

**WILKES COUNTY  
NORTH CAROLINA**

**ANNUAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2012**

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

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

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# WILKES COUNTY, NORTH CAROLINA

## ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2012

### TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
	<b>Financial Section:</b>	
	Independent Auditors' Report	1-2
	Management's Discussion and Analysis	3-11
	<b>Basic Financial Statements:</b>	
A	Statement of Net Assets	12
B	Statement of Activities	13-14
C	Balance Sheet - Governmental Funds	15
D	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16
E	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	17
F	Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	18
G	Statement of Net Assets - Proprietary Funds	19
H	Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	20
I	Statement of Cash Flows - Proprietary Funds	21
J	Statement of Fiduciary Net Assets - Fiduciary Funds	22
	Notes to the Financial Statements	23-51
	<b>Required Supplemental Financial Data:</b>	
A-1	Law Enforcement Officers' Special Separation Allowance - Required Supplementary Information	52
A-2	Other Post-Employment Benefits - Required Supplementary Information	53

# WILKES COUNTY, NORTH CAROLINA

## ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2012

### TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	<b>Combining and Individual Fund Statements and Schedules:</b>	
	<b>Major Governmental Funds:</b>	
1	General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	54-66
	<b>Nonmajor Governmental Funds:</b>	
2	Combining Balance Sheet	67
3	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	68
	<b>Nonmajor Special Revenue Funds:</b>	
4	Combining Balance Sheet	69
5	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	70
6	Fire District Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	71
7	Law Enforcement Restricted Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	72
8	Emergency Telephone System Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	73
	<b>Nonmajor Capital Project Funds:</b>	
9	Combining Balance Sheet	74
10	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	75
11	Law Enforcement Center/Jail Construction Project Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	76
12	Urgent Repair 09 Capital Project Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	77

# WILKES COUNTY, NORTH CAROLINA

## ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2012

### TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	<b>Nonmajor Capital Project Funds (Continued):</b>	
13	Scattered Site III CDBG Project Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	78
14	Airport Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	79-80
15	Landfill Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	81-82
16	Landfill Closure and Postclosure Reserve Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	83
	<b>Agency Funds:</b>	
17	Combining Statement of Changes in Assets and Liabilities	84
	<b>Other Schedules:</b>	
18	Schedule of Ad Valorem Taxes Receivable - General Fund	85
19	Analysis of Current Tax Levy - County-Wide Levy	86
20	Secondary Market Disclosures	87
21	Ten Largest Taxpayers	88
22	Emergency Telephone System Unspent Balance	89

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

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

## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
Wilkes County, North Carolina

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, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Wilkes County's management. Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, 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, 2012, and the respective changes in financial position and cash flows, where appropriate thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 24, 2012, on our consideration of Wilkes County's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 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 assurance.

Our audit was performed for the purpose of forming opinions on the basic financial statements that collectively comprise the basic financial statements of Wilkes County, North Carolina, as a whole. 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 taken as a whole.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
October 24, 2012

## 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, 2012. 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

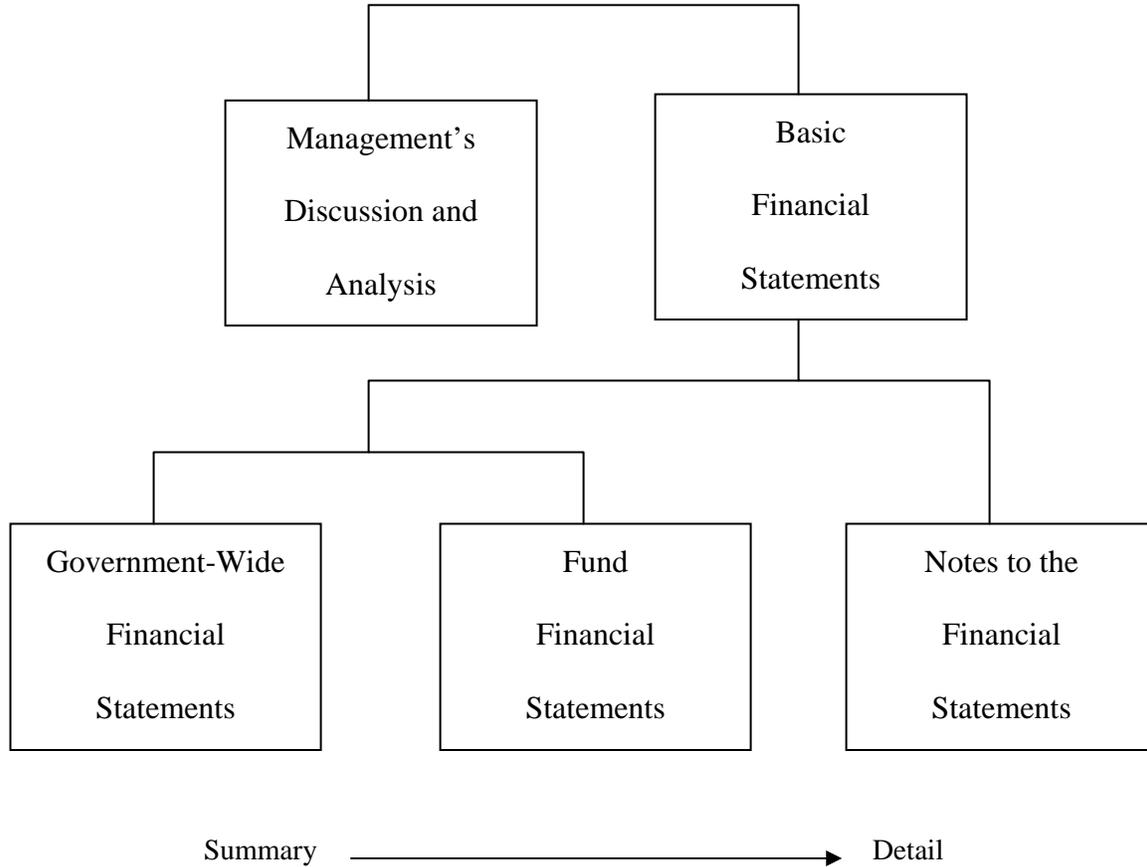
- The assets of Wilkes County exceed its liabilities at the close of the fiscal year by \$15,361,325 (*net assets*).
- The government's total net assets increased by \$8,368,294.
- As of the close of the current fiscal year, Wilkes County's governmental funds reported combined ending fund balances of \$21,613,842. Approximately 24 percent of this total amount, or \$5,199,103, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$16,415,267, or 27% 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 assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets is one way to gauge the County's financial condition.

The government-wide statements are divided into 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 Assets 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 Assets and the Statement of Activities.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. 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 Assets

**Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Assets:</b>						
Current and other assets	\$ 29,450,825	\$ 22,421,698	\$ 5,323,914	\$ 5,439,724	\$ 34,774,739	\$ 27,861,422
Capital assets, net	21,638,617	21,152,821	18,393,010	17,293,316	40,031,627	38,446,137
Total assets	51,089,442	43,574,519	23,716,924	22,733,040	74,806,366	66,307,559
<b>Liabilities:</b>						
Long-term liabilities	49,105,768	46,278,493	7,474,502	6,706,619	56,580,270	52,985,112
Other liabilities	2,641,596	6,007,435	223,175	321,981	2,864,771	6,329,416
Total liabilities	51,747,364	52,285,928	7,697,677	7,028,600	59,445,041	59,314,528
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	21,466,029	20,966,592	17,750,083	17,293,316	39,216,112	38,259,908
Restricted	5,183,351	6,572,045	-	-	5,183,351	6,572,045
Unrestricted	(27,307,302)	(36,250,046)	(1,730,836)	(1,588,876)	(29,038,138)	(37,838,925)
Total net assets	\$ (657,922)	\$ (8,711,409)	\$ 16,019,247	\$ 15,704,440	\$ 15,361,325	\$ 6,993,028

As noted earlier, net assets may serve, over time, as one useful indicator of a government's financial condition. The assets of Wilkes County exceeded liabilities by \$15,361,325 as of June 30, 2012. The County's net assets increased by \$8,368,294 for the fiscal year ended June 30, 2012. The County's net assets 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 investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the County's net assets, \$5,183,351, represents resources that are subject to external restrictions on how they may be used. The remaining balance is an unrestricted deficit of \$29,038,138. This deficit is a presentation of the fact that Wilkes County carries \$41,685,000 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 County also carries \$500,000 of debt for Wilkes Community College. 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 assets:

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 94.28%.
- Sustained operating budgets at minimal costs and estimated revenues conservatively.

## Wilkes County's Changes in Net Assets

**Figure 3**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Revenues:</b>						
Program revenues:						
Charges from services	\$ 9,295,668	\$ 9,012,910	\$ 3,079,802	\$ 3,036,154	\$ 12,375,470	\$ 12,049,064
Operating grants and contributions	8,679,898	9,373,134	-	-	8,679,898	9,373,134
Capital grants and contributions	683,083	1,780,038	750,465	744,077	1,433,548	2,524,115
General revenues:						
Property taxes	39,753,363	38,957,382	-	-	39,753,363	38,957,382
Local option sales tax	11,687,335	10,818,400	-	-	11,687,335	10,818,400
Other	191,933	63,769	12,572	13,753	204,505	77,522
Total revenues	<u>70,291,280</u>	<u>70,005,633</u>	<u>3,842,839</u>	<u>3,793,984</u>	<u>74,134,119</u>	<u>73,799,617</u>
<b>Expenses:</b>						
General government	5,993,498	5,715,486	-	-	5,993,498	5,715,486
Public safety	16,692,167	15,336,246	-	-	16,692,167	15,336,246
Economic and physical development	1,962,352	1,718,521	-	-	1,962,352	1,718,521
Environmental protection	183,976	148,393	-	-	183,976	148,393
Human services	19,435,904	19,371,341	-	-	19,435,904	19,371,341
Cultural and recreation	1,430,387	1,408,704	-	-	1,430,387	1,408,704
Education	14,654,973	15,109,814	-	-	14,654,973	15,109,814
Interest on long-term debt	1,884,536	2,389,904	-	-	1,884,536	2,389,904
Airport	-	-	1,436,575	1,467,016	1,436,575	1,467,016
Landfill	-	-	2,091,457	2,760,041	2,091,457	2,760,041
Total expenses	<u>62,237,793</u>	<u>61,198,409</u>	<u>3,528,032</u>	<u>4,227,057</u>	<u>65,765,825</u>	<u>65,425,466</u>
Increase (decrease) in net assets	8,053,487	8,807,224	314,807	(433,073)	8,368,294	8,374,151
<b>Net Assets:</b>						
Beginning of year - July 1	<u>(8,711,409)</u>	<u>(17,518,633)</u>	<u>15,704,440</u>	<u>16,137,513</u>	<u>6,993,031</u>	<u>(1,381,120)</u>
End of year - June 30	<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>

**Governmental Activities.** Governmental activities increased the County's net assets by \$8,053,487. Key elements of this increase are as follows:

- Maintaining a collection percentage of 94.28% in the collection of property taxes.
- Increase in local option sales tax and related revenues.
- Conservative budgeting in operating expenses and revenue estimates.

**Business-Type Activities.** Business-type activities increased Wilkes County's net assets by \$314,807. Key elements of this increase are as follows:

- Conservative budgeting in operations and revenue estimates.

### **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 \$16,830,159, while total fund balance reached \$21,070,399. 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 28% of total General Fund expenditures and transfers to other funds, while total fund balance represents 34% of that same amount.

At June 30, 2012, the governmental funds of Wilkes County reported a combined fund balance of \$21,613,842, 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 \$2,190,897 (3.40%). 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 assets of the Airport Fund at the end of the fiscal year totaled \$(135,458). Unrestricted net assets of the Landfill Fund at the end of the fiscal year totaled \$(1,595,378).

## Capital Asset and Debt Administration

**Capital Assets.** Wilkes County's capital assets for its governmental and business-type activities as of June 30, 2012 totaled \$40,031,627 (net of accumulated depreciation). These assets include buildings, land, improvements, and equipment.

Major capital asset transactions during the year include:

- Purchased new ambulance units for EMS in the amount of \$186,334
- Purchase of Sheriff vehicles in the amount of \$209,731
- Purchase of E-911 equipment in the amount of \$740,649
- Addition at the Airport and Airpark of \$998,869.

### Wilkes County's Capital Assets

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 1,804,349	\$ 1,804,349	\$ 5,115,945	\$ 5,115,945	\$ 6,920,294	\$ 6,920,294
Buildings	16,174,320	16,158,320	792,737	792,737	16,967,057	16,951,057
Improvements	2,633,465	2,504,635	19,977,703	19,930,386	22,611,168	22,435,021
Machinery and equipment	11,738,539	10,682,547	3,706,406	2,851,236	15,444,945	13,533,783
Construction in progress	1,871,104	1,646,439	1,120,529	254,177	2,991,633	1,900,616
Total	34,221,777	32,796,290	30,713,320	28,944,481	64,935,097	61,740,771
Accumulated depreciation	(12,583,160)	(11,643,469)	(12,320,310)	(11,651,165)	(24,903,470)	(23,294,634)
Capital assets, net	\$ 21,638,617	\$ 21,152,821	\$ 18,393,010	\$ 17,293,316	\$ 40,031,627	\$ 38,446,137

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 Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Capital lease	\$ -	\$ -	\$ 642,927	\$ -	\$ 642,927	\$ -
Installment purchase notes	\$ 42,357,588	\$ 44,721,229	\$ -	\$ -	\$ 42,357,588	\$ 44,721,229

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 \$398,800,000.

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

## **Economic Factors and Next Year's Budgets and Rates**

### **Budget Highlights for the Fiscal Year Ending June 30, 2013**

**Governmental Activities.** The General Fund's overall revenue budget amount is approximately the same as the FY 2011/2012 actual amounts. Overall expenditure amounts are also expected to be maintained at a level in comparison with the prior year. There are no plans for any major capital expenditures in the new budget.

**Business-Type Activities.** The budgeted expenditure amounts for the Airport Fund are lower than prior year actual amounts due to a decrease 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](mailto:jshepherd@wilkescounty.net).

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# WILKES COUNTY, NORTH CAROLINA

## STATEMENT OF NET ASSETS JUNE 30, 2012

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 20,035,823	\$ 685,171	\$ 20,720,994
Taxes receivable, net	4,301,166	-	4,301,166
Accounts receivable, net	4,751,223	240,311	4,991,534
Due from other governments	156,934	195,155	352,089
Inventories	15,752	54,877	70,629
Prepaid items	-	6,750	6,750
Internal balances	189,927	(189,927)	-
Cash and cash equivalents, restricted	-	4,331,577	4,331,577
Capital assets:			
Land, improvements, and construction in progress	3,675,453	6,236,474	9,911,927
Other capital assets, net	17,963,164	12,156,536	30,119,700
Total assets	<u>51,089,442</u>	<u>23,716,924</u>	<u>74,806,366</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued expenses	2,253,756	223,175	2,476,931
Unearned revenues	387,840	-	387,840
Long-term liabilities:			
Due within one year	3,669,010	194,899	3,863,909
Due in more than one year	45,436,758	7,279,603	52,716,361
Total liabilities	<u>51,747,364</u>	<u>7,697,677</u>	<u>59,445,041</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	21,466,029	17,750,083	39,216,112
Restricted for:			
Stabilization by State statute	4,268,040	-	4,268,040
Crime prevention	97,772	-	97,772
Register of Deeds	317,120	-	317,120
Public safety	495,774	-	495,774
Economic and physical development	4,645	-	4,645
Unrestricted	<u>(27,307,302)</u>	<u>(1,730,836)</u>	<u>(29,038,138)</u>
Total net assets	<u>\$ (657,922)</u>	<u>\$ 16,019,247</u>	<u>\$ 15,361,325</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, 2012

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Functions/Programs</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 5,993,498	\$ 921,704	\$ 345,355	\$ 32,170
Public safety	16,692,167	3,740,745	421,473	9,885
Environmental protection	183,976	157,967	205,584	-
Economic and physical development	1,962,352	100	156,671	222,941
Human services	19,435,904	4,358,290	7,309,389	-
Cultural and recreational	1,430,387	116,862	216,669	-
Education	14,654,973	-	24,757	418,087
Interest on long-term debt	1,884,536	-	-	-
Total governmental activities	<u>62,237,793</u>	<u>9,295,668</u>	<u>8,679,898</u>	<u>683,083</u>
<b>Business-Type Activities:</b>				
Landfill	2,091,457	2,107,312	-	-
Airport	1,436,575	972,490	-	750,465
Total business-type activities	<u>3,528,032</u>	<u>3,079,802</u>	<u>-</u>	<u>750,465</u>
Total primary government	<u>\$ 65,765,825</u>	<u>\$ 12,375,470</u>	<u>\$ 8,679,898</u>	<u>\$ 1,433,548</u>

### General Revenues:

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

Change in net assets

### Net Assets:

Beginning of year - July 1

End of year - June 30

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

**Exhibit B**

<b>Net (Expense) Revenue and Changes in Net Assets</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (4,694,269)	\$ -	\$ (4,694,269)
(12,520,064)	-	(12,520,064)
179,575	-	179,575
(1,582,640)	-	(1,582,640)
(7,768,225)	-	(7,768,225)
(1,096,856)	-	(1,096,856)
(14,212,129)	-	(14,212,129)
(1,884,536)	-	(1,884,536)
<u>(43,579,144)</u>	<u>-</u>	<u>(43,579,144)</u>
-	15,855	15,855
<u>-</u>	<u>286,380</u>	<u>286,380</u>
<u>-</u>	<u>302,235</u>	<u>302,235</u>
<u>(43,579,144)</u>	<u>302,235</u>	<u>(43,276,909)</u>
39,753,363	-	39,753,363
11,687,335	-	11,687,335
130,664	-	130,664
61,269	12,572	73,841
<u>51,632,631</u>	<u>12,572</u>	<u>51,645,203</u>
8,053,487	314,807	8,368,294
<u>(8,711,409)</u>	<u>15,704,440</u>	<u>6,993,031</u>
<u>\$ (657,922)</u>	<u>\$ 16,019,247</u>	<u>\$ 15,361,325</u>

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

**WILKES COUNTY, NORTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2012**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 18,712,852	\$ 1,322,971	\$ 20,035,823
Receivables, net	4,707,671	43,552	4,751,223
Taxes receivable, net	3,946,906	354,260	4,301,166
Due from other governments	156,934	-	156,934
Due from other funds	190,455	-	190,455
Inventories	15,752	-	15,752
Total assets	<u>\$ 27,730,570</u>	<u>\$ 1,720,783</u>	<u>\$ 29,451,353</u>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 1,494,853	\$ 758,903	\$ 2,253,756
Due to other funds	-	528	528
Deferred revenues	<u>5,165,318</u>	<u>417,909</u>	<u>5,583,227</u>
Total liabilities	<u>6,660,171</u>	<u>1,177,340</u>	<u>7,837,511</u>
<b>Fund Balances:</b>			
Non-spendable:			
Inventories	15,752	-	15,752
Restricted:			
Stabilization by State statute	4,224,488	43,552	4,268,040
Restricted, all other	414,892	500,419	915,311
Unassigned	<u>16,415,267</u>	<u>(528)</u>	<u>16,414,739</u>
Total fund balances	<u>21,070,399</u>	<u>543,443</u>	<u>21,613,842</u>
Total liabilities and fund balances	<u>\$ 27,730,570</u>	<u>\$ 1,720,783</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	21,638,617
Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(49,105,768)
Deferred revenues 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 assets in the Statement of Net Assets.	<u>5,195,387</u>
Net assets of governmental activities (Exhibit A)	<u>\$ (657,922)</u>

*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, 2012

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Revenues:</b>			
Ad valorem taxes	\$ 35,855,848	\$ 3,147,148	\$ 39,002,996
Local option sales taxes	11,687,335	-	11,687,335
Other taxes and licenses	130,664	-	130,664
Unrestricted intergovernmental revenues	291,729	-	291,729
Restricted intergovernmental revenues	8,916,589	166,556	9,083,145
Permits and fees	385,776	-	385,776
Sales and services	7,726,135	361,490	8,087,625
Interest earned on investments	58,139	3,130	61,269
Miscellaneous	638,149	-	638,149
Total revenues	<u>65,690,364</u>	<u>3,678,324</u>	<u>69,368,688</u>
<b>Expenditures:</b>			
Current:			
General government	5,575,052	-	5,575,052
Public safety	12,600,752	4,245,792	16,846,544
Environmental protection	237,500	-	237,500
Economic and physical development	1,972,211	153,490	2,125,701
Human services	18,877,452	-	18,877,452
Cultural and recreation	1,312,354	-	1,312,354
Education	14,654,973	-	14,654,973
Debt service:			
Principal repayments	2,363,641	-	2,363,641
Interest	1,884,536	-	1,884,536
Total expenditures	<u>59,478,471</u>	<u>4,399,282</u>	<u>63,877,753</u>
Revenues over (under) expenditures	<u>6,211,893</u>	<u>(720,958)</u>	<u>5,490,935</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in (out)	(1,646,439)	1,646,439	-
Sale of capital assets	17,480	-	17,480
Total other financing sources (uses)	<u>(1,628,959)</u>	<u>1,646,439</u>	<u>17,480</u>
Net change in fund balances	4,582,934	925,481	5,508,415
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>16,487,465</u>	<u>(382,038)</u>	<u>16,105,427</u>
End of year - June 30	<u>\$ 21,070,399</u>	<u>\$ 543,443</u>	<u>\$ 21,613,842</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, 2012**

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) \$ 5,508,415

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	750,367
Sales and services	172,225

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. 1,640,588

The sale/disposal of capital assets is reported as a revenue in the governmental funds statement without subtracting the net book value of the capital assets sold. (7,254)

Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement. (1,147,538)

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. (288,927)

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. 2,363,641

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. (938,030)

Total changes in net assets of governmental activities \$ 8,053,487

*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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Over/(Under)
	Original	Final		
<b>Revenues:</b>				
Ad valorem taxes	\$ 34,170,707	\$ 34,600,707	\$ 35,855,848	\$ 1,255,141
Local option sales tax	10,645,720	10,945,720	11,687,335	741,615
Other taxes and licenses	102,000	102,000	130,664	28,664
Unrestricted intergovernmental revenues	165,000	165,000	291,729	126,729
Restricted intergovernmental revenues	10,827,306	12,230,348	8,916,589	(3,313,759)
Permits and fees	363,500	363,500	385,776	22,276
Sales and services	7,115,663	7,126,275	7,726,135	599,860
Investment earnings	50,500	50,500	58,139	7,639
Miscellaneous	833,792	876,035	638,149	(237,886)
Total revenues	<u>64,274,188</u>	<u>66,460,085</u>	<u>65,690,364</u>	<u>(769,721)</u>
<b>Expenditures:</b>				
General government	6,675,170	6,720,170	5,575,052	1,145,118
Public safety	12,677,537	13,386,436	12,600,752	785,684
Environmental protection	300,000	300,000	237,500	62,500
Economic and physical development	2,435,353	2,470,465	1,972,211	498,254
Human services	19,882,058	21,711,730	18,877,452	2,834,278
Cultural and recreation	1,393,352	1,393,352	1,312,354	80,998
Education	15,011,867	15,311,867	14,654,973	656,894
Debt service:				
Principal repayments	2,363,641	2,363,641	2,363,641	-
Interest	1,884,536	1,884,536	1,884,536	-
Total expenditures	<u>62,623,514</u>	<u>65,542,197</u>	<u>59,478,471</u>	<u>6,063,726</u>
Revenues over (under) expenditures	<u>1,650,674</u>	<u>917,888</u>	<u>6,211,893</u>	<u>5,294,005</u>
<b>Other Financing Sources (Uses):</b>				
Transfers (to) from other funds	-	(1,646,440)	(1,646,439)	1
Sale of capital assets	7,000	7,000	17,480	10,480
Appropriated fund balance	(1,657,674)	721,552	-	(721,552)
Total other financing sources (uses)	<u>(1,650,674)</u>	<u>(917,888)</u>	<u>(1,628,959)</u>	<u>(711,071)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	4,582,934	<u>\$ 4,582,934</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>16,487,465</u>	
End of year - June 30			<u>\$ 21,070,399</u>	

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

## WILKES COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2012

	Enterprise Funds		Total
	Landfill Fund	Airport Fund	
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 684,668	\$ 503	\$ 685,171
Receivables, net	194,923	45,388	240,311
Inventories	-	54,877	54,877
Due from other governments	70,940	124,215	195,155
Prepays	-	6,750	6,750
Total current assets	<u>950,531</u>	<u>231,733</u>	<u>1,182,264</u>
Non-current assets:			
Restricted cash and cash equivalents	<u>4,331,577</u>	<u>-</u>	<u>4,331,577</u>
Capital assets:			
Land, improvements, and construction in progress	2,272,068	3,964,406	6,236,474
Other capital assets, net	<u>3,539,162</u>	<u>8,617,374</u>	<u>12,156,536</u>
Total capital assets	<u>5,811,230</u>	<u>12,581,780</u>	<u>18,393,010</u>
Total non-current assets	<u>10,142,807</u>	<u>12,581,780</u>	<u>22,724,587</u>
Total assets	<u>11,093,338</u>	<u>12,813,513</u>	<u>23,906,851</u>
<b>Liabilities and Net Assets:</b>			
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	108,278	114,897	223,175
Due to other funds	-	189,927	189,927
Current portion of compensated absences	30,000	4,000	34,000
Current portion of long-term debt	<u>142,270</u>	<u>18,629</u>	<u>160,899</u>
Total current liabilities	<u>280,548</u>	<u>327,453</u>	<u>608,001</u>
Non-current liabilities:			
Accrued landfill closure and post-closure care costs	6,520,000	-	6,520,000
Compensated absences - non-current	45,536	7,204	52,740
Non-current portion of long-term debt	462,532	19,496	482,028
OPEB liability	<u>173,672</u>	<u>51,163</u>	<u>224,835</u>
Total non-current liabilities	<u>7,201,740</u>	<u>77,863</u>	<u>7,279,603</u>
Total liabilities	<u>7,482,288</u>	<u>405,316</u>	<u>7,887,604</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	5,206,428	12,543,655	17,750,083
Unrestricted	<u>(1,595,378)</u>	<u>(135,458)</u>	<u>(1,730,836)</u>
Total net assets	<u>\$ 3,611,050</u>	<u>\$ 12,408,197</u>	<u>\$ 16,019,247</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 ASSETS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Enterprise Funds</u>		<u>Total</u>
	<u>Landfill Fund</u>	<u>Airport Fund</u>	
<b>Operating Revenues:</b>			
Charges for services	\$ 1,877,688	\$ 863,974	\$ 2,741,662
Rents	-	108,516	108,516
Scrap tire disposal grant	35,602	-	35,602
Other operating revenues	194,022	-	194,022
Total operating revenues	<u>2,107,312</u>	<u>972,490</u>	<u>3,079,802</u>
<b>Operating Expenses:</b>			
Airport operations	-	989,858	989,858
Landfill operations	1,852,655	-	1,852,655
Depreciation	224,392	444,753	669,145
Total operating expenses	<u>2,077,047</u>	<u>1,434,611</u>	<u>3,511,658</u>
Operating income (loss)	<u>30,265</u>	<u>(462,121)</u>	<u>(431,856)</u>
<b>Non-Operating Revenues (Expenses):</b>			
Interest earned on investments	12,540	32	12,572
Interest expense	(14,410)	(1,964)	(16,374)
Total non-operating revenues (expenses)	<u>(1,870)</u>	<u>(1,932)</u>	<u>(3,802)</u>
Income (loss) before capital contributions	28,395	(464,053)	(435,658)
Capital contributions	<u>-</u>	<u>750,465</u>	<u>750,465</u>
Change in net assets	28,395	286,412	314,807
<b>Net Assets:</b>			
Beginning of year - July 1	<u>3,582,655</u>	<u>12,121,785</u>	<u>15,704,440</u>
End of year - June 30	<u>\$ 3,611,050</u>	<u>\$ 12,408,197</u>	<u>\$ 16,019,247</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, 2012

	Enterprise Funds		
	Landfill Fund	Airport Fund	Total
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ 2,145,713	\$ 1,023,850	\$ 3,169,563
Cash paid for goods and services	(1,127,940)	(789,064)	(1,917,004)
Cash paid to employees for services	(772,594)	(210,333)	(982,927)
Net cash provided (used) by operating activities	<u>245,179</u>	<u>24,453</u>	<u>269,632</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Change in due to other funds	-	189,927	189,927
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>189,927</u>	<u>189,927</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Capital grants received	-	637,636	637,636
Acquisition and construction of capital assets	-	(998,869)	(998,869)
Principal paid on long-term debt	(115,783)	(18,014)	(133,797)
Interest and fees	(14,409)	(1,964)	(16,373)
Net cash provided (used) for capital and related financing activities	<u>(130,192)</u>	<u>(381,211)</u>	<u>(511,403)</u>
<b>Cash Flows from Investing Activities:</b>			
Interest on investments	<u>12,540</u>	<u>32</u>	<u>12,572</u>
Net increase (decrease) in cash and cash equivalents	127,527	(166,799)	(39,272)
<b>Cash and Cash Equivalents:</b>			
Beginning of year - July 1	<u>4,888,718</u>	<u>167,302</u>	<u>5,056,020</u>
End of year - June 30	<u>\$ 5,016,245</u>	<u>\$ 503</u>	<u>\$ 5,016,748</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	<u>\$ 30,265</u>	<u>\$ (462,121)</u>	<u>\$ (431,856)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	224,392	444,753	669,145
Loss on sale of assets	-	6,753	6,753
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(38,431)	51,360	12,929
Increase (decrease) in inventory	-	(13,489)	(13,489)
Increase (decrease) in accounts payable and accrued liabilities	(23,817)	(16,989)	(40,806)
Increase (decrease) in OPEB	42,093	12,400	54,493
Increase (decrease) in accrued vacation pay	10,677	1,786	12,463
Total adjustments	<u>214,914</u>	<u>486,574</u>	<u>701,488</u>
Net cash provided (used) by operating activities	<u>\$ 245,179</u>	<u>\$ 24,453</u>	<u>\$ 269,632</u>

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

**WILKES COUNTY, NORTH CAROLINA**

**STATEMENT OF FIDUCIARY NET ASSETS**

**FIDUCIARY FUNDS**

**JUNE 30, 2012**

	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 198,087
Taxes receivable	<u>336,230</u>
Total assets	<u>\$ 534,317</u>
<b>Liabilities:</b>	
Miscellaneous liabilities	\$ 531,874
Total liabilities	<u>\$ 534,317</u>

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

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### 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 Assets 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, 2012

**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 fund:

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

The 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, 2012

*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 2011 through February 2012 apply to the fiscal year ended June 30, 2012. Uncollected taxes, which were billed during this period, are shown as a receivable on these financial statements and are offset by deferred revenues.

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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 assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

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

### **C. Budgetary Data**

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General 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, 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.

# **WILKES COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012**

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).

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.

### **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, 2011. 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.

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### 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.

### 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

### Long-Term Obligations

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

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

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### 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 Assets/Fund Balances

#### Net Assets

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

Restricted net assets as of June 30, 2012 are as follows:

	<b>Governmental Activities</b>
Stabilization by State statute	\$ 4,268,040
Crime prevention	97,772
Register of Deeds	317,120
Public safety	495,774
Economic and physical development	4,645
Total	<u>\$ 5,183,351</u>

#### Unrestricted Net Assets

The County has \$42,185,000 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 assets since title to the related assets are held by Wilkes County Board of Education and Wilkes Community College.

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### 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, 2012, the County had \$15,752 non-spendable fund balance for inventories.

### Restricted Fund Balance

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

	General Fund	Special Revenue Funds	Capital Project Funds
<i>Restricted for Stabilization of State Statute</i> – portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].	\$ 4,224,488	\$ 43,552	\$ -
<i>Restricted for Public Safety - Crime Prevention</i> – portion of fund balance that is restricted by revenue source for crime prevention expenditures.	97,772	-	-
<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.	317,120	-	-
<i>Restricted for Public Safety - Law Enforcement</i> – portion of fund balance that is restricted by revenue source for law enforcement expenditures.	-	24,235	-
<i>Restricted for Public Safety - E-911</i> – portion of fund balance that is restricted by revenue source for E911 expenditures.	-	471,539	-
<i>Restricted for Economic Development</i> – portion of fund balance that is restricted by revenue source for Community Development Block Grant expenditures.	-	-	4,645
	\$ 4,639,380	\$ 539,326	\$ 4,645

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### 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 governing board has budgeted.

### 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.

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)	\$ 21,070,399
Less:	
Non-spendable	(15,752)
Stabilization by State statute	<u>(4,224,488)</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.

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### 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, 2012, the County's deposits had a carrying amount of \$23,704,492 and a bank balance of \$23,901,392. Of the bank balance, \$1,436,222 was covered by federal depository insurance and \$22,465,170 in interest-bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2012, Wilkes County had \$5,127 cash on hand.

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### Investments

At June 30, 2012, Wilkes County had \$1,541,039 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>
2009	\$ 3,079,955	\$ 615,991	\$ 3,695,946
2010	3,595,767	395,535	3,991,302
2011	3,676,232	73,525	3,749,757
2012	3,813,434	-	3,813,434
Total	<u>\$ 14,165,388</u>	<u>\$ 1,085,051</u>	<u>\$ 15,250,439</u>

### Receivables

Receivables at the government-wide level at June 30, 2012 were as follows:

	<u>Governmental</u>	<u>Business-Type Activities</u>	
	<u>Activities</u>	<u>Landfill</u>	<u>Airport</u>
<b>Accounts Receivable:</b>			
Local option sales tax distribution	\$ 1,982,038	\$ -	\$ -
Other	1,874,964	-	-
EMS/Landfill/Airport sales	3,561,540	214,923	45,388
Allowance for doubtful accounts	(2,667,319)	(20,000)	-
Total accounts receivable	<u>\$ 4,751,223</u>	<u>\$ 194,923</u>	<u>\$ 45,388</u>
<b>Due from Other Governments:</b>			
Sales tax refund	\$ 156,934	\$ 70,940	\$ 31,103
Grants	-	-	93,112
Total due from other governments	<u>\$ 156,934</u>	<u>\$ 70,940</u>	<u>\$ 124,215</u>

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	<b>Balance July 1, 2011</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance June 30, 2012</b>
<b>Governmental Activities:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 1,804,349	\$ -	\$ -	\$ -	\$ 1,804,349
Construction in progress	<u>1,646,439</u>	<u>224,665</u>	<u>-</u>	<u>-</u>	<u>1,871,104</u>
Total non-depreciable capital assets	<u>3,450,788</u>	<u>224,665</u>	<u>-</u>	<u>-</u>	<u>3,675,453</u>
<b>Depreciable Capital Assets:</b>					
Buildings	16,158,320	16,000	-	-	16,174,320
Other improvements	2,504,635	128,830	-	-	2,633,465
Equipment	<u>10,648,224</u>	<u>1,271,093</u>	<u>180,778</u>	<u>-</u>	<u>11,738,539</u>
Total depreciable capital assets	<u>29,311,179</u>	<u>1,415,923</u>	<u>180,778</u>	<u>-</u>	<u>30,546,324</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	4,492,868	331,313	-	-	4,824,181
Other improvements	715,329	91,678	-	-	807,007
Equipment	<u>6,400,949</u>	<u>724,547</u>	<u>173,524</u>	<u>-</u>	<u>6,951,972</u>
Total accumulated depreciation	<u>11,609,146</u>	<u>\$ 1,147,538</u>	<u>\$ 173,524</u>	<u>\$ -</u>	<u>12,583,160</u>
Total depreciable capital assets, net	<u>17,702,033</u>				<u>17,963,164</u>
Governmental activities capital assets, net	<u>\$ 21,152,821</u>				<u>\$ 21,638,617</u>

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

General government	\$ 369,081
Public safety	550,524
Environmental protection	3,199
Human services	110,882
Cultural and recreational	<u>113,852</u>
Total	<u>\$ 1,147,538</u>

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

	<b>Balance</b> <b>July 1, 2011</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance</b> <b>June 30, 2012</b>
<b>Business-Type Activities:</b>					
<b>Landfill:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 2,272,068	\$ -	\$ -	\$ -	\$ 2,272,068
Total non-depreciable assets	2,272,068	-	-	-	2,272,068
<b>Depreciable Capital Assets:</b>					
Buildings	363,638	-	-	-	363,638
Other improvements	5,323,248	-	-	-	5,323,248
Equipment	2,784,482	720,584	-	-	3,505,066
Total depreciable capital assets	8,471,368	720,584	-	-	9,191,952
<b>Less Accumulated Depreciation:</b>					
Buildings	344,130	1,224	-	-	345,354
Other improvements	3,196,194	-	-	-	3,196,194
Equipment	1,888,074	223,168	-	-	2,111,242
Total accumulated depreciation	5,428,398	\$ 224,392	\$ -	\$ -	5,652,790
Total depreciable capital assets, net	3,042,970				3,539,162
Landfill capital assets, net	5,315,038				5,811,230
<b>Airport:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	2,843,877	\$ -	\$ -	\$ -	2,843,877
Construction in progress	254,177	920,422	54,070	-	1,120,529
Total non-depreciable capital assets	3,098,054	920,422	54,070	-	3,964,406
<b>Depreciable Capital Assets:</b>					
Buildings	429,099	-	-	-	429,099
Other improvements	14,607,138	54,070	6,753	-	14,654,455
Equipment	66,754	134,586	-	-	201,340
Total depreciable capital assets	15,102,991	188,656	6,753	-	15,284,894
<b>Less Accumulated Depreciation:</b>					
Buildings	76,780	14,210	-	-	90,990
Other improvements	6,079,233	422,968	-	-	6,502,201
Equipment	66,754	7,575	-	-	74,329
Total accumulated depreciation	6,222,767	\$ 444,753	\$ -	\$ -	6,667,520
Total depreciable capital assets, net	8,880,224				8,617,374
Airport capital assets, net	11,978,278				12,581,780
Business-type activities capital assets, net	\$ 17,293,316				\$ 18,393,010

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### Invested in Capital Assets, Net of Debt

The total invested in capital assets, net of related debt at June 30, 2012 is composed of the following elements:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Capital assets	\$ 21,638,617	\$ 18,393,010
Long-term debt	42,357,588	642,927
Long-term debt for assets not owned by the County	(42,185,000)	-
Invested in capital assets, net of related debt	172,588	642,927
Capital assets, net of related debt	\$ 21,466,029	\$ 17,750,083

### B. Liabilities

#### Payables

Payables at the government-wide level at June 30, 2012 were as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Vendors	\$ 2,135,828	\$ 125,059	\$ 2,260,887
Payable to fire districts	117,053	-	117,053
Other expenses	875	2,049	2,924
Retainage payable	-	96,067	96,067
Total business-type activities	\$ 2,253,756	\$ 223,175	\$ 2,476,931

### 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, 2012

**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, 2012, 2011, and 2010 were \$1,045,355, \$948,161, and \$753,532, 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, 2011, the Separation Allowance's membership consisted of:

Retirees receiving benefits	10
Active plan members	<u>68</u>
Total	<u><u>78</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, 2012

**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, 2010 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 4.5 – 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, 2010 was 20 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	\$	131,446
Interest on net pension obligation		24,375
Adjustment to annual required contribution		(29,082)
Annual pension costs		126,739
Contributions made		126,101
Increase (decrease) in net pension obligation		638
Net pension obligation:		
Beginning of year - July 1		487,509
End of year - June 30	\$	488,147

### Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2010	\$ 108,944	40.35%	\$ 458,538
6/30/2011	128,809	77.51%	487,509
6/30/2012	126,739	99.50%	488,147

**Funded Status and Funding Progress.** As of December 31, 2011, 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 \$1,603,784. The covered payroll was \$2,366,561, and the ratio of the UAAL to the covered payroll was 67.77 percent.

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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, 2012 were \$120,072, which consisted of \$120,072 from the County and \$-0- 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, 2012, the County's required and actual contributions were \$5,303.

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### 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, 2012, the County made payments for post-retirement health benefit premiums of \$271,109. 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, 2009, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	45
Active members	<u>441</u>
Total	<u>486</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, 2012

The current annual required contribution rate (ARC) is 8.26% of annual covered payroll. For fiscal year 2012, the County contributed \$365,111 or 2.3% of annual covered payroll. Contributions by employees for the fiscal year ended June 30, 2012 were \$94,002. 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	\$ 1,339,715
Interest on net OPEB obligation	130,551
Adjustment to annual required contribution	<u>(112,632)</u>
Annual OPEB cost (expense)	1,357,634
Contributions made	<u>365,111</u>
Increase (decrease) in net OPEB obligation	992,523
Net OPEB obligation:	
Beginning of year - July 1	<u>3,263,769</u>
End of year - June 30	<u><u>\$ 4,256,292</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 were as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 1,530,176	27.31%	\$ 2,413,515
2011	1,304,543	34.82%	3,263,769
2012	1,357,634	26.90%	4,256,292

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

**Funded Status and Funding Progress.** As of December 31, 2009, 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 \$16,301,175. The covered payroll (annual payroll of active employees covered by the plan) was \$15,626,239, and the ratio of the UAAL to the covered payroll was 104.3%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents 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, 2009 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 3.75%, and (b) 10.50% - 5.00% medical cost trend rate with 2017 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, 2009 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, 2012

### 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, 2012 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 \$25,000 were made to the Landfill Closure and Post-Closure Reserve Fund during the fiscal year ended June 30, 2012. These funds and transfers from prior years are held in investments with a cost of \$4,331,577 (market value \$4,331,577) 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/Unearned Revenues

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

	<u>Deferred Revenues</u>	<u>Unearned Revenues</u>
Prepaid taxes not yet earned (General)	\$ 10,708	\$ 10,708
Taxes receivable, net (General)	3,946,906	-
Taxes receivable, net (Special Revenue)	354,260	-
Other receivables, net (General)	894,221	-
Other unearned revenues (Special Revenue)	63,649	63,649
Unexpended grant proceeds (General)	313,483	313,483
Total	<u>\$ 5,583,227</u>	<u>\$ 387,840</u>

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### 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 Travelers Insurance Group administered by Faw Insurance Agency. Through Faw Insurance, the County obtains insurance coverage of \$6 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 \$2 million per each claim with a commercial excess policy of \$6 million per each claim. Law enforcement liability coverage is up to \$2 million per each wrongful act. Through Faw Insurance, the County has blanket coverage for property and contents of \$42,553,326.

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>2011</u>	<u>2012</u>
Balance, beginning of year	\$ 667,688	\$ 667,020
Incurred claims (including IBNRs) and changes in estimates	3,213,560	3,402,858
Less claims payments	<u>(3,214,228)</u>	<u>(3,376,679)</u>
Balance, end of year	<u>\$ 667,020</u>	<u>\$ 693,199</u>

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### Contingent Liabilities

At June 30, 2012, 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 and is now undergoing a process of dissolution 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, 2012 was \$695,524. These funds were appropriated by the county and paid toward these liabilities in the year ended June 30, 2012. 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, 2012:

<u>Class of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment - Landfill	\$ 720,584	\$ 60,049	\$ 660,535
Equipment - Airport	\$ 56,139	\$ 5,614	\$ 50,525

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012, are as follows:

Year Ending June 30	Amount
2013	\$ 176,210
2014	176,211
2015	156,232
2016	156,232
2017	13,019
Total minimum lease payments	677,904
Less amount representing interest	34,977
Present value of the minimum lease payments	\$ 642,927

### 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	\$ 172,588
\$2,000,000 note, issued September 2004, interest at 3.27%, payable in quarterly installments of \$50,000, plus interest, with final payment due in 2015; issued for Wilkes Community College capital improvements	500,000
\$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	29,280,000
\$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	12,405,000
Total installment purchase agreements	\$ 42,357,588

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

For Wilkes County, the future minimum payments as of June 30, 2012 are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2013	\$ 2,889,010	\$ 1,785,030	\$ 4,674,040
2014	2,874,387	1,679,952	4,554,339
2015	2,754,775	1,570,886	4,325,661
2016	2,635,175	1,470,442	4,105,617
2017	2,620,584	1,372,223	3,992,807
2018-2022	11,508,657	5,365,330	16,873,987
2023-2027	6,095,000	3,582,469	9,677,469
2028-2032	6,115,000	2,127,331	8,242,331
2033-2036	4,865,000	607,750	5,472,750
Total	<u>\$ 42,357,588</u>	<u>\$ 19,561,413</u>	<u>\$ 61,919,001</u>

### 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, 2012:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012	Current Portion of Balance
<b>Governmental Activities:</b>					
Installment purchase	\$ 44,721,229	\$ -	\$ 2,363,641	\$ 42,357,588	\$ 2,889,010
Compensated absences	1,273,267	1,039,079	776,969	1,535,377	780,000
Incurred, but not reported, health claims	667,020	3,429,037	3,402,858	693,199	-
Net pension obligation	487,509	126,739	126,101	488,147	-
Net OPEB obligation	3,093,427	1,283,094	345,064	4,031,457	-
Total governmental activities	<u>\$ 50,242,452</u>	<u>\$ 5,877,949</u>	<u>\$ 7,014,633</u>	<u>\$ 49,105,768</u>	<u>\$ 3,669,010</u>
<b>Business-Type Activities:</b>					
<b>Landfill</b>					
Capital lease	\$ -	\$ 720,585	\$ 115,783	\$ 604,802	\$ 142,270
Accrued landfill closure and post-closure care costs	6,520,000	-	-	6,520,000	-
Compensated absences	74,277	39,897	38,638	75,536	30,000
Net OPEB obligation	170,342	57,578	54,248	173,672	-
Total landfill fund	<u>\$ 6,764,619</u>	<u>\$ 818,060</u>	<u>\$ 208,669</u>	<u>\$ 7,374,010</u>	<u>\$ 172,270</u>
<b>Airport Fund</b>					
Capital lease	\$ -	\$ 56,139	\$ 18,014	\$ 38,125	\$ 18,629
Compensated absences	9,418	5,784	3,998	11,204	4,000
OPEB obligation	38,763	16,962	4,562	51,163	-
Total airport fund	<u>\$ 48,181</u>	<u>\$ 78,885</u>	<u>\$ 26,574</u>	<u>\$ 100,492</u>	<u>\$ 22,629</u>

**WILKES COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

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, 2012, Wilkes County had a legal debt margin of approximately \$398,800,000.

**Conduit Debt Obligations**

Wilkes County Industrial Facility and Pollution Control Authority has 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, 2012, there were no industrial revenue bonds outstanding.

**C. Interfund Balances and Activity**

	<b>Transfers</b>		<b>Purpose</b>
	<b>From</b>	<b>To</b>	
<b>Operating Transfers</b>			
<b>from/to Other Funds:</b>			
General Fund	\$ 1,646,439	\$ -	To reimburse fund for project expenditures.
Law Enforcement Center/Jail Construction	-	1,646,439	
Total transfers	<u>\$ 1,646,439</u>	<u>\$ 1,646,439</u>	

**Due to/Due from Other Funds:**

Due to the General Fund from the Airport Fund to repay funds to cover cash flow shortage.	\$ 189,927
Due to General Fund from the Scattered Site CDBG Project 10-C-2133 to repay funds to cover cash flow shortage.	<u>528</u>
Total due to/due from other funds	<u>\$ 190,455</u>

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### 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 \$3,015,129 and \$150,000 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2012. 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, 2012. 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 June 30, 2012. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$259,200 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, 2012. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$508,920 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.

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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, 2012. 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 \$34,182 to the Council during the fiscal year ended June 30, 2012.

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.

### 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	\$ 59,330,655	\$ 35,217,199
Women, Infants, and Children	1,150,569	-
Temporary Assistance to Needy Families	880,871	-
LINKS	14,109	-
Foster Care	399,408	105,463
Adoption Assistance	602,144	161,182
State/County Special Assistance for Adults	-	509,114
CWS Adoption Subsidy	-	543,813

# **WILKES COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012**

### **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.

## WILKES COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2012

## Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b-a)/c]
12/31/2011	\$ -	\$ 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
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	12/31/2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	20 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	5.00%
Projected salary increases *	4.25 - 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, 2012

## Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets A	Actuarial Accrued Liability (AAL) - Projected Unit Credit		Unfunded AAL (UAAL) B - A	Funded Ratio A / B	Covered Payroll C	UAAL as a % of Covered Payroll (B - A) / C
		B					
12/31/2009	\$ -	\$ 16,301,175		\$ 16,301,175	0.00%	\$ 15,626,239	104.3%
12/31/2007	-	17,830,366		17,830,366	0.00%	14,442,616	123.5%

## Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)		Percentage of ARC Contributed
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	12/31/2009
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	4.00%
Medical cost trend rate	5.00% - 10.50%
Year of Ultimate trend rate	2017

\* Includes inflation at 3.75%

**WILKES COUNTY, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	<u>2012</u>		<u>Variance Over /Under</u>	<u>2011</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Revenues:</b>				
<b>Ad Valorem Taxes:</b>				
Taxes	\$ 34,385,707	\$ 35,391,568	\$ 1,005,861	\$ 34,932,625
Penalties and interest	215,000	464,280	249,280	393,218
Total	<u>34,600,707</u>	<u>35,855,848</u>	<u>1,255,141</u>	<u>35,325,843</u>
<b>Local Option Sales Taxes:</b>				
Article 39 one percent	4,557,495	4,506,244	(51,251)	4,733,870
Article 40 one-half of one percent	3,180,576	3,574,364	393,788	2,886,812
Article 42 one-half of one percent	2,307,649	2,434,379	126,730	2,337,394
Article 44 one-half of one percent	-	9,035	9,035	17
Article 46 one-fourth of one percent	900,000	1,163,313	263,313	742,785
Total	<u>10,945,720</u>	<u>11,687,335</u>	<u>741,615</u>	<u>10,700,878</u>
<b>Other Taxes and Licenses:</b>				
Real estate transfer taxes	100,000	120,898	20,898	108,617
Privilege licenses	2,000	9,766	7,766	8,905
Total	<u>102,000</u>	<u>130,664</u>	<u>28,664</u>	<u>117,522</u>
<b>Unrestricted Intergovernmental:</b>				
Payments in lieu of taxes	15,000	27,312	12,312	27,456
Beer and wine tax	150,000	264,417	114,417	261,382
Total	<u>165,000</u>	<u>291,729</u>	<u>126,729</u>	<u>288,838</u>
<b>Restricted Intergovernmental:</b>				
Federal and State grants	11,814,178	8,622,022	(3,192,156)	8,904,193
Lottery proceeds	-	-	-	1,350,000
Court facility fees	125,000	109,561	(15,439)	133,693
Fines and forfeitures	25,500	23,108	(2,392)	31,119
Other	265,670	161,898	(103,772)	150,055
Total	<u>12,230,348</u>	<u>8,916,589</u>	<u>(3,313,759)</u>	<u>10,569,060</u>
<b>Permits and Fees:</b>				
Building permits	185,000	184,367	(633)	227,038
Register of Deeds	178,500	201,409	22,909	187,833
Total	<u>363,500</u>	<u>385,776</u>	<u>22,276</u>	<u>414,871</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, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012			2011
	Budget	Actual	Variance Over /Under	Actual
<b>Sales and Services:</b>				
Ambulance and rescue squad fees	2,705,996	2,784,755	78,759	2,645,893
Jail fees	100,000	41,303	(58,697)	80,602
Rents and fees	4,189,779	4,783,215	593,436	4,317,355
Recreation fees	130,500	116,862	(13,638)	135,570
Total	<u>7,126,275</u>	<u>7,726,135</u>	<u>599,860</u>	<u>7,179,420</u>
<b>Investment Earnings</b>	<u>50,500</u>	<u>58,139</u>	<u>7,639</u>	<u>59,774</u>
<b>Miscellaneous:</b>				
Other	<u>876,035</u>	<u>638,149</u>	<u>(237,886)</u>	<u>958,817</u>
Total revenues	<u>66,460,085</u>	<u>65,690,364</u>	<u>(769,721)</u>	<u>65,615,023</u>
<b>Expenditures:</b>				
<b>General Government:</b>				
<b>Governing Body:</b>				
Salaries and employee benefits	95,418	86,027		87,326
Other operating expenditures	142,700	115,182		116,926
Total	<u>238,118</u>	<u>201,209</u>	<u>36,909</u>	<u>204,252</u>
<b>Administration:</b>				
Salaries and employee benefits	300,217	293,065		349,453
Other operating expenditures	32,872	31,723		11,072
Capital outlay	6,028	6,027		-
Total	<u>339,117</u>	<u>330,815</u>	<u>8,302</u>	<u>360,525</u>
<b>Elections:</b>				
Salaries and employee benefits	223,301	194,032		210,615
Other operating expenditures	99,400	89,079		40,877
Total	<u>322,701</u>	<u>283,111</u>	<u>39,590</u>	<u>251,492</u>
<b>Finance:</b>				
Salaries and employee benefits	317,166	302,444		337,057
Other operating expenditures	16,300	13,679		14,322
Total	<u>333,466</u>	<u>316,123</u>	<u>17,343</u>	<u>351,379</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, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		Variance Over /Under	2011
	Budget	Actual		Actual
<b>Tax Administration:</b>				
Salaries and employee benefits	887,006	854,653		919,056
Other operating expenditures	265,387	223,484		171,723
Total	1,152,393	1,078,137	74,256	1,090,779
<b>Legal:</b>				
Professional services	178,500	169,455	9,045	158,716
<b>Register of Deeds:</b>				
Salaries and employee benefits	250,916	237,131		266,723
Other operating expenditures	92,290	71,412		77,704
Total	343,206	308,543	34,663	344,427
<b>Public Buildings:</b>				
Salaries and employee benefits	91,473	87,918		87,073
Other operating expenditures	180,900	147,309		157,651
Capital outlay	50,000	18,739		91,532
Total	322,373	253,966	68,407	336,256
<b>Court Facilities:</b>				
Salaries and employee benefits	121,536	115,909		115,440
Other operating expenditures	188,100	161,839		150,120
Capital outlay	150,000	110,091		20,471
Total	459,636	387,839	71,797	286,031
<b>Central Services:</b>				
<b>Data Processing:</b>				
Salaries and employee benefits	141,825	138,268		136,685
Other operating expenditures	136,612	136,522		135,712
Total	278,437	274,790	3,647	272,397
<b>Central Garage:</b>				
Salaries and employee benefits	265,895	246,997		271,559
Other operating expenditures	373,555	343,883		338,107
Total	639,450	590,880	48,570	609,666

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		Variance Over /Under	2011
	Budget	Actual		Actual
<b>Purchasing:</b>				
Salaries and employee benefits	92,042	88,535		84,791
Other operating expenditures	4,531	3,067		2,308
Total	96,573	91,602	4,971	87,099
<b>Other Central Services:</b>				
Other expenditures	617,224	446,936		443,158
Group insurance	1,398,976	841,646		748,303
Total	2,016,200	1,288,582	727,618	1,191,461
Total general government	6,720,170	5,575,052	1,145,118	5,544,480
<b>Public Safety:</b>				
<b>Sheriff:</b>				
Salaries and employee benefits	3,619,017	3,487,326		3,365,504
Other operating expenditures	455,600	412,632		310,373
Capital outlay	-	-		252,254
Total	4,074,617	3,899,958	174,659	3,928,131
<b>Drug Crime Prevention:</b>				
Other operating expenditures	120,000	84,895		57,605
Total	120,000	84,895	35,105	57,605
<b>JAG Critical Response GRA:</b>				
Other operating expenditures	158,141	148,077		4,529
Total	158,141	148,077	10,064	4,529
<b>Animal Control:</b>				
Salaries and employee benefits	449,260	430,235		419,124
Other operating expenditures	115,200	90,788		92,611
Capital outlay	24,500	23,257		26,578
Total	588,960	544,280	44,680	538,313

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		Variance Over /Under	2011
	Budget	Actual		Actual
<b>Jail:</b>				
Salaries and employee benefits	1,485,955	1,395,036		1,381,115
Other operating expenditures	1,441,317	1,312,979		869,147
Total	2,927,272	2,708,015	219,257	2,250,262
<b>Criminal Justice:</b>				
Salaries and employee benefits	64,796	62,859		59,595
Other operating expenditures	58,883	36,165		59,103
Total	123,679	99,024	24,655	118,698
<b>Emergency Management:</b>				
Salaries and employee benefits	59,360	57,566		56,948
Other operating expenditures	31,035	30,487		13,638
Total	90,395	88,053	2,342	70,586
<b>Fire:</b>				
Salaries and employee benefits	110,800	107,248		105,386
Other operating expenditures	79,783	69,650		50,382
Capital outlay	34,900	32,603		-
Assistance to local fire departments	9,930	4,833		5,461
Total	235,413	214,334	21,079	161,229
<b>Inspections:</b>				
Salaries and employee benefits	520,879	499,137		522,104
Other operating expenditures	50,412	34,313		30,112
Total	571,291	533,450	37,841	552,216
<b>Medical Examiner:</b>				
Salaries and employee benefits	16,148	7,643		13,241
Other operating expenditures	45,000	28,220		40,060
Total	61,148	35,863	25,285	53,301
<b>Emergency Medical Services:</b>				
Salaries and employee benefits	2,592,086	2,469,219		2,254,612
Other operating expenditures	643,594	612,298		578,180
Capital outlay	187,540	186,334		259,810
Total	3,423,220	3,267,851	155,369	3,092,602

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012			2011
	Budget	Actual	Variance Over /Under	Actual
<b>Emergency Communications Center:</b>				
Salaries and employee benefits	776,740	746,724		707,435
Other operating expenditures	235,560	230,228		147,373
Total	1,012,300	976,952	35,348	854,808
Total public safety	13,386,436	12,600,752	785,684	11,682,280
<b>Environmental Protection:</b>				
Reservoir expenditures	300,000	237,500	62,500	146,411
Total environmental protection	300,000	237,500	62,500	146,411
<b>Economic and Physical Development:</b>				
<b>Economic Development:</b>				
Other operating expenditures	591,400	451,985		386,034
Total	591,400	451,985	139,415	386,034
<b>Grants Administration:</b>				
Salaries and employee benefits	-	-		11,890
Other operating expenditures	-	-		5,031
Total	-	-	-	16,921
<b>Planning and Zoning:</b>				
Salaries and employee benefits	233,838	218,111		212,180
Other operating expenditures	754,285	537,792		148,907
Total	988,123	755,903	232,220	361,087
<b>Agricultural Extension:</b>				
Salaries and employee benefits	163,237	145,518		165,609
Other operating expenditures	44,471	26,740		29,050
Total	207,708	172,258	35,450	194,659

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		Variance Over /Under	2011
	Budget	Actual		Actual
<b>Extension Local:</b>				
Salaries and employee benefits	39,161	36,825		36,728
Other operating expenditures	78,125	35,092		29,737
Total	117,286	71,917	45,369	66,465
<b>4-H United Way</b>				
Other operating expenditures	2,743	2,584		7,190
Total	2,743	2,584	159	7,190
<b>Forestry:</b>				
Salaries and employee benefits	3,230	2,021		4,138
Other operating expenditures	90,839	84,637		85,175
Total	94,069	86,658	7,411	89,313
<b>Soil Conservation:</b>				
Salaries and employee benefits	223,576	216,126		212,799
Other operating expenditures	55,250	55,250		55,250
Total	278,826	271,376	7,450	268,049
<b>Community Development:</b>				
Other operating expenditures	190,310	159,530		164,045
Total	190,310	159,530	30,780	164,045
Total economic and physical development	2,470,465	1,972,211	498,254	1,553,763
<b>Human Services:</b>				
<b>Health:</b>				
<b>Administration:</b>				
Salaries and employee benefits	1,668,334	1,510,038		1,604,274
Other operating expenditures	371,313	349,245		326,495
Capital outlay	-	-		17,220
Total	2,039,647	1,859,283	180,364	1,947,989
<b>Program Salaries:</b>				
Salaries and employee benefits	(56,803)	(56,428)		13,363
Total	(56,803)	(56,428)	(375)	13,363

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012			2011
	Budget	Actual	Variance Over /Under	Actual
<b>Environmental Health:</b>				
Other operating expenditures	4,000	3,999		4,000
Total	4,000	3,999	1	4,000
<b>Food and Lodging:</b>				
Other operating expenditures	750	750	-	7,683
<b>Tuberculosis:</b>				
Other operating expenditures	3,305	3,305	-	3,305
<b>Bioterrorism:</b>				
Salaries and employee benefits	21,441	13,587		46,081
Other operating expenditures	42,253	42,253		76,101
Capital outlay	-	-		6,288
Total	63,694	55,840	7,854	128,470
<b>Health Immunization Other:</b>				
Salaries and employee benefits	20,426	20,426		20,426
Other operating expenditures	4,469	4,469		2,190
Total	24,895	24,895	-	22,616
<b>Health Case Management:</b>				
Salaries and employee benefits	270,666	271,078		253,985
Other operating expenditures	18,761	13,732		24,089
Total	289,427	284,810	4,617	278,074
<b>Adult Health:</b>				
Salaries and employee benefits	178,896	139,985		190,934
Other operating expenditures	65,152	58,752		56,521
Capital outlay	-	-		12,503
Total	244,048	198,737	45,311	259,958
<b>Health Care Connection:</b>				
Salaries and employee benefits	51,212	76,561		92,885
Other operating expenditures	162,150	127,167		147,985
Total	213,362	203,728	9,634	240,870

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		Variance Over /Under	2011
	Budget	Actual		Actual
<b>Communicable Disease:</b>				
Other operating expenditures	4,513	4,513		2,293
Total	4,513	4,513	-	2,293
<b>Comprehensive Cancer Control:</b>				
Salaries and employee benefits	2,395	3,431		4,200
Other operating expenditures	56,881	55,190		45,680
Total	59,276	58,621	655	49,880
<b>Family Planning:</b>				
Salaries and employee benefits	140,256	115,512		105,587
Other operating expenditures	86,332	73,642		52,061
Capital outlay	-	-		10,014
Total	226,588	189,154	37,434	167,662
<b>Health Diabetes Grant:</b>				
Salaries and employee benefits	5,000	5,000		-
Other operating expenditures	41,000	32,803		98,011
Total	46,000	37,803	8,197	98,011
<b>Health Promotion:</b>				
Salaries and employee benefits	26,982	27,142		24,766
Other operating expenditures	5,909	5,888		5,495
Total	32,891	33,030	(139)	30,261
<b>Mesh Units - Schools:</b>				
Salaries and employee benefits	66,810	73,795		76,144
Other operating expenditures	35,400	30,190		36,126
Capital outlay	-	-		17,465
Total	102,210	103,985	(1,775)	129,735
<b>Wilkes Dental Clinic:</b>				
Other operating expenditures	1,565,034	1,230,642	334,392	1,745,588

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		2011
	Budget	Actual	Variance Over /Under
<b>Maternal Clinic:</b>			
Salaries and employee benefits	76,602	64,294	43,460
Other operating expenditures	7,650	7,197	4,500
Total	84,252	71,491	12,761
<b>MCC and MOW:</b>			
Salaries and employee benefits	171,959	177,690	176,060
Other operating expenditures	-	-	10,390
Capital outlay	-	-	24,181
Total	171,959	177,690	(5,731)
<b>Child Health:</b>			
Salaries and employee benefits	360,000	338,338	282,145
Other operating expenditures	40,124	14,677	32,084
Capital outlay	-	-	16,801
Total	400,124	353,015	47,109
<b>CSC and MOW:</b>			
Salaries and employee benefits	144,133	93,712	108,916
Other operating expenditures	16,400	10,758	10,000
Capital outlay	-	-	9,867
Total	160,533	104,470	56,063
<b>Women, Infants, and Children:</b>			
Salaries and employee benefits	143,078	143,078	124,186
Other operating expenditures	26,280	26,280	26,280
Total	169,358	169,358	-
<b>School Nurse Funding:</b>			
Other operating expenditures	150,000	150,000	-
<b>Kate B. Reynolds Trust:</b>			
Other operating expenditures	59,305	59,305	44,064
Total health	6,058,368	5,321,996	736,372

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		Variance Over /Under	2011
	Budget	Actual		Actual
<b>Mental Health:</b>				
Contribution to other agencies	1,219,694	1,215,501	4,193	519,684
Total mental health	1,219,694	1,215,501	4,193	519,684
<b>Social Services:</b>				
<b>Administration:</b>				
Salaries and employee benefits	4,966,879	4,652,319		4,695,485
Other operating expenditures	397,224	359,087		349,718
Capital outlay	18,431	18,431		-
Total	5,382,534	5,029,837	352,697	5,045,203
<b>Medicaid Program:</b>				
County participation only	1,706,500	1,490,534		1,180,819
Total	1,706,500	1,490,534	215,966	1,180,819
<b>Food Stamps Program:</b>				
Other operating expenditures	885,932	841,813		654,752
Total	885,932	841,813	44,119	654,752
<b>Low Income Energy Assistance Program:</b>				
Other operating expenditures	142,568	142,000	568	-
<b>WorkFirst:</b>				
Contract services	454,558	367,289		412,148
Total	454,558	367,289	87,269	412,148
<b>Daycare Operations:</b>				
Contract services	2,037,648	1,917,020		2,106,392
Total	2,037,648	1,917,020	120,628	2,106,392
<b>In-Home Service:</b>				
Other operating expenditures	43,360	20,992		14,086
Total	43,360	20,992	22,368	14,086

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		Variance Over /Under	2011
	Budget	Actual		Actual
<b>Foster Care:</b>				
Salaries and employee benefits	4,738	3,354		2,422
Other operating expenditures	2,041,970	1,562,247		1,554,229
Total	2,046,708	1,565,601	481,107	1,556,651
<b>Other Assistance:</b>				
Other operating expenditures	58,900	20,098		29,832
Total	58,900	20,098	38,802	29,832
Total social services	12,758,708	11,395,184	1,363,524	10,999,883
<b>Other Human Services:</b>				
<b>Veterans Service Officer:</b>				
Salaries and employee benefits	148,900	143,548		140,333
Other operating expenditures	8,665	6,367		4,220
Total	157,565	149,915	7,650	144,553
<b>Youth Services:</b>				
Salaries and employee benefits	16,284	12,708		16,276
Other operating expenditures	4,702	4,457		2,725
Contributions to other agencies	320,578	240,308		246,121
Total	341,564	257,473	84,091	265,122
<b>Senior Citizens Services:</b>				
Contributions to other services	600,000	-	600,000	591,281
<b>Other Services:</b>				
Contributions to other agencies	575,831	537,383	38,448	570,486
Total other human services	1,674,960	944,771	730,189	1,571,442
Total human services	21,711,730	18,877,452	2,834,278	19,133,701
<b>Cultural and Recreation:</b>				
<b>Recreation:</b>				
Salaries and employee benefits	528,219	507,407		503,049
Other operating expenditures	300,210	241,094		244,490
Capital outlay	21,415	20,345		14,872
Total	849,844	768,846	80,998	762,411

**WILKES COUNTY, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	<u>2012</u>			<u>2011</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over /Under</u>	<u>Actual</u>
<b>Libraries:</b>				
Contribution to regional library	508,920	508,920	-	493,920
<b>Museums and Art</b>				
	34,588	34,588	-	34,588
Total cultural and recreation	1,393,352	1,312,354	80,998	1,290,919
<b>Education:</b>				
Public schools - current expenses	10,113,397	10,113,397		8,942,178
Public schools - capital outlay	2,033,341	1,376,447		1,716,329
Public schools - (lottery) capital outlay	-	-		1,350,000
Community colleges - current	3,015,129	3,015,129		3,015,129
Community colleges - capital outlay	150,000	150,000		150,000
Total education	15,311,867	14,654,973	656,894	15,173,636
<b>Debt Service:</b>				
Principal retirement	2,363,641	2,363,641		15,533,282
Interest and fees	1,884,536	1,884,536		2,389,904
Total debt service	4,248,177	4,248,177	-	17,923,186
Total expenditures	65,542,197	59,478,471	6,063,726	72,448,376
Revenues over (under) expenditures	917,888	6,211,893	5,294,005	(6,833,353)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	355,000
Transfers out	(1,646,440)	(1,646,439)	1	-
Sale of capital assets	7,000	17,480	10,480	345,043
Long-term debt issued	-	-	-	13,335,000
Appropriated fund balance	721,552	-	(721,552)	-
Total other financing sources (uses)	(917,888)	(1,628,959)	(711,071)	14,035,043
Net change in fund balance	\$ -	4,582,934	\$ 4,582,934	7,201,690
<b>Fund Balance:</b>				
Beginning of year - July 1		16,487,465		9,285,775
End of year - June 30		\$ 21,070,399		\$ 16,487,465

## WILKES COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING BALANCE SHEET  
 JUNE 30, 2012

	<b>Total Nonmajor Special Revenue Funds</b>	<b>Total Nonmajor Capital Project Funds</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 1,318,326	\$ 4,645	\$ 1,322,971
Taxes receivable, net	354,260	-	354,260
Accounts receivable, net	<u>43,552</u>	<u>-</u>	<u>43,552</u>
 Total assets	 <u>\$ 1,716,138</u>	 <u>\$ 4,645</u>	 <u>\$ 1,720,783</u>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 758,903	\$ -	\$ 758,903
Due to other funds	-	528	528
Deferred revenue	<u>417,909</u>	<u>-</u>	<u>417,909</u>
Total liabilities	<u>1,176,812</u>	<u>528</u>	<u>1,177,340</u>
<b>Fund Balances:</b>			
Restricted:			
Stabilization by State statute	43,552	-	43,552
Restricted, all other	495,774	4,645	500,419
Unassigned	<u>-</u>	<u>(528)</u>	<u>(528)</u>
Total fund balances	<u>539,326</u>	<u>4,117</u>	<u>543,443</u>
 Total liabilities and fund balances	 <u>\$ 1,716,138</u>	 <u>\$ 4,645</u>	 <u>\$ 1,720,783</u>

## WILKES, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Nonmajor</u>		
	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total</u>
<b>Revenues:</b>			
Ad valorem taxes	\$ 3,147,148	\$ -	\$ 3,147,148
Restricted intergovernmental	9,885	156,671	166,556
Sales and services	361,490	-	361,490
Investment earnings	3,118	12	3,130
Total revenues	<u>3,521,641</u>	<u>156,683</u>	<u>3,678,324</u>
<b>Expenditures:</b>			
Public safety	4,245,792	-	4,245,792
Economic and physical development	-	153,490	153,490
Total expenditures	<u>4,245,792</u>	<u>153,490</u>	<u>4,399,282</u>
Revenues over (under) expenditures	<u>(724,151)</u>	<u>3,193</u>	<u>(720,958)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	-	1,646,439	1,646,439
Total other financing sources (uses)	<u>-</u>	<u>1,646,439</u>	<u>1,646,439</u>
Net change in fund balances	(724,151)	1,649,632	925,481
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>1,263,477</u>	<u>(1,645,515)</u>	<u>(382,038)</u>
End of year - June 30	<u>\$ 539,326</u>	<u>\$ 4,117</u>	<u>\$ 543,443</u>

## WILKES COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2012

	<b>Fire District Fund</b>	<b>Law Enforcement Restricted Fund</b>	<b>Wireless E-911 Telephone System Fund</b>	<b>Total</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 180,702	\$ 24,235	\$ 1,113,389	\$ 1,318,326
Taxes receivable, net	354,260	-	-	354,260
Accounts receivable, net	-	10,802	32,750	43,552
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 534,962</u>	<u>\$ 35,037</u>	<u>\$ 1,146,139</u>	<u>\$ 1,716,138</u>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 117,053	\$ -	\$ 641,850	\$ 758,903
Deferred revenue	417,909	-	-	417,909
Total liabilities	<u>534,962</u>	<u>-</u>	<u>641,850</u>	<u>1,176,812</u>
<b>Fund Balances:</b>				
Restricted:				
Stabilization by State statute	-	10,802	32,750	43,552
Restricted, all other	-	24,235	471,539	495,774
Total fund balances	<u>-</u>	<u>35,037</u>	<u>504,289</u>	<u>539,326</u>
Total liabilities and fund balances	<u>\$ 534,962</u>	<u>\$ 35,037</u>	<u>\$ 1,146,139</u>	<u>\$ 1,716,138</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, 2012**

	<b>Fire District Fund</b>	<b>Law Enforcement Restricted Fund</b>	<b>Wireless E-911 Telephone System Fund</b>	<b>Total</b>
<b>Revenues:</b>				
Ad valorem taxes	\$ 3,147,148	\$ -	\$ -	\$ 3,147,148
Restricted intergovernmental	-	9,885	-	9,885
Sales and services	-	-	361,490	361,490
Investment earnings	-	89	3,029	3,118
Total revenues	<u>3,147,148</u>	<u>9,974</u>	<u>364,519</u>	<u>3,521,641</u>
<b>Expenditures:</b>				
Public safety	3,147,148	13,735	167,131	3,328,014
Capital outlay	-	-	917,778	917,778
Total expenditures	<u>3,147,148</u>	<u>13,735</u>	<u>1,084,909</u>	<u>4,245,792</u>
Net change in fund balances	-	(3,761)	(720,390)	(724,151)
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>-</u>	<u>38,798</u>	<u>1,224,679</u>	<u>1,263,477</u>
End of year - June 30	<u>\$ -</u>	<u>\$ 35,037</u>	<u>\$ 504,289</u>	<u>\$ 539,326</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, 2012**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Ad valorem taxes	\$ 3,186,970	\$ 3,147,148	\$ (39,822)	\$ 3,141,036
Total revenues	<u>3,186,970</u>	<u>3,147,148</u>	<u>(39,822)</u>	<u>3,141,036</u>
<b>Expenditures:</b>				
Public safety:				
Distribution to fire districts	<u>3,186,970</u>	<u>3,147,148</u>	<u>39,822</u>	<u>3,141,036</u>
Total expenditures	<u>3,186,970</u>	<u>3,147,148</u>	<u>39,822</u>	<u>3,141,036</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
<b>Fund Balance:</b>				
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, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Restricted intergovernmental:				
Law enforcement restricted grant	\$ 25,000	\$ 9,885	\$ (15,115)	\$ 3,644
Investment earnings	25	89	64	178
Total revenues	<u>25,025</u>	<u>9,974</u>	<u>(15,051)</u>	<u>3,822</u>
<b>Expenditures:</b>				
Public safety:				
Law enforcement restricted	<u>25,025</u>	<u>13,735</u>	<u>11,290</u>	<u>82,896</u>
Total expenditures	<u>25,025</u>	<u>13,735</u>	<u>11,290</u>	<u>82,896</u>
Net change in fund balance	<u>\$ -</u>	<u>(3,761)</u>	<u>\$ (3,761)</u>	<u>(79,074)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>38,798</u>		<u>117,872</u>
End of year - June 30		<u>\$ 35,037</u>		<u>\$ 38,798</u>

## 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, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	<u>2012</u>			<u>2011</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>	<u>Actual</u>
<b>Revenues:</b>				
E-911 telephone surcharge	\$ 361,490	\$ 361,490	\$ -	\$ 560,754
Investment earnings	500	3,029	2,529	3,794
Total revenues	<u>361,990</u>	<u>364,519</u>	<u>2,529</u>	<u>564,548</u>
<b>Expenditures:</b>				
Public safety:				
Other operating expenditures	361,990	167,131	194,859	220,279
Capital outlay	<u>1,038,585</u>	<u>917,778</u>	<u>120,807</u>	<u>170,500</u>
Total expenditures	<u>1,400,575</u>	<u>1,084,909</u>	<u>315,666</u>	<u>390,779</u>
Revenues over (under) expenditures	<u>(1,038,585)</u>	<u>(720,390)</u>	<u>318,195</u>	<u>173,769</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in (out)	-	-	-	(355,000)
Appropriated fund balance	<u>1,038,585</u>	<u>-</u>	<u>(1,038,585)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,038,585</u>	<u>-</u>	<u>(1,038,585)</u>	<u>(355,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>(720,390)</u>	<u>\$ (720,390)</u>	<u>(181,231)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>1,224,679</u>		<u>1,405,910</u>
End of year - June 30		<u>\$ 504,289</u>		<u>\$ 1,224,679</u>

## WILKES COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2012

	<b>Urgent Repair 09 Project</b>	<b>Scattered Site CDBG Project 10-C-2133</b>	<b>Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 4,645	\$ -	\$ 4,645
Total assets	<u>\$ 4,645</u>	<u>\$ -</u>	<u>\$ 4,645</u>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Due to other funds	\$ -	\$ 528	\$ 528
Total liabilities	<u>-</u>	<u>528</u>	<u>528</u>
<b>Fund Balances:</b>			
Restricted:			
Restricted, other	\$ 4,645	\$ -	\$ 4,645
Unassigned	<u>-</u>	<u>(528)</u>	<u>(528)</u>
Total fund balances	<u>4,645</u>	<u>(528)</u>	<u>4,117</u>
Total liabilities and fund balances	<u>\$ 4,645</u>	<u>\$ -</u>	<u>\$ 4,645</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, 2012

	<u>Law Enforcement Center/Jail Construction</u>	<u>Urgent Repair 09 Project</u>	<u>Scattered Site CDBG Project 10-C-2133</u>	<u>Total</u>
<b>Revenues:</b>				
Restricted intergovernmental	\$ -	\$ 3,709	\$ 152,962	\$ 156,671
Investment earnings	-	12	-	12
Total revenues	<u>-</u>	<u>3,721</u>	<u>152,962</u>	<u>156,683</u>
<b>Expenditures:</b>				
Economic and physical development	<u>-</u>	<u>-</u>	<u>153,490</u>	<u>153,490</u>
Revenues over (under) expenditures	<u>-</u>	<u>3,721</u>	<u>(528)</u>	<u>3,193</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	<u>1,646,439</u>	<u>-</u>	<u>-</u>	<u>1,646,439</u>
Net change in fund balances	1,646,439	3,721	(528)	1,649,632
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>(1,646,439)</u>	<u>924</u>	<u>-</u>	<u>(1,645,515)</u>
End of year - June 30	<u>\$ -</u>	<u>\$ 4,645</u>	<u>\$ (528)</u>	<u>\$ 4,117</u>

## 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, 2012

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Over/(Under)</u>
		<u>Prior Years</u>	<u>Current Year</u>		
<b>Expenditures:</b>					
General government:					
Capital outlay	\$ 23,500,000	\$ 1,646,439	\$ -	\$ 1,646,439	\$ 21,853,561
Revenues over (under) expenditures	<u>(23,500,000)</u>	<u>(1,646,439)</u>	<u>-</u>	<u>(1,646,439)</u>	<u>21,853,561</u>
<b>Other Financing Sources (Uses):</b>					
Installment purchase obligations issued	21,853,561	-	-	-	(21,853,561)
Transfers from other funds	<u>1,646,439</u>	<u>-</u>	<u>1,646,439</u>	<u>1,646,439</u>	<u>-</u>
Total other financing sources (uses)	<u>23,500,000</u>	<u>-</u>	<u>1,646,439</u>	<u>1,646,439</u>	<u>(21,853,561)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (1,646,439)</u>	<u>\$ 1,646,439</u>	<u>\$ -</u>	<u>\$ -</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, 2012**

	<u>Project</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Actual</u>		<u>Total to</u> <u>Date</u>	<u>Variance</u> <u>Over/(Under)</u>
			<u>Current</u> <u>Year</u>			
<b>Revenues:</b>						
Restricted intergovernmental:						
Urgent Repair Program Grant	\$ 65,000	\$ 32,500	\$ 3,709	\$ 36,209	\$ (28,791)	
Investment earnings	<u>-</u>	<u>148</u>	<u>12</u>	<u>160</u>	<u>160</u>	
Total revenues	<u>65,000</u>	<u>32,648</u>	<u>3,721</u>	<u>36,369</u>	<u>(28,631)</u>	
<b>Expenditures:</b>						
Economic development:						
Home repairs	<u>65,000</u>	<u>31,724</u>	<u>-</u>	<u>31,724</u>	<u>33,276</u>	
Net change in fund balance	<u>\$ -</u>	<u>\$ 924</u>	<u>\$ 3,721</u>	<u>\$ 4,645</u>	<u>\$ 4,645</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, 2012**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual</u>		<u>Variance Over/(Under)</u>
			<u>Current Year</u>	<u>Total to Date</u>	
<b>Revenues:</b>					
Restricted intergovernmental:					
Community Development Block Grant	\$ 400,000	\$ -	\$ 152,962	\$ 152,962	\$ (247,038)
<b>Expenditures:</b>					
Economic development:					
Salaries and employee benefits	47,000	-	27,528	27,528	19,472
Housing rehab	353,000	-	125,962	125,962	227,038
Total expenditures	<u>400,000</u>	<u>-</u>	<u>153,490</u>	<u>153,490</u>	<u>246,510</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (528)</u>	<u>\$ (528)</u>	<u>\$ (528)</u>

WILKES COUNTY, NORTH CAROLINA

**AIRPORT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012			2011
	Budget	Actual	Variance Over/(Under)	Actual
<b>Revenues:</b>				
Operating revenues:				
Charges for services:				
Sales	\$ 1,120,852	\$ 865,031	\$ (255,821)	\$ 798,709
Rents	127,800	108,516	(19,284)	134,436
Other operating revenues	4,100	(1,057)	(5,157)	5,322
Total operating revenues	<u>1,252,752</u>	<u>972,490</u>	<u>(280,262)</u>	<u>938,467</u>
Non-operating revenues:				
Restricted intergovernmental	1,428,225	750,465	(677,760)	737,830
Investment income	100	32	(68)	713
Insurance reimbursements	-	-	-	404
Total non-operating revenues	<u>1,428,325</u>	<u>750,497</u>	<u>(677,828)</u>	<u>738,947</u>
Total revenues	<u>2,681,077</u>	<u>1,722,987</u>	<u>(958,090)</u>	<u>1,677,414</u>
<b>Expenditures:</b>				
Airport operations:				
Salaries and employee benefits	217,340	212,119	5,221	177,975
Fuel and oil purchases	726,500	570,540	155,960	607,664
Other operating expenditures	221,758	193,013	28,745	202,400
Capital outlay	56,139	134,586	(78,447)	-
Airport capital projects:				
Construction	1,495,500	920,422	575,078	33,000
Debt service:				
Debt principal	18,014	18,014	-	-
Interest and fees	1,965	1,964	1	-
Total expenditures	<u>2,737,216</u>	<u>2,050,658</u>	<u>686,558</u>	<u>1,021,039</u>

## WILKES COUNTY, NORTH CAROLINA

## AIRPORT FUND

## SCHEDULE OF REVENUES AND EXPENDITURES -

## BUDGET AND ACTUAL (NON-GAAP)

## FOR THE YEAR ENDED JUNE 30, 2012

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012			2011
	Budget	Actual	Variance Over/(Under)	Actual
Revenues over (under) expenditures	(56,139)	(327,671)	(271,532)	656,375
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	56,139	56,139	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (271,532)	\$ (271,532)	\$ 656,375
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (271,532)		
Reconciling items:				
Depreciation		(444,753)		
Long-term debt issued		(56,139)		
Capital outlay		134,586		
Construction project expenditures		920,422		
Change in accrual for unfunded OPEB		(12,400)		
Change in accrual for compensated absences		(1,786)		
Long-term debt principal repayments		18,014		
Total reconciling items		557,944		
Change in net assets		\$ 286,412		

WILKES COUNTY, NORTH CAROLINA

LANDFILL FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		Variance Over/(Under)	2011
	Budget	Actual		Actual
<b>Revenues:</b>				
Operating revenues:				
Solid waste charges	\$ 2,016,839	\$ 1,877,688	\$ (139,151)	\$ 1,844,740
Scrap tire disposal tax	-	35,602	35,602	18,297
Other operating revenues	226,957	194,022	(32,935)	234,650
Total operating revenues	<u>2,243,796</u>	<u>2,107,312</u>	<u>(136,484)</u>	<u>2,097,687</u>
Non-operating revenues:				
Interest earnings	-	855	855	678
Insurance reimbursements	-	-	-	5,843
Total non-operating revenues	<u>-</u>	<u>855</u>	<u>855</u>	<u>6,521</u>
Total revenues	<u>2,243,796</u>	<u>2,108,167</u>	<u>(135,629)</u>	<u>2,104,208</u>
<b>Expenditures:</b>				
Landfill operations:				
Salaries and employee benefits	811,832	783,271	28,561	702,396
Other operating expenditures	1,223,451	1,016,614	206,837	1,225,591
Capital outlay	720,585	720,584	1	-
Total landfill operations	<u>2,755,868</u>	<u>2,520,469</u>	<u>235,399</u>	<u>1,927,987</u>
Debt service:				
Principal retirement	169,102	115,783	53,319	-
Interest and fees	14,411	14,410	1	-
Total debt service	<u>183,513</u>	<u>130,193</u>	<u>53,320</u>	<u>-</u>
Total expenditures	<u>2,939,381</u>	<u>2,650,662</u>	<u>288,719</u>	<u>1,927,987</u>
Revenues over (under) expenditures	<u>(695,585)</u>	<u>(542,495)</u>	<u>153,090</u>	<u>176,221</u>
<b>Other Financing Sources (Uses):</b>				
Transfer out - Landfill Reserve Fund	(25,000)	(25,000)	-	(54,329)
Long-term debt issued	720,585	720,585	-	-
Total other financing sources (uses)	<u>695,585</u>	<u>695,585</u>	<u>-</u>	<u>(54,329)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 153,090</u>	<u>\$ 153,090</u>	<u>\$ 121,892</u>

**WILKES COUNTY, NORTH CAROLINA**

**LANDFILL FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	<u>2012</u>		<u>2011</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
		<u>Variance</u>	
		<u>Over/(Under)</u>	
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 153,090	
Reconciling items:			
Capital outlay		720,584	
Long-term debt issued		(720,585)	
Long-term debt principal repayments		115,783	
Depreciation		(224,392)	
Change in accrual for unfunded OPEB		(42,093)	
Change in accrual for compensated absences		(10,677)	
Intrafund transfer to landfill reserve		25,000	
Interest from Landfill Closure and Post-Closure Reserve Fund		11,685	
Total reconciling items		(124,695)	
Change in net assets		\$ 28,395	

## 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, 2012  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	<u>2012</u>			<u>2011</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Interest earnings	\$ 10,000	\$ 11,685	\$ 1,685	\$ 12,362
<b>Other Financing Sources (Uses):</b>				
Sinking reserve	(35,000)	-	(35,000)	-
Transfers in	25,000	25,000	-	54,329
Total other financing sources (uses)	(10,000)	25,000	(35,000)	54,329
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 36,685	\$ 36,685	\$ 66,691

## WILKES COUNTY, NORTH CAROLINA

## AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
<b>Social Services:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 61,552	\$ 171,244	\$ 178,669	\$ 54,127
<b>Liabilities:</b>				
Miscellaneous liabilities	\$ 61,552	\$ 171,244	\$ 178,669	\$ 54,127
<b>3% Interest Payable to the State:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 2,677	\$ 29,959	\$ 30,193	\$ 2,443
<b>Liabilities:</b>				
Intergovernmental payable - State of North Carolina	\$ 2,677	\$ 29,959	\$ 30,193	\$ 2,443
<b>Ad Valorem Tax - Other Municipalities:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 132,730	\$ 2,473,637	\$ 2,464,850	\$ 141,517
Taxes receivable	369,502	(33,272)	-	336,230
Total assets	<u>\$ 502,232</u>	<u>\$ 2,440,365</u>	<u>\$ 2,464,850</u>	<u>\$ 477,747</u>
<b>Liabilities:</b>				
Miscellaneous liabilities	<u>\$ 502,232</u>	<u>\$ 2,440,365</u>	<u>\$ 2,464,850</u>	<u>\$ 477,747</u>
<b>Total All Agency Funds:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 196,959	\$ 2,674,840	\$ 2,673,712	\$ 198,087
Taxes receivable	369,502	(33,272)	-	336,230
Total assets	<u>\$ 566,461</u>	<u>\$ 2,641,568</u>	<u>\$ 2,673,712</u>	<u>\$ 534,317</u>
<b>Liabilities:</b>				
Miscellaneous liabilities	\$ 563,784	\$ 2,611,609	\$ 2,643,519	\$ 531,874
Intergovernmental payable - State of North Carolina	2,677	29,959	30,193	2,443
Total liabilities	<u>\$ 566,461</u>	<u>\$ 2,641,568</u>	<u>\$ 2,673,712</u>	<u>\$ 534,317</u>

## WILKES COUNTY, NORTH CAROLINA

**GENERAL FUND**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
**JUNE 30, 2012**

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2011</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2012</u>
2011-2012	\$ -	\$ 35,935,815	\$ (33,878,643)	\$ 2,057,172
2010-2011	2,102,976	-	(1,228,722)	874,254
2009-2010	623,001	-	(196,891)	426,110
2008-2009	389,005	-	(96,071)	292,934
2007-2008	228,762	-	(41,514)	187,248
2006-2007	165,263	-	(21,790)	143,473
2005-2006	141,412	-	(16,000)	125,412
2004-2005	109,665	-	(10,706)	98,959
2003-2004	105,724	-	(7,730)	97,994
2002-2003	111,003	-	(6,667)	104,336
2001-2002	95,131	-	(95,131)	-
Total	<u>\$ 4,071,942</u>	<u>\$ 35,935,815</u>	<u>\$ (35,599,865)</u>	<u>4,407,892</u>
Plus: Uncollected 2012-2013 ad valorem taxes on annually registered vehicles				450,249
Less: Allowance for uncollectible accounts - General Fund				<u>(911,235)</u>
Ad valorem taxes receivable, net - General Fund				<u>\$ 3,946,906</u>
<b>Reconciliation with Revenues:</b>				
Ad valorem taxes - General Fund				<u>\$ 35,855,848</u>
Reconciling items:				
Penalties and interest collected				(464,280)
Discounts taken				240,001
Miscellaneous				(154,374)
Prior year releases and write offs				<u>122,670</u>
Total reconciling items				<u>(255,983)</u>
Total collections and credits				<u>\$ 35,599,865</u>

## WILKES COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY  
FOR THE YEAR ENDED JUNE 30, 2012

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
Property taxed at current year's rate	\$ 5,338,313,052	\$ 0.65	\$ 34,699,236	\$ 32,800,054	\$ 1,899,182
Motor vehicles taxed at prior year's rate	168,462,068	0.65	1,092,926	-	1,092,926
Penalties	-	0.65	20,979	20,979	-
Total	<u>5,506,775,120</u>		<u>35,813,141</u>	<u>32,821,033</u>	<u>2,992,108</u>
<b>Discoveries:</b>					
Current year taxes	36,535,601	0.65	232,175	223,551	8,624
Penalties	-		22,979	22,033	946
Total	<u>36,535,601</u>		<u>255,154</u>	<u>245,584</u>	<u>9,570</u>
<b>Abatements</b>	<u>(20,381,538)</u>	0.65	<u>(132,480)</u>	<u>(88,083)</u>	<u>(44,397)</u>
Total property valuation	<u>\$ 5,522,929,183</u>				
<b>Net Levy</b>			35,935,815	32,978,534	2,957,281
Less: Uncollected tax at June 30, 2012			<u>2,057,172</u>	<u>1,679,153</u>	<u>378,019</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 33,878,643</u>	<u>\$ 31,299,381</u>	<u>\$ 2,579,262</u>
<b>Current Levy Collection Percentage</b>			<u>94.28%</u>	<u>94.91%</u>	<u>87.22%</u>

**WILKES COUNTY NORTH CAROLINA****SECONDARY MARKET DISCLOSURES  
FOR THE YEAR ENDED JUNE 30, 2012****Assessed Valuation:**

Assessment ratio	100%
Real property	\$ 4,553,524,051
Personal property	844,053,835
Public service companies	<u>125,351,297</u>
Total assessed valuation	<u>\$ 5,522,929,183</u>
Tax rate per \$100	0.65
Levy (includes discoveries, releases, and abatements)	<u>\$ 35,935,815</u>
<p>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, 2012:</p>	
Fire protection districts	<u>\$ 3,191,058</u>

## WILKES COUNTY, NORTH CAROLINA

### TEN LARGEST TAXPAYERS FOR THE YEAR ENDED JUNE 30, 2012

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2011 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Tyson Farms, Inc.	Food processor	\$ 67,272,025	1.22%
Lowes Home Center, Inc. #1	Retail sales	47,756,789	0.86%
Louisiana Pacific	Building products manufacturing	37,416,557	0.68%
J.C. Faw	Real estate	26,594,730	0.48%
Cielo Blue Ridge, Inc.	Real estate	20,375,722	0.37%
BB&T Finance Corporation	Financial institution	17,800,000	0.32%
Lowes Co Inc	Retail sales	17,476,820	0.32%
Carolina West Wireless Inc	Phone company	17,337,735	0.31%
Certainteed Corp.	Building products manufacturing	15,718,380	0.28%
BR Development, LLC	Real estate	<u>15,400,710</u>	<u>0.28%</u>
Total		<u>\$ 283,149,468</u>	<u>5.13%</u>

**WILKES COUNTY, NORTH CAROLINA****EMERGENCY TELEPHONE SYSTEM UNSPENT BALANCE  
JUNE 30, 2012**

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	\$ 504,289
Eligible expenses not reported on the PSAP report	<u>641,038</u>
Beginning balance, PSAP Revenue-Expenditure Report	<u>1,224,677</u>
Ending balance, PSAP Revenue - Expenditure Report	<u>\$ 1,145,327</u>

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