

# Lenoir County, North Carolina

## Financial Statements

Fiscal Year Ended June 30, 2009.



Lenoir County, North Carolina  
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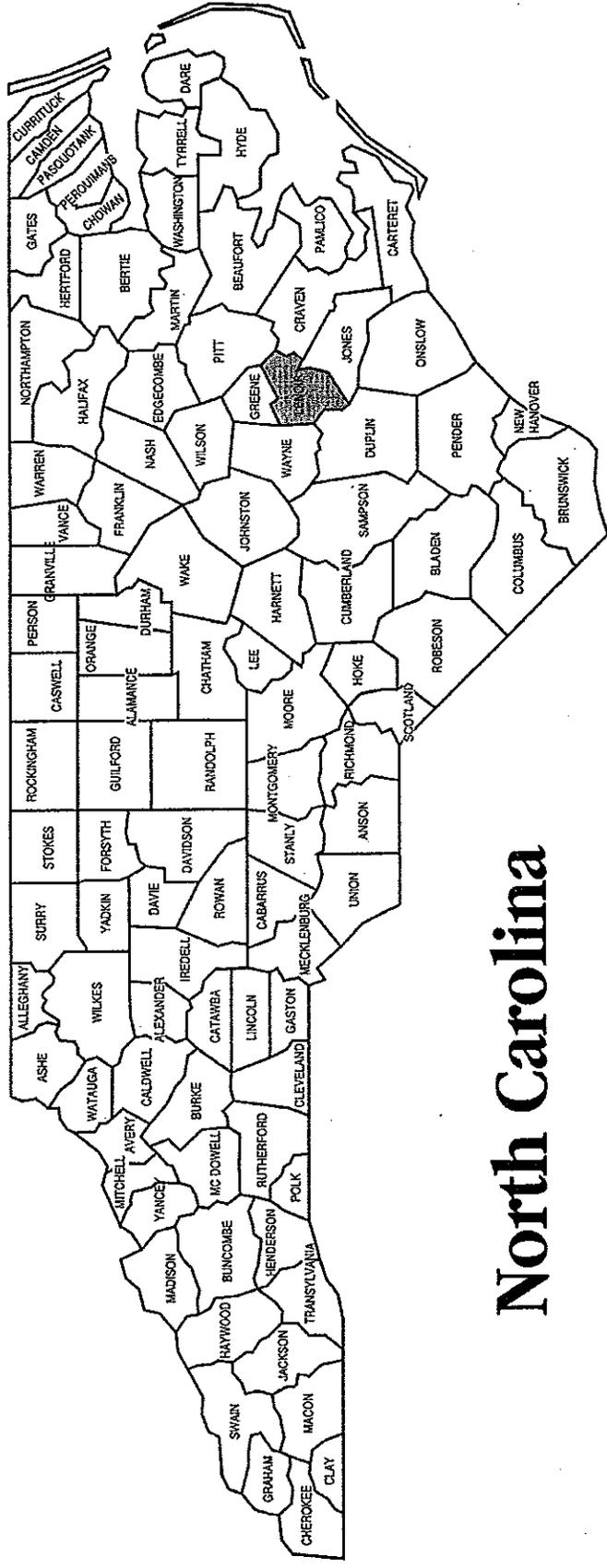
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# INTRODUCTORY SECTION

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# North Carolina

LENOIR COUNTY, NORTH CAROLINA  
LIST OF PRINCIPAL OFFICERS  
JUNE 30, 2009

BOARD OF COUNTY COMMISSIONERS

George W. Graham, Jr. – Chairman

Claude Stroud – Vice-Chairman

Jackie Brown  
Reuben J. Davis  
Chris Humphrey  
Tommy Pharo  
Linda Rouse Sutton

COUNTY MANAGER/BUDGET OFFICER

Michael W. Jarman

FINANCE OFFICER

Martha H. Martin



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# County of Lenoir

## Board of Commissioners

George W. Graham, Jr., Chairman  
Claude Stroud, Vice-Chairman  
Jackie Brown  
Reuben J. Davis  
Chris Humphrey  
Thomas A. Pharo  
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  
Lashanda Aytch, Clerk to the Board

The Board of County Commissioners  
Lenoir County  
North Carolina

November 20, 2009

## 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, 2009.

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, 2009, 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, 2009, 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 19<sup>th</sup> century both town and county remained sparsely settled, with 4,005 people in the county, 107 of whom lived in Kinston. A spirit of enterprise swept Lenoir County between 1850 and 1860, much of it undoubtedly due to the arrival of the Atlantic and North Carolina Railroad. On March 8, 1865, Lenoir County underwent its final battle of war, known variously as the Battle of Wyse Fork and the Battle of Southwest Creek. In Lenoir County the twentieth century—the tobacco century—can properly be considered to have started in 1895, when Jessie Willis Grainger with 500 dollars worth of tobacco seeds became the Johnny Appleseed of tobacco. There was apparently a spate of arson in Kinston in 1895 in which much of the downtown district was destroyed. Around 1940, 640 acres were purchased at \$25 per acre to build an airport. The base became known as Stallings Field in honor of two (2) Kinston brothers, killed during WW II in 1945. In the early 1950's, the event that began the large-scale employment shift from agriculture to factory jobs was the construction of the E. I. Dupont de Nemours and Company dacron fiber plant; it was the first plant in the world to produce the new synthetic fiber dacron polyester.

Source: Lenoir County – 200 Years of Progress – 1776-1976

Published by the Lenoir County Board of Commissioners  
And the Kinston-Lenoir County Bicentennial Commission

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

### Economic Conditions and Outlook

Located in the center of North Carolina's Eastern Economic Development Region and home of the North Carolina Global TransPark, Lenoir County is well positioned for growth in all sectors of economic development. Local leaders are diligently transitioning Lenoir County from a tobacco and textile dependent economy to one with a growing diversified manufacturing base. Lenoir County's current population of nearly 59,000 supports a workforce of approximately 28,600, 16.7% of which is employed in manufacturing.

North Carolina's Eastern Economic Development Region, which includes Lenoir and 12 surrounding counties, has a population of more than 974,000 and a workforce of over 453,000 professional, technical, and semi-skilled workers. The region, which grew in excess of 10 percent from 1990 to 2000, employs nearly 50,000 people in manufacturing jobs. The regional workforce also benefits from a large number of students, military personnel and their dependents. Workforce training and development is enhanced by the region's twelve community colleges and four four-year institutions.

Lenoir County is home to the Eastern Region's premiere economic development asset, the North Carolina Global TransPark. This state-of-the-art industrial-transportation complex encompasses 15,300 acres, an 11,500-foot runway, and an FAA Control Tower and CAT I ILS system that has the capability of being a CAT III system. A 60,000 square foot cargo building has been completed and is currently partially leased. The Global TransPark

TransPark is the 32,000 SF TransPark Center. The primary purpose of the TransPark Center is to provide a flexible and adaptable high technology facility for new and expanding industry training.

From a transportation standpoint, US 70 (a 4-lane divided highway) extends east/west from the Port of Morehead City to and beyond Raleigh. Lenoir County is 75 miles east of Raleigh, 75 miles west of Morehead City and 90 miles north of the Port of Wilmington. I-95 and I-40 are only 45 minutes from Lenoir County. Two rail carriers, Norfolk Southern and Seaboard Chessie Systems serve Lenoir County. All major truck lines serve the area with four terminals located in Lenoir County. Charter flights are available at the Kinston Regional Airport and there are three community airports in the Region: Greenville, Jacksonville and New Bern. Raleigh Durham International Airport, 90 minutes from Lenoir County is served by most major airlines and several commuter airlines. These airlines provide daily direct non-stop flights to all regions of the United States, the Caribbean, Canada, Mexico, and Europe.

Economic development efforts such as recruiting new industries, growing the Global TransPark, and marketing the County's available buildings are all important for future growth. Lenoir Community College, Lenoir Memorial Hospital, a Performing Arts Center, a small business incubator and the continued revitalization of downtown Kinston, the county seat, are also serving to recruit and retain businesses and citizens. The strong commitment of public and private leaders, along with the support of existing industry to a strong economic development effort, will insure a future of steady growth for both the county and its municipalities.

In spite of a national recession, 2009 was a very active year for Lenoir County economic development. Two new companies and four existing companies announced plans to locate/expand in Lenoir County. New companies included Select Foods and Mother Earth Brewing Company. Select Foods will serve as a warehouse and distribution center for its vending service, as well as a banquet facility for private functions. The company invested \$2,430,800 and will create 52 new jobs. Mother Earth Brewing Company renovated an abandoned building in downtown Kinston and invested \$1,480,000 in the renovations and equipment. It will create 6 new jobs over the next three years. The company is a craft brewery that will produce less than 15,000 barrels of beer annually. Collectively, the announcements by these two companies represented an investment of \$3,910,800 and the creation of 58 new jobs for the area.

Four existing Lenoir County companies announced expansion projects. Dopaco, a progressive foodservice packaging company for the fast food industry, announced a second expansion of \$25,376,000 and the creation of 123 new jobs. Best Diamond Packaging, a manufacturer of napkin and tissue products for the quick service restaurant market, expanded and relocated their facility to a larger building near the airport. They will invest another \$4,500,000 and create 12 new jobs. Electrolux, a major worldwide appliance manufacturer, announced another expansion of their dishwasher manufacturing facility in Kinston, investing \$55,000,000. Nova, Inc. announced that they would expand their presence in Lenoir County and construct an 18 bed psychiatric residential treatment facility for children and youth. This project will add \$2.8 million to the tax base of Lenoir County and create 42 new full-time positions. Collectively these four expansion announcements represent an investment of \$87,676,000 and the creation of 177 new jobs over the next three to five years.

Sanderson Farms broke ground on their \$121 million state-of-the art poultry processing facilities in Lenoir County. The facilities include a hatchery, feed mill, processing plant, wastewater treatment facility, and spray field. When operating at full capacity, Sanderson Farms will employ over 1600 workers. In addition to the new jobs created by Sanderson Farms, 130 area farmers will be contracted with as growers. The new chicken houses constructed on these farms will add approximately \$98 million to the tax base of Lenoir and surrounding counties.

Spirit AeroSystems began construction of a 500,000 square foot manufacturing facility at the Global TransPark. Construction of this \$550 million facility will be complete in 2010. When fully operational, this facility will employ over 1,000 workers and will place North Carolina in the forefront of the aviation industry in the United States.

An \$81 million highway construction project extending C Felix Harvey Parkway and connecting the Global TransPark to US Hwy 70 West of Kinston began in the fall of 2009. When complete, this vital transportation link will provide essential access to the Global TransPark from major highways corridors to the west of Lenoir County.

Federal and State funding, for a skilled VA nursing facility, that was announced in 2008, has been approved and groundbreaking for the facility should occur before Spring 2010. This \$12 to \$18 million facility, located in Kinston, will provide support for the 110,000 veterans living within a 50-mile radius of Lenoir County and create 152 new jobs for the region.

Lenoir County completed construction of a 40,000 SF Basic Industrial Shell Building that is expandable to 160,000 SF. The facility is situated on nine acres in the 70 West Industrial Park with eight additional acres available. This is another tool for recruiting new industries to the area.

### **Major Initiatives**

During fiscal year 2008-09, the County government made progress on different fronts. Key events/actions included:

- 1) Continued administration of 2006 CDBG Concentrated Needs Program (\$735,000) for refurbishment of qualifying homes in the County.
- 2) Completed administration of 2006 CDBG Scattered Sites Program (\$400,000) for refurbishment or replacement of qualifying homes in the County.
- 3) Continued administration of 2007 NCHFA SFR (\$392,000) for rehabilitation of qualified homes in the County.
- 4) Began construction of Shell Building #3, a 40,000 square foot expandable structure located in the Hwy 70 West Industrial Park.
- 5) Continued administration of \$69.7 million school construction project funded by General Obligation Bonds issued in 2007 and 2008.
- 6) Began design of a 192 bed jail – preliminary cost estimate is \$17.5 million.
- 7) Began permitting process to construct phase II, a second 5-year MSW cell at the landfill.
- 8) Held joint work sessions and 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, the Lenoir County Tax Department has been designated for recognition.

The Tax Office is charged with the duty of listing, appraising, and assessing all property in the county in accordance with the provisions of law. The office maintains records of real estate, personal property, property transfers, property tax exemptions, exclusions, deferrals, and billing information. Land record information includes cadastral mapping of the entire county maintained through a Geographic Information System. Assessments and bills are created and collected for all special taxing jurisdictions such as fire districts, municipal service districts, drainage districts, etc. Assessment and collection of solid waste fees and privilege licenses are also administered by the Tax Office, along with permits for moving mobile homes.

North Carolina general statutes require that all real property in a county be reappraised at least every eight years, and Lenoir County just completed its eight year revaluation effective January 1<sup>st</sup>, 2009. Revaluation is defined as the periodic review of all real property to assure that its value reflects current market prices and that taxation is distributed in a fair and equitable manner. There are more than 35,000 parcels of real property in Lenoir County, with over 31,000 being taxable. The Tax Office also bills and collects taxes for the City of Kinston, the Town of LaGrange, and the Town of Pink Hill.

The Tax Office has 16 employees and operates on a budget of \$850,000. The 2009 revaluation was completed entirely “in-house”, meaning we did not contract with any outside vendors to provide revaluation services. After revaluing over 35,000 parcels, the appraisal department of the Tax Office handled just under 2,000 “informal”

appeals, representing 5.7% of the total parcels. This is below the statewide average of approximately 8% of taxpayers filing informal appeals during a revaluation year.

For the past three years, the Tax Office has had an overall collection rate for current year taxes of over 94%. The collection rate rises to over 99% within three years of the taxes becoming delinquent. The collection staff of the Tax Office uses a variety of collection actions to increase the rate: garnishment of wages and bank accounts, executions on personal property through the Sheriff's Department, and foreclosures on real property.

### **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.

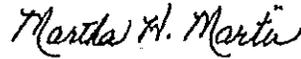
Awards and Acknowledgements

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, Diane Atkinson, Joyce Miller, Rose Fox and Lashanda Aytch. We also recognize all department managers and administrative staff for adhering to sound accounting, purchasing, and budgetary principles in carrying through on daily obligations. Without their efforts, this report would not have been possible.

Respectfully Submitted,



Michael W. Jarman  
County Manager / Budget Officer



Martha H. Martin  
Finance Officer

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# FINANCIAL SECTION

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### Independent Auditor's Report

To the Board of County Commissioners  
Lenoir County, North Carolina

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, 2009, 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 basic 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, 2009, 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 20, 2009 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. The purpose of the 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 the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Lenoir County, North Carolina. The combining and individual nonmajor fund financial statements and 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 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, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory information and the statistical tables have not been subjected to the auditing procedures applied by us and other auditors in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

*Pittard Perry & Crone, Inc.*

La Grange, North Carolina  
November 20, 2009

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## Management's Discussion and Analysis

As management of Lenoir County, we offer readers of Lenoir County's financial statements this mandatory narrative overview and analysis of the financial activities of Lenoir County for the fiscal year ended June 30, 2009. 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, 2009), the following is true:

- The net assets of the County totaled \$7,433,597; the major categorical breakout of these net assets follows:

	2009	% of Total Net Assets	2008	% of Total Net Assets
Investment in Capital Assets, net of related debt Restricted for insurance reserve and Register of Deeds Automation and Preservation Fund Unrestricted	\$ 16,378,234	239.8%	\$ 17,270,320	35.1%
Total Net Assets	\$ 7,433,597	100.0%	\$ 28,200,410	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 \$20,766,813, 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 \$26,896,567 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 \$56,590,168 broken out as follows:

	General Fund		Other Governmental Funds		Total Governmental Funds	
	2009	2008	2009	2008	2009	2008
Reserved by state statute	\$ 4,465,220	\$ 5,252,062	\$ 744,621	\$ 870,415	\$ 5,209,841	\$ 6,122,477
Reserved for Register of Deeds	-	-	138,117	124,033	138,117	124,033
Unreserved						
Designated for subsequent years	8,774,736	9,583,542	4,999,019	2,495,100	13,773,755	12,078,642
Undesignated	9,581,420	8,371,724	27,887,035	50,837,085	37,468,455	59,208,809
Total Fund Balances	\$ 22,821,376	\$ 23,207,328	\$ 33,768,792	\$ 54,326,603	\$ 56,590,168	\$ 77,533,931

- The combined ending fund balance for all Governmental Funds decreased by \$ 20,943,763 in comparison to the prior year, mainly due to expenditure of Series 2007 and Series 2008 General Obligation School Bond proceeds. A breakdown follows:

General Fund	\$ < 385,952 >
Other Governmental Funds	< 20,557,811 >
Total Decrease	\$ < 20,943,763 >

- In the General Fund, the total unreserved fund balance was \$18,356,156 or 35.1% of General Fund expenditures, as compared to \$17,955,266 or 31.9% in the prior year. The following chart provides a breakdown of the unreserved fund balance, both designated for subsequent years and undesignated:

	% of General Fund Expenditures		% of General Fund Expenditures	
	2009	2008	2009	2008
Unreserved				
Designated for subsequent years	\$ 8,774,736	16.8%	\$ 9,583,542	17.0%
Undesignated	9,581,420	18.3%	8,371,724	14.9%
Total General Fund	\$ 18,356,156	35.1%	\$ 17,955,266	31.9%

- Lenoir County's total net debt increased by \$286,796 (0.4%) during the current fiscal year. The key factor in this almost neutral position was the retirement of \$1,742,930 in principal of Series 2007 and 2008 General Obligation Bonds, Series 2003 Special Obligation Bonds for the landfill and the addition of \$1,450,100 in an installment purchase loan for the construction of an Industrial Shell Building and the recording of other post employment benefits liability of \$303,044.
- 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 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary and agency fund statements.

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

### Government-wide Financial Statements

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

The two government-wide statements report the County's net 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 24-44 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 \$7,433,597 as of June 30, 2009. As of June 30, 2008, the net assets of Lenoir County stood at \$28,200,410. The County's net assets decreased by \$20,766,813 for the fiscal year ended June 30, 2009, compared to an decrease of \$26,805,172 for the fiscal year ended June 30, 2008. A large portion (239%) of Lenoir County's net assets 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 (2.9%) represents resources that are subject to external restrictions on how they may be used. Unrestricted net assets decreased \$21,371,611, as compared to the prior fiscal year, due to the expenditure of Series 2007 & 2008 General Obligation Bond Funds for school construction projects. As mentioned in this letter, these bond funds were booked as revenue in prior fiscal years and the expenditures are recorded as construction progresses. The result is a net loss of cash and cash equivalents in the current year. In the prior fiscal year, ending June 30, 2008, the amount of net assets invested in capital assets net of related debt was \$17,270,320 with restricted assets standing at \$165,033. The remaining \$10,673,662 was unrestricted net assets for that year.

**Lenoir County's Net Assets**

	Governmental Activities		Business-type Activities		Total	Total
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 66,477,217	\$ 89,164,645	\$ 4,249,455	\$ 3,912,202	\$ 55,743,442	\$ 93,076,847
Capital assets	14,102,086	13,043,678	3,726,248	4,411,667	32,811,564	17,455,345
<b>Total assets</b>	<b>\$ 80,579,303</b>	<b>\$102,208,323</b>	<b>\$ 7,975,703</b>	<b>\$ 8,323,869</b>	<b>\$ 88,555,006</b>	<b>\$110,532,192</b>
Long-term liabilities outstanding	\$ 75,804,817	\$ 75,781,749	\$ 1,322,220	\$ 1,058,492	\$ 77,334,634	\$ 76,840,241
Other liabilities	3,846,055	5,402,393	148,317	89,148	3,994,372	5,491,541
<b>Total liabilities</b>	<b>\$ 79,650,872</b>	<b>\$ 81,184,142</b>	<b>\$ 1,470,537</b>	<b>\$ 1,147,640</b>	<b>\$ 81,329,006</b>	<b>\$ 82,331,782</b>
<b>Net assets</b>						
Invested in capital assets, net of related debt	\$ 12,651,986	\$ 13,015,335	\$ 3,726,248	\$ 4,254,985	\$ 16,378,234	\$ 17,270,320
Restricted	211,817	165,033	-	-	211,817	165,033
Unrestricted	<11,935,372>	7,843,813	2,778,918	2,921,244	<9,156,454>	10,765,057
<b>Total net Assets</b>	<b>\$ 928,431</b>	<b>\$ 21,024,181</b>	<b>\$ 6,505,166</b>	<b>\$ 7,176,229</b>	<b>\$ 7,433,597</b>	<b>\$ 28,200,410</b>

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

- Due to the recession, sales tax revenues are less than prior year totals in the General Fund by \$<2,359,868>.
- Investment earnings down significantly from prior year, \$<636,235>, due to declining interest rates.
- 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
	2009	2008	2009	2008	2009	2008
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 6,201,679	\$ 8,563,851	\$ 2,749,135	\$ 2,744,366	\$ 8,950,814	\$ 11,308,217
Operating grants and contributions	13,394,004	13,663,975	-	-	13,394,004	13,663,975
Capital grants and contributions	4,440,808	932,964	-	-	4,440,808	932,964
General revenues:						
Property taxes	29,202,623	28,624,065	-	-	29,202,623	28,624,065
Other taxes	10,213,502	12,623,563	19,080	23,313	10,232,582	12,646,876
Grants and contributions not restricted to specific programs						
	478,526	467,827	-	-	478,526	467,827
Other	1,505,949	3,516,215	(259,584)	(3,586,593)	1,246,365	( 70,378)
<b>Total revenues</b>	<b>\$ 65,437,091</b>	<b>\$ 68,392,460</b>	<b>\$ 2,508,631</b>	<b>\$ ( 818,914)</b>	<b>\$ 67,945,722</b>	<b>\$ 67,573,546</b>
<b>Expenses:</b>						
General government	4,959,085	8,009,219	-	-	5,166,682	8,009,219
Public safety	13,861,072	12,313,872	-	-	13,861,072	12,313,872
Economic and community development	31,358,537	35,724,361	-	-	31,358,537	35,724,361
Human services	19,184,402	21,151,319	-	-	19,184,402	21,151,319
Environmental protection	123,591	122,855	-	-	123,591	122,855
Cultural and recreational	1,418,040	954,413	-	-	1,418,040	954,413
Education	11,961,760	11,803,273	-	-	11,961,760	11,803,273
Interest on long-term debt	2,666,354	1,394,126	-	-	2,666,354	1,394,126
Landfill	-	-	3,179,694	2,800,788	3,179,694	2,800,788
Deep Run Water & Sewer	-	-	-	104,491	-	104,491
<b>Total expenses</b>	<b>\$ 85,532,841</b>	<b>\$ 91,473,438</b>	<b>\$ 3,179,694</b>	<b>\$ 2,905,279</b>	<b>\$ 88,712,535</b>	<b>\$ 94,378,717</b>
<b>Increase in net assets</b>	<b>(20,095,750)</b>	<b>(23,080,979)</b>	<b>(671,063)</b>	<b>(3,724,193)</b>	<b>(20,766,813)</b>	<b>(26,805,172)</b>
<b>Net assets, July 1</b>	<b>21,024,181</b>	<b>44,105,160</b>	<b>7,176,229</b>	<b>10,900,422</b>	<b>28,200,410</b>	<b>55,005,582</b>
<b>Net assets, June 30</b>	<b>\$ 928,431</b>	<b>\$ 21,024,181</b>	<b>\$ 6,505,166</b>	<b>\$ 7,176,229</b>	<b>\$ 7,433,597</b>	<b>\$ 28,200,410</b>

**Governmental activities:** Governmental activities decreased the County's net assets by \$20,095,750, representing 96.8% of the total decrease in net assets of Lenoir County. This compares to a decrease of \$23,080,979 in the prior fiscal year, which represented 86.1% of the decline in the County's net assets. The key element of this decrease in FY08-09 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 \$671,063 representing 3.2% of the total change in net assets of Lenoir County. This compares to a decrease of \$3,724,193 in the prior fiscal year, which represented 13.9% of the change in the County's net assets. The prior fiscal year decrease resulted from the transfer of ownership of the assets from Deep Run Sewer to the Town of Pink Hill. The key element of the decrease in FY08-09 was Landfill revenues less than expenditures and the decrease in investment earnings due to declining interest rates.

## 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, unreserved, undesignated fund balance can be a useful measure of a government's net resources available for spending as working capital 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, unreserved fund balance of the General Fund was \$18,356,156, while total fund balance reached \$22,821,376. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 35.1 % of total General Fund expenditures, while total fund balance represents 43.7 % of that same amount. Unreserved, undesignated fund balance represents 18.3% of total General Fund expenditures. Fund balance designated for subsequent years' expenditures represents 16.8% of total General Fund expenditures.

At June 30, 2009, the governmental funds of Lenoir County reported a combined fund balance of \$56,590,168, a 27.0% decrease from last year. The primary reason for this decrease was the use of Series 2007 & 2008 bond proceeds in the School Construction Fund balance for ongoing major school construction.

**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 \$1.85 million. Approximately \$657,350 represented increases in funding over the original budgeted amount for D.S.S and approximately \$292,702 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 \$2,778,918 as compared to \$2,846,849 in the prior year. A total decrease in net assets of the Solid Waste Fund amounted to \$596,667. This decrease was the result of expenditures exceeding revenues 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, 2009, totals \$17,828,334 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, and vehicles.

Major capital asset transactions during the year include:

- Purchased eight (8) new vehicles for the Sheriff's Department
- Purchased one (1) vehicle for Emergency Services - 1 ambulance
- Purchased two (2) vans for Transit
- Purchased software, server and new phone system for E-911
- Purchased two (2) repeaters for communications
- Purchased a server for MIS
- Purchased three (3) vehicles for Department of Social Services
- Purchased a new canine for the Sheriff's Department
- Purchased one (1) vehicle for the Solid Waste Director
- Purchased two (2) roll-off garbage trucks for the Landfill

**Lenoir County's Capital Assets**

	Governmental		Business-type		Total 2009	Total 2008
	Activities		Activities			
	2009	2008	2009	2008		
Land	\$ 8,366,962	\$ 8,249,856	\$ 335,542	\$ 335,542	\$ 8,702,504	\$ 8,585,398
Construction in progress	1,112,653	-	-	-	1,112,653	-
Buildings and systems	12,866,303	12,863,551	5,446,227	5,446,227	18,312,530	18,309,778
Improvements	798,730	793,930	-	-	793,930	793,930
Equipment	3,720,482	3,499,889	1,253,583	1,207,583	4,974,065	4,707,472
Vehicles and motor equipment	3,631,996	3,328,829	685,114	482,955	4,317,110	3,811,784
Subtotal	\$ 30,497,126	\$ 28,736,055	\$ 7,720,466	\$ 7,472,307	\$ 38,217,592	\$ 36,208,362
Less accumulated depreciation	16,395,040	15,692,377	3,994,218	3,060,640	20,389,258	18,753,017
<b>Total</b>	<b>\$ 14,102,086</b>	<b>\$ 11,078,610</b>	<b>\$ 3,726,248</b>	<b>\$ 4,411,667</b>	<b>\$ 17,828,334</b>	<b>\$ 17,455,345</b>

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, 2009, Lenoir County had total bonded debt outstanding of \$71,400,000, 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		Business-type		Total 2009	Total 2008
	Activities		Activities			
	2009	2008	2009	2008		
General Obligation Bonds	\$ 71,400,000	\$ 73,100,000	\$ -	\$ -	\$ 71,400,000	\$ 73,100,000
Special Obligation Bonds	-	-	-	156,682	-	156,682
Installment Purchases	1,450,100	28,343	-	-	1,450,100	28,343
<b>Total</b>	<b>\$ 72,850,100</b>	<b>\$ 73,128,343</b>	<b>\$ -</b>	<b>\$ 156,682</b>	<b>\$ 72,850,100</b>	<b>\$ 73,285,025</b>

Lenoir County's general obligation and revenue bond outstanding debt decreased by \$434,925 (-0.6 %) during the past fiscal year. General Obligation Bonded Debt decreased by \$1,700,000 due to principal retirement during the Fiscal Year. Special Obligation Bonded Debt decreased by \$156,682 as a result of the final payment of principal for MSW Landfill Cell #1. Installment debt increased by \$1,421,757 due to the issuance of new debt in the amount of \$1,450,100 for the construction of Industrial Shell Building #3, and the retirement of debt in the amount of \$28,343 for the final payment of a loan to purchase the old NCDOT weigh station.

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 \$196,430,739. At June 30, 2009, the County had issued an additional \$1,450,100 in installment debt for the construction of Industrial Shell Building #3.

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 is 10.3% , slightly higher than the state average of 9.0%
- Property tax collections totaled \$29,101,968, an increase of 2.1% over the prior year
- Sales tax revenues totaled \$9,403,561, a decrease of 24.6% from the prior year due to the recession
- 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, 2010**

**Governmental Activities:** The County Commissioners approved a \$60.9 million General Fund Budget which was included within a \$81 million all Funds Budget Ordinance adopted on June 8, 2009.

The property tax rate was reduced from \$.84 to \$.80 per \$100 of assessed valuation. Approximately \$359,000 in General Fund fund balance was used to balance against expenditures. Due to the mandatory revaluation of all real property, growth in the tax base was estimated to be 11.8%. At the adopted tax rate (\$.80 per \$100 of assessed value) and a collection rate of 94.47%, this equates to a gain of \$1,494,277 in current year property tax revenues associated with the County's tax base growth.

The General Fund Budget increased by \$267,125 which represents a 0.4% increase over the adopted FY08-09 budget. This modest increase was due to increased operational costs of departments. County employees received no salary increase in this budget.

**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 and its operation has, as predicted, proven to be \$6 per ton less expensive than contractually hauling trash out-of-county to a regional landfill. This five (5) year cell is rapidly reaching 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 cell. Construction should begin by the summer of 2010.

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, 2009

EXHIBIT 1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Lenoir County ABC Board
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 42,757,323	\$ 3,772,561	\$ 46,529,884	\$ 337,474
Receivables, net	8,736,664	476,894	9,213,558	-
Inventory	-	-	-	336,418
Total current assets	51,493,987	4,249,455	55,743,442	673,892
Noncurrent assets:				
Restricted cash and cash equivalents	14,983,230	-	14,983,230	-
Capital assets:				
Land, improvements, and construction in progress	9,479,615	335,542	9,815,157	-
Other capital assets, net of depreciation	4,622,471	3,390,706	8,013,177	129,385
Total capital assets	14,102,086	3,726,248	17,828,334	129,385
Total assets	80,579,303	7,975,703	88,555,006	803,277
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	3,559,037	148,317	3,707,354	349,061
Unearned revenues	287,018	-	287,018	-
Long-term liabilities:				
Due within one year	3,644,721	-	3,644,721	-
Due in more than one year	72,160,096	1,322,220	73,482,316	-
Total liabilities	79,650,872	1,470,537	81,121,409	349,061
<b>NET ASSETS</b>				
Investment in capital assets, net of related debt	12,651,986	3,726,248	16,378,234	129,385
Restricted for:				
Insurance	73,700	-	73,700	-
Register of deeds	138,117	-	138,117	-
Unrestricted	(11,935,372)	2,778,918	(9,156,454)	324,831
Total net assets	\$ 928,431	\$ 6,505,166	\$ 7,433,597	\$ 454,216

The accompanying notes are an integral part of this statement

Lenoir County, North Carolina  
**Statement of Activities**  
For the Fiscal Year Ended June 30, 2009

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>PRIMARY GOVERNMENT</b>				
Governmental activities:				
General government	\$ 4,959,085	\$ 1,190,401	\$ 24,532	\$ -
Public safety	13,861,072	4,156,348	320,978	-
Economic and community development	31,358,537	-	1,154,736	3,856,745
Human services	19,184,402	169,493	11,785,924	180,071
Environmental protection	123,591	62,629	107,834	-
Cultural and recreational	1,418,040	-	-	24,358
Education	11,961,760	622,808	-	379,634
Interest on debt	<u>2,666,354</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>85,532,841</u>	<u>6,201,679</u>	<u>13,394,004</u>	<u>4,440,808</u>
Business-type activities:				
Landfill	3,179,694	2,749,135	-	-
Deep Run Water & Sewer	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>3,179,694</u>	<u>2,749,135</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 88,712,535</u>	<u>\$ 8,950,815</u>	<u>\$ 13,394,004</u>	<u>\$ 4,440,808</u>
Component Unit:				
Lenoir County ABC Board	<u>\$ 3,049,226</u>	<u>\$ 3,046,727</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	
\$ (3,744,152)	\$ -	\$ (3,744,152)	\$ -	-
(9,383,746)	-	(9,383,746)	-	-
(26,347,056)	-	(26,347,056)	-	-
(7,048,914)	-	(7,048,914)	-	-
46,872	-	46,872	-	-
(1,393,682)	-	(1,393,682)	-	-
(10,959,318)	-	(10,959,318)	-	-
<u>(2,666,354)</u>	<u>-</u>	<u>(2,666,354)</u>	<u>-</u>	<u>-</u>
<u>(61,496,350)</u>	<u>-</u>	<u>(61,496,350)</u>	<u>-</u>	<u>-</u>
-	(430,559)	(430,559)	-	-
-	-	-	-	-
-	<u>(430,559)</u>	<u>(430,559)</u>	-	-
<u>\$ (61,496,350)</u>	<u>\$ (430,559)</u>	<u>\$ (61,926,909)</u>	<u>\$ -</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,499)</u>	<u>-</u>
\$ 29,202,623	\$ -	\$ 29,202,623	\$ -	-
9,403,561	-	9,403,561	-	-
809,941	19,080	829,021	-	-
1,127,278	74,812	1,202,090	1,989	-
478,526	-	478,526	-	-
43,962	-	43,962	510	-
334,396	(334,396)	-	-	-
313	-	313	-	-
<u>41,400,600</u>	<u>(240,504)</u>	<u>41,160,096</u>	<u>2,499</u>	<u>-</u>
(20,095,750)	(671,063)	(20,766,813)	-	-
<u>21,024,181</u>	<u>7,176,229</u>	<u>28,200,410</u>	<u>454,216</u>	<u>-</u>
<u>\$ 928,431</u>	<u>\$ 6,505,166</u>	<u>\$ 7,433,597</u>	<u>\$ 454,216</u>	<u>-</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, 2009

EXHIBIT 3

	General Fund	School Capital Outlay Fund	Capital Reserve Fund	School Bond Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 19,654,687	\$ 7,545,560	\$ 7,439,222	\$ -	\$ 5,185,608	\$ 39,825,077
Receivables (net)						
Property taxes	2,455,757	-	-	-	104,913	2,560,670
Accounts	2,126,917	-	-	-	237,584	2,364,501
Local option sales tax	2,412,371	465,425	-	-	46,314	2,924,110
Restricted cash & cash equivalents	-	-	-	14,983,230	-	14,983,230
<b>Total assets</b>	<b><u>\$ 26,649,732</u></b>	<b><u>\$ 8,010,985</u></b>	<b><u>\$ 7,439,222</u></b>	<b><u>\$ 14,983,230</u></b>	<b><u>\$ 5,574,419</u></b>	<b><u>\$ 62,657,588</u></b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable and accrued liabilities	\$ 1,085,581	\$ 15,579	-	\$ 1,708,938	\$ 404,932	\$ 3,215,030
Deferred revenues	2,742,775	-	-	-	109,615	2,852,390
<b>Total liabilities</b>	<b>3,828,356</b>	<b>15,579</b>	<b>-</b>	<b>1,708,938</b>	<b>514,547</b>	<b>6,067,420</b>
<b>Fund balances:</b>						
Reserved by state statute	4,465,220	465,425	-	-	279,196	5,209,841
Reserved for register of deeds	-	-	-	-	138,117	138,117
Unreserved	9,581,420	7,529,981	2,501,747	13,274,292	-	32,887,440
Designated for subsequent years' expenditures	8,774,736	-	4,937,475	-	61,544	13,773,755
Unreserved, reported in nonmajor:						
Special revenue funds	-	-	-	-	4,581,015	4,581,015
<b>Total fund balances</b>	<b><u>22,821,376</u></b>	<b><u>7,995,406</u></b>	<b><u>7,439,222</u></b>	<b><u>13,274,292</u></b>	<b><u>5,059,872</u></b>	<b><u>56,590,168</u></b>
<b>Total liabilities &amp; fund balances</b>	<b><u>\$ 26,649,732</u></b>	<b><u>\$ 8,010,985</u></b>	<b><u>\$ 7,439,222</u></b>	<b><u>\$ 14,983,230</u></b>	<b><u>\$ 5,574,419</u></b>	

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.	14,102,086
Internal service fund net assets that primarily support governmental activities	2,615,754
Liabilities for earned but deferred revenues in fund statements.	3,425,240
Deferred revenue related to bond premiums	(851,499)
Some liabilities, including bonds payable and other postemployment benefits, are not due and payable in the current period and therefore are not reported in the funds.	<u>(74,953,318)</u>
<b>Net assets of governmental activities</b>	<b><u>\$ 928,431</u></b>

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, 2009

	General Fund	School Capital Outlay Fund	Capital Reserve Fund	School Bond Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Ad valorem taxes	\$ 29,101,969	\$ -	\$ -	\$ -	\$ 960,518	\$ 30,062,487
Local option sales taxes	7,148,007	2,051,085	-	-	204,469	9,403,561
Other taxes and licenses	809,941	-	-	-	-	809,941
Unrestricted intergovernmental	478,526	-	-	-	-	478,526
Restricted intergovernmental	11,761,834	379,634	2,751,657	-	1,893,757	16,786,882
Sales and services	3,762,271	-	-	-	-	3,762,271
Investment earnings	429,492	140,612	-	513,863	43,311	1,127,278
Miscellaneous	826,923	-	-	-	2,084,378	2,911,301
Total revenues	<u>54,318,963</u>	<u>2,571,331</u>	<u>2,751,657</u>	<u>513,863</u>	<u>5,186,433</u>	<u>65,342,247</u>
<b>EXPENDITURES</b>						
Current:						
General government	4,995,783	-	-	-	363,619	5,359,402
Public safety	11,602,136	-	-	-	3,123,582	14,725,718
Economic & community develop.	871,153	-	-	26,228,710	4,004,526	31,104,389
Human services	17,990,472	-	-	-	967,618	18,958,090
Cultural and recreational	1,373,100	-	-	-	-	1,373,100
Environmental protection	-	-	-	-	123,591	123,591
Intergovernmental:						
Education	11,461,221	500,539	-	-	-	11,961,760
Debt service						
Principal retirement	1,300,000	-	-	-	428,343	1,728,343
Interest and fees	2,666,354	-	-	-	70,072	2,736,426
Total expenditures	<u>52,260,219</u>	<u>500,539</u>	<u>-</u>	<u>26,228,710</u>	<u>9,081,351</u>	<u>88,070,819</u>
Excess (deficiency) of revenues over expenditures	2,058,744	2,070,792	2,751,657	(25,714,847)	(3,894,918)	(22,728,572)
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from issuance of debt	-	-	-	-	1,450,100	1,450,100
Transfers from other funds	3,817,513	-	1,500,958	-	5,021,564	10,340,035
Transfers to other funds	(6,262,522)	(3,233,557)	(309,560)	-	(200,000)	(10,005,639)
Sale of fixed assets	313	-	-	-	-	313
Total other financing sources (uses)	<u>(2,444,696)</u>	<u>(3,233,557)</u>	<u>1,191,398</u>	<u>-</u>	<u>6,271,664</u>	<u>1,784,809</u>
Net change in fund balance	(385,952)	(1,162,765)	3,943,055	(25,714,847)	2,376,746	(20,943,763)
FUND BALANCES, beginning of year	<u>23,207,328</u>	<u>9,158,171</u>	<u>3,496,167</u>	<u>38,989,139</u>	<u>2,683,126</u>	<u>77,533,931</u>
FUND BALANCES, end of year	<u>\$ 22,821,376</u>	<u>\$ 7,995,406</u>	<u>\$ 7,439,222</u>	<u>\$ 13,274,292</u>	<u>\$ 5,059,872</u>	<u>\$ 56,590,168</u>

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

Net changes in fund balances - total governmental funds	\$ (20,943,763)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,145,040
Cost of capital assets disposed of during the year, not recognized on modified accrual basis	(86,633)
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	174,766
Internal service fund operations that primarily support governmental activities	(362,092)
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	4,236
Net pension obligation	(50,539)
Net OPEB obligation	(297,938)
Amortization of bond premiums not recorded on fund statements	42,930
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>278,243</u>
Total changes in net assets of governmental activities	<u>\$ (20,095,750)</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, 2009

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)
<b>REVENUES</b>				
Ad valorem taxes	\$ 28,901,103	\$ 29,206,603	\$ 29,101,969	\$ (104,634)
Local option sales taxes	7,200,000	7,040,951	7,148,007	107,056
Other taxes and licenses	836,500	955,681	809,941	(145,740)
Unrestricted intergovernmental	471,465	475,685	478,526	(2,841)
Restricted intergovernmental	12,104,984	13,616,815	11,761,834	(1,854,981)
Sales and services	3,937,018	3,951,018	3,762,271	(188,747)
Investment earnings	500,000	500,000	429,492	(70,508)
Miscellaneous	<u>780,360</u>	<u>867,827</u>	<u>826,923</u>	<u>(40,904)</u>
Total revenues	54,731,430	56,614,580	54,318,963	(2,295,617)
<b>EXPENDITURES</b>				
Current:				
General government	5,913,195	6,010,864	4,995,783	1,015,082
Public safety	11,929,568	12,416,471	11,602,136	814,334
Economic and community development	793,458	918,261	871,153	47,108
Human services	21,628,595	22,327,288	17,990,472	4,336,815
Cultural and recreational	1,373,100	1,373,100	1,373,100	-
Intergovernmental:				
Education	11,461,221	11,461,221	11,461,221	-
Debt service				
Principal retirement	1,463,351	1,463,351	1,458,520	4,831
Interest and fees	<u>2,614,632</u>	<u>2,507,924</u>	<u>2,507,834</u>	<u>90</u>
Total expenditures	<u>57,177,120</u>	<u>58,478,480</u>	<u>52,260,219</u>	<u>6,218,260</u>
Revenues over (under) expenditures	(2,445,690)	(1,863,900)	2,058,744	3,922,645
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of fixed assets	500	959,250	313	(958,937)
Operating transfers from (to) other funds	282,885	(2,519,406)	(2,445,009)	74,397
Contingency	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>	<u>20,000</u>
Total other financing uses	<u>263,385</u>	<u>(1,580,156)</u>	<u>(2,444,696)</u>	<u>(864,540)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(2,182,306)	(3,444,056)	(385,952)	3,058,104
Appropriated fund balance	<u>2,182,306</u>	<u>3,444,056</u>	<u>-</u>	<u>(3,444,056)</u>
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	(385,952)	<u>\$ (385,952)</u>
FUND BALANCES, beginning of year			<u>23,207,328</u>	
FUND BALANCES, end of year			<u>\$ 22,821,376</u>	

EXHIBIT 5

<u>School Capital Outlay Fund</u>			
<u>Original</u>	<u>Final</u>		<u>Variance with Final</u>
<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative)</u>
\$ -	\$ -	\$ -	\$ -
1,800,000	1,800,000	2,051,085	251,085
-	-	-	-
-	-	-	-
-	353,297	379,634	26,337
-	-	-	-
100,000	100,000	140,612	40,612
-	-	-	-
<u>1,900,000</u>	<u>2,253,297</u>	<u>2,571,331</u>	<u>318,034</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	476,066	500,539	(24,473)
-	-	-	-
-	-	-	-
<u>-</u>	<u>476,066</u>	<u>500,539</u>	<u>(24,473)</u>
1,900,000	1,777,231	2,070,792	293,561
-	-	-	-
(3,233,557)	(3,233,557)	(3,233,557)	-
-	-	-	-
<u>(3,233,557)</u>	<u>(3,233,557)</u>	<u>(3,233,557)</u>	<u>-</u>
(1,333,557)	(1,456,326)	(1,162,765)	293,561
<u>1,333,557</u>	<u>1,456,326</u>	<u>-</u>	<u>(1,456,326)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>(1,162,765)</u>	<u>\$ (1,162,765)</u>
		<u>9,158,171</u>	
		<u>\$ 7,995,406</u>	

The accompanying notes are an integral part of this statement

Lenoir County, North Carolina  
**Statement of Net Assets**  
**Proprietary Funds**  
June 30, 2009

EXHIBIT 6

	Landfill Fund	Internal Service Fund
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,772,561	\$ 2,932,246
Accounts receivable (net)	<u>476,894</u>	<u>27,515</u>
Total current assets	<u>4,249,455</u>	<u>2,959,761</u>
Noncurrent assets:		
Capital assets:		
Land and improvements	335,542	-
Buildings, improvements, and equipment	5,446,228	-
Vehicles and motorized equipment	1,938,697	-
Less accumulated depreciation	<u>(3,994,219)</u>	<u>-</u>
Total capital assets	<u>3,726,248</u>	<u>-</u>
Total assets	<u>7,975,703</u>	<u>2,959,761</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued liabilities	148,317	344,007
Noncurrent liabilities:		
Accrued landfill closure and postclosure costs	1,289,965	-
Compensated absences payable	27,149	-
Other postemployment benefits	<u>5,106</u>	<u>-</u>
Total noncurrent liabilities	<u>1,322,220</u>	<u>-</u>
Total liabilities	<u>1,470,537</u>	<u>344,007</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	3,726,248	-
Unrestricted	<u>2,778,918</u>	<u>2,615,754</u>
Total net assets	<u>\$ 6,505,166</u>	<u>\$ 2,615,754</u>

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, 2009

EXHIBIT 7

	Landfill Fund	Deep Run Water & Sewer Fund	Total	Internal Service Fund
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 2,677,433	\$ -	\$ 2,677,433	\$ 3,237,876
Other operating revenues	71,702	-	71,702	-
Total operating revenues	2,749,135	-	2,749,135	3,237,876
<b>OPERATING EXPENSES:</b>				
Cost of operations	2,245,407	-	2,245,407	3,664,705
Depreciation	933,578	-	933,578	-
Total operating expenses	3,178,985	-	3,178,985	3,664,705
Operating income (loss)	(429,850)	-	(429,850)	(426,829)
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment earnings	74,812	-	74,812	64,737
Interest and fees	(709)	-	(709)	-
White goods disposal taxes	19,080	-	19,080	-
Net nonoperating revenues	93,183	-	93,183	64,737
Income (loss) before contributions and transfers	(336,667)	-	(336,667)	(362,092)
Transfer to other funds	(260,000)	(74,396)	(334,396)	-
Change in net assets	(596,667)	(74,396)	(671,063)	(362,092)
TOTAL NET ASSETS, beginning of year	7,101,833	74,396	7,176,229	2,977,846
TOTAL NET ASSETS, end of year	<u>\$ 6,505,166</u>	<u>\$ -</u>	<u>\$ 6,505,166</u>	<u>\$ 2,615,754</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, 2009

EXHIBIT 8

	Landfill Fund	Deep Run Water & Sewer Fund	Total	Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 2,602,565	\$ -	\$ 2,602,565	\$ 3,215,748
Cash paid for goods and services	(1,194,705)	-	(1,194,705)	(3,473,186)
Cash paid to employees for services	(552,042)	-	(552,042)	-
Other operating revenue	<u>71,702</u>	<u>-</u>	<u>71,702</u>	<u>-</u>
Net cash provided (used) by operating activities	927,520	-	927,520	(257,438)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Transfers in (out)	(260,000)	(74,396)	(334,396)	-
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(248,160)	-	(248,160)	-
Principal paid on bond maturities	(156,682)	-	(156,682)	-
Interest paid on bond maturities	<u>(709)</u>	<u>-</u>	<u>(709)</u>	<u>-</u>
Net cash used by capital financing activities	(405,551)	-	(405,551)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	<u>74,812</u>	<u>-</u>	<u>74,812</u>	<u>64,737</u>
Net increase (decrease) in cash and cash equivalents	336,781	(74,396)	262,385	(192,701)
Cash and cash equivalents at beginning of year	<u>3,435,780</u>	<u>74,396</u>	<u>3,510,176</u>	<u>3,124,947</u>
Cash and cash equivalents at end of year	<u>\$ 3,772,561</u>	<u>\$ -</u>	<u>\$ 3,772,561</u>	<u>\$ 2,932,246</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (429,850)	\$ -	\$ (429,850)	\$ (426,829)
Adjustments to reconcile operating income to net cash provided by operating activities:				
White goods disposal taxes	19,080	-	19,080	-
Landfill closure and postclosure care costs	413,520	-	413,520	-
Depreciation	933,578	-	933,578	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(74,868)	-	(74,868)	(22,128)
Increase (decrease) in accounts payable and accrued liabilities	59,169	-	59,169	191,519
Increase (decrease) in accrued vacation pay	1,785	-	1,785	-
Increase (decrease) in OPEB payable	<u>5,106</u>	<u>-</u>	<u>5,106</u>	<u>-</u>
Total adjustments	<u>1,357,370</u>	<u>-</u>	<u>1,357,370</u>	<u>169,391</u>
Net cash provided (used) by operating activities	<u>\$ 927,520</u>	<u>\$ -</u>	<u>\$ 927,520</u>	<u>\$ (257,438)</u>

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, 2009

EXHIBIT 9

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<b>ASSETS</b>	
Cash and cash equivalents	\$ 14,125
 <b>LIABILITIES AND NET ASSETS</b>	
Accounts payable	<u>14,125</u>
Net assets	<u>\$ -</u>

The accompanying notes are an integral part of this statement

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Lenoir County, North Carolina  
**Notes to the Financial Statements**  
 For The Fiscal Year Ended June 30, 2009

**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, 2009

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The County reports the following major governmental funds:

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

*School Capital 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 Reserve Fund.* This fund accounts for designated capital purposes and cannot supplement the operating income of the County.

*School Bond Fund.* This fund is used to track the use of the bond monies for school construction.

The County reports the following major enterprise funds:

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

*Deep Run Water and Sewer Fund.* This fund is used to account for the operations of the water and sewer fund of the Deep Run community.

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.

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

### **Measurement Focus, Basis of Accounting**

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

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

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

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

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

Lenoir County, North Carolina  
**Notes to the Financial Statements**  
For The Fiscal Year Ended June 30, 2009

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

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Lenoir County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2008 through February 2009 apply to the fiscal year ended June 30, 2009. 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 Capital Reserve Fund, the School Bond Fund, the Community Development Block Grant Fund, and the Industrial Shell Building Project 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 Capital Reserve Fund, the School Bond Fund, the Community Development Block Grant Fund, and the Industrial Shell Building Project 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, 2009

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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, 2009.

**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, 2009

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**7. Capital Assets**

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

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

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

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

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

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

Lenoir County, North Carolina  
**Notes to the Financial Statements**  
For The Fiscal Year Ended June 30, 2009

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

The governmental fund types classify fund balances as follows:

Reserved

Reserved by State statute - portion of fund balance, in addition to reserve for encumbrances which is not available for appropriation, under state law. This amount is usually comprised of receivables balances not offset by deferred revenue.

Reserved for Register of Deeds – portion of fund balance constituting the Automation Enhancement and Preservation Fund, funded by 10% of the fees collected and maintained by the Register of Deeds' office. The funds are available for appropriation but are legally restricted for computer and imaging technology in the Register of Deeds' office.

Unreserved

Designated for subsequent year's expenditures - portion of total fund balance available for appropriations that has been designated for the adopted 2009-2010 budget ordinance or designated for future capital outlay.

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

**E. Reconciliation of Government-wide and Fund Financial Statements**

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

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. The net adjustment of \$(55,676,576) 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)	\$ 30,497,126
Less accumulated depreciation	( 16,395,040)
Net capital assets	14,102,086
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide	3,425,240
Liability for deferred revenue related to the premiums on bonds	( 851,499)
Internal service fund net assets that primarily support governmental activities	2,615,754
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	( 72,850,100)
Net pension obligation	( 649,642)
Other postemployment benefits	( 297,938)
Compensated absences	( 1,155,638)
Total adjustment	\$ ( 55,661,737)

Lenoir County, North Carolina  
**Notes to the Financial Statements**  
For The Fiscal Year Ended June 30, 2009

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 \$ 833,174 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 2,076,393
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.	( 931,353)
Cost of capital assets disposed of during the year, not recognized on modified accrual basis	( 86,633)
New debt issued during the year is recorded as a source of funds on the fund statements; it has not effect on the statement of activities – it affects only the government-wide statement of net assets	( 1,450,100)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statements	1,728,343
Amortization of bond premiums reported on the government-wide financial statements which reduces the interest expense paid on the fund financial statements	42,930
Internal service fund operations that primarily support governmental activities	(362,092)
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Differences in compensated absences accrued in the government-wide statements but not in the fund statements because they do not use current resources	4,236
Differences in net pension obligation accrued in the government-wide statements but not in the fund statements because they do not use current resources	( 50,539)
Differences in the other postemployment benefits in the government-wide statements but not in the fund statements because they do not use current resources	( 297,938)
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 7/1/08	( 3,250,474)
Recording of tax receipts deferred in the fund statements as of 6/30/09	3,425,240
Total adjustment	<u>\$ 848,013</u>

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

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

For the fiscal year ended June 30, 2009, the Community Development Block Grant Fund had a deficit fund balance of 5,495 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.

**B. Excess of Exenditures over Appropriations**

Budgets are adopted at the departmental level. Any revisions that alter total expenditures of any fund must be approved by the governing board. All revisions and transfer appropriations must be approved by the governing board. For the fiscal year ended June 30, 2009, the following expenditures exceeded the authorized appropriations made by the governing board:

Lenoir County, North Carolina  
**Notes to the Financial Statements**  
For The Fiscal Year Ended June 30, 2009

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General Fund:	
Emergency Medical Services	\$ 9,097
Cooperative Extension Prevention Block Grant	485
School Capital Outlay Fund:	
Public school building projects	24,473
Emergency Telephone System Fund:	
Capital Outlay	4,035
Family and Caregiver Education Fund:	
Other operating expenditures	96

These over-expenditures were caused by the effects of year-end accruals. The County will more closely review the budget reports to ensure compliance in future years.

**Note III. Detail Notes on All Funds**

**A. Assets**

**1. Deposits**

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

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

At June 30, 2009, the carrying amount of the County's deposits was \$1,391,417 and the bank balance was \$2,589,943. Of the bank balance, \$250,000 was covered by federal depository insurance and \$2,339,243 was covered by collateral held under the Pooling Method. At June 30, 2009, the County had \$3,051 cash on hand.

At June 30, 2009, the carrying amount of deposits for Lenoir County ABC Board was \$334,424 and the bank balance was \$353,184. Of this balance, \$314,320 was covered by federal depository insurance and the remaining \$38,864 was maintained in financial institutions utilizing the Pooling Method of collateralization. At June 30, 2009, the ABC Board had \$3,050 cash on hand.

**2. Investments**

At June 30, 2009, the County had \$60,132,772 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, 2009 the ABC Board had no investments.

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

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

Lenoir County, North Carolina  
**Notes to the Financial Statements**  
For The Fiscal Year Ended June 30, 2009

Year Levied	Tax	Interest	Total
2005	1,493,609	489,149	1,982,758
2006	1,624,565	385,836	2,010,401
2007	1,645,382	242,699	1,888,081
2008	1,672,326	96,160	1,768,486
	<u>\$ 6,435,882</u>	<u>\$ 1,213,844</u>	<u>\$ 7,649,726</u>

**4. Receivables**

Receivables at the government-wide level at June 30, 2009, were as follows:

	Accounts	Taxes	Total
<b>Governmental Activities:</b>			
General	\$ 2,126,917	\$ 7,053,289	\$ 9,180,206
Other Governmental	237,584	151,227	388,811
Internal Service Fund	27,515	-	27,515
Total receivables	2,392,016	7,204,516	9,596,532
Allowance for doubtful accounts	-	( 859,868)	( 859,868)
Total governmental activities	<u>\$ 2,392,016</u>	<u>\$ 6,344,648</u>	<u>\$ 8,736,664</u>
<b>Business-type Activities:</b>			
Landfill	\$ 626,803	\$ -	\$ 626,803
Allowance for doubtful accounts	(149,909)	-	(149,909)
Total business-type activities	<u>\$ 476,894</u>	<u>\$ -</u>	<u>\$ 476,894</u>

**5. Capital Assets**

Capital asset activity for the year ended June 30, 2009, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 8,249,856	\$ 117,106	\$ -	\$ 8,366,962
Construction in progress	-	1,112,653	-	1,112,653
Total capital assets not being depreciated	8,249,856	1,229,759	-	9,479,615
Capital assets being depreciated:				
Buildings	12,863,551	2,752	-	12,866,303
Other improvements	793,930	4,800	-	798,730
Equipment	3,499,889	397,830	177,237	3,720,482
Vehicles and motor equipment	3,328,829	441,254	138,087	3,631,996
Total capital assets being depreciated:	20,486,199	846,634	318,890	21,017,511
Less accum. depreciation for:				
Buildings	10,960,057	195,723	-	11,155,780
Other improvements	234,709	40,038	-	274,747
Equipment	2,506,826	272,272	116,116	2,662,982
Vehicles and motor equipment	1,990,785	423,320	112,574	2,301,531
Total accumulated depreciation	15,692,377	931,353	236,875	16,395,040
Total capital assets being depreciated, net	4,793,822			4,622,469
Governmental activity capital assets, net	<u>\$ 13,043,678</u>			<u>\$ 14,102,086</u>

Lenoir County, North Carolina  
**Notes to the Financial Statements**  
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**Primary Government**

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

General government	\$ 54,685
Human services	169,680
Economic and community development	1,888
Culture and recreation	44,940
Public safety	660,160
<b>Total depreciation expense</b>	<b><u>\$ 931,353</u></b>

	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.	1,207,583	46,000	-	1,253,583
Vehicles	482,955	202,159	-	685,114
<b>Total capital assets being depreciated:</b>	<b><u>7,136,765</u></b>	<b><u>248,159</u></b>	<b><u>-</u></b>	<b><u>7,384,924</u></b>
Less accum. depreciation for:				
Buildings, improvements & equip	1,793,809	833,025	-	2,626,834
Furniture & maintenance equip.	803,209	84,597	-	887,806
Vehicles	463,622	15,956	-	479,578
<b>Total accumulated depreciation</b>	<b><u>3,060,640</u></b>	<b><u>933,578</u></b>	<b><u>-</u></b>	<b><u>3,994,218</u></b>
<b>Total capital assets being depreciated, net</b>	<b><u>4,076,125</u></b>			<b><u>3,390,706</u></b>
<b>Business-type capital assets, net</b>	<b><u>\$ 4,411,667</u></b>			<b><u>\$ 3,726,248</u></b>

**Commitments**

The County has one active construction project at June 30, 2009. This is the construction of the County's third industrial shell building.

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

	Spent to Date	Remaining Commitment
Shell Building #3	\$ 1,005,003	\$ 615,097

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.

**Discretely presented component units**

Activity for the ABC Board for the year ended June 30, 2009, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Furniture & equipment	\$ 172,164	\$ -	\$ 29,835	\$ 142,329
Leasehold improvements	87,991	124,306	-	212,297
<b>Total capital assets being depreciated:</b>	<b><u>260,155</u></b>	<b><u>124,306</u></b>	<b><u>29,835</u></b>	<b><u>354,626</u></b>
Less accum. depreciation for:				
Furniture & equipment	155,935	2,632	29,835	128,732
Leasehold improvements	87,694	8,815	-	96,509
<b>Total accumulated depreciation</b>	<b><u>243,629</u></b>	<b><u>11,447</u></b>	<b><u>-</u></b>	<b><u>225,241</u></b>
<b>ABC capital assets, net</b>	<b><u>\$ 16,526</u></b>			<b><u>\$ 129,385</u></b>

Lenoir County, North Carolina  
**Notes to the Financial Statements**  
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**B. Liabilities**

**1. Payables**

Payables at the government-wide level at June 30, 2009, were as follows:

	Vendors	Salaries and Benefits	Other	Total
Governmental activities:				
General	\$ 1,026,550	\$ 13,091	\$ 45,940	\$ 1,081,581
Other Governmental	2,127,766	1,683	-	2,129,449
Internal Service Fund	344,007	-	-	344,007
Total governmental activities	\$ 3,498,323	\$ 14,774	\$ 45,940	\$ 3,559,037
Business-type activities:				
Landfill	\$ 147,659	\$ 658	-	\$ 148,317

**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, 2009, 2008 and 2007 were \$715,698, \$661,516, and \$651,440, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2009, 2008 and 2007 were \$11,093, \$10,689, and \$12,332, 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, 2008, the Separation Allowance's membership consisted of:

Retirees receiving benefits and terminated plan	5
Members entitled to but not yet receiving benefits	-
Active plan members	58
	63

Lenoir County, North Carolina  
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**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 \$107,943 or 4.88% 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, 2008 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increase ranging from 4.5% to 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2008 was 22 years.

Employer annual required contribution	\$ 102,371
Interest on net pension obligation	43,435
Adjustment to annual required contribution	<u>(37,863)</u>
Annual pension cost	107,943
Contributions made	<u>57,404</u>
Increase in net pension obligation	50,539
Net pension obligation beginning of year	<u>599,103</u>
Net pension obligation end of year	<u>\$ 649,642</u>

Fiscal Year Ended	3 Year Trend Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/07	\$ 87,525	39.49%	\$ 548,752
6/30/08	96,626	47.89%	599,103
6/30/09	107,943	53.18%	649,642

**4. Funded Status and Funding Progress**

As of December 31, 2008 the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$1,121,755, and the actuarial value of assets were \$0, resulting in an unfunded actuarial liability (UAAL) of \$1,121,755.

The covered payroll (annual payroll of active employees covered by the plan) was \$2,213,593, and the ratio of the UAAL to the covered payroll was 50.68%.

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  
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*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, 2009 were \$924,020, which consisted of \$731,221 from the County and \$192,799 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, 2009, the County's required and actual contributions were \$2,804.

**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, 2008, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	30	5
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	374	58
Total	404	63

*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 3.55% of annual covered payroll. For the current year, the County contributed \$207,597 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 4.8% and 5.27% of covered payroll, respectively. There were no contributions made by employees, except for dependent coverage in the amount of \$14,840. 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  
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*Annual OPEB Cost and Net OPEB Obligation.* The County's annual OPEB cost (expense) is calculated based on the annual required contribution 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	\$	510,641
Interest on net OPEB obligation		-
Adjustment to annual required contribution		-
Annual OPEB cost (expense)		510,641
Contributions made		(207,597)
Increase in net OPEB obligation		303,044
Net OPEB obligation, beginning of year		-
Net OPEB obligation, end of year	\$	303,044

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$510,641	62.25%	\$317,883

*Funded Status and Funding Progress.* As of December 31, 2008, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$5,802,279. The covered payroll (annual payroll of active employees covered by the plan) was \$14,403,576, and the ratio of the UAAL to the covered payroll was 40.3%. 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, 2008 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 3.75% 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, 2008, 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  
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For The Fiscal Year Ended June 30, 2009

**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 for 2008 as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 12,503	100%	\$12,503

**Funded Status and Funding Progress.** As of June 30, 2009, the actuarial accrued liability for benefits was \$12,503, 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 4.39%. 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:

**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 OBEP 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.

**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.

Lenoir County, North Carolina  
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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 \$1,289,965 reported as landfill closure and post-closure care liability at June 30, 2009 represents a cumulative amount reported to date based on the use of 100 percent of the total estimated capacity of the old landfill and 78% 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 \$902,890 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 2009.

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)	\$ 2,529,825	\$ -
Taxes receivable, net (Special Revenue)	109,615	-
Prepaid taxes not yet earned (General)	212,950	287,018
Total	\$ 2,852,390	\$ 287,018

**5. Risk Management**

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

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

Lenoir County, North Carolina  
**Notes to the Financial Statements**  
For The Fiscal Year Ended June 30, 2009

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 who has access to funds are bonded under a blanket bond for \$10,000. ABC Board supervisors and all other employees are bonded for \$25,000; all secured by a corporate surety.

**6. Contingent Liabilities**

At June 30, 2009, 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, 2009 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	\$ 28,850,000
\$2,600,000 2007 Public Improvements Library Bonds, in annual installments of up to \$200,000 through February 1, 2025	2,450,000
\$39,700,000 2008 Public Improvement School Bonds, in annual installments of up to \$2,800,000 through February 1, 2029	39,700,000
\$3,500,000 1995 Community College Bonds, in annual installments of up to \$550,000 through May 1, 2010	400,000
	<b>\$ 71,400,000</b>

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
2010	3,600,000	3,017,150
2011	3,600,000	2,878,650
2012	3,600,000	2,744,150
2013	3,600,000	2,609,650
2014	3,600,000	2,475,150
2015-2019	18,000,000	10,128,000
2020-2024	18,000,000	6,142,500
2025-2029	17,400,000	2,176,750
Totals	\$ 71,400,000	\$ 32,172,000
Premium on bonds	851,499	-
Carrying value of general obligation bonds	\$ 72,251,499	\$ 32,172,000

Lenoir County, North Carolina  
**Notes to the Financial Statements**  
For The Fiscal Year Ended June 30, 2009

As June 30, 2009, Lenoir County had a legal debt margin of \$196,430,739.

**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.

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

<u>Year Ending June 30,</u>	Business-type Activities	
	Principal	Interest
2010	\$ -	\$ 50,754
2011	-	50,754
2012	-	50,754
2013	-	50,754
2014	92,104	49,952
2015-2019	679,575	182,881
2020-2024	678,421	54,665
Principal payments	<u>\$ 1,450,100</u>	
Total interest payments		<u>\$ 490,515</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, 2009:

	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009	Current Portion of Balance
<b>Governmental activities:</b>					
General obligation debt	\$ 73,994,429	\$ -	\$ 1,742,930	\$ 72,251,499	\$ 3,644,721
Installment purchases	28,343	-	28,343	-	-
Notes payable	-	1,450,100	-	1,450,100	-
Compensated absences	1,159,874	-	4,236	1,155,638	-
Other postemployment benefit	-	297,938	-	297,938	-
Net pension obligation	599,103	50,539	-	649,642	-
Total governmental activities	<u>\$ 75,781,749</u>	<u>\$ 1,798,577</u>	<u>\$ 1,775,509</u>	<u>\$ 75,804,817</u>	<u>\$ 3,644,721</u>
<b>Business-type activities:</b>					
Accrued landfill closure and Postclosure care costs	\$ 876,446	\$ 413,519	\$ -	\$ 1,289,965	\$ -
Revenue bond debt	156,682	-	156,682	-	-
Compensated absences	25,364	1,785	-	27,149	-
Net pension obligation	-	5,106	-	5,106	-
Total business-type activities	<u>\$ 1,058,492</u>	<u>\$ 420,410</u>	<u>\$ 156,682</u>	<u>\$ 1,322,220</u>	<u>\$ -</u>

Lenoir County, North Carolina  
**Notes to the Financial Statements**  
For The Fiscal Year Ended June 30, 2009

**C. Interfund Balances and Activity**

Transfers to/from other funds

Transfers to/from other funds at June 30, 2009, consists of the following:

From the General Fund to the Revaluation Reserve Fund to accumulate resources for the future revaluation of real property	\$ 103,188
From the General Fund to the Capital Improvements Fund to improve the County's infrastructure and decrease annual maintenance costs	1,815,873
From the General Fund to the Capital Reserve Fund to accumulate resources for bond Repayments	1,500,958
From the Landfill Fund to the Scrap Tire Disposal Fund to aid in the disposal of scrap tires	35,000
From the Landfill Fund to the Landfill Debt Service Fund to meet loan requirements	157,408
From the Landfill Debt Service to the Landfill Fund to meet loan requirements	300
From the General Fund to the Vehicle Replacement Fund for replacement of vehicles in the Sheriff and EMS departments	327,947
From the General Fund to the Industrial Shell Building Project Fund to aid in the construction of the industrial shell building	2,487,450
From the General Fund to the Emergency Telephone System Fund to aid in operations	10,583
From the General Fund to the Transportation Fund to aid in the operation of the County transit system	16,523
From the Capital Reserve Fund to the General Fund for bond payments	309,560
From the Capital Improvements Fund to the General Fund to aid in operations	200,000
From the Landfill Fund to the Industrial Shell Building Project Fund to aid in construction Of the industrial shell building	225,000
From the Deep Run Water & Sewer Fund to the General Fund to close out the fund	74,396
From the School Capital Outlay Fund to the General Fund for debt payment on bonds	3,233,557
	<b>\$ 10,497,743</b>

**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 \$168,179 for the year ended June 30, 2009. 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, 2009. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$720,000 to the Library to supplement its activities. Complete financial statements for the Library can be obtained from the Library offices, at 510 N. Queen Street, City of Kinston, NC 28501.

Lenoir County, North Carolina  
**Notes to the Financial Statements**  
For The Fiscal Year Ended June 30, 2009

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 \$1,961,221 to the community college for operating purposes during the fiscal year ended June 30, 2009. 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, 2009.

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 \$240,139 to the joint venture during the fiscal year ended June 30, 2009. 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, 2009. 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 \$11,168 to the Council during the fiscal year ended June 30, 2009. The County has no equity interest in the Council.

**Note VI. Major Taxpayer**

Lenoir County had property tax revenue from one taxpayer in 2009 of \$817,867, which accounted for 2.81% of total property tax revenue.

**Note VII. Benefit Payments Issued by the State**

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

	Federal	State
Special Supplemental Food Program for Women, Infants, and Children	\$ 1,559,005	\$ -
Temporary Assistance for Needy Families	462,651	-
IV-E Foster Care	100,265	24,939
IV-E Foster Care In Excess	21,132	2,521
State Foster Care	-	52,798
Special Assistance to Adults	-	841,151
IV-E Adoptions Subsidy Payments	229,340	42,796
CWS Adoption Subsidy Payments	-	234,399
Food Stamp Program	14,059,118	-
Medical Assistance	70,729,365	28,473,379
Energy Assistance	397,052	-
F/C At Risk Maximization	-	4,009
SFHF Maximization	-	26,963

**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, 2009, the fund balance for the Landfill Fund was \$6,505,166, consisting of \$3,726,248 invested in capital assets, and \$2,778,918 in unrestricted fund balance.

**Note X. Town of LaGrange Agreement**

On March 16, 2009 Lenoir County and the Town of La Grange entered into an agreement for the Lenoir County Sheriff's Department to provide police coverage to the Town of La Grange beginning on July 1, 2009. The Town of La Grange will pay the County 100% of the actual costs of providing police services to the Town. Payments will be made on a quarterly basis as projected within the agreement.

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SUPPLEMENTARY  
INFORMATION

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# REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

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

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

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

Schedule of Funding Progress for  
Other Postemployment Benefits

Schedule of Employer Contributions for  
Other Postemployment Benefits

Notes to the Required Schedules for  
Other Postemployment Benefits

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

STATEMENT 1

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/1999	\$ -	\$ 296,527	\$ 296,527	0%	\$ 1,439,642	20.60%
12/31/2000	-	495,772	495,772	0%	1,473,989	33.63%
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%

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

STATEMENT 2

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Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2000	\$ 39,993	11%
2001	47,373	10%
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%

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**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	12/31/2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	22 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	4.5% - 12.3%
*Includes inflation at	3.75%
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%

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

STATEMENT 4

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Year Ended June 30,	Annual Required Contribution*	Percentage Contributed*
2009	\$ 510,641	0%

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

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**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	12/31/2008
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	2016
*Includes inflation at	3.75%

# GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

## GENERAL FUND

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

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## SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

**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.

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

**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.

**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.

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

**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.

**Industrial Shell Building Project Fund** – This fund is used to account for the construction of an industrial shell building.

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, 2009  
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2008)

STATEMENT 5

Page 1 of 10

	2009		Variance Positive (Negative)	2008
	Budget	Actual		Actual
<b>Revenues:</b>				
Ad valorem taxes:				
Taxes	\$ 28,786,103	\$ 28,689,455	\$ (96,648)	\$ 28,128,256
Penalties and interest	420,500	412,514	(7,986)	379,608
Total	29,206,603	29,101,969	(104,634)	28,507,864
Local option sales taxes:				
Article 39 one percent	3,940,951	3,906,361	(34,590)	4,511,035
Article 40 one-half of one percent	1,500,000	1,446,926	(53,074)	1,786,535
Article 42 one-half of one percent	800,000	771,263	(28,737)	1,126,564
Article 44 one-half of one percent	800,000	1,023,457	223,457	2,083,741
Total	7,040,951	7,148,007	107,056	9,507,875
Other taxes and licenses:				
Real estate transfer tax	120,000	89,796	(30,204)	107,567
Motor vehicle rental tax	20,000	18,417	(1,583)	17,959
Intangible taxes	110,000	129,747	19,747	119,994
Register of deeds	250,000	209,048	(40,952)	254,825
Inspection fees	212,313	173,522	(38,791)	251,775
Privilege licenses	15,000	13,580	(1,420)	15,360
Sheriff fees	228,368	175,831	(52,537)	143,208
Total	955,681	809,941	(145,740)	910,688
Unrestricted intergovernmental :				
Beer and wine taxes	140,720	140,716	(4)	145,779
Social service revenues	86,058	87,753	1,695	71,322
Other	248,907	250,057	1,150	250,726
Total	475,685	478,526	2,841	467,827
Restricted intergovernmental:				
State grants	384,639	389,594	4,955	271,389
Disaster funds, grants and other	14,541	14,541	-	4,921
Health department grants	1,479,096	1,432,670	(46,426)	1,407,918
Mental health grants	127,897	131,901	4,004	108,296
Social service grants	11,233,892	9,284,981	(1,948,911)	9,311,143
Court facility fees	180,000	182,268	2,268	204,656
ABC profits distribution	-	135,717	135,717	70,453
ABC profits for law enforcement	13,000	8,826	(4,174)	13,799
ABC bottle taxes	-	-	-	89,436
Occupancy and tourism tax	183,750	181,336	(2,414)	188,708
Total	13,616,815	11,761,834	(1,854,981)	11,670,719

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, 2009  
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2008)

STATEMENT 5

Page 2 of 10

	2009		Variance Positive (Negative)	2008
	Budget	Actual		Actual
<b>Sales and services:</b>				
Cablevision fees	\$ 10,000	\$ 10,535	\$ 535	\$ 11,528
Jail fees	148,000	153,001	5,001	156,471
Health department fees	166,718	141,496	(25,222)	153,066
Emergency medical service fees	3,387,000	3,219,539	(167,461)	3,000,367
E-911 fees	24,000	32,000	8,000	-
Rents and parking	215,300	205,700	(9,600)	45,107
Total	3,951,018	3,762,271	(188,747)	3,366,539
Investment earnings	500,000	429,492	(70,508)	1,065,727
<b>Miscellaneous:</b>				
Other revenues	867,827	826,923	(40,904)	834,178
<b>Total revenues</b>	56,614,580	54,318,963	(2,295,617)	56,331,417
<b>Expenditures</b>				
<b>General Government:</b>				
Governing body:				
Salaries and employee benefits		161,948		155,420
Other operating expenditures		56,530		55,829
Total	229,207	218,478	10,729	211,249
County Manager:				
Salaries and employee benefits		237,834		169,154
Other operating expenditures		20,063		22,409
Total	266,147	257,897	8,250	191,563
Board of Elections:				
Salaries and employee benefits		269,192		213,248
Other operating expenditures		52,759		70,608
Capital outlay		1,650		-
Total	349,562	323,601	25,961	283,856
Finance Department:				
Salaries and employee benefits		233,452		267,965
Other operating expenditures		6,689		8,116
Total	286,587	240,141	46,446	276,081

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, 2009  
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2008)

STATEMENT 5

Page 3 of 10

	2009		Variance Positive (Negative)	2008
	Budget	Actual		Actual
<b>Tax Office:</b>				
Salaries and employee benefits		\$ 692,181		\$ 656,822
Other operating expenditures		143,271		112,669
<b>Total</b>	<b>843,693</b>	<b>835,452</b>	<b>8,241</b>	<b>769,491</b>
<b>County Attorney:</b>				
Contracted services	62,500	44,539	17,961	43,432
<b>Register of Deeds:</b>				
Salaries and employee benefits		183,152		184,549
Other operating expenditures		77,267		80,840
Capital outlay		7,996		-
<b>Total</b>	<b>313,581</b>	<b>268,415</b>	<b>45,166</b>	<b>265,389</b>
<b>Public Buildings:</b>				
Salaries and employee benefits		98,567		99,336
Other operating expenditures		334,570		280,511
<b>Total</b>	<b>501,828</b>	<b>433,137</b>	<b>68,691</b>	<b>379,847</b>
<b>Court facilities:</b>				
Salaries and employee benefits		22,193		17,802
Other operating expenditures		255,528		233,981
<b>Total</b>	<b>362,705</b>	<b>277,721</b>	<b>84,984</b>	<b>251,783</b>
<b>Non-departmental:</b>				
Salaries and employee benefits		230,669		202,497
Other operating expenditures		1,103,317		1,111,123
<b>Total</b>	<b>1,974,157</b>	<b>1,333,986</b>	<b>640,171</b>	<b>1,313,620</b>
<b>Management Information System:</b>				
Salaries and employee benefits		444,618		423,605
Other operating expenditures		179,150		267,436
Capital outlay		19,099		20,942
<b>Total</b>	<b>688,897</b>	<b>642,867</b>	<b>46,030</b>	<b>711,983</b>
Outside agencies	132,000	119,549	12,451	113,933
<b>Total general government</b>	<b>6,010,864</b>	<b>4,995,783</b>	<b>1,015,081</b>	<b>4,812,224</b>

Lenoir County, North Carolina  
**General Fund**  
**Statement of Revenues, Expenditures, and**  
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	2009		Variance Positive (Negative)	2008
	Budget	Actual		Actual
<b>Public Safety:</b>				
Sheriff:				
Salaries and employee benefits		\$ 3,107,043		\$ 2,946,148
Other operating expenditures		524,759		521,415
Capital outlay		<u>38,000</u>		<u>6,274</u>
Total		3,669,802		3,473,837
Jail:				
Salaries and employee benefits		1,544,846		1,492,782
Other operating expenditures		<u>896,609</u>		<u>835,648</u>
Total		<u>2,441,455</u>		<u>2,328,430</u>
Total Sheriff and Jail	6,742,672	6,111,257	631,414	5,802,267
Emergency management:				
Salaries and employee benefits		217,333		159,504
Other operating expenditures		99,052		81,161
Capital outlay		<u>560</u>		<u>3,000</u>
Total	346,765	316,945	29,820	243,665
Central communications:				
Salaries and employee benefits		945,766		795,189
Other operating expenditures		88,615		84,029
Capital outlay		<u>65,454</u>		<u>9,030</u>
Total	1,157,603	1,099,835	57,768	888,248
Emergency Medical Services Department:				
Salaries and benefits		2,621,632		2,245,603
Other expenses		726,136		678,584
Capital outlay		<u>-</u>		<u>88,830</u>
Total	3,338,671	3,347,768	(9,097)	3,013,017
Fire:				
Contracted services	51,660	51,660		51,660
Inspections:				
Salaries and employee benefits		182,622		172,430
Contracted services		<u>21,428</u>		<u>23,501</u>
Total	210,171	204,050	6,121	195,931
Medical examiner:				
Contracted services	50,000	39,450	10,550	25,985

Lenoir County, North Carolina  
**General Fund**  
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STATEMENT 5

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	2009		Variance Positive (Negative)	2008
	Budget	Actual		Actual
<b>Disaster expenses - Floyd/Flood:</b>				
Salaries and employee benefits		\$ 325,175		\$ 299,876
Other operating expenditures		105,996		113,097
<b>Total</b>	<b>518,929</b>	<b>431,171</b>	<b>87,758</b>	<b>412,973</b>
<b>Total public safety</b>	<b>12,416,471</b>	<b>11,602,136</b>	<b>814,334</b>	<b>10,633,746</b>
<b>Economic and community development:</b>				
Economic development:				
Salaries and employee benefits		256,631		238,861
Other operating expenditures		44,558		47,316
Capital outlay		-		9,440
<b>Total</b>	<b>312,045</b>	<b>301,189</b>	<b>10,856</b>	<b>295,617</b>
Agriculture extension:				
Salaries and employee benefits		276,113		261,705
Other operating expenditures		78,133		73,763
Capital outlay		4,170		4,096
<b>Total</b>	<b>380,519</b>	<b>358,416</b>	<b>22,103</b>	<b>339,564</b>
Soil and water conservation:				
Salaries and employee benefits		103,996		98,174
Other operating expenditures		3,144		3,504
<b>Total</b>	<b>116,158</b>	<b>107,140</b>	<b>9,018</b>	<b>101,678</b>
Cooperative extension prevention block grant:				
Salaries and employee benefits		32,123		6,472
Other operating expenditures		16,481		8,881
<b>Total</b>	<b>48,119</b>	<b>48,604</b>	<b>(485)</b>	<b>15,353</b>
Cooperative extension safe schools:				
Salaries and employee benefits		10,680		1,821
Other operating expenditures		13,335		5,192
<b>Total</b>	<b>27,032</b>	<b>24,015</b>	<b>3,017</b>	<b>7,013</b>
JCPC:				
Salaries and employee benefits		24,299		-
Other operating expenditures		6,630		-
<b>Total</b>	<b>33,528</b>	<b>30,929</b>	<b>2,599</b>	<b>-</b>
Neuse crop management project	860	860	-	-
<b>Total economic and community development</b>	<b>918,261</b>	<b>871,153</b>	<b>47,108</b>	<b>759,225</b>

Lenoir County, North Carolina  
**General Fund**  
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STATEMENT 5

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	2009		Variance Positive (Negative)	2008
	Budget	Actual		Actual
<b>Human Services:</b>				
<b>Health:</b>				
Administration:				
Salaries and employee benefits		\$ 459,930		\$ 448,186
Other operating expenditures		<u>207,056</u>		<u>140,674</u>
Total		666,986		588,860
Animal control:				
Salaries and employee benefits		76,467		80,360
Other operating expenditures		<u>114,590</u>		<u>82,531</u>
Total		191,057		162,891
Immunization:				
Salaries and employee benefits		41,352		39,679
Other operating expenditures		<u>3,250</u>		<u>-</u>
Total		44,602		39,679
Health promotions:				
Salaries and employee benefits		816,655		814,351
Other operating expenditures		<u>316,119</u>		<u>392,903</u>
Total		1,132,774		1,207,254
Child health:				
Salaries and employee benefits		357,145		344,999
Other operating expenditures		18,947		18,359
Capital outlay		<u>5,638</u>		<u>-</u>
Total		381,730		363,358
Women, infants, and children:				
Salaries and employee benefits		289,014		270,724
Other operating expenditures		<u>4,075</u>		<u>24,215</u>
Total		293,089		294,939
Communicable diseases:				
Other operating expenditures		-		(150)
Environmental health:				
Salaries and employee benefits		366,219		351,242
Other operating expenditures		<u>27,528</u>		<u>55,675</u>
Total		<u>393,747</u>		<u>406,917</u>
<b>Total health</b>		<u>3,594,299</u>	<u>490,314</u>	<u>3,063,748</u>

Lenoir County, North Carolina  
**General Fund**  
**Statement of Revenues, Expenditures, and**  
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STATEMENT 5

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	2009			2008	
	Budget	Actual	Variance Positive (Negative)	Actual	
<b>Mental health:</b>					
Administration					
Other operating expenditures	\$ 240,139	\$ 240,139	\$ -	\$ 240,139	
<b>Social services:</b>					
Administration:					
Salaries and employee benefits		5,545,891		5,360,127	
Other operating expenditures		479,343		394,024	
Total		6,025,234		5,754,151	
Daycare:					
Salaries and employee benefits		2,337		432,900	
Assistance payments		2,638,212		2,750,588	
Total		2,640,549		3,183,489	
Temporary Assistance for Needy Families:					
Assistance payments		195,905		151,173	
Medical assistance:					
Assistance payments		2,574,119		4,586,486	
Child support enforcement:					
Salaries and employee benefits		48,646		46,786	
Other operating expenditures		176,789		230,226	
Total		225,435		277,012	
Adult daycare:					
Other operating expenditures		841,376		830,820	
Social Services Block Grant:					
Contract services		120,273		107,605	
Income maintenance programs:					
Other operating expenditures		327,615		441,786	
Capital outlay		50,226		-	
Total		377,841		441,786	

Lenoir County, North Carolina  
**General Fund**  
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STATEMENT 5

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	2009		Variance Positive (Negative)	2008
	Budget	Actual		Actual
Adoption assistance:				
Other operating expenditures		\$ 137,195		\$ 120,441
H & CC Block Grant:				
Other operating expenditures		547,358		518,052
Foster care:				
Other operating expenditures		159,368		121,675
Services to the blind:				
Other operating expenditures		5,832		5,480
Food stamp program:				
Other operating expenditures		23,589		23,680
Crisis intervention:				
Other operating expenditures		479,554		319,635
Other social service programs:				
Other operating expenditures		108,001		130,938
<b>Total social services</b>	<b>18,281,836</b>	<b>14,461,629</b>	<b>3,820,206</b>	<b>16,572,422</b>
Bioterrorism:				
Salaries and employee benefits		25,380		-
Other operating expenditures		9,536		19,302
Capital outlay		2,440		-
Total	50,496	37,356	13,140	19,302
Veteran's services:				
Salaries and employee benefits		9,757		24,845
Other operating expenditures		14,722		3,630
Total	32,621	24,479	8,142	28,475

Lenoir County, North Carolina  
**General Fund**  
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	2009		Variance Positive (Negative)	2008
	Budget	Actual		Actual
<b>CJPP Day Reporting:</b>				
Salaries and employee benefits		\$ 85,450		\$ 82,017
Other operating expenditures		33,553		32,697
Capital outlay		3,881		-
<b>Total</b>	<u>127,897</u>	<u>122,884</u>	<u>5,013</u>	<u>114,714</u>
<b>Total human services</b>	<u>22,327,288</u>	<u>17,990,472</u>	<u>4,336,816</u>	<u>20,038,800</u>
<b>Cultural and recreational:</b>				
Recreation:				
Other operating expenditures	653,100	653,100	-	573,000
Libraries:				
Contribution to regional library	<u>720,000</u>	<u>720,000</u>	<u>-</u>	<u>675,000</u>
<b>Total cultural and recreational</b>	<u>1,373,100</u>	<u>1,373,100</u>	<u>-</u>	<u>1,248,000</u>
<b>Education:</b>				
Public schools - current	9,500,000	9,500,000	-	9,222,265
Community college - current	<u>1,961,221</u>	<u>1,961,221</u>	<u>-</u>	<u>1,809,421</u>
<b>Total education</b>	<u>11,461,221</u>	<u>11,461,221</u>	<u>-</u>	<u>11,031,686</u>
<b>Debt service:</b>				
Lease principal		-		20,525
Bond principal		1,300,000		-
Interest and fees		<u>2,666,354</u>		<u>1,375,896</u>
<b>Total debt service</b>	<u>3,971,275</u>	<u>3,966,354</u>	<u>4,921</u>	<u>1,396,421</u>
<b>Total expenditures</b>	<u>58,478,480</u>	<u>52,260,219</u>	<u>6,218,261</u>	<u>49,920,102</u>
Revenues over (under) expenditures	(1,863,900)	2,058,744	3,922,645	6,411,315

Lenoir County, North Carolina  
**General Fund**  
**Statement of Revenues, Expenditures, and**  
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	2009		Variance	2008
	Budget	Actual	Positive (Negative)	Actual
Other financing sources (uses):				
Operating transfers from (to) other funds:				
Transfer from special revenue funds	\$ 509,560	\$ 509,560	\$ -	\$ 400,864
Transfer from capital reserve fund	3,233,557	3,233,557	-	1,266,443
Transfer from enterprise fund	-	74,396	74,396	-
Transfer to insurance reserve fund	-	-	-	(100,000)
Transfer to special revenue funds	<u>(6,262,523)</u>	<u>(6,262,522)</u>	<u>1</u>	<u>(6,184,965)</u>
Total	(2,519,406)	(2,445,009)	(74,397)	(4,617,658)
Contingency	(20,000)	-	20,000	-
Sale of fixed assets	<u>959,250</u>	<u>313</u>	<u>(958,937)</u>	<u>51,321</u>
Total other financing sources (uses)	<u>(1,580,156)</u>	<u>(2,444,696)</u>	<u>864,540</u>	<u>(4,566,337)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(3,444,056)	(385,952)	3,058,104	1,844,978
Appropriated fund balance	<u>3,444,056</u>	<u>-</u>	<u>(3,444,056)</u>	<u>-</u>
Revenues, other financing sources and appropriated fund balance over expenditures and other financing uses	<u>\$ -</u>	(385,952)	<u>\$ (385,952)</u>	1,844,978
Fund balance, beginning of year		<u>23,207,328</u>		<u>21,362,350</u>
Fund balance, end of year		<u>\$ 22,821,376</u>		<u>\$ 23,207,328</u>

Lenoir County, North Carolina  
 Non-Major Governmental Funds  
 Special Revenue Funds  
 Combining Balance Sheet  
 June 30, 2009

	Federally Seized Property Fund	Scrap Tire Disposal Fund	Revaluation Reserve Fund	Fire District Funds	Transportation Grant Project Fund	CDBG Fund
<b>ASSETS</b>						
Cash and investments	\$ 83,044	\$ 40,992	\$ 44,993	\$ 22,954	\$ 103,410	\$ 54,733
Receivables:						
Property taxes	-	-	-	104,913	-	-
Accounts receivable	-	-	-	-	181,887	-
Local option sales tax	-	-	-	46,314	-	-
Total assets	<u>\$ 83,044</u>	<u>\$ 40,992</u>	<u>\$ 44,993</u>	<u>\$ 174,181</u>	<u>\$ 285,297</u>	<u>\$ 54,733</u>
<b>LIABILITIES AND EQUITY</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 6,915	\$ 9,438	\$ 1,348	\$ 62,554	\$ 11,239	\$ 60,228
Deferred revenues	-	-	-	109,615	-	-
Total liabilities	6,915	9,438	1,348	172,169	11,239	60,228
Fund balances:						
Reserved by state statute	-	-	-	41,612	181,887	-
Reserved for register of deeds	-	-	-	-	-	-
Unreserved						
Designated for subsequent years' expenditures	-	-	-	-	41,044	-
Undesignated	76,129	31,554	43,645	(39,600)	51,127	(5,495)
Total equity	<u>76,129</u>	<u>31,554</u>	<u>43,645</u>	<u>2,012</u>	<u>274,058</u>	<u>(5,495)</u>
Total liabilities and equity	<u>\$ 83,044</u>	<u>\$ 40,992</u>	<u>\$ 44,993</u>	<u>\$ 174,181</u>	<u>\$ 285,297</u>	<u>\$ 54,733</u>

## STATEMENT 6

Emergency Telephone System Fund	Family and Caregiver Education Fund	Vehicle Replacement Fund	Capital Improvement Fund	Automation Preservation Fund	State Controlled Substance Fund	Industrial Shell Building Project Fund	Total
\$ 1,030,264	\$ 10,255	\$ 140,741	\$ 1,545,613	\$ 152,617	\$ 85,697	\$ 1,870,295	\$ 5,185,608
-	-	-	-	-	-	-	104,913
55,697	-	-	-	-	-	-	237,584
-	-	-	-	-	-	-	46,314
<u>\$ 1,085,961</u>	<u>\$ 10,255</u>	<u>\$ 140,741</u>	<u>\$ 1,545,613</u>	<u>\$ 152,617</u>	<u>\$ 85,697</u>	<u>\$ 1,870,295</u>	<u>\$ 5,574,419</u>
\$ 19,206	\$ 10,231	\$ -	\$ 40,364	\$ -	\$ -	\$ 183,409	\$ 404,932
-	-	-	-	-	-	-	109,615
19,206	10,231	-	40,364	-	-	183,409	514,547
55,697	-	-	-	-	-	-	279,196
-	-	-	-	138,117	-	-	138,117
-	-	-	-	14,500	6,000	-	61,544
1,011,058	24	140,741	1,505,249	-	79,697	1,686,886	4,581,015
1,066,755	24	140,741	1,505,249	152,617	85,697	1,686,886	5,059,872
<u>\$ 1,085,961</u>	<u>\$ 10,255</u>	<u>\$ 140,741</u>	<u>\$ 1,545,613</u>	<u>\$ 152,617</u>	<u>\$ 85,697</u>	<u>\$ 1,870,295</u>	<u>\$ 5,574,419</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, 2009

	Federally Seized Property Fund	Scrap Tire Disposal Fund	Revaluation Reserve Fund	Fire District Funds	Transportation Grant Project Fund	CDBG Fund
<b>Revenues:</b>						
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 960,518	\$ -	\$ -
Local option sales tax	-	-	-	204,469	-	-
Restricted intergovernmental	57,081	83,559	-	-	739,803	802,203
Investment earnings	855	-	-	-	-	-
Other	-	-	-	-	<u>231,084</u>	-
Total revenues	<u>57,936</u>	<u>83,559</u>	<u>-</u>	<u>1,164,987</u>	<u>970,887</u>	<u>802,203</u>
<b>Expenditures:</b>						
General government	-	-	76,563	-	-	-
Public safety	21,205	-	-	1,146,703	-	-
Economic and community development	-	-	-	-	-	839,021
Human services	-	-	-	-	825,146	-
Debt service	-	-	-	-	-	-
Sanitation	-	<u>123,591</u>	-	-	-	-
Total expenditures	<u>21,205</u>	<u>123,591</u>	<u>76,563</u>	<u>1,146,703</u>	<u>825,146</u>	<u>839,021</u>
Revenues over (under) expenditures	36,731	(40,032)	(76,563)	18,284	145,741	(36,818)
<b>Other financing sources (uses):</b>						
Operating transfers in	-	35,000	103,188	-	16,523	-
Operating transfers out	-	-	-	-	-	-
Loan proceeds	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>35,000</u>	<u>103,188</u>	<u>-</u>	<u>16,523</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other uses	36,731	(5,032)	26,625	18,284	162,264	(36,818)
Fund balance, beginning of year	<u>39,398</u>	<u>36,586</u>	<u>17,020</u>	<u>(16,272)</u>	<u>111,794</u>	<u>31,323</u>
Fund balance, end of year	<u>\$ 76,129</u>	<u>\$ 31,554</u>	<u>\$ 43,645</u>	<u>\$ 2,012</u>	<u>\$ 274,058</u>	<u>\$ (5,495)</u>

## STATEMENT 7

Emergency Telephone System Fund	Family and Caregiver Education Fund	Vehicle Replacement Fund	Capital Improvements Fund	Automation Preservation Fund	State Controlled Substance Fund	Industrial Shell Building Project Fund	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 960,518
-	-	-	-	-	-	-	204,469
-	142,376	-	24,359	23,241	21,135	-	1,893,757
18,838	-	-	18,803	2,873	1,942	-	43,311
<u>751,657</u>	<u>-</u>	<u>20,908</u>	<u>981,103</u>	<u>-</u>	<u>-</u>	<u>99,626</u>	<u>2,084,378</u>
770,495	142,376	20,908	1,024,265	26,114	23,077	99,626	5,186,433
-	-	287,056	-	-	-	-	363,619
478,785	-	-	-	-	45,502	1,431,387	3,123,582
-	-	-	2,010,428	-	-	1,155,077	4,004,526
-	142,472	-	-	-	-	-	967,618
-	-	-	498,415	-	-	-	498,415
-	-	-	-	-	-	-	123,591
<u>478,785</u>	<u>142,472</u>	<u>287,056</u>	<u>2,508,843</u>	<u>-</u>	<u>45,502</u>	<u>2,586,464</u>	<u>9,081,351</u>
291,710	(96)	(266,148)	(1,484,578)	26,114	(22,425)	(2,486,838)	(3,894,918)
10,583	-	327,947	1,815,873	-	-	2,712,450	5,021,564
-	-	-	(200,000)	-	-	-	(200,000)
-	-	-	-	-	-	1,450,100	1,450,100
<u>10,583</u>	<u>-</u>	<u>327,947</u>	<u>1,615,873</u>	<u>-</u>	<u>-</u>	<u>4,162,550</u>	<u>6,271,664</u>
302,293	(96)	61,799	131,295	26,114	(22,425)	1,675,712	2,376,746
<u>764,462</u>	<u>120</u>	<u>78,942</u>	<u>1,373,954</u>	<u>126,503</u>	<u>108,122</u>	<u>11,174</u>	<u>2,683,126</u>
<u>\$ 1,066,755</u>	<u>\$ 24</u>	<u>\$ 140,741</u>	<u>\$ 1,505,249</u>	<u>\$ 152,617</u>	<u>\$ 85,697</u>	<u>\$ 1,686,886</u>	<u>\$ 5,059,872</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, 2009  
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2008)

STATEMENT 8

	2009			2008
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Revenues:</b>				
Restricted intergovernmental	\$ 45,000	\$ 57,081	\$ 12,081	\$ 28,555
Investment earnings	-	855	855	2,037
Total revenues	45,000	57,936	12,936	30,592
<b>Expenditures:</b>				
Public safety				
Operating expenses		9,205		4,589
Capital outlay		12,000		21,251
Total expenditures	56,000	21,205	34,795	25,840
Revenues over (under) expenditures	(11,000)	36,731	47,731	4,752
Appropriated fund balance	11,000	-	(11,000)	-
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	36,731	<u>\$ 36,731</u>	4,752
Fund balance, beginning of year		39,398		34,646
Fund balance, end of year		<u>\$ 76,129</u>		<u>\$ 39,398</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, 2009  
 (With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2008)

STATEMENT 9

	2009		Variance Positive (Negative)	2008
	Budget	Actual		Actual
<b>Revenues:</b>				
Local option sales tax	\$ 1,800,000	\$ 2,051,085	\$ 251,085	\$ 2,002,872
State grants	353,297	379,634	26,337	416,727
Investment earnings	<u>100,000</u>	<u>140,612</u>	<u>40,612</u>	<u>320,360</u>
Total revenues	2,253,297	2,571,331	318,034	2,739,959
<b>Expenditures:</b>				
Public school building projects	<u>476,066</u>	<u>500,539</u>	<u>(24,473)</u>	<u>771,587</u>
Revenues over (under) expenditures	1,777,231	2,070,792	293,561	1,968,372
<b>Other financing sources (uses):</b>				
Transfer to general fund	(3,233,557)	(3,233,557)	-	(1,266,443)
Transfer from general fund - hold harmless	-	-	-	301,159
Interest and fees	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13)</u>
Total other financing sources (uses)	<u>(3,233,557)</u>	<u>(3,233,557)</u>	<u>-</u>	<u>(965,297)</u>
Revenues and other financing sources over (under) expenditures	(1,456,326)	(1,162,765)	293,561	1,003,075
Appropriated fund balance	<u>1,456,326</u>	<u>-</u>	<u>(1,456,326)</u>	<u>-</u>
Revenues, other financing sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(1,162,765)</u>	<u>\$ (1,162,765)</u>	1,003,075
Fund balance, beginning of year		<u>9,158,171</u>		<u>8,155,096</u>
Fund balance, end of year		<u>\$ 7,995,406</u>		<u>\$ 9,158,171</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, 2009  
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2008)

STATEMENT 10

	2009			2008
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Restricted intergovernmental	\$ 95,000	\$ 83,559	\$ (11,441)	\$ 88,422
Expenditures:				
Sanitation				
Contracted services	<u>130,000</u>	<u>123,591</u>	<u>6,409</u>	<u>122,855</u>
Revenues over (under) expenditures	(35,000)	(40,032)	(5,032)	(34,433)
Other financing sources:				
Operating transfer in	<u>35,000</u>	<u>35,000</u>	<u>-</u>	<u>50,000</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>(5,032)</u>	<u>\$ (5,032)</u>	<u>15,567</u>
Fund balance, beginning of year		<u>36,586</u>		<u>21,019</u>
Fund balance, end of year		<u>\$ 31,554</u>		<u>\$ 36,586</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, 2009  
 (With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2008)

STATEMENT 11

	2009		Variance Positive (Negative)	2008
	Budget	Actual		Actual
Revenues:				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Expenditures:				
General government				
Salaries and benefits		53,729		44,111
Operating expenditures		22,834		4,266
Total expenditures	<u>103,188</u>	<u>76,563</u>	<u>26,624</u>	<u>48,377</u>
Revenues over (under) expenditures	(103,188)	(76,563)	26,624	(48,377)
Other financing sources (uses):				
Operating transfers in	<u>103,188</u>	<u>103,188</u>	-	<u>49,811</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	26,625	<u>\$ 26,625</u>	1,434
Fund balance, beginning of year		<u>17,020</u>		<u>15,586</u>
Fund balance, end of year		<u>\$ 43,645</u>		<u>\$ 17,020</u>

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, 2009  
(With Comparative Actual Amount For The Fiscal Year Ended June 30, 2008)

STATEMENT 12

	2009		Variance Positive (Negative)	2008
	Budget	Actual		Actual
Revenues:				
Ad valorem taxes	\$ 901,885	\$ 960,518	\$ 58,633	\$ 913,711
Local option sales taxes	211,150	204,469	(6,681)	202,128
Unrestricted intergovernmental revenues	<u>193,965</u>	<u>-</u>	<u>(193,965)</u>	<u>-</u>
Total revenues	1,307,000	1,164,987	(142,013)	1,115,839
Expenditures:				
Public safety				
Contracted services	<u>1,307,000</u>	<u>1,146,703</u>	<u>160,297</u>	<u>1,140,336</u>
Revenues over (under) expenditures	<u>\$ -</u>	18,284	<u>\$ 18,284</u>	(24,497)
Fund balance, beginning of year		<u>(16,272)</u>		<u>8,225</u>
Fund balance, end of year		<u>\$ 2,012</u>		<u>\$ (16,272)</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, 2009  
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2008)

STATEMENT 13

	2009		Variance	2008
	Budget	Actual	Positive (Negative)	Actual
<b>Revenues:</b>				
Restricted intergovernmental	\$ 716,368	\$ 739,803	\$ 23,435	\$ 445,042
Investment earnings	-	-	-	4,791
Other income	<u>260,280</u>	<u>231,084</u>	<u>(29,195)</u>	<u>110,458</u>
Total revenues	976,648	970,887	(5,761)	560,291
<b>Expenditures:</b>				
Human Services:				
Smart Start				
Salaries and benefits		97,976		79,969
Other operating expenditures		205,477		318,983
Capital outlay		87,483		69,495
Transportation Department:				
Salaries and benefits		341,733		82,512
Other operating expenditures		<u>92,477</u>		<u>34,810</u>
Total expenditures	<u>1,058,083</u>	<u>825,146</u>	<u>232,937</u>	<u>585,769</u>
Revenues over (under) expenditures	(81,435)	145,741	227,176	(25,478)
<b>Other financing sources:</b>				
Transfer from general fund	<u>16,524</u>	<u>16,523</u>	<u>1</u>	<u>26,249</u>
Revenues and other financing sources over (under) expenditures	(64,911)	162,264	227,175	771
Appropriated fund balance	<u>64,911</u>	<u>-</u>	<u>(64,911)</u>	<u>-</u>
Revenues, other financing sources and appropriated fund balance over (under) expenditures	<u>\$ -</u>	162,264	<u>\$ 162,264</u>	771
Fund balance, beginning of year		<u>111,794</u>		<u>111,023</u>
Fund balance, end of year		<u>\$ 274,058</u>		<u>\$ 111,794</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, 2009

STATEMENT 14

	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	\$ 16,509	\$ 514,572	\$ 531,081	\$ (168,919)
06-C-1532 Scattered site	400,000	249,300	112,142	361,442	(38,558)
NCHFA SFR0719	<u>392,000</u>	<u>27,234</u>	<u>175,489</u>	<u>202,723</u>	<u>(189,277)</u>
Total revenues	1,492,000	293,043	802,203	1,095,246	(396,754)
Expenditures:					
Economic & community development					
2006 CDBG CN06-C-1515 C-1:					
Administration	59,000	8,579	47,120	55,699	3,301
Acquisition	75,000	4,529	35,425	39,954	35,046
Clearance	56,000	-	22,258	22,258	33,742
Relocation	235,000	1,961	100,895	102,856	132,144
Rehabilitation	205,000	1,950	136,737	138,687	66,313
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
2006 CDBG SS-C-1532:					
Administration	40,000	29,645	10,337	39,982	18
Clearance	30,000	19,267	10,733	30,000	-
Relocation	290,000	199,064	90,909	289,973	27
Rehabilitation	40,000	1,487	-	1,487	38,513
NCHFA SFR0719:					
Administration	32,000	27,856	-	27,856	4,144
Rehab soft costs	40,000	197	33,596	33,793	6,207
Relocation	8,000	-	-	-	8,000
Rehabilitation	<u>312,000</u>	<u>2,400</u>	<u>247,991</u>	<u>250,391</u>	<u>61,609</u>
Total expenditures	<u>1,527,000</u>	<u>296,935</u>	<u>839,021</u>	<u>1,135,956</u>	<u>391,044</u>
Revenues over (under) expenditures	(35,000)	(3,892)	(36,818)	(40,710)	(5,710)
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>\$ 31,323</u>	<u>(36,818)</u>	<u>\$ (5,495)</u>	<u>\$ (5,495)</u>
Fund balance, beginning of year			<u>31,323</u>		
Fund balance, end of year			<u>\$ (5,495)</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, 2009  
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2008)

STATEMENT 15

	2009		Variance Positive (Negative)	2008
	Budget	Actual		Actual
<b>Revenues:</b>				
E-911 fund				
Service charges	\$ -	\$ -	\$ -	\$ 245,472
Investment earnings	-	18,838	18,838	40,533
Restricted intergovernmental:				
E911 revenue - state	3,920	747,738	743,818	253,222
Reimbursement - state aerial mapping	700,000	3,919	(696,081)	3,919
Wireless 911 funds	-	-	-	104,263
Total revenues	<u>703,920</u>	<u>770,495</u>	<u>66,575</u>	<u>647,409</u>
<b>Expenditures:</b>				
Public safety				
E-911 fund				
Salaries and employee benefits	46,556	46,394	162	85,547
Operating expenditures	433,949	194,358	239,590	283,246
Capital outlay	<u>233,998</u>	<u>238,033</u>	<u>(4,035)</u>	<u>98,817</u>
Total expenditures	<u>714,503</u>	<u>478,785</u>	<u>235,555</u>	<u>467,610</u>
Revenues over (under) expenditures	(10,583)	291,710	302,293	179,799
Other financing sources (uses):				
Operating transfer in	10,583	10,583	-	-
Operating transfer out	-	-	-	(400,864)
Total other financing sources (uses)	<u>10,583</u>	<u>10,583</u>	<u>-</u>	<u>(400,864)</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>302,293</u>	<u>\$ 302,293</u>	<u>(221,065)</u>
Fund balance, beginning of year		<u>764,462</u>		<u>985,527</u>
Fund balance, end of year		<u>\$ 1,066,755</u>		<u>\$ 764,462</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, 2009  
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2008)

STATEMENT 16

	2009			2008
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Restricted intergovernmental	\$ 142,376	\$ 142,376	\$ -	\$ 140,472
Expenditures:				
Human Services:				
Smart Start				
Other operating expenditures	<u>142,376</u>	<u>142,472</u>	<u>(96)</u>	<u>140,472</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>(96)</u>	<u>\$ (96)</u>	<u>-</u>
Fund balance, beginning of year		<u>120</u>		<u>120</u>
Fund balance, end of year		<u>\$ 24</u>		<u>\$ 120</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, 2009  
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2008)

STATEMENT 17

	<u>2009</u>		Variance Positive (Negative)	<u>2008</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Other income	\$ 33,072	\$ 20,908	\$ (12,164)	\$ 37,719
Expenditures:				
General government				
Operating expenditures	361,019	287,056	73,963	504,921
Debt service				
Lease principal	-	-	-	54,658
Interest and fees	-	-	-	1,356
Total expenditures	<u>361,019</u>	<u>287,056</u>	<u>73,963</u>	<u>560,935</u>
Revenues over (under) expenditures	(327,947)	(266,148)	61,799	(523,216)
Other financing sources (uses):				
Operating transfers in	<u>327,947</u>	<u>327,947</u>	-	<u>525,000</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	61,799	<u>\$ 61,799</u>	1,784
Fund balance, beginning of year		<u>78,942</u>		<u>77,158</u>
Fund balance, end of year		<u>\$ 140,741</u>		<u>\$ 78,942</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, 2009  
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2008)

STATEMENT 18

	2009		Variance Positive (Negative)	2008
	Budget	Actual		Actual
<b>Revenues:</b>				
Restricted intergovernmental	\$ 24,360	\$ 24,359	\$ (1)	\$ 366,038
Investment earnings	-	18,803	18,803	51,102
Other income	<u>1,727,470</u>	<u>981,103</u>	<u>(746,367)</u>	<u>1,390,000</u>
<b>Total revenues</b>	<b>1,751,830</b>	<b>1,024,265</b>	<b>(727,565)</b>	<b>1,807,140</b>
<b>Expenditures:</b>				
Economic development	1,891,725	1,307,272	584,453	2,043,629
Community development	566,622	413,032	153,590	1,311,687
Building and grounds	380,210	290,124	90,086	2,301,047
<b>Debt service:</b>				
Principal payments	428,343	428,343	-	427,563
Interest and fees	<u>100,803</u>	<u>70,072</u>	<u>30,731</u>	<u>61,582</u>
<b>Total expenditures</b>	<b><u>3,367,703</u></b>	<b><u>2,508,843</u></b>	<b><u>858,860</u></b>	<b><u>6,145,508</u></b>
Revenues over (under) expenditures	(1,615,873)	(1,484,578)	131,295	(4,338,368)
<b>Other financing sources (uses):</b>				
Operating transfers in	1,815,873	1,815,873	-	3,712,746
Operating transfers out	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<b><u>1,615,873</u></b>	<b><u>1,615,873</u></b>	<b><u>-</u></b>	<b><u>3,712,746</u></b>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	131,295	<u>\$ 131,295</u>	(625,622)
Fund balance, beginning of year		<u>1,373,954</u>		<u>1,999,576</u>
Fund balance, end of year		<u>\$ 1,505,249</u>		<u>\$ 1,373,954</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, 2009  
(With Comparative Actual Amounts For Fiscal Year Ended June 30, 2008)

STATEMENT 19

	2009		Variance Positive (Negative)	2008
	Budget	Actual		Actual
Revenues:				
Restricted intergovernmental	\$ 30,000	\$ 23,241	\$ (6,759)	\$ 28,626
Investment earnings	2,500	2,873	373	5,044
Total revenues	32,500	26,114	(6,386)	33,670
Expenditures	35,000	-	35,000	-
Revenues over (under) expenditures	(2,500)	26,114	28,614	33,670
Appropriated fund balance	2,500	-	(2,500)	-
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	\$ 26,114	<u>\$ 26,114</u>	\$ 33,670
Fund balance, beginning of year		126,503		92,833
Fund balance, end of year		<u>\$ 152,617</u>		<u>\$ 126,503</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, 2009

STATEMENT 20

	<u>Actual</u>				Variance Positive (Negative)
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals to Date</u>	
<b>Revenues:</b>					
<b>Restricted intergovernmental:</b>					
Lottery proceeds	\$ 2,751,658	\$ -	\$ 2,751,657	\$ 2,751,657	\$ (1)
<b>Expenditures:</b>					
Economic and community development	<u>500,000</u>	<u>17,922</u>	<u>-</u>	<u>17,922</u>	<u>482,078</u>
Revenues over (under) expenditures	2,251,658	(17,922)	2,751,657	2,733,735	482,077
<b>Other financing sources (uses):</b>					
Operating transfer in	1,500,958	3,514,089	1,500,958	5,015,047	3,514,089
Operating transfer out	<u>(309,560)</u>	<u>-</u>	<u>(309,560)</u>	<u>(309,560)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,191,398</u>	<u>3,514,089</u>	<u>1,191,398</u>	<u>4,705,487</u>	<u>3,514,089</u>
Revenues and other financing sources over (under) expenditures	3,443,056	3,496,167	3,943,055	7,439,222	3,996,166
Appropriated fund balance	<u>(3,443,056)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,443,056</u>
Revenues, other financing sources and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>\$ 3,496,167</u>	3,943,055	<u>\$ 7,439,222</u>	<u>\$ 7,439,222</u>
Fund balance, beginning of year			<u>3,496,167</u>		
Fund balance, end of year			<u>\$ 7,439,222</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, 2009  
 (With Comparative Actual Amounts For The Fiscal Year Ended 2008)

STATEMENT 21

	2009		Variance Positive (Negative)	2008
	Budget	Actual		Actual
<b>Revenues:</b>				
Restricted intergovernmental	\$ 25,000	\$ 21,135	\$ (3,865)	\$ 28,002
Investment earnings	500	1,942	1,442	4,546
<b>Total revenues</b>	<b>25,500</b>	<b>23,077</b>	<b>(2,423)</b>	<b>32,548</b>
<b>Expenditures:</b>				
Public safety				
Operating expenses		6,174		3,767
Capital outlay		39,328		9,317
<b>Total expenditures</b>	<b>94,502</b>	<b>45,502</b>	<b>49,000</b>	<b>13,084</b>
Revenues over (under) expenditures	(69,002)	(22,425)	46,577	19,464
Appropriated fund balance	69,002	-	(69,002)	-
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	(22,425)	<u>\$ (22,425)</u>	19,464
Fund balance, beginning of year		<u>108,122</u>		<u>88,658</u>
Fund balance, end of year		<u>\$ 85,697</u>		<u>\$ 108,122</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, 2009

STATEMENT 22

	<u>Actual</u>				Variance Positive (Negative)
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals to Date</u>	
Expenditures:					
Public school building projects:					
2007 school bond building project	\$ 32,283,898	\$ 31,836,097	444,051	\$ 32,280,148	\$ 3,750
2008 school bond building project	<u>40,320,723</u>	<u>1,263,392</u>	<u>25,784,659</u>	<u>27,048,051</u>	<u>13,272,672</u>
Total expenditures	72,604,621	33,099,489	26,228,710	59,328,199	13,276,422
Other financing sources (uses):					
Bond proceeds	70,567,930	70,567,930	-	70,567,930	-
Interest and fees	<u>2,036,691</u>	<u>1,520,698</u>	<u>513,863</u>	<u>2,034,561</u>	<u>(2,130)</u>
Total other financing sources	<u>72,604,621</u>	<u>72,088,628</u>	<u>513,863</u>	<u>72,602,491</u>	<u>(2,130)</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 38,989,139</u>	<u>(25,714,847)</u>	<u>\$ 13,274,292</u>	<u>\$ 13,274,292</u>
Fund balance, beginning of year			<u>38,989,139</u>		
Fund balance, end of year			<u>\$ 13,274,292</u>		

Lenoir County, North Carolina  
**Industrial Shell Building Project Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance**  
From Inception and For The Fiscal Year Ended June 30, 2009

STATEMENT 23

	Actual				Variance Favorable (Unfavorable)
	Project Authorization	Prior Years	Current Year	Totals to Date	
<b>Revenues:</b>					
Contributions	\$ 100,000	\$ -	\$ 99,626	\$ 99,626	\$ (374)
<b>Expenditures:</b>					
Economic and community development					
Miscellaneous	10,000	-	24	24	9,976
Construction	1,540,100	-	1,030,566	1,030,566	509,534
Architect/engineering	295,000	58,826	124,487	183,313	111,687
Public safety					
Land acquisition	756,719	-	756,719	756,719	-
Environmental testing	11,975	-	11,975	11,975	-
Miscellaneous	10,000	-	9,879	9,879	122
Construction	626,506	-	144,156	144,156	482,350
Architect/engineering	<u>1,082,250</u>	<u>-</u>	<u>508,658</u>	<u>508,658</u>	<u>573,592</u>
Total expenditures	<u>4,332,550</u>	<u>58,826</u>	<u>2,586,464</u>	<u>2,645,290</u>	<u>1,687,260</u>
Revenues over (under) expenditures	(4,232,550)	(58,826)	(2,486,838)	(2,545,664)	1,686,886
<b>Other financing sources:</b>					
Loan proceeds	1,450,100	-	1,450,100	1,450,100	-
Operating transfers in	<u>2,782,450</u>	<u>70,000</u>	<u>2,712,450</u>	<u>2,782,450</u>	<u>-</u>
Total other financing sources	<u>4,232,550</u>	<u>70,000</u>	<u>4,162,550</u>	<u>4,232,550</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 11,174</u>	1,675,712	<u>\$ 1,686,886</u>	<u>\$ 1,686,886</u>
Fund balance, beginning of year			<u>11,174</u>		
Fund balance, end of year			<u>\$ 1,686,886</u>		

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# ENTERPRISE FUND

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

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

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

**Deep Run Water & Sewer Fund** – This fund is used to account for the operations of the water and sewer of the Deep Run community.

Lenoir County, North Carolina  
**Landfill Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
For The Fiscal Year Ended June 30, 2009  
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2008)

STATEMENT 24  
Page 1 of 2

	2009		Variance Positive (Negative)	2008
	Budget	Actual		Actual
<b>Revenues:</b>				
<b>Charges for services</b>				
Landfill user fees - billing	\$ 2,061,527	\$ 1,965,113	\$ (96,414)	\$ 1,790,400
Landfill user fees - taxes	760,000	706,136	(53,864)	698,213
Recycling revenues	10,000	6,184	(3,816)	14,483
Other operating revenues	<u>115,200</u>	<u>71,702</u>	<u>(43,498)</u>	<u>191,361</u>
Total operating revenues	2,946,727	2,749,135	(197,592)	2,694,457
<b>Nonoperating revenues</b>				
Investment earnings	20,000	74,482	54,482	137,978
White goods disposal taxes	<u>19,500</u>	<u>19,080</u>	<u>(420)</u>	<u>23,313</u>
Total nonoperating revenues	<u>39,500</u>	<u>93,562</u>	<u>54,062</u>	<u>161,291</u>
<b>Total revenues</b>	2,986,227	2,842,697	(143,530)	2,855,748
<b>Expenditures:</b>				
<b>Landfill operations</b>				
Salaries and benefits		553,827		510,971
Operating expenditures		683,608		672,767
Contracted services		<u>589,346</u>		<u>601,856</u>
Total	2,664,119	1,826,781	837,338	1,785,594
Capital outlay	<u>280,000</u>	<u>248,161</u>	<u>31,839</u>	<u>-</u>
Total expenditures	<u>2,944,119</u>	<u>2,074,942</u>	<u>869,177</u>	<u>1,785,594</u>
Revenues over (under) expenditures	42,108	767,755	725,647	1,070,154
<b>Other financing sources (uses):</b>				
Operating transfers in	300	300	-	11,000
Operating transfers out	<u>(417,408)</u>	<u>(417,408)</u>	<u>-</u>	<u>(679,628)</u>
Total other financing sources (uses)	<u>(417,108)</u>	<u>(417,108)</u>	<u>-</u>	<u>(668,628)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(375,000)	350,647	725,647	401,526
Appropriated fund balance	<u>375,000</u>	<u>-</u>	<u>(375,000)</u>	<u>-</u>
Revenues, other financing sources, and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 350,647</u>	<u>\$ 350,647</u>	<u>\$ 401,526</u>

Lenoir County, North Carolina  
**Landfill Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
For The Fiscal Year Ended June 30, 2009  
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2008)

STATEMENT 24

Page 2 of 2

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

	2009	2008
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	\$ 350,647	\$ 401,526
Depreciation	(933,578)	(953,754)
Increase in other postemployment benefits	(5,106)	-
Investment earnings from debt service	330	10,953
Interest from debt service	(709)	(10,071)
Operating transfers to projects	157,108	618,628
Capital outlay	248,161	-
Landfill closure costs	(413,520)	(51,369)
Net income (loss), full accrual basis	\$ (596,667)	\$ 15,913

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, 2009  
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2008)

STATEMENT 25

	2009			2008
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Investment earnings	\$ 300	\$ 330	\$ 30	\$ 10,953
Expenditures:				
Debt service				
Bond principal	156,683	156,682	1	619,549
Interest	725	709	16	10,071
Total expenditures	<u>157,408</u>	<u>157,391</u>	<u>17</u>	<u>629,620</u>
Revenues over (under) expenditures	(157,108)	(157,061)	47	(618,667)
Other financing sources (uses):				
Operating transfers in	157,408	157,408	-	629,628
Operating transfers out	(300)	(300)	-	(11,000)
Total other financing sources (uses)	<u>157,108</u>	<u>157,108</u>	<u>-</u>	<u>618,628</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	47	<u>\$ 47</u>	(39)
Fund balance, beginning of year		<u>18,198</u>		<u>18,237</u>
Fund balance, end of year		<u>\$ 18,245</u>		<u>\$ 18,198</u>

Lenoir County, North Carolina  
**Deep Run Water and Sewer Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
For The Fiscal Year Ended June 30, 2009

STATEMENT 26

	2009		Variance Positive (Negative)	2008
	Budget	Actual		Actual
<b>Revenues:</b>				
Operating revenues				
Charges for services	\$ -	\$ -	\$ -	\$ 49,609
Miscellaneous	-	-	-	300
Total operating revenues	-	-	-	49,909
<b>Expenditures:</b>				
Salaries and benefits				
Operating expenditures		-		9,407
Contracted services		-		15,493
Total expenditures	-	-	-	11,167
Revenues over (under) expenditures	-	-	-	13,842
<b>Other financing uses:</b>				
Operating transfer out	-	(74,396)	(74,396)	-
Revenues over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (74,396)</u>	<u>\$ (74,396)</u>	<u>\$ 13,842</u>

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

Revenues over (under) expenditures	\$ (74,396)	\$ 13,842
Capital assets from project	-	-
Depreciation	-	(68,424)
Contribution to Town of Pink Hill	-	(3,685,524)
Net loss, full accrual basis	<u>\$ (74,396)</u>	<u>\$ (3,740,106)</u>

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## INTERNAL SERVICE FUND

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

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

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Lenoir County, North Carolina  
**Employee Insurance Internal Service Fund**  
**Statement of Revenues and Expenditures**  
**Financial Plan and Actual (Non-GAAP)**  
**For The Fiscal Year Ended June 30, 2009**  
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2008)

STATEMENT 27

	2009		Variance Positive (Negative)	2008
	Financial Plan	Actual		Actual
<b>Revenues:</b>				
Operating revenues				
Charges for services	\$ 3,315,000	\$ 3,237,876	\$ (77,124)	\$ 3,161,636
Nonoperating revenues				
Investment earnings	-	64,737	64,737	118,678
Total revenues	3,315,000	3,302,613	(12,387)	3,280,314
<b>Expenditures:</b>				
Insurance claims paid	3,715,000	3,664,705	50,295	2,527,098
Revenues over (under) expenditures	(400,000)	(362,092)	37,908	753,216
<b>Other financing sources:</b>				
Operating transfers in	-	-	-	100,000
Revenues and other financing sources over (under) expenditures	(400,000)	(362,092)	37,908	853,216
Appropriated fund balance	400,000	-	(400,000)	-
Revenues, other financing sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	(362,092)	<u>\$ 362,092</u>	853,216
Fund balance, beginning of year		<u>2,977,846</u>		<u>2,124,630</u>
Fund balance, end of year		<u>\$ 2,615,754</u>		<u>\$ 2,977,846</u>

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## AGENCY FUNDS

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

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

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

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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, 2009

STATEMENT 28

	<u>Balance</u> July 1, 2008	<u>Deposits</u>	<u>Disbursements</u>	<u>Balance</u> June 30, 2009
<b>Social Services Fund:</b>				
Assets, cash	\$ 30,926	\$ 186,313	\$ 203,114	\$ 14,125
Liabilities				
Accounts payable	\$ 30,926	\$ 186,313	\$ 203,114	\$ 14,125
<b>Fines and Forfeitures Fund:</b>				
Assets, cash	\$ -	\$ 622,808	\$ 622,808	\$ -
Liabilities				
Intergovernmental payable	\$ -	\$ 622,808	\$ 622,808	\$ -
<b>Motor Vehicle Tax:</b>				
Assets, cash	\$ -	\$ 49,077	\$ 49,077	\$ -
Liabilities				
Accounts payable	\$ -	\$ 49,077	\$ 49,077	\$ -
<b>Totals - All Agency Funds:</b>				
Assets, cash	\$ 30,926	\$ 858,198	\$ 874,999	\$ 14,125
Liabilities				
Accounts payable	\$ 30,926	\$ 235,390	\$ 252,191	\$ 14,125
Intergovernmental payable	-	622,808	622,808	-
Total liabilities	<u>\$ 30,926</u>	<u>\$ 858,198</u>	<u>\$ 874,999</u>	<u>\$ 14,125</u>

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**SUPPLEMENTAL  
SCHEDULES**

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Lenoir County, North Carolina  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
 June 30, 2009

SCHEDULE 1

Fiscal Year	Uncollected Balance June 30, 2008	Additions	Collections and Credits	Adjustments	Uncollected Balance June 30, 2009
2008-2009	\$ -	\$ 28,854,541	\$ 27,216,975		\$ 1,637,566
2007-2008	1,563,444	-	1,063,617	-	499,827
2006-2007	509,967	-	191,603	-	318,364
2005-2006	281,495	-	73,776	-	207,719
2004-2005	230,732	-	30,712	-	200,020
2003-2004	131,236	-	17,387	-	113,849
2002-2003	114,723	-	9,970	-	104,753
2001-2002	101,495	-	8,412	-	93,083
2000-2001	80,643	-	5,329	-	75,314
1999-2000	69,318	-	4,188	-	65,130
1998-1999	69,363	-	2,323	(67,040)	-
	<u>\$ 3,152,416</u>	<u>\$ 28,854,541</u>	<u>\$ 28,624,292</u>	<u>\$ (67,040)</u>	<u>\$ 3,315,625</u>
Less allowance for uncollectible taxes General Fund					<u>(859,868)</u>
Ad valorem taxes receivable - net					<u>\$ 2,455,757</u>
Reconcilement with revenues:					
Ad valorem taxes - General Fund					\$ 29,101,969
Reconciling items					
Interest collected					(412,514)
Adjustments					(65,163)
Total reconciling items					<u>(477,677)</u>
Total Collections and credits					<u>\$ 28,624,292</u>

Lenoir County, North Carolina  
**ANALYSIS OF CURRENT TAX LEVY-COUNTY-WIDE LEVY**  
 June 30, 2009

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	\$ 3,395,515,716	0.840	\$ 28,522,332	\$ 25,163,818	\$ 3,358,514
Penalties	-		124,903	124,903	-
	<u>3,395,515,716</u>		<u>28,647,235</u>	<u>25,288,721</u>	<u>3,358,514</u>
Discoveries:					
Discoveries and corrections			623,901	623,901	
Releases			(168,751)	(168,751)	
Total			<u>455,150</u>	<u>455,150</u>	
Abatements	<u>(29,505,229)</u>		<u>(247,844)</u>	<u>(247,844)</u>	
Total property valuation	<u>\$ 3,366,010,487</u>				
Net Levy			28,854,541	25,496,027	3,358,514
Uncollected taxes at June 30, 2009			<u>1,637,566</u>	<u>1,005,628</u>	<u>631,938</u>
Current years taxes collected			<u>\$ 27,216,975</u>	<u>\$ 24,490,399</u>	<u>\$ 2,726,576</u>
Current levy collection percentage			<u>94.32%</u>	<u>96.06%</u>	<u>81.18%</u>

Lenoir County, North Carolina  
**ANALYSIS OF CURRENT TAX LEVY**  
 For the Fiscal Year Ended June 30, 2009

SCHEDULE 3

Secondary Market Disclosures:

	Taxed at Current Year's Rate
Assessed Valuation:	
Assessment Ratio	
Real property	\$ 2,348,688,441
Personal property	922,251,355
Public service companies	95,070,691
Total assessed valuation	3,366,010,487
Tax rate per \$100	0.840
Levy (net of abatements)	\$ 28,854,541

In addition to the County-wide rate the following table lists the levies by the County on behalf of fire protection districts for the fiscal year ended June 30, 2009:

Fire Protection Districts	\$ 965,994
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Lenoir County, North Carolina  
**SCHEDULE OF INTERFUND TRANSACTIONS**  
 June 30, 2009

SCHEDULE 4

	Transfers	
	From	To
Operating Transfer From/To Other Funds:		
General Fund		
Transportation Fund	\$ 16,523	
Insurance Fund		
Vehicle Replacement Fund	327,947	
Capital Improvements Fund	1,815,873	200,000
Capital Reserve Fund	1,500,958	309,560
Industrial Shell Building Project Fund	2,487,450	
Revaluation Reserve Fund	103,188	
E-911 Fund	10,583	
School Capital Outlay Fund		3,233,557
Deep Run Water & Sewer Fund		74,396
School Capital Outlay Fund		
General Fund	3,233,557	
Industrial Shell Building Project Fund		
General Fund		2,487,450
Revaluation Reserve Fund		
General Fund		103,188
E-911 Fund		
General Fund		10,583
Landfill Fund		
Scrap Tire Disposal Fund	35,000	
Capital Projects Fund	225,000	
Landfill Debt Service Fund	157,408	300
Capital Reserve Fund		
General Fund	309,560	1,500,958
Vehicle Replacement Fund		
General Fund		327,947
Transportation Fund		
General Fund		16,523
Deep Run Water & Sewer Fund		
General Fund	74,396	
Scrap Tire Disposal Fund		
Landfill Fund		35,000
Landfill Debt Service Fund		
Landfill Fund	300	157,408
Capital Projects Fund		
Landfill Fund		225,000
Capital Improvements Fund		
General Fund	200,000	1,815,873
Total operating transfers-other funds	<u>\$ 10,497,743</u>	<u>\$ 10,497,743</u>

Lenoir County, North Carolina  
**SCHEDULE OF CASH AND INVESTMENT BALANCES**  
 June 30, 2009

SCHEDULE 5

	Carrying Value	Cost Value	Market Value
Cash			
On hand	\$ 3,050	\$ 3,050	\$ 3,050
In demand deposits	1,391,417	1,391,417	1,391,417
	<u>1,394,467</u>	<u>1,394,467</u>	<u>1,394,467</u>
Other investments			
North Carolina Cash Management Trust	60,132,772	60,132,772	60,132,772
	<u>60,132,772</u>	<u>60,132,772</u>	<u>60,132,772</u>
Total cash and investments	<u>\$ 61,527,239</u>	<u>\$ 61,527,239</u>	<u>\$ 61,527,239</u>

**Distribution by Funds**

	Carrying Value
General Fund	\$ 19,654,687
Special Revenue Funds	
School Bond Fund	14,983,230
Vehicle Replacement Fund	140,741
Community Development Block Grant Fund	54,733
State Controlled Substance Fund	85,697
Revaluation Reserve Fund	44,993
Federally Seized Property Fund	83,044
School Capital Outlay Fund	7,545,560
Emergency Telephone System Fund	1,030,264
Automation Preservation Fund	152,617
Scrap Tire Disposal Fund	40,992
Fire District Funds (Consolidated)	22,954
Industrial Shell Building Project Fund	1,870,295
Transportation Grant Project Fund	103,410
Family and Caregiver Education Fund	10,255
Capital Improvement Fund	1,545,613
Capital Reserve Fund	<u>7,439,222</u>
	35,153,620
Enterprise Funds	
Landfill Fund	3,772,561
Deep Run Water & Sewer Fund	<u>-</u>
	3,772,561
Internal Service Fund	
Employee Insurance Fund	2,932,246
Agency Fund	
Social Services Fund	<u>14,125</u>
Total cash and investments	<u>\$ 61,527,239</u>

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OTHER  
INFORMATION

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

Table 1

Fiscal Year Ended June 30	General Government	Public Safety	Human Services	Economic & Physical Development	Education	Debt Service	Cultural and Recreational	Total
2009	\$ 5,359,402	\$ 14,725,718	\$ 19,081,681	\$ 31,104,389	\$ 11,961,760	\$ 4,464,769	\$ 1,373,100	\$ 88,070,819
2008	5,365,522	12,280,616	20,887,896	37,688,876	11,803,273	1,941,593	1,248,000	91,215,776
2007	5,061,241	11,513,617	21,253,090	4,358,303	13,781,016	603,120	1,182,950	57,753,337
2006	4,700,415	11,848,055	20,830,440	3,097,816	10,859,730	720,721	1,134,114	53,191,291
2005	4,832,081	9,458,833	19,537,266	9,060,712	10,511,186	747,089	1,122,885	55,270,052
2004	4,489,331	9,292,387	18,620,425	2,165,380	10,567,637	1,084,644	1,111,770	47,331,574
2003	4,146,958	8,710,423	17,713,892	10,508,557	11,233,495	2,405,769	1,100,894	55,819,988
2002	3,735,004	8,521,392	18,191,288	17,686,640	15,027,950	1,991,727	1,081,464	66,235,465
2001	3,608,126	7,178,981	21,183,368	14,497,639	16,212,002	1,948,623	1,081,600	65,710,339
2000	3,751,016	10,789,680	21,273,091	8,911,655	13,974,833	2,069,415	1,042,187	61,811,877

**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
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
2001	21,331,372	8,096,586	623,368	34,333,410	488,684	1,341,081	66,214,501
2000	21,256,766	7,970,925	641,093	31,316,573	451,196	1,396,630	63,033,183

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			
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%	
2001	2000	1,788,797,875	979,163,176	69,021,893		2,836,982,944	0.73	100.00%	
2000	1999	1,790,755,091	995,145,510	67,990,277		2,853,890,878	0.73	87.07%	

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 2000 for the 2001-2002 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
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%
2001	2,836,982,944	-0.60%
2000	2,853,890,878	2.05%

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 June 30, 2009	Total Tax Collections	Ratio of Total Tax Collections To Total Tax Levy
			Tax Collections	Tax Collections		Tax Collections	Tax Collections			
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%		
2001	2000	21,031,116	19,674,289	997,802	93.55%	1,356,827	20,672,091	98.29%		
2000	1999	21,291,140	19,715,860	769,335	92.61%	805,945	20,485,195	96.21%		

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
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
2001	2000	0.73	0.595	0.50	0.58	0.57
2000	1999	0.73	0.595	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		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
2009	2008	0.06	0.045	0.04	0.08	0.04	0.04	0.04	0.04	0.07	0.08	0.08	0.04	0.07	0.08	0.08	0.04	0.065	0.03	0.065	0.03	0.065	0.03
2008	2007	0.06	0.045	0.04	0.08	0.04	0.04	0.04	0.04	0.07	0.08	0.08	0.04	0.07	0.08	0.08	0.04	0.065	0.03	0.065	0.03	0.065	0.03
2007	2006	0.05	0.045	0.04	0.08	0.04	0.04	0.04	0.04	0.07	0.08	0.08	0.04	0.07	0.08	0.08	0.04	0.065	0.03	0.065	0.03	0.065	0.03
2006	2005	0.05	0.02	0.04	0.05	0.04	0.05	0.04	0.04	0.07	0.08	0.08	0.04	0.07	0.08	0.08	0.04	0.065	0.03	0.065	0.03	0.065	0.03
2005	2004	0.035	0.02	0.04	0.05	0.04	0.05	0.04	0.04	0.07	0.08	0.08	0.025	0.07	0.08	0.08	0.04	0.065	0.03	0.065	0.03	0.065	0.03
2004	2003	0.035	0.02	0.04	0.05	0.04	0.05	0.04	0.04	0.07	0.08	0.08	0.025	0.07	0.08	0.08	0.04	0.065	0.03	0.065	0.03	0.065	0.03
2003	2002	0.035	0.02	0.04	0.05	0.04	0.05	0.04	0.04	0.07	0.08	0.08	0.025	0.07	0.08	0.08	0.03	0.065	0.03	0.065	0.03	0.065	0.03
2002	2001	0.035	0.02	0.04	0.05	0.04	0.05	0.04	0.04	0.07	0.08	0.08	0.025	0.07	0.08	0.08	0.03	0.065	0.03	0.065	0.03	0.065	0.03
2001	2000	0.035	0.02	0.04	0.05	0.04	0.05	0.04	0.04	0.07	0.08	0.08	0.02	0.07	0.08	0.08	0.03	0.065	0.03	0.065	0.03	0.065	0.03
2000	1999	0.035	0.02	0.04	0.05	0.04	0.05	0.04	0.04	0.07	0.08	0.08	0.02	0.07	0.08	0.08	0.03	0.065	0.03	0.065	0.03	0.065	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
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
2001	0.595	0.73	1.325	6,148,896	21,031,116	27,180,012
2000	0.595	0.73	1.325	6,229,391	21,291,140	27,520,531

Source: City of Kinston  
Lenoir County Finance Department

LENOIR COUNTY, NORTH CAROLINA  
 TEN LARGEST TAXPAYERS  
 JUNE 30, 2009

Table 8

		<u>2009 Assessed Value</u>	<u>Tax Levy (2)</u>	<u>Percentage of Total Assessed Valuation (1)</u>
Smithfield Packing	Meat Products	\$ 97,365,084	\$ 817,867	2.89%
Unifi Kinston LLC	Manufacturing	93,358,479	784,211	2.77%
Electrolux Home Products	Manufacturing	62,422,046	524,345	1.85%
Progress Energy	Utility	34,524,588	290,007	1.03%
Carolina Telephone	Telephone	32,845,850	275,905	0.98%
West Pharmaceuticals	Manufacturing	25,911,389	217,656	0.77%
Dopaco	Manufacturing	24,709,528	207,560	0.73%
Masterbrands Cabinets, Inc.	Manufacturing	24,192,441	203,217	0.72%
E.I. DuPont DeNemours, Inc.	Manufacturing	23,220,057	195,048	0.69%
Lennox, Inc.	Manufacturing	19,933,592	167,442	0.59%
<b><u>TOTALS</u></b>		<u>\$ 438,483,054</u>	<u>\$ 3,683,258</u>	<u>13.02%</u>

(1) Total Assessed Valuation \$3,366,010,487  
 (2) County Portion of Levy Only (Value x .0084)

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
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
2001	20,854,746	6,090,367	724,779	142,407	13,395	217,812	28,043,506
2000	20,781,864	5,985,419	709,680	142,780	-	254,228	27,873,971

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		Additions/ Alterations	Total Commercial		Total Value
	Value	Units		Value	Units		Residential Houses	New Commercial	Value	Units		Value	Units	
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	11,867,600	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			
2001	15,189,918	107	238,000	2	2,856,803	2	18,284,721	4,284,460	1,689,326	5,973,786	24,258,507			
2000	8,306,987	72	165,000	1	2,323,565	1	10,795,552	3,630,521	1,918,478	5,548,999	16,344,551			

Source: City of Kingston Inspections Department  
Lenoir County Inspections Department

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

Table 11

Fiscal Year Ended June 30	Population Estimate (1)	Taxable Property Assessed Value (2)	8% Debt Limit	Bonded Debt (\$)	Ratio of Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
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
2001	59,648	2,836,982,944	226,958,635	6,150,000	0.22%	103.00
2000	59,223	2,853,890,878	228,311,270	7,540,000	0.26%	127.00

Source: (1) NC State Demographics Website - July 2007 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, 2009**

Total Assessed Value	\$ 3,366,010,487
Debt limitation - 8% of total assessed value	\$ 269,280,839
Debt applicable to limitation	
Total bonded debt	\$ 71,400,000
Notes payable	1,450,100
Total debt applicable to limitation	<u>72,850,100</u>
Legal debt margin	<u>\$ 196,430,739</u>

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

Table 12

Fiscal Year Ended June 30	Principal	Interest on Bonds	Total Debt Service	Total General Government Expend.	Ratio of Debt Service to Total General Government Expend.
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%
2001	1,390,000	384,088	1,774,088	65,710,339	2.70%
2000	1,415,000	454,348	1,869,348	61,811,877	3.02%

Source: Lenoir County Finance Office

LENOIR COUNTY, NORTH CAROLINA  
 COMPUTATION OF DIRECT AND UNDERLYING BONDED DEBT  
 GENERAL OBLIGATION BONDS  
 JUNE 30, 2009

Table 13

	Net General Obligation Bonded Debt	Percent Applicable To County	Amount Applicable To County
Direct:			
Lenoir County	\$ 71,400,000	100%	\$ 71,400,000
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)
2009	57,535	(7)	10.30%	9,366	\$ 457,801,972	(7)
2008	57,648	(7)	5.58%	9,634	\$ 484,845,748	729,087,000
2007	58,172	\$ 29,600	5.74%	9,791	491,160,300	750,271,000
2006	58,278	28,212	5.76%	9,806	543,042,028	713,559,000
2005	58,544	27,296	6.10%	9,753	1,032,201,888	665,499,000
2004	58,945	25,968	5.92%	9,883	921,306,304	610,244,000
2003	59,294	24,149	7.40%	10,234	862,766,372	585,208,000
2002	60,119	23,936	8.41%	9,926	839,117,105	602,938,000
2001	59,648	23,792	6.23%	10,199	779,130,589	590,235,000
2000	59,223	22,593	5.30%	10,619	770,936,181	572,749,000

Note: (7) Information not presently available

- Source: (1) NC Department of Demographics Website-estimate  
State Reference Library Website, Bureau of Economic Analysis through 2001.  
NC Employment Security Commission Website 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, 2009

Table 15  
 Page 1 of 3

Population	57,535
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)	876.79
Employees:	
Full-time, permanent	445
Other	29
County Seat:	Kinston
Fire Protection:	
Lenoir County - Number of volunteer departments	11
Number of fireman/officers	375
City of Kinston - Number of stations	3
Number of fireman/officers	49
Law Enforcement:	
Sheriff's Department - officer/support personnel (includes 35 for jail)	107
Kinston Police Department - officers/support personnel	95
LaGrange Police Department - 8 full time / 5 part time	12
Pink Hill Police Department - 1 full time / 3 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)	1,316

LENOIR COUNTY, NORTH CAROLINA  
 MISCELLANEOUS STATISTICS  
 JUNE 30, 2009

Table 15  
 Page 2 of 3

Miscellaneous Statistics - continued

Cultural and recreational:

Libraries	3
Number of volumes - (At June 30, 2008) (4)	244,411
Theatres (Includes 1 seven (7) plex theatre)	2
Number of seats	1383
Number of parks (County wide)	26
Park acreage (County wide)	600
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	6

Education: (5)

Number of Elementary Schools	10
Number of Elementary School Teachers	329.5
Number of Intermediate and Secondary Schools	7
Number of Intermediate and Secondary School Teachers	393.5
Number of Alternative Schools	3
Number of Alternative School Teachers	32
Community Colleges	1
Number of Instructors - Curriculum - (Full time-99, Part time-72)	171
Enrollment - (2008-2009)	186
Curriculum	4,942
Non Curriculum	15,125

LENOIR COUNTY, NORTH CAROLINA  
MISCELLANEOUS STATISTICS  
JUNE 30, 2009

Table 15  
Page 3 of 3

Miscellaneous Statistics - continued

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

Source: (2) Lenoir Memorial Hospital  
(3) Lenoir County Building Inspections Office (Fiscal Year 2008-2009)  
(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, 2009, which collectively comprises Lenoir County's basic financial statements, and have issued our report thereon dated November 20, 2009. 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

*Pittarc/ Perry & Crox, Inc.*

La Grange, North Carolina  
November 20, 2009

**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 are applicable to each of its major federal programs for the year ended June 30, 2009. 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 requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133, and the State Single Audit Implementation Act, and which are described in the accompanying schedule of findings and questioned costs as items 09-1 and 09-2.

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 our auditing procedures for the purpose of expressing our opinion on compliance, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as we discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 09-1 and 09-2 to be significant deficiencies.

Member: North Carolina Association of Certified Public Accountants

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Lenoir County's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

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

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, a Crone, Inc.*

La Grange, North Carolina  
November 20, 2009

**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 the compliance of Lenoir County, North Carolina, with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2009. 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 requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act and which are described in the accompanying schedule of findings and questioned costs as items 09-3.

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 requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as we discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's 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 noncompliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of a compliance requirement of a State program that is more than inconsequential will not be prevented or detected by Lenoir County's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 09-3 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a State program will not be prevented or detected by Lenoir County's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

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

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 & Crono, Inc.*

La Grange, North Carolina  
November 20, 2009



Lenoir County, North Carolina  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2009

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

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

Dollar threshold used to distinguish  
between Type A and Type B Programs \$2,889,497

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  
Rail Access Program

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**Section II - Financial Statement Findings**

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None reported

Lenoir County, North Carolina  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2009

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Section III - Federal Award Findings and Questioned Costs

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U.S. Department of Health and Human Services  
Passed through the NC Dept. of Health and Human Services  
Program Name: Temporary Assistance for Needy Families  
CFDA#: 93.558

Finding: 09-1

IMMATERIAL WEAKNESS  
IMMATERIAL NONCOMPLIANCE

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

Condition: One client file could not be located.

Questioned Costs: \$1,629, This amount was determined by totaling the amount received during the fiscal year.

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

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

Cause: Human error in maintaining proper filing procedures.

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

Views of responsible officials and planned corrective actions: Files will be kept in a secure place to avoid future misplacement.

Lenoir County, North Carolina  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2009

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

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U.S. Department of Agriculture  
Passed through the NC Dept. of Health and Human Services  
Program Name: Special Supplemental Program for Women, Infants and Children  
CFDA#: 10.557

Finding: 09-2

**IMMATERIAL WEAKNESS  
IMMATERIAL NONCOMPLIANCE**

**Criteria:** WIC participants transact food instruments at contracting vendors. The North Carolina Department of Health and Human Services has a third party agreement with the vendor and the local Health Department. The local agency is responsible for on-site monitoring of at least one-third of all vendors annually. Any deficiencies discovered during monitoring requires a follow-up visit within 14 days.

**Condition:** The monitoring process was not done properly on six vendors.

**Context:** We pulled thirteen vendor files for examination (100%) and six files were not monitored as required by State guidelines. On four vendors, followup was not conducted within 14 days. On one vendor followup was not done at all and one vendor required an additional followup visit, which was not done.

**Effect:** The local agency is not fulfilling their portion of the agreement with the State and vendor.

**Cause:** Human error in completing monitoring procedures. Also, the department failed to review vendor files to ensure proper procedures were being followed.

**Recommendation:** Review files regularly to ensure that monitoring procedures are being followed as required by the NC DHHS. Keep a log of all vendors with the dates and any deficiencies found. Review the log weekly to ensure that the review process is done within the 14 day time requirement.

**Views of responsible officials and planned corrective actions:** The two vendors which follow-up visits were not done, were completed on July 31, 2009. The WIC director will review vendor files in the future, to ensure proper procedures are being followed.

Lenoir County, North Carolina  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2009

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Section IV - State Award Findings and Questioned Costs

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State and County Special Assistance For Adults

Finding: 09-3

IMMATERIAL WEAKNESS  
IMMATERIAL NONCOMPLIANCE

Criteria: All client files should contain the benefit calculation along with the income documentation to be eligible for Special Assistance.

Condition: Two case files contained incorrect benefit calculations.

Questioned Costs: \$3, This is the amount that was overpaid during the three months prior to correction.

Context: We pulled 25 case files for examination and determined that two files contained incorrect benefit calculations. One of the recipients was paid correctly. However, the other file resulted in questioned costs.

Effect: There are deficiencies in documentation and review procedures.

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

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

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

Lenoir County, North Carolina  
Corrective Action Plan  
For the Fiscal Year Ended June 30, 2009

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**Section II - Financial Statement Findings**

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None reported

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

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Finding: 09-1

Name of Contact Person: Jack Jones, Director of Social Services

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

Proposed Completion Date: July 1, 2009

Finding: 09-2

Name of Contact Person: Patricia McCoy, WIC Director

Corrective Action Plan: The follow-up visits will be conducted on the two vendors. Review procedures will be enforced.

Proposed Completion Date: July 31, 2009

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

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Finding: 09-3

Name of Contact Person: Jack Jones, Director of Social Services

Corrective Action Plan: Review procedures will be enforced immediately.

Proposed Completion Date: June 26, 2009

Lenoir County, North Carolina  
Summary Schedule of Prior Year Audit Findings  
For the Fiscal Year Ended June 30, 2009

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Finding: 08-1

Status: Files are currently up to date. No errors found in regards to FL-2/MR-2's being current.

Lenoir County, North Carolina  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
 Year Ended June 30, 2009

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
<b>Federal Awards:</b>				
<b>U.S. Department of Agriculture:</b>				
<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>				
Food Stamp Program - Noncash	10.551	\$ 14,059,118	\$ -	-
State Administrative Matching Grants for the Food Stamp Program	10.561	540,230	-	540,230
Total Food Stamp Cluster		14,599,348	-	540,230
Division of Public Health:				
Administration:				
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	310,307	-	-
Direct Benefit Payments:				
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	1,599,005	-	-
<u>Natural Resources Conservation Service:</u>				
Soil and Water Conservation (Neuse River Basin Project)	10.902	-	48,452	-
Total U.S. Department of Agriculture		16,508,660	48,452	540,230
<b>U.S. Department of Commerce:</b>				
Passed-through N.C. Department of Commerce				
Community Development Block Grant	14.228	626,741	49,348	-
<b>Federal Emergency Management Agency:</b>				
Passed through N.C. Department of Crime Control and Public Safety:				
Division of Emergency Management:				
Emergency Management	97.042	17,203	-	-

Lenoir County, North Carolina  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
 Year Ended June 30, 2009

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
<b><u>U.S. Department of Health and Human Services:</u></b>				
<b><u>Administration on Aging:</u></b>				
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	\$ 4,951	\$ 291	\$ 582
Title III C - Nutrition Services				
Congregate Meals	93.045	62,362	3,668	7,337
Home Delivered Meals	93.045	46,609	2,742	5,483
Title III B - Grants for Supportive Services and Senior Centers				
Access	93.044	28,812	1,695	3,390
In Home	93.044	75,890	4,464	8,928
Family Caregiver Title III-E	93.052	5,887	392	-
NSIP-Nutrition	93.053	14,689	-	-
HCCBG- State	N/A	-	253,034	28,115
Fan/Heat Program	N/A	-	486	-
Senior Center Development	N/A	-	3,272	1,091
Total Aging Cluster		239,200	270,044	54,926
<b><u>Administration for Children and Families:</u></b>				
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	1,112	-	-
TANF - Direct Benefit Payments	93.558	793,694	179,800	921,240
Child Support Enforcement	93.558	462,651	(277)	-
Child Support Enforcement - Direct Benefit Payments	93.563	784,115	-	403,938
Low-Income Home Energy Assistance Block Grant - Administration	93.563	7,989	15	4,101
Energy Assistance Payments - Direct Benefit Payments	93.568	464,822	-	-
Permanency Planning - Families for Kids	93.568	397,052	-	-
	93.645	16,169	4,156	1,234

Lenoir County, North Carolina  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
 Year Ended June 30, 2009

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>Foster Care and Adoption Cluster:</u>				
Title IV-E Foster Care	93.658	\$ 313,199	\$ 29,349	\$ 238,980
Foster Care - Direct Benefit Payments	93.658	121,397	27,460	37,771
Title IV-E Optional Adoption	93.659	5,703	-	-
Adoption Assistance - Direct Benefit Payments	93.659	229,340	42,796	58,980
Total Foster Care and Adoption Cluster		<u>669,639</u>	<u>99,605</u>	<u>335,731</u>
Social Services Block Grant (SSBG)	93.667	355,381	46,459	116,769
Independent Living Grant	93.674	5,649	1,412	-
<u>Subsidized Child Care Cluster (Note 2):</u>				
<u>Child Care Development Fund Cluster</u>				
Division of Social Services:				
Childcare Development Fund - Administration	93.596	109,791	-	-
Division of Child Development:				
Child Care and Development Fund - Discretionary	93.575	1,608,859	-	-
Child Care and Development Fund - Mandatory	93.596	215,527	-	-
Child Care and Development Fund - Match	93.596	159,890	95,672	-
Total Child Care Fund Cluster		<u>2,094,067</u>	<u>95,672</u>	<u>-</u>
<u>Subsidized Child Care Cluster (continued):</u>				
Social Services Block Grant (SSBG)	93.667	9,525	-	-
Temporary Assistance for Needy Families	93.558	491,760	-	-
Smart Start	N/A	-	489	-
State Appropriations	N/A	-	78,053	-
TANF-MOE	N/A	-	(12,870)	-
Total Subsidized Child Care Cluster		<u>2,595,352</u>	<u>161,344</u>	<u>-</u>

Lenoir County, North Carolina  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

Year Ended June 30, 2009 Page 4 of 8

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>Health Care Financing Administration:</u>				
Passed through the N.C. Department of Health and Human Services:				
Division of Medical Assistance:				
Direct Benefit Payments:				
Medical Assistance Program	93.778	\$ 70,729,365	\$ 28,473,379	\$ 2,079,808
Division of Social Services:				
Administration:				
Medical Assistance Program	93.778	955,900	42,061	909,883
Health Choice	93.767	42,445	2,861	11,202
<u>Centers for Disease Control and Prevention:</u>				
Passed through N.C. Department of Health and Human Services:				
Division of Public Health:				
Tuberculosis Control Program	93.116	39,133	-	-
Family Planning Services	93.217	67,488	-	-
Immunization Program/Aid to County Funding	93.268	25,918	-	-
Prevention Investigations and Technical Assistance	93.283	6,545	-	-
Temporary Assistance for Needy Families	93.558	12,623	-	-
HIV State Funds - Sexually Trans Diseases Communicable Disease	93.940	1,375	-	-
Statewide Health Promotion Program	93.991	15,671	-	-
<u>Health Resources and Services Administration:</u>				
Passed through N.C. Department of Health and Human Services:				
Division of Public Health:				
Maternal and Child Health Services Block Grant	93.994	199,406	-	-
Total U.S Department of Health and Human Services		<u>78,888,694</u>	<u>29,280,859</u>	<u>4,838,832</u>

Lenoir County, North Carolina  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

Year Ended June 30, 2009

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
<b>State Awards:</b>				
<b><u>N.C. Department of Health and Human Services:</u></b>				
Division of Social Services:				
State/County Special Assistance to Adults - Administration		\$ -	\$ -	\$ 102,002
State/County Special Assistance to Adults - Direct Benefit Payments		-	841,151	841,375
Non-Allocating County Cost		-	-	6,523
State Foster Home - Direct Benefit Payments		-	34,875	34,875
State Adult Protective Service		-	6,671	-
TANF Incentive/Program Integrity		-	3,142	-
State Aid to Counties		-	59,174	-
Child Welfare Services Adoption Subsidy and Vendor - Direct Benefit Payment		-	234,399	43,859
Child Protective Services Expansion		-	46,514	-
County Funded Programs		-	-	76,482
Foster Care At Risk Maximization - Direct Benefit Payment		-	4,009	2,219
AFDC Incentive/Program Integrity		-	369	-
Energy Assistance Private Grants		-	3,349	-
Work First Non Reimbursable		-	-	116
Foster Care Special Provision - Direct Benefit Payment		-	17,923	-
SFHF Maximization - Direct Benefit Payment		-	26,963	26,963
Other Local Expenditures		-	-	542,647
Total Division of Social Services		-	1,278,539	1,677,061

Lenoir County, North Carolina  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
 Year Ended June 30, 2009

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
<b><u>N.C. Department of Health and Human Services (continued):</u></b>				
Division of Public Health:				
General		\$ -	\$ 159,540	\$ -
Communicable Disease		-	7,270	-
AIDS		-	500	-
Women's Preventative Health		-	9,591	-
Risk Reduction/Health Promotion		-	8,242	-
Breast and Cervical Cancer Control		-	77	-
TB Medical Services		-	1,217	-
Tuberculosis		-	48,622	-
Preparedness and Response		-	33,664	-
Public Health Nurse Training		-	906	-
Minority Health		-	20,648	-
Maternal Health		-	69,984	-
Total Division of Public Health		-	360,261	-
Total N.C. Department of Health and Human Services		-	1,638,800	1,677,061
<b><u>N.C. Department of Transportation</u></b>				
Public Transportation Division				
PTD #08-CT-034	20.509	93,914	9,345	-
PTD #09-CT-034	20.509	181,367	15,598	-
Rural Operating Assistance Program (ROAP)				
Elderly and Disabled Transportation Assistance Program (E&DTAP)		-	85,825	-
Work First/Employment Transportation Operating Assistance (Work First)		-	18,501	-
Rural General Public Program		-	87,492	-
Rail Access Program		-	595,536	-
Total N.C. Department of Transportation		275,281	812,297	-

Lenoir County, North Carolina  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
 Year Ended June 30, 2009

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
<b><u>N.C. Department of Environment and Natural Resources</u></b>				
Division of Environmental Health:				
Environmental Health Service		-	7,367	-
Lead Prevention		-	5,000	-
Food/Lodging Fee		-	7,804	-
Division of Waste Management				
Scrap Tire		-	20,930	-
White Goods		-	13,226	-
Division of Soil & Water Conservation:				
Agricultural Cost		-	48,452	-
Total N.C. Department of Environment and Natural Resources		-	102,779	-
<b><u>N.C. Department of Administration</u></b>				
Division of Veterans Affairs:				
Administered by County Veterans Services:		-	2,000	-
Veterans Services		-	-	-
<b><u>Office of the Governor</u></b>				
Department of Juvenile Justice and Delinquency Prevention				
Advisory Council		-	4,461	-
Psychological Services		-	12,900	-
Intensive Monitoring/Counseling		-	125,758	-
Parenting Matters		-	33,388	-
Teen Court		-	32,057	-
Total Office of the Governor		-	208,564	-
<b><u>Administrative Office of the Courts</u></b>				
Safe Roads Act		-	8,077	-

Lenoir County, North Carolina  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
 Year Ended June 30, 2009

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
<b><u>N.C. Department of Public Instruction:</u></b>				
Public School Bond Fund		\$ -	\$ 379,634	\$ 119,090
<b><u>N.C. Department of Insurance:</u></b>				
SHIP Grant		-	4,200	4,200
<b><u>N.C. Department of Corrections</u></b>				
Division of Community Corrections:				
Criminal Justice Partnership Program		-	99,887	-
Gang Prevention Grant		-	22,809	-
		<u>\$ 96,316,579</u>	<u>\$ 32,657,706</u>	<u>\$ 7,179,413</u>
Total expenditures of federal and State awards				

LENOIR COUNTY, NORTH CAROLINA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
Year Ended June 30, 2009

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1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Lenoir County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Benefit payments are paid directly to recipients and are not included in the county's basic financial statements. However, due to the county's involvement in determining eligibility, they are considered federal awards to the county and are included on this schedule.

2. The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care, Foster Care and Adoption, Mental Health Services, Developmental Disability Waiting List Services, Substance Abuse Services, and Infants and Toddlers with Disabilities.