

**WILKES COUNTY
NORTH CAROLINA**

ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2013

**MARTIN ♦ STARNES
& ASSOCIATES, CPAs, P.A.**

"A Professional Association of Certified Public Accountants and Management Consultants"

WILKES COUNTY, NORTH CAROLINA

ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Wilkes County, North Carolina

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Wilkes County, North Carolina, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wilkes County's basic financial statements. The combining and individual fund financial statements, budget and actual schedules, and supplemental ad valorem tax schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budget and actual schedules, and supplemental ad valorem tax schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2013 on our consideration of Wilkes County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wilkes County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
October 23, 2013

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Management's Discussion and Analysis

As management of Wilkes County, we offer readers of Wilkes County's financial statements this narrative overview and analysis of the financial activities of Wilkes County for the fiscal year ended June 30, 2013. We encourage readers to read 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

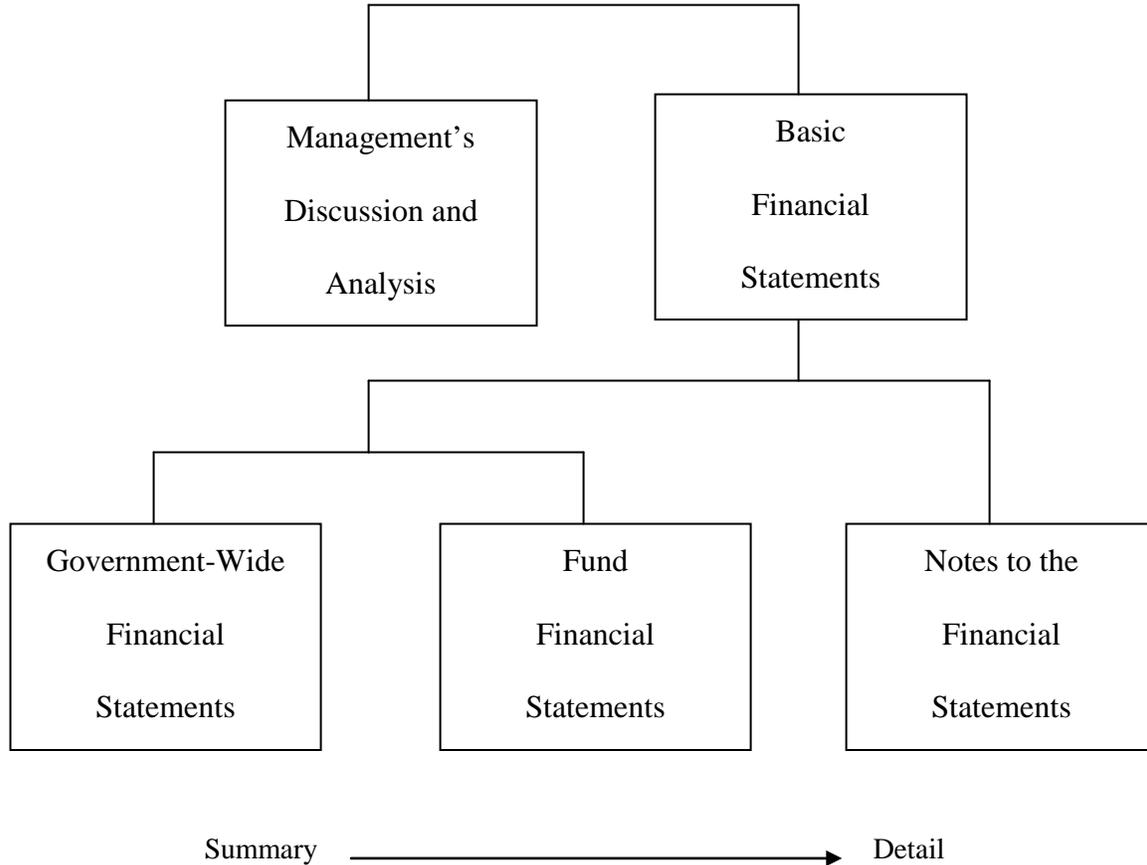
- The assets of Wilkes County exceed its liabilities and deferred inflows of resources at the close of the fiscal year by \$22,641,049. (*net position*).
- The government's total net position increased by \$7,279,724.
- As of the close of the current fiscal year, Wilkes County's governmental funds reported combined ending fund balances of \$38,454,202. Approximately 41 percent of this total amount, or \$15,679,466, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$21,953,909, or 36 percent of total General Fund expenditures for the fiscal year.
- Wilkes County's most recent bond rating from Moody's Investor and from Standard and Poor's Corporation is an A2 and an A+, respectively.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Wilkes 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 Wilkes County.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits A and B) 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 C through J) 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 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. Following the notes is the **required supplemental information**. This section contains funding information about the County's pension plans.

After the required supplemental information, **supplemental information** is provided to show details about the County's funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-Wide Financial Statements

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

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

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the County's basic services, such as public safety, cultural and recreational, and general administration. Property taxes and local option sales tax finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the airport and landfill services offered by Wilkes County.

The government-wide financial statements are on Exhibits A and B 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. Wilkes 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 Wilkes County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in 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*. This method also has 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 governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Wilkes 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.

Proprietary Funds. Wilkes 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. Wilkes County uses enterprise funds to account for its airport and landfill operations. These funds represent business-type activities in the Statement of Net Position and the Statement of Activities.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Wilkes County has three fiduciary funds. The Social Services Trust Fund, an agency fund, was established to account for monies deposited with the Social Services Department for the benefit of certain individuals. The 3% Interest Payable to the State Fund accounts for 3% 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. The Ad Valorem Tax–Other Municipalities Fund accounts for property taxes and registered motor vehicle property taxes that are billed and collected by the County for various municipalities and special districts within the County.

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 follow Exhibit J of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Wilkes County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on Schedule A-1 of this report.

Government-Wide Financial Analysis

Wilkes County's Net Position

Figure 2

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Assets:						
Current and other assets	\$ 45,604,366	\$ 29,450,825	\$ 5,567,730	\$ 5,323,914	\$ 51,172,096	\$ 34,774,739
Capital assets, net	23,473,999	21,638,617	18,025,184	18,393,010	41,499,183	40,031,627
Total assets	<u>69,078,365</u>	<u>51,089,442</u>	<u>23,592,914</u>	<u>23,716,924</u>	<u>92,671,279</u>	<u>74,806,366</u>
Liabilities:						
Long-term liabilities	55,405,252	49,105,768	7,077,903	7,474,502	62,483,155	56,580,270
Other liabilities	7,118,901	2,630,888	341,653	223,175	7,460,554	2,854,063
Total liabilities	<u>62,524,153</u>	<u>51,736,656</u>	<u>7,419,556</u>	<u>7,697,677</u>	<u>69,943,709</u>	<u>59,434,333</u>
Deferred Inflows of Resources:						
Prepaid taxes	<u>86,521</u>	<u>10,708</u>	<u>-</u>	<u>-</u>	<u>86,521</u>	<u>10,708</u>
Net Position:						
Net Investment in						
Capital Assets	22,644,886	21,466,029	17,543,156	17,750,083	40,188,042	39,216,112
Restricted	15,663,392	5,183,351	-	-	15,663,392	5,183,351
Unrestricted	<u>(31,840,587)</u>	<u>(27,307,302)</u>	<u>(1,369,798)</u>	<u>(1,730,836)</u>	<u>(33,210,385)</u>	<u>(29,038,138)</u>
Total net position	<u>\$ 6,467,691</u>	<u>\$ (657,922)</u>	<u>\$ 16,173,358</u>	<u>\$ 16,019,247</u>	<u>\$ 22,641,049</u>	<u>\$ 15,361,325</u>

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The assets of Wilkes County exceeded liabilities and deferred inflows of resources by \$22,641,049 as of June 30, 2013. The County's net position increased by \$7,279,724 for the fiscal year ended June 30, 2013. The County's net position also reflect the investment in capital assets (e.g. land, buildings, and equipment), less any related debt still outstanding that was issued to acquire those items. Wilkes County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Wilkes County's net investment in 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 the County's net position, \$15,663,392, represents resources that are subject to external restrictions on how they may be used. The remaining balance is an unrestricted deficit of \$33,210,385. This deficit is a presentation of the fact that Wilkes County carries \$39,010,000 of debt for the Wilkes County Board of Education for the construction of four new middle schools and renovations to four high schools and one elementary school. The Wilkes County Board of Education and Wilkes Community College show the assets associated with this debt on their books.

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

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 94.30%.
- Sustained operating budgets at minimal costs and estimated revenues conservatively.
- Increase in lottery funds received from the state.

Wilkes County's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges from services	\$ 11,551,867	\$ 9,295,668	\$ 3,468,291	\$ 3,079,802	\$ 15,020,158	\$ 12,375,470
Operating grants and contributions	9,123,504	8,679,898	-	-	9,123,504	8,679,898
Capital grants and contributions	2,130,170	683,083	333,930	750,465	2,464,100	1,433,548
General revenues:						
Property taxes	38,938,295	39,753,363	-	-	38,938,295	39,753,363
Local option sales tax	11,825,251	11,687,335	-	-	11,825,251	11,687,335
Other	183,699	191,933	8,821	12,572	192,520	204,505
Total revenues	<u>73,752,786</u>	<u>70,291,280</u>	<u>3,811,042</u>	<u>3,842,839</u>	<u>77,563,828</u>	<u>74,134,119</u>
Expenses:						
General government	6,429,585	5,993,498	-	-	6,429,585	5,993,498
Public safety	18,144,794	16,692,167	-	-	18,144,794	16,692,167
Economic and physical development	370,937	1,962,352	-	-	370,937	1,962,352
Environmental protection	154,981	183,976	-	-	154,981	183,976
Human services	20,129,294	19,435,904	-	-	20,129,294	19,435,904
Cultural and recreation	1,491,994	1,430,387	-	-	1,491,994	1,430,387
Education	18,113,269	14,654,973	-	-	18,113,269	14,654,973
Interest on long-term debt	1,792,320	1,884,536	-	-	1,792,320	1,884,536
Airport	-	-	1,647,540	1,436,575	1,647,540	1,436,575
Landfill	-	-	2,009,391	2,091,457	2,009,391	2,091,457
Total expenses	<u>66,627,173</u>	<u>62,237,793</u>	<u>3,656,931</u>	<u>3,528,032</u>	<u>70,284,104</u>	<u>65,765,825</u>
Increase (decrease) in net position	7,125,613	8,053,487	154,111	314,807	7,279,724	8,368,294
Net Position:						
Beginning of year - July 1	<u>(657,922)</u>	<u>(8,711,409)</u>	<u>16,019,247</u>	<u>15,704,440</u>	<u>15,361,325</u>	<u>6,993,031</u>
End of year - June 30	<u>\$ 6,467,691</u>	<u>\$ (657,922)</u>	<u>\$ 16,173,358</u>	<u>\$ 16,019,247</u>	<u>\$ 22,641,049</u>	<u>\$ 15,361,325</u>

Governmental Activities. Governmental activities increased the County's net position by \$7,125,613. Key elements of this increase are as follows:

- Maintaining a collection percentage of 94.30% in the collection of property taxes.
- Increase in local option sales tax and related revenues.
- Conservative budgeting in operating expenses and revenue estimates.
- Increase in lottery proceeds received from the state.

Business-Type Activities. Business-type activities increased Wilkes County's net position by \$154,111. Key elements of this increase are as follows:

- Conservative budgeting in operations and revenue estimates.
- Increase in construction materials deposited at the county landfill

Financial Analysis of the County's Funds

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

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

The General Fund is the chief operating fund of Wilkes County. At the end of the current fiscal year, fund balance available in the General Fund was \$23,165,705 while total fund balance reached \$26,731,621. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 36% of total General Fund expenditures and transfers to other funds, while total fund balance represents 41% of that same amount.

At June 30, 2013, the governmental funds of Wilkes County reported a combined fund balance of \$38,454,202, an increase over last year. The primary reason for this increase is the increase in fund balance in the General Fund.

General Fund Budgetary Highlights. During the fiscal 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 revenues by approximately \$4,590,831 (6.56%). Amendments were necessary due to conservatism used in compiling the original budget and economic changes.

Proprietary Funds. Wilkes County's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Airport Fund at the end of the fiscal year totaled \$(190,467). Unrestricted net position of the Landfill Fund at the end of the fiscal year totaled \$(1,179,331).

Capital Asset and Debt Administration

Capital Assets. Wilkes County's capital assets for its governmental and business-type activities as of June 30, 2013 totaled \$41,499,183 (net of accumulated depreciation). These assets include buildings, land, improvements, and equipment.

Major capital asset transactions during the year include:

- New River Boulevard building improvements in the amount of \$169,306
- Purchase of E-911 equipment in the amount of \$879,875
- Landfill Greenhouse Addition in the amount of \$303,261

Wilkes County's Capital Assets

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 1,804,349	\$ 1,804,349	\$ 5,115,945	\$ 5,115,945	\$ 6,920,294	\$ 6,920,294
Buildings	16,446,171	16,174,320	792,737	792,737	17,238,908	16,967,057
Improvements	2,670,337	2,633,465	21,255,492	19,977,704	23,925,829	22,611,169
Machinery and equipment	13,247,494	11,738,539	3,773,365	3,706,406	17,020,859	15,444,945
Construction in progress	3,064,405	1,871,104	193,648	1,120,530	3,258,053	2,991,634
Total	37,232,756	34,221,777	31,131,187	30,713,322	68,363,943	64,935,099
Accumulated depreciation	(13,758,757)	(12,583,160)	(13,106,003)	(12,320,310)	(26,864,760)	(24,903,470)
Capital assets, net	\$ 23,473,999	\$ 21,638,617	\$ 18,025,184	\$ 18,393,012	\$ 41,499,183	\$ 40,031,629

Additional information on the County's capital assets can be found in the Notes to the basic financial statements.

**Wilkes County's Outstanding Debt
Long-Term Debt**

Figure 5

	Governmental		Business-Type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Installment purchase	\$ 51,858,578	\$ 42,357,588	\$ -	\$ -	\$ 51,858,578	\$ 42,357,588
Capital lease	-	-	482,028	642,927	482,028	642,927
Total	\$ 51,858,578	\$ 42,357,588	\$ 482,028	\$ 642,927	\$ 51,858,578	\$ 42,357,588

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue up to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Wilkes County is \$394,300,000.

Additional information regarding Wilkes County's long-term debt can be found in the Notes of this audited financial report.

Budget Highlights for the Fiscal Year Ending June 30, 2014

Governmental Activities. The General Fund's overall revenue budget amount is approximately the same as the FY 2012/2013 actual amounts. Overall expenditure amounts are expected to be at a slightly higher level in comparison with the prior year with additional debt incurred for the construction of a new Detention Center and for the purchase and renovations of 2 buildings to be utilized as Law Enforcement and Agriculture Centers.

Business-Type Activities. The budgeted expenditure amounts for the Airport Fund are higher than prior year actual amounts due to an increase in capital project expenses funded mostly by federal and State grants. The budgeted operating expenditure amounts for the Landfill Fund are budgeted fairly consistent to prior year actual amounts. The total budget for the Landfill Fund is approximately the same in comparison to the prior year.

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 Finance Officer of Wilkes County, Mr. Jerry Shepherd, 110 North Street, Wilkesboro, North Carolina 28697, or jshepherd@wilkescounty.net.

WILKES COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Current assets:			
Cash and cash equivalents	\$ 25,362,462	\$ 1,018,335	\$ 26,380,797
Taxes receivable, net	3,891,041	-	3,891,041
Accounts receivable, net	1,630,350	377,023	2,007,373
Due from other governments	2,262,823	190,791	2,453,614
Inventories	16,109	52,535	68,644
Prepaid items	-	6,750	6,750
Internal balances	422,116	(422,116)	-
Cash and cash equivalents, restricted	12,019,465	4,344,412	16,363,877
Capital assets:			
Land, improvements, and construction in progress	4,868,754	5,309,593	10,178,347
Other capital assets, net	18,605,245	12,715,591	31,320,836
Total assets	<u>69,078,365</u>	<u>23,592,914</u>	<u>92,671,279</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses	2,219,475	110,764	2,330,239
Prepaid fees	208,247	-	208,247
Advances from grantors	14,791	-	14,791
Long-term liabilities:			
Due within one year	4,676,388	230,889	4,907,277
Due in more than one year	55,405,252	7,077,903	62,483,155
Total liabilities	<u>62,524,153</u>	<u>7,419,556</u>	<u>69,943,709</u>
Deferred Inflows of Resources:			
Prepaid taxes	<u>86,521</u>	-	<u>86,521</u>
Net Position:			
Net investment in capital assets	22,644,886	17,543,156	40,188,042
Restricted for:			
Stabilization by State statute	3,582,837	-	3,582,837
Crime prevention	96,002	-	96,002
Register of Deeds	290,794	-	290,794
Public safety	11,685,584	-	11,685,584
Economic and physical development	8,175	-	8,175
Unrestricted	<u>(31,840,587)</u>	<u>(1,369,798)</u>	<u>(33,210,385)</u>
Total net position	<u>\$ 6,467,691</u>	<u>\$ 16,173,358</u>	<u>\$ 22,641,049</u>

The accompanying notes are an integral part of the financial statements.

WILKES COUNTY, NORTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 6,429,585	\$ 1,871,372	\$ 354,529	\$ 28,623
Public safety	18,144,794	3,839,887	335,110	-
Environmental protection	154,981	169,640	185,167	-
Economic and physical development	370,937	425	-	350,211
Human services	20,129,294	3,722,548	8,136,440	-
Cultural and recreational	1,491,994	113,146	49,442	-
Education	18,113,269	1,834,849	62,816	1,751,336
Interest on long-term debt	<u>1,792,320</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>66,627,173</u>	<u>11,551,867</u>	<u>9,123,504</u>	<u>2,130,170</u>
Business-Type Activities:				
Landfill	2,009,391	2,320,118	-	-
Airport	<u>1,647,540</u>	<u>1,148,173</u>	<u>-</u>	<u>333,930</u>
Total business-type activities	<u>3,656,931</u>	<u>3,468,291</u>	<u>-</u>	<u>333,930</u>
Total primary government	<u>\$ 70,284,104</u>	<u>\$ 15,020,158</u>	<u>\$ 9,123,504</u>	<u>\$ 2,464,100</u>

General Revenues:

Ad valorem taxes
Local option sales tax
Other taxes and licenses
Investment earnings
Total general revenues

Change in net position

Net Position:

Beginning of year - July 1

End of year - June 30

The accompanying notes are an integral part of the financial statements.

Exhibit B

<u>Net (Expense) Revenue and Changes in Net Position</u>		
<u>Primary Government</u>		
<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
<u>Activities</u>	<u>Activities</u>	
\$ (4,175,061)	\$ -	\$ (4,175,061)
(13,969,797)	-	(13,969,797)
199,826	-	199,826
(20,301)	-	(20,301)
(8,270,306)	-	(8,270,306)
(1,329,406)	-	(1,329,406)
(14,464,268)	-	(14,464,268)
<u>(1,792,320)</u>	<u>-</u>	<u>(1,792,320)</u>
<u>(43,821,632)</u>	<u>-</u>	<u>(43,821,632)</u>
-	310,727	310,727
<u>-</u>	<u>(165,437)</u>	<u>(165,437)</u>
<u>-</u>	<u>145,290</u>	<u>145,290</u>
<u>(43,821,632)</u>	<u>145,290</u>	<u>(43,676,342)</u>
38,938,295	-	38,938,295
11,825,251	-	11,825,251
131,012	-	131,012
<u>52,687</u>	<u>8,821</u>	<u>61,508</u>
<u>50,947,245</u>	<u>8,821</u>	<u>50,956,066</u>
7,125,613	154,111	7,279,724
<u>(657,922)</u>	<u>16,019,247</u>	<u>15,361,325</u>
<u>\$ 6,467,691</u>	<u>\$ 16,173,358</u>	<u>\$ 22,641,049</u>

The accompanying notes are an integral part of the financial statements.

WILKES COUNTY, NORTH CAROLINA

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013**

	General Fund	Law Enforcement Center/Jail Construction	Other Governmental Funds	Total
Assets:				
Cash and cash equivalents	\$ 24,704,177	\$ -	\$ 658,285	\$ 25,362,462
Restricted cash	-	12,019,465	-	12,019,465
Receivables, net	1,597,320	-	33,030	1,630,350
Taxes receivable, net	3,559,000	-	332,041	3,891,041
Due from other governments	2,260,460	2,363	-	2,262,823
Due from other funds	422,116	-	-	422,116
Inventories	16,109	-	-	16,109
Total assets	<u>\$ 32,559,182</u>	<u>\$ 12,021,828</u>	<u>\$ 1,023,356</u>	<u>\$ 45,604,366</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,228,913	\$ 749,293	\$ 203,041	\$ 2,181,247
Retainage payable	-	38,228	-	38,228
Prepaid fees	208,247	-	-	208,247
Advance from grantors	14,791	-	-	14,791
Total liabilities	<u>1,451,951</u>	<u>787,521</u>	<u>203,041</u>	<u>2,442,513</u>
Deferred Inflows of Resources:	<u>4,375,610</u>	<u>-</u>	<u>332,041</u>	<u>4,707,651</u>
Fund Balances:				
Non-spendable:				
Inventories	16,109	-	-	16,109
Restricted:				
Stabilization by State statute	3,549,807	-	33,030	3,582,837
Restricted, all other	386,796	11,234,307	459,452	12,080,555
Assigned:				
Subsequent year's expenditures	825,000	-	-	825,000
Unassigned	21,953,909	-	(4,208)	21,949,701
Total fund balances	<u>26,731,621</u>	<u>11,234,307</u>	<u>488,274</u>	<u>38,454,202</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 32,559,182</u>	<u>\$ 12,021,828</u>	<u>\$ 1,023,356</u>	

Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 23,473,999

Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds. (60,081,640)

Deferred inflows of resources in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end. These receivables are a component of net position in the Statement of Net Position. 4,621,130

Net position of governmental activities (Exhibit A) \$ 6,467,691

The accompanying notes are an integral part of the financial statements.

WILKES COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Law Enforcement Center/Jail Construction	Other Governmental Funds	Total
Revenues:				
Ad valorem taxes	\$ 36,167,201	\$ -	\$ 3,181,219	\$ 39,348,420
Local option sales taxes	11,825,251	-	-	11,825,251
Other taxes and licenses	131,012	-	-	131,012
Unrestricted intergovernmental revenues	274,736	-	-	274,736
Restricted intergovernmental revenues	10,829,672	-	101,005	10,930,677
Permits and fees	409,434	-	-	409,434
Sales and services	9,539,645	-	353,653	9,893,298
Interest earned on investments	50,690	501	1,496	52,687
Miscellaneous	1,461,503	-	-	1,461,503
Total revenues	<u>70,689,144</u>	<u>501</u>	<u>3,637,373</u>	<u>74,327,018</u>
Expenditures:				
Current:				
General government	6,187,340	-	-	6,187,340
Public safety	13,076,645	1,456,194	3,591,387	18,124,226
Environmental protection	143,244	-	-	143,244
Economic and physical development	1,693,089	-	101,155	1,794,244
Human services	19,489,455	-	-	19,489,455
Cultural and recreation	1,367,397	-	-	1,367,397
Education	18,113,269	-	-	18,113,269
Debt service:				
Principal repayments	3,189,010	-	-	3,189,010
Interest	1,792,320	-	-	1,792,320
Total expenditures	<u>65,051,769</u>	<u>1,456,194</u>	<u>3,692,542</u>	<u>70,200,505</u>
Revenues over (under) expenditures	<u>5,637,375</u>	<u>(1,455,693)</u>	<u>(55,169)</u>	<u>4,126,513</u>
Other Financing Sources (Uses):				
Sale of capital assets	23,822	-	-	23,822
Installment purchase obligations issued	-	12,690,000	-	12,690,000
Total other financing sources (uses)	<u>23,822</u>	<u>12,690,000</u>	<u>-</u>	<u>12,713,822</u>
Net change in fund balances	5,661,197	11,234,307	(55,169)	16,840,335
Fund Balances:				
Beginning of year - July 1	<u>21,070,424</u>	<u>-</u>	<u>543,443</u>	<u>21,613,867</u>
End of year - June 30	<u>\$ 26,731,621</u>	<u>\$ 11,234,307</u>	<u>\$ 488,274</u>	<u>\$ 38,454,202</u>

The accompanying notes are an integral part of the financial statements.

WILKES COUNTY, NORTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different due to the following items:

Net change in fund balances - total governmental funds (Exhibit D) \$ 16,840,335

Exhibit D reports revenues using a current financial resources basis, which generally means revenue is recognized when collected, or is expected to be collected, within 90 days of year-end. Exhibit B reports revenues when the earning process is complete, regardless of when it is collected. This measurement difference causes timing of revenue recognition differences for the following revenue types:

Property taxes	(410,100)
Sales and services	(164,132)

Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets. 3,140,766

Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement. (1,305,384)

Expenses related to compensated absences, Law Enforcement Officers' Separation Allowance, arbitrage, and non-current health claims payable that do not require current financial resources are not reported as expenditures in the governmental funds statement. (463,444)

Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities. 3,189,010

Proceeds from issuance of debt are reported as revenues in the governmental funds statement. However, in the Statement of Activities, it is not a revenue, rather it is an increase in liabilities. (12,690,000)

Increases in other post-employment benefits accrued liability are reported as expenses in the entity-wide financial statements; however, it is not an expenditure in the governmental funds statement. (1,011,438)

Total changes in net position of governmental activities \$ 7,125,613

The accompanying notes are an integral part of the financial statements.

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Final Budget Over/(Under)
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 34,588,339	\$ 34,588,340	\$ 36,167,201	\$ 1,578,861
Local option sales tax	11,204,341	11,204,341	11,825,251	620,910
Other taxes and licenses	102,000	102,000	131,012	29,012
Unrestricted intergovernmental revenues	245,000	245,000	274,736	29,736
Restricted intergovernmental revenues	11,019,182	13,019,659	10,829,672	(2,189,987)
Permits and fees	368,000	368,000	409,434	41,434
Sales and services	6,931,584	9,001,555	9,539,645	538,090
Investment earnings	50,500	50,500	50,690	190
Miscellaneous	808,753	843,148	1,461,503	618,355
Total revenues	<u>65,317,699</u>	<u>69,422,543</u>	<u>70,689,144</u>	<u>1,266,601</u>
Expenditures:				
General government	6,783,612	7,038,333	6,187,340	850,993
Public safety	13,332,060	13,620,142	13,076,645	543,497
Environmental protection	160,000	160,000	143,244	16,756
Economic and physical development	2,293,651	2,499,399	1,693,089	806,310
Human services	21,257,893	21,775,536	19,489,455	2,286,081
Cultural and recreation	1,395,040	1,395,040	1,367,397	27,643
Education	15,334,629	18,416,257	18,113,269	302,988
Debt service:				
Principal repayments	2,879,009	3,189,009	3,189,010	(1)
Interest	1,788,110	1,792,320	1,792,320	-
Contingency	96,695	-	-	-
Total expenditures	<u>65,320,699</u>	<u>69,886,036</u>	<u>65,051,769</u>	<u>4,834,267</u>
Revenues over (under) expenditures	<u>(3,000)</u>	<u>(463,493)</u>	<u>5,637,375</u>	<u>6,100,868</u>
Other Financing Sources (Uses):				
Sale of capital assets	3,000	3,000	23,822	20,822
Appropriated fund balance	-	460,493	-	(460,493)
Total other financing sources (uses)	<u>3,000</u>	<u>463,493</u>	<u>23,822</u>	<u>(439,671)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>5,661,197</u>	<u>\$ 5,661,197</u>
Fund Balance:				
Beginning of year - July 1			<u>21,070,424</u>	
End of year - June 30			<u>\$ 26,731,621</u>	

The accompanying notes are an integral part of the financial statements.

WILKES COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Major Enterprise Funds		Total
	Landfill Fund	Airport Fund	
Assets:			
Current assets:			
Cash and cash equivalents	\$ 1,017,835	\$ 500	\$ 1,018,335
Receivables, net	282,094	94,929	377,023
Inventories	-	52,535	52,535
Due from other governments	22,180	168,611	190,791
Prepays	-	6,750	6,750
Total current assets	<u>1,322,109</u>	<u>323,325</u>	<u>1,645,434</u>
Non-current assets:			
Restricted cash and cash equivalents	<u>4,344,412</u>	-	<u>4,344,412</u>
Capital assets:			
Land, improvements, and construction in progress	2,272,068	3,037,525	5,309,593
Other capital assets, net	<u>3,300,393</u>	<u>9,415,198</u>	<u>12,715,591</u>
Total capital assets	<u>5,572,461</u>	<u>12,452,723</u>	<u>18,025,184</u>
Total non-current assets	<u>9,916,873</u>	<u>12,452,723</u>	<u>22,369,596</u>
Total assets	<u>11,238,982</u>	<u>12,776,048</u>	<u>24,015,030</u>
Liabilities and Net Position:			
Liabilities:			
Current liabilities:			
Accounts payable	68,094	42,670	110,764
Due to other funds	-	422,116	422,116
Current portion of compensated absences	57,000	8,400	65,400
Current portion of long-term debt	<u>145,993</u>	<u>19,496</u>	<u>165,489</u>
Total current liabilities	<u>271,087</u>	<u>492,682</u>	<u>763,769</u>
Non-current liabilities:			
Accrued landfill closure and post-closure care costs	6,520,000	-	6,520,000
Compensated absences - non-current	22,474	2,402	24,876
Non-current portion of long-term debt	316,539	-	316,539
OPEB liability	<u>178,284</u>	<u>38,204</u>	<u>216,488</u>
Total non-current liabilities	<u>7,037,297</u>	<u>40,606</u>	<u>7,077,903</u>
Total liabilities	<u>7,308,384</u>	<u>533,288</u>	<u>7,841,672</u>
Net Position:			
Net investment in capital assets	5,109,929	12,433,227	17,543,156
Unrestricted	<u>(1,179,331)</u>	<u>(190,467)</u>	<u>(1,369,798)</u>
Total net position	<u>\$ 3,930,598</u>	<u>\$ 12,242,760</u>	<u>\$ 16,173,358</u>

The accompanying notes are an integral part of the financial statements.

WILKES COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION- PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Major Enterprise Funds		Total
	Landfill Fund	Airport Fund	
Operating Revenues:			
Charges for services	\$ 2,037,566	\$ 1,051,162	\$ 3,088,728
Rents	-	90,266	90,266
Scrap tire disposal grant	40,929	-	40,929
Other operating revenues	241,623	6,745	248,368
Total operating revenues	<u>2,320,118</u>	<u>1,148,173</u>	<u>3,468,291</u>
Operating Expenses:			
Airport operations	-	1,166,226	1,166,226
Landfill operations	1,705,052	-	1,705,052
Depreciation	290,377	479,965	770,342
Total operating expenses	<u>1,995,429</u>	<u>1,646,191</u>	<u>3,641,620</u>
Operating income (loss)	<u>324,689</u>	<u>(498,018)</u>	<u>(173,329)</u>
Non-Operating Revenues (Expenses):			
Interest earned on investments	8,821	-	8,821
Interest expense	(13,962)	(1,349)	(15,311)
Insurance reimbursements	-	7,338	7,338
Total non-operating revenues (expenses)	<u>(5,141)</u>	<u>5,989</u>	<u>848</u>
Income (loss) before capital contributions	319,548	(492,029)	(172,481)
Capital contributions	<u>-</u>	<u>326,592</u>	<u>326,592</u>
Change in net position	319,548	(165,437)	154,111
Net Position:			
Beginning of year - July 1	<u>3,611,050</u>	<u>12,408,197</u>	<u>16,019,247</u>
End of year - June 30	<u>\$ 3,930,598</u>	<u>\$ 12,242,760</u>	<u>\$ 16,173,358</u>

The accompanying notes are an integral part of the financial statements.

WILKES COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Major Enterprise Funds		
	Landfill Fund	Airport Fund	Total
Cash Flows from Operating Activities:			
Cash received from customers	\$ 2,237,559	\$ 1,054,235	\$ 3,291,794
Cash paid for goods and services	(903,781)	(1,071,337)	(1,975,118)
Cash paid to employees for services	(788,757)	(178,135)	(966,892)
Net cash provided (used) by operating activities	<u>545,021</u>	<u>(195,237)</u>	<u>349,784</u>
Cash Flows from Non-Capital Financing Activities:			
Other non-operating revenues	-	7,338	7,338
Change in due to other funds	-	232,189	232,189
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>239,527</u>	<u>239,527</u>
Cash Flows from Capital and Related Financing Activities:			
Capital grants received	-	326,592	326,592
Acquisition and construction of capital assets	(51,608)	(350,906)	(402,514)
Principal paid on long-term debt	(142,270)	(18,629)	(160,899)
Interest and fees	(13,962)	(1,349)	(15,311)
Net cash provided (used) for capital and related financing activities	<u>(207,840)</u>	<u>(44,292)</u>	<u>(252,132)</u>
Cash Flows from Investing Activities:			
Interest on investments	<u>8,821</u>	-	<u>8,821</u>
Net increase (decrease) in cash and cash equivalents	346,002	(2)	346,000
Cash and Cash Equivalents:			
Beginning of year - July 1	<u>5,016,245</u>	<u>502</u>	<u>5,016,747</u>
End of year - June 30	<u>\$ 5,362,247</u>	<u>\$ 500</u>	<u>\$ 5,362,747</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	<u>\$ 324,689</u>	<u>\$ (498,018)</u>	<u>\$ (173,329)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	290,377	479,965	770,342
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(38,411)	(93,938)	(132,349)
(Increase) decrease in inventory	-	2,342	2,342
Increase (decrease) in accounts payable and accrued liabilities	(40,184)	(72,227)	(112,411)
Increase (decrease) in OPEB	4,612	(12,959)	(8,347)
Increase (decrease) in accrued vacation pay	<u>3,938</u>	<u>(402)</u>	<u>3,536</u>
Total adjustments	<u>220,332</u>	<u>302,781</u>	<u>523,113</u>
Net cash provided (used) by operating activities	<u>\$ 545,021</u>	<u>\$ (195,237)</u>	<u>\$ 349,784</u>

The accompanying notes are an integral part of the financial statements.

WILKES COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2013

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 268,326
Taxes receivable	<u>305,013</u>
Total assets	<u>\$ 573,339</u>
Liabilities:	
Miscellaneous liabilities	\$ 570,770
Intergovernmental payable - State of North Carolina	<u>2,569</u>
Total liabilities	<u>\$ 573,339</u>

The accompanying notes are an integral part of the financial statements.

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WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

1. Summary of Significant Accounting Policies

The accounting policies of Wilkes County 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 five-member Board of Commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10.

Discretely Presented Component Unit

Wilkes County Industrial Facility and Pollution Control Financing Authority

Wilkes 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 is governed by a seven-member Board of Commissioners, all of who are appointed by the County Commissioners. The County can remove any commissioner of the Authority with or without cause. The Authority has no financial transactions or account balances; therefore, it is not presented in the combined financial statements. The Authority does not issue separate financial statements.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus - Basis of Accounting

Government-Wide Statements. The Statement of Net Position and the Statement of Activities display information about the County. 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.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Fund Financial Statements. The fund financial statements provide information about the County's funds, including its fiduciary funds. 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 nonmajor 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, result from non-exchange transactions. Other non-operating revenues such as investment earnings are ancillary activities.

The County reports the following major governmental funds:

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

Law Enforcement Center/Jail Construction Project Fund. This is a capital project fund to account for the construction of a new law enforcement center and jail.

The County reports the following major enterprise funds:

Airport Fund. This fund accounts for the operation and maintenance of the airport.

Landfill Fund. This fund accounts for the operation, maintenance, and development of the landfill and various recycling centers.

The County reports the following fiduciary 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 the following agency funds: the Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; the 3% Interest Payable to the State Fund, which accounts for three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles; and the Ad Valorem Tax - Other Municipalities Fund, which accounts for property taxes and registered motor vehicle property taxes that are billed and collected by the County for various municipalities and special districts within the County.

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.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary fund, and fiduciary 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 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 as program revenues. Likewise, general revenues include all taxes.

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

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

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable 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, Wilkes County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes, which were billed during this period, are shown as a receivable on these financial statements and are offset by deferred inflows of resources.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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

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

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the special revenue funds, and the enterprise funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the capital projects funds and the enterprise capital projects funds, which are consolidated with the enterprise operating funds for reporting purposes.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

D. Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity

Deposits and Investments

All deposits of the County are made in board-designated official depositories and are secured as required by G.S. 159-31. The County may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County 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 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).

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The County'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 earning investment contracts are reported at cost.

Cash and Cash Equivalents

The County pools monies from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

Restricted Assets

Cash in the Landfill Closure and Post-Closure Fund is classified as restricted because its use is completely restricted to closing and monitoring the landfill. The unexpended debt proceeds in the capital project funds are classified as restricted assets.

Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles, on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2012. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

Allowances for Doubtful Accounts

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

Inventories and Prepaid Items

The inventories of the County are valued at cost (first-in, first-out), which approximates market. The County's General Fund inventory consists of expendable supplies that are recorded as expenditures when purchased. The inventory of the County's enterprise funds consist of materials and supplies held for consumption or resale. The cost of the inventory carried in the County's enterprise funds is recorded as an expense as it is consumed or sold.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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. 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.

The County holds title to certain Wilkes County Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Wilkes County Board of Education.

Capital assets of the County are depreciated on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Buildings	50
Improvements	10-30
Furniture and equipment	9
Vehicles	10
Computer equipment	5-9

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County does not have an item that meets this criterion. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has three items that meet the criterion for this category – prepaid taxes, other receivables, and property taxes receivable.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Long-Term Obligations

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

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

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. For the County's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The sick leave policy of the County provides 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 the County has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Net Position/Fund Balances

Net Position

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

Restricted Net Position as of June 30, 2013 are as follows:

	Governmental Activities
Stabilization by State statute	\$ 3,582,837
Crime prevention	96,002
Register of Deeds	290,794
Public safety	11,685,584
Economic and physical development	8,175
Total	<u>\$ 15,663,392</u>

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Unrestricted Net Position

The County has \$39,010,000 of debt outstanding for the acquisition and construction of public school and community college facilities. The assets related to this debt are not reported in the County's Net Position since title to the related assets are held by Wilkes County Board of Education and Wilkes Community College.

Fund Balances

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

The governmental fund types classify fund balance as follows:

Non-Spendable Fund Balance

This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained in tact.

Inventories – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources. At June 30, 2013, the County had \$16,109 non-spendable fund balance for inventories.

WILKES COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Restricted Fund Balance

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

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>
<i>Restricted for Stabilization of State Statute</i> – portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].	\$3,549,807	\$ 33,030	\$ -
<i>Restricted for Public Safety - Crime Prevention</i> – portion of fund balance that is restricted by revenue source for crime prevention expenditures.	96,002	-	-
<i>Restricted for Register of Deeds</i> – portion of fund balance that is restricted by revenue source to pay for the computer equipment and imaging technology for the Register of Deeds' office.	290,794	-	-
<i>Restricted for Public Safety - Law Enforcement</i> – portion of fund balance that is restricted by revenue source for law enforcement expenditures.	-	35,097	-
<i>Restricted for Public Safety - Law Enforcement</i> – portion of fund balance that is restricted by revenue source for construction of a jail.	-	-	11,234,307
<i>Restricted for Public Safety - E-911</i> – portion of fund balance that is restricted by revenue source for E911 expenditures.	-	416,180	-
<i>Restricted for Economic Development</i> – portion of fund balance that is restricted by revenue source for Community Development Block Grant expenditures.	-	-	8,175
	<u>\$3,936,603</u>	<u>\$ 484,307</u>	<u>\$11,242,482</u>

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Committed Fund Balance

This classification represents the portion of fund balance that can only be used for specific purpose imposed by majority vote of the County's governing body (highest level of decision-making authority). Any changes or removal of specific purposes requires majority action by the governing body.

Assigned Fund Balance

Assigned fund balance is the portion of fund balance that the County intends to use for specific purposes. The County's Board of Commissioners has the authority to assign fund balance.

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted and committed. The governing body approves the appropriation.

	General Fund
Subsequent year's expenditures	<u>\$ 825,000</u>

Unassigned Fund Balance

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

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

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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

Total fund balance - General Fund (Exhibit C)	\$ 26,731,621
Less:	
Non-spendable	(16,109)
Stabilization by State statute	<u>(3,549,807)</u>
Available for appropriation	<u>\$ 16,830,159</u>

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Detail Notes on All Funds

A. Assets

Deposits

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County in the unit's name. 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, 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 or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County 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 for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2013, the County's deposits had a carrying amount of \$40,698,360 and a bank balance of \$40,957,347. Of the bank balance, \$1,499,705 was covered by federal depository insurance and \$39,457,642 was covered by collateral held under the Pooling Method.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

At June 30, 2013, Wilkes County had \$5,205 cash on hand.

Investments

At June 30, 2013, Wilkes County had \$2,309,435 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.

Property Tax - Use-Value Assessment on Certain Lands

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

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 3,595,767	\$ 853,995	\$ 4,449,762
2011	3,676,232	542,244	4,218,476
2012	3,813,434	219,272	4,032,706
2013	<u>3,916,526</u>	<u>-</u>	<u>3,916,526</u>
Total	<u>\$ 15,001,959</u>	<u>\$ 1,615,511</u>	<u>\$ 16,617,470</u>

Receivables

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

	<u>Governmental</u>	<u>Business-Type Activities</u>	
	<u>Activities</u>	<u>Landfill</u>	<u>Airport</u>
Accounts Receivable:			
Other	\$ 900,261	\$ -	\$ -
EMS/Landfill/Airport sales	3,365,905	299,600	94,929
Allowance for doubtful accounts	<u>(2,635,816)</u>	<u>(17,506)</u>	<u>-</u>
Total accounts receivable	<u>\$ 1,630,350</u>	<u>\$ 282,094</u>	<u>\$ 94,929</u>
Due from Other Governments:			
Local option sales tax distribution	\$ 2,098,354	\$ -	\$ -
Sales tax refund	164,469	22,180	5,377
Grants	<u>-</u>	<u>-</u>	<u>163,234</u>
Total due from other governments	<u>\$ 2,262,823</u>	<u>\$ 22,180</u>	<u>\$ 168,611</u>

WILKES COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Capital Assets

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

	<u>Balance</u>				<u>Balance</u>
	<u>July 01, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2013</u>
Governmental Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 1,804,349	\$ -	\$ -	\$ -	\$ 1,804,349
Construction in progress	1,871,104	1,496,562	303,261	-	3,064,405
Total non-depreciable capital assets	<u>3,675,453</u>	<u>1,496,562</u>	<u>303,261</u>	<u>-</u>	<u>4,868,754</u>
Depreciable Capital Assets:					
Buildings	16,174,320	271,851	-	-	16,446,171
Other improvements	2,633,465	36,872	-	-	2,670,337
Equipment	11,738,539	1,638,742	114,436	(15,351)	13,247,494
Total depreciable capital assets	<u>30,546,324</u>	<u>1,947,465</u>	<u>114,436</u>	<u>(15,351)</u>	<u>32,364,002</u>
Less Accumulated Depreciation:					
Buildings	4,824,181	870,018	-	-	5,694,199
Other improvements	807,007	94,062	-	-	901,069
Equipment	6,951,972	341,304	114,436	(15,351)	7,163,489
Total accumulated depreciation	<u>12,583,160</u>	<u>\$ 1,305,384</u>	<u>\$ 114,436</u>	<u>\$ (15,351)</u>	<u>13,758,757</u>
Total depreciable capital assets, net	<u>17,963,164</u>				<u>18,605,245</u>
Governmental activities capital assets, net	<u>\$ 21,638,617</u>				<u>\$ 23,473,999</u>

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

General government	\$ 376,450
Public safety	692,772
Environmental protection	11,737
Human services	111,130
Cultural and recreational	113,295
Total	<u>\$ 1,305,384</u>

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

	Balance	Increases	Decreases	Transfers	Balance
	July 01, 2012				June 30, 2013
Business-Type Activities:					
Landfill:					
Non-Depreciable Capital Assets:					
Land	\$ 2,272,068	\$ -	\$ -	\$ -	\$ 2,272,068
Total non-depreciable assets	2,272,068	-	-	-	2,272,068
Depreciable Capital Assets:					
Buildings	363,638	-	-	-	363,638
Other improvements	5,323,248	-	-	-	5,323,248
Equipment	3,505,066	51,608	-	15,351	3,572,025
Total depreciable capital assets	9,191,952	51,608	-	15,351	9,258,911
Less Accumulated Depreciation:					
Buildings	345,354	1,224	-	-	346,578
Other improvements	3,196,194	49,520	-	-	3,245,714
Equipment	2,111,242	239,633	-	15,351	2,366,226
Total accumulated depreciation	5,652,790	\$ 290,377	\$ -	\$ 15,351	5,958,518
Total depreciable capital assets, net	3,539,162				3,300,393
Landfill capital assets, net	5,811,230				5,572,461
Airport:					
Non-Depreciable Capital Assets:					
Land	2,843,877	\$ -	\$ -	\$ -	2,843,877
Construction in progress	1,120,530	350,906	1,277,788	-	193,648
Total non-depreciable capital assets	3,964,407	350,906	1,277,788	-	3,037,525
Depreciable Capital Assets:					
Buildings	429,099	-	-	-	429,099
Other improvements	14,654,456	1,277,788	-	-	15,932,244
Equipment	201,340	-	-	-	201,340
Total depreciable capital assets	15,284,895	1,277,788	-	-	16,562,683
Less Accumulated Depreciation:					
Buildings	90,990	14,210	-	-	105,200
Other improvements	6,502,201	452,296	-	-	6,954,497
Equipment	74,329	13,459	-	-	87,788
Total accumulated depreciation	6,667,520	\$ 479,965	\$ -	\$ -	7,147,485
Total depreciable capital assets, net	8,617,375				9,415,198
Airport capital assets, net	12,581,782				12,452,723
Business-type activities capital assets, net	\$ 18,393,012				\$ 18,025,184

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2013 is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital assets	\$ 23,473,999	\$ 18,025,184
Long-term debt	(51,858,578)	(482,028)
Long-term debt for assets not owned by the County	39,010,000	-
Unspent debt proceeds	12,019,465	-
 Net investment in capital assets	 \$ 22,644,886	 \$ 17,543,156

B. Liabilities

Payables

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

	Governmental Activities	Business-Type Activities	Total
Vendors	\$ 2,102,513	\$ 110,611	\$ 2,213,124
Other expenses	78,734	153	78,887
Retainage payable	38,228	-	38,228
Total Accounts Payable	\$ 2,219,475	\$ 110,764	\$ 2,330,239

Pension Plan Obligations

Local Governmental Employees' Retirement System

Plan Description. Wilkes County contributes to the State-wide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-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 LGERS is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.98% and 7.05%, respectively, of annual covered payroll. The contribution requirements of members and of Wilkes County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2013, 2012, and 2011 were \$1,013,456, \$1,045,355, and \$948,161, respectively. The contributions made by the County equaled the required contributions for each year.

Law Enforcement Officers' Special Separation Allowance

Plan Description. Wilkes 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% 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.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2012, the Separation Allowance's membership consisted of:

Retirees receiving benefits	10
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>74</u>
Total	<u><u>84</u></u>

A separate report was not issued for the Plan.

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 will be paid as they come due.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Contributions. The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefit payments and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as of December 31, 2011 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.0% investment rate of return and (b) projected salary increases of 4.25– 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include post-employment benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2011 was 19 years.

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

Annual required contribution	\$ 148,225
Interest on net pension obligation	24,407
Adjustment to annual required contribution	<u>(30,378)</u>
Annual pension costs	142,254
Contributions made	<u>132,462</u>
Increase (decrease) in net pension obligation	9,792
Net pension obligation:	
Beginning of year - July 1	<u>488,147</u>
End of year - June 30	<u>\$ 497,939</u>

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2011	\$ 128,809	77.51%	\$ 487,509
6/30/2012	126,739	99.50%	488,147
6/30/2013	142,254	93.12%	497,939

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$1,638,742. The covered payroll was \$2,537,726, and the ratio of the UAAL to the covered payroll was 64.58 percent.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Supplemental Retirement Income Plan for Law Enforcement Officers

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 law enforcement officers 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 for Law Enforcement Officers 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 for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2013 were \$144,951, which consisted of \$123,953 from the County and \$20,998 from the law enforcement officers.

Registers of Deeds' Supplemental Pension Fund

Plan Description. Wilkes County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a non-contributory, 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 whom 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 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 Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2013, the County's required and actual contributions were \$5,456.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Other Post-Employment Benefits

Plan Description. In accordance with a County resolution, the County provides healthcare benefits through the Healthcare Benefits Plan (HCB Plan) as a single-employer defined benefit plan to retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (System) and retire with thirty (30) years of certified County service, twenty (20) years of certified County service and are at least 55 years of age at time of retirement, or ten (10) years of certified County service and are at least 62 years old at the time of retirement. These retirees can purchase coverage for themselves and their dependents at the County's group rates. The County will pay 100% of insurance premiums for retirees with thirty (30) years of full-time service, of which fifteen (15) years must be with Wilkes County. The County will pay 75% of insurance premiums for retirees with twenty-five (25) years of service, of which fifteen (15) years must be with Wilkes County. Currently, 17 retirees are purchasing health insurance through the County. The County is paying all or part of retirees' health insurance for 43 retirees based on years of service. For the fiscal year ended June 30, 2013, the County made payments for post-retirement health benefit contributions of \$422,149. The County Commissioners may amend the benefits provisions. A separate report was not issued for the Plan.

Membership of the post-employment health benefit plan consisted of the following at December 31, 2012, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	72
Active members	<u>436</u>
Total	<u>508</u>

Funding Policy. The County agrees to provide medical insurance to certain retired employees as an extended benefit. Eligible retirees who elect this coverage will be enrolled in the group health plan. For members who participate in the North Carolina Local Governmental Employees' Retirement System (System) and retire with thirty (30) years of certified County service, twenty (20) years of certified County service and are at least 55 years of age at time of retirement, or ten (10) years of certified County service and are at least 62 years old at the time of retirement. These retirees can purchase coverage for themselves and their dependents at the County's group rates. The County will pay 100% of insurance premiums for retirees with thirty (30) years of full-time service, of which fifteen (15) years must be with Wilkes County. The County will pay 75% of insurance premiums for retirees with twenty-five (25) years of service, of which fifteen (15) years must be with Wilkes County. The retiree will be responsible for paying the cost of dependent coverage if dependent coverage is elected. The County has chosen to fund healthcare benefits on a pay-as-you-go basis.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The current annual required contribution rate (ARC) is 9.21% of annual covered payroll. For fiscal year 2013, the County contributed \$422,149 or 2.74% of annual covered payroll. Contributions by employees for the fiscal year ended June 30, 2013 were \$126,135. The County's obligation to contribute to the post-retirement benefit plan is established and may be amended by the County.

Summary of Significant Accounting Policies. Post-employment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

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

Annual required contribution	\$ 1,417,631
Interest on net OPEB obligation	170,252
Adjustment to annual required contribution	<u>(162,643)</u>
Annual OPEB cost (expense)	1,425,240
Contributions made	<u>422,149</u>
Increase (decrease) in net OPEB obligation	1,003,091
Net OPEB obligation:	
Beginning of year - July 1	<u>4,256,292</u>
End of year - June 30	<u><u>\$ 5,259,383</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 were as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 1,304,543	34.82%	\$ 3,263,769
2012	1,357,634	26.90%	4,256,292
2013	1,425,240	29.62%	5,259,383

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$19,662,306. The covered payroll (annual payroll of active employees covered by the plan) was \$15,392,827 and the ratio of the UAAL to the covered payroll was 127.7%. 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 multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the 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 assets, consistent with the long-term perspective of the calculations.

The annual required contribution for the current year was determined as part of the December 31, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 4.00% investment rate of return, which included an inflation component of 3.0%, and (b) 8.50% - 5.00% pre-medical cost trend rate and a 6.25%-5.0% post medical trend rate with 2018 the year of ultimate trend rate. The actuarial value of assets was determined using the market value of assets. The unfunded actuarial accrued liability is being amortized as level percentage of pay on an open basis. The remaining amortization period at December 31, 2012 was 30 years.

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.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Closure and Post-Closure Care Costs - Landfill Facility

Federal and State laws and regulations require the County to place a final cover on its landfill facility 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 \$6,520,000 reported as landfill closure and post-closure care liability at June 30, 2013 represents a cumulative amount reported to date based on the use of 100% of cell 1, 100% of cell 2, and 54% of cell 3. The facility has 4 cells. These amounts are based on what it would cost to perform all closure and post-closure care in 2012. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County has met the requirements of a local government financial test that is one option under State and federal laws and regulations that help determine if a unit is financially able to meet closure and post-closure care requirements. However, the County has also elected to establish a reserve fund to accumulate resources for the payment of closure and post-closure care costs. Net transfers of \$5,000 were made to the Landfill Closure and Post-Closure Reserve Fund during the fiscal year ended June 30, 2013. These funds and transfers from prior years are held in investments with a cost of \$4,344,412 (market value \$4,344,412) at year-end. The County expects that future inflation costs will be paid from the interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or by future tax revenues.

Deferred Inflows of Resources

The balance in deferred inflows of resources on the fund statements and the government-wide statements at year-end is composed of the following elements:

	Unavailable Revenues	Unearned Revenues
Prepaid taxes not yet earned (General)	\$ -	\$ 86,521
Taxes receivable, net (General)	3,559,000	-
Taxes receivable, net (Special Revenue)	332,041	-
Other receivables, net (General)	730,089	-
Total	<u>\$4,621,130</u>	<u>\$ 86,521</u>

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in the Employers Mutual Casualty Company administered by Faw Insurance Agency. Through Faw Insurance, the County obtains insurance coverage of \$7 million per occurrence for commercial excess liability, general liability coverage of \$1 million per any one occurrence and workers' compensation coverage up to the statutory limits. Public official and law enforcement liability coverage is up to \$1 million per each claim with a commercial excess policy of \$6 million per each claim. Law enforcement liability coverage is up to \$1 million per each wrongful act. Through Faw Insurance, the County has blanket coverage for property and contents of \$42,563,326.

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through commercial security bonds. The Tax Collector is bonded for \$100,000; the Finance Officer and Register of Deeds are bonded for \$50,000 each; and the Sheriff, Sheriff Grant Administrator, and EMS is bonded for \$25,000. The remaining employees that have access to funds are bonded under a blanket bond for \$500,000.

There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

The County carries commercial flood and earthquake insurance with a limit of \$2,000,000 per occurrence.

The County's employee healthcare program is financed using an entirely self-funded plan. One health plan is available to employees, retirees, covered dependents, and eligible former employees. The County administers the healthcare plan through a self-funded program, supplemented by employee contributions, to pay claims administration and medical claims of the employees and their covered dependents. Specific stop-loss insurance with a deductible of \$75,000 for all occurrences and an aggregate stop-loss insurance of 125% of estimated claims are purchased to limit the County's losses for the overall program. Liabilities of the program are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount of claims that have been incurred but not reported (IBNRs). The County reasonably expects these claims to be paid within one year of occurrence. Changes in the County's claims liability balance are as follows:

	<u>2012</u>	<u>2013</u>
Balance, beginning of year	\$ 667,020	\$ 693,199
Incurred claims (including IBNRs) and changes in estimates	3,402,858	3,664,334
Less claims payments	<u>(3,376,679)</u>	<u>(3,713,945)</u>
Balance, end of year	<u>\$ 693,199</u>	<u>\$ 643,588</u>

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Contingent Liabilities

At June 30, 2013, the County was a defendant to various lawsuits. In the opinion of the County's Management and the County Attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

New River Service Authority, d/b/a New River Behavioral Healthcare ("New River"), was an interlocal agency formed under Chapter 160A of the North Carolina General Statutes by Alleghany, Ashe, Avery, Watauga and Wilkes Counties in 2006 to provide behavioral healthcare services. New River suffered enormous financial losses in 2011 and has now been dissolved by the five counties. New River is no longer in operation or providing services. Wilkes County's share of the unpaid liabilities for the year ended June 30, 2013 was \$14,173. These funds were appropriated by the county and paid toward these liabilities in the year ended June 30, 2013. The remaining extent of the liability of the five counties is still undetermined. This could have a significant adverse impact on the County financially, however this is not anticipated.

Long-Term Obligations

Capital Leases

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

The following schedule provides information regarding the capital leases entered into by the County:

<u>Description</u>	<u>Date Executed</u>	<u>Number of Payments</u>	<u>Frequency of Payments</u>	<u>Amount of Payments</u>
Caterpillar Compactor	8/19/2011	59	Monthly	\$ 13,019
John Deere Tractor	7/8/2011	37	Monthly	\$ 1,665

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

<u>Class of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment - Landfill	\$ 720,584	\$ 132,107	\$ 588,477
Equipment - Airport	\$ 56,139	\$ 11,228	\$ 44,911

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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

Year Ending June 30	Amount
2014	\$ 176,212
2015	156,232
2016	156,232
2017	13,019
2018	-
Total minimum lease payments	<u>501,695</u>
Less amount representing interest	<u>19,667</u>
Present value of the minimum lease payments	<u>\$ 482,028</u>

Installment Purchase Agreements

\$476,101 U.S. Core of Engineers note, issued in 1970, interest at 2.03%, payable in annual installments of \$17,336 with final payment due in 2020; secured by real estate; proceeds used to construct a dam and a lake	\$ 158,578
\$12,690,000 note, issued June 2013, interest at 1.94%, payable in annual installments of \$850,000, plus interest paid semi-annual, with final payment due in 2028; issued for construction of a jail.	12,690,000
\$35,385,000 Certificates of Participation Series 2006, issued August 2006, interest rates ranging from 4.00% - 5.00%; payable in annual installments ranging from \$1,215,000 to \$1,225,000 plus interest; issued for renovation of four schools for Wilkes County Board of Education	28,060,000
\$13,335,000 Refunding of Certificates of Participation, Series 2000, issued November 2010, interest rate at 3.41%; payable in annual installments ranging from \$265,255 to \$1,853,203 including interest; used for the construction of middle schools for Wilkes County Board of Education	<u>10,950,000</u>
Total installment purchase agreements	<u>\$ 51,858,578</u>

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

For Wilkes County, the future minimum payments as of June 30, 2013 are as follows:

Year Ending	Governmental Activities		
	Principal	Interest	Total
June 30			
2014	\$ 3,524,388	\$ 1,917,932	\$ 5,442,320
2015	3,504,776	1,800,582	5,305,358
2016	3,485,175	1,683,648	5,168,823
2017	3,465,584	1,568,939	5,034,523
2018	3,457,009	1,454,805	4,911,814
2019-2023	14,341,646	5,572,862	19,914,508
2024-2028	10,320,000	3,548,614	13,868,614
2029-2033	6,115,000	1,824,038	7,939,038
2034-2037	3,645,000	364,500	4,009,500
Total	<u>\$ 51,858,578</u>	<u>\$ 19,735,920</u>	<u>\$ 71,594,498</u>

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Long-Term Obligation Activity

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

	Balance July 01, 2012	Increases	Decreases	Balance June 30, 2013	Current Portion of Balance
Governmental Activities:					
Installment purchase	\$ 42,357,588	\$ 12,690,000	\$ 3,189,010	\$ 51,858,578	\$ 3,524,388
Compensated absences	1,535,377	1,654,796	1,151,533	2,038,640	1,152,000
Incurred, but not reported, health claims	693,199	3,664,334	3,713,945	643,588	-
Net pension obligation	488,147	142,254	132,462	497,939	-
Net OPEB obligation	4,031,457	1,364,294	352,856	5,042,895	-
Total governmental activities	<u>\$ 49,105,768</u>	<u>\$ 19,515,678</u>	<u>\$ 8,539,806</u>	<u>\$ 60,081,640</u>	<u>\$ 4,676,388</u>
Business-Type Activities:					
Landfill					
Capital lease	\$ 604,802	\$ -	\$ 142,270	\$ 462,532	\$ 145,993
Accrued landfill closure and post-closure care costs	6,520,000	-	-	6,520,000	-
Compensated absences	75,536	60,590	56,652	79,474	57,000
Net OPEB obligation	173,672	49,784	45,172	178,284	-
Total landfill fund	<u>\$ 7,374,010</u>	<u>\$ 110,374</u>	<u>\$ 244,094</u>	<u>\$ 7,240,290</u>	<u>\$ 202,993</u>
Airport Fund					
Capital lease	\$ 38,125	\$ -	\$ 18,629	\$ 19,496	\$ 19,496
Compensated absences	11,204	8,001	8,403	10,802	8,400
OPEB obligation	51,163	11,162	24,121	38,204	-
Total airport fund	<u>\$ 100,492</u>	<u>\$ 19,163</u>	<u>\$ 51,153</u>	<u>\$ 68,502</u>	<u>\$ 27,896</u>

Compensated absences, net pension obligation, and post-employment benefits typically have been liquidated in the General Fund. Compensated absences are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

At June 30, 2013, Wilkes County had a legal debt margin of approximately \$394,300,000.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Conduit Debt Obligations

Wilkes County Industrial Facility and Pollution Control Authority have issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County nor any political subdivision, thereof, is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2013, there were no industrial revenue bonds outstanding.

C. Interfund Balances and Activity

Due to/Due from Other Funds:

Due to the General Fund from the Airport Fund	
to repay funds to cover cash flow shortage	\$ 422,116

3. Related Organization

The County's governing board is responsible for appointing the members of the Board of the Wilkes Transportation Authority (Authority), but the County's accountability for this organization does not extend beyond making these appointments. Wilkes Transportation Authority is a public authority that exists to provide transportation services to the citizens of Wilkes County. It is funded primarily with federal and State grants and service fees.

4. Joint Ventures

The County, in conjunction with the State of North Carolina and the Wilkes County Board of Education, participates in a joint venture to operate the Wilkes Campus of Wilkes Community College (Community College). Wilkes County appoints four members of the seventeen-member Board of Trustees of the Community College. The Community College is included as a component unit of the State. The County provides financial support for the Community College's operations. The County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Wilkes Campus of Wilkes Community College's facilities. The County contributed \$3,041,629 and \$150,000 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2013. Wilkes County does not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2013. Complete financial statements for Wilkes Community College may be obtained from the Community College's administrative offices at P.O. Box 120, Wilkesboro, North Carolina 28697.

The County also participates in a joint venture to operate Smokey Mountain Center (Center) with fifteen other local governments. Wilkes County appoints two Board members to the thirty-member Board and one member to the Advisory Board of the Center. The County has an ongoing financial responsibility for the joint venture because the Center's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Center, so no equity interest has been reflected in the financial statements at

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

June 30, 2013. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$254,200 to the Center to supplement its activities. Complete financial statements for the Smokey Mountain Center can be obtained from the Center's offices at 44 Bonnie Lane, Sylva, North Carolina 28779.

The County also participates in a joint venture to operate Appalachian Regional Library (Library) with two other local governments. Wilkes County appoints four board members to the twelve-member Board of the Library. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2013. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$514,020 to the Library to supplement its activities. Complete financial statements for the Appalachian Regional Library can be obtained from the Library's offices at 148 Library Drive, West Jefferson, North Carolina 28694.

The County participates in a joint venture to operate Wilkes Economic Development Corporation, (Corporation) a non-profit corporation, with two municipalities and the Wilkes Chamber of Commerce. Wilkes County appoints four Board members to the nine-member Board of the Corporation. The County has an ongoing financial responsibility for the joint venture because the Corporation's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the non-profit Corporation, so no equity interests have been reflected in the financial statements at June 30, 2013. The County appropriated \$280,000 to the Corporation during the year. Complete financial statements for the Wilkes Economic Development Corporation can be obtained from the Corporation's offices at P.O. Box 727, North Wilkesboro, North Carolina 28659.

5. Jointly Governed Organization

The County, in conjunction with six other counties and nineteen municipalities, established the High Country 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 \$34,214 to the Council during the fiscal year ended June 30, 2013.

The County, in conjunction with six other counties, established the Northwest Regional Housing Authority (Authority). The participating governments established the Authority for housing and urban development. Each participating government appoints one member of the Authority's governing board.

WILKES COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

6. Benefit Payments Issued by the State

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

	<u>Federal</u>	<u>State</u>
Medicaid	\$ 65,379,288	\$ 30,766,724
Women, Infants, and Children	1,145,511	-
Temporary Assistance to Needy Families	736,008	-
Food & Nutrition Services	21,825,981	-
LINKS	16,130	4,032
Foster Care	599,265	427,113
Adoption Assistance	671,513	177,073
State/County Special Assistance for Adults	-	463,261
CWS Adoption Subsidy	-	445,076

7. 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 monies 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 monies.

8. Change in Accounting Principle

The County implemented Governmental Accounting Standards Board (GASB) Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and Statement 65, items previously reported as Assets and Liabilities, in the fiscal year ended June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position. Additionally, GASB 65 requires that deferred costs from the refunding of debt, which were previously deferred and amortized, be presented as deferred outflows of resources.

WILKES COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2013

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b-a)/c]
		Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)			
12/31/2012	\$ -	\$ 1,638,742	\$ 1,638,742	0.00%	\$ 2,537,726	64.58%
12/31/2011	-	1,603,784	1,603,784	0.00%	2,366,561	67.77%
12/31/2010	-	1,431,801	1,431,801	0.00%	2,278,888	62.83%
12/31/2009	-	1,276,889	1,276,889	0.00%	2,542,423	50.22%
12/31/2008	-	938,611	938,611	0.00%	2,528,173	37.13%
12/31/2007	-	845,571	845,571	0.00%	2,231,243	37.90%
12/31/2006	-	665,756	665,756	0.00%	2,271,030	29.32%
12/31/2005	-	615,955	615,955	0.00%	2,160,847	28.51%
12/31/2004	-	661,523	661,523	0.00%	1,925,400	34.36%
12/31/2003	-	529,940	529,940	0.00%	1,909,004	27.76%
12/31/2002	-	465,043	465,043	0.00%	1,801,392	26.00%

Schedule of Employer Contributions

Year Ended June 30	Annual	
	Required Contribution (ARC)	Percentage of ARC Contributed
2013	\$ 148,225	89.37%
2012	131,446	95.93%
2011	130,431	76.55%
2010	105,202	41.79%
2009	93,042	31.12%
2008	83,070	22.39%
2007	75,823	11.49%

Notes to the Required Schedules:

The information presented above was determined as part of the actuarial valuation at the dates indicated.
Additional information as of the latest valuation follows:

Valuation date	12/31/2011
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	19 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	5.00%
Projected salary increases *	4.25 - 7.85%
Cost-of-living adjustments	N/A

* Includes inflation at 3.00%

WILKES COUNTY, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2013

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets A	Actuarial 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
12/31/2012	\$ -	\$ 19,662,306	\$ 19,662,306	0.00%	\$ 15,392,827	127.7%
12/31/2011	-	19,335,244	19,335,244	0.00%	15,075,055	128.3%
12/31/2009	-	16,301,175	16,301,175	0.00%	15,626,239	104.3%
12/31/2008	-	19,178,521	19,178,521	0.00%	15,620,150	122.8%
12/31/2007	-	17,830,366	17,830,366	0.00%	14,442,616	123.5%
12/31/2006	-	19,102,550	19,102,550	0.00%	13,805,726	138.4%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2013	\$ 1,417,631	29.78%
2012	1,339,715	27.25%
2011	1,291,292	35.18%
2010	1,530,176	27.31%
2009	1,530,176	14.96%

Notes to the Required Schedules:

The information presented above was determined as part of the actuarial valuation at the dates indicated.
Additional information as of the latest valuation follows:

Valuation date	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	4.00%
Pre-medical cost trend rate	5.00% - 8.50%
Post-medical cost trend rate	5.00% - 6.25%
Year of Ultimate trend rate	2018

* Includes inflation at 3.0%

WILKES COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	<u>2013</u>		<u>Variance Over /Under</u>	<u>2012</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 34,351,340	\$ 35,665,404	\$ 1,314,064	\$ 35,391,568
Penalties and interest	237,000	501,797	264,797	464,280
Total	<u>34,588,340</u>	<u>36,167,201</u>	<u>1,578,861</u>	<u>35,855,848</u>
Local Option Sales Taxes:				
Article 39 one percent	4,429,014	4,531,660	102,646	4,506,244
Article 40 one-half of one percent	3,297,241	3,662,137	364,896	3,574,364
Article 42 one-half of one percent	2,373,222	2,462,594	89,372	2,434,379
Article 44 one-half of one percent	-	12,462	12,462	9,035
Article 46 one-fourth of one percent	1,104,864	1,156,398	51,534	1,163,313
Total	<u>11,204,341</u>	<u>11,825,251</u>	<u>620,910</u>	<u>11,687,335</u>
Other Taxes and Licenses:				
Real estate transfer taxes	100,000	121,882	21,882	120,898
Privilege licenses	2,000	9,130	7,130	9,766
Total	<u>102,000</u>	<u>131,012</u>	<u>29,012</u>	<u>130,664</u>
Unrestricted Intergovernmental:				
Payments in lieu of taxes	20,000	27,158	7,158	27,312
Beer and wine tax	225,000	247,578	22,578	264,417
Total	<u>245,000</u>	<u>274,736</u>	<u>29,736</u>	<u>291,729</u>
Restricted Intergovernmental:				
Federal and State grants	11,570,959	9,498,015	(2,072,944)	7,272,022
Lottery proceeds	1,051,011	1,051,011	-	1,350,000
Court facility fees	125,000	118,566	(6,434)	109,561
Fines and forfeitures	20,500	23,738	3,238	23,108
Other	252,189	138,342	(113,847)	161,898
Total	<u>13,019,659</u>	<u>10,829,672</u>	<u>(2,189,987)</u>	<u>8,916,589</u>
Permits and Fees:				
Building permits	184,500	195,968	11,468	184,367
Register of Deeds	183,500	213,466	29,966	201,409
Total	<u>368,000</u>	<u>409,434</u>	<u>41,434</u>	<u>385,776</u>

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over /Under	Actual
Sales and Services:				
Ambulance and rescue squad fees	2,505,754	3,223,302	717,548	2,784,755
Jail fees	75,000	50,078	(24,922)	41,303
Rents and fees	6,290,301	6,153,119	(137,182)	4,783,215
Recreation fees	130,500	113,146	(17,354)	116,862
Total	9,001,555	9,539,645	538,090	7,726,135
Investment Earnings	50,500	50,690	190	58,139
Miscellaneous:				
Other	843,148	1,461,503	618,355	638,149
Total revenues	69,422,543	70,689,144	1,266,601	65,690,364
Expenditures:				
General Government:				
Governing Body:				
Salaries and employee benefits	95,405	95,087		86,027
Other operating expenditures	142,933	119,763		115,182
Total	238,338	214,850	23,488	201,209
Administration:				
Salaries and employee benefits	300,413	299,153		293,065
Other operating expenditures	27,900	24,994		31,723
Capital outlay	-	-		6,027
Total	328,313	324,147	4,166	330,815
Elections:				
Salaries and employee benefits	232,750	221,785		194,032
Other operating expenditures	112,071	75,580		89,079
Total	344,821	297,365	47,456	283,111
Finance:				
Salaries and employee benefits	315,720	314,745		302,444
Other operating expenditures	25,400	22,571		13,679
Total	341,120	337,316	3,804	316,123

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		Variance Over /Under	2012
	Budget	Actual		Actual
Tax Administration:				
Salaries and employee benefits	921,111	895,443		854,653
Other operating expenditures	340,900	242,767		223,484
Total	1,262,011	1,138,210	123,801	1,078,137
Legal:				
Professional services	198,500	183,453	15,047	169,455
Register of Deeds:				
Salaries and employee benefits	248,098	245,874		237,131
Other operating expenditures	83,050	74,071		71,412
Total	331,148	319,945	11,203	308,543
Public Buildings:				
Salaries and employee benefits	91,524	91,259		87,918
Other operating expenditures	167,780	147,859		147,309
Capital outlay	243,120	236,855		18,739
Total	502,424	475,973	26,451	253,966
Court Facilities:				
Salaries and employee benefits	121,943	121,248		115,909
Other operating expenditures	279,800	222,654		271,930
Total	401,743	343,902	57,841	387,839
Central Services:				
Data Processing:				
Salaries and employee benefits	141,906	141,512		138,268
Other operating expenditures	142,000	141,893		136,522
Total	296,646	296,145	501	274,790
Central Garage:				
Salaries and employee benefits	269,484	269,420		246,997
Other operating expenditures	375,948	333,416		343,883
Total	645,432	602,836	42,596	590,880

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		Variance Over /Under	2012
	Budget	Actual		Actual
Purchasing:				
Salaries and employee benefits	92,142	91,878		88,535
Other operating expenditures	4,495	2,676		3,067
Total	96,637	94,554	2,083	91,602
Other Central Services:				
Other expenditures	740,200	649,214		446,936
Group insurance	1,311,000	909,430		841,646
Total	2,051,200	1,558,644	492,556	1,288,582
Total general government	7,038,333	6,187,340	850,993	5,575,052
Public Safety:				
Sheriff:				
Salaries and employee benefits	3,908,985	3,853,868		3,487,326
Other operating expenditures	404,460	270,356		412,632
Capital outlay	132,040	131,264		-
Total	4,445,485	4,255,488	189,997	3,899,958
Drug Crime Prevention:				
Other operating expenditures	120,000	63,761		84,895
Total	120,000	63,761	56,239	84,895
JAG Critical Response GRA:				
Other operating expenditures	36,190	36,190		148,077
Total	36,190	36,190	-	148,077
Animal Control:				
Salaries and employee benefits	457,670	456,407		430,235
Other operating expenditures	115,346	92,220		90,788
Capital outlay	26,675	26,675		23,257
Total	599,691	575,302	24,389	544,280

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		Variance Over /Under	2012
	Budget	Actual		Actual
Jail:				
Salaries and employee benefits	1,238,906	1,228,991		1,395,036
Other operating expenditures	1,591,562	1,492,040		1,312,979
Total	2,890,468	2,778,454	112,014	2,708,015
Criminal Justice:				
Salaries and employee benefits	80,086	78,665		62,859
Other operating expenditures	9,401	6,642		36,165
Total	89,487	85,307	4,180	99,024
Emergency Management:				
Salaries and employee benefits	59,394	59,212		57,566
Other operating expenditures	39,351	21,581		30,487
Total	98,745	80,793	17,952	88,053
Fire:				
Salaries and employee benefits	162,559	110,542		107,248
Other operating expenditures	86,660	79,747		69,650
Capital outlay	26,500	26,415		32,603
Assistance to local fire departments	4,895	2,483		4,833
Total	280,614	219,187	61,427	214,334
Inspections:				
Salaries and employee benefits	521,167	489,083		499,137
Other operating expenditures	44,300	25,898		34,313
Total	589,848	538,981	50,867	533,450
Medical Examiner:				
Salaries and employee benefits	6,373	6,352		7,643
Other operating expenditures	59,775	39,140		28,220
Total	66,148	45,492	20,656	35,863
Emergency Medical Services:				
Salaries and employee benefits	2,610,358	2,568,451		2,469,219
Other operating expenditures	695,652	663,743		612,298
Capital outlay	99,724	99,724		186,334
Total	3,405,734	3,331,918	73,816	3,267,851

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		Variance Over /Under	2012
	Budget	Actual		Actual
Emergency Communications Center:				
Salaries and employee benefits	758,432	748,157		746,724
Other operating expenditures	239,300	195,165		230,228
Total	997,732	1,065,772	(68,040)	976,952
Total public safety	13,620,142	13,076,645	543,497	12,600,752
Environmental Protection:				
Reservoir expenditures	160,000	143,244	16,756	237,500
Total environmental protection	160,000	143,244	16,756	237,500
Economic and Physical Development:				
Economic Development:				
Other operating expenditures	563,400	556,359		451,985
Total	563,400	556,359	7,041	451,985
Planning and Zoning:				
Salaries and employee benefits	204,664	178,153		218,111
Other operating expenditures	281,597	172,958		537,792
Total	486,261	351,111	135,150	755,903
Agricultural Extension:				
Salaries and employee benefits	203,348	195,893		145,518
Other operating expenditures	36,471	26,150		26,740
Total	239,819	222,043	17,776	172,258

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		Variance Over /Under	2012
	Budget	Actual		Actual
Extension Local:				
Salaries and employee benefits	4,393	4,393		36,825
Other operating expenditures	85,415	35,490		35,092
Total	89,808	39,883	49,925	71,917
4-H United Way				
Other operating expenditures	-	-		2,584
Total	-	-	-	2,584
Forestry:				
Salaries and employee benefits	4,544	1,943		2,021
Other operating expenditures	92,411	81,921		84,637
Total	96,955	83,864	13,091	86,658
Soil Conservation:				
Salaries and employee benefits	224,042	223,365		216,126
Other operating expenditures	55,250	55,250		55,250
Total	279,292	278,615	677	271,376
Community Development:				
Other operating expenditures	743,864	161,214		159,530
Total	743,864	161,214	582,650	159,530
Total economic and physical development	2,499,399	1,693,089	806,310	1,972,211
Human Services:				
Health:				
Administration:				
Salaries and employee benefits	1,624,866	1,599,005		1,510,038
Other operating expenditures	577,168	495,082		349,245
Total	2,202,034	2,094,087	107,947	1,859,283
Program Salaries:				
Salaries and employee benefits	1,297	6,891		(56,428)
Total	1,297	6,891	(5,594)	(56,428)

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		Variance Over /Under	2012
	Budget	Actual		Actual
Environmental Health:				
Other operating expenditures	4,000	4,000		3,999
Total	4,000	4,000	-	3,999
Food and Lodging:				
Other operating expenditures	8,155	8,154	1	750
Tuberculosis:				
Other operating expenditures	3,305	3,305	-	3,305
Bioterrorism:				
Salaries and employee benefits	-	1,641		13,587
Other operating expenditures	51,737	50,096		42,253
Total	51,737	51,737	-	55,840
Health Immunization Other:				
Salaries and employee benefits	20,426	20,628		20,426
Other operating expenditures	-	-		4,469
Total	20,426	20,628	(202)	24,895
Health Case Management:				
Salaries and employee benefits	283,288	301,271		271,078
Other operating expenditures	18,811	14,206		13,732
Total	302,099	315,477	(13,378)	284,810
Adult Health:				
Salaries and employee benefits	162,571	192,421		139,985
Other operating expenditures	96,442	57,993		58,752
Total	259,013	250,414	8,599	198,737
Health Care Connection:				
Salaries and employee benefits	68,293	79,488		76,561
Other operating expenditures	136,707	133,560		127,167
Total	205,000	213,048	(8,048)	203,728

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		Variance Over /Under	2012
	Budget	Actual		Actual
Communicable Disease:				
Other operating expenditures	2,293	2,293		4,513
Total	2,293	2,293	-	4,513
Comprehensive Cancer Control:				
Salaries and employee benefits	-	6,439		3,431
Other operating expenditures	64,885	59,134		55,190
Total	64,885	65,573	(688)	58,621
Family Planning:				
Salaries and employee benefits	49,166	77,177		115,512
Other operating expenditures	73,200	53,189		73,642
Total	122,366	130,366	(8,000)	189,154
Health Diabetes Grant:				
Salaries and employee benefits	23,497	55,750		5,000
Other operating expenditures	63,532	50,770		32,803
Total	87,029	106,520	(19,491)	37,803
Health Promotion:				
Salaries and employee benefits	16,909	12,018		27,142
Other operating expenditures	9,667	9,667		5,888
Total	26,576	21,685	4,891	33,030
Mesh Units - Schools:				
Salaries and employee benefits	65,683	65,683		73,795
Other operating expenditures	54,702	37,853		30,190
Total	120,385	103,536	16,849	103,985
Wilkes Dental Clinic:				
Other operating expenditures	1,440,950	1,395,274	45,676	1,230,642

WILKES COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	<u>2013</u>		<u>Variance Over /Under</u>	<u>2012</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Maternal Clinic:				
Salaries and employee benefits	12,800	13,390		64,294
Other operating expenditures	12,200	8,772		7,197
Total	<u>25,000</u>	<u>22,162</u>	2,838	<u>71,491</u>
MCC and MOW:				
Salaries and employee benefits	206,903	189,238		177,690
Other operating expenditures	3,950	2,421		-
Total	<u>210,853</u>	<u>191,659</u>	19,194	<u>177,690</u>
Child Health:				
Salaries and employee benefits	373,544	298,352		338,338
Other operating expenditures	50,681	39,079		14,677
Total	<u>424,225</u>	<u>337,431</u>	86,794	<u>353,015</u>
CSC and MOW:				
Salaries and employee benefits	202,356	103,940		93,712
Other operating expenditures	8,250	6,889		10,758
Total	<u>210,606</u>	<u>110,829</u>	99,777	<u>104,470</u>
Women, Infants, and Children:				
Salaries and employee benefits	169,578	177,497		143,078
Other operating expenditures	21,917	19,487		26,280
Total	<u>191,495</u>	<u>196,984</u>	(5,489)	<u>169,358</u>
School Nurse Funding:				
Other operating expenditures	150,000	150,000	-	150,000
Kate B. Reynolds Trust:				
Other operating expenditures	-	-	-	59,305
Total health	<u>6,133,729</u>	<u>5,802,053</u>	331,676	<u>5,321,996</u>

WILKES COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	<u>2013</u>		<u>Variance Over /Under</u>	<u>2012</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Mental Health:				
Contribution to other agencies	533,344	522,837	10,507	1,215,501
Total mental health	<u>533,344</u>	<u>522,837</u>	<u>10,507</u>	<u>1,215,501</u>
Social Services:				
Administration:				
Salaries and employee benefits	5,039,487	4,842,121		4,652,319
Other operating expenditures	384,885	348,803		359,087
Capital outlay	30,000	28,025		18,431
Total	<u>5,454,372</u>	<u>5,218,949</u>	<u>235,423</u>	<u>5,029,837</u>
Medicaid Program:				
County participation only	1,640,000	1,424,445		1,490,534
Total	<u>1,640,000</u>	<u>1,424,445</u>	<u>215,555</u>	<u>1,490,534</u>
Food Stamps Program:				
Other operating expenditures	749,677	714,275		841,813
Total	<u>749,677</u>	<u>714,275</u>	<u>35,402</u>	<u>841,813</u>
Low Income Energy Assistance Program:				
Other operating expenditures	253,368	212,800	40,568	142,000
WorkFirst:				
Contract services	385,800	296,999		367,289
Total	<u>385,800</u>	<u>296,999</u>	<u>88,801</u>	<u>367,289</u>
Daycare Operations:				
Contract services	2,114,177	1,946,982		1,917,020
Total	<u>2,114,177</u>	<u>1,946,982</u>	<u>167,195</u>	<u>1,917,020</u>
In-Home Service:				
Other operating expenditures	39,713	20,162		20,992
Total	<u>39,713</u>	<u>20,162</u>	<u>19,551</u>	<u>20,992</u>

WILKES COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	<u>2013</u>		<u>Variance Over /Under</u>	<u>2012</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Foster Care:				
Salaries and employee benefits	8,612	3,337		3,354
Other operating expenditures	<u>2,691,503</u>	<u>1,744,359</u>		<u>1,562,247</u>
Total	<u>2,700,115</u>	<u>1,747,696</u>	952,419	<u>1,565,601</u>
Other Assistance:				
Other operating expenditures	<u>74,153</u>	<u>37,753</u>		<u>20,098</u>
Total	<u>74,153</u>	<u>37,753</u>	36,400	<u>20,098</u>
Total social services	<u>13,411,375</u>	<u>11,620,061</u>	1,791,314	<u>11,395,184</u>
Other Human Services:				
Veterans Service Officer:				
Salaries and employee benefits	149,330	148,947		143,548
Other operating expenditures	<u>7,600</u>	<u>5,577</u>		<u>6,367</u>
Total	<u>156,930</u>	<u>154,524</u>	2,406	<u>149,915</u>
Youth Services:				
Salaries and employee benefits	16,492	11,727		12,708
Other operating expenditures	2,984	2,411		4,457
Contributions to other agencies	<u>258,253</u>	<u>257,420</u>		<u>240,308</u>
Total	<u>277,729</u>	<u>271,558</u>	6,171	<u>257,473</u>
Senior Citizens Services:				
Contributions to other services	<u>600,000</u>	<u>555,993</u>	44,007	<u>-</u>
Other Services:				
Contributions to other agencies	<u>662,429</u>	<u>562,429</u>	100,000	<u>537,383</u>
Total other human services	<u>1,697,088</u>	<u>1,544,504</u>	152,584	<u>944,771</u>
Total human services	<u>21,775,536</u>	<u>19,489,455</u>	2,286,081	<u>18,877,452</u>
Cultural and Recreation:				
Recreation:				
Salaries and employee benefits	532,468	525,412		507,407
Other operating expenditures	295,964	275,377		241,094
Capital outlay	<u>18,000</u>	<u>18,000</u>		<u>20,345</u>
Total	<u>846,432</u>	<u>818,789</u>	27,643	<u>768,846</u>

WILKES COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Budget	Actual	Variance Over /Under	Actual
Libraries:				
Contribution to regional library	514,020	514,020	-	508,920
Museums and Art	34,588	34,588	-	34,588
Total cultural and recreation	1,395,040	1,367,397	27,643	1,312,354
Education:				
Public schools - current expenses	12,174,628	12,174,628		10,113,397
Public schools - capital outlay	1,798,989	1,496,001		26,447
Public schools - (lottery) capital outlay	1,051,011	1,051,011		1,350,000
Community colleges - current	3,041,629	3,041,629		3,015,129
Community colleges - capital outlay	350,000	350,000		150,000
Total education	18,416,257	18,113,269	302,988	14,654,973
Debt Service:				
Principal retirement	3,189,009	3,189,010		2,363,641
Interest and fees	1,792,320	1,792,320		1,884,536
Total debt service	4,981,329	4,981,330	(1)	4,248,177
Total expenditures	69,886,036	65,051,769	4,834,267	59,478,471
Revenues over (under) expenditures	(463,493)	5,637,375	6,100,868	6,211,893
Other Financing Sources (Uses):				
Transfers out	-	-	-	(1,646,439)
Sale of capital assets	3,000	23,822	20,822	17,480
Appropriated fund balance	460,493	-	(460,493)	-
Total other financing sources (uses)	463,493	23,822	(439,671)	(1,628,959)
Net change in fund balance	\$ -	5,661,197	\$ 5,661,197	4,582,934
Fund Balance:				
Beginning of year - July 1		21,070,424		16,487,490
End of year - June 30		\$ 26,731,621		\$ 21,070,424

WILKES COUNTY, NORTH CAROLINA

LAW ENFORCEMENT CENTER/JAIL CONSTRUCTION PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Over/(Under)</u>
Revenues:					
Investment earnings	\$ -	\$ -	\$ 501	\$ 501	\$ 501
Expenditures:					
General government:					
Capital outlay	12,690,000	-	1,456,194	1,456,194	11,233,806
Revenues over (under) expenditures	(12,690,000)	-	(1,456,194)	(1,456,194)	11,233,806
Other Financing Sources (Uses):					
Installment purchase obligations issued	12,690,000	-	12,690,000	12,690,000	-
Total other financing sources (uses)	12,690,000	-	12,690,000	12,690,000	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,234,307</u>	<u>\$ 11,234,307</u>	<u>\$ 11,234,307</u>

WILKES COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2013

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Project Funds	Total
Assets:			
Cash and cash equivalents	\$ 650,110	\$ 8,175	\$ 658,285
Taxes receivable, net	332,041	-	332,041
Accounts receivable, net	<u>33,030</u>	<u>-</u>	<u>33,030</u>
Total assets	<u>\$ 1,015,181</u>	<u>\$ 8,175</u>	<u>\$ 1,023,356</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 198,833	\$ 4,208	\$ 203,041
Total liabilities	<u>198,833</u>	<u>4,208</u>	<u>203,041</u>
Deferred inflows of resources:	<u>332,041</u>	<u>-</u>	<u>332,041</u>
Fund Balances:			
Restricted:			
Stabilization by State statute	33,030	-	33,030
Restricted, all other	451,277	8,175	459,452
Unassigned	<u>-</u>	<u>(4,208)</u>	<u>(4,208)</u>
Total fund balances	<u>484,307</u>	<u>3,967</u>	<u>488,274</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,015,181</u>	<u>\$ 8,175</u>	<u>\$ 1,023,356</u>

WILKES, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Nonmajor</u>		
	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total</u>
Revenues:			
Ad valorem taxes	\$ 3,181,219	\$ -	\$ 3,181,219
Restricted intergovernmental	-	101,005	101,005
Sales and services	353,653	-	353,653
Investment earnings	1,496	-	1,496
Total revenues	<u>3,536,368</u>	<u>101,005</u>	<u>3,637,373</u>
Expenditures:			
Public safety	3,591,387	-	3,591,387
Economic and physical development	-	101,155	101,155
Total expenditures	<u>3,591,387</u>	<u>101,155</u>	<u>3,692,542</u>
Net change in fund balances	(55,019)	(150)	(55,169)
Fund Balances:			
Beginning of year - July 1	<u>539,326</u>	<u>4,117</u>	<u>543,443</u>
End of year - June 30	<u>\$ 484,307</u>	<u>\$ 3,967</u>	<u>\$ 488,274</u>

WILKES COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2013

	Fire District Fund	Law Enforcement Restricted Fund	Wireless E-911 Telephone System Fund	Total
Assets:				
Cash and cash equivalents	\$ 181,709	\$ 35,097	\$ 433,304	\$ 650,110
Taxes receivable, net	332,041	-	-	332,041
Accounts receivable, net	-	-	33,030	33,030
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 513,750</u>	<u>\$ 35,097</u>	<u>\$ 466,334</u>	<u>\$ 1,015,181</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 181,709	\$ -	\$ 17,124	\$ 198,833
Total liabilities	<u>181,709</u>	<u>-</u>	<u>17,124</u>	<u>198,833</u>
Deferred Inflows of Resources:	<u>332,041</u>	<u>-</u>	<u>-</u>	<u>332,041</u>
Fund Balances:				
Restricted:				
Stabilization by State statute	-	-	33,030	33,030
Restricted, all other	-	35,097	416,180	451,277
Total fund balances	<u>-</u>	<u>35,097</u>	<u>449,210</u>	<u>484,307</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 513,750</u>	<u>\$ 35,097</u>	<u>\$ 466,334</u>	<u>\$ 1,015,181</u>

WILKES COUNTY, NORTH CAROLINA

**NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2013**

	Fire District Fund	Law Enforcement Restricted Fund	E-911 Telephone System Fund	Total
Revenues:				
Ad valorem taxes	\$ 3,181,219	\$ -	\$ -	\$ 3,181,219
Sales and services	-	-	353,653	353,653
Investment earnings	-	60	1,436	1,496
Total revenues	<u>3,181,219</u>	<u>60</u>	<u>355,089</u>	<u>3,536,368</u>
Expenditures:				
Public safety	3,181,219	-	277,629	3,458,848
Capital outlay	-	-	132,539	132,539
Total expenditures	<u>3,181,219</u>	<u>-</u>	<u>410,168</u>	<u>3,591,387</u>
Net change in fund balances	-	60	(55,079)	(55,019)
Fund Balances:				
Beginning of year - July 1	<u>-</u>	<u>35,037</u>	<u>504,289</u>	<u>539,326</u>
End of year - June 30	<u>\$ -</u>	<u>\$ 35,097</u>	<u>\$ 449,210</u>	<u>\$ 484,307</u>

WILKES COUNTY, NORTH CAROLINA

FIRE DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad valorem taxes	\$ 3,332,567	\$ 3,181,219	\$ (151,348)	\$ 3,147,148
Total revenues	<u>3,332,567</u>	<u>3,181,219</u>	<u>(151,348)</u>	<u>3,147,148</u>
Expenditures:				
Public safety:				
Distribution to fire districts	3,332,567	3,181,219	151,348	3,147,148
Total expenditures	<u>3,332,567</u>	<u>3,181,219</u>	<u>151,348</u>	<u>3,147,148</u>
Net change in fund balance	\$ <u>-</u>	<u>-</u>	\$ <u>-</u>	<u>-</u>
Fund Balance:				
Beginning of year - July 1		<u>-</u>		<u>-</u>
End of year - June 30		\$ <u>-</u>		\$ <u>-</u>

WILKES COUNTY, NORTH CAROLINA

**LAW ENFORCEMENT RESTRICTED FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental:				
Law enforcement restricted grant	\$ -	\$ -	\$ -	\$ 9,885
Investment earnings	50	60	10	89
Total revenues	50	60	10	9,974
Expenditures:				
Public safety:				
Law enforcement restricted	25,050	-	25,050	13,735
Total expenditures	25,050	-	25,050	13,735
Revenues over (under) expenditures	(25,000)	60	25,060	(3,761)
Other Financing Sources (Uses):				
Appropriated fund balance	25,000	-	(25,000)	-
Total other financing sources (uses)	25,000	-	(25,000)	-
Net change in fund balance	\$ -	60	\$ 60	(3,761)
Fund Balance:				
Beginning of year - July 1		35,037		38,798
End of year - June 30		\$ 35,097		\$ 35,037

WILKES COUNTY, NORTH CAROLINA

**EMERGENCY TELEPHONE SYSTEM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Budget	Actual	Variance Over/(Under)	Actual
Revenues:				
E-911 telephone surcharge	\$ 353,653	\$ 353,653	\$ -	\$ 361,490
Investment earnings	500	1,436	936	3,029
Total revenues	<u>354,153</u>	<u>355,089</u>	<u>936</u>	<u>364,519</u>
Expenditures:				
Public safety:				
Other operating expenditures	354,153	277,629	76,524	167,131
Capital outlay	350,000	132,539	217,461	917,778
Total expenditures	<u>704,153</u>	<u>410,168</u>	<u>293,985</u>	<u>1,084,909</u>
Revenues over (under) expenditures	<u>(350,000)</u>	<u>(55,079)</u>	<u>294,921</u>	<u>(720,390)</u>
Other Financing Sources (Uses):				
Appropriated fund balance	<u>350,000</u>	-	<u>(350,000)</u>	-
Total other financing sources (uses)	<u>350,000</u>	-	<u>(350,000)</u>	-
Net change in fund balance	<u>\$ -</u>	<u>(55,079)</u>	<u>\$ (55,079)</u>	<u>(720,390)</u>
Fund Balance:				
Beginning of year - July 1		<u>504,289</u>		<u>1,224,679</u>
End of year - June 30		<u>\$ 449,210</u>		<u>\$ 504,289</u>

WILKES COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2013

	Highway 268 Water Extension Project	Scattered Site CDBG Project 10-C-2133	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$ -	\$ 8,175	\$ 8,175
Total assets	<u>\$ -</u>	<u>\$ 8,175</u>	<u>\$ 8,175</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 4,208	\$ -	\$ 4,208
Total liabilities	<u>4,208</u>	<u>-</u>	<u>4,208</u>
Fund Balances:			
Restricted:			
Restricted, other	-	8,175	8,175
Unassigned	<u>(4,208)</u>	<u>-</u>	<u>(4,208)</u>
Total fund balances	<u>(4,208)</u>	<u>8,175</u>	<u>3,967</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 8,175</u>	<u>\$ 8,175</u>

WILKES COUNTY, NORTH CAROLINA

**NONMAJOR CAPITAL PROJECT FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2013**

	Urgent Repair 09 Project	Highway 268 Water Extension Project	Scattered Site CDBG Project 10-C-2133	Total
Revenues:				
Restricted intergovernmental	\$ -	\$ -	\$ 101,005	\$ 101,005
Total revenues	<u>-</u>	<u>-</u>	<u>101,005</u>	<u>101,005</u>
Expenditures:				
Public safety:				
Economic and physical development	<u>4,645</u>	<u>4,208</u>	<u>92,302</u>	<u>101,155</u>
Total expenditures	<u>4,645</u>	<u>4,208</u>	<u>92,302</u>	<u>101,155</u>
Net change in fund balances	(4,645)	(4,208)	8,703	(150)
Fund Balances:				
Beginning of year - July 1	<u>4,645</u>	<u>-</u>	<u>(528)</u>	<u>4,117</u>
End of year - June 30	<u>\$ -</u>	<u>\$ (4,208)</u>	<u>\$ 8,175</u>	<u>\$ 3,967</u>

WILKES COUNTY, NORTH CAROLINA

**URGENT REPAIR 09 CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/(Under)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted intergovernmental:					
Urgent Repair Program Grant	\$ 65,000	\$ 36,209	\$ -	\$ 36,209	\$ (28,791)
Investment earnings	-	160	-	160	160
Total revenues	<u>65,000</u>	<u>36,369</u>	<u>-</u>	<u>36,369</u>	<u>(28,631)</u>
Expenditures:					
Economic development:					
Home repairs	65,000	31,724	4,645	36,369	28,631
Total expenditures	<u>65,000</u>	<u>31,724</u>	<u>4,645</u>	<u>36,369</u>	<u>28,631</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 4,645</u>	<u>\$ (4,645)</u>	<u>\$ -</u>	<u>\$ -</u>

WILKES COUNTY, NORTH CAROLINA

HIGHWAY 268 WATER EXTENSION
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/(Under)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted intergovernmental	\$ 898,150	\$ -	\$ -	\$ -	\$ (898,150)
Expenditures:					
Economic development:					
Administration	14,500	-	-	-	14,500
Project construction	883,650	-	4,208	4,208	879,442
Total expenditures	<u>898,150</u>	<u>-</u>	<u>4,208</u>	<u>4,208</u>	<u>893,942</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,208)</u>	<u>\$ (4,208)</u>	<u>\$ (4,208)</u>

WILKES COUNTY, NORTH CAROLINA

SCATTERED SITE CDBG PROJECT 10-C-2133
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/(Under)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted intergovernmental:					
Community Development Block Grant	\$ 400,000	\$ 152,962	\$ 101,005	\$ 253,967	\$ (146,033)
Expenditures:					
Economic development:					
Salaries and employee benefits	47,000	27,528	11,797	39,325	7,675
Housing rehab	353,000	125,962	80,505	206,467	146,533
Total expenditures	<u>400,000</u>	<u>153,490</u>	<u>92,302</u>	<u>245,792</u>	<u>154,208</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (528)</u>	<u>\$ 8,703</u>	<u>\$ 8,175</u>	<u>\$ 8,175</u>

WILKES COUNTY, NORTH CAROLINA

AIRPORT FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/(Under)	Actual
Revenues:				
Operating revenues:				
Charges for services:				
Sales	\$ 1,137,184	\$ 1,051,162	\$ (86,022)	\$ 865,031
Rents	127,800	90,266	(37,534)	108,516
Other operating revenues	4,150	6,745	2,595	(1,057)
Total operating revenues	<u>1,269,134</u>	<u>1,148,173</u>	<u>(120,961)</u>	<u>972,490</u>
Non-operating revenues:				
Restricted intergovernmental	550,000	326,592	(223,408)	750,465
Investment income	50	-	(50)	32
Insurance reimbursements	7,338	7,338	-	-
Total non-operating revenues	<u>557,388</u>	<u>333,930</u>	<u>(223,458)</u>	<u>750,497</u>
Total revenues	<u>1,826,522</u>	<u>1,482,103</u>	<u>(344,419)</u>	<u>1,722,987</u>
Expenditures:				
Airport operations:				
Salaries and employee benefits	181,877	177,733	4,144	212,119
Fuel and oil purchases	807,500	779,614	27,886	570,540
Other operating expenditures	250,498	222,240	28,258	193,013
Capital outlay	-	-	-	134,586
Airport capital projects:				
Construction	566,667	350,906	215,761	920,422
Debt service:				
Debt principal	18,630	18,629	1	18,014
Interest and fees	1,350	1,349	1	1,964
Total expenditures	<u>1,826,522</u>	<u>1,550,471</u>	<u>276,051</u>	<u>2,050,658</u>

WILKES COUNTY, NORTH CAROLINA

AIRPORT FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	<u>2013</u>			<u>2012</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>	<u>Actual</u>
Revenues over (under) expenditures	-	(68,368)	(68,368)	(327,671)
Other Financing Sources (Uses):				
Long-term debt issued	-	-	-	56,139
Total other financing sources (uses)	-	-	-	56,139
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (68,368)	\$ (68,368)	\$ (271,532)
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (68,368)		
Reconciling items:				
Depreciation		(479,965)		
Capital outlay		350,906		
Change in accrual for unfunded OPEB		12,959		
Change in accrual for compensated absences		402		
Long-term debt principal repayments		18,629		
Total reconciling items		(97,069)		
Change in net position		\$ (165,437)		

WILKES COUNTY, NORTH CAROLINA

LANDFILL FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/(Under)	Actual
Revenues:				
Operating revenues:				
Solid waste charges	\$ 1,780,863	\$ 2,037,566	\$ 256,703	\$ 1,877,688
Scrap tire disposal tax	30,000	40,929	10,929	35,602
Other operating revenues	221,000	241,623	20,623	194,022
Total operating revenues	<u>2,031,863</u>	<u>2,320,118</u>	<u>288,255</u>	<u>2,107,312</u>
Non-operating revenues:				
Interest earnings	200	986	786	855
Total non-operating revenues	<u>200</u>	<u>986</u>	<u>786</u>	<u>855</u>
Total revenues	<u>2,032,063</u>	<u>2,321,104</u>	<u>289,041</u>	<u>2,108,167</u>
Expenditures:				
Landfill operations:				
Salaries and employee benefits	795,826	792,695	3,131	783,271
Other operating expenditures	1,022,125	903,807	118,318	1,016,614
Capital outlay	52,880	51,608	1,272	720,584
Total landfill operations	<u>1,870,831</u>	<u>1,748,110</u>	<u>122,721</u>	<u>2,520,469</u>
Debt service:				
Principal retirement	142,270	142,270	-	115,783
Interest and fees	13,962	13,962	-	14,410
Total debt service	<u>156,232</u>	<u>156,232</u>	<u>-</u>	<u>130,193</u>
Total expenditures	<u>2,027,063</u>	<u>1,904,342</u>	<u>122,721</u>	<u>2,650,662</u>
Revenues over (under) expenditures	<u>5,000</u>	<u>416,762</u>	<u>411,762</u>	<u>(542,495)</u>
Other Financing Sources (Uses):				
Transfer out - Landfill Reserve Fund	(5,000)	(5,000)	-	(25,000)
Long-term debt issued	-	-	-	720,585
Total other financing sources (uses)	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>	<u>695,585</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 411,762</u>	<u>\$ 411,762</u>	<u>\$ 153,090</u>

WILKES COUNTY, NORTH CAROLINA

**LANDFILL FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		2012
	Budget	Actual	Actual
		Variance	
		Over/(Under)	
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 411,762	
Reconciling items:			
Capital outlay		51,608	
Long-term debt principal repayments		142,270	
Depreciation		(290,377)	
Change in accrual for unfunded OPEB		(4,612)	
Change in accrual for compensated absences		(3,938)	
Intrafund transfer out - Landfill Closure and Post- Closure Reserve Fund		5,000	
Interest from Landfill Closure and Post-Closure Reserve Fund		<u>7,835</u>	
Total reconciling items		<u>(92,214)</u>	
Change in net position		<u>\$ 319,548</u>	

WILKES COUNTY, NORTH CAROLINA

**LANDFILL CLOSURE AND POSTCLOSURE RESERVE FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	<u>2013</u>			<u>2012</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Interest earnings	\$ 10,000	\$ 7,835	\$ (2,165)	\$ 11,685
Other Financing Sources (Uses):				
Sinking reserve	(15,000)	-	(15,000)	-
Transfers in	5,000	5,000	-	25,000
Total other financing sources (uses)	<u>(10,000)</u>	<u>5,000</u>	<u>(15,000)</u>	<u>25,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 12,835	\$ 12,835	\$ 36,685

WILKES COUNTY, NORTH CAROLINA

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 01, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
Social Services:				
Assets:				
Cash and cash equivalents	\$ 54,127	\$ 207,542	\$ 146,903	\$ 114,766
Liabilities:				
Miscellaneous liabilities	\$ 54,127	\$ 207,542	\$ 146,903	\$ 114,766
3% Interest Payable to the State:				
Assets:				
Cash and cash equivalents	\$ 2,443	\$ 32,890	\$ 32,764	\$ 2,569
Liabilities:				
Intergovernmental payable - State of North Carolina	\$ 2,443	\$ 32,890	\$ 32,764	\$ 2,569
Ad Valorem Tax - Other Municipalities:				
Assets:				
Cash and cash equivalents	\$ 141,517	\$ 2,463,320	\$ 2,453,846	\$ 150,991
Taxes receivable	336,230	-	31,214	305,013
Total assets	<u>\$ 477,747</u>	<u>\$ 2,463,320</u>	<u>\$ 2,485,060</u>	<u>\$ 456,004</u>
Liabilities:				
Miscellaneous liabilities	<u>\$ 477,747</u>	<u>\$ 2,463,320</u>	<u>\$ 2,485,060</u>	<u>\$ 456,004</u>
Total All Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 198,087	\$ 2,703,752	\$ 2,633,513	\$ 268,326
Taxes receivable	336,230	-	31,214	305,013
Total assets	<u>\$ 534,317</u>	<u>\$ 2,703,752</u>	<u>\$ 2,664,727</u>	<u>\$ 573,339</u>
Liabilities:				
Miscellaneous liabilities	\$ 531,874	\$ 2,670,862	\$ 2,631,963	\$ 570,770
Intergovernmental payable - State of North Carolina	2,443	32,890	32,764	2,569
Total liabilities	<u>\$ 534,317</u>	<u>\$ 2,703,752</u>	<u>\$ 2,664,727</u>	<u>\$ 573,339</u>

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2013

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2012</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2013</u>
2012-2013	\$ -	\$ 36,337,019	\$ (34,264,896)	\$ 2,072,123
2011-2012	2,057,172	-	(1,226,357)	830,815
2010-2011	874,254	-	(325,306)	548,948
2009-2010	426,110	-	(132,021)	294,089
2008-2009	292,934	-	(87,909)	205,025
2007-2008	187,248	-	(36,351)	150,897
2006-2007	143,473	-	(18,165)	125,308
2005-2006	125,412	-	(10,453)	114,959
2004-2005	98,959	-	(11,121)	87,838
2003-2004	97,994	-	(13,337)	84,657
2002-2003	104,336	-	(104,336)	-
Total	<u>\$ 4,407,892</u>	<u>\$ 36,337,019</u>	<u>\$ (36,230,252)</u>	<u>4,514,659</u>
Less: Allowance for uncollectible accounts - General Fund				<u>(955,659)</u>
Ad valorem taxes receivable, net - General Fund				<u>\$ 3,559,000</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				<u>\$ 36,167,201</u>
Reconciling items:				
Penalties and interest collected				(501,797)
Discounts taken				243,595
Prior year releases and write offs				253,372
Miscellaneous				67,881
Total reconciling items				<u>63,051</u>
Total collections and credits				<u>\$ 36,230,252</u>

WILKES COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
FOR THE YEAR ENDED JUNE 30, 2013

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$5,410,470,343	\$ 0.65	\$ 35,168,006	\$ 33,174,869	\$ 1,993,137
Motor vehicles taxed at prior year's rate	171,670,560	0.65	1,115,916	-	1,115,916
Penalties	-	0.65	30,252	30,252	-
Total	<u>5,582,140,903</u>		<u>36,314,174</u>	<u>33,205,121</u>	<u>3,109,053</u>
Discoveries:					
Current year taxes	24,185,733	0.65	153,221	153,221	-
Penalties	-	0.65	18,661	18,661	-
Total	<u>24,185,733</u>		<u>171,882</u>	<u>171,882</u>	<u>-</u>
Abatements	<u>(22,928,769)</u>	0.65	<u>(149,037)</u>	<u>(96,139)</u>	<u>(52,898)</u>
Total property valuation	<u>\$5,583,397,867</u>				
Net Levy			36,337,019	33,280,864	3,056,155
Less: Uncollected tax at June 30, 2013			<u>2,072,123</u>	<u>1,554,138</u>	<u>517,985</u>
Current Year's Taxes Collected			<u>\$ 34,264,896</u>	<u>\$ 31,726,726</u>	<u>\$ 2,538,170</u>
Current Levy Collection Percentage			<u>94.30%</u>	<u>95.33%</u>	<u>83.05%</u>

WILKES COUNTY NORTH CAROLINA

SECONDARY MARKET DISCLOSURES FOR THE YEAR ENDED JUNE 30, 2013

Assessed Valuation:

Assessment ratio	100%
Real property	\$ 4,586,433,925
Personal property	866,063,275
Public service companies	<u>130,900,667</u>
Total assessed valuation	<u>\$ 5,583,397,867</u>
Tax rate per \$100	0.65
Levy (includes discoveries, releases, and abatements)	<u>\$ 36,337,019</u>

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, 2013:

Fire protection districts	<u>\$ 3,251,003</u>
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WILKES COUNTY, NORTH CAROLINA

TEN LARGEST TAXPAYERS FOR THE YEAR ENDED JUNE 30, 2013

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2012 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Tyson Farms, Inc.	Food processor	\$ 59,136,243	1.06%
Lowe's Home Center, Inc. #1	Retail sales	58,597,890	1.05%
Louisiana Pacific	Building products manufacturing	38,721,360	0.69%
J.C. Faw	Real estate	24,509,830	0.44%
Carolina West Wireless Inc	Phone company	23,269,498	0.42%
BB&T Finance Corporation	Financial institution	34,734,890	0.62%
CertainTeed Corp.	Building products manufacturing	16,224,699	0.29%
Tyson Foods, Inc	Food processor	14,024,120	0.25%
Wal-mart Real Estate Business Trust	Retail sales	12,634,560	0.23%
Lowe's Investment Corporation	Retail sales	<u>6,746,060</u>	<u>0.12%</u>
Total		<u>\$ 288,599,150</u>	<u>5.17%</u>

WILKES COUNTY, NORTH CAROLINA**EMERGENCY TELEPHONE SYSTEM UNSPENT BALANCE
JUNE 30, 2013**

Amounts reported on the Emergency Telephone System Fund budget to actual are different from the PSAP Revenue-Expenditure Report because:

Ending fund balance, reported on the budget to actual	\$ 449,210
Cumulative prior period revenues and expenditures not reported in the PSAP report (difference in beginning Fund Balance-budget to actual vs. PSAP report)	655,198
Expense on PSAP report not reported in the fund.	<u>(638,074)</u>
Ending balance, PSAP Revenue - Expenditure Report	<u>\$ 466,334</u>

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