

Lenoir County, North Carolina

Financial Statements

Fiscal Year Ended June 30, 2011.



Lenoir County, North Carolina
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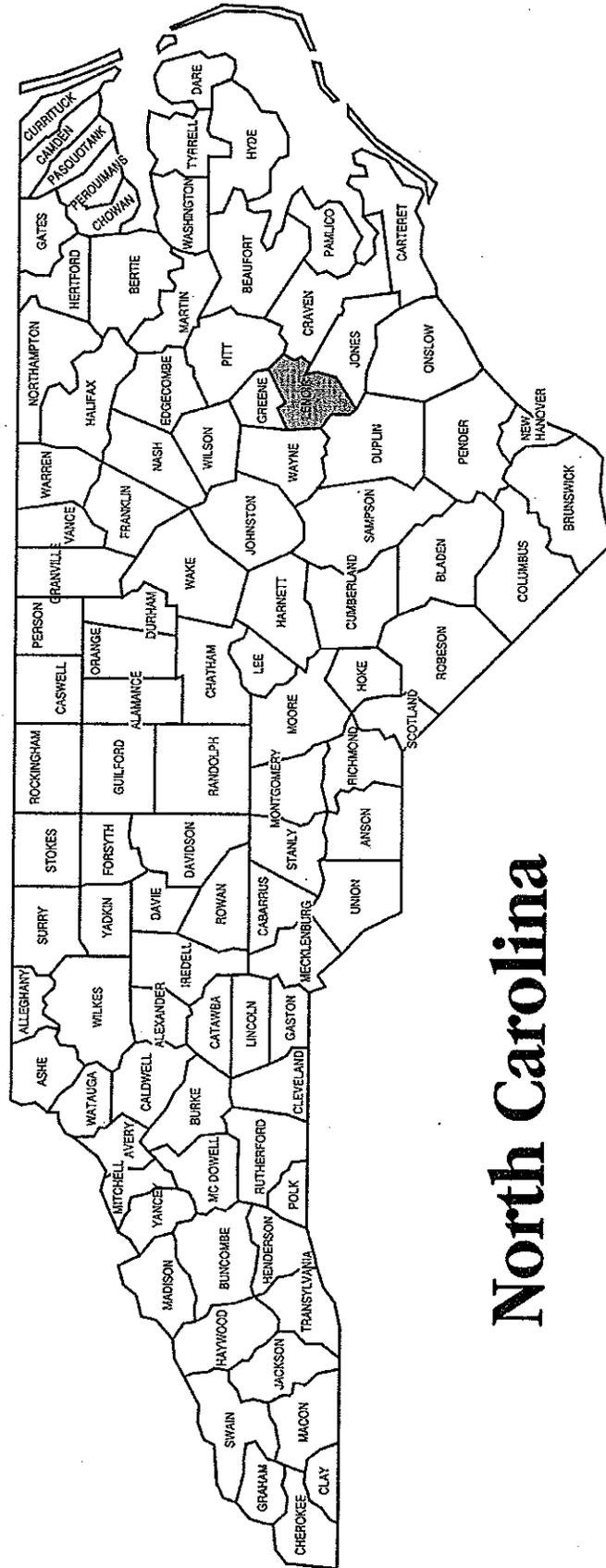
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INTRODUCTORY SECTION

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North Carolina

LENOIR COUNTY, NORTH CAROLINA
LIST OF PRINCIPAL OFFICERS
JUNE 30, 2011

BOARD OF COUNTY COMMISSIONERS

George W. Graham, Jr. – Chairman

Reuben J. Davis – Vice-Chairman

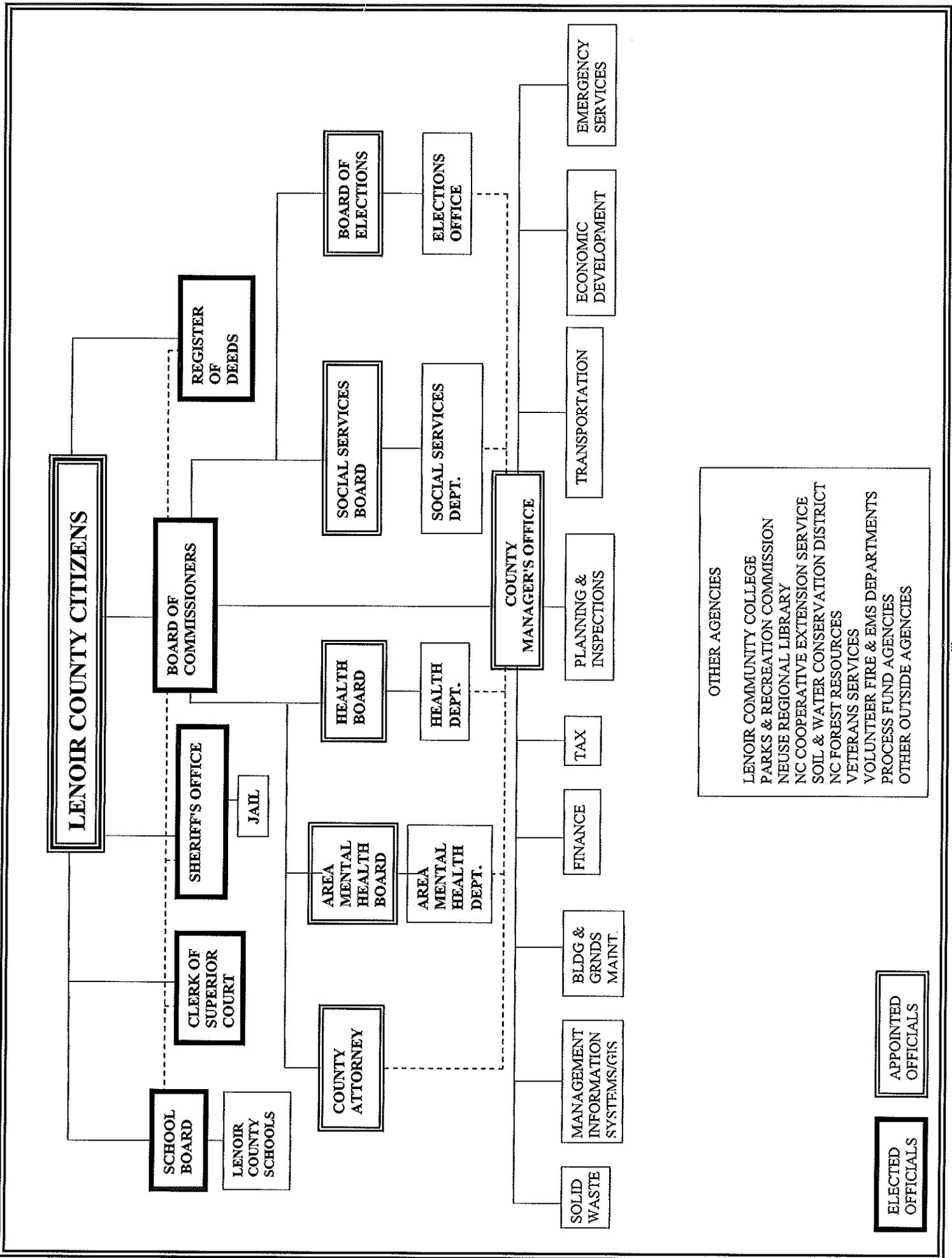
Jackie Brown
J. Mac Daughety
Eric Rouse
Tommy Pharo
Linda Rouse Sutton

COUNTY MANAGER/BUDGET OFFICER

Michael W. Jarman

FINANCE OFFICER

Martha H. Martin



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

APPOINTED OFFICIALS

ELECTED OFFICIALS

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County of Lenoir

Board of Commissioners

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



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

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

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

The Board of County Commissioners
Lenoir County
North Carolina

November 29, 2011

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, 2011.

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

Lenoir County's financial statements have been audited by the certified public accounting firm of Pittard, Perry & Crone, Inc. The goal of the independent audit is to provide reasonable assurance that the financial statements of Lenoir County for the fiscal year ended June 30, 2011 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, 2011, are fairly presented in accordance with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

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

Description & Brief History of the County

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

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

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

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

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

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

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

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

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

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

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

Economic Outlook

In spite of the continuing national recession, FY2010-11 proved to be another active year for Lenoir County Economic Development. One new company announced plans to locate in Lenoir County, and two existing companies announced expansions. Pioneer Hi-Bred, a division of DuPont, broke ground on a new research center, which will continue Pioneer's efforts to provide products that fit the specific needs of farmers in the area. This represents a \$2.3 million investment in Lenoir County, and will create approximately 10 new full-time positions.

DuPont announced that it will invest \$5.4 million to replace its old coal-fired boilers with natural gas boilers. These boilers are used in the production of the Sorona bio-based polymer, a component in carpet fibers, apparel and engineering plastics. The Kinston Dupont plant is the only facility in the world producing Sorona. West Pharmaceutical Company announced plans to upgrade its current Kinston facility with "world-class technologies" to help meet its growing demand for pharmaceutical products. This expansion represents a \$29 million investment.

Sanderson Farms' \$121 million state-of-the art poultry processing facility began production in December 2010. Sanderson has also constructed a feed mill, a hatchery and a spray-field. Sanderson Farms currently employs over 1,300 people.

July 2010 was the grand opening of Spirit Aero Systems' 500,000 SF manufacturing facility. Spirit's \$668 million dollar investment has already provided the County with 200+ jobs.

The construction of a skilled VA nursing home is well under way, and once completed will provide approximately 152 new jobs. This \$12-\$18 million dollar facility will provide much needed services to the 110,000 veterans living within a 50-mile radius of Lenoir County.

The Woodmen of the World have announced plans to construct a \$12 million dollar community center in Lenoir County. The Woodman Center will house offices for the Woodmen of the World, offices for the Kinston-Lenoir County Parks and Recreation Department, a banquet facility, a teen center, a senior center, a fitness center, a competition size pool, and a model water park featuring slides and a "lazy river" raft float. This water park will be built to accommodate individuals with visual impairments and other disabilities.

Major Initiatives

During fiscal year 2010-11, the County government made progress on different fronts. Key events/actions included:

- 1) Continued and almost completed the administration of \$69.7 million school construction project funded by General Obligation Bonds issued in 2007 and 2008.
- 2) Obtained funding for the construction of a 192 bed jail in October 2010, and began construction in November 2010. This project should be completed in the summer of 2012.
- 3) The County obtained permits from the Division of Waste Management for the construction of a second 5-year MSW cell at the landfill – once funding has been determined, construction will begin.
- 4) Obtained an additional \$80,000 in CDBG Scattered Site funding to allow for refurbishment/replacement of one more home in the County.
- 5) Completed the extension of natural gas to the new Sanderson Farms processing plant and the Hwy 70 West Industrial Park.
- 6) Worked with the City of Kinston to complete the upgrade of the water system within the Hwy 70 West Industrial Park – a joint project of the City of Kinston and the County.
- 7) Received approval from North Carolina Housing Finance Agency for 2010 NCHFA SFR funding in the amount of \$200,000 for the rehabilitation of qualified homes in the County.
- 8) Held joint work sessions with elected and appointed officials of the City of Kinston to discuss mutually beneficial solutions to common problems.

Department Focus

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

The North Carolina Cooperative Extension partners with communities to deliver education and technology that enriches the lives, land, and economy of North Carolina. Extension professionals in 100 counties and the Cherokee Reservation provide education and technical assistance to farmers, based on research from the States' land-grant universities: North Carolina State University and North Carolina A&T State University.

During fiscal year 2010-11, Cooperative Extension made 297,083 contacts, involved 5,685 volunteers contributing 34,824 hours toward expanding educational efforts valued at \$705,186, secured \$344,220 in grant dollars and obtained \$23,000 in gifts and donations.

The agriculture and natural resources aspects of Cooperative Extension are vitally important to Lenoir County. Educational programs showcase new technology: thereby, increasing productivity. Workshops certify pesticide handlers protecting them and the environment. Recycling programs save landfill space as well as money.

Cooperative Extension has secured over \$9,000 in grants and donations for the Farmer's Market. Membership has tripled from previous years and the market documented over \$564,658 in economic impact for the County.

Also under the umbrella of Cooperative Extension are the "Parenting Matters" and the "Parents as Teachers" programs. "Parenting Matters" teaches proper parenting skills to parents whose children are facing foster care and "Parents as Teachers" works with parents during the critical early years – from conception to kindergarten.

Livestock training, animal waste lagoon reporting, unique aquaculture projects, nutrition, food safety, financial management for Medicare recipients, home energy conservation, leadership development, 4-H and youth development – the list continues to grow for Cooperative Extension as they continue to serve the citizens of Lenoir County!

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-three retired employees are eligible for post-retirement health benefits.

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

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

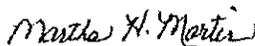
Awards and Acknowledgements

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

Respectfully Submitted,



Michael W. Jarman
County Manager / Budget Officer



Martha H. Martin
Finance Officer

FINANCIAL SECTION

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Independent Auditor's Report

To the Board of County Commissioners
Lenoir County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Lenoir County, North Carolina as of and for the year then ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Lenoir County, North Carolina's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Lenoir County ABC Board. Those financial statements were audited by other auditors whose report has been furnished to us; and our opinion on the financial statements, insofar as it relates to the amounts included for the Lenoir County ABC Board is based solely on the reports of the other auditors.

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

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lenoir County, North Carolina, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the School Capital Outlay Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated November 29, 2011 on our consideration of Lenoir County, North Carolina's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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

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

Pittard Perry & Crane, Inc.

La Grange, North Carolina
November 29, 2011

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, 2011. 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, 2011, the following is true:

- The net assets of the County totaled \$(10,299,299); the major categorical breakout of these net assets follows:

	2011	% of Total Net Assets	2010	% of Total Net Assets
Investment in Capital Assets, net of related debt	\$ 12,473,845	-121.1%	\$ 15,889,813	-668.5%
Restricted	21,346,857	-207.3%	188,878	-7.9%
Unrestricted	(44,120,001)	428.4%	(18,455,610)	776.4%
Total Net Assets	\$ (10,299,299)	100.0%	\$ (2,376,919)	100.0%

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

*Note: Net assets equal gross assets minus liabilities.

- Total net assets of the County decreased by \$7,922,380, primarily due to the expenditure in the current fiscal year of Series 2007 & 2008 General Obligation Bond funds for the construction of three (3) new elementary schools and renovations to four (4) existing elementary schools. These bond funds were received in prior fiscal years. This results in expenditures being paid in the current fiscal year with no new offsetting revenue being booked. The net result is a decrease in current cash and cash equivalents. This compares to a decrease of \$9,810,516 in the prior year. This decrease in net assets should not be interpreted to mean an equal decrease in fund balance.

- The combined ending fund balance of all Governmental Funds is \$56,014,292 broken out as follows:

	General Fund		Other Governmental Funds		Total Governmental Funds	
	2011	2010	2011	2010	2011	2010
Stabilization by state statute	\$ 3,019,531	\$ 4,355,837	\$ 831,225	\$ 746,959	\$ 3,850,756	\$ 5,110,796
Assigned	15,796,235	11,720,832	20,271,110	2,169,504	36,067,345	13,890,336
Unassigned	9,818,692	9,831,240	6,277,499	15,999,426	16,096,191	25,830,666
Total Fund Balances	\$ 28,634,458	\$ 25,907,909	\$ 27,379,834	\$ 19,029,567	\$ 56,014,292	\$ 44,937,476

- The combined ending fund balance for all Governmental Funds increased by \$ 11,076,816 in comparison to a decrease of \$11,652,692 in the prior year, mainly due to the addition of Recovery Zone Economic Development bond proceeds received for the construction of a new jail. A breakdown follows:

General Fund	2,726,549
Other Governmental Funds	8,350,267
Total Increase	\$ 11,076,816

- In the General Fund, the total unassigned fund balance was \$9,818,692 or 17.7% of General Fund expenditures, as compared to \$9,831,240 or 18.2% in the prior year. The following chart provides a breakdown of the assigned and unassigned fund balances:

	% of General Fund Expenditures		% of General Fund Expenditures	
	2011	2011	2010	2010
Assigned	15,796,235	28.6%	11,720,832	21.6%
Unassigned	9,818,692	17.7%	9,831,240	18.2%
Total General Fund	\$ 25,614,927	46.3%	\$ 21,552,072	39.8%

- Lenoir County's total net debt increased by \$14,900,000 (21.5%) during the current fiscal year. The key factor in this increase was the issuance of \$18,500,000 in Recovery Zone Economic Development bonds for the construction of a new jail.
- Lenoir County maintained the following bond ratings:

Moody's	A1
Standard & Poor's	A+

Overview of the Financial Statements

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

Basic Financial Statements

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

The next statements (Exhibits 3 through 11) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary and agency fund statements.

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

Government-wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business activities; and 3) component units. The governmental activities include most of the County's basic services such as general government, public safety, human services, cultural and recreational, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the landfill services offered by Lenoir County. The final category is the component units. Although it is a legally separate entity from the County, the Lenoir County ABC Board is important to the County because the County exercises control over the ABC Board by appointing its members and because the ABC Board is required by State statute to distribute its surpluses to the General Fund of the County. The Lenoir County Industrial Facility and Pollution Control Financing Authority exists to issue and service revenue bond debt of private businesses for economic development. The Authority has no financial transactions or account balances; therefore it is not presented in the basic financial statements.

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

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Lenoir County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Lenoir County can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds- Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in the governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

Proprietary Funds- Lenoir County has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Lenoir County uses enterprise funds to account for its Solid Waste Landfill operations. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

Fiduciary Funds- Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Lenoir County has two fiduciary funds; both are agency funds.

Notes to the Financial Statements- The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 25-45 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 46 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The net assets of Lenoir County equaled \$(10,299,299) as of June 30, 2011. As of June 30, 2010, the net assets of Lenoir County stood at \$(2,376,919). The County's net assets decreased by \$7,922,380 for the fiscal year ended June 30, 2011, compared to a decrease of \$9,810,516 for the fiscal year ended June 30, 2010. A large portion of Lenoir County's net assets, \$12,473,845, reflects the County's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Lenoir County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Lenoir County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Lenoir County's net assets, \$21,346,857, represents resources that are subject to external restrictions on how they may be used. Unrestricted net assets decreased \$25,664,391, as compared to the prior fiscal year. As stated earlier, by law, the County has incurred debt for the construction and renovation of schools, but does not retain ownership of the asset; and bond proceeds for the construction were received in prior fiscal years, while the expenditure of the proceeds is recorded as construction progresses. Both have the effect of reducing total net assets of the County. The result is a net loss of cash and cash equivalents in the current year. In the prior fiscal year, ending June 30, 2010, the amount of net assets invested in capital assets net of related debt was \$15,889,813 with restricted assets standing at \$188,878. The remaining \$(18,455,610) was unrestricted net assets for that year.

Lenoir County's Net Assets

	Governmental Activities		Business-type Activities		Total	Total
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 63,279,003	\$ 52,947,852	\$ 4,497,707	\$ 4,417,694	\$ 67,776,710	\$ 57,365,546
Capital assets	12,066,556	14,561,212	1,857,389	2,778,701	13,923,945	17,339,913
Total assets	<u>\$ 75,345,559</u>	<u>\$ 67,509,064</u>	<u>\$ 6,355,096</u>	<u>\$ 7,196,395</u>	<u>\$ 81,700,655</u>	<u>\$ 74,705,459</u>
Long-term liabilities outstanding	\$ 87,860,871	\$ 72,626,955	\$ 1,414,536	\$ 1,388,903	\$ 89,275,407	\$ 74,015,858
Other liabilities	2,521,575	2,822,376	202,972	244,144	2,724,547	3,066,520
Total liabilities	<u>\$ 90,382,446</u>	<u>\$ 75,449,331</u>	<u>\$ 1,617,508</u>	<u>\$ 1,633,047</u>	<u>\$ 91,999,954</u>	<u>\$ 77,082,378</u>
Net assets						
Invested in capital assets, net of related debt	\$ 10,616,456	\$ 13,111,112	\$ 1,857,389	\$ 2,778,701	\$ 12,473,845	\$ 15,889,813
Restricted	21,346,834	188,878	-	-	21,346,857	188,878
Unrestricted	(47,000,200)	(21,240,257)	2,880,199	2,784,647	(44,120,001)	(18,455,610)
Total net Assets	<u>\$ (15,036,887)</u>	<u>\$ (7,940,267)</u>	<u>\$ 4,737,588</u>	<u>\$ 5,563,348</u>	<u>\$ (10,299,299)</u>	<u>\$ (2,376,919)</u>

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

- Due to the recession, the elimination of the County distribution of Article 44 sales tax by the State, and the change in the distribution formula for Article 42 sales tax, sales tax revenues are less than prior year totals in the General Fund by \$(430,039).
- Investment earnings down from prior year, \$(19,002), due to declining interest rates and reduction in School Bond Construction funds.
- Property tax revenue decreased by \$641,241 from the prior year.
- Expenditure of bond funds that were received in prior years, resulted in a net decrease in unrestricted assets.

Lenoir County's Change in Net Assets

	Governmental Activities		Business-type Activities		Total	Total
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	7,474,735	6,014,828	2,929,188	2,437,314	10,403,923	8,452,142
Operating grants and contributions	12,701,477	13,603,187	-	-	12,704,477	13,603,187
Capital grants and contributions	3,156,812	4,395,762	-	-	3,156,812	4,395,762
General revenues:						
Property taxes	29,759,572	30,469,626	-	-	29,759,572	30,469,626
Other taxes	8,960,072	9,409,515	18,395	17,115	8,978,467	9,426,630
Grants and contributions not restricted to specific programs	339,338	345,974	-	-	339,338	345,974
Other	416,015	2,276,607	(30,678)	(21,183)	385,337	2,255,424
Total revenues	62,808,021	\$ 66,515,499	\$ 2,916,905	\$ 2,433,246	\$ 65,724,926	\$ 68,948,745
Expenses:						
General government	5,411,066	8,244,810	-	-	5,381,248	8,244,810
Public safety	14,876,737	14,552,051	-	-	14,767,184	14,552,051
Economic and community development	13,539,235	14,907,447	-	-	13,532,181	14,907,447
Human services	18,120,360	18,005,074	-	-	18,013,015	18,005,074
Environmental protection	125,952	105,544	-	-	125,952	105,544
Cultural and recreational	1,521,156	1,474,504	-	-	1,521,156	1,474,504
Education	13,225,717	14,938,541	-	-	13,225,717	14,938,541
Interest on long-term debt	3,084,419	3,156,226	-	-	3,084,419	3,156,226
Landfill	-	-	3,742,665	3,375,064	3,734,145	3,375,064
Total expenses	\$ 69,904,642	\$ 75,384,197	\$ 3,742,665	\$ 3,375,064	\$ 73,647,307	\$ 78,759,261
Increase/Decrease in net assets	(7,096,620)	(8,868,698)	(825,760)	(941,818)	(7,922,380)	(9,805,410)
Net assets, July 1	(7,940,267)	928,431	5,563,348	6,505,166	(2,376,919)	7,433,597
Net assets, June 30	\$ (15,036,887)	\$ (7,940,267)	\$ 4,737,588	\$ 5,563,348	\$ (10,299,299)	\$ (2,376,919)

Governmental activities: Governmental activities decreased the County's net assets by \$7,096,620, representing 89.5% of the total decrease in net assets of Lenoir County. This compares to a decrease of \$8,868,698 in the prior fiscal year, which represented 90.4% of the decline in the County's net assets. The key element of this decrease in FY10-11 was the expenditure of Series 2007 & 2008 General Obligation bond funds for school construction projects.

Business-type activities: Business-type activities decreased Lenoir County's net assets by \$825,760 representing 10.5% of the total change in net assets of Lenoir County. This compares to a decrease of \$941,818 in the prior fiscal year, which represented 9.9% of the change in the County's net assets. The key element of the decrease in FY10-11 was Landfill revenues less than expenditures due to contracting with Waste Industries to haul MSW to a regional landfill. This was necessary due to delays by the State in permitting a new MSW cell at the landfill.

Financial Analysis of the County's Funds

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

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

The general fund is the chief operating fund of Lenoir County. At the end of the current fiscal year, Lenoir County's fund balance available in the General Fund was \$9,818,692, while total fund balance reached \$28,634,458. 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 17.7% of General Fund expenditures, while 28.6% of that same amount has been assigned for future expenditures.

At June 30, 2011, the governmental funds of Lenoir County reported a combined fund balance of \$56,014,292, a 24.6% increase from last year. The primary reason for this increase was the proceeds received from the issuance of \$18.5 million in Recovery Zone Economic Development bonds for the construction of a new jail.

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 \$7.1 million. Approximately \$3.2 million represented the transfer of Capital Reserve funds to the General Fund to comply with new GASB requirements, approximately \$1,228,781 represented increases in funding over the original budgeted amount for D.S.S., approximately \$958,000 for the sale of land to the State of North Carolina for highway construction through the Hwy 70 West Industrial Park, approximately \$820,000 represented an increase over original budgeted amounts for the County's portion of the gas line expansion to the Hwy 70 Industrial Park, and approximately \$130,811 for increased State appropriations for the Health Department.

Proprietary Fund. Lenoir County's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Solid Waste Fund at the end of the fiscal year amounted to \$2,880,199 as compared to \$2,784,647 in the prior year. The total net assets of the Solid Waste Fund decreased by \$825,760. This decrease was the result of expenditures exceeding revenues due to hauling contracts and a decrease in investment earnings due to declining interest rates.

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, 2011, totaled \$13,923,945 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, and vehicles.

Major capital asset transactions during the year included:

- Purchase of eight (8) new vehicles for the Sheriff's Department
- Purchase of four (4) vans for Transit
- Purchase of new server and software for digitally storing records at DSS
- Purchase of one (1) new canine in Sheriff's Department
- Purchase of new dispatch software for Emergency Services
- Purchase of protective vests for the Sheriff's Department
- Purchase of software for Environmental Health in the Health Department

Lenoir County's Capital Assets

	Governmental Activities		Business-type Activities		Total	Total
	2011	2010	2011	2010	2011	2010
Land	\$ 6,293,207	\$ 8,366,962	\$ 335,542	\$ 335,542	\$ 6,628,749	\$ 8,702,504
Construction in progress	-	3,750	-	-	-	3,750
Buildings and systems	14,481,557	14,481,557	5,446,227	5,446,227	19,927,784	19,927,784
Improvements	798,730	798,730			798,730	798,730
Equipment	4,189,954	3,999,543	1,253,583	1,253,583	5,443,537	5,253,126
Vehicles and motor equipment	4,091,384	3,934,252	567,422	567,422	4,658,806	4,501,674
Subtotal	<u>\$ 29,854,832</u>	<u>\$ 31,584,794</u>	<u>\$ 7,602,774</u>	<u>\$ 7,602,774</u>	<u>\$ 37,457,606</u>	<u>\$ 39,187,568</u>
Less accumulated depreciation	17,788,276	17,023,582	5,745,385	4,824,073	23,533,661	21,847,655
Total	<u>\$ 12,066,556</u>	<u>\$ 14,561,212</u>	<u>\$ 1,857,389</u>	<u>\$ 2,778,701</u>	<u>\$ 13,923,945</u>	<u>\$ 17,339,913</u>

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

Long Term Debt. As of June 30, 2011, Lenoir County had total bonded debt outstanding of \$64,200,000, all of which is debt backed by the full faith and credit of the County.

Lenoir County's Outstanding Debt General Obligation and Revenue Bonds

	Governmental Activities	
	2011	2010
General Obligation Bonds	\$ 64,200,000	\$ 67,800,000
Installment Purchases	19,950,100	1,450,100
Total	<u>\$ 84,150,100</u>	<u>\$ 69,250,100</u>

Lenoir County's total debt increased by \$14,900,000 (21.5 %) during the past fiscal year. General Obligation Bonded Debt decreased by \$3,600,000 due to principal retirement during the Fiscal Year of Series 2007 and Series 2008 General Obligation Bonds for the Library and School Construction. Installment debt increased by \$18,500,000 due to the issuance of Recovery Zone Economic Development bonds for the construction of a new jail.

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

The State of North Carolina limits the amount of General Obligation Debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within the government's boundaries. The legal debt margin for Lenoir County is \$209,123,029.

Additional information regarding Lenoir County's long-term debt can be found in note 7, beginning on page 40 of this audited financial report.

Economic Factors and Next Year's Budgets and Rates

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

- The nation is currently in the longest recession since the Great Depression of the 1930's
- The average unemployment rate for the County was 10.53% , slightly higher than the state average of 9.91%; however, with the opening of new major employers in Lenoir County, Sanderson Farms (up to 1,600 new jobs) and Spirit Aerosystems (up to 1,000 new jobs), the unemployment rate for Lenoir County should improve significantly
- Property tax collections totaled \$29,759,572, a slight decrease of 2.3% from the prior year
- Sales tax revenues totaled \$7,720,975, a decrease of 5.3% from the prior year due to the recession and elimination of Article 44 sales tax
- New manufacturing and commercial projects announced within the past twenty-four (24) months will result in the creation within the next three to five years of approximately 3,000 new jobs and \$872 million in new investment in the County

Budget Highlights for the Fiscal Year Ending June 30, 2012

Governmental Activities: The County Commissioners approved a \$62.4 million General Fund Budget which was included within a \$76.8 million all Funds Budget Ordinance adopted on June 6, 2011.

The property tax rate remained at \$.80 per \$100 of assessed valuation. Approximately \$5,579,051 in General Fund fund balance was used to balance against expenditures. This larger than normal use of fund balance, savings to balance the General Fund budget, was due to the implementation of a new GASB requirement. GASB 54 requires all units of government to eliminate the use of Capital Reserve Funds. Lenoir County used its Capital Reserve Fund to "bank" funds for future debt payments of Series 2007 and 2008 General Obligation Bonds and for future economic development projects. Funds previously housed in the Capital Reserve Fund were transferred to the General Fund as "assigned fund balance" and are appropriated as needed for debt payments and economic development projects. Growth in the tax base was estimated to be 4.96%. At the adopted tax rate of \$.80 per \$100 of assessed value and a collection rate of 94.83%, this equates to a gain of \$1,381,233 in current year property tax revenues. This gain was attributable to increases in the tax base from new industry growth.

The General Fund Budget increased by \$1,720,519 which represents a 2.8% increase over the adopted FY10-11 budget. This increase was primarily due to the addition of debt service payments for the construction of a new jail. It should be noted that nearly all County Departments were able to hold their operating expenditures steady, while absorbing increased utility and retirement costs. This budget did not include any COLA increases for employees.

Business-type Activities: The County issued \$3.0 million in Special Revenue Bond debt early in FY03-04 for the construction of a new municipal solid waste landfill cell. The total project cost, including construction of the 5-year cell, a leachate pump station and force main, and new equipment to operate the cell was approximately \$4.3 million. Approximately \$1.3 million in fund balance of the Solid Waste Fund was then appropriated to complete the project. The project was completed by June 30, 2004. This five (5) year cell has nearly reached its maximum capacity. The County has contracted with Municipal Engineering, located in Garner, NC, to obtain the necessary state permits to construct a second five (5) year MSW cell. The environmental permits have been received and bids will be requested in early 2012 for the construction of this new cell. The County will finance the construction through the issuance of Special Obligation Revenue Bonds. Debt service payments on these bonds will be appropriated from revenues generated by landfill operations. No General Fund revenues will be used for the repayment of this debt.

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

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Lenoir County Finance Office, 130 S. Queen Street, Kinston, N.C. 28501.

BASIC
FINANCIAL STATEMENTS

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Lenoir County, North Carolina
Statement of Net Assets
June 30, 2011

EXHIBIT 1

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>	<u>Lenoir County</u>
	<u>Activities</u>	<u>Activities</u>		<u>ABC Board</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 40,561,285	\$ 4,061,355	\$ 44,622,640	\$ 391,398
Restricted cash and cash equivalents	16,160,207	-	16,160,207	-
Receivables, net	6,557,511	436,352	6,993,863	-
Prepaid expenses	-	-	-	4,481
Inventory	-	-	-	299,695
Total current assets	<u>63,279,003</u>	<u>4,497,707</u>	<u>67,776,710</u>	<u>695,574</u>
Noncurrent assets:				
Capital assets:				
Land, improvements, and construction in progress	6,293,207	335,543	6,628,750	-
Other capital assets, net of depreciation	<u>5,773,349</u>	<u>1,521,846</u>	<u>7,295,195</u>	<u>133,413</u>
Total capital assets	<u>12,066,556</u>	<u>1,857,389</u>	<u>13,923,945</u>	<u>133,413</u>
Total assets	<u>75,345,559</u>	<u>6,355,096</u>	<u>81,700,655</u>	<u>828,987</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	2,368,355	202,972	2,571,327	363,050
Unearned revenues	153,220	-	153,220	-
Long-term liabilities:				
Due within one year	4,525,000	-	4,525,000	10,819
Due in more than one year	<u>83,335,871</u>	<u>1,414,536</u>	<u>84,750,407</u>	<u>13,405</u>
Total liabilities	<u>90,382,446</u>	<u>1,617,508</u>	<u>91,999,954</u>	<u>387,274</u>
NET ASSETS				
Investment in capital assets, net of related debt	10,616,456	1,857,389	12,473,845	121,692
Restricted for:				
Stabilization by state statute	3,850,756	-	3,850,756	-
Public safety	16,681,881	-	16,681,881	-
Education	48,122	-	48,122	-
Economic development	554,720	-	554,720	-
Human services	2,325	-	2,325	-
Insurance	76,700	-	76,700	-
Register of deeds	132,353	-	132,353	-
Working capital	-	-	-	95,134
Unrestricted	<u>(47,000,200)</u>	<u>2,880,199</u>	<u>(44,120,001)</u>	<u>224,887</u>
Total net assets	<u>\$ (15,036,887)</u>	<u>\$ 4,737,588</u>	<u>\$ (10,299,299)</u>	<u>\$ 441,713</u>

The accompanying notes are an integral part of this statement

Lenoir County, North Carolina
Statement of Activities
For the Fiscal Year Ended June 30, 2011

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
PRIMARY GOVERNMENT				
Governmental activities:				
General government	\$ 5,411,066	\$ 1,146,611	\$ 23,207	-
Public safety	14,876,737	3,842,622	328,182	2,325
Economic and community development	13,539,235	-	307,757	2,447,950
Human services	18,120,360	112,168	11,913,476	-
Environmental protection	125,952	67,030	128,855	-
Cultural and recreational	1,521,156	-	-	34,553
Education	13,225,717	2,306,304	-	671,984
Interest on debt	<u>3,084,419</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>69,904,642</u>	<u>7,474,735</u>	<u>12,701,477</u>	<u>3,156,812</u>
Business-type activities:				
Landfill	<u>3,742,665</u>	<u>2,929,188</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 73,647,307</u>	<u>\$ 10,403,923</u>	<u>\$ 12,701,477</u>	<u>\$ 3,156,812</u>
Component Unit:				
Lenoir County ABC Board	<u>\$ 3,212,291</u>	<u>\$ 3,211,201</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

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

EXHIBIT 2

Primary Government			Component Unit	
Governmental Activities	Business-type Activities	Total	Lenoir County ABC Board	
\$ (4,241,248)	\$ -	\$ (4,241,248)	\$ -	-
(10,703,608)	-	(10,703,608)	-	-
(10,783,528)	-	(10,783,528)	-	-
(6,094,716)	-	(6,094,716)	-	-
69,933	-	69,933	-	-
(1,486,603)	-	(1,486,603)	-	-
(10,247,429)	-	(10,247,429)	-	-
(3,084,419)	-	(3,084,419)	-	-
(46,571,618)	-	(46,571,618)	-	-
-	(813,477)	(813,477)	-	-
<u>\$ (46,571,618)</u>	<u>\$ (813,477)</u>	<u>\$ (47,385,095)</u>	<u>\$ -</u>	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,090)</u>	-
\$ 29,759,572	\$ -	\$ 29,759,572	\$ -	-
7,720,975	-	7,720,975	-	-
1,239,097	18,395	1,257,492	-	-
74,364	6,012	80,376	580	-
339,338	-	339,338	-	-
296,028	-	296,028	510	-
36,690	(36,690)	-	-	-
8,934	-	8,934	-	-
39,474,998	(12,283)	39,462,715	1,090	-
(7,096,620)	(825,760)	(7,922,380)	-	-
(7,940,267)	5,563,348	(2,376,919)	441,713	-
<u>\$ (15,036,887)</u>	<u>\$ 4,737,588</u>	<u>\$ (10,299,299)</u>	<u>\$ 441,713</u>	-

The accompanying notes are an integral part of this statement

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Lenoir County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2011

EXHIBIT 3

ASSETS	General Fund	School Capital Outlay Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 26,737,890	\$ 6,539,680	\$ 143,161	\$ 4,794,006	\$ 38,214,737
Restricted cash and cash equivalents	-	-	16,110,785	49,422	16,160,207
Receivables (net)					
Property taxes	2,403,633	-	-	116,549	2,520,182
Accounts	1,263,490	-	-	243,638	1,507,128
Local option sales tax	2,026,157	442,060	-	47,719	2,515,936
Due from other funds	-	13,783	-	150,023	163,806
Total assets	\$ 32,431,170	\$ 6,995,523	\$ 16,253,946	\$ 5,401,357	\$ 61,081,996
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued liabilities	\$ 1,122,964	\$ 11,397	\$ 783,434	\$ 195,806	\$ 2,113,601
Due to other funds	-	-	-	163,806	163,806
Deferred revenues	2,673,748	-	-	116,549	2,790,297
Total liabilities	3,796,712	11,397	783,434	476,161	5,067,704
Fund balances:					
Restricted					
Stabilization by state statute	3,019,531	442,060	-	389,165	3,850,756
Register of deeds	-	-	-	132,353	132,353
Sheriff	-	-	14,915,792	89,020	15,004,812
Emergency services	-	-	-	1,519,590	1,519,590
Human services	-	-	-	2,325	2,325
School capital	-	-	-	48,122	48,122
Economic development	-	-	554,720	-	554,720
Committed					
Scrap tire disposal	-	-	-	63,807	63,807
Tax revaluation	-	-	-	23,729	23,729
Vehicle replacement	-	-	-	17,457	17,457
Capital improvements	-	-	-	2,717,360	2,717,360
Assigned					
Subsequent years' expenditures	15,796,235	40,335	-	146,500	15,983,070
Unassigned	9,818,692	6,501,731	-	(224,232)	16,096,191
Total fund balances	28,634,458	6,984,126	15,470,512	4,925,196	56,014,292
Total liabilities & fund balances	\$ 32,431,170	\$ 6,995,523	\$ 16,253,946	\$ 5,401,357	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	12,066,556
Internal service fund net assets that primarily support governmental activities	2,106,060
Liabilities for earned but deferred revenues in fund statements.	2,637,077
Deferred revenue related to bond premiums	(762,056)
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.	(87,098,816)
Net assets of governmental activities	<u>\$ (15,036,887)</u>

The accompanying notes are an integral part of this statement

Lenoir County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	General Fund	School Capital Outlay Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Ad valorem taxes	\$ 29,706,386	\$ -	\$ -	\$ 1,057,705	\$ 30,764,091
Local option sales taxes	5,877,333	1,667,830	-	175,812	7,720,975
Other taxes and licenses	1,239,097	-	-	-	1,239,097
Unrestricted intergovernmental	468,563	-	-	-	468,563
Restricted intergovernmental	13,429,089	671,984	3,715,261	1,807,073	19,623,407
Sales and services	3,496,528	-	-	-	3,496,528
Investment earnings	40,979	8,755	16,127	4,459	70,320
Miscellaneous	<u>847,892</u>	<u>-</u>	<u>5,606</u>	<u>786,469</u>	<u>1,639,967</u>
Total revenues	55,105,867	2,348,569	3,736,994	3,831,518	65,022,948
EXPENDITURES					
Current:					
General government	5,434,529	-	-	234,143	5,668,672
Public safety	12,350,203	-	-	1,569,965	13,920,168
Economic & community development	887,399	-	8,055,814	4,617,426	13,560,639
Human services	16,397,387	-	-	1,510,500	17,907,887
Cultural and recreational	1,473,500	-	-	-	1,473,500
Intergovernmental:					
Education	12,085,000	1,140,717	-	-	13,225,717
Debt service					
Principal retirement	3,600,000	-	-	-	3,600,000
Interest and fees	<u>3,084,419</u>	<u>-</u>	<u>-</u>	<u>50,754</u>	<u>3,135,173</u>
Total expenditures	<u>55,312,437</u>	<u>1,140,717</u>	<u>8,055,814</u>	<u>7,982,788</u>	<u>72,491,756</u>
Excess (deficiency) of revenues over expenditures	(206,570)	1,207,852	(4,318,820)	(4,151,270)	(7,468,808)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	11,145,364	-	1,321,549	2,067,703	14,534,616
Transfers to other funds	(12,997,926)	(1,500,000)	-	-	(14,497,926)
Loan proceeds	-	-	18,500,000	-	18,500,000
Sale of fixed assets	<u>8,934</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,934</u>
Total other financing sources (uses)	<u>(1,843,628)</u>	<u>(1,500,000)</u>	<u>19,821,549</u>	<u>2,067,703</u>	<u>18,545,624</u>
Net change in fund balance	(2,050,198)	(292,148)	15,502,729	(2,083,567)	11,076,816
FUND BALANCES, beginning of year	<u>30,684,656</u>	<u>7,276,274</u>	<u>(32,217)</u>	<u>7,008,763</u>	<u>44,937,476</u>
FUND BALANCES, end of year	<u>\$ 28,634,458</u>	<u>\$ 6,984,126</u>	<u>\$ 15,470,512</u>	<u>\$ 4,925,196</u>	<u>\$ 56,014,292</u>

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

Net changes in fund balances - total governmental funds	\$ 11,076,816
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(372,615)
Cost of capital assets disposed of during the year, not recognized on modified accrual basis	(2,122,042)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in deferred revenue for tax revenues	131,057
Internal service fund operations that primarily support governmental activities	(575,920)
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	(37,951)
Net pension obligation	(59,418)
Net OPEB obligation	(281,268)
Amortization of bond premiums not recorded on fund statements	44,721
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>(14,900,000)</u>
Total changes in net assets of governmental activities	<u>\$ (7,096,620)</u>

Lenoir County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance-
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2011

	General Fund			Variance with Final Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Ad valorem taxes	\$ 29,333,516	\$ 29,883,651	\$ 29,706,386	\$ (177,265)
Local option sales taxes	5,750,000	5,615,000	5,877,333	262,333
Other taxes and licenses	1,257,000	1,235,763	1,239,097	3,334
Unrestricted intergovernmental	308,700	539,259	468,563	(70,696)
Restricted intergovernmental	12,692,307	13,496,988	11,508,472	(1,988,517)
Sales and services	3,102,150	3,557,009	3,496,528	(60,481)
Investment earnings	100,000	75,000	40,979	(34,021)
Miscellaneous	<u>809,700</u>	<u>804,593</u>	<u>847,892</u>	<u>43,299</u>
Total revenues	53,353,373	55,207,263	53,185,250	(2,022,013)
EXPENDITURES				
Current:				
General government	3,608,774	9,294,927	5,434,529	3,860,398
Public safety	12,652,248	12,932,992	12,350,203	582,789
Economic and community development	917,912	953,452	887,399	66,053
Human services	20,258,986	19,061,978	16,397,387	2,664,591
Cultural and recreational	1,473,500	1,473,500	1,473,500	-
Intergovernmental:				
Education	12,085,000	12,085,000	12,085,000	-
Debt service				
Principal retirement	3,600,000	3,600,000	3,600,000	-
Interest and fees	<u>2,878,650</u>	<u>3,087,223</u>	<u>3,084,419</u>	<u>2,804</u>
Total expenditures	<u>57,475,070</u>	<u>62,489,072</u>	<u>55,312,437</u>	<u>7,176,635</u>
Revenues over (under) expenditures	(4,121,696)	(7,281,809)	(2,127,187)	5,154,623
OTHER FINANCING SOURCES (USES)				
Sale of fixed assets	500	14,844	8,934	(5,910)
Operating transfers from (to) other funds	3,070,670	4,844,802	4,844,802	-
Contingency	<u>(60,000)</u>	<u>(95,000)</u>	<u>-</u>	<u>95,000</u>
Total other financing uses	<u>3,011,170</u>	<u>4,764,646</u>	<u>4,853,736</u>	<u>89,090</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(1,110,527)	(2,517,163)	2,726,549	5,243,712
Appropriated fund balance	<u>1,110,527</u>	<u>2,517,163</u>	<u>-</u>	<u>(2,517,163)</u>
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	2,726,549	<u>\$ 2,726,549</u>
FUND BALANCES, beginning of year			<u>25,907,909</u>	
FUND BALANCES, end of year			<u>\$ 28,634,458</u>	
A legally budgeted Capital Reserve Fund is consolidated into the General Fund for reporting purposes				
Restricted intergovernmental			1,920,617	
Transfer to Capital Improvement Fund			(500,000)	
Transfer to General Fund			(6,197,364)	
Fund balance, beginning of year			<u>4,776,747</u>	
Fund Balance, end of year (Exhibit 4)			<u>\$ 28,634,458</u>	

EXHIBIT 5

School Capital Outlay Fund			
Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)
\$ -	\$ -	\$ -	\$ -
1,620,000	1,620,000	1,667,830	47,830
-	-	-	-
-	-	-	-
-	1,351,208	671,984	(679,224)
-	-	-	-
10,000	10,000	8,755	(1,245)
-	-	-	-
<u>1,630,000</u>	<u>2,981,208</u>	<u>2,348,569</u>	<u>(632,639)</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
130,000	2,046,349	1,140,717	905,632
-	-	-	-
<u>130,000</u>	<u>2,046,349</u>	<u>1,140,717</u>	<u>905,632</u>
1,500,000	934,859	1,207,852	272,993
-	-	-	-
(1,500,000)	(1,500,000)	(1,500,000)	-
-	-	-	-
<u>(1,500,000)</u>	<u>(1,500,000)</u>	<u>(1,500,000)</u>	<u>-</u>
-	(565,141)	(292,148)	272,993
-	<u>565,141</u>	-	<u>(565,141)</u>
<u>\$ -</u>	<u>\$ -</u>	(292,148)	<u>\$ (292,148)</u>
		<u>7,276,274</u>	
		<u>\$ 6,984,126</u>	

The accompanying notes are an integral part of this statement

Lenoir County, North Carolina
Statement of Net Assets
Proprietary Funds
June 30, 2011

EXHIBIT 6

	Landfill Fund	Internal Service Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,061,355	\$ 2,346,547
Accounts receivable (net)	436,352	14,267
Total current assets	4,497,707	2,360,814
Noncurrent assets:		
Capital assets:		
Land and improvements	335,543	-
Buildings, improvements, and equipment	5,446,227	-
Vehicles and motorized equipment	1,821,005	-
Less accumulated depreciation	(5,745,386)	-
Total capital assets	1,857,389	-
Total assets	6,355,096	2,360,814
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	202,972	254,754
Noncurrent liabilities:		
Accrued landfill closure and postclosure costs	1,357,542	-
Compensated absences payable	36,717	-
Other postemployment benefits	20,277	-
Total noncurrent liabilities	1,414,536	-
Total liabilities	1,617,508	254,754
NET ASSETS		
Invested in capital assets, net of related debt	1,857,389	-
Unrestricted	2,880,199	2,106,060
Total net assets	\$ 4,737,588	\$ 2,106,060

The accompanying notes are an integral part of this statement

Lenoir County, North Carolina
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund
For the Fiscal Year Ended June 30, 2011

EXHIBIT 7

	Landfill Fund	Internal Service Fund
OPERATING REVENUES:		
Charges for services	\$ 2,792,121	\$ 4,234,725
Other operating revenues	<u>137,067</u>	<u>-</u>
Total operating revenues	2,929,188	4,234,725
OPERATING EXPENSES:		
Cost of operations	2,821,353	4,814,612
Depreciation	<u>921,312</u>	<u>-</u>
Total operating expenses	<u>3,742,665</u>	<u>4,814,612</u>
Operating income (loss)	(813,477)	(579,887)
NONOPERATING REVENUES (EXPENSES):		
Investment earnings	6,012	3,967
White goods disposal taxes	<u>18,395</u>	<u>-</u>
Net nonoperating revenues	<u>24,407</u>	<u>3,967</u>
Income (loss) before contributions and transfers	(789,070)	(575,920)
Transfer to other funds	<u>(36,690)</u>	<u>-</u>
Change in net assets	(825,760)	(575,920)
TOTAL NET ASSETS, beginning of year	<u>5,563,348</u>	<u>2,681,980</u>
TOTAL NET ASSETS, end of year	<u>\$ 4,737,588</u>	<u>\$ 2,106,060</u>

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, 2011

EXHIBIT 8

	Landfill Fund	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 2,765,607	\$ 4,227,465
Cash paid for goods and services	(2,029,929)	(4,908,826)
Cash paid to employees for services	(788,568)	-
Other operating revenue	137,067	-
Net cash provided (used) by operating activities	84,177	(681,361)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers in (out)	(36,690)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	6,012	3,967
Net increase (decrease) in cash and cash equivalents	53,499	(677,394)
Cash and cash equivalents at beginning of year	4,007,856	3,023,941
Cash and cash equivalents at end of year	\$ 4,061,355	\$ 2,346,547
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating loss	\$ (813,477)	\$ (579,887)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
White goods disposal taxes	18,395	-
Landfill closure and postclosure care costs	12,486	-
Depreciation	921,312	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(26,514)	(7,260)
Increase (decrease) in accounts payable and accrued liabilities	(41,172)	(94,214)
Increase (decrease) in accrued vacation pay	4,040	-
Increase (decrease) in OPEB payable	9,107	-
Total adjustments	897,654	(101,474)
Net cash provided (used) by operating activities	\$ 84,177	\$ (681,361)

The accompanying notes are an integral part of this statement

Lenoir County, North Carolina
Agency Fund
Statement of Net Assets
For the Fiscal Year Ended June 30, 2011

EXHIBIT 9

ASSETS	
Cash and cash equivalents	\$ 85,961
 LIABILITIES AND NET ASSETS	
Accounts payable	<u>85,961</u>
Net assets	<u>\$ -</u>

The accompanying notes are an integral part of this statement

Lenoir County, North Carolina
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2011

NOTE I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

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

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

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

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

Lenoir County, North Carolina
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2011

The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Capital Reserve Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54 it is consolidated in the General Fund.

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

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

The County reports the following major enterprise fund:

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

The County reports the following fund types:

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains three agency funds: the Social Services Fund, which accounts for moneys deposited with the Social Services Department for the benefit of certain individuals; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to Lenoir County Board of Education and the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles and Register of Deeds Trust Fund which accounts for the five dollars of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage.

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

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

Measurement Focus, Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Lenoir County, North Carolina
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2011

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Lenoir County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2010 through February 2011 apply to the fiscal year ended June 30, 2011. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements.

Sales taxes collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

All governmental and business-type activities and enterprise funds of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the general, special revenue (excluding the School Bond Fund, and the Community Development Block Grant Fund), the Enterprise Fund, and the Internal Service Fund. All annual appropriations lapse at the fiscal year end. Project ordinances are adopted for the project and grants funds.

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

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

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

Lenoir County, North Carolina
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2011

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

D. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

All deposits of the County and the Lenoir County ABC Board are made in board-designated official depositories and are secured as required by G.S. 159-31. The County and the ABC Board may designate as an official depository any bank or savings association whose principal office is located in North Carolina. Also, the County and the ABC Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the County and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

The County and the ABC Board's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earnings and investment contracts are reported at cost.

2. Cash and Cash Equivalents

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

3. Restricted Assets

Unexpended bond proceeds are classified as restricted assets on the balance sheet because their use is completely restricted to the purpose for which the bonds were originally issued. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected.

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, 2010.

5. Allowance for Doubtful Accounts

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

6. Inventory and Prepaid Items

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

Lenoir County, North Carolina
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2011

7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The minimum capitalization cost is \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

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

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

8. Long-term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

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

9. Compensated Absences

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

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

10. Net Assets/Fund Balances

Net Assets

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

Fund Balances

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

The governmental fund types classify fund balances as follows.

Lenoir County, North Carolina
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2011

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

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

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

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

Restricted for Sheriff – 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 Human Services – portion of fund balance restricted by revenue source for the Smart Start program.

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

Restricted for Economic Development – portion of fund balance that is restricted by revenue source for capital projects.

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

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

Committed for Tax Revaluation – portion of fund balance that can only be used for tax revaluation.

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.

E. Reconciliation of Government-wide and Fund Financial Statements

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

Lenoir County, North Carolina
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2011

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. The net adjustment of \$(71,051,179) 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)	\$ 29,854,832.
Less accumulated depreciation	(17,788,276)
Net capital assets	12,066,556
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide	2,637,077
Liability for deferred revenue related to the premiums on bonds	(762,056)
Internal service fund net assets that primarily support governmental activities	2,106,060.
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	(84,150,100)
Net pension obligation	(763,870)
Other postemployment benefits	(888,995)
Compensated absences	(1,295,851)
Total adjustment	<u>\$ (71,051,179)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$(18,173,436) as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 652,339
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	(1,024,954)
Cost of capital assets disposed of during the year, not recognized on modified accrual basis	(2,122,042)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities – it affects only the government-wide statement of net assets	(18,500,000)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statements	3,600,000
Amortization of bond premiums reported on the government-wide financial statements which reduces the interest expense paid on the fund financial statements	44,721
Internal service fund operations that primarily support governmental activities	(575,920)
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.	

Lenoir County, North Carolina
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2011

Differences in compensated absences accrued in the government-wide statements but not in the fund statements because they do not use current resources	(37,951)
Differences in net pension obligation accrued in the government-wide statements but not in the fund statements because they do not use current resources	(59,418)
Differences in the other postemployment benefits in the government-wide statements but not in the fund statements because they do not use current resources	(281,268)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the funds statements.	
Reversal of deferred tax revenue recorded at 7/1/10	(2,506,020)
Recording of tax receipts deferred in the fund statements as of 6/30/11	2,637,077
Total adjustment	\$ (18,173,436)

Note II. Stewardship, Compliance, and Accountability

A. Deficit Fund Balance or Net Assets of Individual Funds

For the fiscal year ended June 30, 2011, the Transportation Grant Project Fund had a deficit fund balance of \$58,150 and the Community Development Block Grant Fund had a deficit fund balance of 5,462 due to accounts payable recorded at year-end. The request for reimbursement will include this amount and fund balance will no longer be in the deficit.

Note III. Detail Notes on All Funds

A. Assets

1. Deposits

All of the County and ABC Board deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage are collateralized with securities held by the County or the ABC Board. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County and the ABC Board, these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County, the ABC Board or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County or the ABC Board under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County has no formal policy regarding custodial credit risk.

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

At June 30, 2011, the carrying amount of the County's deposits was \$20,682,829 and the bank balance was \$21,424,465. Of the bank balance, \$500,000 was covered by federal depository insurance and \$20,924,465 was covered by collateral held under the Pooling Method. At June 30, 2011, the County had \$3,023 cash on hand.

At June 30, 2011, the carrying amount of deposits for Lenoir County ABC Board was \$388,348 and the bank balance was \$400,505. Of this balance \$250,000 was covered by federal depository insurance and \$150,505 was maintained in financial institutions utilizing the Pooling Method of collateralization. At June 30, 2011, the ABC Board had \$3,050 cash on hand.

2. Investments

At June 30, 2011, the County had \$40,182,955 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, 2011 the ABC Board had no investments.

Lenoir County, North Carolina
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2011

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.

Year Levied	Tax	Interest	Total
2007	1,601,989	524,672	2,126,661
2008	1,672,375	386,516	2,013,891
2009	2,323,834	342,773	2,666,607
2010	2,296,686	132,059	2,428,745
	<u>\$ 7,894,884</u>	<u>\$ 1,386,020</u>	<u>\$ 9,235,904</u>

4. Receivables

Receivables at the government-wide level at June 30, 2011, were as follows:

	Accounts	Taxes	Total
Governmental Activities:			
General	\$ 1,263,490	\$ 5,434,309	\$ 6,697,799
Other Governmental	243,638	606,326	849,964
Internal Service Fund	14,267	-	14,267
Total receivables	1,521,395	6,040,635	7,562,030
Allowance for doubtful accounts	-	(1,004,519)	(1,004,519)
Total governmental activities	<u>\$ 1,521,395</u>	<u>\$ 5,036,116</u>	<u>\$ 6,557,511</u>
Business-type Activities:			
Landfill	\$ 589,389	\$ -	\$ 589,389
Allowance for doubtful accounts	(153,037)	-	(153,037)
Total business-type activities	<u>\$ 436,352</u>	<u>\$ -</u>	<u>\$ 436,352</u>

5. Capital Assets

Capital asset activity for the year ended June 30, 2011, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 8,366,962	\$ -	\$ 2,073,755	\$ 6,293,207
Construction in progress	3,750	-	3,750	-
Total capital assets not being depreciated	<u>8,370,712</u>	<u>-</u>	<u>2,077,505</u>	<u>6,293,207</u>
Capital assets being depreciated:				
Buildings	14,481,557	-	-	14,481,557
Other improvements	798,730	-	-	798,730
Equipment	3,999,543	328,493	138,082	4,189,954
Vehicles and motor equipment	3,934,252	347,971	190,839	4,091,384
Total capital assets being depreciated:	<u>23,214,082</u>	<u>676,464</u>	<u>328,921</u>	<u>23,561,625</u>
Less accum. depreciation for:				
Buildings	11,400,167	198,540	-	11,598,707
Other improvements	314,683	39,936	-	354,619
Equipment	2,926,649	321,237	88,284	3,159,602
Vehicles and motor equipment	2,382,083	465,241	171,976	2,675,348
Total accumulated depreciation	<u>17,023,582</u>	<u>1,024,954</u>	<u>260,325</u>	<u>17,788,276</u>
Total capital assets being depreciated, net	<u>6,190,500</u>			<u>5,773,349</u>
Governmental activity capital assets, net	<u>\$ 14,561,212</u>			<u>\$ 12,066,556</u>

Lenoir County, North Carolina
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2011

Primary Government

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

General government	\$ 41,733
Human services	134,488
Economic and community development	82,651
Culture and recreation	47,656
Public safety	718,426
Total depreciation expense	<u>\$ 1,024,954</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 335,542	\$ -	\$ -	\$ 335,542
Capital assets being depreciated:				
Buildings, improvements & equip	5,446,227	-	-	5,446,227
Furniture & maintenance equip.	1,253,583	-	-	1,253,583
Vehicles	567,422	-	-	567,422
Total capital assets being depreciated:	<u>7,267,232</u>	<u>-</u>	<u>-</u>	<u>7,267,232</u>
Less accum. depreciation for:				
Buildings, improvements & equip	3,459,850	824,547	-	4,284,397
Furniture & maintenance equip.	957,071	56,332	-	1,013,403
Vehicles	407,152	40,433	-	447,585
Total accumulated depreciation	<u>4,824,073</u>	<u>921,312</u>	<u>-</u>	<u>5,745,385</u>
Total capital assets being depreciated, net	<u>2,443,159</u>			<u>1,521,847</u>
Business-type capital assets, net	<u>\$ 2,778,701</u>			<u>\$ 1,857,389</u>

Discretely presented component units

Activity for the ABC Board for the year ended June 30, 2011, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Furniture & equipment	\$ 181,657	\$ 621	\$ -	\$ 182,278
Leasehold improvements	212,297	-	-	212,297
Total capital assets being depreciated:	<u>393,954</u>	<u>621</u>	<u>-</u>	<u>394,575</u>
Less accum. depreciation for:				
Furniture & equipment	131,364	8,245	-	139,609
Leasehold improvements	109,055	12,498	-	121,553
Total accumulated depreciation	<u>240,419</u>	<u>20,743</u>	<u>-</u>	<u>261,162</u>
ABC capital assets, net	<u>\$ 153,535</u>			<u>\$ 133,413</u>

Commitments

The County has one active construction project at June 30, 2011. The project is the construction of a new five story, 65,100 square foot detention center.

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

	Total Project	County Commitment	Spent To Date
Detention Center	<u>\$ 21,657,451</u>	<u>\$ 21,657,451</u>	<u>\$ 5,995,207</u>

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

Lenoir County, North Carolina
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2011

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2011, were as follows:

	Vendors	Salaries and Benefits	Other	Total
Governmental activities:				
General	\$ 1,035,299	\$ -	\$ 87,665	\$ 1,122,964
Other Governmental	989,846	791	-	990,637
Internal Service Fund	254,754	-	-	254,754
Total governmental activities	<u>\$ 2,279,899</u>	<u>\$ 791</u>	<u>\$ 87,665</u>	<u>\$ 2,368,355</u>
Business-type activities:				
Landfill	<u>\$ 202,972</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202,972</u>

2. Pension Plan and Other Postemployment Obligations

a. Local Governmental Employee's Retirement System

Plan Description. Lenoir County and the ABC Board contribute to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multi-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Government Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27669-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The County and the ABC Board are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.90% and 4.86%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 5.22% of annual covered payroll. The contribution requirements of members and of Lenoir County and the ABC Board are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2011, 2010 and 2009 were \$997,541, \$739,205, and \$715,698, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2011, 2010 and 2009 were \$13,087, \$11,485, and \$11,093, respectively. The contributions made by the County and the ABC Board equaled the required contributions for each year.

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description

Lenoir County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. There are no separate financial statements issued for the Separation Allowance.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2010, the Separation Allowance's membership consisted of:

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

Lenoir County, North Carolina
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2011

2. Summary of Significant Accounting Policies:

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

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

3. Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the County contributed \$145,124 or 5.67% of annual covered payroll. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings.

The annual required contribution for the current year was determined as part of the December 31, 2010 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 4.5% to 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2010 was 20 years.

Employer annual required contribution	\$ 147,615
Interest on net pension obligation	35,223
Adjustment to annual required contribution	<u>(37,714)</u>
Annual pension cost	145,124
Contributions made	<u>85,706</u>
Increase in net pension obligation	59,418
Net pension obligation beginning of year	704,452
Net pension obligation end of year	<u>\$ 763,870</u>

3 Year Trend Information			
Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/09	\$ 107,943	53.18%	\$ 649,642
6/30/10	121,801	55.00%	704,452
6/30/11	145,124	59.06%	763,870

4. Funded Status and Funding Progress

As of December 31, 2010 the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$1,434,272, and the actuarial value of assets were \$0, resulting in an unfunded actuarial liability (UAAL) of \$1,434,272.

The covered payroll (annual payroll of active employees covered by the plan) was \$2,473,401, and the ratio of the UAAL to the covered payroll was 57.99%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

c. Supplemental Retirement Income Plan

Plan Description. The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to all employees employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Lenoir County, North Carolina
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2011

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, 2011 were \$990,419, which consisted of \$774,392 from the County and \$216,027 from the employees.

d. Registers of Deeds' Supplemental Pension Fund

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

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2011, the County's required and actual contributions were \$2,952.

e. Other Postemployment Benefits

Plan Description. Under the terms of the County resolution, the County administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). This plan provides postemployment healthcare benefits to retirees of the County, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least 30 years of creditable service with the County, or are 60 years of age with 25 years of creditable service with the County. The retiree pays the same amount for equal coverage equivalent to what active County employees pay. The County obtains health care coverage through private insurers. Also, retirees can purchase coverage for their dependents at the County's group rates. The Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at December 31, 2010, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	27	5
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	397	65
Total	424	70

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

The current ARC rate is 3.46% of annual covered payroll. For the current year, the County contributed \$216,169 or 1.3% of annual covered payroll. The County obtains healthcare coverage through private insurers. The County's required contributions, under a County resolution for employees not engaged in law enforcement and for law enforcement officers represent 6.35% and 6.82% of covered payroll, respectively. There were no contributions made by employees, except for dependent coverage in the amount of \$20,150. 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.

Lenoir County, North Carolina
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2011

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and any changes in the County's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$	505,437
Interest on net OPEB obligation		24,756
Adjustment to annual required contribution		(23,650)
Annual OPEB cost (expense)		506,543
Contributions made		(216,169)
Increase in net OPEB obligation		290,374
Net OPEB obligation, beginning of year		618,898
Net OPEB obligation, end of year	\$	909,272

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

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

Funded Status and Funding Progress. As of December 31, 2010, 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 \$6,664,035. The covered payroll (annual payroll of active employees covered by the plan) was \$16,001,264, and the ratio of the UAAL to the covered payroll was 41.6%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information about the actuarial value of plan assets and the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2010 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 10.50% 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, 2010, was 30 years.

f. Other Postemployment Benefits – Lenoir County ABC Board

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

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

Lenoir County, North Carolina
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2011

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

Annual required contribution	\$	12,022
Interest on net OPEB obligation		481
Adjustment to annual required contribution		-
Annual OPEB cost (expense)		12,503
Contributions made		-
Increase in net OPEB obligation		12,503
Net OPEB obligation, beginning of year		-
Net OPEB obligation, end of year	\$	12,503

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

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

The Board intends to update its OPEB valuation (triennial basis) for the year ended June 30, 2012 as allowed per GASB 45.

Funded Status and Funding Progress. As of June 30, 2009, the actuarial accrued liability for benefits was \$127,926, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$284,720, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 44.93%. 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 for the state of North Carolina and based on the past decade's healthcare cost trend.

Health insurance premiums – 2008 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Lenoir County, North Carolina
Notes to the Financial Statements
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Inflation rate – The expected inflation rate of 10% was based on projections for the state of North Carolina and based on past decade's inflation rate.

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

A discount rate of 4% was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 was thirty years.

g. Other Employment Benefits

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

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

State and federal laws and regulations require the County to place a final cover on its landfill facilities when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$1,357,542 reported as landfill closure and post-closure care liability at June 30, 2011 represents a cumulative amount reported to date based on the use of 100 percent of the total estimated capacity of the old landfill and 85% of the total capacity of the new landfill. Lenoir County closed the old facility in the fiscal year ended 1999. Total costs incurred to date on the final cover of the old landfill is \$1,041,995. The County will recognize the remaining estimated cost of closure and postclosure care of \$838,000 as the remaining estimated capacity of the new landfill is filled. Final costs may be higher due to inflation, changes in technology, or changes in regulations. All of the above amounts are based on what it would cost to perform all closure and post-closure care in 2011.

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

4. Deferred / Unearned Revenues

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

	Unearned or Deferred Revenue	Full Accrual Unearned Revenue
Taxes receivable, net (General)	\$ 2,595,223	\$ -
Taxes receivable, net (Special Revenue)	116,549	-
Prepaid taxes not yet earned (General)	78,525	153,220
Total	\$ 2,790,297	\$ 153,220

5. Risk Management

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

Lenoir County, North Carolina
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For The Fiscal Year Ended June 30, 2011

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

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

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

Lenoir County ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The ABC Board has property, general liability, auto liability, workmen's compensation and employee health coverage. The Board also has liquor legal liability coverage. There have been no significant reductions in insurance coverage from the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

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

6. Contingent Liabilities

At June 30, 2011, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

7. Long-Term Obligations

a. General Obligation Indebtedness

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

The County's general obligation bonds payable at June 30, 2011 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	\$ 26,150,000
\$2,600,000 2007 Public Improvements Library Bonds, in annual installments of up to \$200,000 through February 1, 2025	2,150,000
\$39,700,000 2008 Public Improvement School Bonds, in annual installments of up to \$2,800,000 through February 1, 2029	35,900,000
	\$ 64,200,000

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

<u>Year Ending June 30,</u>	Governmental Activities	
	Principal	Interest
2012	3,600,000	2,744,150
2013	3,600,000	2,609,650
2014	3,600,000	2,475,150
2015	3,600,000	2,340,650
2016	3,600,000	2,196,650
2017-2021	18,000,000	8,520,500
2022-2026	18,100,000	4,567,075
2027-2031	10,100,000	822,375
Totals	\$ 64,200,000	\$ 26,276,200
Premium on bonds	762,055	-
Carrying value of general obligation bonds	\$ 64,962,055	\$ 26,276,200

As June 30, 2011, Lenoir County had a legal debt margin of \$209,123,029.

Lenoir County, North Carolina
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2011

b. Notes Payable

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

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.

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

<u>Year Ending June 30,</u>	Governmental Activities	
	Principal	Interest
2012	\$ 925,000	\$ 1,188,504
2013	925,000	1,131,616
2014	1,017,104	1,073,927
2015	1,051,611	1,012,968
2016	1,056,101	951,590
2017-2021	5,353,627	3,831,516
2022-2026	4,996,657	2,291,949
2027-2031	4,625,000	853,312
Principal payments	<u>\$ 19,950,100</u>	
Total interest payments		<u>\$ 12,335,382</u>

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

<u>Year Ending June 30,</u>	<u>Interest Rebate</u>
2012	511,988
2013	486,388
2014	460,789
2015	435,189
2016	409,590
2017-2021	1,663,959
2022-2026	1,023,975
2027-2031	383,991
Totals	<u>\$ 5,375,869</u>

c. 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, 2011:

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011	Current Portion of Balance
Governmental activities:					
General obligation debt	\$ 68,606,777	\$ -	\$ 3,644,722	\$ 64,962,055	\$ 3,600,000
Notes payable	1,450,100	18,500,000	-	19,950,100	925,000
Compensated absences	1,257,899	37,952	-	1,295,851	-
Other postemployment benefit	607,727	281,268	-	888,995	-
Net pension obligation	704,452	59,418	-	763,870	-
Total governmental activities	<u>\$ 72,626,955</u>	<u>\$ 18,878,638</u>	<u>\$ 3,641,330</u>	<u>\$ 87,860,871</u>	<u>\$ 4,525,000</u>
Business-type activities:					
Accrued landfill closure and Postclosure care costs	\$ 1,345,055	\$ 12,487	\$ -	\$ 1,357,542	\$ -
Compensated absences	32,677	4,040	-	36,717	-
Other postemployment benefit	11,171	9,106	-	20,277	-
Total business-type activities	<u>\$ 1,388,903</u>	<u>\$ 25,633</u>	<u>\$ -</u>	<u>\$ 1,414,536</u>	<u>\$ -</u>

Lenoir County, North Carolina
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2011

The following is a summary of the changes in the ABC Board's long-term obligations for the fiscal year ended June 30, 2011:

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011	Current Portion of Balance
ABC Board:					
Notes payable	\$ 43,276	\$ -	\$ 31,555	\$ 11,721	\$ 10,819
Other postemployment benefit	12,503	-	-	12,503	-
Total governmental activities	<u>\$ 55,779</u>	<u>\$ -</u>	<u>\$ 31,555</u>	<u>\$ 24,224</u>	<u>\$ 10,819</u>

C. Interfund Balances and Activity

Transfers to/from other funds

Transfers to/from other funds at June 30, 2011, consists of the following:

From the General Fund to the Revaluation Reserve Fund to accumulate resources for the future revaluation of real property	\$ 25,000
From the General Fund to the Capital Improvements Fund to improve the County's infrastructure and decrease annual maintenance costs	1,325,305
From the General Fund to the Capital Reserve Fund to accumulate resources for bond Repayments	1,724,000
From the Landfill Fund to the Scrap Tire Disposal Fund to aid in the disposal of scrap tires	35,300
From the General Fund to the Vehicle Replacement Fund for replacement of vehicles in the Sheriff and EMS departments	95,000
From the General Fund to the Emergency Telephone System Fund to aid in operations	12,098
From the Capital Reserve Fund to the General Fund for bond payments	7,921,364
From the General Fund to the Capital Projects Fund to aid in construction of jail	1,320,159
From the General Fund to the Transportation Grant Project Fund to aid in operations	75,000
From the Landfill Fund to the Capital Projects Fund for jail construction	1,390
From the Capital Improvement Fund to the Capital Reserve Fund for bond repayments	500,000
From the School Capital Outlay Fund to the General Fund for debt payment on bonds	1,500,000
	<u>\$ 14,534,616</u>

D. Fund Balance

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

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

Total fund balance – General Fund	\$ 28,634,458
Less:	
Stabilization by State Statute	3,019,531
Appropriated fund balance in 2012 budget	15,796,235
Remaining Fund Balance	<u>\$ 9,818,692</u>

Note IV. Joint Ventures

The County in conjunction with the City of Kinston, participates in the Tourism Development Authority. The County appoints three members to the seven member board. The County has the authority to levy a Tourism tax and also serves as the collection agency for the Authority's taxes; however, the County does not have the power to determine the nature or type of tax imposed. Total funds remitted to the Authority were \$210,034 for the year ended June 30, 2011. The Authority controls the disbursements of all funds and the County has no responsibility for financing deficits or providing guarantees of the unit, nor is it entitled to any surpluses. The County has no equity interest in the Authority. Complete financial statements for the Authority can be obtained from the Authority's offices at City of Kinston, 301 N. Queen Street, Kinston, NC 28501.

The County also participates in a joint venture to operate Neuse Regional Library with three other local governments. Lenoir County appoints two board members to the twelve member board of the Library. The County has an on going financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2011. 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 \$2,185,000 to the community college for operating purposes during the fiscal year ended June 30, 2011. 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, 2011.

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 \$236,906 to the joint venture during the fiscal year ended June 30, 2011. 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, 2011. Complete financial statements for Eastpointe can be obtained from their office in Kenansville, N.C.

Note V. Joint Governed Organization

The County has joined with other counties and municipalities in the area to establish the Eastern Carolina Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$11,077 to the Council during the fiscal year ended June 30, 2011. The County has no equity interest in the Council.

Note VI. Major Taxpayer

Lenoir County had property tax revenue from one taxpayer in 2011 of \$627,471, which accounted for 2% of total property tax revenue.

Lenoir County, North Carolina
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2011

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	\$ 1,464,553	\$ -
Temporary Assistance for Needy Families	448,048	-
IV-E Foster Care	87,152	18,739
IV-E Admin County	39,199	19,599
IV-E Max Level III	660	-
State Foster Home	-	56,724
Special Assistance to Adults	-	851,345
IV-E Adoptions Subsidy Payments	239,228	53,499
CWS Adoption Subsidy Payments	-	220,865
Food Stamp Program	20,238,350	-
Medical Assistance	67,669,577	27,214,011
Energy Assistance	550,612	-
F/C At Risk Maximization	-	412
SFHF Maximization	-	48,450
Foster Care Special Provision	-	5,331

Note VIII. Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

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

Note IX. Detailed Note on Individual Fund Balance

As part of the loan agreement for the construction of the new landfill, the County is required to have a minimum fund balance in the Landfill Fund of \$1,000,000. At June 30, 2011, the fund balance for the Landfill Fund was \$4,746,108, consisting of \$1,857,389 invested in capital assets, and \$2,888,719 in unrestricted fund balance.

SUPPLEMENTARY
INFORMATION

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REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

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

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

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

Schedule of Funding Progress for
Other Postemployment Benefits

Schedule of Employer Contributions for
Other Postemployment Benefits

Notes to the Required Schedules for
Other Postemployment Benefits

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

STATEMENT 1

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2001	\$ -	\$ 510,328	\$ 510,328	0%	\$ 1,472,899	34.65%
12/31/2002	-	608,944	608,944	0%	1,488,455	40.91%
12/31/2003	-	664,951	664,951	0%	1,559,910	42.63%
12/31/2004	-	802,824	802,824	0%	1,643,062	48.86%
12/31/2005	-	758,072	758,072	0%	1,824,114	41.56%
12/31/2006	-	831,347	831,347	0%	2,044,360	40.67%
12/31/2007	-	995,875	995,875	0%	2,090,047	47.65%
12/31/2008	-	1,121,755	1,121,755	0%	2,213,593	50.68%
12/31/2009	-	1,504,712	1,504,712	0%	2,548,597	59.04%
12/31/2010	-	1,434,272	1,434,272	0%	2,473,401	57.99%

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
2002	59,915	0%
2003	62,122	7%
2004	69,905	16%
2005	82,495	34%
2006	91,725	32%
2007	87,525	39%
2008	96,626	48%
2009	107,943	53%
2010	121,801	55%
2011	147,615	58%

Notes to the Required Schedules:

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

Valuation date	12/31/2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	20 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.5% - 7.85%
*Includes inflation at	3.00%
Cost of living adjustments	N/A

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

STATEMENT 3

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2006	\$ -	\$ 7,587,345	\$ 7,587,345	0%	\$ 13,606,848	55.8%
12/31/2007	-	6,818,855	6,818,855	0%	12,304,510	55.4%
12/31/2008	-	5,802,279	5,802,279	0%	14,403,576	40.3%
12/31/2009	-	5,973,257	5,973,257	0%	15,417,737	38.7%
12/31/2010	-	6,664,035	6,664,035	0%	16,001,264	41.6%

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*
2009	\$ 510,641	40.6%
2010	505,437	37.5%
2011	505,437	42.8%

* Presented for all years for which data is available.

Notes to the Required Schedules:

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

Valuation date	12/31/2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend rate	10.5% - 5.0%
Year of ultimate trend rate	2018
*Includes inflation at	3.00%

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term, claim and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures on governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. The following types of governmental funds are included in this section:

GENERAL FUND

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

Capital Reserve Fund – This fund accounts for the future bond debt of the 2007 Series Public Improvement Bonds and lottery proceeds.

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CAPITAL PROJECT FUNDS

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

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

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

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Lenoir County, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
General Funds
For the Fiscal Year Ended June 30, 2011

STATEMENT 5

	General Fund	Capital Reserve Fund	Total General Funds
REVENUES			
Ad valorem taxes	\$ 29,706,386	\$ -	\$ 29,706,386
Local option sales taxes	5,877,333	-	5,877,333
Other taxes and licenses	1,239,097	-	1,239,097
Unrestricted intergovernmental	468,563	-	468,563
Restricted intergovernmental	11,508,472	1,920,617	13,429,089
Sales and services	3,496,528	-	3,496,528
Investment earnings	40,979	-	40,979
Miscellaneous	<u>847,892</u>	<u>-</u>	<u>847,892</u>
Total revenues	53,185,250	1,920,617	55,105,867
EXPENDITURES			
Current:			
General government	5,434,529	-	5,434,529
Public safety	12,350,203	-	12,350,203
Economic & community develop.	887,399	-	887,399
Human services	16,397,387	-	16,397,387
Cultural and recreational	1,473,500	-	1,473,500
Intergovernmental:			
Education	12,085,000	-	12,085,000
Debt service			
Principal retirement	3,600,000	-	3,600,000
Interest and fees	<u>3,084,419</u>	<u>-</u>	<u>3,084,419</u>
Total expenditures	<u>55,312,437</u>	<u>-</u>	<u>55,312,437</u>
Excess (deficiency) of revenues over expenditures	(2,127,187)	1,920,617	(206,570)
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	9,421,364	1,724,000	11,145,364
Transfers to other funds	(4,576,562)	(8,421,364)	(12,997,926)
Sale of fixed assets	<u>8,934</u>	<u>-</u>	<u>8,934</u>
Total other financing sources (uses)	<u>4,853,736</u>	<u>(6,697,364)</u>	<u>(1,843,628)</u>
Net change in fund balance	2,726,549	(4,776,747)	(2,050,198)
FUND BALANCES, beginning of year	<u>25,907,909</u>	<u>4,776,747</u>	<u>30,684,656</u>
FUND BALANCES, end of year	<u>\$ 28,634,458</u>	<u>\$ -</u>	<u>\$ 28,634,458</u>

Lenoir County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For The Fiscal Year Ended June 30, 2011
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2010)

STATEMENT 6

Page 1 of 10

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
Revenues:				
Ad valorem taxes:				
Taxes	\$ 29,493,651	\$ 29,332,409	\$ (161,242)	\$ 29,869,490
Penalties and interest	390,000	373,977	(16,023)	478,137
Total	29,883,651	29,706,386	(177,265)	30,347,627
Local option sales taxes:				
Article 39 one percent	3,480,000	3,571,106	91,106	3,789,759
Article 40 one-half of one percent	1,360,000	1,522,437	162,437	1,433,880
Article 42 one-half of one percent	760,000	764,433	4,433	909,279
Article 44 one-half of one percent	15,000	19,357	4,357	174,454
Total	5,615,000	5,877,333	262,333	6,307,372
Other taxes and licenses:				
Real estate transfer tax	92,000	80,255	(11,745)	89,027
Motor vehicle rental tax	22,000	21,635	(365)	15,824
Intangible taxes	95,000	109,759	14,759	129,863
Register of deeds	200,000	197,032	(2,968)	205,296
Inspection fees	162,500	176,738	14,238	134,660
Privilege licenses	15,000	13,449	(1,551)	12,652
Sheriff fees	649,263	640,229	(9,034)	668,479
Total	1,235,763	1,239,097	3,334	1,255,801
Unrestricted intergovernmental :				
Beer and wine taxes	138,000	137,674	(326)	44,682
Social service revenues	89,155	97,043	7,888	72,822
Other	312,104	233,846	(78,258)	228,470
Total	539,259	468,563	(70,696)	345,974
Restricted intergovernmental:				
State grants	424,391	397,281	(27,110)	328,902
Disaster funds, grants and other	52,364	52,364	-	13,685
Health department grants	1,470,206	1,392,017	(78,189)	1,504,854
Mental health grants	124,851	123,354	(1,497)	116,072
Social service grants	10,977,926	9,031,145	(1,946,781)	9,243,633
Court facility fees	160,000	130,786	(29,214)	145,252
ABC profits distribution	50,000	109,266	59,266	71,004
ABC profits for law enforcement	11,500	14,768	3,268	2,870
ABC bottle taxes	-	12,484	12,484	-
Occupancy and tourism tax	225,750	245,007	19,257	179,620
Total	13,496,988	11,508,472	(1,988,516)	11,605,892

Lenoir County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For The Fiscal Year Ended June 30, 2011
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2010)

STATEMENT 6

Page 2 of 10

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
Sales and services:				
Cablevision fees	\$ 10,000	\$ 782	\$ (9,218)	\$ 5,944
Jail fees	126,000	109,048	(16,952)	151,497
Health department fees	129,275	96,794	(32,481)	137,550
Emergency medical service fees	2,999,484	3,031,461	31,977	3,248,128
E-911 fees	45,000	30,000	(15,000)	45,000
PEG access fees	35,000	25,937	(9,063)	-
Rents and parking	<u>212,250</u>	<u>202,506</u>	<u>(9,744)</u>	<u>220,726</u>
Total	3,557,009	3,496,528	(60,481)	3,808,845
Investment earnings	75,000	40,979	(34,021)	49,920
Miscellaneous:				
Other revenues	<u>804,593</u>	<u>847,892</u>	<u>43,299</u>	<u>813,416</u>
Total revenues	55,207,263	53,185,250	(2,022,013)	54,534,847
Expenditures				
General Government:				
Governing body:				
Salaries and employee benefits		152,751		162,857
Other operating expenditures		<u>52,857</u>		<u>57,419</u>
Total	225,848	205,608	20,240	220,276
County Manager:				
Salaries and employee benefits		244,138		238,375
Other operating expenditures		<u>21,362</u>		<u>20,906</u>
Total	271,088	265,500	5,588	259,281
Board of Elections:				
Salaries and employee benefits		242,640		243,848
Other operating expenditures		<u>76,164</u>		<u>79,155</u>
Total	362,418	318,804	43,614	323,003
Finance Department:				
Salaries and employee benefits		197,250		200,992
Other operating expenditures		<u>10,472</u>		<u>14,676</u>
Total	218,766	207,722	11,044	215,668

Lenoir County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For The Fiscal Year Ended June 30, 2011
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2010)

STATEMENT 6

Page 3 of 10

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
Tax Office:				
Salaries and employee benefits		\$ 685,777		\$ 700,728
Other operating expenditures		<u>118,399</u>		<u>139,283</u>
Total	855,200	804,176	51,024	840,011
Human Resources:				
Salaries and employee benefits		51,267		-
Other operating expenditures		<u>3,192</u>		<u>-</u>
Total	68,184	54,459	13,725	-
County Attorney:				
Contracted services	82,500	74,834	7,666	39,958
Register of Deeds:				
Salaries and employee benefits		196,692		182,941
Other operating expenditures		<u>58,430</u>		<u>73,371</u>
Total	308,336	255,122	53,214	256,312
Public Buildings:				
Salaries and employee benefits		121,959		113,086
Other operating expenditures		<u>335,088</u>		<u>354,418</u>
Total	507,946	457,047	50,899	467,504
Court facilities:				
Salaries and employee benefits		15,911		11,693
Other operating expenditures		<u>285,039</u>		<u>248,003</u>
Total	379,625	300,950	78,675	259,696
Non-departmental:				
Salaries and employee benefits		236,744		211,478
Other operating expenditures		<u>1,428,063</u>		<u>1,345,625</u>
Total	5,121,579	1,664,807	3,456,772	1,557,103
Management Information System:				
Salaries and employee benefits		479,040		461,198
Other operating expenditures		179,304		166,166
Capital outlay		<u>732</u>		<u>1,880</u>
Total	711,437	659,076	52,361	629,244
Outside agencies	<u>182,000</u>	<u>166,424</u>	<u>15,576</u>	<u>118,100</u>
Total general government	<u>9,294,927</u>	<u>5,434,529</u>	<u>3,860,398</u>	<u>5,186,156</u>

Lenoir County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For The Fiscal Year Ended June 30, 2011
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2010)

STATEMENT 6

Page 4 of 10

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
Public Safety:				
Sheriff:				
Salaries and employee benefits		\$ 3,577,971		\$ 3,433,141
Other operating expenditures		584,177		571,351
Capital outlay		<u>68,848</u>		<u>38,170</u>
Total		4,230,996		4,042,662
Jail:				
Salaries and employee benefits		1,532,292		1,541,918
Other operating expenditures		<u>708,354</u>		<u>978,480</u>
Total		<u>2,240,646</u>		<u>2,520,398</u>
Total Sheriff and Jail	6,931,104	6,471,642	459,462	6,563,060
Emergency management:				
Salaries and employee benefits		259,463		255,129
Other operating expenditures		102,374		99,144
Capital outlay		<u>446</u>		<u>-</u>
Total	383,511	362,283	21,228	354,273
Central communications:				
Salaries and employee benefits		1,030,482		969,680
Other operating expenditures		69,151		59,519
Capital outlay		<u>67,918</u>		<u>138,575</u>
Total	1,207,288	1,167,551	39,737	1,167,774
Emergency Medical Services Department:				
Salaries and benefits		2,822,460		2,706,875
Other expenses		674,625		672,028
Capital outlay		<u>79,151</u>		<u>2,400</u>
Total	3,611,149	3,576,236	34,913	3,381,303
Fire:				
Contracted services	50,000	50,000	-	50,000
Inspections:				
Salaries and employee benefits		187,142		182,927
Contracted services		<u>20,715</u>		<u>22,539</u>
Total	214,319	207,857	6,462	205,466
Medical examiner:				
Contracted services	50,000	48,775	1,225	30,700

Lenoir County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For The Fiscal Year Ended June 30, 2011
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2010)

STATEMENT 6

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	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
Disaster expenses - Floyd/Flood:				
Salaries and employee benefits		\$ 380,646		\$ 292,067
Other operating expenditures		85,213		99,479
Total	485,621	465,859	19,762	391,546
Total public safety	12,932,992	12,350,203	582,789	12,144,122
Economic and community development:				
Economic development:				
Salaries and employee benefits		269,761		256,646
Other operating expenditures		49,211		45,511
Capital outlay		1,826		-
Total	323,068	320,798	2,270	302,157
Agriculture extension:				
Salaries and employee benefits		280,302		270,000
Other operating expenditures		84,832		88,061
Capital outlay		1,790		-
Total	402,074	366,924	35,150	358,061
Soil and water conservation:				
Salaries and employee benefits		106,600		104,262
Other operating expenditures		2,860		3,460
Total	120,476	109,460	11,016	107,722
Cooperative extension prevention block grant:				
Salaries and employee benefits		37,485		40,700
Other operating expenditures		10,531		7,288
Total	48,119	48,016	103	47,988
Cooperative extension safe schools:				
Salaries and employee benefits		-		14,496
Other operating expenditures		-		7,635
Total	-	-	-	22,131
Cooperative extension RAFI grant:				
Salaries and employee benefits		1,708		-
Other operating expenditures		3,382		-
Total	22,596	5,090	17,506	-

Lenoir County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
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For The Fiscal Year Ended June 30, 2011
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2010)

STATEMENT 6

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	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
JCPC:				
Salaries and employee benefits		\$ 35,779		\$ 28,626
Other operating expenditures		1,332		8,423
Total	37,119	37,111	8	37,049
Total economic and community development	<u>953,452</u>	<u>887,399</u>	<u>66,053</u>	<u>875,108</u>
Human Services:				
Health:				
Administration:				
Salaries and employee benefits		449,257		436,246
Other operating expenditures		195,752		154,682
Capital outlay		-		1,202
Total		<u>645,009</u>		<u>592,130</u>
Animal control:				
Salaries and employee benefits		79,304		79,251
Other operating expenditures		128,315		122,310
Total		<u>207,619</u>		<u>201,561</u>
Immunization:				
Salaries and employee benefits		42,427		37,644
Other operating expenditures		4,729		-
Capital outlay		-		7,000
Total		<u>47,156</u>		<u>44,644</u>
H1N1:				
Salaries and employee benefits		3,488		44,595
Other operating expenditures		-		23,089
Total		<u>3,488</u>		<u>67,684</u>
Health promotions:				
Salaries and employee benefits		907,292		817,828
Other operating expenditures		263,392		254,571
Total		<u>1,170,684</u>		<u>1,072,399</u>
Child health:				
Salaries and employee benefits		426,888		370,253
Other operating expenditures		16,143		20,624
Total		<u>443,031</u>		<u>390,877</u>

Lenoir County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For The Fiscal Year Ended June 30, 2011
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2010)

STATEMENT 6

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	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
Women, infants, and children:				
Salaries and employee benefits		\$ 306,645		\$ 290,588
Other operating expenditures		<u>36,530</u>		<u>43,022</u>
Total		343,175		333,610
 Environmental health:				
Salaries and employee benefits		379,867		370,496
Other operating expenditures		19,005		30,020
Capital outlay		<u>7,500</u>		<u>-</u>
Total		<u>406,372</u>		<u>400,516</u>
Total health	<u>3,567,180</u>	<u>3,266,534</u>	<u>300,646</u>	<u>3,103,421</u>
 Mental health:				
Administration				
Other operating expenditures	<u>236,906</u>	<u>236,906</u>	<u>-</u>	<u>236,464</u>
 Social services:				
Administration:				
Salaries and employee benefits		5,718,321		5,650,308
Other operating expenditures		640,304		657,809
Capital outlay		<u>120,772</u>		<u>-</u>
Total		6,479,397		6,308,117
 Daycare:				
Assistance payments		2,669,080		2,480,637
 Smart Start:				
Other operating expenditures		(84)		360,153
 Temporary Assistance for Needy Families:				
Assistance payments		188,656		376,947
 Medical assistance:				
Assistance payments		486,909		434,170
 Child support enforcement:				
Salaries and employee benefits		51,631		48,631
Other operating expenditures		<u>167,925</u>		<u>212,940</u>
Total		219,556		261,571

Lenoir County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For The Fiscal Year Ended June 30, 2011
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2010)

STATEMENT 6

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	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
Adult daycare:				
Other operating expenditures		\$ 851,345		\$ 821,397
Social Services Block Grant:				
Contract services		76,804		83,375
Income maintenance programs:				
Other operating expenditures		203,936		166,972
Adoption assistance:				
Other operating expenditures		116,912		138,315
H & CC Block Grant:				
Other operating expenditures		558,386		565,544
Foster care:				
Other operating expenditures		213,042		198,843
Services to the blind:				
Other operating expenditures		6,606		6,401
Food stamp program:				
Other operating expenditures		27,537		24,160
Crisis intervention:				
Other operating expenditures		479,978		382,708
Other social service programs:				
Other operating expenditures		<u>123,739</u>		<u>124,458</u>
Total social services		<u>15,049,898</u>	<u>2,348,099</u>	<u>12,733,768</u>
Bioterrorism:				
Salaries and employee benefits		41,076		27,997
Other operating expenditures		2,029		1,514
Capital outlay		-		<u>13,548</u>
Total		<u>50,722</u>	<u>7,617</u>	<u>43,059</u>

Lenoir County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For The Fiscal Year Ended June 30, 2011
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2010)

STATEMENT 6

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	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
Veteran's services:				
Salaries and employee benefits		\$ 2,536		\$ -
Other operating expenditures		22,848		27,902
Total	32,421	25,384	7,037	27,902
CJPP Day Reporting:				
Salaries and employee benefits		90,079		80,991
Other operating expenditures		33,580		32,725
Capital outlay		-		2,350
Total	124,851	123,659	1,192	116,066
Total human services	19,061,978	16,397,387	2,664,591	16,260,680
Cultural and recreational:				
Recreation:				
Other operating expenditures	733,000	733,000	-	695,000
Libraries:				
Contribution to regional library	740,500	740,500	-	730,000
Total cultural and recreational	1,473,500	1,473,500	-	1,425,000
Education:				
Public schools - current	9,900,000	9,900,000	-	9,800,000
Community college - current	2,185,000	2,185,000	-	2,100,000
Total education	12,085,000	12,085,000	-	11,900,000
Debt service:				
Bond principal		3,600,000		3,200,000
Interest and fees		3,084,419		3,156,226
Total debt service	6,687,223	6,684,419	2,804	6,356,226
Total expenditures	62,489,072	55,312,437	7,176,635	54,147,292
Revenues over (under) expenditures	(7,281,809)	(2,127,187)	5,154,622	387,555

Lenoir County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For The Fiscal Year Ended June 30, 2011
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2010)

STATEMENT 6

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	2011		Variance	2010
	Budget	Actual	Positive (Negative)	Actual
Other financing sources (uses):				
Operating transfers from (to) other funds:				
Transfer from special revenue funds	\$ 7,921,364	\$ 7,921,364	\$ -	\$ 4,437,475
Transfer from capital reserve fund	1,500,000	1,500,000	-	1,500,000
Transfer to capital project funds	(1,320,159)	(1,320,159)	-	-
Transfer to special revenue funds	<u>(3,256,403)</u>	<u>(3,256,403)</u>	<u>-</u>	<u>(4,239,941)</u>
Total	4,844,802	4,844,802	-	1,697,534
Contingency	(95,000)	-	95,000	-
Sale of fixed assets	<u>14,844</u>	<u>8,934</u>	<u>(5,910)</u>	<u>1,001,444</u>
Total other financing sources (uses)	<u>4,764,646</u>	<u>4,853,736</u>	<u>89,090</u>	<u>2,698,978</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(2,517,163)	2,726,549	5,243,712	3,086,533
Appropriated fund balance	<u>2,517,163</u>	<u>-</u>	<u>(2,517,163)</u>	<u>-</u>
Revenues, other financing sources and appropriated fund balance over expenditures and other financing uses	<u>\$ -</u>	2,726,549	<u>\$ 2,726,549</u>	3,086,533
Fund balance, beginning of year		<u>25,907,909</u>		<u>22,821,376</u>
Fund balance, end of year		<u>\$ 28,634,458</u>		<u>\$ 25,907,909</u>

Lenoir County, North Carolina
Capital Reserve
Schedule of Revenues, Expenditures, and
Changes in Fund Balance
From Inception and For The Fiscal Year Ended June 30, 2011

STATEMENT 7

	Actual				Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Totals to Date	
Revenues:					
Lottery proceeds	\$ 4,251,658	\$ 2,751,657	\$ 1,920,617	\$ 4,672,274	\$ 420,616
Expenditures:					
Economic and community development	1,000,000	17,922	-	17,922	982,078
Revenues over (under) expenditures	3,251,658	2,733,735	1,920,617	4,654,352	1,402,694
Other financing sources (uses):					
Operating transfer in	4,999,958	6,790,047	1,724,000	8,514,047	3,514,089
Operating transfer out	(13,168,399)	(4,747,035)	(8,421,364)	(13,168,399)	-
Total other financing sources (uses)	(8,168,441)	2,043,012	(6,697,364)	(4,654,352)	3,514,089
Revenues and other financing sources over (under) expenditures	(4,916,783)	4,776,747	(4,776,747)	-	4,916,783
Appropriated fund balance	4,916,783	-	-	-	(4,916,783)
Revenues, other financing sources and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>\$ 4,776,747</u>	(4,776,747)	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning of year			<u>4,776,747</u>		
Fund balance, end of year			<u>\$ -</u>		

Lenoir County, North Carolina
 Non-Major Governmental Funds
 Combining Balance Sheet
 June 30, 2011

STATEMENT 8

	<u>Special Revenue Funds</u>	<u>Capital Project Funds Capital Improvements Fund</u>	<u>Totals</u>
ASSETS			
Cash and investments	\$ 2,072,646	\$ 2,721,360	\$ 4,794,006
Restricted cash and investments	49,422	-	49,422
Receivables:			
Property taxes	116,549	-	116,549
Accounts receivable	243,638	-	243,638
Local option sales tax	47,719	-	47,719
Due from other funds	<u>150,023</u>	<u>-</u>	<u>150,023</u>
Total assets	<u>\$ 2,679,997</u>	<u>\$ 2,721,360</u>	<u>\$ 5,401,357</u>
LIABILITIES AND EQUITY			
Liabilities:			
Accounts payable and accrued liabilities	\$ 191,806	\$ 4,000	\$ 195,806
Due to other funds	163,806	-	163,806
Deferred revenues	<u>116,549</u>	<u>-</u>	<u>116,549</u>
Total liabilities	472,161	4,000	476,161
Fund balances:			
Restricted			
Stabilization by state statute	389,165	-	389,165
Register of deeds	132,353	-	132,353
Sheriff	89,020	-	89,020
Emergency services	1,519,590	-	1,519,590
Human services	2,325	-	2,325
School capital	48,122	-	48,122
Committed			
Capital improvements	-	2,717,360	2,717,360
Scrap tire disposal	63,807	-	63,807
Tax revaluation	23,729	-	23,729
Vehicle replacement	17,457	-	17,457
Assigned			
Subsequent years' expenditures	146,500	-	146,500
Unassigned	<u>(224,232)</u>	<u>-</u>	<u>(224,232)</u>
Total equity	<u>2,207,836</u>	<u>2,717,360</u>	<u>4,925,196</u>
Total liabilities and equity	<u>\$ 2,679,997</u>	<u>\$ 2,721,360</u>	<u>\$ 5,401,357</u>

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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, 2011

STATEMENT 9

	<u>Special Revenue Funds</u>	<u>Capital Project Funds Capital Improvements Fund</u>	<u>Totals</u>
Revenues:			
Ad valorem taxes	\$ 1,057,705	\$ -	\$ 1,057,705
Local option sales tax	175,812	-	175,812
Restricted intergovernmental	1,807,073	-	1,807,073
Investment earnings	4,459	-	4,459
Other	<u>711,469</u>	<u>75,000</u>	<u>786,469</u>
Total revenues	3,756,518	75,000	3,831,518
Expenditures:			
General government	234,143	-	234,143
Public safety	1,569,965	-	1,569,965
Economic and community development	3,319,291	1,222,937	4,542,228
Human services	1,510,500	-	1,510,500
Sanitation	<u>125,952</u>	<u>-</u>	<u>125,952</u>
Total expenditures	<u>6,759,851</u>	<u>1,222,937</u>	<u>7,982,788</u>
Revenues over (under) expenditures	(3,003,333)	(1,147,937)	(4,151,270)
Other financing sources (uses):			
Operating transfers in	<u>242,398</u>	<u>1,825,305</u>	<u>2,067,703</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(2,760,935)	677,368	(2,083,567)
Fund balance, beginning of year	<u>4,968,771</u>	<u>2,039,992</u>	<u>7,008,763</u>
Fund balance, end of year	<u>\$ 2,207,836</u>	<u>\$ 2,717,360</u>	<u>\$ 4,925,196</u>

Lenoir County, North Carolina
Non-Major Governmental Funds
Special Revenue Funds
Combining Balance Sheet
June 30, 2011

	Federally Seized Property Fund	Scrap Tire Disposal Fund	Revaluation Reserve Fund	Fire District Funds	Transportation Grant Project Fund	CDBG Fund
ASSETS						
Cash and investments	\$ 55,820	\$ 76,906	\$ 23,733	\$ 50,801	\$ -	\$ -
Restricted cash and investments	-	-	-	-	-	-
Receivables:						
Property taxes	-	-	-	116,549	-	-
Accounts receivable	-	16,220	-	-	160,620	11,101
Local option sales tax	-	-	-	47,719	-	-
Due from other funds	-	-	-	-	-	-
Total assets	<u>\$ 55,820</u>	<u>\$ 93,126</u>	<u>\$ 23,733</u>	<u>\$ 215,069</u>	<u>\$ 160,620</u>	<u>\$ 11,101</u>
LIABILITIES AND EQUITY						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ 13,099	\$ 4	\$ 91,915	\$ 68,747	\$ 2,780
Due to other funds	-	-	-	-	150,023	13,783
Deferred revenues	-	-	-	116,549	-	-
Total liabilities	-	13,099	4	208,464	218,770	16,563
Fund balances:						
Restricted						
Stabilization by state statute	-	16,220	-	6,605	160,620	-
Register of deeds	-	-	-	-	-	-
Sheriff	46,820	-	-	-	-	-
Emergency services	-	-	-	-	-	-
Human services	-	-	-	-	-	-
School capital	-	-	-	-	-	-
Committed						
Scrap tire disposal	-	63,807	-	-	-	-
Tax revaluation	-	-	23,729	-	-	-
Vehicle replacement	-	-	-	-	-	-
Assigned						
Subsequent years' expenditures	9,000	-	-	-	-	-
Unassigned	-	-	-	-	(218,770)	(5,462)
Total equity	<u>55,820</u>	<u>80,027</u>	<u>23,729</u>	<u>6,605</u>	<u>(58,150)</u>	<u>(5,462)</u>
Total liabilities and equity	<u>\$ 55,820</u>	<u>\$ 93,126</u>	<u>\$ 23,733</u>	<u>\$ 215,069</u>	<u>\$ 160,620</u>	<u>\$ 11,101</u>

STATEMENT 10

Emergency Telephone System Fund	Family and Caregiver Education Fund	Vehicle Replacement Fund	Automation Preservation Fund	State Controlled Substance Fund	School Bond Fund	Total
\$ 1,519,641	\$ 14,313	\$ 144,379	\$ 134,853	\$ 52,200	\$ -	\$ 2,072,646
-	-	-	-	-	49,422	49,422
-	-	-	-	-	-	116,549
55,697	-	-	-	-	-	243,638
-	-	-	-	-	-	47,719
<u>150,023</u>	-	-	-	-	-	<u>150,023</u>
<u>\$ 1,725,361</u>	<u>\$ 14,313</u>	<u>\$ 144,379</u>	<u>\$ 134,853</u>	<u>\$ 52,200</u>	<u>\$ 49,422</u>	<u>\$ 2,679,997</u>
\$ 51	\$ 11,988	\$ 1,922	\$ -	\$ -	\$ 1,300	\$ 191,806
-	-	-	-	-	-	163,806
-	-	-	-	-	-	<u>116,549</u>
51	11,988	1,922	-	-	1,300	472,161
205,720	-	-	-	-	-	389,165
-	-	-	132,353	-	-	132,353
-	-	-	-	42,200	-	89,020
1,519,590	-	-	-	-	-	1,519,590
-	2,325	-	-	-	-	2,325
-	-	-	-	-	48,122	48,122
-	-	-	-	-	-	63,807
-	-	-	-	-	-	23,729
-	-	17,457	-	-	-	17,457
-	-	125,000	2,500	10,000	-	146,500
-	-	-	-	-	-	<u>(224,232)</u>
<u>1,725,310</u>	<u>2,325</u>	<u>142,457</u>	<u>134,853</u>	<u>52,200</u>	<u>48,122</u>	<u>2,207,836</u>
<u>\$ 1,725,361</u>	<u>\$ 14,313</u>	<u>\$ 144,379</u>	<u>\$ 134,853</u>	<u>\$ 52,200</u>	<u>\$ 49,422</u>	<u>\$ 2,679,997</u>

Lenoir County, North Carolina
Non-Major Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
For the Fiscal Year Ended June 30, 2011

	Federally Seized Property Fund	Scrap Tire Disposal Fund	Revaluation Reserve Fund	Fire District Funds	Transportation Grant Project Fund	CDBG Fund
Revenues:						
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 1,057,705	\$ -	\$ -
Local option sales tax	-	-	-	175,812	-	-
Restricted intergovernmental	4,317	110,831	-	-	1,169,011	337,192
Investment earnings	87	87	-	-	-	-
Other	-	-	-	-	30,263	-
Total revenues	4,404	110,918	-	1,233,517	1,199,274	337,192
Expenditures:						
General government	-	-	49,807	-	-	-
Public safety	11,769	-	-	1,233,663	-	-
Economic and community development	-	-	-	-	-	336,052
Human services	-	-	-	-	1,365,431	-
Sanitation	-	125,952	-	-	-	-
Total expenditures	11,769	125,952	49,807	1,233,663	1,365,431	336,052
Revenues over (under) expenditures	(7,365)	(15,034)	(49,807)	(146)	(166,157)	1,140
Other financing sources (uses):						
Operating transfers in	-	35,300	25,000	-	75,000	-
Revenues and other financing sources over (under) expenditures and other financing uses	(7,365)	20,266	(24,807)	(146)	(91,157)	1,140
Fund balance, beginning of year	63,185	59,761	48,536	6,751	33,007	(6,602)
Fund balance, end of year	\$ 55,820	\$ 80,027	\$ 23,729	\$ 6,605	\$ (58,150)	\$ (5,462)

STATEMENT 11

Emergency Telephone System Fund	Family and Caregiver Education Fund	Vehicle Replacement Fund	Automation Preservation Fund	State Controlled Substance Fund	School Bond Fund	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,057,705
-	-	-	-	-	-	175,812
-	147,370	-	21,743	16,609	-	1,807,073
2,055	-	-	184	77	1,969	4,459
<u>668,360</u>	<u>-</u>	<u>12,846</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>711,469</u>
670,415	147,370	12,846	21,927	16,686	1,969	3,756,518
-	-	169,084	15,252	-	-	234,143
313,083	-	-	-	11,450	-	1,569,965
-	-	-	-	-	2,983,239	3,319,291
-	145,069	-	-	-	-	1,510,500
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,952</u>
<u>313,083</u>	<u>145,069</u>	<u>169,084</u>	<u>15,252</u>	<u>11,450</u>	<u>2,983,239</u>	<u>6,759,851</u>
357,332	2,301	(156,238)	6,675	5,236	(2,981,270)	(3,003,333)
<u>12,098</u>	<u>-</u>	<u>95,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>242,398</u>
369,430	2,301	(61,238)	6,675	5,236	(2,981,270)	(2,760,935)
<u>1,355,880</u>	<u>24</u>	<u>203,695</u>	<u>128,178</u>	<u>46,964</u>	<u>3,029,392</u>	<u>4,968,771</u>
<u>\$ 1,725,310</u>	<u>\$ 2,325</u>	<u>\$ 142,457</u>	<u>\$ 134,853</u>	<u>\$ 52,200</u>	<u>\$ 48,122</u>	<u>\$ 2,207,836</u>

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, 2011
 (With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2010)

STATEMENT 12

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
Revenues:				
Restricted intergovernmental	\$ 10,000	\$ 4,317	\$ (5,683)	\$ 5,607
Investment earnings	<u>1,000</u>	<u>87</u>	<u>(913)</u>	<u>175</u>
Total revenues	11,000	4,404	(6,597)	5,782
Expenditures:				
Public safety				
Operating expenses		618		9,123
Capital outlay		<u>11,151</u>		<u>9,603</u>
Total expenditures	<u>20,000</u>	<u>11,769</u>	<u>8,231</u>	<u>18,726</u>
Revenues over (under) expenditures	(9,000)	(7,365)	1,635	(12,944)
Appropriated fund balance	<u>9,000</u>	<u>-</u>	<u>(9,000)</u>	<u>-</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(7,365)</u>	<u>\$ (7,365)</u>	<u>(12,944)</u>
Fund balance, beginning of year		<u>63,185</u>		<u>76,129</u>
Fund balance, end of year		<u>\$ 55,820</u>		<u>\$ 63,185</u>

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, 2011
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2010)

STATEMENT 13

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
Revenues:				
Local option sales tax	\$ 1,620,000	\$ 1,667,830	\$ 47,830	\$ 1,665,540
State grants	1,351,208	671,984	(679,224)	2,137,869
Investment earnings	<u>10,000</u>	<u>8,755</u>	<u>(1,245)</u>	<u>16,000</u>
Total revenues	2,981,208	2,348,569	(632,639)	3,819,409
Expenditures:				
Public school building projects	<u>2,046,349</u>	<u>1,140,717</u>	<u>905,632</u>	<u>3,038,541</u>
Revenues over (under) expenditures	934,859	1,207,852	272,993	780,868
Other financing sources (uses):				
Transfer to general fund	<u>(1,500,000)</u>	<u>(1,500,000)</u>	<u>-</u>	<u>(1,500,000)</u>
Revenues and other financing sources over (under) expenditures	(565,141)	(292,148)	272,993	(719,132)
Appropriated fund balance	<u>565,141</u>	<u>-</u>	<u>(565,141)</u>	<u>-</u>
Revenues, other financing sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(292,148)</u>	<u>\$ (292,148)</u>	<u>(719,132)</u>
Fund balance, beginning of year		<u>7,276,274</u>		<u>7,995,406</u>
Fund balance, end of year		<u>\$ 6,984,126</u>		<u>\$ 7,276,274</u>

Lenoir County, North Carolina
Scrap Tire Disposal Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
 For The Fiscal Year Ended June 30, 2011
 (With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2010)

STATEMENT 14

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
Revenues:				
Restricted intergovernmental	\$ 94,700	\$ 110,831	\$ 16,131	\$ 83,667
Investment earnings	-	87	87	84
Total revenues	94,700	110,918	16,218	83,751
Expenditures:				
Sanitation				
Contracted services	130,000	125,952	4,048	105,544
Revenues over (under) expenditures	(35,300)	(15,034)	20,266	(21,793)
Other financing sources:				
Operating transfer in	35,300	35,300	-	50,000
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	20,266	<u>\$ 20,266</u>	28,207
Fund balance, beginning of year		59,761		31,554
Fund balance, end of year		<u>\$ 80,027</u>		<u>\$ 59,761</u>

Lenoir County, North Carolina
 Revaluation Reserve Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual
 For The Year Ended June 30, 2011
 (With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2010)

STATEMENT 15

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
Expenditures:				
General government				
Salaries and benefits		47,231		46,212
Operating expenditures		2,577		2,793
Total expenditures	53,905	49,807	4,098	49,005
Revenues over (under) expenditures	(53,905)	(49,807)	4,098	(49,005)
Other financing sources (uses):				
Operating transfers in	25,000	25,000	-	53,896
Revenues and other financing sources over (under) expenditures	28,905	(24,807)	4,098	4,891
Appropriated fund balance	28,905	-	(28,905)	-
Revenues, other financing sources and appropriated fund balance over (under) expenditures	\$ -	(24,807)	\$ (24,807)	4,891
Fund balance, beginning of year		48,536		43,645
Fund balance, end of year		\$ 23,729		\$ 48,536

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, 2011
(With Comparative Actual Amount For The Fiscal Year Ended June 30, 2010)

STATEMENT 16

	<u>2011</u>		Variance Positive (Negative)	<u>2010</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Ad valorem taxes	\$ 1,042,705	\$ 1,057,705	\$ 15,000	\$ 1,064,349
Local option sales taxes	199,050	175,812	(23,238)	180,802
Unrestricted intergovernmental revenues	<u>69,245</u>	<u>-</u>	<u>(69,245)</u>	<u>-</u>
Total revenues	1,311,000	1,233,517	(77,483)	1,245,151
Expenditures:				
Public safety				
Contracted services	<u>1,311,000</u>	<u>1,233,663</u>	<u>77,337</u>	<u>1,240,412</u>
Revenues over (under) expenditures	<u>\$ -</u>	(146)	<u>\$ (146)</u>	4,739
Fund balance, beginning of year		<u>6,751</u>		<u>2,012</u>
Fund balance, end of year		<u>\$ 6,605</u>		<u>\$ 6,751</u>

Lenoir County, North Carolina
Transportation Grant Project Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance
For The Fiscal Year Ended June 30, 2011
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2010)

STATEMENT 17

	2011		Variance Positive (Negative)	2010	
	Budget	Actual		Actual	
Revenues:					
Restricted intergovernmental	\$ 1,426,612	\$ 1,169,011	\$ (257,601)	\$ 783,183	
Investment earnings	-	-	-	262	
Other income	<u>29,251</u>	<u>30,263</u>	<u>1,013</u>	<u>142,165</u>	
Total revenues	1,455,863	1,199,274	(256,589)	925,610	
Expenditures:					
Human Services:					
Smart Start					
Salaries and benefits		731,995		110,607	
Other operating expenditures		416,843		325,115	
Capital outlay		40,153		228,933	
Transportation Department:					
Salaries and benefits		-		422,381	
Other operating expenditures		53		79,625	
ARRA:					
Other operating expenditures		98,966		-	
Capital outlay		<u>77,421</u>		<u>-</u>	
Total expenditures	<u>1,563,870</u>	<u>1,365,431</u>	<u>198,439</u>	<u>1,166,661</u>	
Revenues over (under) expenditures	(108,007)	(166,157)	(58,150)	(241,051)	
Other financing sources:					
Transfer from general fund	<u>75,000</u>	<u>75,000</u>	<u>-</u>	<u>-</u>	
Revenues and other financing sources over (under) expenditures	(33,007)	(91,157)	(58,150)	(241,051)	
Appropriated fund balance	<u>33,007</u>	<u>-</u>	<u>(33,007)</u>	<u>-</u>	
Revenues, other financing sources and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(91,157)</u>	<u>\$ (91,157)</u>	<u>(241,051)</u>	
Fund balance, beginning of year		<u>33,007</u>		<u>274,058</u>	
Fund balance, end of year		<u>\$ (58,150)</u>		<u>\$ 33,007</u>	

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, 2011

STATEMENT 18
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	Actual				Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Totals to Date	
Revenues:					
Restricted intergovernmental					
Federal grants					
06-C-1515 Concentrated needs	\$ 700,000	\$ 516,581	\$ -	\$ 516,581	\$ (183,419)
06-C-1532 Scattered site	400,000	361,442	-	361,442	(38,558)
09-C-1997 Scattered site	400,000	62,081	308,198	370,279	(29,721)
NCHFA SFR0719	392,000	353,409	-	353,409	(38,591)
NCHFA SFR 1019	200,000	-	12,727	12,727	(187,273)
Rural Ctr - Economic Infrastructure	96,054	79,787	16,267	96,054	-
Industrial Dev. Fund Grant	253,174	253,174	-	253,174	-
Rural Center Grant - Nova	480,000	480,000	-	480,000	-
Local match	<u>22,460</u>	<u>22,460</u>	<u>-</u>	<u>22,460</u>	<u>-</u>
Total revenues	2,943,688	2,128,934	337,192	2,466,126	(477,562)
Expenditures:					
Economic & community development					
2006 CDBG CN06-C-1515 C-1:					
Administration	61,000	61,360	-	61,360	(360)
Acquisition	65,000	39,954	-	39,954	25,046
Clearance	56,000	29,258	-	29,258	26,742
Relocation	235,000	123,289	-	123,289	111,711
Rehabilitation	205,000	194,915	-	194,915	10,085
2006 CDBG CN06-C-1515 L-1:					
Administration	10,000	9,978	-	9,978	22
Clearance	10,000	8,287	-	8,287	1,713
Relocation	85,000	84,755	-	84,755	245
C-1 Relocation	8,000	-	-	-	8,000
2006 CDBG SS-C-1532:					
Administration	40,000	39,982	-	39,982	18
Clearance	30,000	30,000	-	30,000	-
Relocation	290,000	289,973	-	289,973	27
Rehabilitation	40,000	1,487	-	1,487	38,513
2009 CDBG SS-C-1997:					
Administration	40,000	11,425	25,858	37,283	2,717
Clearance	30,000	9,480	11,998	21,478	8,522
Relocation	330,000	41,176	270,343	311,519	18,481

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, 2011

STATEMENT 18
Page 2 of 2

	<u>Actual</u>				Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Totals to Date	
NCHFA SFR0719:					
Administration	\$ 32,000	\$ 28,593	\$ -	\$ 28,593	\$ 3,407
Rehab soft costs	40,000	34,677	-	34,677	5,323
Relocation	8,000	-	-	-	8,000
Rehabilitation	312,000	290,140	-	290,140	21,860
NCHFA SFR 1019:					
Administration	20,000	-	18,187	18,187	1,813
Rehab soft costs	20,000	-	-	-	20,000
Rehabilitation	160,000	-	-	-	160,000
Hwy 70 Industrial Park:					
Engineering Inspections	39,185	29,738	9,447	39,185	-
Administration	25,822	25,603	219	25,822	-
Construction	306,681	306,681	-	306,681	-
NOVA:					
Construction	<u>480,000</u>	<u>480,000</u>	<u>-</u>	<u>480,000</u>	<u>-</u>
Total expenditures	<u>2,978,688</u>	<u>2,170,751</u>	<u>336,052</u>	<u>2,506,803</u>	<u>471,885</u>
Revenues over (under) expenditures	(35,000)	(41,817)	1,140	(40,677)	(5,677)
Other financing sources: Operating transfers in	<u>35,000</u>	<u>35,215</u>	<u>-</u>	<u>35,215</u>	<u>215</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ (6,602)</u>	1,140	<u>\$ (5,462)</u>	<u>\$ (5,462)</u>
Fund balance, beginning of year			<u>(6,602)</u>		
Fund balance, end of year			<u>\$ (5,462)</u>		

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, 2011
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2010)

STATEMENT 19

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
Revenues:				
E-911 fund				
Investment earnings	\$ -	\$ 2,055	\$ 2,055	\$ 2,916
Restricted intergovernmental:				
E911 revenue - state	<u>572,880</u>	<u>668,360</u>	<u>95,480</u>	<u>668,360</u>
Total revenues	572,880	670,415	97,535	671,276
Expenditures:				
Public safety				
E-911 fund				
Salaries and employee benefits	13,243	6,488	6,755	12,138
Operating expenditures	572,798	184,542	388,256	219,353
Capital outlay	<u>122,053</u>	<u>122,053</u>	<u>-</u>	<u>185,455</u>
Total expenditures	<u>708,094</u>	<u>313,083</u>	<u>395,011</u>	<u>416,946</u>
Revenues over (under) expenditures	(135,214)	357,332	492,546	254,330
Other financing sources (uses):				
Operating transfer in	<u>12,098</u>	<u>12,098</u>	<u>-</u>	<u>34,795</u>
Revenues and other financing sources over (under) expenditures	(123,116)	369,430	492,546	289,125
Appropriated fund balance	<u>123,116</u>	<u>-</u>	<u>(123,116)</u>	<u>-</u>
Revenues, other financing sources, and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	369,430	<u>\$ 369,430</u>	289,125
Fund balance, beginning of year		<u>1,355,880</u>		<u>1,066,755</u>
Fund balance, end of year		<u>\$ 1,725,310</u>		<u>\$ 1,355,880</u>

Lenoir County, North Carolina
 Family and Caregiver Education Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual
 For the Fiscal Year Ended June 30, 2011
 (With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2010)

STATEMENT 20

	<u>2011</u>			<u>2010</u>
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
Revenues:				
Restricted intergovernmental	\$ 151,212	\$ 147,370	\$ (3,842)	\$ 142,362
Expenditures:				
Human Services:				
Smart Start				
Other operating expenditures	<u>151,212</u>	<u>145,069</u>	<u>6,143</u>	<u>142,362</u>
Revenues over (under) expenditures	<u>\$ -</u>	2,301	<u>\$ 2,301</u>	-
Fund balance, beginning of year		<u>24</u>		<u>24</u>
Fund balance, end of year		<u>\$ 2,325</u>		<u>\$ 24</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, 2011
 (With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2010)

STATEMENT 21

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
Revenues:				
Other income	\$ 10,000	\$ 12,846	\$ 2,846	\$ 31,983
Expenditures:				
General government				
Operating expenditures	230,000	169,084	60,916	419,029
Revenues over (under) expenditures	(220,000)	(156,238)	63,762	(387,046)
Other financing sources (uses):				
Operating transfers in	95,000	95,000	-	450,000
Revenues and other financing sources over (under) expenditures	(125,000)	(61,238)	63,762	62,954
Appropriated fund balance	125,000	-	(125,000)	-
Revenues, other financing sources and appropriated fund balance over (under) expenditures	<u>\$ -</u>	(61,238)	<u>\$ (61,238)</u>	62,954
Fund balance, beginning of year		203,695		140,741
Fund balance, end of year		<u>\$ 142,457</u>		<u>\$ 203,695</u>

Lenoir County, North Carolina
Automation Preservation Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011
(With Comparative Actual Amounts For Fiscal Year Ended June 30, 2010)

STATEMENT 22

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
Revenues:				
Restricted intergovernmental	\$ 20,000	\$ 21,743	\$ 1,743	\$ 22,691
Investment earnings	500	184	(316)	406
Total revenues	20,500	21,927	1,427	23,097
Expenditures	40,000	15,252	24,748	47,536
Revenues over (under) expenditures	(19,500)	6,675	26,175	(24,439)
Appropriated fund balance	19,500	-	(19,500)	-
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	\$ 6,675	<u>\$ 6,675</u>	\$ (24,439)
Fund balance, beginning of year		128,178		152,617
Fund balance, end of year		<u>\$ 134,853</u>		<u>\$ 128,178</u>

Lenoir County, North Carolina
 State Controlled Substance Fund
 Statement of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 For The Fiscal Year Ended June 30, 2011
 (With Comparative Actual Amounts For The Fiscal Year Ended 2010)

STATEMENT 23

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
Revenues:				
Restricted intergovernmental	\$ 10,000	\$ 16,609	\$ 6,609	\$ 20,794
Investment earnings	-	77	77	155
Total revenues	10,000	16,686	6,686	20,949
Expenditures:				
Public safety				
Operating expenses		-		4,000
Capital outlay		11,450		55,682
Total expenditures	31,450	11,450	20,000	59,682
Revenues over (under) expenditures	(21,450)	5,236	26,686	(38,733)
Appropriated fund balance	21,450	-	(21,450)	-
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	5,236	<u>\$ 5,236</u>	(38,733)
Fund balance, beginning of year		46,964		85,697
Fund balance, end of year		<u>\$ 52,200</u>		<u>\$ 46,964</u>

Lenoir County, North Carolina
 School Bond Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance
 From Inception and For The Fiscal Year Ended June 30, 2011

STATEMENT 24

	Actual				
Project Authorization	Prior Years	Current Year	Totals to Date	Variance Positive (Negative)	
Expenditures:					
Public school building projects:					
2007 school bond building project	\$ 32,283,898	\$ 32,281,448	1,300	\$ 32,282,748	\$ 1,150
2008 school bond building project	<u>40,339,978</u>	<u>37,311,055</u>	<u>2,981,939</u>	<u>40,292,994</u>	<u>46,984</u>
Total expenditures	72,623,876	69,592,503	2,983,239	72,575,742	48,134
Other financing sources (uses):					
Bond proceeds	70,567,930	70,567,930	-	70,567,930	-
Interest and fees	<u>2,055,946</u>	<u>2,053,965</u>	<u>1,969</u>	<u>2,055,934</u>	<u>(12)</u>
Total other financing sources	<u>72,623,876</u>	<u>72,621,895</u>	<u>1,969</u>	<u>72,623,864</u>	<u>(12)</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 3,029,392</u>	<u>(2,981,270)</u>	<u>\$ 48,122</u>	<u>\$ 48,122</u>
Fund balance, beginning of year			<u>3,029,392</u>		
Fund balance, end of year			<u>\$ 48,122</u>		

Lenoir County, North Carolina
Capital Projects Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance
From Inception and For The Fiscal Year Ended June 30, 2011

STATEMENT 25
Page 1 of 2

	<u>Actual</u>				Variance Favorable (Unfavorable)
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals to Date</u>	
Revenues:					
Restricted intergovernmental:					
Community Development Block Grant	\$ 1,000,000	\$ 248,243	\$ 751,757	\$ 1,000,000	\$ -
IDF U-399 Grant	500,000	-	500,000	500,000	-
Rural Center Grant	1,000,000	-	955,345	955,345	(44,655)
Contributions	1,608,159	99,626	1,508,159	1,607,785	(374)
Investment earnings	-	-	16,127	16,127	16,127
Miscellaneous	3,281	-	5,606	5,606	2,325
Total revenues	4,111,440	347,869	3,736,994	4,084,863	(26,577)
Expenditures:					
Economic and community development					
Miscellaneous	25	24	-	24	1
Construction	1,533,732	1,528,887	-	1,528,887	4,845
Architect/engineering	312,733	301,483	11,250	312,733	-
Sanderson Farms					
Administration	25,000	5,496	19,504	25,000	-
Construction	1,150,185	125,650	1,024,535	1,150,185	-
Architect/engineering	324,815	240,097	84,718	324,815	-
Gas Line Extension					
Land acquisition/easements	3,000	-	3,000	3,000	-
Administration	31,271	-	31,271	31,271	-
Construction	2,844,768	-	2,844,768	2,844,768	-
Other funding architect	29,482	-	29,482	29,482	-
Inspections/commission	300,078	-	300,078	300,078	-
Service lines	123,000	-	123,000	123,000	-
Public safety					
Land acquisition	756,719	756,719	-	756,719	-
Environmental testing	11,975	11,975	-	11,975	-
Issuance costs	12,700	-	12,700	12,700	-
Miscellaneous	323,527	20,015	55,468	75,483	248,044
Material testing	100,000	-	35,562	35,562	64,438
Construction management	295,533	-	118,216	118,216	177,317
Construction	17,459,768	414,787	2,830,647	3,245,434	14,214,334
Furniture/equipment	100,000	-	-	-	100,000
General conditions	915,920	137,388	408,067	545,455	370,465
Transaction/activation	69,500	-	-	-	69,500
Architect/engineering	1,319,321	1,070,115	123,548	1,193,663	125,658
Total expenditures	28,043,052	4,612,636	8,055,814	12,668,450	15,374,602
Revenues over (under) expenditures	(23,931,612)	(4,264,767)	(4,318,820)	(8,583,587)	15,348,025

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, 2011

STATEMENT 25
Page 2 of 2

	<u>Actual</u>			Totals to Date	Variance Favorable (Unfavorable)
	Project Authorization	Prior Years	Current Year		
Other financing sources:					
Loan proceeds	\$ 19,950,100	\$ 1,450,100	\$ 18,500,000	\$ 19,950,100	\$ -
Operating transfers in	4,103,999	2,782,450	1,321,549	4,103,999	-
Contingency	(122,487)	-	-	-	122,487
Total other financing sources	<u>23,931,612</u>	<u>4,232,550</u>	<u>19,821,549</u>	<u>24,054,099</u>	<u>122,487</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ (32,217)</u>	15,502,729	<u>\$ 15,470,512</u>	<u>\$ 15,470,512</u>
Fund balance, beginning of year			<u>(32,217)</u>		
Fund balance, end of year			<u>\$ 15,470,512</u>		

Lenoir County, North Carolina
 Capital Improvements Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual
 For The Fiscal Year Ended June 30, 2011
 (With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2010)

STATEMENT 26

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
Revenues:				
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ 25,149
Other income	1,302,599	75,000	(1,227,599)	226,676
Total revenues	1,302,599	75,000	(1,227,599)	251,825
Expenditures:				
Economic development	1,748,625	832,595	916,030	876,025
Community development	1,078,118	303,896	774,222	232,371
Building and grounds	250,361	35,692	214,669	64,182
Debt service:				
Principal payments	-	-	-	400,000
Interest and fees	50,800	50,754	46	70,754
Total expenditures	3,127,904	1,222,937	1,904,967	1,643,332
Revenues over (under) expenditures	(1,825,305)	(1,147,937)	677,368	(1,391,507)
Other financing sources (uses):				
Operating transfers in	1,825,305	1,825,305	-	1,926,250
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	677,368	<u>\$ 677,368</u>	534,743
Fund balance, beginning of year		<u>2,039,992</u>		<u>1,505,249</u>
Fund balance, end of year		<u>\$ 2,717,360</u>		<u>\$ 2,039,992</u>

ENTERPRISE FUND

The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing board is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

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

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

Lenoir County, North Carolina
Landfill Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For The Fiscal Year Ended June 30, 2011
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2010)

STATEMENT 27
Page 1 of 2

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
Revenues:				
Charges for services				
Landfill user fees - billing	\$ 1,819,500	\$ 1,787,133	\$ (32,367)	\$ 1,675,672
Landfill user fees - taxes	1,006,000	1,004,988	(1,012)	708,713
Recycling revenues	10,000	-	(10,000)	-
Other operating revenues	<u>66,400</u>	<u>137,067</u>	<u>70,667</u>	<u>52,929</u>
Total operating revenues	2,901,900	2,929,188	27,288	2,437,314
Nonoperating revenues				
Investment earnings	5,000	5,963	963	10,265
White goods disposal taxes	<u>17,500</u>	<u>18,395</u>	<u>895</u>	<u>17,115</u>
Total nonoperating revenues	<u>22,500</u>	<u>24,358</u>	<u>1,858</u>	<u>27,380</u>
Total revenues	2,924,400	2,953,546	29,146	2,464,694
Expenditures:				
Landfill operations				
Salaries and benefits		798,301		685,560
Operating expenditures		508,467		625,134
Contracted services		<u>1,492,997</u>		<u>1,051,870</u>
Total	3,542,463	2,799,765	742,698	2,362,564
Capital outlay	<u>1,522</u>	<u>-</u>	<u>1,522</u>	<u>3,799</u>
Total expenditures	<u>3,543,985</u>	<u>2,799,765</u>	<u>744,220</u>	<u>2,366,363</u>
Revenues over (under) expenditures	(619,585)	153,781	773,366	98,331
Other financing sources (uses):				
Operating transfers from (to) other funds:				
Operating transfers out	(36,690)	(36,690)	-	(50,000)
Sale of fixed assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,500</u>
Total other financing sources (uses)	<u>36,690</u>	<u>36,690</u>	<u>-</u>	<u>31,500</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(656,275)	117,091	773,366	66,831
Appropriated fund balance	<u>656,275</u>	<u>-</u>	<u>(656,275)</u>	<u>-</u>
Revenues, other financing sources, and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 117,091</u>	<u>\$ 117,091</u>	<u>\$ 66,831</u>

Lenoir County, North Carolina
 Landfill Fund
 Schedule of Revenues and Expenditures
 Budget and Actual (Non-GAAP)
 For The Fiscal Year Ended June 30, 2011
 (With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2010)

STATEMENT 27

Page 2 of 2

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

	2011	2010
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	\$ 117,091	\$ 66,831
Depreciation	(921,312)	(947,547)
Increase in other postemployment benefits	(9,106)	(6,065)
Investment earnings from debt service	53	53
Interest from debt service	-	-
Operating transfers to projects	-	-
Capital outlay	-	-
Landfill closure costs	(12,486)	(55,090)
Net income (loss), full accrual basis	\$ (825,760)	\$ (941,818)

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, 2011
 (With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2010)

STATEMENT 28

	<u>2011</u>		Variance Positive (Negative)	<u>2010</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Investment earnings	\$ -	\$ 53	\$ 53	\$ 53
Expenditures	-	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	53	<u>\$ 53</u>	53
Fund balance, beginning of year		<u>18,298</u>		<u>18,245</u>
Fund balance, end of year		<u>\$ 18,351</u>		<u>\$ 18,298</u>

INTERNAL SERVICE FUND

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

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

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Lenoir County, North Carolina
Employee Insurance Internal Service Fund
Statement of Revenues and Expenditures
Financial Plan and Actual (Non-GAAP)
For The Fiscal Year Ended June 30, 2011
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2010)

STATEMENT 29

	<u>2011</u>			<u>2010</u>
	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Operating revenues				
Charges for services	\$ 4,200,000	\$ 4,234,725	\$ 34,725	\$ 3,318,607
Nonoperating revenues				
Investment earnings	<u>5,000</u>	<u>3,967</u>	<u>(1,033)</u>	<u>7,290</u>
Total revenues	4,205,000	4,238,692	33,692	3,325,897
Expenditures:				
Insurance claims paid	<u>5,630,000</u>	<u>4,814,612</u>	<u>815,388</u>	<u>3,259,671</u>
Revenues over (under) expenditures	(1,425,000)	(575,920)	849,080	66,226
Appropriated fund balance	<u>1,425,000</u>	<u>-</u>	<u>(1,425,000)</u>	<u>-</u>
Revenues, other financing sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(575,920)</u>	<u>\$ (575,920)</u>	66,226
Fund balance, beginning of year		<u>2,681,980</u>		<u>2,615,754</u>
Fund balance, end of year		<u>\$ 2,106,060</u>		<u>\$ 2,681,980</u>

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AGENCY FUNDS

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

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

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

Motor Vehicle Tax Fund – This fund accounts for the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles.

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

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Lenoir County, North Carolina
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For The Fiscal Year Ended June 30, 2011

STATEMENT 30

	Balance July 1, 2010	Deposits	Disbursements	Balance June 30, 2011
Social Services Fund:				
Assets, cash	\$ 16,531	\$ 273,712	\$ 204,282	\$ 85,961
Liabilities				
Accounts payable	\$ 16,531	\$ 273,712	\$ 204,282	\$ 85,961
Fines and Forfeitures Fund:				
Assets, cash	\$ -	\$ 385,686	\$ 385,686	\$ -
Liabilities				
Intergovernmental payable	\$ -	\$ 385,686	\$ 385,686	\$ -
Motor Vehicle Tax:				
Assets, cash	\$ -	\$ 44,869	\$ 44,869	\$ -
Liabilities				
Accounts payable	\$ -	\$ 44,869	\$ 44,869	\$ -
Register of Deeds Trust Fund:				
Assets, cash	\$ -	\$ 5,720	\$ 5,720	\$ -
Liabilities				
Accounts payable	\$ -	\$ 5,720	\$ 5,720	\$ -
Totals - All Agency Funds:				
Assets, cash	\$ 16,531	\$ 709,987	\$ 640,557	\$ 85,961
Liabilities				
Accounts payable	\$ 16,531	\$ 324,301	\$ 254,871	\$ 85,961
Intergovernmental payable	-	385,686	385,686	-
Total liabilities	\$ 16,531	\$ 709,987	\$ 640,557	\$ 85,961

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SUPPLEMENTAL
SCHEDULES

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Lenoir County, North Carolina
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
 June 30, 2011

SCHEDULE 1

Fiscal Year	Uncollected Balance June 30, 2010	Additions	Collections and Credits	Adjustments	Uncollected Balance June 30, 2011
2010-2011	\$ -	\$ 29,430,729	\$ 27,905,296	\$ -	\$ 1,525,433
2009-2010	1,551,295	-	992,641	-	558,654
2008-2009	537,647	-	218,101	-	319,546
2007-2008	310,267	-	79,365	-	230,902
2006-2007	239,730	-	41,817	-	197,913
2005-2006	174,938	-	18,177	-	156,761
2004-2005	181,842	-	12,195	-	169,647
2003-2004	99,105	-	9,922	-	89,183
2002-2003	94,628	-	10,779	-	83,849
2001-2002	84,177	-	7,913	-	76,264
2000-2001	67,932	-	4,535	(63,397)	-
	<u>\$ 3,341,561</u>	<u>\$ 29,430,729</u>	<u>\$ 29,300,741</u>	<u>\$ (63,397)</u>	<u>\$ 3,408,152</u>
Less allowance for uncollectible taxes General Fund					<u>(1,004,519)</u>
Ad valorem taxes receivable - net					<u>\$ 2,403,633</u>
Reconciliation with revenues:					
Ad valorem taxes - General Fund					\$ 29,706,386
Reconciling items					
Interest collected					(373,977)
Adjustments					(31,668)
Total reconciling items					<u>(405,645)</u>
Total collections and credits					<u>\$ 29,300,741</u>

Lenoir County, North Carolina
ANALYSIS OF CURRENT TAX LEVY-COUNTY-WIDE LEVY
 June 30, 2011

SCHEDULE 2

	County Wide		Total Levy		
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current years rate	\$ 3,706,894,928	0.800	\$ 29,655,160	\$ 26,719,672	\$ 2,935,488
Penalties	-		44,275	44,275	-
	<u>3,706,894,928</u>		<u>29,699,435</u>	<u>26,763,947</u>	<u>2,935,488</u>
Discoveries:					
Discoveries and corrections			163,794	163,794	
Releases			(104,653)	(104,653)	
Total			<u>59,141</u>	<u>59,141</u>	
Abatements	<u>(40,980,814)</u>		<u>(327,847)</u>	<u>(327,847)</u>	
Total property valuation	<u><u>\$ 3,665,914,114</u></u>				
Net Levy			29,430,729	26,495,241	2,935,488
Uncollected taxes at June 30, 2011			<u>1,525,433</u>	<u>1,011,219</u>	<u>514,214</u>
Current years taxes collected			<u>\$ 27,905,296</u>	<u>\$ 25,484,022</u>	<u>\$ 2,421,274</u>
Current levy collection percentage			<u>94.82%</u>	<u>96.18%</u>	<u>82.48%</u>

Lenoir County, North Carolina
ANALYSIS OF CURRENT TAX LEVY
 For the Fiscal Year Ended June 30, 2011

SCHEDULE 3

Secondary Market Disclosures:

	Taxed at Current Year's Rate
Assessed Valuation:	
Assessment Ratio	
Real property	\$ 2,696,899,124
Personal property	875,752,420
Public service companies	93,262,570
Total assessed valuation	3,665,914,114
Tax rate per \$100	0.800
Levy (net of abatements)	\$ 29,430,729

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, 2011:

Fire Protection Districts	\$ 1,056,062
Global Transpark	4,528
	\$ 1,060,590

Lenoir County, North Carolina
SCHEDULE OF INTERFUND TRANSACTIONS
 June 30, 2011

SCHEDULE 4

	Transfers	
	From	To
Operating Transfer From/To Other Funds:		
General Fund		
Vehicle Replacement Fund	\$	\$ 95,000
Capital Improvements Fund		1,325,305
Capital Reserve Fund	7,921,364	1,724,000
Revaluation Reserve Fund		25,000
Capital Projects Fund		1,320,159
Transportation Grant Project Fund		75,000
Emergency Telephone System Fund		12,098
School Capital Outlay Fund	1,500,000	
School Capital Outlay Fund		
General Fund		1,500,000
Revaluation Reserve Fund		
General Fund	25,000	
Capital Projects Fund		
General Fund	1,320,159	
Landfill Fund	1,390	
Emergency Telephone System Fund		
General Fund	12,098	
Landfill Fund		
Capital Projects Fund		1,390
Scrap Tire Disposal Fund		35,300
Transportation Grant Project Fund		
General Fund	75,000	
Capital Reserve Fund		
General Fund	1,724,000	7,921,364
Capital Improvement Fund		500,000
Vehicle Replacement Fund		
General Fund	95,000	
Scrap Tire Disposal Fund		
Landfill Fund	35,300	
Capital Improvements Fund		
General Fund	1,325,305	
Capital Reserve Fund	500,000	
Total operating transfers-other funds	<u>\$ 14,534,616</u>	<u>\$ 14,534,616</u>

Lenoir County, North Carolina
SCHEDULE OF CASH AND INVESTMENT BALANCES
 June 30, 2011

SCHEDULE 5

	Carrying Value	Cost Value	Market Value
Cash			
On hand	\$ 3,023	\$ 3,023	\$ 3,023
In demand deposits	20,682,829	20,682,829	20,682,829
	20,685,852	20,685,852	20,685,852
Other investments			
North Carolina Cash Management Trust	40,182,955	40,182,955	40,182,955
	40,182,955	40,182,955	40,182,955
Total cash and investments	\$ 60,868,807	\$ 60,868,807	\$ 60,868,807

Distribution by Funds

	Carrying Value
General Fund	\$ 26,737,890
Special Revenue Funds	
School Bond Fund	49,422
Vehicle Replacement Fund	144,379
State Controlled Substance Fund	52,200
Revaluation Reserve Fund	23,733
Federally Seized Property Fund	55,820
School Capital Outlay Fund	6,539,680
Emergency Telephone System Fund	1,519,641
Automation Preservation Fund	134,853
Scrap Tire Disposal Fund	76,906
Fire District Funds (Consolidated)	50,801
Family and Caregiver Education Fund	14,313
	8,661,748
Capital Project Funds	
Capital Projects Fund	16,253,946
Capital Improvement Fund	2,721,360
	18,975,306
Enterprise Funds	
Landfill Fund	4,061,355
Internal Service Fund	
Employee Insurance Fund	2,346,547
Agency Fund	
Social Services Fund	85,961
	85,961
Total cash and investments	\$ 60,868,807

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OTHER
INFORMATION

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

Table 1

Fiscal Year Ended June 30	General Government		Public Safety	Human Services	Economic & Physical Development		Education	Debt Service	Cultural and Recreational		Total
	\$				\$				\$		
2011	5,668,672	\$	13,920,168	\$	17,907,887	\$	13,225,717	\$	6,735,173	\$	72,491,756
2010	5,701,726		14,859,500		17,569,703		14,938,541		6,826,980		75,761,513
2009	5,359,402		14,725,718		19,081,681		11,961,760		4,464,769		88,070,819
2008	5,365,522		12,280,616		20,887,896		11,803,273		1,941,593		91,215,776
2007	5,061,241		11,513,617		21,253,090		13,781,016		603,120		57,753,337
2006	4,700,415		11,848,055		20,830,440		10,859,730		720,721		53,191,291
2005	4,832,081		9,458,833		19,537,266		10,511,186		747,089		55,270,052
2004	4,489,331		9,292,387		18,620,425		10,567,637		1,084,644		47,331,574
2003	4,146,958		8,710,423		17,713,892		11,233,495		2,405,769		55,819,988
2002	3,735,004		8,521,392		18,191,288		15,027,950		1,991,727		66,235,465

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
	\$		\$		\$		\$		\$		\$		
2011	30,764,091	\$	7,720,975	\$	1,239,097	\$	20,091,970	\$	3,496,528	\$	1,710,287	\$	65,022,948
2010	31,411,976		8,153,714		1,255,801		16,455,119		3,808,845		1,971,922		63,057,377
2009	30,062,487		9,403,561		809,941		17,265,408		3,762,271		4,038,579		65,342,247
2008	29,421,575		11,712,875		910,688		13,952,180		3,366,539		5,441,268		64,805,125
2007	28,631,926		11,503,324		813,997		13,228,405		3,488,827		4,209,475		61,875,954
2006	26,682,707		10,557,500		692,017		13,435,534		2,852,619		2,499,776		56,720,153
2005	25,267,046		10,628,325		645,594		16,447,284		1,847,682		1,538,086		56,374,017
2004	24,870,749		9,711,402		665,446		15,076,784		1,739,584		1,167,088		53,231,053
2003	24,044,754		8,269,079		683,520		20,107,166		1,515,854		1,244,486		55,864,859
2002	24,366,150		7,909,782		635,049		31,023,124		1,234,801		1,312,104		66,481,010

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

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

Table 2

Fiscal Year Ended June 30	Tax Levy Year	Real Property		Personal Property	Public Service Company Property		Total Assessed Value	County Tax Rate	Ratio of Assessed Value to Estimated Actual Value		
		Property	Property		Property	Property					
2011	2010	\$	2,696,899,188	\$	875,752,356	\$	93,262,570	\$	3,665,914,114	0.80	102.96%
2010	2009		2,578,332,039		895,348,323		95,598,424		3,569,278,786	0.80	100.55%
2009	2008		2,348,688,441		922,251,355		95,070,691		3,366,010,487	0.84	99.59%
2008	2007		2,334,526,537		931,518,856		92,197,873		3,358,243,266	0.84	91.05%
2007	2006		2,294,157,301		905,953,552		89,399,845		3,289,519,424	0.84	91.93%
2006	2005		2,257,366,427		876,931,158		80,938,366		3,215,235,951	0.79	94.71%
2005	2004		2,248,460,909		872,873,484		74,785,757		3,196,120,150	0.79	95.94%
2004	2003		2,222,499,049		847,084,537		67,518,720		3,137,102,306	0.775	97.29%
2003	2002		2,198,914,940		880,553,661		68,613,908		3,148,082,509	0.75	96.61%
2002	2001		2,167,143,565		964,456,480		71,662,406		3,203,262,451	0.75	99.60%

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

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

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

Table 3

Fiscal Year Ended June 30	Total Assessed Value (1)	Percentage of Assessed Value Growth
2011	\$ 3,665,914,114	2.71%
2010	3,569,278,786	6.04%
2009	3,366,010,487	0.23%
2008	3,358,243,266	2.09%
2007	3,289,519,424	2.31%
2006	3,215,235,951	0.60%
2005	3,196,120,150	1.88%
2004	3,137,102,306	-0.35%
2003	3,148,082,509	-1.70%
2002	3,203,262,451	12.90%

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		Percent of Current Taxes Collected	Delinquent Tax Collections		Uncollected Balance	Total Tax Collections	Ratio of Total Tax Collections To Total Tax Levy
			Tax Collections	Tax Collections		Tax Collections	Tax Collections			
2011	2010	\$ 29,430,729	\$ 27,905,296	\$ 1,427,113	94.82%	\$ 1,525,433	\$ 29,332,409	99.67%		
2010	2009	29,843,289	28,291,994	1,501,259	94.80%	1,551,295	29,755,737	99.71%		
2009	2008	28,854,541	27,216,975	1,407,317	94.32%	1,637,566	28,624,292	99.20%		
2008	2007	26,260,939	26,697,495	1,430,762	94.47%	1,563,444	28,128,257	99.53%		
2007	2006	27,437,385	25,820,899	1,525,958	94.11%	1,616,486	27,346,857	99.67%		
2006	2005	25,496,416	23,909,278	1,683,351	93.78%	1,587,138	25,592,629	100.38%		
2005	2004	24,575,424	22,938,551	1,419,218	93.34%	1,636,873	24,357,769	99.11%		
2004	2003	24,235,345	22,701,692	1,331,514	93.67%	1,533,653	24,033,206	99.17%		
2003	2002	23,698,371	22,086,642	1,197,487	93.20%	1,611,729	23,284,129	98.25%		
2002	2001	23,996,460	22,550,809	1,600,650	93.98%	1,445,651	24,151,459	100.64%		

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

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

Table 5

Fiscal Year Ended June 30	Tax Levy Year	Lenoir County	City of Kinston	Town of LaGrange	Town of Pink Hill	Town of Grifton
2011	2010	0.80	0.66	0.45	0.55	0.60
2010	2009	0.80	0.66	0.45	0.55	0.55
2009	2008	0.84	0.66	0.50	0.58	0.55
2008	2007	0.84	0.6	0.50	0.58	0.55
2007	2006	0.84	0.60	0.50	0.58	0.55
2006	2005	0.79	0.60	0.50	0.58	0.55
2005	2004	0.775	0.60	0.50	0.58	0.55
2004	2003	0.775	0.60	0.50	0.58	0.55
2003	2002	0.75	0.575	0.50	0.58	0.57
2002	2001	0.75	0.575	0.50	0.58	0.57

Source: Lenoir County Tax Department

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

Table 6

Fiscal Year Ended June 30	Tax Levy Year	Southwood		North Lenoir		Seven Springs		Sandy Bottom		Deep Run		Hugo		Sand Hill		Cherry Tree		Moseley Hall		Wyse Fork		Grifton Fire Tax	
		Fire Tax	Fire Tax	Fire Tax	Fire Tax	Fire Tax	Fire Tax	Fire Tax	Fire Tax	Fire Tax	Fire Tax	Fire Tax	Fire Tax	Fire Tax	Fire Tax	Fire Tax	Fire Tax	Fire Tax	Fire Tax	Fire Tax	Fire Tax	Fire Tax	Fire Tax
2011	2010	0.06	0.045	0.04	0.08	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.07	0.08	0.04	0.08	0.04	0.065	0.03	0.03	0.03	0.03
2010	2009	0.06	0.045	0.04	0.08	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.07	0.08	0.04	0.08	0.04	0.065	0.03	0.03	0.03	0.03
2009	2008	0.06	0.045	0.04	0.08	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.07	0.08	0.04	0.08	0.04	0.065	0.03	0.03	0.03	0.03
2008	2007	0.06	0.045	0.04	0.08	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.07	0.08	0.04	0.08	0.04	0.065	0.03	0.03	0.03	0.03
2007	2006	0.05	0.045	0.04	0.08	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.07	0.08	0.04	0.08	0.04	0.065	0.03	0.03	0.03	0.03
2006	2005	0.05	0.02	0.04	0.05	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.07	0.08	0.04	0.08	0.04	0.065	0.03	0.03	0.03	0.03
2005	2004	0.035	0.02	0.04	0.05	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.07	0.08	0.04	0.08	0.04	0.065	0.03	0.03	0.03	0.03
2004	2003	0.035	0.02	0.04	0.05	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.07	0.08	0.04	0.08	0.04	0.065	0.03	0.03	0.03	0.03
2003	2002	0.035	0.02	0.04	0.05	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.07	0.08	0.04	0.08	0.04	0.065	0.03	0.03	0.03	0.03
2002	2001	0.035	0.02	0.04	0.05	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.07	0.08	0.04	0.08	0.04	0.065	0.03	0.03	0.03	0.03

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

Source: Lenoir County Tax Department
Lenoir County Finance Office

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

Table 7

Fiscal Year Ended June 30	Tax Rates			Tax Levies		
	City of Kinston	County of Lenoir	Total	City of Kinston	County of Lenoir	Total
2011	0.66	0.80	1.460	\$ 8,939,105	\$ 29,430,729	\$ 38,369,834
2010	0.66	0.80	1.460	9,062,805	29,843,289	38,906,094
2009	0.66	0.84	1.500	8,644,167	28,854,541	37,498,708
2008	0.60	0.84	1.440	7,890,703	28,260,939	36,151,642
2007	0.60	0.84	1.440	7,486,913	27,437,385	34,924,298
2006	0.60	0.79	1.390	7,394,907	25,496,416	32,891,323
2005	0.60	0.775	1.375	7,278,703	24,575,425	31,854,128
2004	0.60	0.775	1.375	7,165,190	24,235,344	31,400,534
2003	0.575	0.75	1.325	6,716,562	23,698,371	30,414,933
2002	0.575	0.75	1.325	6,754,997	23,996,460	30,751,457

Source: City of Kinston
Lenoir County Finance Department

LENOIR COUNTY, NORTH CAROLINA
 TEN LARGEST TAXPAYERS
 JUNE 30, 2011

Table 8

	2010 Assessed Value	Tax Levy (2)	Percentage of Total Assessed Valuation (1)
Smithfield Packing	\$ 78,433,851	\$ 627,471	2.14%
Electrolux Home Products	62,781,445	502,252	1.71%
E.I. DuPont Denemours, Inc.	54,325,357	434,603	1.48%
Dopaco	39,759,384	318,075	1.08%
West Pharmaceuticals	39,461,044	315,688	1.08%
Progress Energy	33,524,081	268,193	0.91%
Carolina Telephone	29,592,696	236,742	0.81%
Masterbrands Cabinets, Inc.	19,225,098	153,801	0.52%
Lenox Incorporated	17,311,700	138,494	0.47%
Walter Poole Realty, Inc.	16,745,884	133,967	0.46%
TOTALS	\$ 391,160,540	\$ 3,129,286	10.66%

(1) Total Assessed Valuation \$3,665,914,178
 (2) County Portion of Levy Only (Value x .0080)

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

Table 9

Fiscal Year Ended June 30	Ad Valorem (2)	Sales	Intangible (5)	Occupancy	Motor Vehicle Rentals (4)	Licenses & Permits (3)	Total
2011	\$ 29,706,386	\$ 5,877,333	-	\$ 245,007	\$ 21,635	\$ 190,187	\$ 36,040,548
2010	30,347,627	6,307,372	-	179,620	15,824	147,312	36,997,755
2009	29,101,969	7,148,007	-	181,336	18,417	176,790	36,626,519
2008	28,507,864	9,507,875	-	188,708	17,959	267,136	38,489,542
2007	27,753,045	9,157,484	-	171,982	21,138	234,190	37,337,839
2006	26,007,691	8,215,617	-	173,898	21,529	170,142	34,588,877
2005	24,690,487	8,560,338	-	146,897	15,399	146,997	33,560,118
2004	24,316,659	7,913,301	-	152,787	17,868	165,093	32,565,708
2003	23,494,726	6,388,058	-	144,961	14,254	181,650	30,223,649
2002	23,803,861	5,983,542	726,458	133,360	14,295	203,058	30,864,574

Source: Lenoir County Finance Office

(1) General Fund Only

(2) Includes penalties & interest

(3) Lenoir County implemented an Inspections Department in February, 1998

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

(5) State of NC began withholding this reimburseable tax in 2003

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

Table 10

Fiscal Yr Ended June 30	Single Family		Units	Multi-Family		Units	Additions/ Alterations		Total Residential Houses		New Commercial	Additions/ Alterations		Total Commercial	Total Value
	Value	Units		Value	Units		Value	Units	Value	Units		Value	Units		
2011	\$ 4,658,485	24	\$ 143,000	2	\$ 1,679,877	2	\$ 6,481,362	\$ 12,519,123	148,548	\$ 12,667,671	\$ 19,149,033				
2010	5,619,427	37	-	0	2,992,169	0	8,611,596	15,981,936	163,010	16,144,946	24,756,542				
2009	5,624,570	31	-	0	3,353,821	0	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	4	14,824,533	4,676,760	152,000	4,828,760	19,653,293				
2007	11,887,600	64	-	0	4,831,010	0	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	2	13,759,380	16,617,990	115,000	16,732,990	30,492,370				
2005	10,597,500	66	233,400	2	2,369,280	2	13,200,180	9,770,898	485,900	10,256,798	23,456,978				
2004	11,174,150	72	220,000	2	2,733,300	2	13,907,450	9,995,347	607,000	10,602,347	24,509,797				
2003	11,872,700	97	130,000	1	3,216,525	1	15,219,225	16,985,200	1,123,000	18,108,200	33,327,425				
2002	14,938,150	112	130,000	1	3,191,544	1	18,259,694	6,169,530	599,210	6,768,740	25,028,434				

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
2011	59,493	\$ 3,665,914,114	\$ 293,273,129	\$ 64,200,000	1.75%	\$ 1,079.12
2010	57,232	3,569,278,786	285,542,303	67,800,000	1.90%	1,184.65
2009	57,535	3,366,010,487	269,280,939	71,400,000	2.12%	1,240.98
2008	57,648	3,358,243,266	268,659,461	73,100,000	2.18%	1,268.04
2007	58,172	3,289,519,424	263,161,554	33,800,000	1.03%	581.00
2006	58,278	3,215,235,951	257,218,876	1,600,000	0.05%	28.00
2005	58,544	3,196,120,150	255,689,612	2,095,000	0.07%	36.00
2004	58,945	3,137,102,306	250,968,184	2,595,000	0.08%	44.00
2003	59,294	3,148,082,509	251,846,601	3,450,000	0.11%	58.00
2002	60,119	3,203,262,451	256,260,996	4,785,000	0.15%	80.00

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

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

(3) Lenoir County Finance Department

LENOIR COUNTY, NORTH CAROLINA
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2011

Total Assessed Value	\$ 3,665,914,114
Debt limitation - 8% of total assessed value	\$ 293,273,129
Debt applicable to limitation	
Total bonded debt	\$ 64,200,000
Notes payable	19,950,100
Total debt applicable to limitation	84,150,100
Legal debt margin	\$ 209,123,029

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

Table 12

Fiscal Year Ended June 30	Principal	Interest on Bonds	Total Debt Service	Total General Government Expend.	Ratio of Debt Service to Total General Government Expend.
2011	\$ 3,600,000	2,878,650	6,478,650	\$ 72,491,756	8.94%
2010	3,600,000	3,017,150	6,617,150	75,761,513	8.73%
2009	1,700,000	2,548,864	4,248,864	88,070,819	4.82%
2008	400,000	1,514,650	1,914,650	91,215,776	2.10%
2007	400,000	80,000	480,000	57,753,337	0.83%
2006	495,000	106,413	601,413	53,191,291	1.13%
2005	500,000	133,163	633,163	55,270,051	1.15%
2004	855,000	177,263	1,032,263	47,331,574	2.18%
2003	1,335,000	244,788	1,579,788	55,819,988	2.83%
2002	1,365,000	313,813	1,678,813	66,235,465	2.53%

Source: Lenoir County Finance Office

LENOIR COUNTY, NORTH CAROLINA
 COMPUTATION OF DIRECT AND UNDERLYING BONDED DEBT
 GENERAL OBLIGATION BONDS
 JUNE 30, 2011

Table 13

	Net General Obligation Bonded Debt	Percent Applicable To County	Amount Applicable To County
Direct:			
Lenoir County	\$ 64,200,000	100%	\$ 64,200,000
Underlying:			
City of Kingston	-	-	-
Town of Lagrange	-	-	-
Town of Pink Hill	-	-	-

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

Table 14

Fiscal Year Ended June 30	County Population (1)	County Per Capita Income (3)	County Unemployment Rate (3)	City and County School Enrollment (4)	County Retail Sales (5) (6)	Bank Deposits (2)
2011	59,493	(7)	10.53%	9,220	\$ 462,001,600	(7)
2010	57,232	(7)	11.33%	9,222	\$ 459,638,992	\$ 737,772,000
2009	57,535	\$ 33,476	10.30%	9,366	457,801,972	760,008,000
2008	57,648	32,309	5.58%	9,634	484,845,748	729,087,000
2007	58,172	29,600	5.74%	9,791	491,160,300	750,271,000
2006	58,278	28,212	5.76%	9,806	543,042,028	713,559,000
2005	58,544	27,296	6.10%	9,753	1,032,201,888	665,499,000
2004	58,945	25,968	5.92%	9,883	921,306,304	610,244,000
2003	59,294	24,149	7.40%	10,234	862,756,372	585,208,000
2002	60,119	23,936	8.41%	9,926	839,117,105	602,938,000

Note: (7) Information not presently available

Source: (1) NC Department of Demographics Website-estimate

(1) State Reference Library Website, Bureau of Economic Analysis through 2001.

NC Employment Security Commission Website 2002

(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, 2011

Table 15
 Page 1 of 3

Population	59,493
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)	877.42
Employees:	
Full-time, permanent	459
Other	276
County Seat:	Kinston
Fire Protection:	
Lenoir County - Number of volunteer departments	11
Number of fireman/officers	350
City of Kinston - Number of stations	3
Number of fireman/officers	50
Law Enforcement:	
Sheriff's Department - officer/support personnel (includes 35 for jail)	107
Kinston Police Department - officers/support personnel	84
LaGrange Police Department - 0 full time / 0 part time	0
Pink Hill Police Department - 2 full time / 2 part time	4
Hospital: (2)	
(Not included in primary government)	
Number of hospitals	1
Number of patient beds (2) (Licensed as of 12-21-99)	261
Inspections:	
Building permits issued (3)	1,645

LENOIR COUNTY, NORTH CAROLINA
 MISCELLANEOUS STATISTICS
 JUNE 30, 2011

Table 15
 Page 2 of 3

Miscellaneous Statistics - continued	
Cultural and recreational:	
Libraries	3
Number of volumes - (At June 30, 2011) (4)	249,225
Theatres (Includes 1 seven (7) plex theatre)	2
Number of seats	1383
Number of parks (County wide)	27
Park acreage (County wide)	632
Golf Courses (2 private 18 hole, 1 public 9 hole, Par 3)	3
Swimming pools - public (County wide)	2
Tennis courts (County wide)	17
Museum	2
Planetarium	1
Baseball stadiums	1
Number of seats	4200
Athletic Skill Center/ Fitness Center/ Indoor Baseball Cages	1
Visitor and Information Center	1
Community Centers	7
Education: (5)	
Number of Elementary Schools	9
Number of Elementary School Teachers	304
Number of Intermediate and Secondary Schools	7
Number of Intermediate and Secondary School Teachers	371
Number of Alternative Schools	2
Number of Alternative School Teachers	22
Community Colleges	1
Number of Instructors - Curriculum - (Full time-88, Part time-69)	157
Non Curriculum - (Full time-15, Part time-150)	165
Enrollment - (2010-2011)	
Curriculum	5,330
Non Curriculum	15,762

LENOIR COUNTY, NORTH CAROLINA
MISCELLANEOUS STATISTICS
JUNE 30, 2011

Miscellaneous Statistics - continued

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

Source: (2) Lenoir Memorial Hospital
(3) Lenoir County Building Inspections Office (Fiscal Year 2010-2011)
(4) Kinston-Lenoir County Public Library
(5) Lenoir County Board of Education and Lenoir Community College

Other Statistics - Lenoir County Finance Office
City of Kinston, Town of LaGrange, Town of Pink Hill
Lenoir County Recreation Department
Office of State Planning

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COMPLIANCE
SECTION

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

To the Board of County Commissioners
Lenoir County, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregated remaining fund information of Lenoir County, North Carolina, as of and for the year ended June 30, 2011, which collectively comprises Lenoir County's basic financial statements, and have issued our report thereon dated November 29, 2011. We did not audit the financial statements of the Lenoir County ABC Board. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and in our opinion, insofar as it relates to the amounts included for the Lenoir County ABC Board, is based solely on the reports 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. The financial statements of the Lenoir County ABC Board were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lenoir County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lenoir County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

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

Compliance and Other Matters

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

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

Pittard Perry & Crone, Inc.

La Grange, North Carolina
November 29, 2011

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

To the Board of County Commissioners
Lenoir County, North Carolina

Compliance

We have audited the compliance of Lenoir County, North Carolina, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of Lenoir County's major federal programs for the year ended June 30, 2011. Lenoir County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Lenoir County's management. Our responsibility is to express an opinion on Lenoir County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lenoir County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Lenoir County's compliance with those requirements.

In our opinion, Lenoir County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

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

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

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

Pittard Perry & Crane, Inc.

La Grange, North Carolina
November 29, 2011

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

To The Board of County Commissioners
Lenoir County, North Carolina

Compliance

We have audited Lenoir County, North Carolina, compliance with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of its major State programs for the year ended June 30, 2011. Lenoir County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of Lenoir County's management. Our responsibility is to express an opinion on Lenoir County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, as described in the Audit Manual for Governmental Auditors in North Carolina, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Lenoir County's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Lenoir County's compliance with those requirements.

In our opinion, Lenoir County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

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

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

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

Pittard Perry & Cone, Inc.
La Grange, North Carolina
November 29, 2011

Lenoir County, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? yes no
- Significant deficiencies identified
that are not considered to be
material weaknesses yes none reported
- Noncompliance material to financial
statements noted yes no

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? yes no
- Significant deficiencies identified
that are not considered to be
material weaknesses yes none reported
- Noncompliance material to federal awards yes no

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

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

Identification of major federal programs:

CFDA Numbers Names of Federal Program or Cluster

93.575	}	Subsidized Child Care Cluster
93.596		
93.667		
93.558		
10.557		Special Supplemental Nutrition Program for Women, Infants and Children
93.778		Medical Assistance

Lenoir County, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

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

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

Dollar threshold used to distinguish
between Type A and Type B Programs \$2,410,107

Auditee qualified as low-risk auditee? yes no

State Awards

Internal control over major State programs:

-- Material weaknesses identified? yes no

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

Noncompliance material to State awards yes no

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

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

Identification of major State programs:

Program Names

State/County Special Assistance for Adults
Public School Bond Fund

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

None reported

Section IV - State Award Findings and Questioned Costs

None reported

Lenoir County, North Carolina
Corrective Action Plan
For the Fiscal Year Ended June 30, 2011

Section II - Financial Statement Findings

None reported

Section III- Federal Award Findings and Questioned Costs

None reported

Section IV - State Award Findings and Questioned Costs

None reported

Lenoir County, North Carolina
Summary Schedule of Prior Year Audit Findings
For the Fiscal Year Ended June 30, 2011

None reported

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended June 30, 2011

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
Federal Awards:				
U.S. Department of Agriculture:				
<u>Food and Nutrition Service</u>				
Passed through N.C. Department of Health and Human Services:				
Division of Social Services:				
Administration:				
<u>Food Stamp Cluster:</u>				
State Administrative Matching Grants for the Food Stamp Program	10.561	\$ 679,229	\$ -	\$ 566,934
Division of Public Health:				
Administration:				
Special Supplemental Nutrition Program for Women, Infants and Children Direct Benefit Payments:	10.557	369,141	-	-
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	1,464,553	-	-
Passed through N.C. Department of Agriculture:				
Food Distribution Division:				
TEFAP Administrative Cost	10.568	4,990	-	-
Food Commodities - Noncash	10.569	145,187	-	-
Total U.S. Department of Agriculture		2,663,100	-	566,934
U.S. Department of Commerce:				
Passed-through N.C. Department of Commerce				
Community Development Block Grant	14.228	1,311,045	-	-
Housing Finance Agency				
Passed-through N.C. Housing Finance Agency				
SFR 1019	14.239	12,727	-	-

Lenoir County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 Year Ended June 30, 2011

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
Federal Emergency Management Agency:				
Passed through N.C. Department of Crime Control and Public Safety:				
Division of Emergency Management:				
Public Assistance		\$ 19,582	\$ 6,527	-
Emergency Management	97.042	37,138	-	-
Total Federal Emergency Management Agency		<u>56,720</u>	<u>6,527</u>	<u>-</u>
U.S. Department of Health and Human Services:				
<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-D Preventive Health	93.043	4,522	266	532
Title III C - Nutrition Services				
Congregate Meals	93.045	65,991	3,882	7,764
Home Delivered Meals	93.045	41,424	2,437	4,873
Title III B - Grants for Supportive Services and Senior Centers				
Access	93.044	17,806	1,047	2,095
In Home	93.044	124,032	7,296	14,592
Family Caregiver Title III-E	93.052	6,939	463	-
NSIP-Nutrition	93.053	15,452	-	-
HCCBG - In Home/Support Services	93.667	20,034	572	2,290
HCCBG- State	N/A	-	203,133	22,570
Fan/Heat Program	N/A	-	486	-
Senior Center Development	N/A	-	3,061	1,020
Total Aging Cluster		<u>296,200</u>	<u>222,643</u>	<u>55,736</u>
Health Resources and Service Administration:				
Passed through N.C. Department of Health and Human Services:				
Division of Public Health				
Maternal and Child Health Services Block Grant	93.994	113,081	84,821	-

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended June 30, 2011

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				
Temporary Assistance for Needy Families Block Grant (TANF)	93.556	\$ 4,094	-	\$ -
Temporary Assistance for Needy Families Block Grant (TANF)	93.558	12,623	-	-
TANF - Direct Benefit Payments	93.558	629,523	-	921,356
AFDC - Direct Benefit Payments	93.558	448,050	(307)	-
Child Support Enforcement	93.560	(2,783)	(763)	(763)
ARRA - Child Support Enforcement	93.563	718,853	-	370,318
Low-Income Home Energy Assistance Block Grant - Administration	93.563	5,151	21	2,632
Energy Assistance Payments - Direct Benefit Payments	93.568	543,723	-	-
Permanency Planning - Families for Kids	93.568	550,612	-	-
Foster Care and Adoption Cluster:	93.645	15,331	-	5,258
Title IV-E Foster Care				
Foster Care - Direct Benefit Payments	93.658	396,757	18,490	331,870
Title IV-E Optional Adoption	93.658	127,011	38,338	38,602
Adoption Assistance - Direct Benefit Payments	93.659	7,979	-	7,979
Total Foster Care and Adoption Cluster	93.659	239,228	53,499	53,408
Social Services Block Grant (SSBG)		770,975	110,327	431,859
Family Violence Prevention Links	93.667	354,830	48,289	111,271
	93.671	350	-	-
	93.674	5,783	1,446	-
<u>Subsidized Child Care Cluster (Note 2):</u>				
<u>Child Care Development Fund Cluster</u>				
Division of Social Services:				
Childcare Development Fund - Administration				
Division of Child Development:				
Child Care and Development Fund - Discretionary	93.596	135,907	-	-
Child Care and Development Fund - Mandatory	93.575	1,229,260	-	-
Child Care and Development Fund - Match	93.596	513,970	-	-
ARRA - Child Care and Development Block Grant	93.596	79,302	42,524	-
Total Child Care Fund Cluster	93.713	14,353	-	-
		1,972,792	42,524	-

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended June 30, 2011

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>Child Care Development Fund Cluster (continued)</u>				
Social Services Block Grant (SSBG)	93.667	\$ 5,548	\$ -	\$ -
Temporary Assistance for Needy Families	93.558	389,535	-	-
Temporary Assistance for Needy Families State Programs	93.714	219,287	-	-
State Appropriations	N/A	-	156,787	-
TANF-MOE	N/A	-	73,464	-
Total Subsidized Child Care Cluster		2,587,162	272,775	-
<u>Health Care Financing Administration</u>				
Passed through the N.C. Department of Health and Human Services:				
Division of Medical Assistance:				
Medical Assistance Program	93.778	15,535	5,993	-
Direct Benefit Payments:				
Medical Assistance Program	93.778	67,669,577	27,214,011	24,376
Division of Social Services:				
Administration:				
Medical Assistance Program	93.778	1,054,136	37,063	1,011,883
Health Choice	93.767	46,257	2,874	12,240
<u>Office of Population Affairs</u>				
Passed through N.C. Department of Health and Human Services:				
Office of Population Affairs				
Family Planning Services	93.217	59,522	-	-
<u>Centers for Disease Control and Prevention</u>				
Passed through N.C. Department of Health and Human Services:				
Division of Public Health:				
Public Health Emergency Preparedness	93.069	9,316	-	-
Tuberculosis Control Program	93.116	11,466	-	-
Immunization Program/Aid to County Funding	93.268	22,918	-	-
Prevention Investigations and Technical Assistance	93.283	34,543	-	-
Statewide Health Promotion Program	93.991	15,370	-	-
Total U. S Department of Health and Human Services		75,992,198	27,999,193	2,946,166

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended June 30, 2011

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
State Awards:				
<u>N.C. Department of Health and Human Services:</u>				
Division of Social Services:				
State/County Special Assistance to Adults - Administration		\$ -	\$ -	\$ 128,545
State/County Special Assistance to Adults - Direct Benefit Payments		-	851,345	851,345
Non-Allocating County Cost		-	-	11,037
State Foster Home - Direct Benefit Payments		-	56,724	56,724
State Adult Protective Service		-	16,671	-
TANF Incentive/Program Integrity		-	1,804	-
Child Welfare Services Adoption Subsidy and Vendor - Direct Benefit Payment		-	220,865	39,073
Child Protective Services Expansion		-	38,977	-
County Funded Programs		-	-	302,020
Foster Care At Risk Maximization - Direct Benefit Payment		-	412	220
AFDC Incentive/Program Integrity		-	386	-
Energy Assistance Private Grants		-	1,114	-
Foster Care Special Provision - Direct Benefit Payment		-	5,331	-
SFHF Maximization - Direct Benefit Payment		-	48,450	48,450
Other Local Expenditures		-	-	305,330
Total Division of Social Services		-	1,242,079	1,742,744
Division of Public Health:				
General		-	172,788	-
Communicable Disease		-	7,270	-
AIDS		-	500	-
Women's Preventative Health		-	9,591	-
Risk Reduction/Health Promotion		-	6,312	-
Breast and Cervical Cancer Control		-	2,550	-
High Risk Clinic		-	67,172	-
Tuberculosis		-	47,530	-

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended June 30, 2011

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>N.C. Department of Health and Human Services (continued):</u>				
Division of Public Health (continued):				
Maternal Health		\$ -	\$ 2,812	\$ -
Total Division of Public Health		-	316,525	-
Total N.C. Department of Health and Human Services		-	1,558,604	1,742,744
<u>N.C. Department of Transportation</u>				
Public Transportation Division				
PTD #10-AR-034	20.509	75,596	-	-
PTD #10-CT-034	20.509	39,006	2,437	-
PTD#11-CT-034	20.509	147,694	9,231	-
PTD #10-ED-034	20.513	38,813	4,851	-
Rural Operating Assistance Program (ROAP)				
Elderly and Disabled Transportation Assistance Program (E&DTAP)	Work Order #			
Work First/Employment Transportation Operating Assistance (Work First)	DOT-16CL	-	84,845	-
Rural General Public Program	DOT-16CL	-	27,436	-
Total N.C. Department of Transportation	DOT-16CL	-	92,846	-
		301,109	221,646	-
<u>N.C. Department of Environment and Natural Resources</u>				
Division of Environmental Health:				
Environmental Health Service		-	500	-
Food/Lodging Fee		-	13,499	-
Lead Prevention		-	1,900	-
Division of Waste Management				
Scrap Tire		-	27,580	-
Division of Soil & Water Conservation:				
Administration		-	3,960	-
Total N.C. Department of Environment and Natural Resources		-	47,439	-

Lenoir County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 Year Ended June 30, 2011

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>N.C. Department of Administration</u>				
Division of Veterans Affairs:				
Administered by County Veterans Services:				
Veterans Services				
		\$ -	\$ 2,000	\$ -
<u>Office of the Governor</u>				
Department of Juvenile Justice and Delinquency Prevention				
Advisory Council				
		-	4,653	-
		-	131,902	-
		-	52,679	-
		-	37,119	-
		-	32,897	-
		-	259,250	-
		-	9,238	-
<u>Administrative Office of the Courts</u>				
Safe Roads Act				
		-	671,984	223,995
<u>N.C. Department of Public Instruction:</u>				
Public School Bond Fund				
		-	3,490	-
<u>N.C. Department of Insurance:</u>				
SHIP Grant				
		-	110,391	-
<u>N.C. Department of Corrections</u>				
Division of Community Corrections:				
Criminal Justice Partnership Program				
		-	30,889,762	5,479,839
Total expenditures of federal and State awards				
		\$ 80,336,899	\$ 30,889,762	\$ 5,479,839

LENOIR COUNTY, NORTH CAROLINA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2011

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.