

**WILKES COUNTY  
NORTH CAROLINA**

**ANNUAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2011**



# WILKES COUNTY, NORTH CAROLINA

## ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2011

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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, 2011, 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, 2011, 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.

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 Postemployment 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 29, 2011, 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.

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.  
November 29, 2011

## 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, 2011. 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

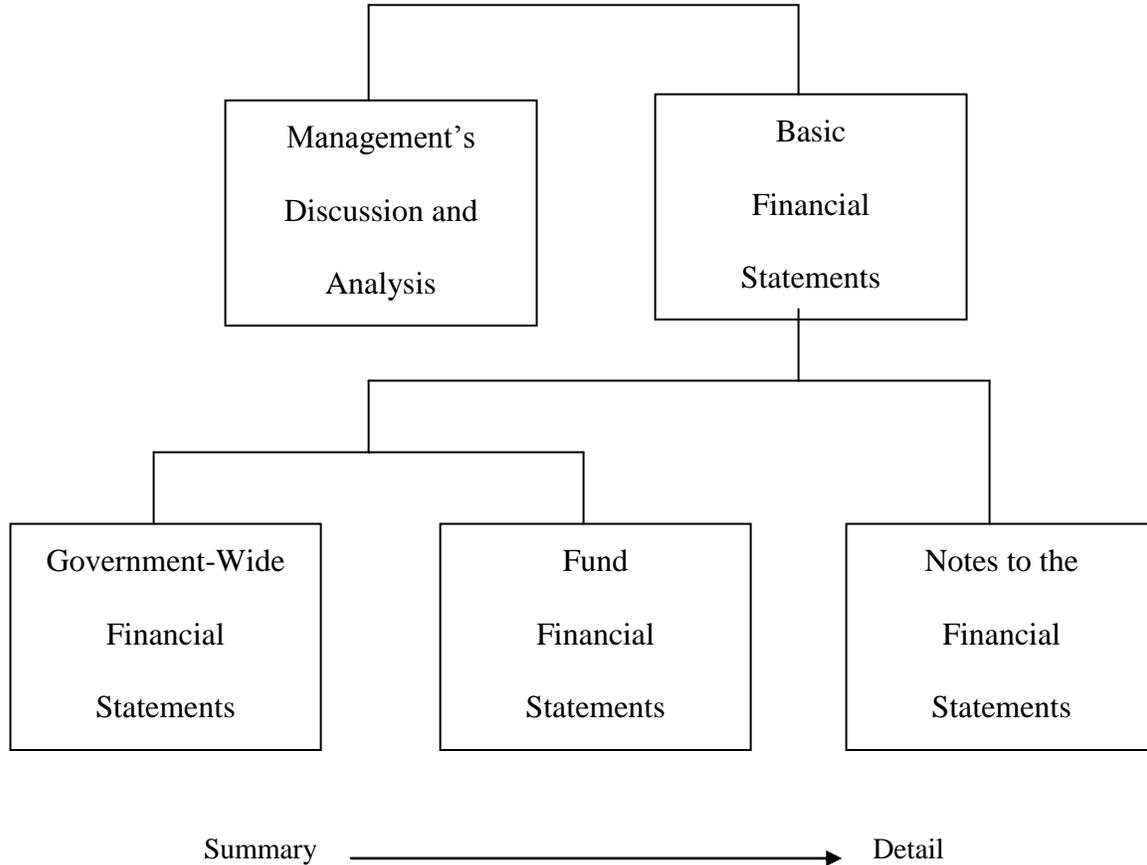
- The assets of Wilkes County exceed its liabilities at the close of the fiscal year by \$6,993,031 (*net assets*)
- The government's total net assets increased by \$8,374,151.
- As of the close of the current fiscal year, Wilkes County's governmental funds reported combined ending fund balances of \$16,105,427. Approximately 41 percent of this total amount, or \$6,595,223, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11,156,643, or 19% 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 are 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 government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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	
	2011	2010	2011	2010	2011	2010
<b>Assets:</b>						
Current and other assets	\$ 22,421,698	\$ 14,714,914	\$ 5,439,724	\$ 5,088,804	\$ 27,861,422	\$ 19,803,718
Capital assets, net	21,152,821	21,441,664	17,293,316	18,007,456	38,446,137	39,449,120
Total assets	43,574,519	36,156,578	22,733,040	23,096,260	66,307,559	59,252,838
<b>Liabilities:</b>						
Long-term liabilities	46,278,493	51,849,378	6,706,619	6,475,959	52,985,112	58,325,337
Other liabilities	6,007,435	1,825,833	321,981	482,788	6,329,416	2,308,621
Total liabilities	52,285,928	53,675,211	7,028,600	6,958,747	59,314,528	60,633,958
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	20,966,592	21,242,153	17,293,316	18,007,456	38,259,908	39,249,609
Restricted	6,572,045	430,113	-	-	6,572,045	430,113
Unrestricted	(36,250,046)	(39,190,899)	(1,588,876)	(1,869,943)	(37,838,922)	(41,060,845)
Total net assets	\$ (8,711,409)	\$ (17,518,633)	\$ 15,704,440	\$ 16,137,513	\$ 6,993,031	\$ (1,381,123)

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 \$6,993,031 as of June 30, 2011. The County's net assets increased by \$8,374,151 for the fiscal year ended June 30, 2011. 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, \$6,572,045, represents resources that are subject to external restrictions on how they may be used. The remaining balance is an unrestricted deficit of \$37,838,922. This deficit is a presentation of the fact that Wilkes County carries \$43,835,000 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 \$700,000 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 94.15%.

## Wilkes County's Changes in Net Assets

**Figure 3**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>Revenues:</b>						
Program revenues:						
Charges from services	\$ 9,012,910	\$ 9,440,679	\$ 3,036,154	\$ 2,891,906	\$ 12,049,064	\$ 12,332,585
Operating grants and contributions	9,373,134	9,818,991	-	-	9,373,134	9,818,991
Capital grants and contributions	1,780,038	1,754,664	744,077	481,140	2,524,115	2,235,804
General revenues:						
Property taxes	38,957,382	34,377,871	-	-	38,957,382	34,377,871
Other taxes	10,818,400	10,642,267	-	-	10,818,400	10,642,267
Other taxes	63,769	44,817	13,753	17,936	77,522	62,753
Total revenues	<u>70,005,633</u>	<u>66,079,289</u>	<u>3,793,984</u>	<u>3,390,982</u>	<u>73,799,617</u>	<u>69,470,271</u>
<b>Expenses:</b>						
General government	5,715,486	5,566,047	-	-	5,715,486	5,566,047
Public safety	15,336,246	16,132,101	-	-	15,336,246	16,132,101
Economic and physical development	1,718,521	1,781,755	-	-	1,718,521	1,781,755
Environmental protection	148,393	153,253	-	-	148,393	153,253
Human services	19,371,341	20,581,707	-	-	19,371,341	20,581,707
Cultural and recreation	1,408,704	1,625,500	-	-	1,408,704	1,625,500
Education	15,109,814	17,178,652	-	-	15,109,814	17,178,652
Interest on long-term debt	2,389,904	2,325,717	-	-	2,389,904	2,325,717
Airport	-	-	1,467,016	1,271,998	1,467,016	1,271,998
Landfill	-	-	2,760,041	2,431,719	2,760,041	2,431,719
Total expenses	<u>61,198,409</u>	<u>65,344,732</u>	<u>4,227,057</u>	<u>3,703,717</u>	<u>65,425,466</u>	<u>69,048,449</u>
Increase (decrease) in net assets before transfers	8,807,224	734,557	(433,073)	(312,735)	8,374,151	421,822
Transfers in (out)	-	(2,294,686)	-	2,294,686	-	-
Increase (decrease) in net assets	8,807,224	(1,560,129)	(433,073)	1,981,951	8,374,151	421,822
<b>Net Assets:</b>						
Beginning of year - July 1	<u>(17,518,633)</u>	<u>(15,958,504)</u>	<u>16,137,513</u>	<u>14,155,562</u>	<u>(1,381,120)</u>	<u>(1,802,942)</u>
End of year - June 30	<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>

**Governmental Activities.** Governmental activities increased the County's net assets by \$8,807,224. Key elements of this increase are as follows:

- Increase in revenues for ad valorem taxes due to an increase in the tax rate.
- Increase in local option sales tax and related revenues.
- No transfer was made from the General Fund to the airport to supplement grants and/or operations in the current year.

**Business-Type Activities.** Business-type activities decreased Wilkes County's net assets by \$433,073. Key elements of this decrease are as follows:

- No transfer was made from the General Fund to the airport to supplement grants and/or operations in the current year.

### **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 \$11,585,534, while total fund balance reached \$16,487,465. 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 19.43% of total General Fund expenditures and transfers to other funds, while total fund balance represents 27.65% of that same amount.

At June 30, 2011, the governmental funds of Wilkes County reported a combined fund balance of \$16,105,427, an increase over last year. The primary reasons for this increase are due to an increase in the ad valorem tax rate and decrease in expenditures in the General Fund of approximately \$1.7 million.

**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 \$2,042,629 (3.20%). 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 \$143,507. Unrestricted net assets of the Landfill Fund at the end of the fiscal year totaled a \$1,732,383 deficit.

## Capital Asset and Debt Administration

**Capital Assets.** Wilkes County's capital assets for its governmental and business-type activities as of June 30, 2011 totaled \$38,446,137 (net of accumulated depreciation). These assets include buildings, land, improvements, and equipment.

Major capital asset transactions during the year include:

- Addition at the Airpark of \$218,744
- Purchase of sheriff vehicles in the amount of \$252,255

### Wilkes County's Capital Assets

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 1,804,349	\$ 1,854,349	\$ 5,115,945	\$ 5,115,945	\$ 6,920,294	\$ 6,970,294
Buildings	16,158,320	16,160,897	792,737	792,737	16,951,057	16,953,634
Improvements	2,504,635	2,256,858	19,930,386	19,704,890	22,435,021	21,961,748
Machinery and equipment	10,682,547	11,032,024	2,851,236	3,359,294	13,533,783	14,391,318
Construction in progress	<u>1,646,439</u>	<u>1,646,439</u>	<u>254,177</u>	<u>171,215</u>	<u>1,900,616</u>	<u>1,817,654</u>
Total	32,796,290	32,950,567	28,944,481	29,144,081	61,740,771	62,094,648
Accumulated depreciation	<u>(11,643,469)</u>	<u>(11,508,903)</u>	<u>(11,651,165)</u>	<u>(11,136,625)</u>	<u>(23,294,634)</u>	<u>(22,645,528)</u>
Capital assets, net	<u>\$ 21,152,821</u>	<u>\$ 21,441,664</u>	<u>\$ 17,293,316</u>	<u>\$ 18,007,456</u>	<u>\$ 38,446,137</u>	<u>\$ 39,449,120</u>

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	
	2011	2010	2011	2010	2011	2010
Installment purchase notes	<u>\$ 44,721,229</u>	<u>\$ 46,919,511</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,721,229</u>	<u>\$ 46,919,511</u>

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 \$398,700,000.

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, 2012**

**Governmental Activities.** The General Fund's overall revenue budget amount is approximately 2.54% lower than FY 2010/2011 actual amounts. This decrease in the budget is mainly due to a reduction in funding of various federal and State programs. Overall expenditure amounts are expected to be less 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 slightly higher than prior year actual amounts due to planned 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 10% higher than prior year actual mainly due to the purchase of new capital equipment.

### **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, 2011

	<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	\$ 14,829,857	\$ 761,128	\$ 15,590,985
Taxes receivable, net	3,550,799	-	3,550,799
Accounts receivable, net	3,855,506	287,979	4,143,485
Due from other governments	162,358	47,587	209,945
Inventories	23,178	41,388	64,566
Prepaid items	-	6,750	6,750
Cash and cash equivalents, restricted	-	4,294,892	4,294,892
Capital assets:			
Land, improvements, and construction in progress	3,450,788	5,370,122	8,820,910
Other capital assets, net	17,702,033	11,923,194	29,625,227
Total assets	<u>43,574,519</u>	<u>22,733,040</u>	<u>66,307,559</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued expenses	1,716,330	263,981	1,980,311
Unearned revenues	327,146	-	327,146
Long-term liabilities:			
Due within one year	3,963,959	58,000	4,021,959
Due in more than one year	46,278,493	6,706,619	52,985,112
Total liabilities	<u>52,285,928</u>	<u>7,028,600</u>	<u>59,314,528</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	20,966,592	17,293,316	38,259,908
Restricted for:			
Stabilization by State statute	4,942,308	-	4,942,308
Crime prevention	105,236	-	105,236
Register of Deeds	323,655	-	323,655
Public safety	1,199,922	-	1,199,922
Economic and physical development	924	-	924
Unrestricted	<u>(36,250,046)</u>	<u>(1,588,876)</u>	<u>(37,838,922)</u>
Total net assets	<u>\$ (8,711,409)</u>	<u>\$ 15,704,440</u>	<u>\$ 6,993,031</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, 2011

	<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	\$ 5,715,486	\$ 964,417	\$ 368,864	\$ 130,925
Public safety	15,336,246	3,710,621	371,469	21,524
Environmental protection	148,393	308,984	41,499	-
Economic and physical development	1,718,521	75	102,144	139,250
Human services	19,371,341	3,893,243	8,405,130	-
Cultural and recreational	1,408,704	135,570	23,028	-
Education	15,109,814	-	61,000	-
Interest on long-term debt	2,389,904	-	-	1,488,339
Total governmental activities	<u>61,198,409</u>	<u>9,012,910</u>	<u>9,373,134</u>	<u>1,780,038</u>
<b>Business-Type Activities:</b>				
Landfill	2,760,041	2,097,687	-	5,843
Airport	1,467,016	938,467	-	738,234
Total business-type activities	<u>4,227,057</u>	<u>3,036,154</u>	<u>-</u>	<u>744,077</u>
Total primary government	<u>\$ 65,425,466</u>	<u>\$ 12,049,064</u>	<u>\$ 9,373,134</u>	<u>\$ 2,524,115</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>
\$ (4,251,280)	\$ -	\$ (4,251,280)
(11,232,632)	-	(11,232,632)
202,090	-	202,090
(1,477,052)	-	(1,477,052)
(7,072,968)	-	(7,072,968)
(1,250,106)	-	(1,250,106)
(15,048,814)	-	(15,048,814)
(901,565)	-	(901,565)
<u>(41,032,327)</u>	<u>-</u>	<u>(41,032,327)</u>
-	(656,511)	(656,511)
<u>-</u>	<u>209,685</u>	<u>209,685</u>
<u>-</u>	<u>(446,826)</u>	<u>(446,826)</u>
<u>(41,032,327)</u>	<u>(446,826)</u>	<u>(41,479,153)</u>
38,957,382	-	38,957,382
10,700,878	-	10,700,878
117,522	-	117,522
63,769	13,753	77,522
<u>49,839,551</u>	<u>13,753</u>	<u>49,853,304</u>
8,807,224	(433,073)	8,374,151
<u>(17,518,633)</u>	<u>16,137,513</u>	<u>(1,381,120)</u>
<u>\$ (8,711,409)</u>	<u>\$ 15,704,440</u>	<u>\$ 6,993,031</u>

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

## WILKES COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2011

	General Fund	Law Enforcement Center/Jail Construction Project	Other Governmental Funds	Total
<b>Assets:</b>				
Cash and cash equivalents	\$ 13,305,774	\$ -	\$ 1,524,083	\$ 14,829,857
Receivables, net	3,791,951	-	63,555	3,855,506
Taxes receivable, net	3,257,565	-	293,234	3,550,799
Due from other governments	162,358	-	-	162,358
Due from other funds	1,646,439	-	6,283	1,652,722
Inventories	23,178	-	-	23,178
Total assets	<u>\$ 22,187,265</u>	<u>\$ -</u>	<u>\$ 1,887,155</u>	<u>\$ 24,074,420</u>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 1,428,846	\$ -	\$ 287,484	\$ 1,716,330
Due to other funds	6,283	-	-	6,283
Loan payable - General Fund	-	1,646,439	-	1,646,439
Deferred revenues	4,264,671	-	335,270	4,599,941
Total liabilities	<u>5,699,800</u>	<u>1,646,439</u>	<u>622,754</u>	<u>7,968,993</u>
<b>Fund Balances:</b>				
Non-spendable:				
Inventories	23,178	-	-	23,178
Restricted:				
Stabilization by State statute	4,878,753	-	63,555	4,942,308
Restricted, all other	428,891	-	1,200,846	1,629,737
Unassigned	11,156,643	(1,646,439)	-	9,510,204
Total fund balances	<u>16,487,465</u>	<u>(1,646,439)</u>	<u>1,264,401</u>	<u>16,105,427</u>
Total liabilities and fund balances	<u>\$ 22,187,265</u>	<u>\$ -</u>	<u>\$ 1,887,155</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.

21,152,821

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

(50,242,452)

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.

4,272,795

Net assets of governmental activities (Exhibit A)

\$ (8,711,409)

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, 2011

	General Fund	Law Enforcement Center/Jail Construction Project	Other Governmental Funds	Total
<b>Revenues:</b>				
Ad valorem taxes	\$ 35,325,843	\$ -	\$ 3,141,036	\$ 38,466,879
Local option sales taxes	10,700,878	-	-	10,700,878
Other taxes and licenses	117,522	-	-	117,522
Unrestricted intergovernmental revenues	288,838	-	-	288,838
Restricted intergovernmental revenues	10,569,060	-	105,788	10,674,848
Permits and fees	414,871	-	-	414,871
Sales and services	7,179,420	-	560,754	7,740,174
Interest earned on investments	59,774	-	3,995	63,769
Miscellaneous	958,817	-	-	958,817
Total revenues	<u>65,615,023</u>	<u>-</u>	<u>3,811,573</u>	<u>69,426,596</u>
<b>Expenditures:</b>				
Current:				
General government	5,544,480	-	-	5,544,480
Public safety	11,682,280	-	3,614,711	15,296,991
Environmental protection	146,411	-	-	146,411
Economic and physical development	1,553,763	-	133,448	1,687,211
Human services	19,133,701	-	-	19,133,701
Cultural and recreation	1,290,919	-	-	1,290,919
Education	15,173,636	-	-	15,173,636
Debt service:				
Principal repayments	2,718,282	-	-	2,718,282
Interest	2,389,904	-	-	2,389,904
Total expenditures	<u>59,633,376</u>	<u>-</u>	<u>3,748,159</u>	<u>63,381,535</u>
Revenues over (under) expenditures	<u>5,981,647</u>	<u>-</u>	<u>63,414</u>	<u>6,045,061</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in (out)	355,000	-	(355,000)	-
Sale of capital assets	345,043	-	-	345,043
Long-term debt refinanced	(12,815,000)	-	-	(12,815,000)
Long-term debt issued	13,335,000	-	-	13,335,000
Total other financing sources (uses)	<u>1,220,043</u>	<u>-</u>	<u>(355,000)</u>	<u>865,043</u>
Net change in fund balances	7,201,690	-	(291,586)	6,910,104
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>9,285,775</u>	<u>(1,646,439)</u>	<u>1,555,987</u>	<u>9,195,323</u>
End of year - June 30	<u>\$ 16,487,465</u>	<u>\$ (1,646,439)</u>	<u>\$ 1,264,401</u>	<u>\$ 16,105,427</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, 2011**

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) \$ 6,910,104

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	490,503
Sales and services	88,534

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. 956,497

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. (154,937)

Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement. (1,090,403)

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. 212,215

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. 15,533,282

Proceeds from issuance of debt are reported as revenues in the governmental funds statement. However, in the Statement of Activities, it is not a revenue, rather it is an increase in liabilities. (13,335,000)

Increases in other post-employment benefits accrued liability are reported as expenses in the entity-wide financial statements; however, it is not an expenditure in the governmental funds statement. (803,571)

Total changes in net assets of governmental activities \$ 8,807,224

*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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Over/(Under)
	Original	Final		
<b>Revenues:</b>				
Ad valorem taxes	\$ 34,405,298	\$ 34,464,549	\$ 35,325,843	\$ 861,294
Local option sales tax	9,902,289	9,902,289	10,700,878	798,589
Other taxes and licenses	105,000	105,000	117,522	12,522
Unrestricted intergovernmental revenues	260,500	260,500	288,838	28,338
Restricted intergovernmental revenues	10,620,483	12,293,062	10,569,060	(1,724,002)
Permits and fees	365,500	365,500	414,871	49,371
Sales and services	7,387,720	7,491,284	7,179,420	(311,864)
Investment earnings	50,500	50,500	59,774	9,274
Miscellaneous	804,143	1,011,378	958,817	(52,561)
Total revenues	<u>63,901,433</u>	<u>65,944,062</u>	<u>65,615,023</u>	<u>(329,039)</u>
<b>Expenditures:</b>				
General government	6,720,941	6,727,758	5,544,480	1,183,278
Public safety	11,758,216	12,428,773	11,682,280	746,493
Environmental protection	175,000	175,000	146,411	28,589
Economic and physical development	1,820,493	2,677,313	1,553,763	1,123,550
Human services	20,252,352	20,982,018	19,133,701	1,848,317
Cultural and recreation	1,408,946	1,417,046	1,290,919	126,127
Education	15,173,439	15,344,658	15,173,636	171,022
Debt service:				
Principal repayments	2,718,282	2,959,928	2,718,282	241,646
Interest	2,205,513	2,483,867	2,389,904	93,963
Total expenditures	<u>62,233,182</u>	<u>65,196,361</u>	<u>59,633,376</u>	<u>5,562,985</u>
Revenues over (under) expenditures	<u>1,668,251</u>	<u>747,701</u>	<u>5,981,647</u>	<u>5,233,946</u>
<b>Other Financing Sources (Uses):</b>				
Transfers (to) from other funds	-	355,000	355,000	-
Sale of capital assets	2,000	2,000	345,043	343,043
Long-term debt refinanced	-	(12,815,000)	(12,815,000)	-
Proceeds from long-term debt	-	13,335,000	13,335,000	-
Appropriated fund balance	(1,670,251)	(1,624,701)	-	1,624,701
Total other financing sources (uses)	<u>(1,668,251)</u>	<u>(747,701)</u>	<u>1,220,043</u>	<u>1,967,744</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>7,201,690</u>	<u>\$ 7,201,690</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>9,285,775</u>	
End of year - June 30			<u>\$ 16,487,465</u>	

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

## WILKES COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2011

	Enterprise Funds		Total
	Landfill Fund	Airport Fund	
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 593,826	\$ 167,302	\$ 761,128
Receivables, net	191,231	96,748	287,979
Inventories	-	41,388	41,388
Due from other governments	36,201	11,386	47,587
Prepays	-	6,750	6,750
Total current assets	<u>821,258</u>	<u>323,574</u>	<u>1,144,832</u>
Non-current assets:			
Restricted cash and cash equivalents	<u>4,294,892</u>	<u>-</u>	<u>4,294,892</u>
Capital assets:			
Land, improvements, and construction in progress	2,272,068	3,098,054	5,370,122
Other capital assets, net	<u>3,042,970</u>	<u>8,880,224</u>	<u>11,923,194</u>
Total capital assets	<u>5,315,038</u>	<u>11,978,278</u>	<u>17,293,316</u>
Total non-current assets	<u>9,609,930</u>	<u>11,978,278</u>	<u>21,588,208</u>
Total assets	<u>10,431,188</u>	<u>12,301,852</u>	<u>22,733,040</u>
<b>Liabilities and Net Assets:</b>			
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	132,095	131,886	263,981
Current portion of compensated absences	<u>52,000</u>	<u>6,000</u>	<u>58,000</u>
Total current liabilities	<u>184,095</u>	<u>137,886</u>	<u>321,981</u>
Non-current liabilities:			
Accrued landfill closure and post-closure care costs	6,520,000	-	6,520,000
Compensated absences - non-current	12,859	3,418	16,277
OPEB liability	<u>131,579</u>	<u>38,763</u>	<u>170,342</u>
Total non-current liabilities	<u>6,664,438</u>	<u>42,181</u>	<u>6,706,619</u>
Total liabilities	<u>6,848,533</u>	<u>180,067</u>	<u>7,028,600</u>
<b>Net Assets:</b>			
Invested in capital assets	5,315,038	11,978,278	17,293,316
Unrestricted	<u>(1,732,383)</u>	<u>143,507</u>	<u>(1,588,876)</u>
Total net assets	<u>\$ 3,582,655</u>	<u>\$ 12,121,785</u>	<u>\$ 15,704,440</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, 2011

	<u>Enterprise Funds</u>		<u>Total</u>
	<u>Landfill Fund</u>	<u>Airport Fund</u>	
<b>Operating Revenues:</b>			
Charges for services	\$ 1,844,740	\$ 798,709	\$ 2,643,449
Rents	-	134,436	134,436
Scrap tire disposal grant	18,297	-	18,297
Other operating revenues	234,650	5,322	239,972
Total operating revenues	<u>2,097,687</u>	<u>938,467</u>	<u>3,036,154</u>
<b>Operating Expenses:</b>			
Airport operations	-	1,031,662	1,031,662
Landfill operations	1,964,047	-	1,964,047
Landfill closure and post-closure care costs	255,000	-	255,000
Depreciation	209,605	435,354	644,959
Total operating expenses	<u>2,428,652</u>	<u>1,467,016</u>	<u>3,895,668</u>
Operating income (loss)	<u>(330,965)</u>	<u>(528,549)</u>	<u>(859,514)</u>
<b>Non-Operating Revenues (Expenses):</b>			
Interest earned on investments	13,040	713	13,753
Gain (loss) on disposal of capital assets	(331,389)	-	(331,389)
Insurance reimbursements	5,843	404	6,247
Total non-operating revenues (expenses)	<u>(312,506)</u>	<u>1,117</u>	<u>(311,389)</u>
Income (loss) before capital contributions	(643,471)	(527,432)	(1,170,903)
Capital contributions	-	737,830	737,830
Change in net assets	(643,471)	210,398	(433,073)
<b>Net Assets:</b>			
Beginning of year - July 1	<u>4,226,126</u>	<u>11,911,387</u>	<u>16,137,513</u>
End of year - June 30	<u>\$ 3,582,655</u>	<u>\$ 12,121,785</u>	<u>\$ 15,704,440</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, 2011

	Enterprise Funds		
	Landfill Fund	Airport Fund	Total
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ 2,075,758	\$ 894,353	\$ 2,970,111
Cash paid for goods and services	(1,178,628)	(1,136,306)	(2,314,934)
Cash paid to employees for services	(715,067)	(178,327)	(893,394)
Net cash provided (used) by operating activities	<u>182,063</u>	<u>(420,280)</u>	<u>(238,217)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Other non-operating revenues	5,843	404	6,247
Change in due to other funds	-	(182,162)	(182,162)
Net cash provided (used) by non-capital financing activities	<u>5,843</u>	<u>(181,758)</u>	<u>(175,915)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Capital grants received	-	1,076,586	1,076,586
Acquisition and construction of capital assets	-	(308,459)	(308,459)
Proceeds from the disposal of capital assets	46,250	-	46,250
Net cash provided (used) for capital and related financing activities	<u>46,250</u>	<u>768,127</u>	<u>814,377</u>
<b>Cash Flows from Investing Activities:</b>			
Interest on investments	<u>13,040</u>	<u>713</u>	<u>13,753</u>
Net increase (decrease) in cash and cash equivalents	247,196	166,802	413,998
<b>Cash and Cash Equivalents:</b>			
Beginning of year - July 1	<u>4,641,522</u>	<u>500</u>	<u>4,642,022</u>
End of year - June 30	<u>\$ 4,888,718</u>	<u>\$ 167,302</u>	<u>\$ 5,056,020</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ (330,965)	\$ (528,549)	\$ (859,514)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	209,605	435,354	644,959
Landfill closure and post-closure care costs	255,000	-	255,000
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(58,020)	(44,114)	(102,134)
Increase (decrease) in inventory	-	8,619	8,619
Increase (decrease) in accounts payable and accrued liabilities	83,054	(301,861)	(218,807)
Increase (decrease) in OPEB	36,060	10,623	46,683
Increase (decrease) in accrued vacation pay	(12,671)	(352)	(13,023)
Total adjustments	<u>513,028</u>	<u>108,269</u>	<u>621,297</u>
Net cash provided (used) by operating activities	<u>\$ 182,063</u>	<u>\$ (420,280)</u>	<u>\$ (238,217)</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, 2011**

	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 196,959
Taxes receivable	<u>369,502</u>
Total assets	<u>\$ 566,461</u>
<b>Liabilities:</b>	
Miscellaneous liabilities	\$ 563,784
Intergovernmental payable - State of North Carolina	<u>2,677</u>
Total liabilities	<u>\$ 566,461</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, 2011

### 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, 2011

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

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

The County reports the following major governmental funds:

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

**Law Enforcement Center/Jail Construction Project.** This fund is used to account for the construction of a law enforcement center and jail.

The County reports the following major enterprise funds:

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

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

The County reports the following fiduciary fund types:

**Agency Funds.** Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; the 3% Interest Payable to the State Fund, which accounts for three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles; and the Ad Valorem Tax - Other Municipalities Fund, which accounts for property taxes and registered motor vehicle property taxes that are billed and collected by the County for various municipalities and special districts within the County.

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

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

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

*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 2010 through February 2011 apply to the fiscal year ended June 30, 2011. 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, 2011

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, 2011**

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, 2010. 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, 2011

### 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.

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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

### Compensated Absences

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

The sick leave policy of the County provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the County has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

### Net 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, 2011 are as follows:

	<b>Governmental Activities</b>
Stabilization by State statute	\$ 4,942,308
Crime prevention	105,236
Register of Deeds	323,655
Public safety	1,199,922
Economic and physical development	924
Total	<u>\$ 6,572,045</u>

#### Unrestricted Net Assets.

The County has \$44,535,000 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, 2011

### 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, 2011, the County had \$23,178 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)].	\$ 4,878,753	\$ 63,555	\$ -
<i>Restricted for Public Safety - Crime Prevention</i> – portion of fund balance that is restricted by revenue source for crime prevention expenditures.	105,236	-	-
<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.	323,655	-	-
<i>Restricted for Public Safety - Law Enforcement</i> – portion of fund balance that is restricted by revenue source for law enforcement expenditures.	-	36,532	-
<i>Restricted for Public Safety - E-911</i> – portion of fund balance that is restricted by revenue source for E911 expenditures.	-	1,163,390	-
<i>Restricted for Economic Development</i> – portion of fund balance that is restricted by revenue source for Community Development Block Grant expenditures.	-	-	924
	\$ 5,307,644	\$ 1,263,477	\$ 924

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

### 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)	\$ 16,487,465
Less:	
Non-spendable	(23,178)
Stabilization by State statute	<u>(4,878,753)</u>
Available for appropriation	<u>\$ 11,585,534</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, 2011

### 2. Stewardship, Compliance, and Accountability

#### Deficit Fund Balance or Net Assets of Individual Funds

##### Governmental:

##### Capital Projects:

Law Enforcement Center/Jail Construction Project	<u>\$ 1,646,439</u>
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The County will obtain financing and/or grants to cover expenditures in these funds.

### 3. 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, 2011, the County's deposits had a carrying amount of \$16,158,624 and a bank balance of \$16,555,195. Of the bank balance, \$1,542,480 was covered by federal depository insurance and \$15,012,715 in interest-bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2011, Wilkes County had \$5,125 cash on hand.

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

### Investments

At June 30, 2011, Wilkes County had \$3,919,087 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>
2008	\$ 2,944,738	\$ 853,974	\$ 3,798,712
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
Total	<u>\$ 13,296,692</u>	<u>\$ 1,939,025</u>	<u>\$ 15,235,717</u>

### Receivables

Receivables at the government-wide level at June 30, 2011 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	\$ 1,850,714	\$ -	\$ -
Other	1,282,796	-	-
EMS/Landfill/Airport sales	3,374,243	211,231	96,748
Allowance for doubtful accounts	(2,652,247)	(20,000)	-
Total accounts receivable	<u>\$ 3,855,506</u>	<u>\$ 191,231</u>	<u>\$ 96,748</u>
<b>Due from Other Governments:</b>			
Sales tax refund	\$ 162,358	\$ 36,201	\$ 9,536
Grants	-	-	1,850
Total due from other governments	<u>\$ 162,358</u>	<u>\$ 36,201</u>	<u>\$ 11,386</u>

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

### Capital Assets

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

	<b>Balance July 1, 2010</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance June 30, 2011</b>
<b>Governmental Activities:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 1,854,349	\$ -	\$ (50,000)	\$ -	\$ 1,804,349
Construction in progress	<u>1,646,439</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,646,439</u>
Total non-depreciable capital assets	<u>3,500,788</u>	<u>-</u>	<u>(50,000)</u>	<u>-</u>	<u>3,450,788</u>
<b>Depreciable Capital Assets:</b>					
Buildings	16,160,897	5,143	(7,720)	-	16,158,320
Other improvements	2,256,858	247,777	-	-	2,504,635
Equipment	<u>11,032,024</u>	<u>703,577</u>	<u>(1,053,054)</u>	<u>(34,323)</u>	<u>10,682,547</u>
Total depreciable capital assets	<u>29,449,779</u>	<u>956,497</u>	<u>(1,060,774)</u>	<u>(34,323)</u>	<u>29,345,502</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	4,163,358	331,131	(1,621)	-	4,492,868
Other improvements	631,459	83,870	-	-	715,329
Equipment	<u>6,714,086</u>	<u>675,402</u>	<u>(954,216)</u>	<u>(34,323)</u>	<u>6,435,272</u>
Total accumulated depreciation	<u>11,508,903</u>	<u>\$ 1,090,403</u>	<u>\$ (955,837)</u>	<u>\$ (34,323)</u>	<u>11,643,469</u>
Total depreciable capital assets, net	<u>17,940,876</u>				<u>17,702,033</u>
Governmental activities capital assets, net	<u>\$ 21,441,664</u>				<u>\$ 21,152,821</u>

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

General government	\$ 379,184
Public safety	475,084
Environmental protection	1,982
Human services	114,020
Cultural and recreational	<u>120,133</u>
Total	<u>\$ 1,090,403</u>

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

	<b>Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance</b>
	<b>July 1, 2010</b>				<b>June 30, 2011</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	3,283,296	-	(533,137)	34,323	2,784,482
Total depreciable capital assets	8,970,182	-	(533,137)	34,323	8,471,368
<b>Less Accumulated Depreciation:</b>					
Buildings	342,397	1,733	-	-	344,130
Other improvements	3,171,435	24,759	-	-	3,196,194
Equipment	1,826,136	183,113	(155,498)	34,323	1,888,074
Total accumulated depreciation	5,339,968	\$ 209,605	\$ (155,498)	\$ 34,323	5,428,398
Total depreciable capital assets, net	3,630,214				3,042,970
Landfill capital assets, net	5,902,282				5,315,038
<b>Airport:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	2,843,877	\$ -	\$ -	\$ -	2,843,877
Construction in progress	171,215	308,459	(225,497)	-	254,177
Total non-depreciable capital assets	3,015,092	308,459	(225,497)	-	3,098,054
<b>Depreciable Capital Assets:</b>					
Buildings	429,099	-	-	-	429,099
Other improvements	14,381,641	225,497	-	-	14,607,138
Equipment	75,998	-	(9,244)	-	66,754
Total depreciable capital assets	14,886,738	225,497	(9,244)	-	15,102,991
<b>Less Accumulated Depreciation:</b>					
Buildings	62,570	14,210	-	-	76,780
Other improvements	5,658,089	421,144	-	-	6,079,233
Equipment	75,998	-	(9,244)	-	66,754
Total accumulated depreciation	5,796,657	\$ 435,354	\$ (9,244)	\$ -	6,222,767
Total depreciable capital assets, net	9,090,081				8,880,224
Airport capital assets, net	12,105,173				11,978,278
Business-type activities capital assets, net	\$ 18,007,455				\$ 17,293,316

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

### Invested in Capital Assets, Net of Debt

The total invested in capital assets, net of related debt at June 30, 2011 is composed of the following elements:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Capital assets	\$ 21,152,821	\$ 17,293,316
Long-term debt	44,721,229	-
Long-term debt for assets not owned by the County	(44,535,000)	-
Invested in capital assets, net of related debt	186,229	-
Capital assets, net of related debt	\$ 20,966,592	\$ 17,293,316

### B. Liabilities

#### Payables

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

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Vendors	\$ 1,558,110	\$ 230,650	\$ 1,788,760
Payable to fire districts	101,922	-	101,922
Other expenses	56,298	1,327	57,625
Retainage payable	-	32,004	32,004
Total business-type activities	\$ 1,716,330	\$ 263,981	\$ 1,980,311

### 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, 2011

**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 6.47% and 6.41%, 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, 2011, 2010, and 2009 were \$948,161, \$753,532, and \$759,817, 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, 2010, the Separation Allowance's membership consisted of:

Retirees receiving benefits	9
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>67</u>
Total	<u><u>76</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, 2011

**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, 2009 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 - 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. 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, 2009 was 21 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	\$	130,431
Interest on net pension obligation		22,927
Adjustment to annual required contribution		(24,549)
Annual pension costs		128,809
Contributions made		99,838
Increase (decrease) in net pension obligation		28,971
Net pension obligation:		
Beginning of year - July 1		458,538
End of year - June 30		\$ 487,509

### Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2009	\$ 96,078	30.14%	\$ 393,556
6/30/2010	108,944	40.35%	458,538
6/30/2011	128,809	77.51%	487,509

**Funded Status and Funding Progress.** As of December 31, 2010, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$1,431,801. The covered payroll was \$2,278,888, and the ratio of the UAAL to the covered payroll was 62.83 percent.

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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, 2011 were \$117,797, which consisted of \$117,797 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, 2011, the County's required and actual contributions were \$5,506.

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

### 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, 20 retirees are purchasing health insurance through the County. The County is paying all or part of retirees' health insurance for 45 retirees based on years of service. For the fiscal year ended June 30, 2011, the County made payments for post-retirement health benefit premiums of \$454,289. 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, 2011

The current annual required contribution rate (ARC) is 8.26% of annual covered payroll. For fiscal year 2011, the County contributed \$454,289, or 2.9% of annual covered payroll. Contributions by employees for the fiscal year ended June 30, 2011 were \$107,206. 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	\$ 1,291,292
Interest on net OPEB obligation	96,541
Adjustment to annual required contribution	<u>(83,290)</u>
Annual OPEB cost (expense)	1,304,543
Contributions made	<u>454,289</u>
Increase (decrease) in net OPEB obligation	850,254
Net OPEB obligation:	
Beginning of year - July 1	<u>2,413,515</u>
End of year - June 30	<u><u>\$ 3,263,769</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 were as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 1,530,176	17.59%	\$ 1,301,293
2010	1,530,176	27.31%	2,413,515
2011	1,304,543	34.82%	3,263,769

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

**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, 2011

### 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, 2011 represents a cumulative amount reported to date based on the use of 100% of cell 1, 100% of cell 2, and 38% 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 2010. 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 \$54,329 were made to the Landfill Closure and Post-Closure Reserve Fund during the fiscal year ended June 30, 2011. These funds and transfers from prior years are held in investments with a cost of \$4,294,892 (market value \$4,294,892) 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)	\$ 60,914	\$ 60,914
Prepaid taxes not yet earned (Special Revenue)	42,036	42,036
Taxes receivable, net (General)	3,257,565	-
Taxes receivable, net (Special Revenue)	293,234	-
Other receivables, net (General)	721,996	-
Other unearned revenues (Special Revenue)	-	-
Unexpended grant proceeds (General)	224,196	224,196
Total	<u>\$ 4,599,941</u>	<u>\$ 327,146</u>

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

### 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 \$37,184,441.

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>2010</u>	<u>2011</u>
Balance, beginning of year	\$ -	\$ 667,688
Incurred claims (including IBNRs) and changes in estimates	4,120,582	3,213,560
Less claims payments	<u>(3,452,894)</u>	<u>(3,214,228)</u>
Balance, end of year	<u>\$ 667,688</u>	<u>\$ 667,020</u>

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

### Contingent Liabilities

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

### Long-Term Obligations

#### 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	\$ 186,229
\$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	700,000
\$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	30,500,000
\$13,335,000 Refunding of Certificates of Participation, Series 2000, issued November 2010, interest rate at 3.41%; payable in annual installments ranging from \$265,255 to \$1,853,203 including interest; used for the construction of middle schools for Wilkes County Board of Education	<u>13,335,000</u>
Total installment purchase agreements	<u><u>\$ 44,721,229</u></u>

For Wilkes County, the future minimum payments as of June 30, 2011 are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2012	\$ 2,363,641	\$ 1,881,457	\$ 4,245,098
2013	2,889,010	1,785,030	4,674,040
2014	2,874,388	1,679,952	4,554,340
2015	2,754,776	1,570,886	4,325,662
2016	2,635,175	1,470,442	4,105,617
2017-2021	12,909,241	5,856,359	18,765,600
2022-2026	6,100,000	3,856,969	9,956,969
2027-2031	6,110,000	2,429,775	8,539,775
2032-2036	6,084,998	912,000	6,996,998
Total	<u>\$ 44,721,229</u>	<u>\$ 21,442,870</u>	<u>\$ 66,164,099</u>

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

### Long-Term Obligation Activity

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

	<u>Balance</u> <u>July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Current</u> <u>Portion of</u> <u>Balance</u>
<b>Governmental Activities:</b>					
Installment purchase	\$ 46,919,511	\$ 13,335,000	\$(15,533,282)	\$ 44,721,229	\$ 2,363,641
Compensated absences	1,449,963	1,065,722	(1,242,418)	1,273,267	1,000,000
Incurred, but not reported, health claims	667,688	3,881,248	(3,881,916)	667,020	600,318
Arbitrage	63,822	-	(63,822)	-	-
Net pension obligation	458,538	128,809	(99,838)	487,509	-
Net OPEB obligation	<u>2,289,856</u>	<u>1,232,917</u>	<u>(429,346)</u>	<u>3,093,427</u>	<u>-</u>
Total governmental activities	<u>\$ 52,817,545</u>	<u>\$ 19,643,696</u>	<u>\$(21,250,622)</u>	<u>\$ 50,242,452</u>	<u>\$ 3,963,959</u>
<b>Business-Type Activities:</b>					
Accrued landfill closure and post-closure care costs	\$ 6,265,000	\$ 255,000	\$ -	\$ 6,520,000	\$ -
Compensated absences	87,300	45,229	(58,252)	74,277	58,000
Net OPEB obligation	<u>123,659</u>	<u>71,626</u>	<u>(24,943)</u>	<u>170,342</u>	<u>-</u>
Total business-type activities	<u>\$ 6,057,898</u>	<u>\$ 371,855</u>	<u>\$(83,195)</u>	<u>\$ 6,764,619</u>	<u>\$ 58,000</u>

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

### 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, 2011, there were no industrial revenue bonds outstanding.

**WILKES COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**D. Interfund Balances and Activity**

	<b>Transfers</b>		<b>Purpose</b>
	<b>From</b>	<b>To</b>	
<b>Operating Transfers from/to Other Funds:</b>			
General Fund	\$ 355,000	\$ -	To purchase Sheriff vehicles and remount ambulances
Wireless E-911 Telephone System Fund	<u>-</u>	<u>355,000</u>	
Total transfers	<u>\$ 355,000</u>	<u>\$ 355,000</u>	

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

Due to the General Fund from the High School Construction Project Fund for expenditures paid	\$ -
Due to General Fund from Law Enforcement Center Capital Project Fund to fund preliminary costs of Law Enforcement Center until loan is obtained	\$ 1,646,439
Due to Fire District Fund from the General Fund for property taxes collected prior to year-end	<u>6,283</u>
Total due to/due from other funds	<u>\$ 1,652,722</u>
This amount is not expected to be repaid within one year	<u>\$ 1,646,439</u>

**4. 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.

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

### 5. 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, 2011. 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 2011. 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, 2011. 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, 2011. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$493,920 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.

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, 2011. 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.

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

The County participates in a joint venture to operate New River Behavioral Service Authority with four other local governments. Wilkes County, along with each participating government, appoints one County Commissioner to the Governing Board and they in turn appoint the other members. None of the participating governments have an equity interest in the Service Authority, so no equity interest has been reflected in the financial statements at June 30, 2011. In accordance with an interlocal agreement between the participating governments, Wilkes County appropriated \$259,200 to New River Behavioral Service Authority to supplement its activities for the year ended June 30, 2011. Complete financial statements for New River Behavioral Service Authority can be obtained from their office at 895 State Farm Road, Suite 508, Boone, NC.

### 6. 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 \$33,497 to the Council during the fiscal year ended June 30, 2011.

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.

### 7. 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	\$ 66,414,484	\$ 27,625,555
Women, Infants, and Children	1,202,251	-
Temporary Assistance to Needy Families	963,948	(45)
Low Income Home Energy Assistance	1,299,158	-
LINKS	11,683	-
Foster Care	321,628	70,419
Adoption Assistance	579,114	130,926
State/County Special Assistane for Adults	-	523,213
CWS Adoption Subsidy	-	504,639
State Foster Home	-	184,372
SFHF Maximization	-	165,931
F/C at Risk Maximization	-	3,599
Foster Care Special Provision	-	40,559

# **WILKES COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011**

### **8. 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.

### **9. Subsequent Event**

Subsequent to year end, New River Behavioral Service Authority, a joint venture of Wilkes County and four other local governments, encountered significant financial difficulties. The Authority is in the process of being dissolved. It is unclear at the present time the extent to which the County may be liable for unpaid liabilities of the Authority. No provision has been made in the financial statements for the effects of this dissolution, due to the numerous uncertainties involved.

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## WILKES COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
 REQUIRED SUPPLEMENTARY INFORMATION  
 JUNE 30, 2011

## Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued		Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b-a)/c]
		Liability (AAL) - Projected Unit Credit (b)					
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
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, 2011

## 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		Percentage of ARC Contributed
	(ARC)		
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, 2011  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	2011		Variance Over /Under	2010
	Budget	Actual		Actual
<b>Revenues:</b>				
<b>Ad Valorem Taxes:</b>				
Taxes	\$ 34,140,298	\$ 34,932,625	\$ 792,327	\$ 30,701,731
Penalties and interest	324,251	393,218	68,967	368,354
Total	34,464,549	35,325,843	861,294	31,070,085
<b>Local Option Sales Taxes:</b>				
Article 39 one percent	4,381,763	4,733,870	352,107	4,645,813
Article 40 one-half of one percent	2,880,576	2,886,812	6,236	2,947,655
Article 42 one-half of one percent	2,639,950	2,337,394	(302,556)	2,627,561
Article 44 one-half of one percent	-	17	17	278,497
Article 46 one-fourth of one percent	-	742,785	742,785	-
Total	9,902,289	10,700,878	798,589	10,499,526
<b>Other Taxes and Licenses:</b>				
Real estate transfer taxes	100,000	108,617	8,617	132,441
Privilege licenses	5,000	8,905	3,905	10,300
Total	105,000	117,522	12,522	142,741
<b>Unrestricted Intergovernmental:</b>				
Payments in lieu of taxes	10,500	27,456	16,956	27,198
Beer and wine tax	250,000	261,382	11,382	84,239
Total	260,500	288,838	28,338	111,437
<b>Restricted Intergovernmental:</b>				
Federal and State grants	11,813,255	10,254,193	(1,559,062)	9,406,099
Lottery proceeds	-	-	-	1,350,000
Court facility fees	150,000	133,693	(16,307)	140,857
Fines and forfeitures	30,500	31,119	619	38,191
Other	299,307	150,055	(149,252)	209,177
Total	12,293,062	10,569,060	(1,724,002)	11,144,324
<b>Permits and Fees:</b>				
Building permits	185,500	227,038	41,538	189,719
Register of Deeds	180,000	187,833	7,833	207,953
Total	365,500	414,871	49,371	397,672

**WILKES COUNTY, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	<u>2011</u>		<u>Variance Over /Under</u>	<u>2010</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Sales and Services:</b>				
Ambulance and rescue squad fees	2,456,096	2,645,893	189,797	2,815,156
Jail fees	135,000	80,602	(54,398)	112,422
Rents and fees	4,756,188	4,317,355	(438,833)	4,530,189
Recreation fees	144,000	135,570	(8,430)	132,429
Total	<u>7,491,284</u>	<u>7,179,420</u>	<u>(311,864)</u>	<u>7,590,196</u>
<b>Investment Earnings</b>	<u>50,500</u>	<u>59,774</u>	<u>9,274</u>	<u>38,556</u>
<b>Miscellaneous:</b>				
Other	<u>1,011,378</u>	<u>958,817</u>	<u>(52,561)</u>	<u>964,440</u>
Total revenues	<u>65,944,062</u>	<u>65,615,023</u>	<u>(329,039)</u>	<u>61,958,977</u>
<b>Expenditures:</b>				
<b>General Government:</b>				
<b>Governing Body:</b>				
Salaries and employee benefits	96,213	87,326		87,233
Other operating expenditures	142,700	116,926		129,135
Total	<u>238,913</u>	<u>204,252</u>	<u>34,661</u>	<u>216,368</u>
<b>Administration:</b>				
Salaries and employee benefits	370,529	349,453		293,988
Other operating expenditures	9,400	11,072		8,091
Total	<u>379,929</u>	<u>360,525</u>	<u>19,404</u>	<u>302,079</u>
<b>Elections:</b>				
Salaries and employee benefits	234,169	210,615		183,318
Other operating expenditures	78,894	40,877		59,662
Total	<u>313,063</u>	<u>251,492</u>	<u>61,571</u>	<u>242,980</u>
<b>Finance:</b>				
Salaries and employee benefits	348,728	337,057		306,677
Other operating expenditures	14,896	14,322		12,297
Total	<u>363,624</u>	<u>351,379</u>	<u>12,245</u>	<u>318,974</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, 2011  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011		2010
	Budget	Actual	Variance Over /Under
			Actual
<b>Tax Administration:</b>			
Salaries and employee benefits	950,755	919,056	892,523
Other operating expenditures	183,842	171,723	129,142
Total	1,134,597	1,090,779	43,818
<b>Legal:</b>			
Professional services	188,500	158,716	29,784
<b>Register of Deeds:</b>			
Salaries and employee benefits	282,796	266,723	283,969
Other operating expenditures	94,190	77,704	83,174
Total	376,986	344,427	32,559
<b>Public Buildings:</b>			
Salaries and employee benefits	90,332	87,073	85,396
Other operating expenditures	169,000	157,651	143,085
Capital outlay	94,900	91,532	25,558
Total	354,232	336,256	17,976
<b>Court Facilities:</b>			
Salaries and employee benefits	120,755	115,440	111,804
Other operating expenditures	179,100	150,120	164,512
Capital outlay	75,000	20,471	-
Total	374,855	286,031	88,824
<b>Central Services:</b>			
<b>Data Processing:</b>			
Salaries and employee benefits	139,947	136,685	134,457
Other operating expenditures	136,558	135,712	110,369
Capital outlay	-	-	35,811
Total	276,505	272,397	4,108
<b>Central Garage:</b>			
Salaries and employee benefits	283,586	271,559	260,209
Other operating expenditures	372,300	338,107	281,772
Total	655,886	609,666	46,220

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011		Variance Over /Under	2010
	Budget	Actual		Actual
<b>Purchasing:</b>				
Salaries and employee benefits	89,023	84,791		84,840
Other operating expenditures	4,495	2,308		2,920
Total	93,518	87,099	6,419	87,760
<b>Other Central Services:</b>				
Other expenditures	678,200	443,158		514,266
Group insurance	1,298,950	748,303		372,368
Total	1,977,150	1,191,461	785,689	886,634
Total general government	6,727,758	5,544,480	1,183,278	4,964,175
<b>Public Safety:</b>				
<b>Sheriff:</b>				
Salaries and employee benefits	3,476,973	3,365,504		3,472,267
Other operating expenditures	340,978	310,373		266,474
Capital outlay	252,952	252,254		-
Total	4,070,903	3,928,131	142,772	3,738,741
<b>Drug Crime Prevention:</b>				
Other operating expenditures	100,000	57,605		68,771
Total	100,000	57,605	42,395	68,771
<b>JAG Critical Response GRA:</b>				
Other operating expenditures	22,985	4,529		23,559
Capital outlay	-	-		285,107
Total	22,985	4,529	18,456	308,666
<b>Animal Control:</b>				
Salaries and employee benefits	437,714	419,124		404,819
Other operating expenditures	110,875	92,611		83,604
Capital outlay	38,500	26,578		-
Total	587,089	538,313	48,776	488,423

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011		Variance Over /Under	2010
	Budget	Actual		Actual
<b>Jail:</b>				
Salaries and employee benefits	1,445,677	1,381,115		1,308,345
Other operating expenditures	1,006,374	869,147		625,214
Total	2,452,051	2,250,262	201,789	1,933,559
<b>Criminal Justice:</b>				
Salaries and employee benefits	61,109	59,595		55,840
Other operating expenditures	61,676	59,103		52,452
Total	122,785	118,698	4,087	108,292
<b>Emergency Management:</b>				
Salaries and employee benefits	58,580	56,948		56,119
Other operating expenditures	30,508	13,638		22,661
Total	89,088	70,586	18,502	78,780
<b>Fire:</b>				
Salaries and employee benefits	108,734	105,386		103,962
Other operating expenditures	71,241	50,382		54,090
Assistance to local fire departments	10,530	5,461		5,359
Total	190,505	161,229	29,276	163,411
<b>Inspections:</b>				
Salaries and employee benefits	537,826	522,104		532,700
Other operating expenditures	38,980	30,112		26,176
Total	576,806	552,216	24,590	558,876
<b>Medical Examiner:</b>				
Salaries and employee benefits	14,533	13,241		5,275
Other operating expenditures	50,000	40,060		57,900
Total	64,533	53,301	11,232	63,175
<b>Emergency Medical Services:</b>				
Salaries and employee benefits	2,321,624	2,254,612		2,210,608
Other operating expenditures	605,182	578,180		557,128
Capital outlay	259,950	259,810		16,499
Total	3,186,756	3,092,602	94,154	2,784,235

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011		Variance Over /Under	2010
	Budget	Actual		Actual
<b>Emergency Communications Center:</b>				
Salaries and employee benefits	735,572	707,435		666,760
Other operating expenditures	229,700	147,373		149,475
Capital outlay	-	-		33,878
Total	965,272	854,808	110,464	850,113
Total public safety	12,428,773	11,682,280	746,493	11,145,042
<b>Environmental Protection:</b>				
Reservoir expenditures	175,000	146,411	28,589	150,772
Total environmental protection	175,000	146,411	28,589	150,772
<b>Economic and Physical Development:</b>				
<b>Economic Development:</b>				
Other operating expenditures	667,147	386,034		286,257
Total	667,147	386,034	281,113	286,257
<b>Grants Administration:</b>				
Salaries and employee benefits	40,966	11,890		57,805
Other operating expenditures	6,395	5,031		198
Total	47,361	16,921	30,440	58,003
<b>Planning and Zoning:</b>				
Salaries and employee benefits	230,840	212,180		204,366
Other operating expenditures	781,212	148,907		52,808
Total	1,012,052	361,087	650,965	257,174
<b>Agricultural Extension:</b>				
Salaries and employee benefits	183,596	165,609		196,547
Other operating expenditures	43,232	29,050		32,674
Total	226,828	194,659	32,169	229,221
<b>4-H SACC:</b>				
Salaries and employee benefits	-	-		164,838
Other operating expenditures	-	-		37,973
Total	-	-	-	202,811

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011		Variance Over /Under	2010
	Budget	Actual		Actual
<b>Extension Local:</b>				
Salaries and employee benefits	41,487	36,728		-
Other operating expenditures	139,966	29,737		24,486
Total	181,453	66,465	114,988	24,486
<b>4-H United Way</b>				
Other operating expenditures	8,319	7,190		12,787
Total	8,319	7,190	1,129	12,787
<b>Forestry:</b>				
Salaries and employee benefits	4,139	4,138		4,185
Other operating expenditures	89,358	85,175		89,585
Total	93,497	89,313	4,184	93,770
<b>Soil Conservation:</b>				
Salaries and employee benefits	220,581	212,799		209,775
Other operating expenditures	55,250	55,250		49,271
Total	275,831	268,049	7,782	259,046
<b>Community Development:</b>				
Other operating expenditures	164,825	164,045		81,426
Total	164,825	164,045	780	81,426
Total economic and physical development	2,677,313	1,553,763	1,123,550	1,504,981
<b>Human Services:</b>				
<b>Health:</b>				
<b>Administration:</b>				
Salaries and employee benefits	1,669,095	1,604,274		1,654,991
Other operating expenditures	364,669	326,495		307,461
Capital outlay	18,793	17,220		-
Total	2,052,557	1,947,989	104,568	1,962,452
<b>Program Salaries:</b>				
Salaries and employee benefits	500	(491)		500
Total	500	(491)	991	500

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011		Variance Over /Under	2010
	Budget	Actual		Actual
<b>Environmental Health:</b>				
Other operating expenditures	4,000	4,000		5,580
Total	4,000	4,000	-	5,580
<b>Food and Lodging:</b>				
Other operating expenditures	7,683	7,683	-	6,031
<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	102,012	76,101		122,419
Capital outlay	6,288	6,288		12,880
Total	129,741	95,976	33,765	181,380
<b>Health Immunization Other:</b>				
Salaries and employee benefits	20,426	20,426		20,426
Other operating expenditures	2,190	2,190		7,000
Total	22,616	22,616	-	27,426
<b>Health Case Management:</b>				
Salaries and employee benefits	270,666	271,078		253,985
Other operating expenditures	24,618	24,089		13,805
Total	295,284	295,167	117	267,790
<b>Adult Health:</b>				
Salaries and employee benefits	178,896	139,985		190,934
Other operating expenditures	69,925	56,521		53,772
Capital outlay	18,739	12,503		-
Total	267,560	209,009	58,551	244,706
<b>Health Care Connection:</b>				
Salaries and employee benefits	51,212	76,561		92,885
Other operating expenditures	153,788	147,985		144,768
Total	205,000	224,546	(19,546)	237,653

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011		Variance Over /Under	2010
	Budget	Actual		Actual
<b>Communicable Disease:</b>				
Other operating expenditures	2,293	2,293		2,293
Total	2,293	2,293	-	2,293
<b>Comprehensive Cancer Control:</b>				
Salaries and employee benefits	2,395	3,431		4,200
Other operating expenditures	46,555	45,680		39,890
Total	48,950	49,111	(161)	44,090
<b>Family Planning:</b>				
Salaries and employee benefits	140,256	115,512		105,587
Other operating expenditures	81,636	52,061		63,260
Capital outlay	10,561	10,014		-
Total	232,453	177,587	54,866	168,847
<b>Health Diabetes Grant:</b>				
Salaries and employee benefits	5,000	5,000		-
Other operating expenditures	107,000	98,011		30,954
Total	112,000	103,011	8,989	30,954
<b>Health Eat Smart Move More:</b>				
Other operating expenditures	-	-	-	16,245
<b>Health Promotion:</b>				
Salaries and employee benefits	26,982	27,142		24,766
Other operating expenditures	9,495	5,495		4,338
Total	36,477	32,637	3,840	29,104
<b>Mesh Units - Schools:</b>				
Salaries and employee benefits	66,810	73,795		76,144
Other operating expenditures	41,300	36,126		41,399
Capital outlay	20,934	17,465		-
Total	129,044	127,386	1,658	117,543
<b>Wilkes Dental Clinic:</b>				
Other operating expenditures	1,830,000	1,745,588	84,412	1,648,373

**WILKES COUNTY, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	<u>2011</u>		<u>Variance Over /Under</u>	<u>2010</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Maternal Clinic:</b>				
Salaries and employee benefits	76,602	64,294		43,460
Other operating expenditures	11,261	4,500		24,849
Total	<u>87,863</u>	<u>68,794</u>	19,069	<u>68,309</u>
<b>MCC and MOW:</b>				
Salaries and employee benefits	171,959	177,690		176,060
Other operating expenditures	16,550	10,390		7,731
Capital outlay	24,181	24,181		-
Total	<u>212,690</u>	<u>212,261</u>	429	<u>183,791</u>
<b>Child Health:</b>				
Salaries and employee benefits	360,000	338,338		282,145
Other operating expenditures	61,625	32,084		26,110
Capital outlay	16,806	16,801		-
Total	<u>438,431</u>	<u>387,223</u>	51,208	<u>308,255</u>
<b>CSC and MOW:</b>				
Salaries and employee benefits	144,133	93,712		108,916
Other operating expenditures	10,100	10,000		1,330
Capital outlay	9,867	9,867		-
Total	<u>164,100</u>	<u>113,579</u>	50,521	<u>110,246</u>
<b>Women, Infants, and Children:</b>				
Salaries and employee benefits	143,078	143,078		124,186
Other operating expenditures	26,280	26,280		39,171
Capital outlay	-	-		6,000
Total	<u>169,358</u>	<u>169,358</u>	-	<u>169,357</u>
<b>Kate B. Reynolds Trust:</b>				
Other operating expenditures	137,500	44,064	93,436	-
Total health	<u>6,589,405</u>	<u>6,042,692</u>	546,713	<u>5,834,230</u>
<b>Mental Health:</b>				
Contribution to other agencies	524,170	519,684	4,486	635,684
Total mental health	<u>524,170</u>	<u>519,684</u>	4,486	<u>635,684</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, 2011  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011		Variance Over /Under	2010
	Budget	Actual		Actual
<b>Social Services:</b>				
<b>Administration:</b>				
Salaries and employee benefits	4,963,382	4,695,485		4,723,361
Other operating expenditures	393,905	349,718		334,054
Total	<u>5,357,287</u>	<u>5,045,203</u>	312,084	<u>5,057,415</u>
<b>Medicaid Program:</b>				
County participation only	<u>1,337,250</u>	<u>1,180,819</u>		<u>1,095,194</u>
Total	<u>1,337,250</u>	<u>1,180,819</u>	156,431	<u>1,095,194</u>
<b>Food Stamps Program:</b>				
Other operating expenditures	<u>686,773</u>	<u>654,752</u>		<u>620,019</u>
Total	<u>686,773</u>	<u>654,752</u>	32,021	<u>620,019</u>
<b>WorkFirst:</b>				
Contract services	<u>453,712</u>	<u>412,148</u>		<u>353,944</u>
Total	<u>453,712</u>	<u>412,148</u>	41,564	<u>353,944</u>
<b>Daycare Operations:</b>				
Contract services	<u>2,132,398</u>	<u>2,106,392</u>		<u>2,659,926</u>
Total	<u>2,132,398</u>	<u>2,106,392</u>	26,006	<u>2,659,926</u>
<b>In-Home Service:</b>				
Other operating expenditures	<u>43,475</u>	<u>14,086</u>		<u>19,987</u>
Total	<u>43,475</u>	<u>14,086</u>	29,389	<u>19,987</u>
<b>Foster Care:</b>				
Salaries and employee benefits	4,738	2,422		1,260
Other operating expenditures	<u>2,101,694</u>	<u>1,554,229</u>		<u>1,794,763</u>
Total	<u>2,106,432</u>	<u>1,556,651</u>	549,781	<u>1,796,023</u>
<b>Other Assistance:</b>				
Other operating expenditures	<u>48,525</u>	<u>29,832</u>		<u>25,162</u>
Total	<u>48,525</u>	<u>29,832</u>	18,693	<u>25,162</u>
Total social services	<u>12,165,852</u>	<u>10,999,883</u>	1,165,969	<u>11,627,670</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, 2011  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011		Variance Over /Under	2010
	Budget	Actual		Actual
<b>Other Human Services:</b>				
<b>Veterans Service Officer:</b>				
Salaries and employee benefits	145,236	140,333		138,309
Other operating expenditures	7,175	4,220		4,629
Total	152,411	144,553	7,858	142,938
<b>Youth Services:</b>				
Salaries and employee benefits	16,292	16,276		16,276
Other operating expenditures	4,694	2,725		3,594
Contributions to other agencies	308,578	246,121		265,550
Total	329,564	265,122	64,442	285,420
<b>Senior Citizens Services:</b>				
Contributions to other services	600,000	591,281	8,719	599,391
<b>Other Services:</b>				
Contributions to other agencies	620,616	570,486	50,130	712,165
Total other human services	1,702,591	1,571,442	131,149	1,739,914
Total human services	20,982,018	19,133,701	1,848,317	19,837,498
<b>Cultural and Recreation:</b>				
<b>Recreation:</b>				
Salaries and employee benefits	557,799	503,049		529,811
Other operating expenditures	307,739	244,490		283,189
Capital outlay	23,000	14,872		-
Total	888,538	762,411	126,127	813,000
<b>Libraries:</b>				
Contribution to regional library	493,920	493,920	-	600,252
<b>Museums and Art</b>				
	34,588	34,588	-	50,715
Total cultural and recreation	1,417,046	1,290,919	126,127	1,463,967

**WILKES COUNTY, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	<u>2011</u>		<u>Variance Over /Under</u>	<u>2010</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Education:</b>				
Public schools - current expenses	10,113,397	8,942,178		11,440,593
Public schools - capital outlay	2,066,132	3,066,329		734,208
Public schools - (lottery) capital outlay	-	-		1,350,000
Community colleges - current	3,015,129	3,015,129		3,440,029
Community colleges - capital outlay	150,000	150,000		150,000
Total education	<u>15,344,658</u>	<u>15,173,636</u>	171,022	<u>17,114,830</u>
<b>Debt Service:</b>				
Principal retirement	2,959,928	2,718,282		2,781,031
Interest and fees	2,483,867	2,389,904		2,325,717
Total debt service	<u>5,443,795</u>	<u>5,108,186</u>	335,609	<u>5,106,748</u>
Total expenditures	<u>65,196,361</u>	<u>59,633,376</u>	5,562,985	<u>61,288,013</u>
Revenues over (under) expenditures	<u>747,701</u>	<u>5,981,647</u>	5,233,946	<u>670,964</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	355,000	355,000	-	77,948
Transfers out	-	-	-	(2,294,686)
Sale of capital assets	2,000	345,043	343,043	25,174
Long-term debt refinanced	(12,815,000)	(12,815,000)	-	-
Long-term debt issued	13,335,000	13,335,000	-	-
Appropriated fund balance	(1,624,701)	-	1,624,701	-
Total other financing sources (uses)	<u>(747,701)</u>	<u>1,220,043</u>	1,967,744	<u>(2,191,564)</u>
Net change in fund balance	<u>\$ -</u>	7,201,690	<u>\$ 7,201,690</u>	(1,520,600)
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>9,285,775</u>		<u>10,806,375</u>
End of year - June 30		<u>\$ 16,487,465</u>		<u>\$ 9,285,775</u>

## WILKES COUNTY, NORTH CAROLINA

LAW ENFORCEMENT CENTER/JAIL CONSTRUCTION PROJECT FUND - MAJOR FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

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

## WILKES COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2011

	<b>Total Nonmajor Special Revenue Funds</b>	<b>Total Nonmajor Capital Project Funds</b>	<b>Total</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 1,523,159	\$ 924	\$ 1,524,083
Due from other funds	6,283	-	6,283
Taxes receivable, net	293,234	-	293,234
Accounts receivable, net	<u>63,555</u>	<u>-</u>	<u>63,555</u>
 Total assets	 <u>\$ 1,886,231</u>	 <u>\$ 924</u>	 <u>\$ 1,887,155</u>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 287,484	\$ -	\$ 287,484
Deferred revenue	<u>335,270</u>	<u>-</u>	<u>335,270</u>
Total liabilities	<u>622,754</u>	<u>-</u>	<u>622,754</u>
<b>Fund Balances:</b>			
Restricted:			
Stabilization by State statute	63,555	-	63,555
Restricted, all other	1,199,922	924	1,200,846
Total fund balances	<u>1,263,477</u>	<u>924</u>	<u>1,264,401</u>
 Total liabilities and fund balances	 <u>\$ 1,886,231</u>	 <u>\$ 924</u>	 <u>\$ 1,887,155</u>

## WILKES, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Nonmajor</u>		
	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total</u>
<b>Revenues:</b>			
Ad valorem taxes	\$ 3,141,036	\$ -	\$ 3,141,036
Restricted intergovernmental	3,644	102,144	105,788
Sales and services	560,754	-	560,754
Investment earnings	3,972	23	3,995
Total revenues	<u>3,709,406</u>	<u>102,167</u>	<u>3,811,573</u>
<b>Expenditures:</b>			
Public safety	3,614,711	-	3,614,711
Economic and physical development	-	133,448	133,448
Total expenditures	<u>3,614,711</u>	<u>133,448</u>	<u>3,748,159</u>
Revenues over (under) expenditures	<u>94,695</u>	<u>(31,281)</u>	<u>63,414</u>
<b>Other Financing Sources (Uses):</b>			
Transfers out	<u>(355,000)</u>	-	<u>(355,000)</u>
Total other financing sources (uses)	<u>(355,000)</u>	-	<u>(355,000)</u>
Net change in fund balances	(260,305)	(31,281)	(291,586)
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>1,523,782</u>	<u>32,205</u>	<u>1,555,987</u>
End of year - June 30	<u>\$ 1,263,477</u>	<u>\$ 924</u>	<u>\$ 1,264,401</u>

## WILKES COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2011

	<b>Fire District Fund</b>	<b>Law Enforcement Restricted Fund</b>	<b>Wireless E-911 Telephone System Fund</b>	<b>Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 137,675	\$ 36,532	\$ 1,348,952	\$ 1,523,159
Due from other funds	6,283	-	-	6,283
Taxes receivable, net	293,234	-	-	293,234
Accounts receivable, net	<u>-</u>	<u>2,266</u>	<u>61,289</u>	<u>63,555</u>
Total assets	<u>\$ 437,192</u>	<u>\$ 38,798</u>	<u>\$ 1,410,241</u>	<u>\$ 1,886,231</u>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 101,922	\$ -	\$ 185,562	\$ 287,484
Deferred revenue	<u>335,270</u>	<u>-</u>	<u>-</u>	<u>335,270</u>
Total liabilities	<u>437,192</u>	<u>-</u>	<u>185,562</u>	<u>622,754</u>
<b>Fund Balances:</b>				
Restricted:				
Stabilization by State statute	-	2,266	61,289	63,555
Restricted, all other	<u>-</u>	<u>36,532</u>	<u>1,163,390</u>	<u>1,199,922</u>
Total fund balances	<u>-</u>	<u>38,798</u>	<u>1,224,679</u>	<u>1,263,477</u>
Total liabilities and fund balances	<u>\$ 437,192</u>	<u>\$ 38,798</u>	<u>\$ 1,410,241</u>	<u>\$ 1,886,231</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, 2011**

	<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	\$ 3,141,036	\$ -	\$ -	\$ 3,141,036
Restricted intergovernmental	-	3,644	-	3,644
Sales and services	-	-	560,754	560,754
Investment earnings	-	178	3,794	3,972
Total revenues	<u>3,141,036</u>	<u>3,822</u>	<u>564,548</u>	<u>3,709,406</u>
<b>Expenditures:</b>				
Public safety	3,141,036	82,896	220,279	3,444,211
Capital outlay	-	-	170,500	170,500
Total expenditures	<u>3,141,036</u>	<u>82,896</u>	<u>390,779</u>	<u>3,614,711</u>
Revenues over (under) expenditures	<u>-</u>	<u>(79,074)</u>	<u>173,769</u>	<u>94,695</u>
<b>Other Financing Sources (Uses):</b>				
Transfer out	-	-	(355,000)	(355,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(355,000)</u>	<u>(355,000)</u>
Net change in fund balances	-	(79,074)	(181,231)	(260,305)
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>-</u>	<u>117,872</u>	<u>1,405,910</u>	<u>1,523,782</u>
End of year - June 30	<u>\$ -</u>	<u>\$ 38,798</u>	<u>\$ 1,224,679</u>	<u>\$ 1,263,477</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, 2011**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	<u>2011</u>			<u>2010</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Ad valorem taxes	\$ 3,548,070	\$ 3,141,036	\$ (407,034)	\$ 3,126,982
Total revenues	<u>3,548,070</u>	<u>3,141,036</u>	<u>(407,034)</u>	<u>3,126,982</u>
<b>Expenditures:</b>				
Public safety:				
Distribution to fire districts	<u>3,548,070</u>	<u>3,141,036</u>	<u>407,034</u>	<u>3,126,982</u>
Total expenditures	<u>3,548,070</u>	<u>3,141,036</u>	<u>407,034</u>	<u>3,126,982</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, 2011  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	2011			2010
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Restricted intergovernmental:				
Law enforcement restricted grant	\$ 100,000	\$ 3,644	\$ (96,356)	\$ 71,577
Investment earnings	100	178	78	401
Total revenues	<u>100,100</u>	<u>3,822</u>	<u>(96,278)</u>	<u>71,978</u>
<b>Expenditures:</b>				
Public safety:				
Law enforcement restricted	100,100	82,896	17,204	13,977
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,472</u>
Total expenditures	<u>100,100</u>	<u>82,896</u>	<u>17,204</u>	<u>38,449</u>
Net change in fund balance	<u>\$ -</u>	(79,074)	<u>\$ (79,074)</u>	33,529
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>117,872</u>		<u>84,343</u>
End of year - June 30		<u>\$ 38,798</u>		<u>\$ 117,872</u>

## WILKES COUNTY, NORTH CAROLINA

**WIRELESS E-911 TELEPHONE SYSTEM FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	2011			2010
	Budget	Actual	Variance Over/(Under)	Actual
<b>Revenues:</b>				
E-911 telephone surcharge	\$ 480,000	\$ 560,754	\$ 80,754	\$ 560,754
Investment earnings	5,000	3,794	(1,206)	5,563
Total revenues	<u>485,000</u>	<u>564,548</u>	<u>79,548</u>	<u>566,317</u>
<b>Expenditures:</b>				
Public safety:				
Other operating expenditures	485,000	220,279	264,721	486,579
Capital outlay	1,209,085	170,500	1,038,585	20,816
Total expenditures	<u>1,694,085</u>	<u>390,779</u>	<u>1,303,306</u>	<u>507,395</u>
Revenues over (under) expenditures	<u>(1,209,085)</u>	<u>173,769</u>	<u>1,382,854</u>	<u>58,922</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in (out)	(355,000)	(355,000)	-	-
Appropriated fund balance	1,564,085	-	(1,564,085)	-
Total other financing sources (uses)	<u>1,209,085</u>	<u>(355,000)</u>	<u>(1,564,085)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(181,231)</u>	<u>\$ (181,231)</u>	<u>58,922</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>1,405,910</u>		<u>1,346,988</u>
End of year - June 30		<u>\$ 1,224,679</u>		<u>\$ 1,405,910</u>

## WILKES COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS  
 COMBINING BALANCE SHEET  
 JUNE 30, 2011

	<u>Urgent Repair 09 Project</u>	<u>Scattered Site III Project</u>	<u>Poplar Springs Water Project</u>	<u>Total</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 924	\$ -	\$ -	\$ 924
Total assets	<u>\$ 924</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 924</u>
<b>Fund Balances:</b>				
Restricted:				
Restricted, other	\$ 924	\$ -	\$ -	\$ 924
Total fund balances	<u>\$ 924</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 924</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, 2011**

	<u>Urgent Repair 09 Project</u>	<u>Scattered Site III Project</u>	<u>Poplar Springs Water Project</u>	<u>Total</u>
<b>Revenues:</b>				
Restricted intergovernmental	\$ -	\$ 96,699	\$ 5,445	\$ 102,144
Investment earnings	23	-	-	23
Total revenues	<u>23</u>	<u>96,699</u>	<u>5,445</u>	<u>102,167</u>
<b>Expenditures:</b>				
Economic and physical development	<u>31,575</u>	<u>96,428</u>	<u>5,445</u>	<u>133,448</u>
Total expenditures	<u>31,575</u>	<u>96,428</u>	<u>5,445</u>	<u>133,448</u>
Net change in fund balances	(31,552)	271	-	(31,281)
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>32,476</u>	<u>(271)</u>	<u>-</u>	<u>32,205</u>
End of year - June 30	<u>\$ 924</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 924</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, 2011**

	<b>Project Authorization</b>	<b>Actual</b>		<b>Total to Date</b>	<b>Variance Over/(Under)</b>
	<b>Prior Years</b>	<b>Current Year</b>			
<b>Revenues:</b>					
Restricted intergovernmental:					
Urgent Repair Program Grant	\$ 65,000	\$ 32,500	\$ -	\$ 32,500	\$ (32,500)
Investment earnings	-	125	23	148	148
Total revenues	65,000	32,625	23	32,648	(32,352)
<b>Expenditures:</b>					
Economic development:					
Home repairs	65,000	149	31,575	31,724	33,276
Total expenditures	65,000	149	31,575	31,724	33,276
Net change in fund balance	\$ -	\$ 32,476	\$ (31,552)	\$ 924	\$ 924

## WILKES COUNTY, NORTH CAROLINA

SCATTERED SITE III CDBG PROJECT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Over/(Under)</u>
<b>Revenues:</b>					
Restricted intergovernmental:					
Community Development Block Grant	\$ 400,000	\$ 244,199	\$ 96,699	\$ 340,898	\$ (59,102)
<b>Expenditures:</b>					
Economic development:					
Salaries and employee benefits	40,000	3,319	36,680	39,999	1
Housing rehab	<u>360,000</u>	<u>241,151</u>	<u>59,748</u>	<u>300,899</u>	<u>59,101</u>
Total expenditures	<u>400,000</u>	<u>244,470</u>	<u>96,428</u>	<u>340,898</u>	<u>59,102</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (271)</u>	<u>\$ 271</u>	<u>\$ -</u>	<u>\$ -</u>

**WILKES COUNTY, NORTH CAROLINA**

**POPLAR SPRINGS WATER PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011**

	<b>Project Authorization</b>	<b>Actual</b>			<b>Variance Over/(Under)</b>
	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>	<b>Variance Over/(Under)</b>	
<b>Revenues:</b>					
Restricted intergovernmental:					
Community Development Block Grant	\$ 117,485	\$ 100,529	\$ 5,445	\$ 105,974	\$ (11,511)
<b>Expenditures:</b>					
Economic development:					
Administration	15,935	1,826	-	1,826	14,109
Water project	101,550	98,703	5,445	104,148	(2,598)
Total expenditures	117,485	100,529	5,445	105,974	11,511
Net change in fund balance	\$ -	\$ -	\$ -	\$ -	\$ -

WILKES COUNTY, NORTH CAROLINA

**AIRPORT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	2011			2010
	Budget	Actual	Variance Over/(Under)	Actual
<b>Revenues:</b>				
Operating revenues:				
Charges for services:				
Sales	\$ 1,204,883	\$ 798,709	\$ (406,174)	\$ 736,257
Rents	125,800	134,436	8,636	118,633
Other operating revenues	4,200	5,322	1,122	6,095
Total operating revenues	<u>1,334,883</u>	<u>938,467</u>	<u>(396,416)</u>	<u>860,985</u>
Non-operating revenues:				
Restricted intergovernmental	1,293,225	737,830	(555,395)	474,605
Investment income	50	713	663	21,552
Insurance reimbursements	-	404	404	-
Total non-operating revenues	<u>1,293,275</u>	<u>738,947</u>	<u>(554,328)</u>	<u>496,157</u>
Total revenues	<u>2,628,158</u>	<u>1,677,414</u>	<u>(950,744)</u>	<u>1,357,142</u>
<b>Expenditures:</b>				
Airport operations:				
Salaries and employee benefits	203,054	177,975	25,079	218,731
Fuel and oil purchases	727,000	607,664	119,336	492,648
Other operating expenditures	237,604	235,400	2,204	206,222
Airport capital projects:				
Construction	1,460,500	308,459	1,152,041	2,190,664
Debt service:				
Interest and fees	-	-	-	812
Debt principal	-	-	-	27,556
Total expenditures	<u>2,628,158</u>	<u>1,329,498</u>	<u>1,298,660</u>	<u>3,136,633</u>

## WILKES COUNTY, NORTH CAROLINA

## AIRPORT FUND

## SCHEDULE OF REVENUES AND EXPENDITURES -

## BUDGET AND ACTUAL (NON-GAAP)

## FOR THE YEAR ENDED JUNE 30, 2011

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011			2010
	Budget	Actual	Variance Over/(Under)	Actual
Revenues over (under) expenditures	-	347,916	347,916	(1,779,491)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	2,294,686
Total other financing sources (uses)	-	-	-	2,294,686
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 347,916	\$ 347,916	\$ 515,195
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 347,916		
Reconciling items:				
Depreciation		(435,354)		
Construction project expenditures		308,459		
OPEB and compensated absences		(10,623)		
Total reconciling items		(137,518)		
Change in net assets		\$ 210,398		

WILKES COUNTY, NORTH CAROLINA

LANDFILL FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2011  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011			2010
	Budget	Actual	Variance Over/(Under)	Actual
<b>Revenues:</b>				
Operating revenues:				
Solid waste charges	\$ 2,100,000	\$ 1,844,740	\$ (255,260)	\$ 1,757,959
Scrap tire disposal tax	-	18,297	18,297	69,834
Other operating revenues	195,000	234,650	39,650	203,128
Total operating revenues	<u>2,295,000</u>	<u>2,097,687</u>	<u>(197,313)</u>	<u>2,030,921</u>
Non-operating revenues:				
Interest earnings	100	678	578	94
Insurance reimbursements	5,843	5,843	-	6,535
Total non-operating revenues	<u>5,943</u>	<u>6,521</u>	<u>578</u>	<u>6,629</u>
Total revenues	<u>2,300,943</u>	<u>2,104,208</u>	<u>(196,735)</u>	<u>2,037,550</u>
<b>Expenditures:</b>				
Landfill operations:				
Salaries and employee benefits	779,121	702,396	76,725	719,986
Other operating expenditures	1,302,229	1,225,591	76,638	1,045,131
Capital outlay	165,264	-	165,264	480,075
Total expenditures	<u>2,246,614</u>	<u>1,927,987</u>	<u>318,627</u>	<u>2,245,192</u>
Revenues over (under) expenditures	<u>54,329</u>	<u>176,221</u>	<u>121,892</u>	<u>(207,642)</u>
<b>Other Financing Sources (Uses):</b>				
Transfer out - Landfill Reserve Fund	(54,329)	(54,329)	-	(35,571)
Transfer in - Landfill Reserve Fund	-	-	-	260,000
Total other financing sources (uses)	<u>(54,329)</u>	<u>(54,329)</u>	<u>-</u>	<u>224,429</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 121,892</u>	<u>\$ 121,892</u>	<u>\$ 16,787</u>

WILKES COUNTY, NORTH CAROLINA

LANDFILL FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2011  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011		2010
	Budget	Actual	Actual
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 121,892	
Reconciling items:			
Depreciation		(209,605)	
Increase in accrued landfill closure/post-closure costs		(255,000)	
Change in accrual for unfunded OPEB and compensated absences		(36,060)	
Intrafund transfer to landfill reserve		54,329	
Loss on disposal of fixed assets		(331,389)	
Interest from Landfill Closure and Postclosure Reserve Fund		12,362	
Total reconciling items		(765,363)	
Change in net assets		\$ (643,471)	

**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, 2011**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	<u>2011</u>		<u>Variance Over/Under</u>	<u>2010</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Revenues:</b>				
Interest earnings	\$ 100,000	\$ 12,362	\$ (87,638)	\$ 17,842
<b>Other Financing Sources (Uses):</b>				
Sinking reserve	(154,329)	-	(154,329)	-
Transfers in	54,329	54,329	-	35,571
Transfers out	-	-	-	(260,000)
Total other financing sources (uses)	<u>(100,000)</u>	<u>54,329</u>	<u>(154,329)</u>	<u>(224,429)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 66,691	\$ 66,691	\$ (206,587)

## WILKES COUNTY, NORTH CAROLINA

## AGENCY FUNDS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

## FOR THE YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
<b>Social Services:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 128,742	\$ 171,244	\$ 238,434	\$ 61,552
<b>Liabilities:</b>				
Miscellaneous liabilities	\$ 128,742	\$ 171,244	\$ 238,434	\$ 61,552
<b>3% Interest Payable to the State:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,796	\$ 29,183	\$ 28,302	\$ 2,677
<b>Liabilities:</b>				
Intergovernmental payable - State of North Carolina	\$ 1,796	\$ 29,183	\$ 28,302	\$ 2,677
<b>Ad Valorem Tax - Other Municipalities:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 63,056	\$ 2,387,438	\$ 2,317,764	\$ 132,730
Taxes receivable	299,274	70,228	-	369,502
Total assets	<u>\$ 362,330</u>	<u>\$ 2,457,666</u>	<u>\$ 2,317,764</u>	<u>\$ 502,232</u>
<b>Liabilities:</b>				
Miscellaneous liabilities	<u>\$ 362,330</u>	<u>\$ 2,457,666</u>	<u>\$ 2,317,764</u>	<u>\$ 502,232</u>
<b>Total All Agency Funds:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 193,594	\$ 2,587,865	\$ 2,584,500	\$ 196,959
Taxes receivable	299,274	70,228	-	369,502
Total assets	<u>\$ 492,868</u>	<u>\$ 2,658,093</u>	<u>\$ 2,584,500</u>	<u>\$ 566,461</u>
<b>Liabilities:</b>				
Miscellaneous liabilities	\$ 491,072	\$ 2,628,910	\$ 2,556,198	\$ 563,784
Intergovernmental payable - State of North Carolina	1,796	29,183	28,302	2,677
Total liabilities	<u>\$ 492,868</u>	<u>\$ 2,658,093</u>	<u>\$ 2,584,500</u>	<u>\$ 566,461</u>

## WILKES COUNTY, NORTH CAROLINA

**GENERAL FUND**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
**JUNE 30, 2011**

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2010</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2011</u>
2010-2011	\$ -	\$ 35,947,793	\$ (33,844,817)	\$ 2,102,976
2009-2010	1,623,900	-	(1,000,899)	623,001
2008-2009	661,276	-	(272,271)	389,005
2007-2008	308,009	-	(79,247)	228,762
2006-2007	197,114	-	(31,851)	165,263
2005-2006	169,430	-	(28,018)	141,412
2004-2005	126,686	-	(17,021)	109,665
2003-2004	114,441	-	(8,717)	105,724
2002-2003	117,740	-	(6,737)	111,003
2001-2002	102,879	-	(7,748)	95,131
2000-2001	79,117	-	(79,117)	-
Total	<u>\$ 3,500,592</u>	<u>\$ 35,947,793</u>	<u>\$ (35,376,443)</u>	<u>4,071,942</u>
Plus: Uncollected 2011-2012 ad valorem taxes on annually registered vehicles				203,316
Less: Allowance for uncollectible accounts - General Fund				<u>(1,017,693)</u>
Ad valorem taxes receivable, net - General Fund				<u>\$ 3,257,565</u>
<b>Reconciliation with Revenues:</b>				
Ad valorem taxes - General Fund				<u>\$ 35,325,843</u>
Reconciling items:				
Penalties and interest collected				(393,218)
Discounts taken				232,961
Miscellaneous				111,049
Prior year releases and write offs				<u>99,808</u>
Total reconciling items				<u>50,600</u>
Total collections and credits				<u>\$ 35,376,443</u>

## WILKES COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY  
FOR THE YEAR ENDED JUNE 30, 2011

	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	\$5,348,370,723	\$ 0.65	\$ 34,758,852	\$ 32,917,924	\$ 1,840,928
Motor vehicles taxed at prior year's rate	165,578,736	0.57	943,814	-	943,814
Penalties	-		19,948	19,948	-
Total	<u>5,513,949,459</u>		<u>35,722,614</u>	<u>32,937,872</u>	<u>2,784,742</u>
<b>Discoveries:</b>					
Current year taxes	43,229,233	0.65	259,657	253,940	5,717
Penalties	-		63,103	-	63,103
Total	<u>43,229,233</u>		<u>322,760</u>	<u>253,940</u>	<u>68,820</u>
<b>Abatements</b>	<u>(15,012,462)</u>	0.65	<u>(97,581)</u>	<u>(62,145)</u>	<u>(35,436)</u>
Total property valuation	<u>\$5,542,166,230</u>				
<b>Net Levy</b>			35,947,793	33,129,667	2,818,126
Less: Uncollected tax at June 30, 2011			<u>2,102,976</u>	<u>1,725,145</u>	<u>377,831</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 33,844,817</u>	<u>\$ 31,404,522</u>	<u>\$ 2,440,295</u>
<b>Current Levy Collection Percentage</b>			<u>94.15%</u>	<u>94.79%</u>	<u>86.59%</u>

# WILKES COUNTY NORTH CAROLINA

## SECONDARY MARKET DISCLOSURES FOR THE YEAR ENDED JUNE 30, 2011

### Assessed Valuation:

Assessment ratio	100%
Real property	\$ 4,574,385,125
Personal property	842,496,446
Public service companies	<u>125,284,659</u>
Total assessed valuation	<u>\$ 5,542,166,230</u>
Tax rate per \$100	0.65
Levy (includes discoveries, releases, and abatements)	<u>\$ 35,947,793</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, 2011:</p>	
Fire protection districts	<u>\$ 3,448,924</u>

## WILKES COUNTY, NORTH CAROLINA

### TEN LARGEST TAXPAYERS FOR THE YEAR ENDED JUNE 30, 2011

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2010 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Duke Energy Corporation	Utility	\$ 80,473,571	1.42%
Tyson Farms, Inc.	Food processor	53,774,898	0.95%
Louisiana Pacific	Building products manufacturing	46,759,369	0.83%
Lowe's Home Center, Inc. #1	Retail sales	45,568,989	0.80%
BR Development, LLC	Real estate	30,882,380	0.55%
J.C. Faw	Real estate	28,788,590	0.51%
Lowe's Co, Inc.	Retail sales	25,703,332	0.45%
Cielo Blue Ridge, Inc.	Real estate	22,481,204	0.40%
Certainteed Corp.	Building products manufacturing	18,563,527	0.33%
Lowe's Investment Corporation	Retail sales	<u>12,693,360</u>	<u>0.22%</u>
Total		<u>\$ 365,689,220</u>	<u>6.46%</u>