
State grants	84,680	84,679	(1)	255,113
Investment earnings	250	917	667	1,700
<b>Total revenues</b>	<b>1,684,930</b>	<b>2,118,864</b>	<b>433,934</b>	<b>2,131,508</b>
<b>Expenditures:</b>				
Public school building projects	766,758	766,759	(1)	599,176
Interest and fees	1,650	1,650	-	-
<b>Total expenditures</b>	<b>768,408</b>	<b>768,409</b>	<b>(1)</b>	<b>599,176</b>
Revenues over (under) expenditures	916,522	1,350,455	433,933	1,532,332
<b>Other financing sources (uses):</b>				
Transfer to general fund	(2,700,000)	(2,700,000)	-	(2,500,000)
Revenues and other financing sources over (under) expenditures	(1,783,478)	(1,349,545)	433,933	(967,668)
Appropriated fund balance	1,783,478	-	(1,783,478)	-
Revenues, other financing sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(1,349,545)</u>	<u>\$ (1,349,545)</u>	(967,668)
Fund balance, beginning of year		<b>5,372,074</b>		6,339,742
Fund balance, end of year		<b>\$ 4,022,529</b>		<b>\$ 5,372,074</b>

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, 2015  
 (With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2014)

STATEMENT 16

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
Revenues:				
Restricted intergovernmental	\$ 120,000	\$ 74,617	\$ (45,383)	\$ 108,723
Investment earnings	-	51	51	60
Total revenues	120,000	74,668	(45,332)	108,783
Expenditures:				
Sanitation				
Contracted services	170,000	114,008	55,992	122,607
Revenues over (under) expenditures	(50,000)	(39,340)	10,660	(13,824)
Other financing sources:				
Operating transfer in	50,000	50,000	-	50,000
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>10,660</u>	<u>\$ 10,660</u>	36,176
Fund balance, beginning of year		212,056		175,880
Fund balance, end of year		\$ 222,716		\$ 212,056

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, 2015  
 (With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2014)

STATEMENT 17

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
Revenues:				
Ad valorem taxes	\$ 55,604	\$ 55,604	\$ -	\$ 54,549
Expenditures:				
General government				
Salaries and benefits	49,904.00	53,246	(3,342.00)	48,898
Operating expenditures	5,700.00	1,761	3,939.00	3,438
Total expenditures	55,604.00	55,007	597.00	52,336
Revenues over (under) expenditures	\$ -	597	\$ 597	2,213
Fund balance, beginning of year		34,861		32,648
Fund balance, end of year		\$ 35,458		\$ 34,861

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, 2015  
 (With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2014)

STATEMENT 18

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
<b>Revenues:</b>				
Ad valorem taxes	\$ 1,125,825	\$ 1,225,388	\$ 99,563	\$ 1,279,548
Local option sales taxes	171,650	198,149	26,499	190,290
Unrestricted intergovernmental revenues	271,450	-	(271,450)	-
Investment earnings	75	45	(30)	84
Total revenues	1,569,000	1,423,582	(145,418)	1,469,922
<b>Expenditures:</b>				
Public safety				
Contracted services	1,569,000	1,419,892	149,108	1,466,914
Revenues over (under) expenditures	<u>\$ -</u>	<u>3,690</u>	<u>\$ 3,690</u>	3,008
Fund balance, beginning of year		<b>(4,802)</b>		(7,810)
Fund balance, end of year		<b>\$ (1,112)</b>		<b>\$ (4,802)</b>

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, 2015  
(With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2014)

STATEMENT 19

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
<b>Revenues:</b>				
Restricted intergovernmental:				
Department of Transportation	\$ 838,382	\$ <b>541,722</b>	\$ (296,660)	\$ 611,171
Other restricted revenue	631,467	<b>615,781</b>	(15,686)	662,030
Other income	120,192	<b>139,842</b>	19,650	64,439
Total revenues	1,590,041	<b>1,297,345</b>	(292,696)	1,337,640
<b>Expenditures:</b>				
Human Services:				
Transportation Department				
Salaries and benefits	745,385	<b>627,602</b>	117,783	652,458
Other operating expenditures	399,115	<b>285,473</b>	113,642	366,896
Capital outlay	445,541	<b>297,619</b>	147,922	235,393
Total expenditures	1,590,041	<b>1,210,694</b>	379,347	1,254,747
Revenues over (under) expenditures	<u>\$ -</u>	<u><b>86,651</b></u>	<u>\$ 86,651</u>	82,893
Fund balance, beginning of year		<b>96,435</b>		13,542
Fund balance, end of year		<b>\$ 183,086</b>		\$ 96,435

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, 2015

STATEMENT 20  
Page 1 of 2

	Actual				Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Totals to Date	
<b>Revenues:</b>					
Restricted intergovernmental Federal grants					
11-C-2375 Scattered site	\$ 500,000	\$ 47,815	\$ 26,800	\$ 74,615	\$ (425,385)
12-C-2422 Scattered site	225,000	130,986	6,075	137,061	(87,939)
Local match	5,000	-	-	-	(5,000)
<b>Total revenues</b>	<b>730,000</b>	<b>178,801</b>	<b>32,875</b>	<b>211,676</b>	<b>(518,324)</b>
<b>Expenditures:</b>					
Economic & community development					
2011 Catalyst 11-C-2375					
Administration	55,000	15,993	2,392	18,385	36,615
Planning	-	-	5,000	5,000	(5,000)
Acquisition	10,000	-	-	-	10,000
Clearance	10,000	-	-	-	10,000
Reconstruction	186,000	14,047	0	14,047	171,953
Rehabilitation	60,000	-	11,050	11,050	48,950
Street improvements	102,000	9,776	(9,776)	-	102,000
Drainage improvements	25,800	2,311	(2,311)	-	25,800
Sidewalk improvements	11,000	-	-	-	11,000
Sewer improvements	45,200	3,555	10,176	13,731	31,469
Water improvements	25,000	2,133	15,268	17,401	7,599
<b>Total</b>	<b>530,000</b>	<b>47,815</b>	<b>31,800</b>	<b>79,615</b>	<b>450,385</b>
2012 Scattered Site 12-C-2422					
Administration	22,500	13,400	-	13,400	9,100
Rehabilitation	202,500	117,586	6,075	123,661	78,839
<b>Total</b>	<b>225,000</b>	<b>130,986</b>	<b>6,075</b>	<b>137,061</b>	<b>87,939</b>
<b>Total expenditures</b>	<b>755,000</b>	<b>178,801</b>	<b>37,875</b>	<b>216,676</b>	<b>538,324</b>
<b>Revenues over (under) expenditures</b>	<b>(25,000)</b>	<b>-</b>	<b>(5,000)</b>	<b>(5,000)</b>	<b>20,000</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, 2015

STATEMENT 20  
 Page 2 of 2

	Actual				Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Totals to Date	
Other financing sources:					
Operating transfers in	\$ 25,000	\$ 25,000	\$ -	\$ 25,000	\$ -
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 25,000</u>	<u>(5,000)</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>
Fund balance, beginning of year			<b>25,000</b>		
Fund balance, end of year			<b>\$ 20,000</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, 2015

(With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2014)

STATEMENT 21

STATEMENT 21

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
<b>Revenues:</b>				
E-911 fund				
Investment earnings	\$ -	\$ 164	\$ 164	\$ 404
<b>Restricted intergovernmental:</b>				
E911 revenue - state	343,270	343,270	(0)	347,412
Jones County contribution	-	-	-	357,974
<b>Total revenues</b>	<b>343,270</b>	<b>343,434</b>	<b>164</b>	<b>705,790</b>
<b>Expenditures:</b>				
Public safety				
E-911 fund				
Operating expenditures	256,075	418,591	(162,516)	278,809
Capital outlay	887,902	559,161	328,741	1,133,128
<b>Total expenditures</b>	<b>1,143,977</b>	<b>977,752</b>	<b>166,225</b>	<b>1,411,937</b>
Revenues over (under) expenditures	(800,707)	(634,318)	166,389	(706,147)
Appropriated fund balance	800,707	-	(800,707)	-
Revenue and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(634,318)</u>	<u>\$ (634,318)</u>	(706,147)
Fund balance, beginning of year		730,803		1,436,950
Fund balance, end of year		<b>\$ 96,485</b>		<b>\$ 730,803</b>

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, 2015

(With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2014)

STATEMENT 22

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
Revenues:				
Restricted intergovernmental	\$ 53,612	\$ 53,613	\$ 1	\$ 69,667
Expenditures:				
Human Services:				
Smart Start				
Other operating expenditures	59,018	52,099	6,919	67,454
Revenues over (under) expenditures	(5,406)	1,514	6,920	2,213
Appropriated fund balance	5,406	-	(5,406)	-
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	1,514	<u>\$ 1,514</u>	2,213
Fund balance, beginning of year		4,795		2,582
Fund balance, end of year		<u>\$ 6,309</u>		<u>\$ 4,795</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, 2015  
 (With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2014)

STATEMENT 23

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
Revenues:				
Other income	\$ 58,123	\$ 58,119	\$ -	\$ 22,944
Expenditures:				
General government				
Operating expenditures	54,183	6,495		3,264
Capital outlay	533,450	487,783	45,667	247,601
Total expenditures	587,633	494,278	45,667	250,865
Revenues over (under) expenditures	(529,510)	(436,159)	93,351	(227,921)
Other financing sources (uses):				
Operating transfers in	385,570	385,570	-	340,000
Revenues and other financing sources over (under) expenditures	(143,940)	(50,589)	93,351	112,079
Appropriated fund balance	143,940	-	(143,940)	-
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(50,589)</u>	<u>(50,589)</u>	-
Fund balance, beginning of year		177,371		65,292
Fund balance, end of year		<b>\$ 126,782</b>		<b>\$ 177,371</b>

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, 2015  
(With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2014)

STATEMENT 24

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
Revenues:				
Restricted intergovernmental	\$ 21,800	\$ 19,831	\$ (1,969)	\$ 21,586
Investment earnings	100	22	(78)	28
Total revenues	21,900	19,853	(2,047)	21,614
Expenditures:				
General government				
Operating expenditures	21,900	-	21,900	18,144
Revenues over (under) expenditures	<u>\$ -</u>	<u>19,853</u>	<u>\$ 19,853</u>	3,470
Fund balance, beginning of year		68,378		64,908
Fund balance, end of year		\$ 88,231		\$ 68,378

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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, 2015  
 (With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2014)

STATEMENT 25

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
<b>Revenues:</b>				
Restricted intergovernmental	\$ 3,193	\$ 4,820	\$ 1,627	\$ 23,693
Investment earnings	100	12	(88)	22
Total revenues	3,293	4,832	1,539	23,715
<b>Expenditures:</b>				
Public safety				
Operating expenses	47,173	43,584	3,589	2,815
Capital outlay	-	-	-	29,644
Total expenditures	47,173	43,584	3,589	32,459
Revenues over (under) expenditures	(43,880)	(38,752)	5,128	(8,744)
Appropriated fund balance	43,880	-	(43,880)	-
Revenues and appropriated fund balance over (under) expenditures	\$ -	(38,752)	\$ (38,752)	(8,744)
Fund balance, beginning of year		64,675		73,419
Fund balance, end of year		\$ 25,923		\$ 64,675

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, 2015

STATEMENT 26  
 Page 1 of 2

	Actual				Variance Favorable (Unfavorable)
	Project Authorization	Prior Years	Current Year	Totals to Date	
Revenues:					
Restricted intergovernmental:					
E911 Consolidation Grant	\$ 7,400,000	\$ 4,099,990	\$ <b>2,815,846</b>	\$ 6,915,836	\$ (484,164)
Investment earnings	31,000	31,113	<b>72</b>	31,185	185
Miscellaneous	21,711	21,711	-	21,711	-
<b>Total revenues</b>	<b>7,452,711</b>	<b>4,152,814</b>	<b>2,815,918</b>	<b>6,968,732</b>	<b>(483,979)</b>
Expenditures:					
Public Safety - E911					
Consultant	272,100	251,338	<b>19,795</b>	271,133	967
Architect/engineering	233,805	216,270	<b>17,535</b>	233,805	-
Construction	5,779,728	3,585,959	<b>2,220,982</b>	5,806,941	(27,213)
Radios	635,423	-	<b>541,000</b>	541,000	94,423
Contracted services	2,500	2,500	-	2,500	-
Public safety - Jail					
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	396,784	370,062	<b>756</b>	370,818	25,966
Material testing	86,424	86,424	-	86,424	-
Construction management	791,592	791,592	-	791,592	-
Construction	16,990,944	16,841,809	<b>94,992</b>	16,936,801	54,143
Furniture/equipment	43,311	43,311	-	43,311	-
General conditions	1,057,085	1,057,085	-	1,057,085	-
Transaction/activation	69,400	69,400	-	69,400	-
Architect/engineering	1,319,303	1,319,303	-	1,319,303	-
<b>Total expenditures</b>	<b>28,459,793</b>	<b>25,416,447</b>	<b>2,895,060</b>	<b>28,311,507</b>	<b>148,286</b>
Revenues over (under) expenditures	(21,007,082)	(21,263,633)	<b>(79,141)</b>	(21,342,774)	(335,692)

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, 2015

STATEMENT 26  
 Page 2 of 2

	Actual				Variance Favorable (Unfavorable)
	Project Authorization	Prior Years	Current Year	Totals to Date	
<b>Other financing sources:</b>					
Loan proceeds	\$ 18,500,000	18,500,000	\$ -	\$ 18,500,000	\$ -
Operating transfers in	3,446,863	3,451,335	(4,472)	3,446,863	-
Operating transfers out	(405,553)	(410,025)	4,472	(405,553)	-
Contingency - Jail	(57,784)	-	-	-	57,784
Contingency - E911	(476,444)	(44,313)	(144,123)	(188,436)	288,008
<b>Total other financing sources</b>	<b>21,007,082</b>	<b>21,496,997</b>	<b>(144,123)</b>	<b>21,352,874</b>	<b>345,792</b>
<b>Revenues and other financing sources over (under) expenditures</b>					
	<u>\$ -</u>	<u>\$ 233,364</u>	<u>(223,264)</u>	<u>\$ 10,100</u>	<u>\$ 10,100</u>
<b>Fund balance, beg. of year</b>			<b>233,364</b>		
<b>Fund balance, end of year</b>			<b>\$ 10,100</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, 2015  
 (With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2014)

STATEMENT 27

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
Revenues:				
Restricted intergovernmental	\$ 700,000	\$ 700,000	\$ -	\$ 1,635,978
Other income	-	-	-	-
Total revenues	700,000	700,000		1,635,978
Expenditures:				
Economic development	5,138,960	3,793,901	1,345,059	2,073,897
Community development	469,380	139,400	329,980	241,576
Building and grounds	639,585	43,101	596,484	236,424
Debt service:				
Note principal	-	-	-	1,450,100
Interest and fees	-	-	-	25,653
Total expenditures	6,247,925	3,976,402	2,271,523	4,027,650
Revenues over (under) expenditures	(5,547,925)	(3,276,402)	2,271,523	(2,391,672)
Other financing sources (uses):				
Sale of fixed assets	471,300	471,300	-	-
Operating transfers in	2,715,203	2,715,203	-	2,542,324
Operating transfers out	-	-	-	-
Proceeds from issuance of debt	-	-	-	576,923
Total other financing sources (uses)	3,186,503	3,186,503		3,119,247
Revenues and other financing sources over (under) expenditures and other financing uses	(2,361,422)	(89,899)	2,271,523	727,575
Appropriated fund balance	2,361,422	-	(2,361,422)	-
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(89,899)</u>	<u>\$ (89,899)</u>	727,575
Fund balance, beginning of year		3,762,610		3,035,035
Fund balance, end of year		<u>\$ 3,672,711</u>		<u>\$ 3,762,610</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, 2015  
 (With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2014)

STATEMENT 28  
 Page 1 of 2

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
<b>Revenues:</b>				
Charges for services				
Landfill user fees - billing	\$ 1,500,000	\$ <b>1,319,798</b>	\$ (180,202)	1,439,075
Landfill user fees - taxes	1,005,000	<b>998,229</b>	(6,771)	1,001,424
Other operating revenues	52,909	<b>42,931</b>	(9,978)	72,115
Total operating revenues	2,557,909	<b>2,360,958</b>	(196,951)	2,512,614
<b>Nonoperating revenues</b>				
Investment earnings	500	<b>1,146</b>	646	1,491
Solid waste disposal taxes	23,000	<b>27,015</b>	4,015	29,269
White goods disposal taxes	18,000	<b>18,794</b>	794	22,948
Total nonoperating revenues	41,500	<b>46,955</b>	5,455	53,708
Total revenues	2,599,409	<b>2,407,913</b>	(191,496)	2,566,322
<b>Expenditures:</b>				
Landfill operations				
Salaries and benefits		<b>763,455</b>		726,988
Operating expenditures		<b>661,391</b>		567,033
Contracted services		<b>1,002,556</b>		1,093,448
Total	3,048,895	<b>2,427,402</b>	621,493	2,387,469
Capital outlay	52,000	-	52,000	83,364
Total expenditures	3,100,895	<b>2,427,402</b>	673,493	2,470,833
Revenues over (under) expenditures	(501,486)	<b>(19,489)</b>	481,997	95,489
<b>Other financing sources (uses):</b>				
Operating transfers from (to) other funds:				
Operating transfers out	(50,000)	<b>(50,000)</b>	-	(50,000)
Lease proceeds	-	-	-	-
Total other financing sources (uses)	(50,000)	<b>(50,000)</b>	-	(50,000)
Revenues and other financing sources over (under) expenditures and other financing uses	(551,486)	<b>(69,489)</b>	481,997	45,489
Appropriated fund balance	551,486	-	(551,486)	-
Revenues, other financing sources, and appropriated fund balance over (under) expenditures and other financing uses	\$ -	<b>\$ (69,489)</b>	\$ (69,489)	\$ 45,489

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, 2015  
(With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2014)

STATEMENT 28  
Page 2 of 2

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

	<u>2015</u>	<u>2014</u>
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	\$ (69,489)	\$ 45,489
Depreciation	(132,726)	(170,484)
Contributions made to the pension plan in the current fiscal year	24,856	-
Lease payments	584	560
Increase in accrued vacation pay	(4,643)	-
Increase in other postemployment benefits	(10,273)	(2,342)
Pension expense	(2,278)	-
Investment earnings from debt service	14	25
Capital outlay	-	83,164
Landfill closure costs	(336,945)	(9,654)
<b>Net income (loss), full accrual basis</b>	<b>\$ (530,900)</b>	<b>\$ (53,242)</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, 2015  
 (With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2014)

STATEMENT 29

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
Revenues:				
Investment earnings	\$ -	14	\$ 14	25
Expenditures	-	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>14</u>	<u>\$ 14</u>	25
Fund balance, beginning of year		<b>18,453</b>		18,428
Fund balance, end of year		<b>\$ 18,467</b>		<b>\$ 18,453</b>

## 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, 2015  
(With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2014)

STATEMENT 30

	2015		2014	
	Financial Plan	Actual	Variance Positive (Negative)	Actual
<b>Revenues:</b>				
Operating revenues				
Charges for services	\$ 3,540,000	<b>\$ 3,711,600</b>	\$ 171,600	3,688,359
Nonoperating revenues				
Investment earnings	500	-	(500)	328
Total revenues	3,540,500	<b>3,711,600</b>	171,100	3,688,687
<b>Expenditures:</b>				
Insurance claims paid	4,399,700	<b>4,770,689</b>	(370,989)	4,741,502
Revenues over (under) expenditures	(859,200)	<b>(1,059,089)</b>	(199,889)	(1,052,815)
<b>Other financing sources:</b>				
Transfer from general fund	299,700	<b>299,700</b>	-	285,910
Revenues and other financing sources over (under) expenditures	(559,500)	<b>(759,389)</b>	(199,889)	(766,905)
Appropriated fund balance	559,500	-	(559,500)	-
Revenues, other financing sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u><b>(759,389)</b></u>	<u>\$ (759,389)</u>	(766,905)
Fund balance, beginning of year	<b>530,898</b>		1,297,803	
Fund balance, end of year	<b>\$ (228,491)</b>		\$ 530,898	

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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 Fund  
Combining Statement of Changes in Assets and Liabilities  
For the Fiscal Year Ended June 30, 2015

STATEMENT 31

	Balance July 1, 2014	Deposits	Disbursements	Balance June 30, 2015
<b>Social Services Fund:</b>				
Assets, cash	\$ 16,725	\$ 120,312	\$ 115,430	\$ 21,607
Liabilities				
Accounts payable	\$ 16,725	\$ 120,312	\$ 115,430	\$ 21,607
<b>Fines and Forfeitures Fund:</b>				
Assets, cash	\$ -	\$ 344,937	\$ 344,937	\$ -
Liabilities				
Intergovernmental payable	\$ -	\$ 344,937	\$ 344,937	\$ -
<b>Motor Vehicle Tax:</b>				
Assets, cash	\$ -			\$ -
Liabilities				
Accounts payable	\$ -			\$ -
<b>Register of Deeds Trust Fund:</b>				
Assets, cash	\$ -			\$ -
Liabilities				
Accounts payable	\$ -			\$ -
<b>Totals - All Agency Funds:</b>				
Assets, cash	\$ 16,725	\$ 465,249	\$ 460,367	\$ 21,607
Liabilities				
Accounts payable	\$ 16,725	\$ 120,312	\$ 115,430	\$ 21,607
Intergovernmental payable	-	344,937	344,937	-
Total liabilities	\$ 16,725	\$ 465,249	\$ 460,367	\$ 21,607

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**SUPPLEMENTAL  
SCHEDULES**

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Lenoir County, North Carolina  
 Schedule of Ad Valorem Taxes Receivable  
 June 30, 2015

SCHEDULE 1

Fiscal Year	Uncollected Balance June 30, 2014	Additions	Collections and Credits	Adjustments	Uncollected Balance June 30, 2015
2014-2015	\$ -	\$ 34,501,550	\$ 33,358,114	\$ -	\$ 1,143,436
2013-2014	1,374,471	-	815,025	2,482	561,928
2012-2013	609,259	-	288,103	5,522	326,678
2011-2012	305,555	-	107,695	3,148	201,008
2010-2011	179,784	-	36,287	(3,537)	139,960
2009-2010	147,222	-	17,643	(2,828)	126,751
2008-2009	143,699	-	10,035	(1,920)	131,744
2007-2008	149,044	-	4,401	(20,657)	123,986
2006-2007	146,204	-	4,157	(44,071)	97,976
2005-2006	121,377	-	2,756	(31,544)	87,077
2004-2005	140,964	-	1,537	(139,427)	-
	<u>\$ 3,317,579</u>	<u>\$ 34,501,550</u>	<u>\$ 34,645,753</u>	<u>\$ (232,832)</u>	<u>\$ 2,940,544</u>
Less allowance for uncollectible taxes					
General Fund					(908,502)
<u>Ad valorem taxes receivable - net</u>					<u>\$ 2,032,042</u>
Reconciliation with revenues:					
Ad valorem taxes - General Fund					\$ 34,929,337
Reconciling items					
Interest collected					(362,913)
Adjustments and write-offs					79,329
<u>Total reconciling items</u>					<u>(283,584)</u>
<u>Total collections and credits</u>					<u>\$ 34,645,753</u>

Lenoir County, North Carolina  
 Analysis of Current Tax Levy – County-Wide Levy  
 For the Fiscal Year Ended June 30, 2015

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	\$ 4,117,171,737	0.835	\$ 34,378,384	\$ 30,953,685	\$ 3,424,699
Motor vehicles taxed at prior years rate	210,180	0.835	1,755	-	1,755
Penalties	-		126,803	126,803	-
	4,117,381,917		34,506,942	31,080,488	3,426,454
Discoveries:					
Discoveries and corrections	39,835,465		332,626	332,626	-
Releases	(40,481,159)		(338,018)	(338,018)	-
Total	(645,694)		(5,392)	(5,392)	-
Abatements	-		-	-	-
<b>Total property valuation</b>	<b>\$ 4,116,736,223</b>				
Net Levy			34,501,550	31,075,096	3,426,454
Uncollected taxes at June 30, 2015			1,143,436	1,143,436	-
Current years taxes collected			\$ 33,358,114	\$ 29,931,660	\$ 3,426,454
Current levy collection percentage			96.69%	96.32%	100.00%

Lenoir County, North Carolina  
 Analysis of Current Tax Levy  
 For the Fiscal Year Ended June 30, 2015

SCHEDULE 3

Secondary Market Disclosures:

	Taxed at Current Year's Rate	Taxed at Prior Year's Rate	Total
<b>Assessed Valuation:</b>			
Assessment Ratio	100%	100%	100%
Real property	\$ 2,863,382,757	-	\$ 2,863,382,757
Personal property	1,163,301,325	210,180	1,163,511,505
Public service companies	89,841,961	-	89,841,961
<b>Total assessed valuation</b>	<b>4,116,526,043</b>	<b>210,180</b>	<b>4,116,736,223</b>
Tax rate per \$100	0.835	0.835	
Tax levy	34,372,992	1,755	34,374,747
Penalties	126,803	-	126,803
<b>Net levy</b>	<b>\$ 34,499,795</b>	<b>\$ 1,755</b>	<b>\$ 34,501,550</b>

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, 2015:

Fire Protection Districts	\$ 1,150,937
Global Transpark	66,675
	<b>\$ 1,217,612</b>

Lenoir County, North Carolina  
 Schedule of Interfund Transactions  
 For the Fiscal Year Ended June 30, 2015

SCHEDULE 4

	Transfers	
	From	To
Operating Transfer From/To Other Funds:		
General Fund		
Capital Improvements Fund	\$ 2,715,203	\$ -
Employee Insurance Fund	299,700	
Vehicle Replacement Fund	385,570	
School Capital Outlay Fund		2,700,000
School Capital Outlay Fund		
General Fund	2,700,000	
Vehicle Replacement Fund		
General Fund		385,570
Landfill Fund		
Scrap Tire Disposal Fund	50,000	
Employee Insurance Fund		
General Fund		299,700
Scrap Tire Disposal Fund		
Landfill Fund		50,000
Capital Improvements Fund		
General Fund		2,715,203
Total operating transfers-other funds	<u>\$ 6,150,473</u>	<u>\$ 6,150,473</u>

Lenoir County, North Carolina  
 Schedule of Cash and Investment Balances  
 For the Fiscal Year Ended June 30, 2015

SCHEDULE 5

	Carrying Value	Cost Value	Market Value
Cash			
On hand	\$ 3,021	\$ 3,021	\$ 3,021
In demand deposits	9,858,109	9,858,109	9,858,109
	9,861,130	9,861,130	9,861,130
Other investments			
North Carolina Cash Management Trust	25,333,120	25,333,120	25,333,120
	\$ 35,194,250	\$ 35,194,250	\$ 35,194,250

**Distribution by Funds**

	Carrying Value
General Fund	\$ 22,795,013
Special Revenue Funds	
Vehicle Replacement Fund	127,567
State Controlled Substance Fund	27,183
Revaluation Reserve Fund	35,693
Federally Seized Property Fund	311,711
Transportation Grant Project Fund	166,854
School Capital Outlay Fund	3,647,079
Emergency Telephone System Fund	67,989
Family and Caregiver Education Fund	-
Automation Preservation Fund	88,231
Scrap Tire Disposal Fund	214,266
Community Development Block Grant Fund	7,913
Fire District Funds (Consolidated)	53,292
	4,747,778
Capital Project Funds	
Capital Projects Fund	-
Capital Improvement Fund	3,677,891
	3,677,891
Enterprise Funds	
Landfill Fund	3,951,961
Internal Service Fund	
Employee Insurance Fund	-
Agency Fund	
Social Services Fund	21,607
	\$ 35,194,250

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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	Sanitation	Total
2015	\$ 6,869,807	\$ 20,028,607	\$ 18,449,924	\$ 4,836,485	\$ 13,346,696	\$ 8,042,959	\$ 1,596,030	\$ 114,008	\$ 73,284,516
2014	6,388,028	21,402,907	16,872,015	3,529,031	13,029,607	9,664,286	1,539,500	122,607	72,547,981
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

**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
2015	\$ 36,210,329	\$ 8,744,842	\$ 352,502	\$ 18,899,197	\$ 5,129,538	\$ 1,325,193	\$ 70,661,601
2014	37,393,051	8,403,223	1,871,244	21,258,902	3,199,930	1,410,383	73,536,733
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

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

Lenoir County, North Carolina  
Assessed Value 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
2015	2014	\$ 2,863,382,757	\$ 1,163,511,505	\$ 89,841,961	\$ 4,116,736,223	0.835	104.20%
2014	2013	2,898,881,494	1,230,449,901	94,710,427	4,224,041,822	0.835	100.95%
2013	2012	2,793,249,665	1,099,199,660	94,748,013	3,987,197,338	0.800	103.78%
2012	2011	2,784,107,196	1,065,715,911	93,916,424	3,943,739,531	0.800	108.35%
2011	2010	2,696,899,188	875,752,356	93,262,570	3,665,914,114	0.800	102.96%
2010	2009	2,578,332,039	895,348,323	95,598,424	3,569,278,786	0.800	100.55%
2009	2008	2,348,688,441	922,251,355	95,070,691	3,366,010,487	0.840	99.59%
2008	2007	2,334,526,537	931,518,856	92,197,873	3,358,243,266	0.840	91.05%
2007	2006	2,294,157,301	905,953,552	89,399,845	3,289,519,424	0.840	91.93%
2006	2005	2,257,366,427	876,931,158	80,938,366	3,215,235,951	0.790	94.71%

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  
 Percentage Growth in Assessed Actual Value of 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>
2015	\$ 4,116,736,223	-2.54%
2014	4,224,041,822	5.94%
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%

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)	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Uncollected Balance June 30, 2015	Total Tax Collections	Ratio of Total Tax Collections To Total Tax Levy
2015	2014	\$ 34,501,550	\$ 33,358,114	96.69%	\$ 1,287,639	\$ 1,143,436	\$ 34,645,753	100.42%
2014	2013	35,389,627	34,015,156	96.12%	1,573,958	1,374,471	35,589,114	100.56%
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	29,793,253	99.83%
2009	2008	28,854,541	27,216,975	94.32%	1,471,919	1,637,566	28,688,894	99.43%
2008	2007	28,260,939	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%

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>
2015	2014	\$ 0.835	\$ 0.660	\$ 0.450	\$ 0.550	\$ 0.600
2014	2013	0.835	0.660	0.450	0.550	0.600
2013	2012	0.800	0.660	0.450	0.550	0.600
2012	2011	0.800	0.660	0.450	0.550	0.600
2011	2010	0.800	0.660	0.450	0.550	0.600
2010	2009	0.800	0.660	0.450	0.550	0.550
2009	2008	0.840	0.660	0.500	0.580	0.550
2008	2007	0.840	0.600	0.500	0.580	0.550
2007	2006	0.840	0.600	0.500	0.580	0.550
2006	2005	0.790	0.600	0.500	0.580	0.550

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</u> <u>Ended</u> <u>June 30</u>	<u>Tax</u> <u>Levy</u> <u>Year</u>	<u>Southwood</u> <u>Fire Tax</u>	<u>North</u> <u>Lenoir</u> <u>Fire Tax</u>	<u>Seven</u> <u>Springs</u> <u>Fire Tax</u>	<u>Sandy</u> <u>Bottom</u> <u>Fire Tax</u>	<u>Deep Run</u> <u>Fire Tax</u>	<u>Hugo</u> <u>Fire Tax</u>	<u>Sand Mill</u> <u>Fire Tax</u>	<u>Cherry</u> <u>Tree</u> <u>Fire Tax</u>	<u>Moseley</u> <u>Hall</u> <u>Fire Tax</u>	<u>Wyse</u> <u>Fork</u> <u>Fire Tax</u>	<u>Grifton</u> <u>Fire Tax</u>	<u>GTP</u> <u>Fire Tax</u>
2015	2014	0.070	0.045	0.040	0.080	0.060	0.040	0.070	0.080	0.040	0.065	0.030	0.045
2014	2013	0.070	0.045	0.040	0.080	0.060	0.040	0.070	0.080	0.040	0.065	0.030	0.045
2013	2012	0.070	0.045	0.040	0.080	0.060	0.040	0.070	0.080	0.040	0.065	0.030	0.045
2012	2011	0.070	0.045	0.040	0.080	0.040	0.040	0.070	0.080	0.040	0.065	0.030	0.045
2011	2010	0.060	0.045	0.040	0.080	0.040	0.040	0.070	0.080	0.040	0.065	0.030	0.045
2010	2009	0.060	0.045	0.040	0.080	0.040	0.040	0.070	0.080	0.040	0.065	0.030	-
2009	2008	0.060	0.045	0.040	0.080	0.040	0.040	0.070	0.080	0.040	0.065	0.030	-
2008	2007	0.060	0.045	0.040	0.080	0.040	0.040	0.070	0.080	0.040	0.065	0.030	-
2007	2006	0.050	0.045	0.040	0.080	0.040	0.040	0.070	0.080	0.040	0.065	0.030	-
2006	2005	0.050	0.020	0.040	0.050	0.040	0.040	0.070	0.080	0.040	0.065	0.030	-

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
2015	\$0.660	\$0.835	\$1.495	\$ 10,371,023	\$ 34,501,550	\$ 44,872,573
2014	0.660	0.835	1.495	9,885,310	35,389,627	45,274,937
2013	0.660	0.800	1.460	9,701,086	32,106,588	41,807,674
2012	0.660	0.800	1.460	9,603,868	31,609,205	41,213,073
2011	0.660	0.800	1.460	8,939,105	29,430,729	38,369,834
2010	0.660	0.800	1.460	9,062,805	29,843,289	38,906,094
2009	0.660	0.840	1.500	8,644,167	28,854,541	37,498,708
2008	0.600	0.840	1.440	7,890,703	28,260,939	36,151,642
2007	0.600	0.840	1.440	7,486,913	27,437,385	34,924,298
2006	0.600	0.790	1.390	7,394,907	25,496,416	32,891,323

Source: City of Kinston  
Lenoir County Finance Department

Lenoir County, North Carolina  
 Ten Largest Taxpayers  
 June 30, 2015

TABLE 8

		<u>2014 Assessed Value</u>	<u>Tax Levy (2)</u>	<u>Percentage of Total Assessed Valuation (1)</u>
Smithfield Packing	Meat Products	\$ 167,171,977	\$ 1,395,886	4.06%
Spirit Aerosystems NC, Inc.	Manufacturing	142,833,176	1,192,656	3.47%
Sanderson Farms, Inc.	Manufacturing	112,306,674	937,760	2.73%
Electrolux Home Products	Manufacturing	54,532,425	481,600	1.32%
E.I. DuPont Denemours, Inc.	Manufacturing	55,435,141	462,883	1.35%
West Pharmaceuticals	Manufacturing	44,621,766	372,889	1.08%
Pactiv LLC	Manufacturing	41,655,934	347,827	1.01%
Duke Energy Center	Utility	38,158,560	318,623	0.93%
Carolina Telephone	Telephnone	20,643,283	172,371	0.50%
Masterbrand Cabinets	Manufacturing	16,890,535	150,619	0.41%
		<u>\$ 694,249,471</u>	<u>\$ 5,833,114</u>	<u>16.86%</u>

(1) Total Assessed Valuation \$ 4,116,736,223

(2) County Portion of Levy Only (Value x .00835)

Lenoir County, North Carolina  
General Fund  
Tax Revenue By Source (1)  
Last Ten Fiscal Years

TABLE 9

Fiscal Year Ended June 30	Ad Valorem (2)	Sales	Occupancy	Motor Vehicle Rentals (3)	Licenses & Transfer Tax	Total
2015	\$ 34,929,337	\$ 6,513,425	\$ 192,705	\$ 71,642	\$ 88,155	\$ 41,795,264
2014	36,058,954	6,338,238	225,693	30,177	113,158	42,766,220
2013	32,211,250	6,353,635	191,730	23,877	97,584	38,878,076
2012	31,909,965	6,316,737	200,127	24,423	189,708	38,640,960
2011	29,706,386	5,877,333	245,007	21,635	190,187	36,040,548
2010	30,347,627	6,307,372	179,620	15,824	147,312	36,997,755
2009	29,101,969	7,148,007	181,336	18,417	176,790	36,626,519
2008	28,507,864	9,507,875	188,708	17,959	267,136	38,489,542
2007	27,753,045	9,157,484	171,982	21,138	234,190	37,337,839
2006	26,007,691	8,215,617	173,898	21,529	170,142	34,588,877

Source: Lenoir County Finance Office

(1) General Fund Only

(2) Includes penalties & interest

(3) Lenoir County began collecting this tax in August 2000

**Lenoir County, North Carolina  
Construction/Building Permit Activity  
Last Ten Fiscal Years**

TABLE 10

Fiscal Yr Ended June 30	Single Family	Units	Multi- Family	Units	Additions/ Alterations	Total Residential Houses	New Commercial	Additions/ Alterations	Total Commercial	Total Value
2015	\$ 5,878,280	34	\$ -	0	\$ 2,263,509	\$ 8,141,789	\$ 69,608,929	\$ 382,248	\$69,991,177	\$78,132,966
2014	5,062,958	29	175,000	2	1,332,578	6,570,536	12,854,330	432,000	13,286,330	19,856,866
2013	5,588,475	31	-	0	2,218,931	7,807,406	42,487,725	44,480	42,532,205	50,339,611
2012	5,652,463	33	300,000	1	1,615,630	7,568,093	11,617,748	1,974,900	13,592,648	21,160,741
2011	4,658,485	24	143,000	2	1,679,877	6,481,362	12,519,123	148,548	12,667,671	19,149,033
2010	5,619,427	37	-	0	2,992,169	8,611,596	15,981,936	163,010	16,144,946	24,756,542
2009	5,624,570	31	-	0	3,353,821	8,978,391	26,820,141	20,160	26,840,301	35,818,692
2008	11,116,765	62	380,000	4	3,327,768	14,824,533	4,676,760	152,000	4,828,760	19,653,293
2007	11,867,600	64	-	0	4,831,010	16,698,610	36,019,724	260,000	36,279,724	52,978,334
2006	9,801,180	54	604,000	2	3,354,200	13,759,380	16,617,990	115,000	16,732,990	30,492,370

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
2015	58,826	\$ 4,116,736,223	\$ 329,338,898	\$ 50,385,000	1.22%	\$ 856.51
2014	59,063	4,224,041,822	337,923,346	54,065,000	1.28%	915.38
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%	581.04
2006	58,278	3,215,235,951	257,218,876	1,600,000	0.05%	27.45

Source: (1) NC State Demographics Website - July 2014 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, 2015**

Total Assessed Value	<u>\$ 4,116,736,223</u>
Debt limitation - 8% of total assessed value	329,338,898
Debt applicable to limitation	
Total bonded debt	\$ 50,385,000
Installment purchase	15,261,538
Capital leases	<u>446,907</u>
Total debt applicable to limitation	<u>66,093,445</u>
Legal debt margin	<u>\$ 263,245,453</u>

Lenoir County, North Carolina  
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt  
To Total General Governmental Expenditures  
Last Ten Fiscal Years

TABLE 12

Fiscal Year Ended June 30	Principal	Interest on Bonds	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to Total General Governmental Expenditures
2015	\$ 3,680,000	\$ 2,219,800	\$ 5,899,800	\$ 73,284,516	8.05%
2014	3,805,000	2,235,739	6,040,739	72,547,981	8.33%
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%

Source: Lenoir County Finance Office

Lenoir County, North Carolina  
 Computation of Direct and Underlying Bonded Debt  
 General Obligation Bonds  
 June 30, 2015

TABLE 13

	<u>Net General Obligation Bonded Debt</u>	<u>Percent Applicable To County</u>	<u>Amount Applicable To County</u>
Direct:			
Lenoir County	\$ 50,385,000	100%	\$ 50,385,000
Underlying:			
City of Kinston	\$ -	-	\$ -
Town of Lagrange	\$ -	0%	\$ -
Town of Pink Hill	\$ 1,403,608	0%	\$ -

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**Lenoir County, North Carolina  
Demographic Statistics  
Last Ten Fiscal Years**

TABLE 14

Fiscal Year Ended June 30	County Population (1)	County Per Capita Income (3)	County Unemployment Rate (3)	City and County School Enrollment (4)	County Retail Sales (5) (6)	Bank Deposits (2)
2015	58,826	(7)	6.58%	9,158	\$ 480,986,201	(7)
2014	59,063	(7)	7.82%	9,193	482,444,693	\$ 744,155,000
2013	59,401	\$ 35,990	9.93%	9,079	475,880,806	746,893,000
2012	59,314	34,630	10.80%	9,097	493,184,939	761,918,000
2011	59,493	32,022	10.53%	9,220	462,001,600	745,751,000
2010	57,232	31,426	11.33%	9,222	459,638,992	737,772,000
2009	57,535	33,476	10.30%	9,366	457,801,972	760,008,000
2008	57,648	32,309	5.58%	9,634	484,845,748	729,087,000
2007	58,172	29,600	5.74%	9,791	491,160,300	750,271,000
2006	58,278	28,212	5.76%	9,806	543,042,028	713,559,000

Note: (7) Information not presently available

- Source:
- (1) NC Department of Demographics Website-estimate  
State Reference Library Website, Bureau of Economic Analysis through 2001.  
NC Employment Security Commission Website
  - (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, 2015

Table 15  
Page 1 of 2

Population	58,826
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)	888.25
Employees:	
Full-time, permanent	466
Other	290
 County Seat:	 Kinston
 Fire Protection:	
Lenoir County - Number of volunteer departments	10
Number of fireman/officers	393
 City of Kinston - Number of stations	 3
Number of fireman/officers	47
 Law Enforcement:	
Sheriff's Department - officer/support personnel (includes 68 for jail)	160
Kinston Police Department - officers/support personnel	67
LaGrange Police Department - 0 full time / 0 part time	0
Pink Hill Police Department - 2 full time / 1 part time	3
 Hospita (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)	1,419



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COMPLIANCE  
SECTION

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**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 accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Lenoir County, North Carolina, as of and for the year ended June 30, 2015, 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 23, 2015.

**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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2015-1 and 2015-2.

## **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.

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

LaGrange, North Carolina  
December 23, 2015

**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, 2015. 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, 2015.

### **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 our 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 is a deficiency, or combination of deficiencies, 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, 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.

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

LaGrange, North Carolina  
December 23, 2015

**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, 2015. 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, 2015.

### **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 state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our 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 material weaknesses or significant deficiencies 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, 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.

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

LaGrange, North Carolina  
December 23, 2015

Lenoir County, North Carolina  
 Schedule of Findings and Questioned Costs  
 For the Fiscal Year Ended June 30, 2015

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**Section I. Summary of Auditor's Results**

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Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_yes    X no
- Significant deficiencies identified that are not considered to be material weaknesses \_\_\_\_\_yes    X none reported

Noncompliance material to financial statements noted X yes    \_\_\_no

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? \_\_\_\_\_yes    X no
- Significant deficiencies identified that are not considered to be material weaknesses \_\_\_\_\_yes    X none reported

Noncompliance material to federal awards \_\_\_\_\_yes    X no

Type of auditor's report issued on compliance for major federal programs: Unmodified.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 \_\_\_\_\_yes    X no

Identification of major federal programs:

CFDA Number	Names of Federal Program or Cluster
93.767	State Children's Insurance Program
93.575	} Subsidized Child Care Cluster
93.596	
93.658	
93.667	
93.778	Medical Assistance

Lenoir County, North Carolina  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2015

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

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

Dollar threshold used to distinguish  
between Type A and Type B Programs \$2,392,659

Auditee qualified as low-risk auditee? \_\_\_\_\_yes   X  no

State Awards

Internal control over major State programs:

-- Material weaknesses identified? \_\_\_\_\_yes   X  no

-- Significant deficiencies identified  
that are not considered to be  
material weaknesses \_\_\_\_\_yes   X  none reported

Noncompliance material to State awards \_\_\_\_\_yes   X  no

Type of auditor's report issued on compliance for major State programs: Unmodified.

Any audit findings disclosed that are  
required to be reported in accordance with the State  
Single Audit Implementation Act \_\_\_\_\_yes   X  no

Identification of major State programs:

Program Names

State/County Special Assistance for Adults  
State One NC  
Public School Building Capital Fund

Lenoir County, North Carolina  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2015

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**Section II - Financial Statement Findings**

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2015-1 Excess of Expenditures over Appropriations

Criteria: All expenditures must be approved and budgeted by Board of Commissioners

Condition: Several departments had expenditures that exceeded amounts appropriated in the budget.

Cause: Recording of year end accounts payable and insurance claims in excess of the amounts anticipating in the budget.

Recommendation: Management should more closely monitor budget reports and insurance claims to ensure compliance in future years.

View of responsible officials: The County agrees with this finding.

2015-2 Deficit Fund Balance of Net Position of Individual Funds

Criteria:

Condition: Fire District Funds and Employee Insurance Internal Service Fund had deficit fund balance at June 30, 2015.

Cause: Recording of year end accounts payable and insurance claims in excess of the premiums paid by County and its employees.

Recommendation: County should appropriate additional funds or adjust insurance premiums rates to cover cost of insurance claims.

View of responsible officials: The County agrees with this finding.

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

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None reported

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

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None Reported

Lenoir County, North Carolina  
Corrective Action Plan  
For the Fiscal Year Ended June 30, 2015

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**Section II - Financial Statement Findings**

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2015-1 Excess of Expenditures over Appropriations

Name of contact person: Martha Martin - Finance Officer

Corrective Action: The County staff will review and monitor budget reports and insurance claims payable and recommend budget amendments as necessary to County Commissioners.

Proposed Completion Date: June 30, 2016

2015-2 Deficit Fund Balance of Net Position of Individual Funds

Name of contact person: Martha Martin - Finance Officer

Corrective Action: The County staff will review and monitor budget reports, insurance claims and premiums and recommend adjustments to premiums if necessary to County Commissioners.

Proposed Completion Date: June 30, 2016

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

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None reported

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

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None Reported

Lenoir County, North Carolina  
Summary Schedule of Prior Year Audit Findings  
For the Fiscal Year Ended June 30, 2015

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Finding: 2014-1

Status: Provider files have checklist and are being reviewed more closely.

Finding: 2014-2

Status: Provider files have checklist and are being reviewed more closely.

Finding: 2014-3

Status: Provider files have checklist and are being reviewed more closely.

Lenoir County, North Carolina  
 Schedule of Expenditures of Federal and State Awards  
 For the Fiscal Year Ended June 30, 2015

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>				
<b><u>Food and Nutrition Service</u></b>				
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	\$ 683,142	\$ (528)	\$ 683,142
Division of Public Health:				
Administration:				
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	339,338	-	-
Direct Benefit Payments:				
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	1,562,136	-	-
<b>Total U.S. Department of Agriculture</b>		<b>2,584,616</b>	<b>(528)</b>	<b>683,142</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>32,875</b>	<b>-</b>	<b>5,000</b>
<b><u>U.S. Department of Education:</u></b>				
Passed-through N.C. Department of Health and Human Services:				
<b>Race to the Top - Early Learning Challenge</b>	<b>84.412</b>	<b>205,883</b>	<b>-</b>	<b>-</b>

Lenoir County, North Carolina  
 Schedule of Expenditures of Federal and State Awards  
 For the Fiscal Year Ended June 30, 2015

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
<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>\$ 34,076</b>	<b>\$ -</b>	<b>\$ -</b>
<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:				
<u>Aging Cluster:</u>				
Special Programs for the Aging				
Title III C - Nutrition Services				
Congregate Meals	93.045	45,135	2,655	5,310
Home Delivered Meals	93.045	44,144	2,596	5,194
Title III B - Grants for Supportive Services and Senior Centers				
Access	93.044	68,350	4,021	8,041
NSIP-Nutrition	93.053	10,755	-	-
HCCBG - In Home/Support Services	93.667	307,731	8,793	35,169
HCCBG- State	N/A	-	-	-
Total Aging Cluster		476,115	18,065	53,714
 <u>Health Resources and Service Administration</u>				
Passed through N.C. Department of Health and Human Services:				
Division of Public Health				
Maternal and Child Health Services Block Grant	93.994	99,856	74,901	-
 <u>Substance Abuse and Mental Health Service Administration</u>				
Passed through Eastpointe Human Services				
Block Grant for Prevention and Treatment of Substance Abuse	93.959	37,788	-	3,933
 <u>NC State Health Department</u>				
Community Transformation Grant	93.531	903	-	2,399

Lenoir County, North Carolina  
 Schedule of Expenditures of Federal and State Awards  
 For the Fiscal Year Ended June 30, 2015

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>Administration for Children and Families</u>				
Passed through N.C. Department of Health and Human Services:				
Division of Social Services:				
Family Preservation	93.556	\$ 253	\$ -	\$ -
Temporary Assistance for Needy Families Block Grant (TANF)	93.558	10,389	-	-
Temporary Assistance for Needy Families Block Grant (TANF)	93.558	645,160	-	1,018,764
TANF - Direct Benefit Payments	93.558	342,371	(94)	324
AFDC - Direct Benefit Payments	93.560	(578)	(159)	(159)
Child Support Enforcement	93.563	967,397	-	498,356
IV-D Offset Fees	93.563	4,465	-	2,300
Refugee Assistance Administration	93.566	734	-	-
Low-Income Home Energy Assistance Block Grant - Administration	93.568	747,647	-	-
Permanency Planning - Families for Kids	93.645	16,569	-	5,523
<u>Foster Care and Adoption Cluster:</u>				
Title IV-E Foster Care	93.658	355,189	34,129	327,090
Foster Care - Direct Benefit Payments	93.658	185,093	66,883	67,310
Title IV-E Optional Adoption	93.659	8,432	-	8,432
Foster Care	93.658	22,989	-	-
IV-E Adoption	93.659	2,262	-	-
Title IV-E Optional Adoption - Direct Benefit Payments	93.659	168,422	42,703	157,512
Total Foster Care and Adoption Cluster		742,387	143,715	560,344
Social Services Block Grant (SSBG)	93.667	348,656	424	105,854
Links	93.674	7,173	1,793	-
Indep. Living Transitional - Direct Benefit Payments	93.674	903	-	-

Lenoir County, North Carolina  
 Schedule of Expenditures of Federal and State Awards  
 For the Fiscal Year Ended June 30, 2015

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local 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	\$ 114,736	\$ -	\$ -
Division of Child Development:				
Child Care and Development Fund - Discretionary	93.575	1,050,636	-	-
Child Care and Development Fund - Mandatory	93.596	383,600	-	-
Child Care and Development Fund - Match	93.596	114,017	-	-
Total Child Care Fund Cluster		1,662,989	-	-
<u>Child Care Development Fund Cluster (continued)</u>				
Temporary Assistance for Needy Families	93.558	291,825	-	-
Foster Care Title IV-E	93.658	24,076	12,469	-
State Appropriations	N/A	-	194,470	-
TANF-MOE	N/A	-	13,228	-
Total Subsidized Child Care Cluster		1,978,890	220,167	-
<u>Health Care Financing Administration</u>				
Passed through the N.C. Department of Health and Human Services:				
Direct Benefit Payments:				
State Children's Insurance Program	93.767	894,222	283,448	-
Medical Assistance Program	93.778	67,243,244	37,561,928	-
Division of Social Services:				
Administration:				
Medical Assistance Program	93.778	1,804,828	10,519	643,629
State Children's Insurance Program	93.767	8,597	2,638	60

Lenoir County, North Carolina  
 Schedule of Expenditures of Federal and State Awards  
 For the Fiscal Year Ended June 30, 2015

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	\$ 60,596	\$ -	\$ -
<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 (HPP) Hospital Preparedness	93.074	31,617	-	-
Tuberculosis Control Program	93.116	38,318	-	-
Immunization Program/Aid to County Funding	93.268	22,170	-	-
Preventive Health and Health Services Block Grant (PPHF)	93.758	7,708	-	-
Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	5,889	2,550	-
HIV Prevention Activities Health Department Based	93.940	1,000	-	-
Preventive Health Services Sexually Transmitted Diseases Control	93.977	217	-	-
Statewide Health Promotion Program	93.991	4,688	-	-
<b>Total U.S Department of Health and Human Services</b>		<b>76,550,172</b>	<b>38,319,895</b>	<b>2,895,041</b>
<b>State Awards:</b>				
<b>N.C. Department of Health and Human Services:</b>				
Division of Social Services:				
State/County Special Assistance to Adults - Direct Benefit Payments		-	681,756	681,755
Non-Allocating County Cost		-	-	116,945
State Foster Home - Direct Benefit Payments		-	14,416	14,416
State Child Welfare / CPS / CS LD		-	88,686	-
Child Welfare Services Adoption Subsidy and Vendor - Direct Benefit Payment		-	141,472	30,324
County Funded Programs		-	-	551,002
Energy Assistance Private Grants		-	636	-
SFHF Maximization - Direct Benefit Payment		-	10,142	10,142
AFDC Incentive/Program Integrity		-	145	-
<b>Total Division of Social Services</b>		<b>-</b>	<b>937,253</b>	<b>1,404,584</b>

Lenoir County, North Carolina  
 Schedule of Expenditures of Federal and State Awards  
 For the Fiscal Year Ended June 30, 2015

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
<b>Division of Public Health:</b>				
Food and Lodging Fees		\$ -	\$ 4,000	\$ -
General Aid to Counties		-	134,540	-
General Communicable Disease Control		-	7,270	-
Risk Reduction/Health Promotion		-	6,286	-
Child Health		-	2,276	-
HMHC - Family Planning		-	7,352	-
Maternal Health (HMHC)		-	1,593	-
Women's Health Service Fund		-	10,391	-
HIV/STD State		-	400	-
HIV/STD SSBG Aid		-	100	-
Sexually Transmitted Diseases		-	1,236	-
TB Medical Service		-	3,367	-
School Nurse Funding Initiative		-	150,000	-
Tuberculosis		-	27,173	-
Total Division of Public Health		-	355,984	-
<b>Total N.C. Department of Health and Human Services</b>		-	<b>1,293,237</b>	<b>1,404,584</b>
<b><u>N.C. Department of Agriculture and Consumer Services:</u></b>				
Soil and Water Conservation		-	12,750	73,931
Tobacco Trust Fund		-	10,910	-
<b>Total N.C. Department of Agriculture and Consumer Services:</b>		-	<b>23,660</b>	<b>73,931</b>
<b><u>N.C. Department of Commerce:</u></b>				
State One NC		-	700,000	66,000

Lenoir County, North Carolina  
 Schedule of Expenditures of Federal and State Awards  
 For the Fiscal Year Ended June 30, 2015

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
<b><u>N.C. Department of Transportation:</u></b>				
Public Transportation Division				
PTD #15-JA-034 Operating JARC	20.509	\$ 11,765	\$ -	\$ -
PTD #15-CT-034 Admin	20.509	150,083	9,380	-
PTD # 15-CT-034 Capital	20.509	1,766	221	-
PTD #15-AR-034 ARRA Capital	20.509	184,051	23,007	23,007
Rural Operating Assistance Program (ROAP)				
Elderly and Disabled Transportation Assistance Program (E&DTAP)		-	67,542	-
Work First/Employment Transportation Operating Assistance (Work First)		-	25,217	-
Rural General Public Program		-	68,690	-
<b>Total N.C. Department of Transportation</b>		<b>347,665</b>	<b>194,057</b>	<b>23,007</b>
Division of Waste Management				
Electronics Management		-	4,535	-
Scrap Tire		-	17,318	-
White Goods		-	-	-
<b>Total N.C. Department of Environment and Natural Resources</b>		<b>-</b>	<b>21,853</b>	<b>-</b>

Lenoir County, North Carolina  
 Schedule of Expenditures of Federal and State Awards  
 For the Fiscal Year Ended June 30, 2015

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
<b><u>N.C. Department of Public Safety:</u></b>				
Department of Juvenile Justice and Delinquency Prevention				
Advisory Council		\$ -	\$ 5,000	\$ -
Structured Day/Restitution		-	140,348	-
Parenting Matters		-	28,095	-
8th Judicial District		-	120,000	-
Teen Court		-	33,029	-
Total Department of Juvenile Justice and Delinquency Prevention		-	326,472	-
EMPG Supplemental		-	13,451	-
Division of Community Corrections:				
ICE Grant		-	7,670	-
<b>Total N.C. Department of Public Safety</b>		-	<b>347,593</b>	-
<b><u>Administrative Office of the Courts:</u></b>				
Safe Roads Act		-	6,083	-
<b><u>N.C. Department of Public Instruction:</u></b>				
Public School Building Capital Fund - Lottery Proceeds		-	600,000	-
Public School Building Capital Fund		-	84,679	28,226
<b>Total N.C. Department of Public Instruction</b>		-	<b>690,762</b>	<b>28,226</b>
<b><u>N.C. Department of Insurance:</u></b>				
SHIP Grant		-	5,057	234
<b>Total expenditures of federal and State awards</b>		<b>\$ 79,755,287</b>	<b>\$ 41,601,669</b>	<b>\$ 5,179,165</b>

Lenoir County, North Carolina  
Notes to the Schedule of Expenditures of Federal and State Awards  
Year Ended June 30, 2015

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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.