

**WILKES COUNTY  
WILKESBORO, NORTH CAROLINA**

**ANNUAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2009**

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

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

**WILKES COUNTY  
ANNUAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2009**

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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, 2009, 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, 2009, 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.

Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance, and the Other Post-Employment Benefit schedules are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 28, 2009, 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 an opinion on financial statements that collectively comprise the basic financial statements of Wilkes County, North Carolina. The combining and individual major and nonmajor fund financial statements and schedules and additional financial data are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual major and nonmajor fund financial statements and schedules and additional financial data have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

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

Martin Starnes & Associates, CPAs, P.A.  
October 28, 2009

## **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, 2009. 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**

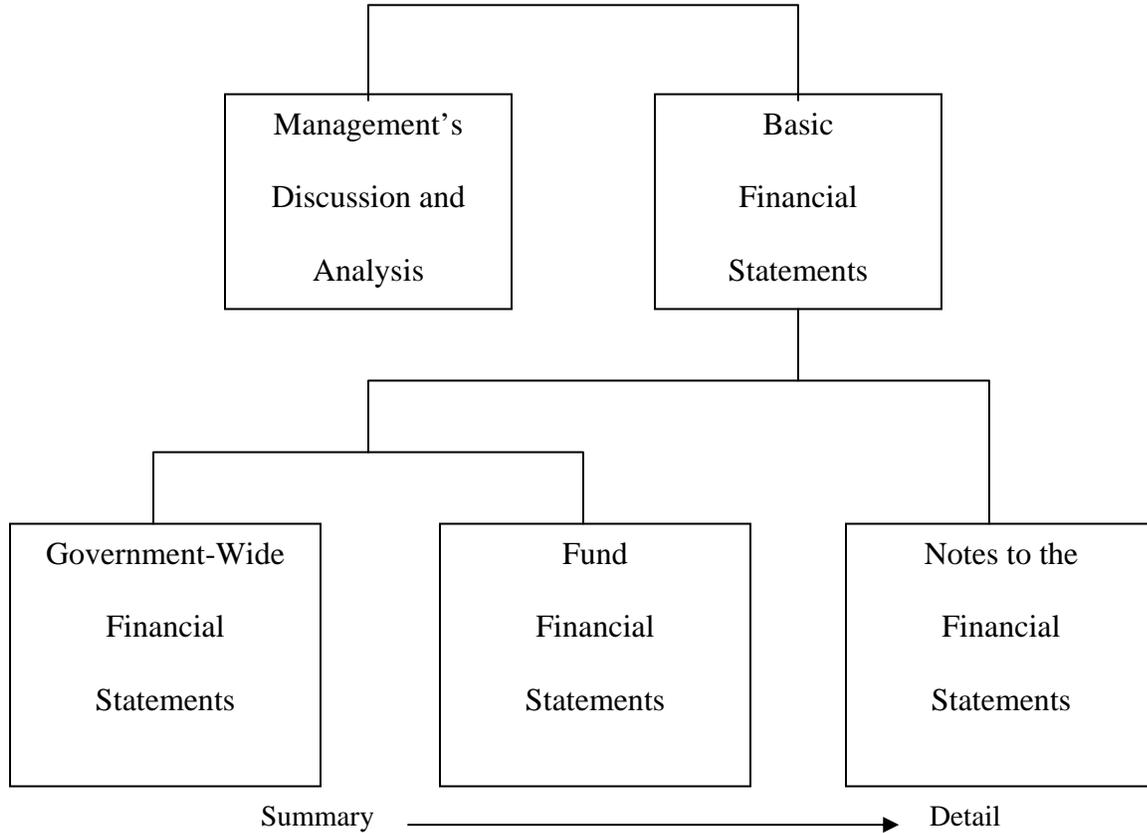
- As of the close of the current fiscal year, Wilkes County's governmental funds reported combined ending fund balances of \$11,345,783. Approximately 35 percent of this total amount, or \$3,985,330, is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$3,445,922, or 5 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 A3 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, culture and recreation, 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 Fines and Forfeitures Fund accounts for various legal fines and forfeitures that the County is required to remit to Wilkes County Board of Education, and the 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 Motor Vehicle Tax Fund accounts for property taxes and registered motor vehicle property taxes 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	
	2009	2008	2009	2008	2009	2008
<b>Assets:</b>						
Current and other assets	\$ 17,063,359	\$ 25,407,182	\$ 3,966,356	\$ 5,242,791	\$ 21,029,715	\$ 30,649,973
Capital assets, net	21,949,587	20,841,609	16,461,493	14,730,277	38,411,080	35,571,886
Total assets	<u>39,012,946</u>	<u>46,248,791</u>	<u>20,427,849</u>	<u>19,973,068</u>	<u>59,440,795</u>	<u>66,221,859</u>
<b>Liabilities:</b>						
Long-term liabilities	52,817,545	55,331,801	6,057,898	5,591,120	58,875,443	60,922,921
Other liabilities	2,153,905	4,967,236	214,389	426,733	2,368,294	5,393,969
Total liabilities	<u>54,971,450</u>	<u>60,299,037</u>	<u>6,272,287</u>	<u>6,017,853</u>	<u>61,243,737</u>	<u>66,316,890</u>
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	21,674,045	19,730,853	16,432,907	14,674,133	38,106,952	34,404,986
Restricted	330,942	280,493	-	-	330,942	280,493
Unrestricted	<u>(37,963,491)</u>	<u>(34,061,592)</u>	<u>(2,277,345)</u>	<u>(718,918)</u>	<u>(40,240,836)</u>	<u>(34,780,513)</u>
Total net assets	<u>\$ (15,958,504)</u>	<u>\$ (14,050,246)</u>	<u>\$ 14,155,562</u>	<u>\$ 13,955,215</u>	<u>\$ (1,802,942)</u>	<u>\$ (95,034)</u>

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The liabilities of Wilkes County exceeded assets by \$1,802,942 as of June 30, 2009. The County's net assets decreased by \$1,707,908 for the fiscal year ended June 30, 2009. 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, \$330,942, represents resources that are subject to external restrictions on how they may be used. The remaining balance is an unrestricted deficit of \$40,240,836. This deficit is a presentation of the fact that Wilkes County carries over \$48,325,000 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 almost \$1,100,000 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 94.25 %.

## Wilkes County's Changes in Net Assets

### Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Revenues:</b>						
Program revenues:						
Charges from services	\$ 10,170,660	\$ 8,954,243	\$ 3,022,549	\$ 3,300,990	\$ 13,193,209	\$ 12,255,233
Operating grants and contributions	8,883,647	8,548,934	-	-	8,883,647	8,548,934
Capital grants and contributions	1,663,888	1,064,857	1,050,000	785,812	2,713,888	1,850,669
General revenues:						
Property taxes	35,621,901	33,397,739	-	-	35,621,901	33,397,739
Other taxes	13,636,932	16,292,934	-	88,431	13,636,932	16,381,365
Grants and contributions not restricted to specific programs	299,943	25,386	-	-	299,943	25,386
Other	375,507	1,721,864	106,643	257,528	482,150	1,979,392
Total revenues	<u>70,652,478</u>	<u>70,005,957</u>	<u>4,179,192</u>	<u>4,432,761</u>	<u>74,831,670</u>	<u>74,438,718</u>
<b>Expenses:</b>						
General government	6,749,801	5,324,762	-	-	6,749,801	5,324,762
Public safety	17,741,360	14,342,113	-	-	17,741,360	14,342,113
Economic and physical development	2,370,544	2,095,074	-	-	2,370,544	2,095,074
Environmental protection	107,506	169,255	-	-	107,506	169,255
Human services	22,888,876	23,754,471	-	-	22,888,876	23,754,471
Cultural and recreation	1,852,051	1,777,224	-	-	1,852,051	1,777,224
Education	18,377,654	29,739,007	-	-	18,377,654	29,739,007
Interest on long-term debt	2,472,944	2,615,083	-	-	2,472,944	2,615,083
Airport	-	-	1,363,994	1,747,459	1,363,994	1,747,459
Landfill	-	-	2,614,848	2,593,009	2,614,848	2,593,009
Total expenses	<u>72,560,736</u>	<u>79,816,989</u>	<u>3,978,842</u>	<u>4,340,468</u>	<u>76,539,578</u>	<u>84,157,457</u>
Increase (decrease) in net assets	(1,908,258)	(9,811,032)	200,350	92,293	(1,707,908)	(9,718,739)
Net assets - July 1	<u>(14,050,246)</u>	<u>(4,496,767)</u>	<u>13,955,212</u>	<u>13,862,919</u>	<u>(95,034)</u>	<u>9,366,152</u>
Prior period adjustment	-	257,553	-	-	-	257,553
Net assets - July 1, as restated	<u>-</u>	<u>(4,239,214)</u>	<u>-</u>	<u>13,862,919</u>	<u>-</u>	<u>9,623,705</u>
Net assets - June 30	<u>\$ (15,958,504)</u>	<u>\$ (14,050,246)</u>	<u>\$ 14,155,562</u>	<u>\$ 13,955,212</u>	<u>\$ (1,802,942)</u>	<u>\$ (95,034)</u>

**Governmental activities.** Governmental activities decreased the County's net assets by \$1,908,258. Key elements of this decrease are as follows:

- Decrease in revenues for local option sales tax and related revenues for the year due to the economy.
- Recording of the Other Post-Employment Benefits liability of approximately \$1.2 million in the current year.

**Business-type activities:** Business-type activities increased Wilkes County's net assets by \$200,350. Key elements of this increase are as follows:

- Decrease in expenditures related to fuel and oil purchases at the Airport due to less activity as a result of the economy.
- Increase in construction in progress related to on-going construction for the Airport.

### **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, unreserved fund balance 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, unreserved fund balance of the General Fund was \$3,445,922, while total fund balance reached \$10,806,375. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 5 percent of total General Fund expenditures, while total fund balance represents 16 percent of that same amount.

At June 30, 2009, the governmental funds of Wilkes County reported a combined fund balance of \$11,345,783, a decrease over last year. The primary reason for this decrease is due to General Fund expenditures exceeding General Fund revenues by approximately \$3 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 decreased revenues by approximately \$3,602,670 (5%). 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 a \$1,233,159 deficit. Unrestricted net assets of the Landfill Fund at the end of the fiscal year totaled a \$1,044,186 deficit.

## Capital Asset and Debt Administration

**Capital assets.** Wilkes County's capital assets for its governmental and business-type activities as of June 30, 2009, totaled \$38,411,080 (net of accumulated depreciation). These assets include buildings, land, improvements, and equipment.

Major capital asset transactions during the year include:

- Purchase of a mobile health unit for \$291,542.
- Purchase of police vehicles in the current year of approximately \$275,000.
- Increase in construction in progress related to school improvements, jail construction, and airport construction.

### Wilkes County's Capital Assets

Figure 4

	Governmental Activities		Business-Type Activities		Total	Total
	2009	2008	2009	2008	2009	2008
Land	\$ 1,854,349	\$ 1,854,349	\$ 4,338,425	\$ 4,338,425	\$ 6,192,774	\$ 6,192,774
Buildings	16,160,897	16,160,897	792,737	792,737	16,953,634	16,953,634
Improvements	2,231,300	2,000,708	15,412,361	14,885,840	17,643,661	16,886,548
Machinery and equipment	10,758,387	9,703,267	3,139,219	3,084,314	13,897,606	12,787,581
Construction in progress	<u>1,494,817</u>	<u>633,261</u>	<u>3,329,703</u>	<u>1,623,379</u>	<u>4,824,520</u>	<u>2,256,640</u>
Total	32,499,750	30,352,482	27,012,445	24,724,695	59,512,195	84,236,890
Accumulated depreciation	<u>(10,550,163)</u>	<u>(9,510,874)</u>	<u>(10,550,952)</u>	<u>(9,994,418)</u>	<u>(21,101,115)</u>	<u>(19,505,292)</u>
Capital assets, net	<u>\$ 21,949,587</u>	<u>\$ 20,841,608</u>	<u>\$ 16,461,493</u>	<u>\$ 14,730,277</u>	<u>\$ 38,411,080</u>	<u>\$ 64,731,598</u>

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

## Long-Term Debt

### Wilkes County's Outstanding Debt

**Figure 5**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Installment purchase notes	\$ 49,700,542	\$ 53,568,308	\$ 28,586	\$ 56,142	\$ 49,729,128	\$ 53,624,450

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 \$400,600,000.

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, 2010**

**Governmental Activities:** The General Fund's overall revenue budget amount has been reduced from FY 08/09. Since a reduction in revenues is anticipated, expenditure amounts have been frozen or reduced by not giving annual salary adjustments, combining departmental responsibilities, and reducing special appropriations category. These decreases are expected to reduce revenue amounts by approximately 1% from the FY 08/09 actual amounts and 6% from the FY 08/09 final budget amounts.

**Business-Type Activities:** The budgeted expenditure amounts for the Airport Fund are expected to decrease by approximately 43% of the FY 08/09 actual amounts. This expectation is due to an anticipated decrease in construction and related projects at the Airport. The budgeted expenditure amounts for the Landfill Fund are expected to increase approximately 9%. This anticipated increase is due to the Landfill's expectation to purchase a new compactor and have new grant expenditures in FY 09/10.

### **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).

## WILKES COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS  
JUNE 30, 2009

	<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	\$ 7,938,280	\$ 348,149	\$ 8,286,429
Taxes receivable, net	2,879,490	-	2,879,490
Accounts receivable, net	1,743,182	255,351	1,998,533
Due from other governments	2,241,276	1,084,432	3,325,708
Inventories	24,927	73,091	98,018
Prepaid items	-	6,750	6,750
Internal balances	2,236,204	(2,236,204)	-
Restricted assets:			
Cash and cash equivalents	-	4,434,787	4,434,787
Capital assets:			
Land, improvements, and construction in progress	3,349,166	7,668,128	11,017,294
Other capital assets, net	<u>18,600,421</u>	<u>8,793,365</u>	<u>27,393,786</u>
Total assets	<u>39,012,946</u>	<u>20,427,849</u>	<u>59,440,795</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued expenses	1,573,504	214,389	1,787,893
Unearned revenues	580,401	-	580,401
Long-term liabilities:			
Due within one year	3,881,031	79,586	3,960,617
Due in more than one year	<u>48,936,514</u>	<u>5,978,312</u>	<u>54,914,826</u>
Total liabilities	<u>54,971,450</u>	<u>6,272,287</u>	<u>61,243,737</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	21,674,045	16,432,907	38,106,952
Restricted for:			
Public safety	35,534	-	35,534
Register of Deeds	295,408	-	295,408
Unrestricted	<u>(37,963,491)</u>	<u>(2,277,345)</u>	<u>(40,240,836)</u>
Total net assets	<u>\$ (15,958,504)</u>	<u>\$ 14,155,562</u>	<u>\$ (1,802,942)</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, 2009**

Functions/Programs	<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>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 6,749,801	\$ 723,713	\$ -	\$ 7,750
Public safety	17,741,360	3,673,717	336,686	-
Environmental protection	107,506	-	209,000	-
Economic and physical development	2,370,544	576,287	47,584	204,228
Human services	22,888,876	5,061,552	8,290,377	-
Cultural and recreational	1,852,051	135,391	-	-
Education	18,377,654	-	-	1,451,910
Interest on long-term debt	2,472,944	-	-	-
Total governmental activities	<u>72,560,736</u>	<u>10,170,660</u>	<u>8,883,647</u>	<u>1,663,888</u>
<b>Business-Type Activities:</b>				
Landfill	2,614,848	2,028,009	-	-
Airport	1,363,994	994,540	-	1,050,000
Total business-type activities	<u>3,978,842</u>	<u>3,022,549</u>	<u>-</u>	<u>1,050,000</u>
Total primary government	<u>\$ 76,539,578</u>	<u>\$ 13,193,209</u>	<u>\$ 8,883,647</u>	<u>\$ 2,713,888</u>

**General Revenues:**

Ad valorem taxes  
 Local option sales tax  
 Other taxes and licenses  
 Grants and contributions not restricted to specific programs  
 Investment earnings  
 Miscellaneous  
 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>
\$ (6,018,338)	\$ -	\$ (6,018,338)
(13,730,957)	-	(13,730,957)
101,494	-	101,494
(1,542,445)	-	(1,542,445)
(9,536,947)	-	(9,536,947)
(1,716,660)	-	(1,716,660)
(16,925,744)	-	(16,925,744)
(2,472,944)	-	(2,472,944)
(51,842,541)	-	(51,842,541)
-	(586,839)	(586,839)
-	680,546	680,546
-	93,707	93,707
(51,842,541)	93,707	(51,748,834)
35,621,901	-	35,621,901
13,262,907	-	13,262,907
374,025	-	374,025
299,943	-	299,943
375,507	81,577	457,084
-	25,066	25,066
49,934,283	106,643	50,040,926
(1,908,258)	200,350	(1,707,908)
(14,050,246)	13,955,212	(95,034)
\$ (15,958,504)	\$ 14,155,562	\$ (1,802,942)

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

## WILKES COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2009

	<u>General Fund</u>	<u>Law Enforcement Center/Jail Construction Project</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 5,681,111	\$ -	\$ 2,257,169	\$ 7,938,280
Receivables, net	4,373,174	-	249,498	4,622,672
Due from other governments	2,137,362	-	103,914	2,241,276
Due from other funds	3,808,219	-	19,229	3,827,448
Inventories	24,927	-	-	24,927
Total assets	<u>\$ 16,024,793</u>	<u>\$ -</u>	<u>\$ 2,629,810</u>	<u>\$ 18,654,603</u>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 1,304,617	\$ -	\$ 268,889	\$ 1,573,506
Due to other funds	19,229	-	77,198	96,427
Loan payable - General Fund	-	1,494,817	-	1,494,817
Unearned revenue	580,401	-	-	580,401
Deferred revenues	3,314,171	-	249,498	3,563,669
Total liabilities	<u>5,218,418</u>	<u>1,494,817</u>	<u>595,585</u>	<u>7,308,820</u>
<b>Fund Balances:</b>				
Reserved For:				
Inventories	24,927	-	-	24,927
State statue	7,004,584	-	-	7,004,584
Crime prevention	35,534	-	-	35,534
Register of Deeds	295,408	-	-	295,408
Unreserved:				
Undesignated	3,445,922	-	-	3,445,922
Unreserved, reported in:				
Special revenue funds	-	-	1,431,331	1,431,331
Capital project funds	-	(1,494,817)	602,894	(891,923)
Total fund balances	<u>10,806,375</u>	<u>(1,494,817)</u>	<u>2,034,225</u>	<u>11,345,783</u>
Total liabilities and fund balances	<u>\$ 16,024,793</u>	<u>\$ -</u>	<u>\$ 2,629,810</u>	<u>\$ 18,654,603</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.	21,949,587
Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(52,817,545)
Deferred revenues in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end. These receivables are a component of net assets in the Statement of Net Assets.	<u>3,563,671</u>
Net assets of governmental activities (Exhibit A)	<u>\$ (15,958,504)</u>

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

## WILKES COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

	<u>General Fund</u>	<u>Law Enforcement Center/Jail Construction Project</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Revenues:</b>				
Ad valorem taxes	\$ 31,416,809	\$ -	\$ 3,101,851	\$ 34,518,660
Local option sales taxes	13,262,907	-	-	13,262,907
Other taxes and licenses	129,742	-	-	129,742
Unrestricted intergovernmental revenues	299,943	-	-	299,943
Restricted intergovernmental revenues	10,479,280	-	309,539	10,788,819
Permits and fees	459,550	-	-	459,550
Sales and services	7,669,670	-	-	7,669,670
E-911 telephone surcharge	-	-	611,073	611,073
Interest earned on investments	314,171	-	61,336	375,507
Miscellaneous	1,365,873	-	-	1,365,873
Total revenues	<u>65,397,945</u>	<u>-</u>	<u>4,083,799</u>	<u>69,481,744</u>
<b>Expenditures:</b>				
Current:				
General government	5,622,076	-	-	5,622,076
Public safety	11,589,983	-	5,783,491	17,373,474
Environmental protection	104,025	-	-	104,025
Economic and physical development	2,166,959	-	203,186	2,370,145
Human services	22,586,922	-	-	22,586,922
Cultural and recreation	1,706,014	-	-	1,706,014
Education	18,377,654	-	-	18,377,654
Capital outlay	-	861,556	57,130	918,686
Debt service:				
Principal repayments	3,867,769	-	-	3,867,769
Interest	2,472,941	-	-	2,472,941
Total expenditures	<u>68,494,343</u>	<u>861,556</u>	<u>6,043,807</u>	<u>75,399,706</u>
Revenues over (under) expenditures	<u>(3,096,398)</u>	<u>(861,556)</u>	<u>(1,960,008)</u>	<u>(5,917,962)</u>
<b>Other Financing Sources (Uses):</b>				
Sale of capital assets	32,482	-	-	32,482
Net change in fund balances	(3,063,916)	(861,556)	(1,960,008)	(5,885,480)
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>13,870,291</u>	<u>(633,261)</u>	<u>3,994,233</u>	<u>17,231,263</u>
End of year - June 30	<u>\$ 10,806,375</u>	<u>\$ (1,494,817)</u>	<u>\$ 2,034,225</u>	<u>\$ 11,345,783</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, 2009

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

Net change in fund balances - total governmental funds (Exhibit D)	\$ (5,885,480)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,124,283
Revenues in this Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.	1,138,252
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amount are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	3,867,766
Some expenses reported in the Statement of Activites do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(2,153,079)</u>
Total changes in net assets of governmental activities	<u><u>\$ (1,908,258)</u></u>

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

## WILKES COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final		With Final Over/(Under)
<b>Revenues:</b>				
Ad valorem taxes	\$ 32,631,344	\$ 32,840,516	\$ 31,416,809	\$ (1,423,707)
Local option sales tax	15,011,672	14,335,120	13,262,907	(1,072,213)
Other taxes and licenses	230,000	230,000	129,742	(100,258)
Unrestricted intergovernmental revenues	258,400	258,400	299,943	41,543
Restricted intergovernmental revenues	10,326,003	11,607,481	10,479,280	(1,128,201)
Permits and fees	541,500	541,500	459,550	(81,950)
Sales and services	7,180,846	8,070,383	7,669,670	(400,713)
Investment earnings	300,000	300,000	314,171	14,171
Miscellaneous	1,386,283	1,522,160	1,365,873	(156,287)
Total revenues	<u>67,866,048</u>	<u>69,705,560</u>	<u>65,397,945</u>	<u>(4,307,615)</u>
<b>Expenditures:</b>				
General government	5,815,853	6,239,609	5,622,076	617,533
Public safety	12,145,637	12,045,475	11,589,983	455,492
Environmental protection	125,000	105,000	104,025	975
Economic and physical development	2,048,077	2,425,918	2,166,959	258,959
Human services	23,587,060	24,739,331	22,586,922	2,152,409
Cultural and recreation	1,861,022	1,739,860	1,706,014	33,846
Education	18,178,287	18,460,607	18,377,654	82,953
Debt service:				
Principal repayments	3,867,769	3,867,769	3,867,769	-
Interest	2,473,444	2,473,444	2,472,941	503
Total expenditures	<u>70,102,149</u>	<u>72,097,013</u>	<u>68,494,343</u>	<u>3,602,670</u>
Revenues over (under) expenditures	<u>(2,236,101)</u>	<u>(2,391,453)</u>	<u>(3,096,398)</u>	<u>(704,945)</u>
<b>Other Financing Sources (Uses):</b>				
Sale of capital assets	25,000	25,000	32,482	7,482
Appropriated fund balance	2,211,101	2,366,453	-	(2,366,453)
Total other financing sources (uses)	<u>2,236,101</u>	<u>2,391,453</u>	<u>32,482</u>	<u>(2,358,971)</u>
Revenues over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>(3,063,916)</u>	<u>\$ (3,063,916)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>13,870,291</u>	
End of year - June 30			<u>\$ 10,806,375</u>	

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

## WILKES COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2009

	Enterprise Funds		Total
	Landfill Fund	Airport Fund	
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 347,649	\$ 500	\$ 348,149
Receivables, net	220,308	35,043	255,351
Inventories	-	73,091	73,091
Due from other governments	24,353	1,060,079	1,084,432
Prepays	-	6,750	6,750
Total current assets	<u>592,310</u>	<u>1,175,463</u>	<u>1,767,773</u>
Non-current assets:			
Restricted cash and cash equivalents	4,434,787	-	4,434,787
Capital assets:			
Land, improvements, and construction in progress	2,012,068	5,656,060	7,668,128
Other capital assets, net	3,634,571	5,158,794	8,793,365
Total capital assets	<u>5,646,639</u>	<u>10,814,854</u>	<u>16,461,493</u>
Total non-current assets	<u>10,081,426</u>	<u>10,814,854</u>	<u>20,896,280</u>
Total assets	10,673,736	11,990,317	22,664,053
<b>Liabilities and Net Assets:</b>			
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	68,496	145,893	214,389
Due to other funds	-	2,236,204	2,236,204
Current portion of compensated absences	43,000	8,000	51,000
Current portion of long-term debt	-	28,586	28,586
Total current liabilities	<u>111,496</u>	<u>2,418,683</u>	<u>2,530,179</u>
Non-current liabilities:			
Accrued landfill closure and post-closure care costs	5,870,000	-	5,870,000
Compensated absences - non-current	41,438	4,281	45,719
OPEB Liability	48,349	14,244	62,593
Total non-current liabilities	<u>5,959,787</u>	<u>18,525</u>	<u>5,978,312</u>
Total liabilities	<u>6,071,283</u>	<u>2,437,208</u>	<u>8,508,491</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	5,646,639	10,786,268	16,432,907
Unrestricted	<u>(1,044,186)</u>	<u>(1,233,159)</u>	<u>(2,277,345)</u>
Total net assets	<u>\$ 4,602,453</u>	<u>\$ 9,553,109</u>	<u>\$ 14,155,562</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, 2009

	Enterprise Funds		
	Landfill Fund	Airport Fund	Total
<b>Operating Revenues:</b>			
Charges for services	\$ 1,790,663	\$ 867,487	\$ 2,658,150
Rents	-	119,987	119,987
Other operating revenues	237,346	7,066	244,412
Total operating revenues	<u>2,028,009</u>	<u>994,540</u>	<u>3,022,549</u>
<b>Operating Expenses:</b>			
Airport operations	-	1,030,851	1,030,851
Landfill operations	1,954,596	-	1,954,596
Landfill closure and post-closure care costs	435,000	-	435,000
Depreciation	225,252	331,282	556,534
Total operating expenses	<u>2,614,848</u>	<u>1,362,133</u>	<u>3,976,981</u>
Operating income (loss)	<u>(586,839)</u>	<u>(367,593)</u>	<u>(954,432)</u>
<b>Non-operating Revenues (Expenses):</b>			
Interest earned on investments	103,129	(21,552)	81,577
Interest expense	-	(1,861)	(1,861)
Insurance reimbursements	23,572	1,494	25,066
Total non-operating revenues (expenses)	<u>126,701</u>	<u>(21,919)</u>	<u>104,782</u>
Income (loss) before capital contributions	(460,138)	(389,512)	(849,650)
Capital contributions	-	1,050,000	1,050,000
Change in net assets	(460,138)	660,488	200,350
<b>Net Assets:</b>			
Beginning of year - July 1	<u>5,062,591</u>	<u>8,892,621</u>	<u>13,955,212</u>
End of year - June 30	<u>\$ 4,602,453</u>	<u>\$ 9,553,109</u>	<u>\$ 14,155,562</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, 2009

	Enterprise Funds		
	Landfill Fund	Airport Fund	Total
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ 2,050,603	\$ 1,092,690	\$ 3,143,293
Cash paid for goods and services	(1,196,935)	(1,641,816)	(2,838,751)
Cash paid to employees for services	(833,517)	(243,260)	(1,076,777)
Net cash provided (used) by operating activities	20,151	(792,386)	(772,235)
<b>Cash Flows from Non-capital Financing Activities:</b>			
Due to other funds	-	1,981,204	1,981,204
Other nonoperating revenue	23,572	1,494	25,066
Net cash provided (used) by non-capital financing activities	23,572	1,982,698	2,006,270
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	(97,087)	(2,190,663)	(2,287,750)
Principal paid on long-term debt	-	(27,556)	(27,556)
Interest and fees	-	(1,861)	(1,861)
Capital contributions	-	1,050,000	1,050,000
Net cash provided (used) for capital and related financing activities	(97,087)	(1,170,080)	(1,267,167)
<b>Cash Flows from Investing Activities:</b>			
Interest on investments	103,129	(21,552)	81,577
Net increase (decrease) in cash and cash equivalents	49,765	(1,320)	48,445
<b>Cash and Cash Equivalents - Beginning of Year</b>	4,732,671	1,820	4,734,491
<b>Cash and Cash Equivalents - End of Year</b>	\$ 4,782,436	\$ 500	\$ 4,782,936
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ (586,839)	\$ (367,593)	\$ (954,432)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	225,252	331,282	556,534
Landfill closure and post-closure care costs	435,000	-	435,000
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(13)	(635,309)	(635,322)
Increase (decrease) in accounts payable and accrued liabilities	(98,053)	(114,294)	(212,347)
Increase (decrease) in inventory	-	(21,002)	(21,002)
Increase (decrease) in OPEB	48,349	14,244	62,593
Increase (decrease) in accrued vacation pay	(3,545)	286	(3,259)
Total adjustments	606,990	(424,793)	182,197
Net cash provided (used) by operating activities	\$ 20,151	\$ (792,386)	\$ (772,235)

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

**WILKES COUNTY, NORTH CAROLINA**

**STATEMENT OF FIDUCIARY NET ASSETS**

**FIDUCIARY FUNDS**

**JUNE 30, 2009**

	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ <u>166,462</u>
<b>Liabilities:</b>	
Miscellaneous liabilities	\$ 164,208
Intergovernmental payable - State of North Carolina	<u>2,254</u>
Total liabilities	<u>\$ 166,462</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, 2009

### I. 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.

**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.

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

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 Fund.** 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 Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to Wilkes County Board of Education and the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles; and the Motor Vehicle Tax 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.

**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.

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

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 2008 through February 2009 apply to the fiscal year ended June 30, 2009. Uncollected taxes, which were billed during this period, are shown as a receivable on these financial statements and are offset by deferred revenues.

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.

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

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.

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.

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

### **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, 2008. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

### **Allowances for Doubtful Accounts**

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

### **Inventories and Prepaid Items**

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

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

### **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.

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

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

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

### Long-Term Obligations

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

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as 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** - 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.

**Unrestricted net assets** - The County has issued debt for the acquisition and construction of capital assets that are not reported as assets of the County. This debt has been issued for the construction of public schools and community college facilities. The General Statutes do not permit public schools and community colleges to issue debt for the acquisition and construction of facilities. Responsibility for providing these facilities lies with the County. The titles to these assets are held by Wilkes County Board of Education and Wilkes Community College and the assets are reported on their financial statements.

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

These debt issues were necessary to provide for the education of the citizens of the County. The outstanding amount of this debt, \$49,425,000, has been reported in the Statement of Net Assets as a long-term liability.

### **Fund Balances**

In the governmental fund financial statements, reservations or restrictions of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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

The governmental fund types classify fund balances as follows:

### **Reserved**

Reserved for inventories - portion of fund balance not available for appropriation because it represents the year-end fund balance of ending inventories, which are not expendable, available resources.

Reserved by State statute - portion of fund balance, in addition to reserves for inventories, which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables that are not offset by deferred revenues.

Reserved for drug crime prevention - portion of fund balance available to pay for drug crime prevention. This amount is comprised of unexpended receipts from State and federal sources from excise taxes and confiscations.

Reserved for Register of Deeds - portion of fund balance that is reserved for technology improvements in Register of Deeds office. This amount is a percentage of certain revenues in the Register of Deeds office.

### **Unreserved**

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

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

### **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, 2009

### II. Stewardship, Compliance, and Accountability

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

The Law Enforcement Center/Jail Construction Project has a deficit fund balance of \$1,494,817, which is in violation of G.S. 159-13(b)(2). The County will obtain financing and/or grants to cover expenditures in these funds.

### III. 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, 2009, the County's deposits had a carrying amount of \$10,777,859 and a bank balance of \$11,484,437. Of the bank balance, \$3,956,868 was covered by federal depository insurance and \$7,527,569 in interest-bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2009, Wilkes County had \$5,275 cash on hand.

##### Investments

At June 30, 2009, Wilkes County had \$2,104,544 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.

**WILKES COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**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>
2006	\$ 1,198,741	\$ 347,635	\$ 1,546,376
2007	2,733,169	546,634	3,279,803
2008	2,944,738	323,921	3,268,659
2009	<u>3,079,955</u>	<u>61,599</u>	<u>3,141,554</u>
Total	<u>\$ 9,956,603</u>	<u>\$ 1,279,789</u>	<u>\$ 11,236,392</u>

**WILKES COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**Receivables**

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

	<u>Accounts</u>	<u>Taxes</u>	<u>Due from Other Governments</u>	<u>Other</u>	<u>Total</u>
<b>Governmental Activities:</b>					
General	\$ 3,183,510	\$ 3,437,992	\$ 2,137,362	\$ 1,150,338	\$ 9,909,202
Other government	-	326,498	103,914	-	430,412
Total receivables	<u>3,183,510</u>	<u>3,764,490</u>	<u>2,241,276</u>	<u>1,150,338</u>	<u>10,339,614</u>
Allowance for doubtful accounts	<u>(2,590,666)</u>	<u>(885,000)</u>	-	-	<u>(3,475,666)</u>
Total governmental activities	<u>\$ 592,844</u>	<u>\$ 2,879,490</u>	<u>\$ 2,241,276</u>	<u>\$ 1,150,338</u>	<u>\$ 6,863,948</u>
<b>Business-type Activities:</b>					
Airport	\$ 35,043	\$ -	\$ 1,060,079	\$ -	\$ 1,095,122
Landfill	240,308	-	24,353	-	264,661
Total receivables	<u>275,351</u>	<u>-</u>	<u>1,084,432</u>	<u>-</u>	<u>1,359,783</u>
Allowance for doubtful accounts	<u>(20,000)</u>	-	-	-	<u>(20,000)</u>
Total business-type activities	<u>\$ 255,351</u>	<u>\$ -</u>	<u>\$ 1,084,432</u>	<u>\$ -</u>	<u>\$ 1,339,783</u>

The due from other governments that is owed to the County consists of the following:

	<u>General</u>	<u>Other Governmental</u>	<u>Total Governmental</u>	<u>Airport</u>	<u>Landfill</u>	<u>Total Business- Type</u>
Grants	\$ -	\$ 44,532	\$ 44,532	\$ 650,000	\$ -	\$ 650,000
Local option sales tax	1,986,151	-	1,986,151	-	-	-
Sales tax	151,211	59,382	210,593	10,079	24,353	34,432
Reimbursements	-	-	-	400,000	-	400,000
Total	<u>\$ 2,137,362</u>	<u>\$ 103,914</u>	<u>\$ 2,241,276</u>	<u>\$ 1,060,079</u>	<u>\$ 24,353</u>	<u>\$ 1,084,432</u>

**WILKES COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**Capital Assets**

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 1,854,349	\$ -	\$ -	\$ 1,854,349
Construction in progress	<u>633,261</u>	<u>861,556</u>	<u>-</u>	<u>1,494,817</u>
Total capital assets not being depreciated	<u>2,487,610</u>	<u>-</u>	<u>-</u>	<u>3,349,166</u>
<b>Capital Assets Being Depreciated:</b>				
Buildings	16,160,897	-	-	16,160,897
Other improvements	2,000,708	230,592	-	2,231,300
Equipment	<u>9,703,267</u>	<u>1,137,160</u>	<u>82,040</u>	<u>10,758,387</u>
Total capital assets being depreciated	<u>27,864,872</u>	<u>1,367,752</u>	<u>82,040</u>	<u>29,150,584</u>
<b>Less Accumulated Depreciation For:</b>				
Buildings	3,501,077	331,145	-	3,832,222
Other improvements	442,144	96,281	-	538,425
Equipment	<u>5,567,653</u>	<u>677,601</u>	<u>65,738</u>	<u>6,179,516</u>
Total accumulated depreciation	<u>9,510,874</u>	<u>\$ 1,105,027</u>	<u>\$ 65,738</u>	<u>10,550,163</u>
Total capital assets being depreciated, net	<u>18,353,998</u>			<u>18,600,421</u>
<b>Governmental Activity Capital Assets, Net</b>	<u>\$ 20,841,608</u>			<u>\$ 21,949,587</u>

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

General government	\$ 377,187
Public safety	470,916
Economic and physical development	3,481
Human Services	118,060
Cultural and recreational	<u>135,383</u>
Total	<u>\$ 1,105,027</u>

**WILKES COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-Type Activities:</b>				
<b>Landfill:</b>				
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 2,012,068	\$ -	\$ -	\$ 2,012,068
<b>Capital Assets Being Depreciated:</b>				
Buildings	363,638	-	-	363,638
Other improvements	5,281,066	42,182	-	5,323,248
Equipment	<u>3,008,316</u>	<u>54,905</u>	-	<u>3,063,221</u>
Total capital assets being depreciated	<u>8,653,020</u>	<u>97,087</u>	-	<u>8,750,107</u>
<b>Less Accumulated Depreciation for:</b>				
Buildings	336,523	3,580	-	340,103
Other improvements	3,111,479	32,938	-	3,144,417
Equipment	<u>1,442,282</u>	<u>188,734</u>	-	<u>1,631,016</u>
Total accumulated depreciation	<u>4,890,284</u>	<u>\$ 225,252</u>	<u>\$ -</u>	<u>5,115,536</u>
Total capital assets being depreciated, net	<u>3,762,736</u>			<u>3,634,571</u>
Landfill capital assets, net	<u>5,774,804</u>			<u>5,646,639</u>
<b>Airport:</b>				
<b>Capital Assets Not Being Depreciated:</b>				
Land	2,326,357	-	-	2,326,357
Construction in progress	<u>1,623,379</u>	<u>1,706,324</u>	-	<u>3,329,703</u>
Total capital assets not being depreciated	<u>3,949,736</u>	<u>1,706,324</u>	-	<u>5,656,060</u>
<b>Capital Assets Being Depreciated:</b>				
Buildings	429,099	-	-	429,099
Other improvements	9,604,774	484,339	-	10,089,113
Equipment	<u>75,998</u>	-	-	<u>75,998</u>
Total capital assets being depreciated	<u>10,109,871</u>	<u>484,339</u>	-	<u>10,594,210</u>
<b>Less Accumulated Depreciation for:</b>				
Buildings	34,150	14,210	-	48,360
Other improvements	4,994,464	316,595	-	5,311,059
Equipment	<u>75,520</u>	<u>477</u>	-	<u>75,997</u>
Total accumulated depreciation	<u>5,104,134</u>	<u>\$ 331,282</u>	<u>\$ -</u>	<u>5,435,416</u>
Total capital assets being depreciated, net	<u>5,005,737</u>			<u>5,158,794</u>
Airport capital assets, net	<u>8,955,473</u>			<u>10,814,854</u>
Business-type activities capital assets, net	<u>\$ 14,730,277</u>			<u>\$ 16,461,493</u>

**WILKES COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**B. Liabilities**

**Payables**

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

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
<b>Governmental Activities</b>	\$ 1,573,338	\$ 166	\$ 1,573,504
<b>Business-Type Activities</b>			
Airport	\$ 145,361	\$ 532	\$ 145,893
Landfill	<u>68,464</u>	<u>32</u>	<u>68,496</u>
Total business-type activities	<u>\$ 213,825</u>	<u>\$ 564</u>	<u>\$ 214,389</u>

**Pension Plan Obligations**

**Local Governmental Employees' Retirement System**

**Plan Description.** Wilkes County contributes to the statewide 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.

**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 4.91% and 4.86%, 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, 2009, 2008, and 2007 were \$759,817, \$726,566, and \$706,027, respectively. The contributions made by the County equaled the required contributions for each year.

**WILKES COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**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, 2008, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>74</u>
Total	<u>76</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.

***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, 2007 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary 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, 2007 was 23 years.

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

**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	\$ 93,042
Interest on net pension obligation	23,667
Adjustment to annual required contribution	<u>(20,631)</u>
Annual pension costs	96,078
Contributions made	<u>28,959</u>
Increase (decrease) in net pension obligation	67,119
Net pension obligation, beginning of year	<u>326,437</u>
Net pension obligation, end of year	<u>\$ 393,556</u>

### Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2007	\$ 75,823	11.49%	\$ 261,965
6/30/2008	83,070	22.39%	326,437
6/30/2009	96,078	30.14%	393,556

### **Funded Status and Funding Progress**

As of December 31, 2007, 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 \$938,611. The covered payroll was \$2,528,173, and the ratio of the UAAL to the covered payroll was 37.13 percent.

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) 9891-5454.

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

**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, 2009 were \$125,518, which consisted of \$125,518 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) 9891-5454.

**Funding Policy.** On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2009, the County's required and actual contributions were \$5,931.

### Other Post-employment Benefits

**Plan Description.** In accordance with a County resolution, the County provides healthcare benefits 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 local government service and are at least 55 years of age at time of retirement, or ten (10) years of certified local government 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 15 retirees are purchasing health insurance through the County. The County is paying all or part of retirees' health insurance for 36 retirees based on years of service. For the fiscal year ended June 30, 2009, the County made payments for post-retirement health benefit premiums of \$228,883. A separate report was not issued for the Plan.

Membership of the post-employment health benefit plan consisted of the following at December 31, 2007, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	36
Active members	447
Total	<u>483</u>

**WILKES COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**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 local government service and are at least 55 years of age at time of retirement, or ten (10) years of certified local government 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 current annual required contribution rate (ARC) is 10.5% of annual covered payroll. For fiscal year 2009, the County contributed \$228,883, or 1.5 % of annual covered payroll. Contributions by employees for the fiscal year ended June 30, 2009 were \$70,644. 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	\$ 1,530,176
Contributions made	<u>228,883</u>
Increase (decrease) in net OPEB obligation	1,301,293
Net OPEB obligation, beginning of year	<u>-</u>
Net OPEB obligation, end of year	<u>\$ 1,301,293</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 were as follows:

<u>Year Ended June 30</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
2009	\$ 1,530,176	17.59%	\$ 1,301,293

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

***Funded Status and Funding Progress.*** As of December 31, 2007, 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 \$17,830,366. The covered payroll (annual payroll of active employees covered by the plan) was \$14,442,616, and the ratio of the UAAL to the covered payroll was 123.5%. 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, 2007 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) 11.00% - 5.00% medical cost trend rate with 2016 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, 2007 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, 2009**

**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 \$5,870,000 reported as landfill closure and post-closure care liability at June 30, 2009 represents a cumulative amount reported to date based on the use of 100% of cell 1, 100% of cell 2, and 21% of cell 3. The facility has 4 cells. These amounts are based on what it would cost to perform all closure and postclosure care in 2008. 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. A transfer of \$100,000 was made to the Landfill Closure and Post-closure Reserve Fund during the fiscal year ended June 30, 2009. These funds and transfers from prior years are held in investments with a cost of \$4,633,425 (market value \$4,633,425) 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 or unearned revenue on the fund statements and unearned revenues on the government-wide statements at year-end is composed of the following elements:

	<u>Deferred Revenue</u>	<u>Unearned Revenue</u>
Prepaid taxes not yet earned (General)	\$ -	\$ 146,931
Taxes receivable, net (General)	2,629,994	-
Taxes receivable, net (Special Revenue)	249,498	-
Other recievables, net (General)	684,177	-
Prepaid fees, not yet earned (General)	-	393,345
Unexpended grant proceeds (General)	-	40,125
Total	<u>\$ 3,563,669</u>	<u>\$ 580,401</u>

# **WILKES COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009**

### **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 St. Paul Guardian Insurance Group administered by Faw Insurance Agency. Through Faw Insurance, the County obtains insurance coverage of \$5 million per occurrence for commercial excess liability, general liability coverage of \$2 million per any one occurrence and workers' compensation coverage up to the statutory limits. Public official and law enforcement liability coverage is up to \$1 million per each claim with a commercial excess policy of \$5 million per each claim. Law enforcement liability coverage is up to \$5 million per each wrongful act. Through Faw Insurance, the County has blanket coverage for property and contents of \$37,184,981.

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, Register of Deeds and Sheriff are bonded for \$50,000 each; and the EMS Director is bonded for \$25,000. The remaining employees that have access to funds are bonded under a blanket bond for \$1,000,000.

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 insurance with a limit of \$1,000,000 per occurrence.

### **Contingent Liabilities**

At June 30, 2009, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

### **Long-Term Obligations**

#### **Installment Purchase Agreements**

The County's installment purchase agreements are used to finance certain capital acquisitions of the governmental activities. All installment purchases are collateralized by the fixed assets acquired.

The first agreement was executed June 30, 1970 for the construction of a dam and lake, and requires forty-four annual payments of \$17,336, followed by three annual payments of \$34,672. The second agreement, North Carolina Real Property Installment Financing, was executed on June 10, 1997 for the construction of a courthouse and library and a transfer to Wilkes Community College for a major repair. This agreement was modified in September 2004 to obtain a lower interest rate and better terms for the County. The modified agreement requires 12 semi-annual payments of \$559,004. The third agreement was executed on September 30, 2004, for a transfer to Wilkes Community College for a capital improvement campaign. The agreement requires 20 semi-annual payments of \$50,000, plus interest. The interest rate is 3.27%. The fourth agreement was executed on July 14, 2005 for the purchase of a building to be used as a senior center (a governmental activity) and an airport hangar. The agreement requires ten semi-annual payments of \$47,142, which includes interest computed at 3.74%.

**WILKES COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

As authorized by State law [G. S. 160A-20 and 153A-158.1], the County financed various property acquisitions for use by Wilkes County Board of Education by installment purchases. The installment purchases were issued, pursuant to a deed of trust, which requires that legal title remain with the County as long as the debt is outstanding. The County has entered into leases with Wilkes County Board of Education, which transfers the rights and responsibilities for maintenance and insurance of the properties to the Board of Education. The leases call for nominal annual lease payments and also contain a bargain purchase option. The lease terms are the same as that of the installment purchase obligation. Due to the economic substance of the transactions, the fixed assets associated with the installment purchase obligations are recorded by the Board of Education. The first installment purchase was executed on August 8, 2000 for construction of three middle schools for use by Wilkes County Board of Education. The transaction requires that the County make twenty annual principal payments in amounts that range from \$815,000 to \$1,285,000 and 41 semi-annual interest payments at interest rates which range from 4.75% to 5.375%. The second installment purchase obligation was executed on September 30, 2004 for expansion of an elementary school. The agreement requires 20 semi-annual payments of \$50,000, plus interest. The interest rate is 3.27%. The third installment purchase obligation was executed on August 15, 2006 for renovations of four high schools for use by Wilkes County Board of Education. The agreement requires that the County make 29 annual principal payments in amounts that range from \$1,215,000 to \$1,225,000 and 60 semi-annual interest payments at interest rates which range from 4.00% to 5.00%.

For Wilkes County, the future minimum payments as of June 30, 2009 are as follows:

<b>Year Ending</b>	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>June 30</b>			
2010	\$ 2,781,031	\$ 2,317,474	\$ 5,098,505
2011	2,718,283	2,197,352	4,915,635
2012	2,718,641	2,077,457	4,796,098
2013	2,719,010	1,957,445	4,676,455
2014	2,719,388	1,837,155	4,556,543
2015-2019	12,715,416	7,375,382	20,090,798
2020-2024	8,693,773	4,561,999	13,255,772
2025-2029	6,100,000	3,017,469	9,117,469
2030-2034	6,105,000	1,520,144	7,625,144
2035-2036	2,430,000	182,250	2,612,250
<b>Total</b>	<b>\$ 49,700,542</b>	<b>\$ 27,044,127</b>	<b>\$ 76,744,669</b>

<b>Year Ending</b>	<b>Business-Type Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>June 30,</b>			
2010	\$ 28,586	\$ 812	\$ 29,398

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

### Long-Term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2009:

	<u>Balance July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2009</u>	<u>Current Portion of Balance</u>
<b>Governmental Activities:</b>					
Installment purchase	\$ 53,568,308	\$ -	\$ 3,867,766	\$ 49,700,542	\$ 2,781,031
Compensated absences	1,437,055	1,134,689	1,086,997	1,484,747	1,100,000
Net pension obligation	326,437	67,119	-	393,556	-
Net OPEB obligation	-	1,467,583	228,883	1,238,700	-
Total governmental activities	<u>\$ 55,331,800</u>	<u>\$ 2,669,391</u>	<u>\$ 5,183,646</u>	<u>\$ 52,817,545</u>	<u>\$ 3,881,031</u>
<b>Business-Type Activities:</b>					
Installment purchase	\$ 56,142	\$ -	\$ 27,556	\$ 28,586	\$ 28,586
Accrued landfill closure and post-closure care costs	5,435,000	435,000	-	5,870,000	-
Compensated absences	99,980	48,129	51,390	96,719	51,000
Net OPEB obligation	-	62,593	-	62,593	-
Total business-type activities	<u>\$ 5,591,122</u>	<u>\$ 545,722</u>	<u>\$ 78,946</u>	<u>\$ 6,057,898</u>	<u>\$ 79,586</u>

Compensated absences typically have been liquidated in the General Fund and 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, 2009, there were no industrial revenue bonds outstanding.

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

### C. Interfund Balances and Activity

#### Interfund Balances

Due to the General Fund from the High School Construction Project Fund for expenditures paid	\$	33,166
Due to General Fund from Law Enforcement Center Capital Project Fund to fund preliminary costs of Law Enforcement Center until loan is obtained		1,494,817
Due to General Fund from the Scattered Site III Project Fund for advances until grant funds are received.		35,522
Due to General Fund from the Poplar Spring Water Project Fund for advances until grant funds are received		9,010
Due to Fire District Fund from General Fund for property tax collections		19,229
Due to General Fund from Airport Fund to provide operating capital for airport		2,236,204
This amount is not expected to be repaid within one year		3,300,000

### IV. Related Organization

The County's governing board is responsible for appointing the members of the Board of the Wilkes Transportation 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.

### V. 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. 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 \$3,573,681 and \$150,000 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30,

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

2009. 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 2009. Complete financial statements for the 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 with fifteen other local governments. Wilkes County appoints two Board members to the thirty-member Board and one member to the advisory Board of Smokey Mountain Center. The County has an ongoing financial responsibility for the joint venture because Smokey Mountain Center's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in Smokey Mountain Center, so no equity interest has been reflected in the financial statements at June 30, 2009. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$398,990 to Smokey Mountain Center to supplement its activities. Complete financial statements for Smokey Mountain Center can be obtained from the entity's offices at 44 Bonnie Lane, Sylva, North Carolina 28779.

The County also participates in a joint venture to operate Appalachian Regional 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, 2009. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$762,246 to the Library to supplement its activities. Complete financial statements for the 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, 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 Wilkes Economic Development 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, 2009. The County appropriated \$255,000 to the Wilkes Economic Development Corporation during the year. Complete financial statements for the Corporation can be obtained from the Corporation's offices at P.O. Box 727, North Wilkesboro, North Carolina 28659.

### **VI. Jointly Governed Organization**

The County, in conjunction with six other counties and nineteen municipalities, established the High Country Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$34,220 to the Council during the fiscal year ended June 30, 2009.

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

# WILKES COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

### VII. Benefit Payments Issued by the State

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

	<u>Federal</u>	<u>State</u>
Medicaid	\$ 65,644,361	\$ 30,001,875
Women, Infants, and Children	1,423,857	-
Food Stamp Program	12,575,302	-
Temporary Assistance to Needy Families	1,131,377	-
Low Income Home Energy Assistance	759,699	-
LINKS	2,562	-
Foster Care	373,729	55,421
Adoption Assistance	414,187	77,934
State/County Special Assistane for Adults	-	566,385
CWS Adoption Subsidy	-	347,366
State Foster Home	-	157,771
State Foster Care HIV	-	14,400
SFHF Maximization	-	120,493
F/C at Risk Maximization	-	6,445
Foster Care at Risk	-	1,598
Foster Care Special Provision	-	78,516

### VIII. Summary Disclosure of Significant Commitments and Contingencies

#### Federal and State Assisted Programs

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

## WILKES COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2009

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b-a)/c]
		Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)			
12/31/08	\$ -	\$ 938,611	\$ 938,611	0.00%	\$ 2,528,173	37.13%
12/31/07	-	845,571	845,571	0.00%	2,231,243	37.90%
12/31/06	-	665,756	665,756	0.00%	2,271,030	29.32%
12/31/05	-	615,955	615,955	0.00%	2,160,847	28.51%
12/31/04	-	661,523	661,523	0.00%	1,925,400	34.36%
12/31/03	-	529,940	529,940	0.00%	1,909,004	27.76%
12/31/02	-	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
2009	\$ 93,042	31.12%
2008	83,070	22.39%
2007	75,823	11.49%
2006	79,931	10.90%

## 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	12/31/2007	
Actuarial cost method	Projected unit credit	
Amortization method	Level percent of pay, closed	
Remaining amortization period	23 years	
Asset valuation method	Market value	
Actuarial assumptions:		
Investment rate of return *	7.25%	* Includes inflation at 3.75%
Projected salary increases *	4.5 - 12.3%	
Cost of living adjustments	N/A	

## WILKES COUNTY, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2009

## 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 Percentage Covered Payroll (B - A) / C
		B					
12/31/07	\$ -	\$ 17,830,366		\$ 17,830,366	0.00%	\$ 14,442,616	123.5%

## Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
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	12/31/2007	
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%	* Includes inflation at 3.75%
Medical cost trend rate	5% - 11%	
Year of Ultimate trend rate	2016	

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Over /Under	
<b>Revenues:</b>				
<b>Ad Valorem Taxes:</b>				
Taxes	\$ 32,577,016	\$ 31,137,494	\$ (1,439,522)	\$ 30,899,023
Penalties and interest	263,500	279,315	15,815	301,666
Total	<u>32,840,516</u>	<u>31,416,809</u>	<u>(1,423,707)</u>	<u>31,200,689</u>
<b>Local Option Sales Taxes:</b>				
Article 39 one percent	4,900,232	4,799,935	(100,297)	5,300,139
Article 40 one-half of one percent	3,953,696	3,472,535	(481,161)	3,853,333
Article 42 one-half of one percent	3,928,614	3,475,281	(453,333)	3,829,081
Article 44 one-half of one percent	1,552,578	1,515,156	(37,422)	2,828,599
Total	<u>14,335,120</u>	<u>13,262,907</u>	<u>(1,072,213)</u>	<u>15,811,152</u>
<b>Other Taxes and Licenses:</b>				
Real estate transfer taxes	225,000	118,497	(106,503)	201,424
Privilege licenses	5,000	11,245	6,245	10,283
Total	<u>230,000</u>	<u>129,742</u>	<u>(100,258)</u>	<u>211,707</u>
<b>Unrestricted Intergovernmental:</b>				
Payments in lieu of taxes	8,400	35,441	27,041	16,783
Beer and wine tax	250,000	264,502	14,502	270,076
Total	<u>258,400</u>	<u>299,943</u>	<u>41,543</u>	<u>286,859</u>
<b>Restricted Intergovernmental:</b>				
Federal and State grants	10,350,871	9,212,742	(1,138,129)	8,929,182
Lottery proceeds	851,910	851,910	-	485,822
Court facility fees	150,000	163,883	13,883	170,213
Fines and forfeitures	48,000	27,939	(20,061)	36,758
Other	206,700	222,806	16,106	309,686
Total	<u>11,607,481</u>	<u>10,479,280</u>	<u>(1,128,201)</u>	<u>9,931,661</u>
<b>Permits and Fees:</b>				
Building permits	252,500	238,293	(14,207)	253,323
Register of Deeds	289,000	221,257	(67,743)	233,552
Total	<u>541,500</u>	<u>459,550</u>	<u>(81,950)</u>	<u>486,875</u>

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Over /Under	
<b>Sales and Services:</b>				
Ambulance and rescue squad fees	2,456,117	2,628,493	172,376	2,013,165
Jail fees	134,353	129,772	(4,581)	114,044
Rents and fees	5,337,462	4,776,014	(561,448)	4,666,618
Recreation fees	142,451	135,391	(7,060)	139,643
Total	8,070,383	7,669,670	(400,713)	6,933,470
<b>Investment Earnings:</b>				
Investment earnings	300,000	314,171	14,171	663,967
<b>Miscellaneous:</b>				
Other	1,522,160	1,365,873	(156,287)	1,038,423
Total revenues	69,705,560	65,397,945	(4,307,615)	66,564,803
<b>Expenditures:</b>				
<b>General Government:</b>				
<b>Governing Body:</b>				
Salaries and employee benefits	82,506	82,174		75,234
Other operating expenditures	176,550	165,948		167,533
Total	259,056	248,122	10,934	242,767
<b>Administration:</b>				
Salaries and employee benefits	286,807	286,600		297,728
Other operating expenditure:	11,107	9,999		8,319
Total	297,914	296,599	1,315	306,047
<b>Elections:</b>				
Salaries and employee benefits	212,379	206,436		171,911
Other operating expenditures	109,159	51,196		69,395
Total	321,538	257,632	63,906	241,306

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Over /Under	
<b>Finance:</b>				
Salaries and employee benefits	317,503	312,821		270,252
Other operating expenditures	17,538	14,857		13,101
Total	335,041	327,678	7,363	283,353
<b>Tax Administration:</b>				
Salaries and employee benefits	919,654	900,748		859,525
Other operating expenditures	181,412	172,438		190,705
Capital outlay	20,639	20,639		52,701
Total	1,121,705	1,093,825	27,880	1,102,931
<b>Legal:</b>				
Professional services	198,500	187,894	10,606	191,315
<b>Register of Deeds:</b>				
Salaries and employee benefits	290,235	273,499		268,864
Other operating expenditures	118,250	88,489		127,058
Total	408,485	361,988	46,497	395,922
<b>Public Buildings:</b>				
Salaries and employee benefits	85,491	85,351		80,408
Other operating expenditures	155,120	145,163		164,934
Capital outlay	234,560	194,962		136,559
Total	475,171	425,476	49,695	381,901
<b>Court Facilities:</b>				
Salaries and employee benefits	101,507	95,843		116,901
Other operating expenditures	197,261	183,088		171,821
Capital outlay	47,855	43,265		12,793
Total	346,623	322,196	24,427	301,515
<b>Central Services:</b>				
<b>Data Processing:</b>				
Salaries and employee benefits	135,463	135,462		126,744
Other operating expenditures	112,383	111,454		100,915
Capital outlay	35,000	34,993		41,805
Total	282,846	281,909	937	269,464

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Over /Under	
<b>Central Garage:</b>				
Salaries and employee benefits	259,981	257,687		229,508
Other operating expenditures	342,400	291,618		132,293
Capital outlay	22,000	21,879		14,150
Total	<u>624,381</u>	<u>571,184</u>	<u>53,197</u>	<u>375,951</u>
<b>Purchasing:</b>				
Salaries and employee benefits	84,125	84,092		75,545
Other operating expenditures	5,150	4,004		5,031
Total	<u>89,275</u>	<u>88,096</u>	<u>1,179</u>	<u>80,576</u>
<b>Other Central Services:</b>				
Other expenditures	608,074	542,349		569,027
Group insurance	871,000	617,128		469,395
Total	<u>1,479,074</u>	<u>1,159,477</u>	<u>319,597</u>	<u>1,038,422</u>
Total general government	<u>6,239,609</u>	<u>5,622,076</u>	<u>617,533</u>	<u>5,211,470</u>
<b>Public Safety:</b>				
<b>Sheriff:</b>				
Salaries and employee benefits	3,420,180	3,405,281		3,082,085
Other operating expenditures	332,844	294,820		515,999
Capital outlay	274,415	274,414		256,356
Total	<u>4,027,439</u>	<u>3,974,515</u>	<u>52,924</u>	<u>3,854,440</u>
<b>Drug Crime Prevention:</b>				
Other operating expenditures	65,000	49,575		96,395
Capital outlay	-	-		57,549
Total	<u>65,000</u>	<u>49,575</u>	<u>15,425</u>	<u>153,944</u>
<b>JAG Critical Response GRA:</b>				
Other operating expenditures	7,096	4,660		8,500
Capital outlay	-	-		15,000
Total	<u>7,096</u>	<u>4,660</u>	<u>2,436</u>	<u>23,500</u>

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Over /Under	
<b>Animal Control:</b>				
Salaries and employee benefits	337,195	337,174		298,656
Other operating expenditures	117,208	105,537		87,873
Capital outlay	-	-		18,913
Total	<u>454,403</u>	<u>442,711</u>	<u>11,692</u>	<u>405,442</u>
<b>Jail:</b>				
Salaries and employee benefits	1,344,117	1,332,059		1,234,840
Other operating expenditures	664,849	593,333		715,557
Capital outlay	-	-		55,007
Total	<u>2,008,966</u>	<u>1,925,392</u>	<u>83,574</u>	<u>2,005,404</u>
<b>Criminal Justice:</b>				
Salaries and employee benefits	55,908	54,004		51,169
Other operating expenditure:	68,031	51,198		47,647
Total	<u>123,939</u>	<u>105,202</u>	<u>18,737</u>	<u>98,816</u>
<b>Emergency Management:</b>				
Salaries and employee benefits	56,124	55,992		53,373
Other operating expenditure:	43,580	28,742		29,117
Total	<u>99,704</u>	<u>84,734</u>	<u>14,970</u>	<u>82,490</u>
<b>Fire:</b>				
Salaries and employee benefits	103,866	102,683		99,573
Other operating expenditures	99,613	93,851		87,655
Assistance to local fire department:	7,030	7,018		6,020
Total	<u>210,509</u>	<u>203,552</u>	<u>6,957</u>	<u>193,248</u>
<b>Inspections:</b>				
Salaries and employee benefits	669,774	618,976		619,647
Other operating expenditures	40,049	34,500		47,444
Capital outlay	-	-		31,024
Total	<u>709,823</u>	<u>653,476</u>	<u>56,347</u>	<u>698,115</u>
<b>Medical Examiner:</b>				
Other operating expenditures	<u>62,000</u>	<u>59,500</u>	<u>2,500</u>	<u>63,367</u>

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2009		Variance Over /Under	2008
	Budget	Actual		
<b>Emergency Medical Services:</b>				
Salaries and employee benefits	2,281,483	2,236,358		2,190,487
Other operating expenditures	615,326	528,155		508,123
Capital outlay	418,826	410,028		244,894
<b>Total</b>	<u>3,315,635</u>	<u>3,174,541</u>	141,094	<u>2,943,504</u>
<b>Emergency Communications Center:</b>				
Salaries and employee benefits	691,157	675,993		600,181
Other operating expenditures	256,804	236,132		89,564
Capital outlay	13,000	-		-
<b>Total</b>	<u>960,961</u>	<u>912,125</u>	48,836	<u>689,745</u>
<b>Total public safety</b>	<u>12,045,475</u>	<u>11,589,983</u>	455,492	<u>11,212,015</u>
<b>Environmental Protection:</b>				
Reservoir expenditures	105,000	104,025	975	169,254
<b>Total environmental protection</b>	<u>105,000</u>	<u>104,025</u>	975	<u>169,254</u>
<b>Economic and Physical Development:</b>				
<b>Economic Development:</b>				
Other operating expenditures	523,097	521,182	1,915	526,387
<b>Grants Administration:</b>				
Salaries and employee benefits	57,199	49,403		54,535
Other operating expenditures	6,780	822		1,272
<b>Total</b>	<u>63,979</u>	<u>50,225</u>	13,754	<u>55,807</u>
<b>Planning and Zoning:</b>				
Salaries and employee benefits	200,104	199,310		187,069
Other operating expenditures	63,696	36,233		76,647
<b>Total</b>	<u>263,800</u>	<u>235,543</u>	28,257	<u>263,716</u>
<b>Agricultural Extension:</b>				
Salaries and employee benefits	254,032	252,544		236,782
Other operating expenditures	50,547	45,620		26,322
<b>Total</b>	<u>304,579</u>	<u>298,164</u>	6,415	<u>263,104</u>

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Over /Under	
<b>Support Our Students</b>				
Salaries and employee benefits	47,389	47,312		48,894
Other operating expenditures	26,941	21,836		46,064
Total	74,330	69,148	5,182	94,958
<b>4-H SACC:</b>				
Salaries and employee benefits	320,435	221,408		235,165
Other operating expenditures	112,015	58,362		76,080
Total	432,450	279,770	152,680	311,245
<b>Extension Local:</b>				
Other operating expenditures	64,290	34,955	29,335	20,909
<b>4-H United Way</b>				
Other operating expenditures	15,200	15,199	1	15,103
<b>Forestry:</b>				
Salaries and employee benefits	8,110	7,595		3,004
Other operating expenditures	103,866	96,366		100,760
Total	111,976	103,961	8,015	103,764
<b>Soil Conservation:</b>				
Salaries and employee benefits	209,208	204,458		200,008
Other operating expenditures	60,264	59,109		43,500
Total	269,472	263,567	5,905	243,508
<b>Community Development:</b>				
Other operating expenditures	302,745	295,245	7,500	173,085
Total economic and physical development	2,425,918	2,166,959	258,959	2,071,586
<b>Human Services:</b>				
<b>Health:</b>				
<b>Administration:</b>				
Salaries and employee benefits	1,761,855	1,680,047		1,605,166
Other operating expenditures	462,924	424,238		432,807
Capital outlay	291,542	291,542		77,622
Total	2,516,321	2,395,827	120,494	2,115,595

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Over /Under	
<b>Program Salaries:</b>				
Salaries and employee benefits	1,897,995	1,663,132	234,863	1,502,186
<b>Environmental Health:</b>				
Other operating expenditures	6,000	6,000	-	6,000
<b>Food and Lodging:</b>				
Other operating expenditures	7,459	7,459	-	3,883
<b>Tuberculosis:</b>				
Other operating expenditures	3,305	3,305	-	3,305
<b>Bioterrorism:</b>				
Other operating expenditures	-	-	-	14,465
Capital outlay	-	-	-	9,000
Total	-	-	-	23,465
<b>Health Case Management:</b>				
Other operating expenditures	16,589	16,087	502	13,813
<b>Adult Health:</b>				
Other operating expenditures	86,025	69,538	16,487	132,989
<b>Health Care Connection:</b>				
Other operating expenditures	176,485	157,039	19,446	31,733
<b>Communicable Disease:</b>				
Other operating expenditure:	2,293	2,293	-	2,293
<b>Comprehensive Cancer Control:</b>				
Other operating expenditure:	31,170	26,127	5,043	24,554
<b>Family Planning:</b>				
Other operating expenditures	89,980	73,021	16,959	81,647

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Over /Under	
<b>Health Diabetes Grant:</b>				
Other operating expenditures	30,788	29,785	1,003	39,180
<b>Healthy Carolinians:</b>				
Other operating expenditure:	5,727	5,727	-	12,048
<b>Health Eat Smart Move More:</b>				
Other operating expenditures	-	-	-	16,787
<b>Health Promotion:</b>				
Other operating expenditure:	8,300	8,300	-	4,089
<b>Mesh Units - Schools:</b>				
Other operating expenditure:	52,350	47,189	5,161	48,529
<b>Wilkes Dental Clinic:</b>				
Other operating expenditure:	2,164,742	1,860,405	304,337	2,127,390
<b>Maternal Clinic:</b>				
Other operating expenditures	48,225	36,683	11,542	43,929
<b>MCC and MOW:</b>				
Other operating expenditures	15,300	10,178	5,122	14,998
<b>Child Health:</b>				
Other operating expenditure:	94,125	61,853	32,272	126,921
<b>CSC and MOW:</b>				
Other operating expenditure:	5,700	4,557	1,143	6,484
<b>Women, Infants, and Children:</b>				
Other operating expenditures	15,300	15,300	-	15,300
Total health	7,274,179	6,499,805	774,374	6,397,118
<b>Mental Health:</b>				
Contribution to other agencies	795,380	790,549	4,831	762,431
Total mental health	795,380	790,549	4,831	762,431

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Over /Under	
<b>Social Services:</b>				
<b>Administration:</b>				
Salaries and employee benefits	4,665,982	4,657,477		4,303,141
Other operating expenditures	424,533	390,518		413,273
Capital outlay	-	-		65,471
Total	<u>5,090,515</u>	<u>5,047,995</u>	42,520	<u>4,781,885</u>
<b>Medicaid Program:</b>				
County participation only	<u>3,926,969</u>	<u>2,968,819</u>	958,150	<u>4,920,932</u>
<b>Food Stamps Program:</b>				
Other operating expenditures	<u>613,717</u>	<u>588,921</u>	24,796	<u>402,836</u>
<b>WorkFirst:</b>				
Contract services	<u>310,023</u>	<u>294,450</u>	15,573	<u>277,561</u>
<b>Daycare Operations:</b>				
Contract services	<u>2,852,974</u>	<u>2,813,307</u>	39,667	<u>2,994,678</u>
<b>In-Home Service:</b>				
Other operating expenditures	<u>28,025</u>	<u>2,036</u>	25,989	<u>2,116</u>
<b>Foster Care:</b>				
Other operating expenditures	<u>1,923,000</u>	<u>1,842,397</u>	80,603	<u>1,545,227</u>
<b>Other Assistance:</b>				
Other operating expenditures	<u>39,040</u>	<u>20,580</u>	18,460	<u>16,584</u>
Total social services	<u>14,784,263</u>	<u>13,578,505</u>	1,205,758	<u>14,941,819</u>
<b>Other Human Services:</b>				
<b>Veterans Service Officer:</b>				
Salaries and employee benefits	137,977	137,825		129,176
Other operating expenditures	<u>7,537</u>	<u>5,171</u>		<u>4,705</u>
Total	<u>145,514</u>	<u>142,996</u>	2,518	<u>133,881</u>

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Over /Under	
<b>Youth Services:</b>				
Salaries and employee benefits	13,918	13,692		16,043
Other operating expenditures	6,450	4,381		1,992
Contributions to other agencies	280,237	256,045		257,070
Total	<u>300,605</u>	<u>274,118</u>	26,487	<u>275,105</u>
<b>Senior Citizens Services:</b>				
Contributions to other services	<u>595,000</u>	<u>518,289</u>	76,711	<u>579,846</u>
<b>Other Services:</b>				
Contributions to other agencies	<u>844,390</u>	<u>782,660</u>	61,730	<u>722,005</u>
Total other human services	<u>1,885,509</u>	<u>1,718,063</u>	167,446	<u>1,710,837</u>
Total human services	<u>24,739,331</u>	<u>22,586,922</u>	2,152,409	<u>23,812,205</u>
<b>Cultural and Recreation:</b>				
<b>Recreation:</b>				
Salaries and employee benefits	510,510	506,758		451,302
Other operating expenditures	353,007	326,187		409,719
Capital outlay	19,000	18,900		89,438
Total	<u>882,517</u>	<u>851,845</u>	30,672	<u>950,459</u>
<b>Libraries:</b>				
Contribution to regional library	<u>762,246</u>	<u>762,246</u>	-	<u>681,365</u>
<b>Museums and Art</b>				
	<u>95,097</u>	<u>91,923</u>	3,174	<u>99,975</u>
Total cultural and recreation	<u>1,739,860</u>	<u>1,706,014</u>	33,846	<u>1,731,799</u>
<b>Education:</b>				
Public schools - current expense	11,951,055	11,651,055		11,604,769
Public schools - capital outlay	1,933,961	2,151,008		1,896,436
Public schools - (lottery) capital outlay	851,910	851,910		485,822
Community colleges - current	3,573,681	3,573,681		3,244,835
Community colleges - capital outlay	150,000	150,000		125,000
Total education	<u>18,460,607</u>	<u>18,377,654</u>	82,953	<u>17,356,862</u>

WILKES COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Over /Under	
<b>Debt Service:</b>				
Principal retirement	3,867,769	3,867,769		3,833,161
Interest and fees	2,473,444	2,472,941		2,630,535
Total debt service	6,341,213	6,340,710	503	6,463,696
Total expenditures	72,097,013	68,494,343	3,602,670	68,028,887
Revenues over (under) expenditures	(2,391,453)	(3,096,398)	(704,945)	(1,464,084)
<b>Other Financing Sources (Uses):</b>				
Operating transfers from:				
Special revenue funds	-	-	-	346,934
Sale of capital assets	25,000	32,482	7,482	38,357
Appropriated fund balance	2,366,453	-	(2,366,453)	-
Total other financing sources (uses)	2,391,453	32,482	(2,358,971)	385,291
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	(3,063,916)	\$ (3,063,916)	(1,078,793)
<b>Fund Balance:</b>				
Beginning of year - July 1		13,870,291		14,949,084
End of year - June 30		\$ 10,806,375		\$ 13,870,291

## WILKES COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2009

	<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	\$ 1,521,979	\$ 735,190	\$ 2,257,169
Due from other funds	19,229	-	19,229
Due from other governments	-	103,914	103,914
Taxes receivable, net	<u>249,498</u>	<u>-</u>	<u>249,498</u>
 Total assets	 <u>\$ 1,790,706</u>	 <u>\$ 839,104</u>	 <u>\$ 2,629,810</u>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 109,877	\$ 159,012	\$ 268,889
Due to other funds	-	77,198	77,198
Deferred revenue	<u>249,498</u>	<u>-</u>	<u>249,498</u>
 Total liabilities	 <u>359,375</u>	 <u>236,210</u>	 <u>595,585</u>
<b>Fund Balances:</b>			
Unreserved	<u>1,431,331</u>	<u>602,894</u>	<u>2,034,225</u>
 Total liabilities and fund balances	 <u>\$ 1,790,706</u>	 <u>\$ 839,104</u>	 <u>\$ 2,629,810</u>

## WILKES, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2009**

	<b>Total Nonmajor Special Revenue Funds</b>	<b>Total Nonmajor Capital Project Funds</b>	<b>Total</b>
<b>Revenues:</b>			
Ad valorem taxes	\$ 3,101,851	\$ -	\$ 3,101,851
Restricted intergovernmental	105,311	204,228	309,539
E-911 telephone surcharge	611,073	-	611,073
Investment earnings	25,836	35,500	61,336
Total revenues	<u>3,844,071</u>	<u>239,728</u>	<u>4,083,799</u>
<b>Expenditures:</b>			
Public safety	3,257,944	2,525,547	5,783,491
Economic and physical development	-	203,186	203,186
Capital outlay	57,130	-	57,130
Total expenditures	<u>3,315,074</u>	<u>2,728,733</u>	<u>6,043,807</u>
<b>Net change in fund balances</b>	528,997	(2,489,005)	(1,960,008)
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>902,334</u>	<u>3,091,899</u>	<u>3,994,233</u>
End of year - June 30	<u>\$ 1,431,331</u>	<u>\$ 602,894</u>	<u>\$ 2,034,225</u>

## WILKES COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2009

	<b>Fire District Fund</b>	<b>Law Enforcement Restricted Fund</b>	<b>Wireless E-911 Telephone System Fund</b>	<b>Total</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 77,291	\$ 91,094	\$ 1,353,594	\$ 1,521,979
Due from other funds	19,229	-	-	19,229
Taxes receivable, net	249,498	-	-	249,498
Total assets	<u>\$ 346,018</u>	<u>\$ 91,094</u>	<u>\$ 1,353,594</u>	<u>\$ 1,790,706</u>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 96,520	\$ 6,751	\$ 6,606	\$ 109,877
Deferred revenue	249,498	-	-	249,498
Total liabilities	<u>346,018</u>	<u>6,751</u>	<u>6,606</u>	<u>359,375</u>
<b>Fund Balances:</b>				
Unreserved	<u>-</u>	<u>84,343</u>	<u>1,346,988</u>	<u>1,431,331</u>
Total liabilities and fund balances	<u>\$ 346,018</u>	<u>\$ 91,094</u>	<u>\$ 1,353,594</u>	<u>\$ 1,790,706</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, 2009**

	<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	\$ 3,101,851	\$ -	\$ -	\$ 3,101,851
Restricted intergovernmental	-	105,311	-	105,311
E-911 telephone surcharge	-	-	611,073	611,073
Investment earnings	-	2,194	23,642	25,836
Total revenues	<u>3,101,851</u>	<u>107,505</u>	<u>634,715</u>	<u>3,844,071</u>
<b>Expenditures:</b>				
Public safety	3,101,851	31,852	124,241	3,257,944
Capital outlay	-	57,130	-	57,130
Total expenditures	<u>3,101,851</u>	<u>88,982</u>	<u>124,241</u>	<u>3,315,074</u>
Net change in fund balance	-	18,523	510,474	528,997
<b>Fund Balance:</b>				
Beginning of year - July 1	-	65,820	836,514	902,334
End of year - June 30	<u>\$ -</u>	<u>\$ 84,343</u>	<u>\$ 1,346,988</u>	<u>\$ 1,431,331</u>

## WILKES COUNTY, NORTH CAROLINA

## FIRE DISTRICT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>2009</u>			<u>2008</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	
<b>Revenues:</b>				
Ad valorem taxes	\$ 3,724,143	\$ 3,101,851	\$ (622,292)	\$ 3,006,561
<b>Expenditures:</b>				
Public safety:				
Distribution to fire districts	<u>3,724,143</u>	<u>3,101,851</u>	<u>622,292</u>	<u>3,006,561</u>
Revenues over (under) expenditures	<u>\$ -</u>	-	<u>\$ -</u>	-
<b>Fund Balance:</b>				
Beginning of year - July 1		-		-
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 FISCAL YEAR ENDED JUNE 30, 2009  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<b>2009</b>			<b>2008</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	
<b>Revenues:</b>				
Restricted intergovernmental:				
Law enforcement restricted grant	\$ 122,000	\$ 105,311	\$ (16,689)	\$ 62,996
Investment earnings	500	2,194	1,694	302
Total revenues	<u>122,500</u>	<u>107,505</u>	<u>(14,995)</u>	<u>63,298</u>
<b>Expenditures:</b>				
Public safety:				
Law enforcement restricted	52,500	31,852	20,648	-
Capital outlay	70,000	57,130	12,870	-
Total expenditures	<u>122,500</u>	<u>88,982</u>	<u>33,518</u>	<u>-</u>
Revenues over (under) expenditures	-	18,523	18,523	63,298
<b>Other Financing Sources (Uses):</b>				
Transfers out	-	-	-	<u>(3,113)</u>
Net change in fund balance	<u>\$ -</u>	18,523	<u>\$ 18,523</u>	60,185
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>65,820</u>		<u>5,635</u>
End of year - June 30		<u>\$ 84,343</u>		<u>\$ 65,820</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 FISCAL YEAR ENDED JUNE 30, 2009  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>2009</u>			<u>2008</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive Over/(Under)</u>	
<b>Revenues:</b>				
E-911 telephone surcharge	\$ 300,000	\$ 611,073	\$ 311,073	\$ 310,805
Investment earnings	50,000	23,642	(26,358)	33,697
Total revenues	<u>350,000</u>	<u>634,715</u>	<u>284,715</u>	<u>344,502</u>
<b>Expenditures:</b>				
Public safety:				
Other operating expenditures	350,000	124,241	225,759	105,219
Capital outlay	-	-	-	365,479
Total expenditures	<u>350,000</u>	<u>124,241</u>	<u>225,759</u>	<u>470,698</u>
Revenues over (under) expenditures	<u>-</u>	<u>510,474</u>	<u>510,474</u>	<u>(126,196)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>222,692</u>
Net change in fund balance	<u>\$ -</u>	<u>510,474</u>	<u>\$ 510,474</u>	<u>96,496</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>836,514</u>		<u>740,018</u>
End of year - June 30		<u>\$ 1,346,988</u>		<u>\$ 836,514</u>

## WILKES COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS  
 COMBINING BALANCE SHEET  
 JUNE 30, 2009

	<u>Urgent Repair 07 Project</u>	<u>Scattered Site III Project</u>	<u>Poplar Springs Water Project</u>	<u>High Schools Renovation Capital Project</u>	<u>Total</u>
<b>Assets:</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 735,190	\$ 735,190
Due from other governments	-	35,522	9,010	59,382	103,914
Total assets	<u>\$ -</u>	<u>\$ 35,522</u>	<u>\$ 9,010</u>	<u>\$ 794,572</u>	<u>\$ 839,104</u>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 500	\$ 158,512	\$ 159,012
Due to other funds	-	35,522	8,510	33,166	77,198
Total liabilities	<u>-</u>	<u>35,522</u>	<u>9,010</u>	<u>191,678</u>	<u>236,210</u>
<b>Fund Balances:</b>					
Unreserved	<u>-</u>	<u>-</u>	<u>-</u>	<u>602,894</u>	<u>602,894</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 35,522</u>	<u>\$ 9,010</u>	<u>\$ 794,572</u>	<u>\$ 839,104</u>

## WILKES COUNTY, NORTH CAROLINA

**NONMAJOR CAPITAL PROJECT FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2009**

	<b>Urgent Repair 07 Project</b>	<b>Scattered Site III Project</b>	<b>Poplar Springs Water Project</b>	<b>High Schools Renovation Capital Project</b>	<b>Total</b>
<b>Revenues:</b>					
Restricted intergovernmental	\$ 51,651	\$ 143,567	\$ 9,010	\$ -	\$ 204,228
Investment earnings	-	-	-	35,500	35,500
Total revenues	<u>51,651</u>	<u>143,567</u>	<u>9,010</u>	<u>35,500</u>	<u>239,728</u>
<b>Expenditures:</b>					
Education	-	-	-	2,525,547	2,525,547
Economic and physical development	<u>51,651</u>	<u>142,525</u>	<u>9,010</u>	-	<u>203,186</u>
Total expenditures	<u>51,651</u>	<u>142,525</u>	<u>9,010</u>	<u>2,525,547</u>	<u>2,728,733</u>
Revenues over (under) expenditures	<u>-</u>	<u>1,042</u>	<u>-</u>	<u>(2,490,047)</u>	<u>(2,489,005)</u>
<b>Fund Balances:</b>					
Beginning of year - July 1	<u>-</u>	<u>(1,042)</u>	<u>-</u>	<u>3,092,941</u>	<u>3,091,899</u>
End of year - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 602,894</u>	<u>\$ 602,894</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, 2009

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Over/(Under)</u>
<b>Expenditures:</b>					
General government:					
Capital outlay	\$ 23,500,000	\$ 633,261	\$ 861,556	\$ 1,494,817	\$ 22,005,183
Revenues over (under) expenditures	(23,500,000)	(633,261)	(861,556)	(1,494,817)	22,005,183
<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>
Revenues over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (633,261)</u>	(861,556)	<u>\$ (1,494,817)</u>	<u>\$ (1,494,817)</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>(633,261)</u>		
End of year - June 30			<u>\$ (1,494,817)</u>		

## WILKES COUNTY, NORTH CAROLINA

**URGENT REPAIR 07 CAPITAL PROJECT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE--BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009**

	<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>Revenues:</b>					
Restricted intergovernmental:					
Urgent repair program grant	\$ 65,000	\$ 12,280	\$ 51,651	\$ 63,931	\$ (1,069)
Investment earnings	1,249	1,248	-	1,248	(1)
Total revenues	<u>66,249</u>	<u>13,528</u>	<u>51,651</u>	<u>65,179</u>	<u>(1,070)</u>
<b>Expenditures:</b>					
Economic development:					
Salaries and employee benefits	8,000	128	7,794	7,922	78
Home repairs	<u>58,249</u>	<u>13,400</u>	<u>43,857</u>	<u>57,257</u>	<u>992</u>
Total expenditures	<u>66,249</u>	<u>13,528</u>	<u>51,651</u>	<u>65,179</u>	<u>1,070</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ -</u>		

## 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, 2009**

	<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>Revenues:</b>					
Restricted intergovernmental:					
Community development block grant	\$ 400,000	\$ -	\$ 143,567	\$ 143,567	\$ (256,433)
<b>Expenditures:</b>					
Economic development:					
Salaries and employee benefits	40,000	1,042	928	1,970	38,030
Housing rehab	<u>360,000</u>	<u>-</u>	<u>141,597</u>	<u>141,597</u>	<u>218,403</u>
Total expenditures	<u>400,000</u>	<u>1,042</u>	<u>142,525</u>	<u>143,567</u>	<u>256,433</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (1,042)</u>	1,042	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>(1,042)</u>		
End of year - June 30			<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, 2009**

	<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	\$ 117,485	\$ -	\$ 9,010	\$ 9,010	\$ (108,475)
<b>Expenditures:</b>					
Economic development:					
Administration	15,935	-	1,276	1,276	14,659
Water project	<u>101,550</u>	<u>-</u>	<u>7,734</u>	<u>7,734</u>	<u>93,816</u>
Total expenditures	<u>117,485</u>	<u>-</u>	<u>9,010</u>	<u>9,010</u>	<u>108,475</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ -</u>		

## WILKES COUNTY, NORTH CAROLINA

**HIGH SCHOOLS RENOVATION - CAPITAL PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE--BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009**

	<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>Revenues:</b>					
Investment earnings	\$ 1,856,424	\$ 1,766,616	\$ 35,500	\$ 1,802,116	\$ (54,308)
Miscellaneous	<u>278,073</u>	<u>278,073</u>	<u>-</u>	<u>278,073</u>	<u>-</u>
Total revenues	<u>2,134,497</u>	<u>2,044,689</u>	<u>35,500</u>	<u>2,080,189</u>	<u>(54,308)</u>
<b>Expenditures:</b>					
Intergovernmental-education:					
West Wilkes High School	8,488,189	8,877,398	(389,209)	8,488,189	-
Wilkes Central High School	4,237,710	4,237,709	-	4,237,709	1
North Wilkes High School	10,546,068	11,032,675	(486,608)	10,546,067	1
East Wilkes High School	7,790,497	8,151,254	(360,756)	7,790,498	(1)
Miscellaneous renovations	<u>4,419,321</u>	<u>-</u>	<u>3,762,120</u>	<u>3,762,120</u>	<u>657,201</u>
Total	<u>35,481,785</u>	<u>32,299,036</u>	<u>2,525,547</u>	<u>34,824,583</u>	<u>657,202</u>
Debt Service:					
Installment purchase obligations issuance costs	<u>681,288</u>	<u>681,288</u>	<u>-</u>	<u>681,288</u>	<u>-</u>
Total expenditures	<u>36,163,073</u>	<u>32,980,324</u>	<u>2,525,547</u>	<u>35,505,871</u>	<u>657,202</u>
Revenues over (under) expenditures	<u>(34,028,576)</u>	<u>(30,935,635)</u>	<u>(2,490,047)</u>	<u>(33,425,682)</u>	<u>602,894</u>
<b>Other Financing Sources (Uses):</b>					
Installment purchase obligations issued	35,385,000	35,385,000	-	35,385,000	-
Operating transfers out:					
General Fund	<u>(1,356,424)</u>	<u>(1,356,424)</u>	<u>-</u>	<u>(1,356,424)</u>	<u>-</u>
Total other financing sources (uses)	<u>34,028,576</u>	<u>34,028,576</u>	<u>-</u>	<u>34,028,576</u>	<u>-</u>
Revenues over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 3,092,941</u>	<u>(2,490,047)</u>	<u>\$ 602,894</u>	<u>\$ 602,894</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>3,092,941</u>		
End of year - June 30			<u>\$ 602,894</u>		

WILKES COUNTY, NORTH CAROLINA

**AIRPORT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	2009			2008
	Budget	Actual	Variance Over/(Under)	
<b>Revenues:</b>				
<b>Operating Revenues:</b>				
Charges for services:				
Sales	\$ 1,168,000	\$ 867,487	\$ (300,513)	\$ 1,334,514
Rents	46,160	119,987	73,827	69,717
Other operating revenues	3,200	7,066	3,866	5,705
Total operating revenues	<u>1,217,360</u>	<u>994,540</u>	<u>(222,820)</u>	<u>1,409,936</u>
<b>Non-operating Revenues:</b>				
Restricted intergovernmental	2,200,312	1,050,000	(1,150,312)	771,493
Investment income	20,000	-	(20,000)	18,987
Insurance reimbursements	-	1,494	1,494	-
Total non-operating revenues	<u>2,220,312</u>	<u>1,051,494</u>	<u>(1,168,818)</u>	<u>790,480</u>
Total revenues	<u>3,437,672</u>	<u>2,046,034</u>	<u>(1,391,638)</u>	<u>2,200,416</u>
<b>Expenditures:</b>				
<b>Airport operations:</b>				
Salaries and employee benefits	260,681	243,546	17,135	212,118
Fuel and oil purchases	911,000	571,496	339,504	965,808
Other operating expenditures	253,575	223,117	30,458	235,122
Capital outlay	20,000	-	20,000	160,470
<b>Airport capital projects:</b>				
Construction	2,250,312	2,190,664	59,648	1,623,379
<b>Debt service:</b>				
Interest and fees	1,861	1,861	-	2,871
Debt principal	<u>27,557</u>	<u>27,556</u>	<u>1</u>	<u>26,545</u>
Total expenditures	<u>3,724,986</u>	<u>3,258,240</u>	<u>466,746</u>	<u>3,226,313</u>
Revenues over (under) expenditures	(287,314)	(1,212,206)	(924,892)	(1,025,897)
Appropriated fund balance	<u>287,314</u>	<u>-</u>	<u>(287,314)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (1,212,206)</u>	<u>\$ (1,212,206)</u>	<u>\$ (1,025,897)</u>

## WILKES COUNTY, NORTH CAROLINA

## AIRPORT FUND

SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>2009</u>			<u>2008</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>	
<b>Reconciliation from budgetary basis (modified accrual) to full accrual basis:</b>				
Net change in fund balance		\$ (1,212,206)		
<b>Reconciling items:</b>				
Depreciation		(331,282)		
Capital outlay		2,190,664		
OPEB		(14,244)		
Debt principal		<u>27,556</u>		
Total reconciling items		<u>1,872,694</u>		
Change in net assets		<u><u>\$ 660,488</u></u>		

**WILKES COUNTY, NORTH CAROLINA**

**LANDFILL FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>2009</u>		<u>Variance</u> <u>Over/(Under)</u>	<u>2008</u>
	<u>Budget</u>	<u>Actual</u>		
<b>Revenues:</b>				
Operating revenues:				
Solid waste charges	\$ 1,928,003	\$ 1,790,663	\$ (137,340)	\$ 1,896,758
Other operating revenues	149,650	237,346	87,696	146,983
Total operating revenues	<u>2,077,653</u>	<u>2,028,009</u>	<u>(49,644)</u>	<u>2,043,741</u>
Non-operating revenues:				
Interest earnings	10,000	3,119	(6,881)	16,067
State grant	20,000	-	(20,000)	14,319
Insurance reimbursements	23,572	23,572	-	-
Total non-operating revenues	<u>53,572</u>	<u>26,691</u>	<u>(26,881)</u>	<u>30,386</u>
Total revenues	<u>2,131,225</u>	<u>2,054,700</u>	<u>(76,525)</u>	<u>2,074,127</u>
<b>Expenditures:</b>				
Landfill operations:				
Salaries and employee benefits	839,795	829,972	9,823	739,330
Other operating expenditures	1,173,272	1,079,536	93,736	1,187,257
Capital outlay	97,183	97,088	95	145,659
Total expenditures	<u>2,110,250</u>	<u>2,006,596</u>	<u>103,654</u>	<u>2,072,246</u>
Revenues over (under) expenditures	20,975	48,104	27,129	1,881
<b>Other Financing Sources (Uses):</b>				
Landfill closure and post-closure reserve fund	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>	<u>(50,000)</u>
Revenues over (under) expenditures and other financing uses	(79,025)	(51,896)	27,129	(48,119)
Appropriated fund balance	<u>79,025</u>	<u>-</u>	<u>(79,025)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (51,896)</u>	<u>\$ (51,896)</u>	<u>\$ (48,119)</u>

WILKES COUNTY, NORTH CAROLINA

LANDFILL FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2009		2008
	Budget	Actual	
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Net change in fund balance		\$ (51,896)	
<b>Reconciling items:</b>			
Capital outlay		97,088	
Depreciation		(225,252)	
Increase in accrued landfill closure and post-closure care costs		(435,000)	
OPEB		(48,349)	
Transfer to landfill closure and post-closure fund		100,000	
Decrease in accrued vacation pay		3,261	
Interest from landfill closure and post-closure fund		100,010	
Total reconciling items		(408,242)	
Change in net assets		\$ (460,138)	

## WILKES COUNTY, NORTH CAROLINA

LANDFILL CLOSURE AND POSTCLOSURE RESERVE FUND  
 SCHEDULE OF REVENUES--BUDGET AND ACTUAL (NON-GAAP)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>2009</u>			<u>2008</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	
<b>Revenues:</b>				
Interest earnings	\$ 150,000	\$ 100,010	\$ (49,990)	\$ 158,215
<b>Other Financing Sources (Uses):</b>				
Sinking reserve	(250,000)	-	(250,000)	-
Transfers in	100,000	100,000	-	50,000
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>(150,000)</u>	<u>100,000</u>	<u>(250,000)</u>	<u>50,000</u>
Revenues over (under) expenditures and other financing uses	<u>\$ -</u>	200,010	<u>\$ 200,010</u>	208,215
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>4,234,777</u>		<u>4,026,562</u>
End of year - June 30		<u>\$ 4,434,787</u>		<u>\$ 4,234,777</u>

## WILKES COUNTY, NORTH CAROLINA

AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2009

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2009</u>
<b>Social Services:</b>				
Assets:				
Cash and cash equivalents	\$ 58,231	\$ 220,077	\$ 177,442	\$ 100,866
Liabilities:				
Miscellaneous liabilities	\$ 58,231	\$ 220,077	\$ 177,442	\$ 100,866
<b>Fines and Forfeitures:</b>				
Assets:				
Cash and cash equivalents	\$ 216,061	\$ 727,286	\$ 941,093	\$ 2,254
Accounts receivable	32,833	-	32,833	-
Total assets	<u>\$ 248,894</u>	<u>\$ 727,286</u>	<u>\$ 973,926</u>	<u>\$ 2,254</u>
Liabilities:				
Intergovernmental payable - Wilkes County				
Board of Education	\$ 244,448	\$ 698,062	\$ 942,510	\$ -
Intergovernmental payable - State of North Carolina	4,446	29,224	29,162	2,254
Total Liabilities	<u>\$ 248,894</u>	<u>\$ 727,286</u>	<u>\$ 971,672</u>	<u>\$ 2,254</u>
<b>Motor Vehicle Tax:</b>				
Assets:				
Cash and cash equivalents	\$ 30,495	\$ 2,728,925	\$ 2,696,078	\$ 63,342
Liabilities:				
Miscellaneous liabilities	\$ 30,495	\$ 2,728,925	\$ 2,696,078	\$ 63,342
<b>Total All Agency Funds:</b>				
Assets:				
Cash and cash equivalents	\$ 304,787	\$ 3,676,288	\$ 3,814,613	\$ 166,462
Accounts receivable	32,833	-	32,833	-
Total assets	<u>\$ 337,620</u>	<u>\$ 3,676,288</u>	<u>\$ 3,847,446</u>	<u>\$ 166,462</u>
Liabilities:				
Miscellaneous liabilities	\$ 88,726	\$ 2,949,002	\$ 2,873,520	\$ 164,208
Intergovernmental payable - Wilkes County				
Board of Education	244,448	698,062	942,510	-
Intergovernmental payable - State of North Carolina	4,446	29,224	29,162	2,254
Total liabilities	<u>\$ 337,620</u>	<u>\$ 3,676,288</u>	<u>\$ 3,845,192</u>	<u>\$ 166,462</u>

## WILKES COUNTY, NORTH CAROLINA

**GENERAL FUND**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
**JUNE 30, 2009**

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2008</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2009</u>
2008-2009	\$ -	\$ 32,275,400	\$ 30,418,087	\$ 1,857,313
2007-2008	1,067,884	-	611,682	456,202
2006-2007	346,129	-	95,343	250,786
2005-2006	914,537	-	713,236	201,301
2004-2005	169,971	-	22,729	147,242
2003-2004	91,468	39,904	-	131,372
2002-2003	91,075	38,734	-	129,809
2001-2002	81,208	27,759	-	108,967
2000-2001	86,376	-	2,813	83,563
1999-2000	73,405	-	1,968	71,437
1998-1999	86,612	-	86,612	-
Total	<u>\$ 3,008,665</u>	<u>\$ 32,381,797</u>	<u>\$ 31,952,470</u>	<u>3,437,992</u>
Less: Allowance for uncollectible accounts - General Fund				<u>808,000</u>
Ad valorem taxes receivable, net - General Fund				<u>\$ 2,629,992</u>
<b>Reconciliation with Revenues:</b>				
Ad valorem taxes - General Fund				<u>\$ 31,416,809</u>
Reconciling items:				
Taxes written off				111,190
Penalties and interest collected				(279,315)
Miscellaneous				150,298
Prior year releases				<u>553,488</u>
Total reconciling items				<u>535,661</u>
Total collections and credits				<u>\$ 31,952,470</u>

## WILKES COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	County-Wide			Total Levy	
	Property	Rate	Amount of	Property	Registered
	Valuation			Levy	Excluding
				Registered	Motor
				Motor	Vehicles
				Vehicles	
<b>Original Levy:</b>					
Property taxed at current year's rate	\$ 5,503,434,386	\$ 0.57	\$ 31,369,576	\$ 28,528,075	\$ 2,841,501
Motor Vehicles taxed at prior year's rate	48,138,947	0.57	274,392	-	274,392
Penalties	-	0.57	16,641	16,641	-
Total	<u>5,551,573,333</u>		<u>31,660,609</u>	<u>28,544,716</u>	<u>3,115,893</u>
Discoveries					
Current year taxes	<u>172,265,439</u>	<u>0.57</u>	<u>1,151,926</u>	<u>1,151,926</u>	<u>-</u>
Abatements	<u>(94,233,333)</u>	<u>0.57</u>	<u>(537,135)</u>	<u>(475,726)</u>	<u>(61,409)</u>
Total property valuation	<u>\$ 5,629,605,439</u>				
Net levy			32,275,400	29,220,916	3,054,484
Less: Uncollected tax at June 30, 2009			<u>1,857,313</u>	<u>1,284,046</u>	<u>573,267</u>
Current year's taxes collected			<u>\$ 30,418,087</u>	<u>\$ 27,936,870</u>	<u>\$ 2,481,217</u>
Current levy collection percentage			<u>94.25%</u>	<u>95.61%</u>	<u>81.23%</u>

**WILKES COUNTY NORTH CAROLINA****SECONDARY MARKET DISCLOSURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Assessed Valuation:

Assessment Ratio 100%

Real Property	\$ 4,914,621,966
Personal Property	546,647,894
Public Service Companies	<u>122,578,873</u>

Total assessed valuation	<u>\$ 5,583,848,733</u>
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Tax rate per \$100	<u>\$ 0.57</u>
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Levy (includes discoveries, releases, and abatements)	<u>\$ 32,275,400</u>
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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:

Fire Protection Districts	<u>\$ 3,411,135</u>
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**WILKES COUNTY, NORTH CAROLINA**

**TEN LARGEST TAXPAYERS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2009 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Duke Energy Corporation	Utility	\$ 80,775,997	1.43%
Tyson Farms Inc.	Food processor	56,891,908	1.00%
Louisiana Pacific	Building products manufacturing	54,524,484	0.96%
Lowes Home Center, Inc. #1	Retail sales	46,011,196	0.81%
BR Development, LLC	Real estate	35,193,910	0.62%
J.C. Faw	Real estate	28,750,990	0.51%
Saint-Gobain Certainteed ABTCO Rd	Building products manufacturing	20,749,712	0.37%
Cielo Blue Ridge, Inc.	Real estate	17,272,115	0.31%
Central Telephone Company	Utility	14,705,487	0.26%
Lowes Investment Corporation	Retail sales	<u>12,693,360</u>	<u>0.22%</u>
Total		<u>\$ 367,569,159</u>	<u>6.49%</u>