

**Publication No. 127-34
(Revised August 2009)**

Illustrative Financial Statements

For a County

In North Carolina

State and Local Government Finance Division
North Carolina Department of State Treasurer

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**Carolina County, North Carolina
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June 30, 2009**

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FINANCIAL SECTION

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LETTERHEAD OF INDEPENDENT AUDITOR

Independent Auditor's Report

To the Board of County Commissioners
Carolina County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carolina County, North Carolina, as of and for the year then ended June 30, 2009, which collectively comprise Carolina County's basic financial statements as listed in the table of contents.¹ These financial statements are the responsibility of Carolina County, North Carolina's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Carolina County ABC Board and Carolina County Hospital, Inc. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the Carolina County ABC Board and Carolina County Hospital, Inc., is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carolina County, North Carolina as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated [date of report] on our consideration of Example Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose the 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 read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Carolina County, North Carolina. The combining and individual nonmajor fund financial statements and schedules and the statistical tables, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the accompanying schedule of expenditures of federal and State awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory information and the statistical tables have not been subjected to the auditing procedures applied in the audit of basic financial statements and, accordingly, we express no opinion on them.

[Signature]

[Date]

Note to preparer: See Section 27-A of the *Audit Manual for Governmental Audits in North Carolina* for various opinion letter examples. Please note that the opinion letter above was adjusted for Carolina County which has two discretely presented component units (100% of opined unit) audited by other auditors. However if less than 100% of an opined unit was audited by another auditor and the auditor chooses not to take responsibility of that opinion, then additional sentence should be added to the introductory paragraph defining the percent of the other auditor's opined unit as compared to the total opined unit(s) of the county.

¹ This sentence should be modified to include only those items which relate to the governmental unit.

Management Discussion & Analysis

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Management's Discussion and Analysis

As management of Carolina County, we offer readers of Carolina County's financial statements this narrative overview and analysis of the financial activities of Carolina 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

- The assets of Carolina County exceeded its liabilities at the close of the fiscal year by \$25,937,243 (*net assets*).
- The government's total net assets increased by \$2,678,264, primarily due to increased net assets in the General Fund.
- As of the close of the current fiscal year, Carolina County's governmental funds reported combined ending fund balances of \$14,052,589, after a net increase in fund balance of \$2,859,761. Approximately 46.9 percent of this total amount, or \$6,585,798, 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 \$5,947,031, or 7.1 percent of total general fund expenditures for the fiscal year.
- Carolina County's total debt increased by \$1,171,834 (8.4%) during the current fiscal year. The key factors in this increase are the \$1.2 million in certificates of participation issued for school capital needs and the \$675,000 in bond anticipation notes issued to fund Water and Sewer Districts' capital needs.
- Carolina County maintained its AAA bond rating for the 15th consecutive year.

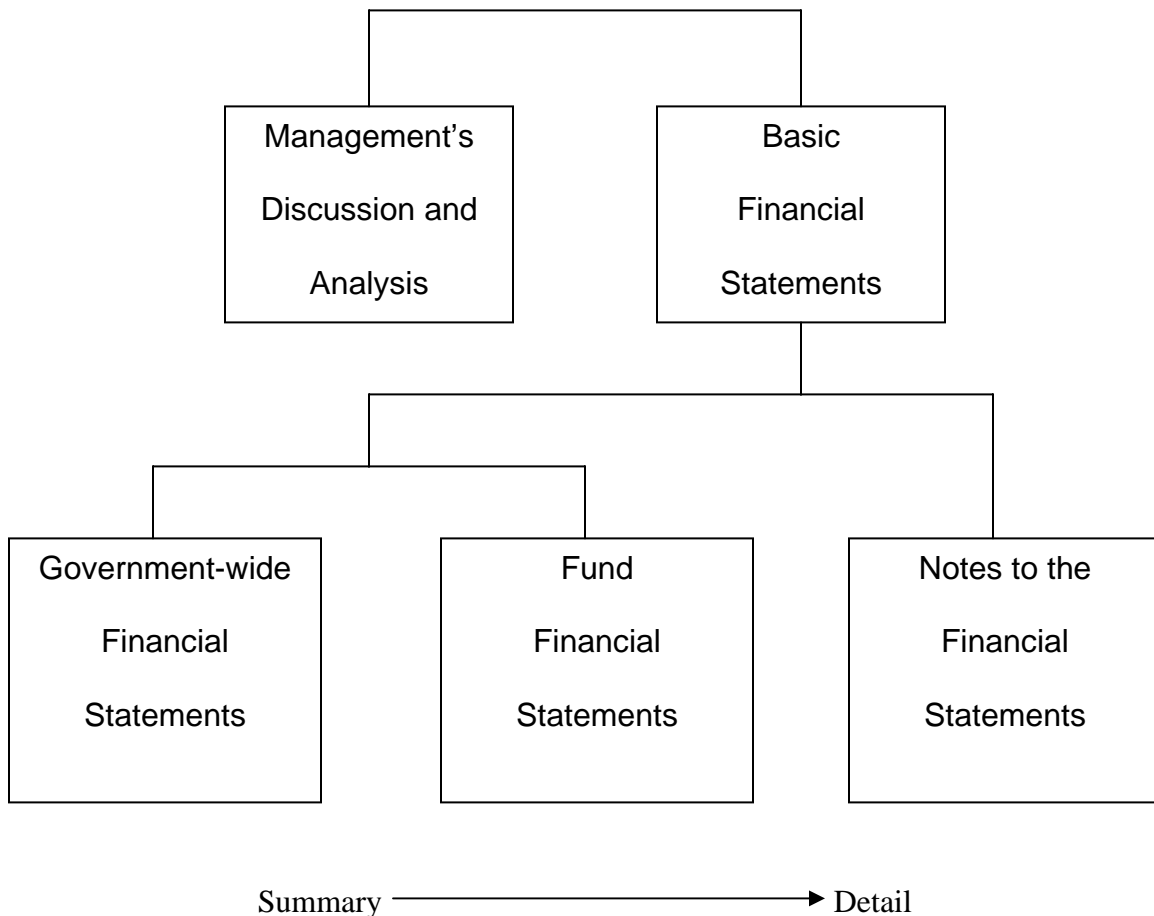
<p>Note to preparer: - Continue to list any other <u>significant</u> financial highlights here.</p>
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Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Carolina 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 Carolina County.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits 3 through 11) 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. After the notes, **supplemental information** is provided to show details about the County's non-

major governmental funds and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information about the County's pension plans.

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 gage the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water and sewer and landfill services offered by Carolina County. The final category is the component units. Carolina County Hospital is a public hospital operated by a not-for-profit corporation that has leased the hospital from the County for the next 99 years. The County appoints the board of trustees for the Hospital and has issued debt on its behalf. Although legally separate from the County, the ABC Board is important to the County because the County is financially accountable for the Board by appointing its members and because the Board is required to distribute its profits to the County.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Carolina 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 Carolina 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.

Carolina 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 – Carolina County has one kind of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Carolina County uses enterprise funds to account for its water and sewer activity and for its landfill operations. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Carolina County has four fiduciary funds, one of which is a pension trust fund and three of which are agency funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on pages 35-J-41 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Carolina County’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 35-J-87 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as one useful indicator of a government’s financial condition. The assets of Carolina County exceeded liabilities by \$25,937,243 as of June 30, 2009. The County’s net assets increased by \$2,678,264 for the fiscal year ended June 30, 2009. One of the largest portions \$17,685,265 (68.2%) reflects the County’s investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Carolina County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Carolina 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 Carolina County’s net assets \$43,102 (0.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$8,208,876 (31.6%) is unrestricted.

Carolina County’s Net Assets

Figure 2

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 21,374,084	\$ 19,420,944	\$ 2,197,082	\$ 2,173,348	\$ 23,571,166	\$ 21,594,292
Capital assets	14,958,505	15,038,456	8,340,960	7,201,381	23,299,465	22,239,837
Total assets	<u>36,332,589</u>	<u>34,459,400</u>	<u>10,538,042</u>	<u>9,374,729</u>	<u>46,870,631</u>	<u>43,834,129</u>
Long-term liabilities outstanding	12,976,459	12,091,115	3,011,845	2,524,784	15,988,304	14,615,899
Other liabilities	4,642,071	5,750,541	303,013	208,710	4,945,084	5,959,251
Total liabilities	<u>17,618,530</u>	<u>17,841,656</u>	<u>3,314,858</u>	<u>2,733,494</u>	<u>20,933,388</u>	<u>20,575,150</u>
Net assets:						
Invested in capital assets, net of related debt	10,870,916	3,622,701	6,814,349	5,036,381	17,685,265	8,659,082
Restricted	43,102	21,472	-	-	43,102	21,472
Unrestricted	7,800,041	12,973,571	408,835	1,604,854	8,208,876	14,578,425
Total net assets	<u>\$ 18,714,059</u>	<u>\$ 16,617,744</u>	<u>\$ 7,223,184</u>	<u>\$ 6,641,235</u>	<u>\$ 25,937,243</u>	<u>\$ 23,258,979</u>

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

Note to preparer - List here anything you wish to highlight – fee revenue or tax revenue increases due to annexation and/or economic growth, reductions in spending, savings from debt refundings, new operating grants received, etc. The following is an example based on Carolina County.

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 97.53%, higher than the statewide average of 97.04%.
- Increased charges for services revenue due to growth in the use of County facilities.
- Continued low cost of debt due to the County's high bond rating.

Carolina County's Changes in Net Assets
Figure 3

	Governmental Activities		Business Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 2,991,922	\$ 2,932,084	\$ 1,006,103	\$ 946,677	\$ 3,998,025	\$ 3,878,761
Operating grants and contributions	12,726,092	13,206,309	12,200	11,966	12,738,292	13,218,275
Capital grants and contributions	726,891	100,775	125,878	117,827	852,769	218,602
General revenues:						
Property taxes	55,493,338	55,575,617	-	-	55,493,338	55,575,617
Other taxes	13,552,695	14,063,657	-	-	13,552,695	14,063,657
Grants and contributions not restricted to specific programs	145,522	142,612	101,000	-	246,522	142,612
Other	1,748,990	1,714,010	5,960	9,584	1,754,950	1,723,594
Total revenues	87,385,450	87,735,064	1,251,141	1,086,054	88,636,591	88,821,118
Expenses:						
General government	7,078,711	6,855,675	-	-	7,078,711	6,855,675
Public safety	7,275,482	7,042,038	-	-	7,275,482	7,042,038
Transportation	1,134,158	1,099,997	-	-	1,134,158	1,099,997
Economic and physical development	1,136,399	1,113,334	-	-	1,136,399	1,113,334
Human services	22,424,065	22,699,723	-	-	22,424,065	22,699,723
Cultural and recreation	2,353,261	1,442,202	-	-	2,353,261	1,442,202
Education	43,118,616	41,825,058	-	-	43,118,616	41,825,058
Interest on long-term debt	695,925	675,047	-	-	695,925	675,047
Landfill	-	-	286,228	197,391	286,228	197,391
Water and sewer	-	-	482,964	458,525	482,964	458,525
Total expenses	85,216,617	82,753,074	769,192	655,916	85,985,809	83,408,990
Increase in net assets before transfers and special item	2,168,833	4,981,990	481,949	430,138	2,650,782	5,412,128
Transfers	(100,000)	(975,000)	100,000	975,000	-	-
Special item - sale of park land	27,482	-	-	-	27,482	-
Increase in net assets	2,096,315	4,006,990	581,949	1,405,138	2,678,264	5,412,128
Net assets, beginning	16,617,744	12,610,754	6,641,235	5,236,097	23,258,979	17,846,851
Net assets, ending	\$ 18,714,059	\$ 16,617,744	\$ 7,223,184	\$ 6,641,235	\$ 25,937,243	\$ 23,258,979

Governmental activities. Governmental activities increased the County's net assets by \$2,096,315, thereby accounting for 78.3% of the total growth in the net assets of Carolina County. Key elements of this increase are as follows:

Note to preparer - List here anything you wish to highlight with regards to governmental activities as a factor in increasing your net assets. The following is an example based on Carolina County.

- Increase in fee revenue for Parks and Recreation Department
- Solicitation of additional grant revenues for the Public Safety Department
- Solicitation of additional grant revenues for the Parks and Recreation Department to fund expanded activity programs
- Maintenance of the County's high tax collection rate of 97.53%

Business-type activities. Business-type activities increased Carolina County's net assets by \$581,949, accounting for 21.7% of the total growth in the government's net assets. Key elements of this increase are as follows:

Note to preparer - List here anything you wish to highlight with regards to business-type activities as reasons for increases in net assets.

- Water and sewer fee increases that help cover the cost of providing the service
- Reduced costs in operation of landfill

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of Carolina County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Carolina 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 Carolina County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$5,947,031, while total fund balance reached \$12,999,844. 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 7.1 percent of total General Fund expenditures of \$83,909,892, while total fund balance represents 15.5 percent of that same amount.

At June 30, 2009, the governmental funds of Carolina County reported a combined fund balance of \$14,052,589, a 25.8 percent increase over last year. The primary reason for this increase is the increase in fund balance in the General Fund.

General Fund Budgetary Highlights. During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund decreased revenues by only \$971,158.

Note to preparer - Insert here a brief discussion about differences between budgeted and actual numbers and why this occurs, if material.

Proprietary Funds. Carolina 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 Landfill Fund at the end of the fiscal year amounted to \$61,493, and those for the Water and Sewer District- No.1 Fund equaled \$345,591. The total growth in net assets for both major funds was \$41,784 and \$532,665 respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of Carolina County's business-type activities.

Note to preparer – Discussions should be limited to major funds of the primary government.

Capital Asset and Debt Administration

Capital assets. Carolina County's capital assets for its governmental and business – type activities as of June 30, 2009, totals \$23,299,465 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include:

Note to preparer - List major activities, including demolitions. Include summary of acquisitions and disposals in each major fund. The following is an example based on Carolina County.

- Purchased new equipment for the Public Safety Department
- Purchased new vehicles for County motor pool
- Disposed of old equipment in the Public Safety Department
- Sold unused park land
- Addition of construction in progress on Water and Sewer plant facilities

**Carolina County's Capital Assets
(net of depreciation)**

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 1,831,706	\$ 1,795,206	\$ 326,500	\$ 326,500	\$ 2,158,206	\$ 2,121,706
Buildings and systems	9,529,571	10,162,838	7,104,691	6,665,086	16,634,262	16,827,924
Improvements other than buildings	890,227	939,827	-	-	890,227	939,827
Equipment and furniture	1,065,995	686,461	123,476	131,011	1,189,471	817,472
Infrastructure	702,639	728,656	-	-	702,639	728,656
Vehicles and motorized equipment	497,804	431,001	70,744	78,784	568,548	509,785
Construction in progress	440,563	294,467	715,549	-	1,156,112	294,467
Total	\$ 14,958,505	\$ 15,038,456	\$ 8,340,960	\$ 7,201,381	\$ 23,299,465	\$ 22,239,837

Additional information on the County's capital assets can be found in Note III.A.5 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2009, Carolina County had total bonded debt outstanding of \$12,905,000 all of which is debt backed by the full faith and credit of the County.

Carolina County's Outstanding Debt

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 10,990,000	\$ 11,536,000	\$ 1,915,000	\$ 2,165,000	\$ 12,905,000	\$ 13,701,000
Bond anticipation notes	-	-	675,000	-	675,000	-
Capitalized leases	272,589	179,755	-	-	272,589	179,755
Installment purchases	1,200,000	-	-	-	1,200,000	-
Total	\$ 12,462,589	\$ 11,715,755	\$ 2,590,000	\$ 2,165,000	\$ 15,052,589	\$ 13,880,755

Carolina County's total debt increased by \$1,171,834 (8.4 percent) during the past fiscal year, primarily due to the \$675,000 bond anticipation notes issued for water and sewer improvements and the \$1.2 million issued in certificates of participation to finance school capital needs.

As mentioned in the financial highlights section of this document, Carolina County maintained for the 15th consecutive year, its Aaa bond rating from Moody's Investor Service and AAA rating from Standard and Poor's Corporation and FitchRatings. This bond rating is a clear indication of the sound financial condition of Carolina County. Carolina County is one of the few counties in the country that maintains the highest financial rating from both major rating agencies. This achievement is a primary factor in keeping interest costs low on the County's outstanding debt.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Carolina County is \$501,226,323. The County has \$1,250,000 in bonds authorized but un-issued at June 30, 2009.

Additional information regarding Carolina County's long-term debt can be found in Note III.B.7 of this audited financial report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the County.

Note to preparer - List items such as number of new jobs created in unit, number of occupied square feet of business property, unemployment rate and how it compares to state average, total retail sales for the unit for the year, etc. The following is an example based on Carolina County.

- The County is enjoying a low unemployment rate of 5.1%, lower than the state average of 6.3%
- Retail vacancy rates are low, having stayed in the 5-10% range all year
- New manufacturing jobs were created in the last year bringing 4,000 new jobs to our County

Budget Highlights for the Fiscal Year Ending June 30, 2010

Governmental Activities Property taxes (benefiting from the economic growth) and revenues from permits and fees are expected to lead the increase in revenue projections by 2.0 percent. The County will use these increases in revenues to finance programs currently in place.

Budgeted expenditures in the General Fund are expected to rise approximately 10% to \$93,200,000. The largest increments are in employee compensation, including funding compensation and benefits adjustments.

Note to preparer - Add here any other discussion about the General Fund budget for the new fiscal year that you wish to highlight

Business – type Activities: The water and sewer rates in the County will increase by 5%, primarily to cover increased costs of operations. General operating expenses will increase by 2% to cover increased personnel costs, and 2.5% to cover increased costs of material, supplies, and other operating expenses. Rates for landfill services will increase by an average of 4% to cover an equal increase in operating costs there, primarily in personnel costs and equipment maintenance expense.

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 Director of Finance, Carolina County, 123 Dogwood Lane, Dogwood, North Carolina 00000.

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BASIC FINANCIAL STATEMENTS

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Carolina County, North Carolina
Statement of Net Assets
June 30, 2009

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Carolina County Hospital Inc.	Carolina County ABC Board
ASSETS					
Cash and cash equivalents	\$ 11,297,123	\$ 921,039	\$ 12,218,162	\$ 10,411,307	\$ 320,838
Receivables (net)	3,869,472	99,808	3,969,280	8,965,583	-
Due from other governments	3,257,800	-	3,257,800	-	-
Due from component unit	36,100	-	36,100	-	-
Inventories	2,551,800	110,281	2,662,081	1,185,514	89,692
Prepaid items	-	2,565	2,565	108,855	3,361
Restricted cash and cash equivalents	-	1,063,389	1,063,389	-	-
Equity interest in Carolina Cooperative	8,932	-	8,932	-	-
Deferred charge - issuance costs	60,357	-	60,357	-	-
Deferred charge - refunding	292,500	-	292,500	-	-
Capital assets:					
Land, improvements, and construction in progress	2,272,269	1,042,049	3,314,318	3,363,592	-
Other capital assets, net of depreciation	12,686,236	7,298,911	19,985,147	21,175,953	87,375
Total capital assets	14,958,505	8,340,960	23,299,465	24,539,545	87,375
Total assets	36,332,589	10,538,042	46,870,631	45,210,804	501,266
LIABILITIES					
Accounts payable and accrued expenses	3,947,589	27,269	3,974,858	3,437,706	28,571
Unearned revenue	332,403	-	332,403	-	-
Accrued interest payable	311,528	17,012	328,540	-	-
Customer deposits	-	9,918	9,918	-	-
Due to other governments	50,551	-	50,551	-	-
Due to primary government	-	-	-	-	36,100
Liabilities to be paid from restricted assets	-	248,814	248,814	-	-
Long-term liabilities:					
Due within one year	859,709	826,542	1,686,251	359,029	44,560
Due in more than one year	12,116,750	2,185,303	14,302,053	1,594,255	-
Total long-term liabilities	12,976,459	3,011,845	15,988,304	1,953,284	44,560
Total liabilities	17,618,530	3,314,858	20,933,388	5,390,990	109,231
NET ASSETS					
Invested in capital assets, net of related debt	10,870,916	6,814,349	17,685,265	22,590,821	87,375
Restricted for:					
Public safety	4,578	-	4,578	-	-
Education	13,270	-	13,270	-	-
Register of Deeds	17,285	-	17,285	-	-
Other purposes	7,969	-	7,969	-	-
Unrestricted (deficit)	7,800,041	408,835	8,208,876	17,228,993	304,660
Total net assets	\$ 18,714,059	\$ 7,223,184	\$ 25,937,243	\$ 39,819,814	\$ 392,035

The notes to the financial statements are an integral part of this statement.

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

Functions/Programs	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:				
Governmental Activities:				
General government	\$ 7,078,711	\$ 485,657	\$ -	\$ -
Public safety	7,275,482	1,827,892	141,485	-
Transportation	1,134,158	-	-	-
Economic & physical development	1,136,399	-	-	-
Human services	22,424,065	100,000	12,525,137	-
Cultural & recreation	2,353,261	578,373	-	102,832
Education	43,118,616	-	59,470	624,059
Interest on long-term debt	695,925	-	-	-
Total governmental activities	85,216,617	2,991,922	12,726,092	726,891
Business-type activities:				
Landfill	286,228	225,995	100	-
Water and Sewer	482,964	780,108	12,100	125,878
Total business-type activities	769,192	1,006,103	12,200	125,878
	\$ 85,985,809	\$ 3,998,025	\$ 12,738,292	\$ 852,769
Component units:				
Hospital	\$ 40,619,941	\$ 43,127,674	\$ 1,241,035	\$ 974,775
ABC Board	2,663,093	2,661,222	-	-
Total component units	\$ 43,283,034	\$ 45,788,896	\$ 1,241,035	\$ 974,775
General revenues:				
Taxes:				
Property taxes, levied for general purpose				
Local option sales tax				
Other taxes and licenses				
Grants and contributions not restricted to specific programs				
Investment earnings, unrestricted				
Miscellaneous, unrestricted				
<i>Special item</i> -gain on sale of park land				
Transfers				
Total general revenues, special items, and transfers				
Change in net assets				
Net assets, beginning				
Net assets, ending				

The notes to the financial statements are an integral part of this statement.

Exhibit 2

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Carolina County Hospital Inc.	Carolina County ABC Board
\$ (6,593,054)	\$ -	\$ (6,593,054)		
(5,306,105)	-	(5,306,105)		
(1,134,158)	-	(1,134,158)		
(1,136,399)	-	(1,136,399)		
(9,798,928)	-	(9,798,928)		
(1,672,056)	-	(1,672,056)		
(42,435,087)	-	(42,435,087)		
(695,925)	-	(695,925)		
<u>(68,771,712)</u>	<u>-</u>	<u>(68,771,712)</u>		
-	(60,133)	(60,133)		
-	435,122	435,122		
-	374,989	374,989		
<u>(68,771,712)</u>	<u>374,989</u>	<u>(68,396,723)</u>		
			\$ 4,723,543	\$ -
			-	(1,871)
			<u>4,723,543</u>	<u>(1,871)</u>
55,493,338	-	55,493,338	-	-
13,276,224	-	13,276,224	-	-
276,471	-	276,471	-	-
145,522	101,000	246,522	-	-
1,598,847	5,960	1,604,807	636,856	7,971
150,143	-	150,143	-	-
27,482 *	-	27,482	-	-
(100,000)	100,000	-	-	-
<u>70,868,027</u>	<u>206,960</u>	<u>71,074,987</u>	<u>636,856</u>	<u>7,971</u>
2,096,315	581,949	2,678,264	5,360,399	6,100
16,617,744	6,641,235	23,258,979	34,459,415	385,935
<u>\$ 18,714,059</u>	<u>\$ 7,223,184</u>	<u>\$ 25,937,243</u>	<u>\$ 39,819,814</u>	<u>\$ 392,035</u>

* **NOTE TO PREPARER:** *Special items* reported on this statement should be material to the unit as a whole in addition to meeting the other requirements for a special item. The special item reported here is for illustrative purposes only.

**Carolina County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2009**

	<u>Major</u>	<u>Non-Major</u>	
		<u>Other</u>	
	<u>General</u>	<u>Governmental</u>	
		<u>Funds</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 10,151,494	\$ 1,145,629	\$ 11,297,123
Receivables, net	3,525,337	14,916	3,540,253
Due from other governments	3,200,000	57,800	3,257,800
Due from component unit	36,100	-	36,100
Inventories	2,551,800	-	2,551,800
Total assets	<u>\$ 19,464,731</u>	<u>\$ 1,218,345</u>	<u>\$ 20,683,076</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable and accrued liabilities	\$ 3,560,192	\$ 19,958	\$ 3,580,150
Miscellaneous liabilities	226,142	-	226,142
Due to other governments	50,551	-	50,551
Contract retainage	-	141,297	141,297
Deferred revenue	2,298,599	1,345	2,299,944
Unearned revenue	329,403	3,000	332,403
Total liabilities	<u>6,464,887</u>	<u>165,600</u>	<u>6,630,487</u>

Fund balances:

Reserved for:

Inventories	2,551,800	-	2,551,800
State statute	4,462,838	4,478	4,467,316
Encumbrances	20,890	-	20,890
Register of Deeds	17,285	-	17,285
Unreserved, undesignated	5,492,031	-	5,492,031
Unreserved, designated for subsequent year's expenditures	455,000	-	455,000
Unreserved, reported in nonmajor:			
Special revenue funds	-	1,030,028	1,030,028
Capital projects funds	-	18,239	18,239
Total fund balances	<u>12,999,844</u>	<u>1,052,745</u>	<u>14,052,589</u>

Total liabilities and fund balances \$ 19,464,731 \$ 1,218,345

Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:

The County has an equity interest in a joint venture. This investment is not a current financial resource and therefore not reported in the funds.	8,932
Deferred charges related to advance refunding bond issue.	352,857
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	14,958,505
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	465,198
Liabilities for earned but deferred revenues in fund statements.	2,163,965
Some liabilities, including bonds payable and other postemployment benefits, are not due and payable in the current period and therefore are not reported in the funds.	<u>(13,287,987)</u>
Net assets of governmental activities	<u>\$ 18,714,059</u>

The notes to the financial statements are an integral part of this statement.

Carolina County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2009

	Major	Non-Major	Total
	General Fund	Other Governmental Funds	
REVENUES			
Ad valorem taxes	\$ 55,462,297	\$ 20,861	\$ 55,483,158
Local option sales taxes	12,899,824	376,400	13,276,224
Other taxes and licenses	276,471	-	276,471
Unrestricted intergovernmental	145,522	-	145,522
Restricted intergovernmental	14,057,550	756,797	14,814,347
Permits and fees	398,938	-	398,938
Sales and services	1,144,821	-	1,144,821
Investment earnings	1,511,018	104,628	1,615,646
Miscellaneous	116,284	70,000	186,284
Total revenues	86,012,725	1,328,686	87,341,411
EXPENDITURES			
Current:			
General government	6,264,022	562,674	6,826,696
Public safety	7,032,599	76,486	7,109,085
Transportation	1,138,578	-	1,138,578
Economic and physical development	1,316,929	-	1,316,929
Human services	22,419,822	-	22,419,822
Cultural and recreational	2,308,240	-	2,308,240
Intergovernmental:			
Education	41,418,016	-	41,418,016
Capital outlay	-	1,846,696	1,846,696
Debt service:			
Principal	618,166	-	618,166
Interest	692,904	-	692,904
Bond issuance costs	65,000	-	65,000
Advance refunding escrow	15,000	-	15,000
Total expenditures	83,289,276	2,485,856	85,775,132
Excess (deficiency) of revenues over expenditures	2,723,449	(1,157,170)	1,566,279
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	619,059	520,616	1,139,675
Transfers to other funds	(620,616)	(619,059)	(1,239,675)
Capital lease obligations issued	100,000	-	100,000
Refunding bonds issued	3,365,000	-	3,365,000
Installment purchase obligations issued	-	1,200,000	1,200,000
Payment to refunded bond escrow agent	(3,300,000)	-	(3,300,000)
Sale of capital assets	28,482	-	28,482
Total other financing sources and uses	191,925	1,101,557	1,293,482
Net change in fund balance	2,915,374	(55,613)	2,859,761
Fund balances, beginning	9,961,496	1,108,358	11,069,854
Increase in inventory	122,974	-	122,974
Fund balances, ending	\$ 12,999,844	\$ 1,052,745	\$ 14,052,589

The notes to the financial statements are an integral part of this statement.

Carolina County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2009

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

Net changes in fund balances - total governmental funds	\$ 2,859,761
Change in fund balance due to change in reserve for inventory	122,974
 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	(116,451)
 Cost of capital asset disposed of during the year, not recognized on modified accrual basis	(1,000)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	44,039
 The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(666,834)
 Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(146,174)
 Total changes in net assets of governmental activities	<u>\$ 2,096,315</u>

The notes to the financial statements are an integral part of this statement.

Carolina County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 54,812,398	\$ 54,192,398	\$ 55,462,297	\$ 1,269,899
Local option sales tax	12,735,000	12,222,580	12,899,824	677,244
Other taxes and licenses	247,500	248,469	276,471	28,002
Unrestricted intergovernmental	60,000	150,642	145,522	(5,120)
Restricted intergovernmental	14,406,151	13,941,456	14,057,550	116,094
Permits and fees	354,000	354,069	398,938	44,869
Sales and services	1,038,650	1,038,700	1,144,821	106,121
Investment earnings	1,032,500	1,032,500	1,511,018	478,518
Miscellaneous	147,703	61,703	116,284	54,581
Total revenues	<u>84,833,902</u>	<u>83,242,517</u>	<u>86,012,725</u>	<u>2,770,208</u>
Expenditures				
Current:				
General government	6,325,000	6,378,901	6,264,022	114,879
Public safety	7,200,000	7,090,414	7,032,599	57,815
Transportation	1,140,000	1,141,516	1,138,578	2,938
Economic and physical development	1,315,000	1,316,992	1,316,929	63
Human services	23,923,816	22,768,758	22,419,822	348,936
Cultural and recreational	2,315,000	2,312,261	2,308,240	4,021
Intergovernmental:				
Education	41,418,016	41,418,016	41,418,016	-
Debt service:				
Principal retirement	618,166	618,166	618,166	-
Interest and other charges	692,904	692,904	692,904	-
Bond issuance costs	65,000	65,000	65,000	-
Advance refunding escrow	15,000	15,000	15,000	-
Total expenditures	<u>85,027,902</u>	<u>83,817,928</u>	<u>83,289,276</u>	<u>528,652</u>
Revenues over (under) expenditures	<u>(194,000)</u>	<u>(575,411)</u>	<u>2,723,449</u>	<u>3,298,860</u>
Other financing sources (uses):				
Transfers from other funds	-	620,227	619,059	(1,168)
Transfers to other funds	-	(238,816)	(620,616)	(381,800)
Capital lease obligations issued	100,000	100,000	100,000	-
Refunding bonds issued	3,365,000	3,365,000	3,365,000	-
Payment to refunding bond escrow agent	(3,300,000)	(3,300,000)	(3,300,000)	-
Sale of capital assets	29,000	29,000	28,482	(518)
Total other financing sources (uses)	<u>194,000</u>	<u>575,411</u>	<u>191,925</u>	<u>(383,486)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,915,374</u>	<u>\$ 2,915,374</u>
Fund balance, beginning			9,961,496	
Increase in inventory			122,974	
Fund balance, ending			<u>\$ 12,999,844</u>	

The notes to the financial statements are an integral part of this statement.

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

	Major		Non-Major		Total
	Landfill Fund	Water and Sewer District No. 1	Water and Sewer District No. 2		
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 305,213	\$ 607,334	\$ 8,492	\$	921,039
Receivables, net	23,831	75,824	153		99,808
Inventories	-	110,281	-		110,281
Prepays	1,444	1,121	-		2,565
Total current assets	330,488	794,560	8,645		1,133,693
Noncurrent assets:					
Restricted cash and cash equivalents	-	1,053,536	9,853		1,063,389
Capital assets:					
Land and construction in progress	216,500	529,653	295,896		1,042,049
Other capital assets, net of depreciation	1,669,001	5,629,910	-		7,298,911
Total capital assets	1,885,501	6,159,563	295,896		8,340,960
Total noncurrent assets	1,885,501	7,213,099	305,749		9,404,349
Total assets	2,215,989	8,007,659	314,394		10,538,042
LIABILITIES					
Current liabilities:					
Accounts payable	2,456	23,668	1,145		27,269
Customer deposits	-	4,169	5,749		9,918
Accrued interest payable	-	17,012	-		17,012
General obligation bonds payable	-	151,542	-		151,542
Bond anticipation notes payable	-	375,000	300,000		675,000
Total current liabilities	2,456	571,391	306,894		880,741
Noncurrent liabilities:					
Liabilities payable from restricted assets:					
Accounts payable	-	248,814	-		248,814
Accrued landfill closure and postclosure care costs	226,058	-	-		226,058
Compensated absences	40,000	155,000	-		195,000
Other postemployment benefits	481	306	-		787
General obligation bonds payable	-	1,763,458	-		1,763,458
Total noncurrent liabilities	266,539	2,167,578	-		2,434,117
Total liabilities	268,995	2,738,969	306,894		3,314,858
NET ASSETS					
Invested in capital assets, net of related debt	1,885,501	4,923,099	5,749		6,814,349
Unrestricted	61,493	345,591	1,751		408,835
Total net assets	\$ 1,946,994	\$ 5,268,690	\$ 7,500		\$ 7,223,184

The notes to the financial statements are an integral part of this statement.

See City of Dogwood for an example of proprietary fund presentation when a unit has one or more internal service funds.

Carolina County, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2009

	<u>Major</u>		<u>Non-Major</u>	
	<u>Landfill Fund</u>	<u>Water and Sewer District- No. 1</u>	<u>Water and Sewer District- No. 2</u>	<u>Total</u>
OPERATING REVENUES				
Charges for services	\$ 225,995	\$ 779,108	\$ 1,000	\$ 1,006,103
Water and sewer taps	-	7,100	5,000	12,100
Miscellaneous	100	430	100	630
Total operating revenues	<u>226,095</u>	<u>786,638</u>	<u>6,100</u>	<u>1,018,833</u>
OPERATING EXPENSES				
Administration	24,033	64,052	2,110	90,195
Finance	-	31,315	500	31,815
Water treatment plant	-	68,976	-	68,976
Raw water pump station	-	22,949	-	22,949
Water distribution	-	31,172	-	31,172
Sewage Collection	-	25,026	-	25,026
Primary waste treatment	-	23,640	-	23,640
Secondary waste treatment	-	5,369	-	5,369
Maintenance	-	6,892	-	6,892
Landfill operations	165,680	-	-	165,680
Landfill closure and postclosure care costs	46,274	-	-	46,274
Depreciation	50,241	200,963	-	251,204
Total operating expenses	<u>286,228</u>	<u>480,354</u>	<u>2,610</u>	<u>769,192</u>
Operating income (loss)	<u>(60,133)</u>	<u>306,284</u>	<u>3,490</u>	<u>249,641</u>
NONOPERATING REVENUES (EXPENSES)				
Solid waste disposal tax	1,000	-	-	1,000
Scrap tire disposal tax	42,000	-	-	42,000
White goods disposal tax	58,000	-	-	58,000
Interest and investment revenue	917	5,033	10	5,960
Total nonoperating revenue (expenses)	<u>101,917</u>	<u>5,033</u>	<u>10</u>	<u>106,960</u>
Income (loss) before contributions and transfers	41,784	311,317	3,500	356,601
Capital contributions	-	121,348	4,000	125,348
Transfers from other funds	-	100,000	-	100,000
Change in net assets	41,784	532,665	7,500	581,949
Total net assets, beginning	1,905,210	4,736,025	-	6,641,235
Total net assets, ending	<u>\$ 1,946,994</u>	<u>\$ 5,268,690</u>	<u>\$ 7,500</u>	<u>\$ 7,223,184</u>

The notes to the financial statements are an integral part of this statement.

Carolina County, North Carolina
Statement of Cash Flows
Enterprise Fund
For The Fiscal Year Ended June 30, 2009

	<u>Major</u>		<u>Non-Major</u>	
	<u>Landfill</u>	<u>Water</u>	<u>Water</u>	
	<u>Fund</u>	<u>and Sewer</u>	<u>and Sewer</u>	<u>Total</u>
		<u>District- No. 1</u>	<u>District- No. 2</u>	
Cash flows from operating activities:				
Cash received from customers	\$ 234,689	\$ 780,356	\$ 5,847	\$ 1,020,892
Cash paid for goods and services	(31,613)	(147,698)	1,145	(178,166)
Cash paid to employees for services	(72,652)	(120,631)	(2,610)	(195,893)
Customer deposits received	-	1,800	6,549	8,349
Customer deposits returned	-	(10,732)	(800)	(11,532)
Other operating revenue	100	430	100	630
Net cash provided by operating activities	130,524	503,525	10,231	644,280
Cash flows from noncapital financing				
Transfers in	-	100,000	-	100,000
Cash flows from capital and related financing activities:				
Bond anticipation notes issued	-	375,000	300,000	675,000
Acquisition and construction of capital assets	(46,559)	(977,081)	(295,896)	(1,319,536)
Principal paid on bond maturities and equipment contracts	-	(250,000)	-	(250,000)
Interest paid on bond maturities and equipment contracts	-	(99,144)	-	(99,144)
Capital contributions - federal grant	-	121,348	4,000	125,348
Net cash used by capital and related financing activities	(46,559)	(829,877)	8,104	(868,332)
Cash flows from investing activities:				
Interest on investments	917	37,195	10	38,122
Net increase (decrease) in cash and cash equivalents	84,882	(189,157)	18,345	(85,930)
Cash and cash equivalents, beginning	220,331	1,850,027	-	2,070,358
Cash and cash equivalents, ending	\$ 305,213	\$ 1,660,870	\$ 18,345	\$ 1,984,428

(continued)

Carolina County, North Carolina
Statement of Cash Flows
Enterprise Fund
For The Fiscal Year Ended June 30, 2009

(continued)

	<u>Major</u>	<u>Non-Major</u>		
	<u>Landfill</u>	<u>Water</u>	<u>Water</u>	
	<u>Fund</u>	<u>and Sewer</u>	<u>and Sewer</u>	<u>Totals</u>
	<u>District-</u>	<u>District- No. 1</u>	<u>District- No. 2</u>	
	<u>No. 1</u>			
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ (60,133)	\$ 306,284	\$ 3,490	\$ 249,641
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	50,241	200,963	-	251,204
Provision for uncollectible accounts	-	650	-	650
Landfill closure and postclosure care costs	46,274	-	-	46,274
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	43,566	5,598	(153)	49,011
Decrease in inventory	-	1,840	-	1,840
(Increase) in prepaid items	25,000	(260)	-	24,740
Increase (decrease) in accounts payable and accrued liabilities	20,095	(12,924)	1,145	8,316
Increase (decrease) in customer deposits	-	(8,932)	5,749	(3,183)
Increase in accrued vacation pay	5,000	10,000	-	15,000
Increase in OPEB payable	481	306	-	787
Total adjustments	190,657	197,241	6,741	394,639
Net cash provided by operating activities	\$ 130,524	\$ 503,525	\$ 10,231	\$ 644,280

The notes to the financial statements are an integral part of this statement.

**Carolina County, North Carolina
Statement of Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2009**

	Pension Trust Funds	Agency Fund
Assets		
Cash and cash equivalents	\$ 1,207,314	\$ 207,926
 Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,300	\$ -
Miscellaneous liabilities	-	138,801
Intergovernmental payable- Carolina Board of Education	-	66,936
Intergovernmental payable- State of North Carolina	-	2,189
Total liabilities	1,300	207,926
Net assets:		
Assets held in trust for pension benefits	\$ 1,206,014	\$ -

The notes to the financial statements are an integral part of this statement.

Carolina County, North Carolina
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For The Fiscal Year Ended June 30, 2009

	<u>Pension Trust Funds</u>
Additions:	
Employer contributions	<u>\$ 1,077,492</u>
Investment income:	
Net appreciation (depreciation) in fair value of investments	12,147
Interest	38,984
	<u>51,131</u>
Less investment expense	438
Net investment income	<u>50,693</u>
Total additions	<u>1,128,185</u>
Deductions:	
Benefits	<u>814,906</u>
Administrative expense	941
Total deductions	<u>815,847</u>
Change in net assets	312,338
Net assets, beginning	893,676
Net assets, ending	<u><u>\$ 1,206,014</u></u>

The notes to the financial statements are an integral part of this statement.

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Carolina County, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

I. Summary of Significant Accounting Policies

The accounting policies of Carolina County and its component units conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The County, which is governed by a five-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. Carolina County's Water District- Number 1 and Water District-Number 2 exist to provide and maintain water systems for the County residents within the districts. The Districts are reported as enterprise funds in the County's financial statements. Carolina County Industrial Facility and Pollution Control Financing Authority (the *Authority*) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. The Carolina County Hospital (the *Hospital*), which has a September 30 year-end, and The Carolina County ABC Board (the *Board*), which has a June 30 year-end, are presented as if they are separate proprietary funds of the County (discrete presentation). The blended presentation method presents component units as a department or unit of the County, and offers no separate presentation as with the discrete method.

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
Water District- No. 1	Blended	Under State law [NCGS 162A-89], the County's board of commissioners also serve as the governing board for the District.	None issued.
Water District- No. 2	Blended	Under State law [NCGS 162A-89], the County's board of commissioners also serve as the governing board for the District.	None issued.
Carolina County Industrial Facility and Pollution Control Financing Authority	Discrete	The Authority is governed by a seven-member board of commoners that is appointed by the county commissioners. The County can remove any commissioner of the Authority with or without cause.	None issued.
Carolina County Hospital	Discrete	The Hospital is a public hospital operated by a not-for-profit corporation which has leased the hospital facilities from the County for a period of 99 years. The County appoints the board of trustees for the Hospital. The County has also issued general obligation debt on behalf of the hospital.	Carolina County Hospital 123 Medical Drive Dogwood, NC 00000
Carolina County ABC Board	Discrete	The members of the ABC Board's governing board are appointed by the County. The ABC Board is required by State statute to distribute its surpluses to the General Fund of the County.	Carolina County ABC Board 456 Party Avenue Dogwood, NC 00000

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 primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the

Note to preparer: Of the discretely presented component units, the ABC Board is considered immaterial relative to the primary government. In this example, the notes relative to the ABC Board have been streamlined to include only the material items of cash, inventory, and capital assets disclosures. Conversely, the Hospital is considered material to the primary government. Therefore, material items should be disclosed – cash and investments, capital assets, debt, accounts receivable and accounts payable, risk management and subsequent events, and other notes deemed material.

programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

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

The County reports the following major governmental fund:

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

The County reports the following major enterprise funds:

Landfill Fund. This fund accounts for the operation, maintenance, and development of various landfills and disposal sites.

Water and Sewer District- No. 1 Fund. This fund is used to account for the operations of the water and sewer district-No. 1 within the County.

The County reports the following fund types:

Pension Trust Fund. The County maintains two Pension Trust Funds- the Special Separation Allowance Fund and the Other Postemployment Benefit Fund. Pension trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, or other postemployment benefit plans. The Special Separation Allowance Fund, that accounts for the Law Enforcement Officers' Special Separation Allowance, a single-employer, public employee retirement system. The Other Postemployment Benefit Fund accounts for the County's contributions for healthcare coverage provided to qualified retirees.

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for moneys 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 Carolina 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 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 all eligibility requirements have been satisfied.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating 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 a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Carolina County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2008 through February 2009 apply to the fiscal year ended June 30, 2009. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements.

Note to preparer: Any motor vehicle property taxes collected by the County for municipalities or special tax districts prior to June 30 which are not remitted to those governmental entities until after the fiscal year end should be reported as collected property taxes at year end by the County. The amounts of tax moneys due from the County should be reported as an intergovernmental payable.

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

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

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

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Emergency Telephone, Fire District, and Revaluation Special Revenue Funds, and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Capital Reserve Special Revenue Fund, the Capital Projects Fund, 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 functional 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 or that change functional appropriations by more than \$5,000. The governing board must approve all amendments. During the year, several immaterial 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.

Note to preparer: Please adjust the Budgetary Data note based on how your local government adopted their budget. This note along with stewardship and Budget to Actual statements will be used by our office to verify budgetary compliance. According to G.S. 159-13(a), local governments shall make appropriations by department, function, or project. However, your local government's Board may impose a more detailed level.

D. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

All deposits of the County, Carolina County Hospital, and Carolina County ABC Board are made in board-designated official depositories and are secured as required by G.S. 159-31. The County, the Hospital, and the ABC Board may designate, as an official depository, any bank or savings

association whose principal office is located in North Carolina. Also, the County, the Hospital, and the ABC Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the County, the Hospital, and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

General Statute 147-69.4 allows the County to establish an OPEB Trust Fund under the management of the State Treasurer and G.S. 159-30(g) allows the County to make contributions to the Fund. The State Treasurer in her discretion may invest the proceeds in equities of certain publicly held companies and long or short term fixed income investments as detailed in G.S. 147-69.2(1-6) and (8). Funds submitted are managed in three different sub-funds, the State Treasurer's Short Term Investment Fund (STIF) consisting of short to intermediate treasuries, agencies and corporate issues authorized by G.S. 147-69.1, the long-term investment fund (LTIF) consisting of investment grade corporate securities, treasuries, and agencies, and Barclay's Global International Equity Fund authorized under G.S. 147-69.2(8).

Note to preparer: This paragraph first assumes the government has submitted deposits to the State OPEB Trust Fund. Secondly, its discussion of investments pertains to those investments that have been in the OPEB Trust Fund for a while and has investments in all three parts. If the County only had investments in the State OPEB Trust Fund on the last day of the year and only in the STIF account, replace the last sentence with "Funds submitted are held in the State Treasurer's Short Term Investment Fund (STIF). Allowable STIF investments are detailed in G.S. 147-69.1."

The County, the Hospital, and the ABC Board's 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. The STIF securities are reported at cost and maintain a constant \$1 per share value. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund. The LTIF and Barclay's Global International Equity Fund are valued at fair value.

Note to preparer: Use of amortized cost for money market instruments is an option under GASB Statement No. 31. The following statement should be made if amortized cost is used: "Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost."

2. Cash and Cash Equivalents

The County pools moneys from several funds, except the Pension Trust Fund, 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. Carolina County Hospital and the ABC Board consider demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

3. Restricted Assets

The unexpended bond proceeds of the District's Serial Bonds are classified as restricted assets within the Water and Sewer Districts' No.1 and No.2 Funds because their use is completely restricted to the purpose for which the bonds were originally issued. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected.

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2009. 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.

5. 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.

6. Inventories and Prepaid Items

The inventories of the County, the Hospital, and the ABC Board 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 as well as those of the Hospital and the ABC Board consists of materials and supplies held for consumption or resale. The cost of the inventory carried in the County's enterprise funds and that of the Hospital and the ABC Board 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.

Note to preparer: If your unit is using the consumption method of accounting for prepaid expenses, this will need to be disclosed here.

7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization costs are as follows: land, \$10,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$15,000; infrastructure, \$20,000; equipment and furniture \$5,000; vehicles and motorized equipment, \$10,000; and computer equipment of \$500. 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 Carolina 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 Carolina County Board of Education.

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

	Years
Buildings	50
Plant and distribution systems	40
Infrastructure	30
Other improvements	25
Equipment and furniture	10
Vehicles and motorized equipment	6
Computer equipment	3

Required Supplemental Financial Data

This section contains additional information required by generally accepted accounting principles.

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance
- Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Funding Progress for the Other Postemployment Benefits
- Schedule of Employer Contributions for the Other Postemployment Benefits
- Notes to the Required Schedules for the Other Postemployment Benefits

Please Note: The Schedule of Funding Progress for the Carolina County Hospital Plan can be found in the separately issued financial statements for the Hospital, available from the Hospital Finance office (see Note I.A. to the County statements for contact information).

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/2002	\$ 418,803	\$ 583,291	\$ 164,488	71.8%	\$ 1,798,756	9.1%
12/31/2003	513,095	679,596	166,501	75.5%	1,893,427	8.8%
12/31/2004	604,181	740,418	136,237	81.6%	1,993,081	6.8%
12/31/2005	727,490	837,158	109,668	86.9%	2,097,980	5.2%
12/31/2006	821,015	910,216	89,201	90.2%	2,208,400	4.0%
12/31/2007	946,071	1,023,886	77,815	92.4%	2,324,632	3.3%

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

Year Ending June 30	Annual Required Contributions	Percentage Contributed
2004	\$ 96,389	100%
2005	99,014	100
2006	101,717	100
2007	95,602	100
2008	98,470	100
2009	101,424	100

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/07
Actuarial cost method	Projected unit credit
Amortization method	Level percent closed
Remaining amortization period	13 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	7.5%
Projected salary increases*	6.5%
*Includes inflation at	5.0%
Cost of living adjustments	None

Note to preparer: Factors that would significantly affect the identification of trends in the amounts reported in the required schedules should be disclosed here (for example, changes in benefit provisions or the actuarial methods and assumptions used).

Carolina County, North Carolina
Other Postemployment Benefits
Required Supplementary Information
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/2007	177,747	20,477,720	20,299,973	0.9%	11,809,655	171.9%

Note to preparer: In the year of transition, one year of information is usually available. In the subsequent year(s), add information in the tables above when determined until three years of information is presented, as required by GASB Statement No. 43, paragraph 35.

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

Year Ending June 30	Annual Required Contributions	Percentage Contributed
2009	1,027,440	95.0%

Note to preparer: In the year of transition, one year of information is usually available. In the subsequent year(s), add information in the tables above when determined until three years of information is presented, as required by GASB Statement No. 43, paragraph 36.

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/07
Actuarial cost method	Projected unit credit
Amortization method	Level percent open
Remaining amortization period	30 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	4.5%
Medical cost trend	12.00 – 6.00%
*Includes inflation at	3.75%

Note to preparer: Factors that would significantly affect the identification of trends in the amounts reported in the required schedules should be disclosed here (for example, changes in benefit provisions or the actuarial methods and assumptions used).

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Combining and Individual Fund Statements and Schedules

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**Carolina County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2009**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes		\$ 55,122,671	
Interest		339,626	
Total	<u>\$ 54,192,398</u>	<u>55,462,297</u>	<u>\$ 1,269,899</u>
Local option sales taxes:			
Article 39 and 44		5,073,477	
Article 40 one - half of one percent		3,425,060	
Article 42 one - half of one percent		3,214,368	
Article 46 one - quarter of one percent		1,186,919	
Total	<u>12,222,580</u>	<u>12,899,824</u>	<u>677,244</u>
Other taxes and licenses:			
Deed stamp excise tax		150,717	
Real estate transfer tax		79,643	
Privilege licenses		46,111	
Total	<u>248,469</u>	<u>276,471</u>	<u>28,002</u>
Unrestricted intergovernmental:			
Payments in lieu of taxes-outside sources		24,928	
ABC profit distribution		91,850	
Beer and wine tax		28,744	
Total	<u>150,642</u>	<u>145,522</u>	<u>(5,120)</u>
Restricted intergovernmental:			
State grants		7,119,183	
Federal grants		5,383,804	
Controlled substance tax		48,250	
Court facility fees		1,448,163	
ABC profits for law enforcement		36,000	
ABC bottles taxes		22,150	
Total	<u>13,941,456</u>	<u>14,057,550</u>	<u>116,094</u>
Permits and fees:			
Building permits		13,948	
Inspection fees		12,145	
Register of deeds		372,845	
Total	<u>354,069</u>	<u>398,938</u>	<u>44,869</u> (cont.)

**Carolina County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2009**

	Final Budget	Actual	Variance Positive (Negative)
Sales and services:			
Rents, concessions, and fees		773,382	
Jail fees		31,650	
Ambulance and rescue squad fees		121,986	
Recreation fees		204,991	
Vehicle tax collection fees		12,812	
Total	<u>1,038,700</u>	<u>1,144,821</u>	<u>106,121</u>
Investment earnings	<u>1,032,500</u>	<u>1,511,018</u>	<u>478,518</u>
Miscellaneous:			
Sale of materials		91,000	
Special assessments		4,190	
Other		21,094	
Total	<u>61,703</u>	<u>116,284</u>	<u>54,581</u>
Total revenues	<u>83,242,517</u>	<u>86,012,725</u>	<u>2,770,208</u>
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits		30,473	
Other operating expenditures		41,600	
Insurance other than property		62,169	
Total		<u>134,242</u>	
Administration:			
Salaries and employee benefits		222,146	
Other operating expenditures		98,711	
Total		<u>320,857</u>	
Elections:			
Salaries and employee benefits		230,126	
Other operating expenditures		119,974	
Capital outlay		17,000	
Total		<u>367,100</u>	
Finance:			
Salaries and employee benefits		421,299	
Other operating expenditures		262,522	
Capital outlay		136,515	
Total		<u>820,336</u>	

(cont.)

**Carolina County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2009**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Taxes:			
Salaries and employee benefits		1,110,727	
Other operating expenditures		501,796	
Tax mapping		25,609	
Capital outlay		4,869	
Total		<u>1,643,001</u>	
Legal:			
Contracted services		<u>49,650</u>	
Register of deeds:			
Salaries and employee benefits		230,642	
Other operating expenditures		141,294	
Capital outlay		20,000	
Total		<u>391,936</u>	
Public buildings:			
Salaries and employee benefits		715,131	
Other operating expenditures		301,266	
Total		<u>1,016,397</u>	
Court facilities:			
Salaries and employee benefits		819,418	
Other operating expenditures		544,323	
Total		<u>1,363,741</u>	
Central garage:			
Salaries and employee benefits		32,510	
Other operating expenditures		124,252	
Total		<u>156,762</u>	
Total general government	<u>6,378,901</u>	<u>6,264,022</u>	<u>114,879</u>
Public safety:			
Sheriff and communications:			
Salaries and employee benefits		2,862,642	
Other operating expenditures		1,039,414	
Capital outlay		96,524	
Total		<u>3,998,580</u>	

(cont.)

**Carolina County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2009**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Jail:			
Salaries and employee benefits		826,941	
Other operating expenditures		475,711	
Capital outlay		16,040	
Total		<u>1,318,692</u>	
Emergency communications:			
Salaries and employee benefits		33,000	
Other operating expenditures		33,550	
Capital outlay		27,450	
Total		<u>94,000</u>	
Emergency management:			
Salaries and employee benefits		18,000	
Other operating expenditures		4,100	
Total		<u>22,100</u>	
Fire:			
Salaries and employee benefits		93,811	
Other operating expenditures		39,113	
Assistance to local fire departments		62,250	
Capital outlay		10,000	
Total		<u>205,174</u>	
Inspections:			
Salaries and employee benefits		744,473	
Other operating expenditures		300,794	
Total		<u>1,045,267</u>	
Rescue units:			
Salaries and employee benefits		43,327	
Other operating expenditures		11,700	
Assistance to local rescue units		50,000	
Capital outlay		31,740	
Total		<u>136,767</u>	
Animal control:			
Salaries and employee benefits		41,626	
Other operating expenditures		18,210	
Capital outlay		20,000	
Total		<u>79,836</u>	

(cont.)

**Carolina County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2009**

	Final Budget	Actual	Variance Positive (Negative)
Medical examiner:			
Salaries and employee benefits		42,045	
Other operating expenditures		11,390	
Contracted services		78,748	
Total		<u>132,183</u>	
Total public safety	<u>7,090,414</u>	<u>7,032,599</u>	<u>57,815</u>
Transportation:			
Streets and highways:			
Salaries and employee benefits		46,989	
Other operating expenditures		17,313	
Contracted services		59,354	
Total		<u>123,656</u>	
Contribution to regional airport		1,014,922	
Total transportation	<u>1,141,516</u>	<u>1,138,578</u>	<u>2,938</u>
Economic and physical development:			
Planning and zoning:			
Salaries and employee benefits		112,831	
Other operating expenditures		15,763	
Contracted services		127,117	
Total		<u>255,711</u>	
Economic development:			
Salaries and employee benefits		60,960	
Other operating expenditures		13,994	
COG membership dues		20,000	
Capital outlay		170,000	
Total		<u>264,954</u>	
Community development:			
Salaries and employee benefits		19,053	
Other operating expenditures		6,245	
Capital outlay		2,000	
Total		<u>27,298</u>	
Agricultural extension:			
Salaries and employee benefits		19,556	
Other operating expenditures		4,315	
Capital outlay		2,366	
Total		<u>26,237</u>	(cont.)

**Carolina County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2009**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Special employment programs (JTPA):			
Salaries and employee benefits		97,658	
Training costs		485,641	
Support payments		101,873	
Other operating expenditures		<u>6,217</u>	
Total		<u>691,389</u>	
Soil and water conservation:			
Salaries and employee benefits		50,170	
Other operating expenditures		<u>1,170</u>	
Total		<u>51,340</u>	
Total economic and physical development	<u>1,316,992</u>	<u>1,316,929</u>	<u>63</u>
Human services:			
Health:			
Administration:			
Salaries and employee benefits		351,785	
Other operating expenditures		<u>172,218</u>	
Total		<u>524,003</u>	
Health promotion:			
Salaries and employee benefits		30,922	
Other operating expenditures		8,967	
Capital outlay		<u>2,896</u>	
Total		<u>42,785</u>	
Tuberculosis:			
Salaries and employee benefits		38,239	
Other operating expenditures		<u>3,528</u>	
Total		<u>41,767</u>	
Home health:			
Salaries and employee benefits		159,523	
Other operating expenditures		<u>43,141</u>	
Total		<u>202,664</u>	
Family planning:			
Salaries and employee benefits		121,201	
Other operating expenditures		<u>34,315</u>	
Total		<u>155,516</u>	

(cont.)

**Carolina County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2009**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Maternal and child health:			
Salaries and employee benefits		65,339	
Other operating expenditures		<u>52,893</u>	
Total		<u>118,232</u>	
Women, infants, and children:			
Salaries and employee benefits		69,704	
Other operating expenditures		<u>18,269</u>	
Total		<u>87,973</u>	
Environmental health:			
Salaries and employee benefits		345,896	
Other operating expenditures		83,567	
Capital outlay		<u>49,418</u>	
Total		<u>478,881</u>	
Migrant health:			
Salaries and employee benefits		40,063	
Other operating expenditures		11,463	
Capital outlay		<u>5,689</u>	
Total		<u>57,215</u>	
Total health		<u>1,709,036</u>	
Mental health:			
Administration:			
Salaries and employee benefits		196,801	
Other operating expenditures		94,902	
Capital outlay		<u>36,073</u>	
Total		<u>327,776</u>	
Adult mental health:			
Salaries and employee benefits		619,303	
Other operating expenditures		135,520	
Professional services		<u>104,121</u>	
Total		<u>858,944</u>	
Child mental health:			
Salaries and employee benefits		445,050	
Other operating expenditures		179,580	
Professional services		<u>15,038</u>	
Total		<u>639,668</u>	

(cont.)

**Carolina County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2009**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Mental retardation:			
Salaries and employee benefits		614,523	
Other operating expenditures		478,152	
Professional services		15,690	
Total		<u>1,108,365</u>	
Alcoholism and drug abuse:			
Salaries and employee benefits		450,446	
Other operating expenditures		129,955	
Total		<u>580,401</u>	
Total mental health		<u>3,515,154</u>	
Social services:			
Administration:			
Salaries and employee benefits		469,425	
Other operating expenditures		186,964	
Capital outlay		101,194	
Total		<u>757,583</u>	
AFDC:			
Assistance payments		<u>5,394,921</u>	
Medical assistance program:			
Assistance payments		<u>2,412,791</u>	
Title III program:			
Salaries and employee benefits		304,098	
Other operating expenditures		79,289	
Capital outlay		67,296	
Total		<u>450,683</u>	
Income maintenance programs:			
Salaries and employee benefits		1,029,330	
Other operating expenditures		62,538	
Total		<u>1,091,868</u>	
Food stamp program:			
Salaries and employee benefits		501,431	
Other operating expenditures		569,003	
Total		<u>1,070,434</u>	

(cont.)

**Carolina County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2009**

	Final Budget	Actual	Variance Positive (Negative)
Adult day care:			
Salaries and employee benefits		922,006	
Other operating expenditures		1,242,874	
Capital outlay		145,680	
Total		<u>2,310,560</u>	
Child support enforcement:			
Salaries and employee benefits		776,198	
Other operating expenditures		956,329	
Capital outlay		52,894	
Total		<u>1,785,421</u>	
Other assistance:			
Assistance payments		502,145	
Total social services		<u>15,776,406</u>	
Community based alternatives:			
Salaries and employee benefits		25,599	
Other operating expenditures		2,279	
Total community based alternatives		<u>27,878</u>	
Veterans service officer:			
Salaries and employee benefits		129,956	
Other operating expenditures		26,392	
Total veterans service officer		<u>156,348</u>	
Contribution to County Hospital		1,235,000	
Total human services	<u>22,768,758</u>	<u>22,419,822</u>	<u>348,936</u>
Cultural and recreational:			
Recreation:			
Salaries and employee benefits		159,537	
Other operating expenditures		103,572	
Capital outlay		20,325	
Total		<u>283,434</u>	
Libraries:			
Contribution to regional library		2,024,806	
Total culture and recreation	<u>2,312,261</u>	<u>2,308,240</u>	<u>4,021</u>

(cont.)

Carolina County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Education:			
Public schools - current		32,119,059	
Public schools - capital outlay		6,798,957	
Community colleges - current		2,000,000	
Community colleges - capital outlay		500,000	
Total education	<u>41,418,016</u>	<u>41,418,016</u>	<u>-</u>
Debt service:			
Principal retirement	618,166	618,166	-
Interest and other charges	692,904	692,904	-
Bond issuance costs	65,000	65,000	-
Advance refunding escrow	15,000	15,000	-
Total debt service	<u>1,391,070</u>	<u>1,391,070</u>	<u>-</u>
Total expenditures	<u>83,817,928</u>	<u>83,289,276</u>	<u>528,652</u>
Revenues over expenditures	<u>(575,411)</u>	<u>2,723,449</u>	<u>3,298,860</u>
Other financing sources (uses):			
Transfers from other funds:			
Special Revenue Funds	620,227	619,059	(1,168)
Transfers to other funds:			
Special Revenue Funds	(68,816)	(450,616)	(381,800)
Capital Projects Fund	(70,000)	(70,000)	-
Enterprise Fund	(100,000)	(100,000)	-
Total net transfers	<u>381,411</u>	<u>(1,557)</u>	<u>(382,968)</u>
Capital lease obligations issued	100,000	100,000	-
Refunding bonds issued	3,365,000	3,365,000	-
Payment to refunded bond escrow agent	(3,300,000)	(3,300,000)	-
Sale of capital assets	29,000	28,482	(518)
Total other financing sources (uses)	<u>575,411</u>	<u>191,925</u>	<u>(383,486)</u>
Net change in fund balance	<u>\$ -</u>	<u>2,915,374</u>	<u>\$ 2,915,374</u>
Fund balance, beginning		9,961,496	
Increase in inventory		122,974	
Fund balance, ending		<u>\$ 12,999,844</u>	

Combining Statements for Non-Major Funds

Special Revenue Funds

- Capital Reserve Fund – This is the County’s fund to account for money held for future capital purposes.
- Emergency Telephone System Fund – This fund accounts for the 911 revenues received by the State 911 Board to enhance the State’s 911 system.
- Fire District Fund – This fund accounts for the tax revenues collected by the County on behalf of the various fire districts located within the County.
- Revaluation Fund – The County uses this fund to set aside money each year to pay for the revaluation for tax purposes of real property every eight years.

Capital Projects Funds

- Northwest Capital Projects Fund – The County uses this fund to account for the capital improvements being made at the Northwest Park facility.
- School Capital Projects Fund – The County uses this fund to account for capital outlay for the County school system.

Carolina County, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

	Special Revenue Funds			
	Capital Reserve Fund	Emergency Telephone System Fund	Fire District Fund	Revaluation Fund
ASSETS				
Cash and cash equivalents	\$ 558,550	\$ 2,450	\$ 1,783	\$ 534,602
Accounts receivable, net	-	-	-	-
Taxes receivable, net	-	4,478	1,345	-
Due from other governments	-	-	-	-
Total assets	\$ 558,550	\$ 6,928	\$ 3,128	\$ 534,602
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 4,478	\$ -	\$ 6,612
Contract retainage	-	-	-	56,267
Deferred revenue	-	-	1,345	-
Unearned revenue	-	-	-	-
Total liabilities	-	4,478	1,345	62,879
Fund balances:				
Reserved by state statute	-	4,478	-	-
Unreserved	558,550	(2,028)	1,783	471,723
Total fund balances	558,550	2,450	1,783	471,723
Total liabilities and fund balances	\$ 558,550	\$ 6,928	\$ 3,128	\$ 534,602

Total Nonmajor Special Revenue Funds	Capital Projects Funds			
	Northwest Capital Projects Fund	School Capital Projects Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
\$ 1,097,385	\$ 2,244	\$ 46,000	\$ 48,244	\$ 1,145,629
-	9,093	-	9,093	9,093
5,823	-	-	-	5,823
-	-	57,800	57,800	57,800
\$ 1,103,208	\$ 11,337	\$ 103,800	\$ 115,137	\$ 1,218,345
\$ 11,090	\$ 3,368	\$ 5,500	\$ 8,868	\$ 19,958
56,267	-	85,030	85,030	141,297
1,345	-	-	-	1,345
-	-	3,000	3,000	3,000
68,702	3,368	93,530	96,898	165,600
4,478	-	-	-	4,478
1,030,028	7,969	10,270	18,239	1,048,267
1,034,506	7,969	10,270	18,239	1,052,745
\$ 1,103,208	\$ 11,337	\$ 103,800	\$ 115,137	\$ 1,218,345

Carolina County, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2009

	Special Revenue Funds				Total Nonmajor Special Revenue Funds
	Capital Reserve Fund	Emergency Telephone System Fund	Fire District Fund	Revaluation Fund	
REVENUES					
Ad valorem taxes	\$ -	\$ -	\$ 20,861	\$ -	\$ 20,861
Local option sales taxes	-	-	-	-	-
Restricted intergovernmental	-	57,136	-	-	57,136
Investment earnings	21,550	-	99	52,679	74,328
Miscellaneous	-	-	-	-	-
Total revenues	<u>21,550</u>	<u>57,136</u>	<u>20,960</u>	<u>52,679</u>	<u>152,325</u>
EXPENDITURES					
Current:					
General government	-	-	-	562,674	562,674
Public safety	-	55,686	20,800	-	76,486
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>55,686</u>	<u>20,800</u>	<u>562,674</u>	<u>639,160</u>
Excess (deficiency) of revenues over expenditures	<u>21,550</u>	<u>1,450</u>	<u>160</u>	<u>(509,995)</u>	<u>(486,835)</u>
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	200,000	-	-	250,616	450,616
Transfers to other funds	-	-	-	-	-
Installment purchase obligations issued	-	-	-	-	-
Total other financing sources and uses	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>250,616</u>	<u>450,616</u>
Net change in fund balances	<u>221,550</u>	<u>1,450</u>	<u>160</u>	<u>(259,379)</u>	<u>(36,219)</u>
Fund balances, beginning	337,000	1,000	1,623	731,102	1,070,725
Fund balances, ending	<u>\$ 558,550</u>	<u>\$ 2,450</u>	<u>\$ 1,783</u>	<u>\$ 471,723</u>	<u>\$ 1,034,506</u>

Capital Projects Funds

Northwest Capital Projects Fund	School Capital Projects Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 20,861
-	376,400	376,400	376,400
32,832	666,829	699,661	756,797
13,600	16,700	30,300	104,628
70,000	-	70,000	70,000
116,432	1,059,929	1,176,361	1,328,686
-	-	-	562,674
-	-	-	76,486
146,096	1,700,600	1,846,696	1,846,696
146,096	1,700,600	1,846,696	2,485,856
(29,664)	(640,671)	(670,335)	(1,157,170)
-	70,000	70,000	520,616
-	(619,059)	(619,059)	(619,059)
-	1,200,000	1,200,000	1,200,000
-	650,941	650,941	1,101,557
(29,664)	10,270	(19,394)	(55,613)
37,633	-	37,633	1,108,358
\$ 7,969	\$ 10,270	\$ 18,239	\$ 1,052,745

Carolina County, North Carolina
Capital Reserve Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2009

	Project Author- ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Year	Current Year		
Revenues					
Investment Earnings	\$ 100,000	\$ 10,000	\$ 21,550	\$ 31,550	\$ (68,450)
Other financing sources (uses):					
Transfers in:					
General Fund	1,000,000	327,000	200,000	527,000	(473,000)
Transfers out:					
Capital Projects Fund	(1,100,000)	-	-	-	1,100,000
Total other financing sources (uses)	(100,000)	327,000	200,000	527,000	627,000
Net change in fund balance	\$ -	\$ 337,000	221,550	\$ 558,550	\$ 558,550
Fund balance, beginning			337,000		
Fund balance, ending			\$ 558,550		

Carolina County, North Carolina
Emergency Telephone System Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Restricted intergovernmental	58,000	57,136	(864)
Total	<u>58,000</u>	<u>57,136</u>	<u>(864)</u>
Expenditures			
Public safety	58,000	55,686	2,314
Total	<u>58,000</u>	<u>55,686</u>	<u>2,314</u>
Net change in fund balance	<u>\$ -</u>	1,450	<u>\$ 1,450</u>
Fund balance, beginning		<u>1,000</u>	
Fund balance, ending		<u>\$ 2,450</u>	

Note to Preparer: In 2008, the State assumed the responsibility for charging and administering the 911 funds under the new State 911 Board. Session Law 2007-383 became effective January 1, 2008. Any unspent Local land telephone 911 fees was transferred in the General Fund for any lawful purpose during the 2007-2008 fiscal year. See memoranda #1105, 1096, and 1091 for additional information.

Carolina County, North Carolina
Fire District Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Current year	\$ 19,200	\$ 19,313	\$ 113
Prior year	1,500	1,548	48
Total	<u>20,700</u>	<u>20,861</u>	<u>161</u>
Investment earnings	100	99	(1)
Total revenues	<u>20,800</u>	<u>20,960</u>	<u>160</u>
Expenditures:			
Current:			
Public safety:			
Fire District No. 1	9,800	9,800	-
Fire District No. 2	11,000	11,000	-
Total expenditures	<u>20,800</u>	<u>20,800</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	160	<u>\$ 160</u>
Fund balance, beginning		1,623	
Fund balance, ending		<u>\$ 1,783</u>	

**Carolina County, North Carolina
Revaluation Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2009**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment earnings	\$ 36,000	\$ 52,679	\$ 16,679
Expenditures:			
Current:			
General government:			
Tax listing	585,500	562,674	22,826
Revenues over (under) expenditures	(549,500)	(509,995)	39,505
Other financing sources:			
Transfer in:			
General Fund	68,816	250,616	181,800
Revenues and other sources over (under) expenditures	(480,684)	(259,379)	221,305
Appropriated fund balance	480,684	-	(480,684)
Revenues, other sources, and appropriated fund balance over (under) expenditures	\$ -	(259,379)	\$ (259,379)
Fund balance, beginning		731,102	
Fund balance, ending		\$ 471,723	

Carolina County, North Carolina
Northwest Capital Projects Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2009

	Project Author- ization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues					
Park Renovation:					
Investment earnings	\$ 26,000	\$ 12,100	\$ 13,600	\$ 25,700	\$ (300)
Miscellaneous:					
Contributions - XYZ Corp.	90,000	20,000	70,000	90,000	-
Total	116,000	32,100	83,600	115,700	(300)
Outdoor Theater:					
Restricted intergovernmental	55,000	-	32,832	32,832	(22,168)
Total revenues	171,000	32,100	116,432	148,532	(22,468)
Expenditures					
Capital outlay:					
Culture and recreation:					
Park Renovation:					
Buildings	364,500	278,467	77,866	356,333	8,167
Other improvements	35,500	-	35,398	35,398	102
Feasibility study	16,000	16,000	-	16,000	-
Total	416,000	294,467	113,264	407,731	8,269
Outdoor Theater:					
Buildings	520,000	-	32,832	32,832	487,168
Other improvements	35,000	-	-	-	35,000
Total	555,000	-	32,832	32,832	522,168
Total expenditures	971,000	294,467	146,096	440,563	530,437
Revenues under expenditures	(800,000)	(262,367)	(29,664)	(292,031)	(507,969)
Other financing sources:					
Park Renovation:					
Transfers from from General Fund	300,000	300,000	-	300,000	-
Outdoor Theater:					
General obligation bonds issued	500,000	-	-	-	(500,000)
Total other financing sources	800,000	300,000	-	300,000	(500,000)
Revenues and other sources over (under) expenditures	\$ -	\$ 37,633	(29,664)	\$ 7,969	\$ 7,969
Fund balance, beginning			37,633		
Fund balance, ending			\$ 7,969		

Carolina County, North Carolina
School Capital Projects Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2009

	Project Author- ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues					
Local option sales taxes	\$ 550,000	\$ -	\$ 376,400	\$ 376,400	\$ (173,600)
Restricted intergovernmental:					
Public School Building					
Capital Fund	225,000	-	10,000	10,000	(215,000)
Public School Building					
Capital Fund - lottery	775,000		624,059	624,059	(150,941)
Public School Building					
Bond Act of 1996	1,000,000	-	32,770	32,770	(967,230)
Investment earnings	30,000	-	16,700	16,700	(13,300)
Total revenues	<u>2,580,000</u>	<u>-</u>	<u>1,059,929</u>	<u>1,059,929</u>	<u>(1,520,071)</u>
Expenditures					
Intergovernmental - education:					
NC State Senior High	1,553,725	-	334,200	334,200	1,219,525
Tar Heel Elementary	1,745,893	-	466,000	466,000	1,279,893
Duke Elementary - lottery	75,000	-	5,000	5,000	70,000
Duke Elementary	2,763,932	-	895,400	895,400	1,868,532
Total expenditures	<u>6,138,550</u>	<u>-</u>	<u>1,700,600</u>	<u>1,700,600</u>	<u>4,437,950</u>
Revenues over (under) expenditures	<u>(3,558,550)</u>	<u>-</u>	<u>(640,671)</u>	<u>(640,671)</u>	<u>2,917,879</u>
Other financing sources:					
Installment purchase obligations issued	3,518,550	-	1,200,000	1,200,000	(2,318,550)
Transfers from					
General Fund	740,000	-	70,000	70,000	(670,000)
Transfers to					
General Fund	(700,000)	-	(619,059)	(619,059)	80,941
Total other financing sources	<u>3,558,550</u>	<u>-</u>	<u>650,941</u>	<u>650,941</u>	<u>(2,907,609)</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	10,270	10,270	<u>\$ 10,270</u>
Fund balance, beginning			-		
Fund balance, ending			<u>\$ 10,270</u>		

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Enterprise Funds

- Landfill Fund – This fund accounts for the County’s solid waste activities, including the Landfill Closure and Postclosure Fund to account for funds needed at such time the Landfill operation is closed and the subsequent monitoring that will be needed.
- Water and Sewer District Fund- No. 1 – This fund accounts for the activities of the County’s Water District- No. 1, including the associated Capital Project Fund that is used to record capital expenditures for the District No. 1.
- Water and Sewer District Fund- No. 2 – This fund accounts for the activities of the County’s Water District- No. 2, including the associated Capital Project Fund that is used to record capital expenditures for the District No. 2.

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Carolina County, North Carolina
Landfill Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services:			
Solid waste charges		\$ 220,542	
Recycling		2,453	
Solid waste disposal fees		3,000	
Other operating revenues		100	
Total	<u>\$ 222,200</u>	<u>226,095</u>	<u>\$ 3,895</u>
Nonoperating revenues:			
Solid waste disposal tax		1,000	
Scrap tire disposal tax		42,000	
White goods disposal tax		58,000	
Investment earnings		917	
Total	<u>100,800</u>	<u>101,917</u>	<u>1,117</u>
Total revenues	<u>323,000</u>	<u>328,012</u>	<u>5,012</u>
Expenditures:			
Landfill administration:			
Salaries and employee benefits		17,531	
Supplies		2,488	
Other operating expenditures		2,014	
Total	<u>23,000</u>	<u>22,033</u>	<u>967</u>
Landfill operations:			
Salaries and employee benefits		152,121	
Supplies		7,206	
Repair and maintenance		18,411	
Solid waste disposal tax remittance		3,000	
Other operating expenditures		3,494	
Total	<u>188,000</u>	<u>184,232</u>	<u>3,768</u>
Capital outlays	<u>47,000</u>	<u>46,559</u>	<u>441</u>
Total expenditures	<u>258,000</u>	<u>230,791</u>	<u>27,209</u>
Revenues over expenditures	<u>65,000</u>	<u>97,221</u>	<u>32,221</u>

(continued)

Carolina County, North Carolina
Landfill Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2009

(continued)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other financing uses:			
Transfers out:			
Landfill Closure and Postclosure Reserve Fund	<u>(65,000)</u>	<u>(65,000)</u>	<u>-</u>
Revenues over expenditures and other uses	<u>\$ -</u>	<u>32,221</u>	<u>\$ 32,221</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlays		46,559	
Depreciation		(50,241)	
Increase in accrued landfill closure and postclosure care costs		(46,274)	
Transfer to Landfill Closure and Postclosure Reserve Fund		65,000	
Increase in accrued vacation pay		(5,000)	
Increase in other postemployment benefits		<u>(481)</u>	
Total reconciling items		<u>9,563</u>	
Change in net assets		<u>\$ 41,784</u>	

Carolina County, North Carolina
Landfill Closure and Postclosure Reserve Fund
Schedule of Revenues - Budget and Actual (Non - GAAP)
From Inception and for the Fiscal Year ended June 30, 2009

	Project Author - ization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ 40,000	\$ -	\$ -	\$ -	\$ (40,000)
Other financing sources (uses):					
Transfers from other funds:					
Landfill Operating Fund	1,300,000	-	65,000	65,000	(1,235,000)
Transfers to other funds:					
Landfill Operating Fund	(1,340,000)	-	-	-	1,340,000
Total	<u>(40,000)</u>	<u>-</u>	<u>65,000</u>	<u>65,000</u>	<u>105,000</u>
Revenues and other financing sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,000</u>	<u>\$ 65,000</u>	<u>\$ 65,000</u>

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Carolina County, North Carolina
Water and Sewer District Fund- No. 1
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services:			
Water sales:			
Residential		\$ 332,261	
Commercial and industrial		94,646	
Total	<u>\$ 417,670</u>	<u>426,907</u>	<u>\$ 9,237</u>
Sewer charges:			
Residential		241,986	
Commercial and industrial		110,215	
Total	<u>344,330</u>	<u>352,201</u>	<u>7,871</u>
Water and sewer taps	<u>8,500</u>	<u>7,100</u>	<u>(1,400)</u>
Other operating revenues	<u>500</u>	<u>430</u>	<u>(70)</u>
Total operating revenues	<u>771,000</u>	<u>786,638</u>	<u>15,638</u>
Nonoperating revenues:			
Interest earnings	<u>-</u>	<u>5,033</u>	<u>5,033</u>
Total revenues	<u>771,000</u>	<u>791,671</u>	<u>20,671</u>
Other financing sources:			
Transfers from other funds:			
General Fund	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total revenues and other financing sources	<u>871,000</u>	<u>891,671</u>	<u>20,671</u>
Expenditures:			
Administration:			
Salaries and employee benefits		49,618	
Travel		137	
Supplies		1,136	
Insurance		8,000	
Other operating expenditures		4,951	
Total	<u>68,690</u>	<u>63,842</u>	<u>4,848</u>

(continued)

Carolina County, North Carolina
Water and Sewer District Fund- No. 1
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Finance:			
Salaries and employee benefits		15,505	
Travel		419	
Supplies		1,858	
Contracted services		7,807	
Other operating expenditures		4,251	
Total	<u>32,200</u>	<u>29,840</u>	<u>2,360</u>
Water treatment plant:			
Salaries and employee benefits		27,712	
Chemicals		31,388	
Supplies		3,358	
Other operating expenditures		4,352	
Total	<u>74,880</u>	<u>66,810</u>	<u>8,070</u>
Raw water pump station:			
Salaries and employee benefits		5,435	
Electric power		15,918	
Supplies		125	
Other operating expenditures		1,326	
Total	<u>27,500</u>	<u>22,804</u>	<u>4,696</u>
Water distribution:			
Salaries and employee benefits		7,314	
Supplies		13,973	
Meter replacements		3,368	
Other operating expenditures		4,867	
Total	<u>35,750</u>	<u>29,522</u>	<u>6,228</u>
Sewage collection:			
Salaries and employee benefits		7,608	
Supplies		10,338	
Other operating expenditures		5,365	
Total	<u>26,300</u>	<u>23,311</u>	<u>2,989</u>

(continued)

**Carolina County, North Carolina
Water and Sewer District Fund- No. 1
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2009**

(continued)

	Final Budget	Actual	Variance Positive (Negative)
Primary waste treatment:			
Salaries and employee benefits		8,784	
Chemicals		6,966	
Supplies		3,520	
Other operating expenditures		1,850	
Total	23,600	21,120	2,480
Secondary waste treatment:			
Salaries and employee benefits		4,386	
Supplies		445	
Other operating expenditures		113	
Total	5,600	4,944	656
Maintenance:	7,000	6,892	108
Debt service:			
Interest and other charges	101,020	99,144	1,876
Debt principal	250,000	250,000	-
Total	351,020	349,144	1,876
Capital outlay:			
Water extensions	93,000	38,576	54,424
Water taps	27,000	18,495	8,505
Miscellaneous water	21,625	17,310	4,315
Sewer extensions	52,100	32,594	19,506
Sewer taps	12,085	8,043	4,042
Miscellaneous sewer	12,650	10,346	2,304
Total	218,460	125,364	93,096
Total expenditures	871,000	743,593	127,407
Revenues and other financing sources over expenditures	-	148,078	148,078

(continued)

Carolina County, North Carolina
Water and Sewer District Fund- No. 1
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2009

(continued)

	Final Budget	Actual	Variance Positive (Negative)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Expenditures over revenues and other financing sources		148,078	
Reconciling items:			
Debt principal		250,000	
Capital outlay		125,364	
Capital contributions in Water and Sewer Capital Project Fund- No. 1		121,348	
Increase in bond interest accrued		(1,868)	
Increase in accrued vacation pay		(10,000)	
Increase in other postemployment benefits		(306)	
Depreciation		(200,963)	
Interest income from Water and Sewer Capital Project Fund- No. 1		32,162	
Capitalized interest on borrowings during construction:			
Interest costs		101,012	
Investment earnings on borrowed funds		(32,162)	
Total reconciling items		384,587	
Change in net assets		\$ 532,665	

Carolina County, North Carolina
Water and Sewer District- No.1 Capital Projects Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non - GAAP)
From Inception and for the Fiscal Year Ended June 30, 2009

	Project Author - ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Year	Current Year		
Revenues - Water Project:					
Restricted intergovernmental:					
Federal grant	\$ 700,000	\$ 631,100	\$ 68,900	\$ 700,000	\$ -
Investment earnings	40,000	28,014	12,016	40,030	30
Total	<u>740,000</u>	<u>659,114</u>	<u>80,916</u>	<u>740,030</u>	<u>30</u>
Revenues - Sewer Project:					
Restricted intergovernmental:					
Federal grant	500,000	-	52,448	52,448	(447,552)
Investment earnings	50,000	-	20,146	20,146	(29,854)
Total	<u>550,000</u>	<u>-</u>	<u>72,594</u>	<u>72,594</u>	<u>(477,406)</u>
Total revenues	<u>1,290,000</u>	<u>659,114</u>	<u>153,510</u>	<u>812,624</u>	<u>(477,376)</u>
Expenditures - Water Project:					
Engineering	135,500	127,500	8,000	135,500	-
Construction	1,604,500	1,176,936	424,064	1,601,000	3,500
Total	<u>1,740,000</u>	<u>1,304,436</u>	<u>432,064</u>	<u>1,736,500</u>	<u>3,500</u>
Expenditures - Sewer Project:					
Engineering	195,000	-	87,814	87,814	107,186
Land	90,000	-	90,000	90,000	-
Construction	2,365,000	-	537,735	537,735	1,827,265
Total	<u>2,650,000</u>	<u>-</u>	<u>715,549</u>	<u>715,549</u>	<u>1,934,451</u>
Total expenditures	<u>4,390,000</u>	<u>1,304,436</u>	<u>1,147,613</u>	<u>2,452,049</u>	<u>1,937,951</u>
Revenues under expenditures	<u>(3,100,000)</u>	<u>(645,322)</u>	<u>(994,103)</u>	<u>(1,639,425)</u>	<u>1,460,575</u>
Other financing sources					
Long-term debt issued	2,725,000	1,915,000	-	1,915,000	(810,000)
Short-term debt issued	375,000	-	375,000	375,000	-
Total other financing sources	<u>3,100,000</u>	<u>1,915,000</u>	<u>375,000</u>	<u>2,290,000</u>	<u>(810,000)</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 1,269,678</u>	<u>\$ (619,103)</u>	<u>\$ 650,575</u>	<u>\$ 650,575</u>

Carolina County, North Carolina
Water and Sewer District Fund- No. 2
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services:			
Water sales:			
Residential		\$ 1,000	
Commercial and industrial		-	
Total	\$ 900	1,000	\$ 100
Sewer charges:			
Residential		-	
Commercial and industrial		-	
Total	-	-	-
Water and sewer taps	5,000	5,000	-
Other operating revenues	-	100	100
Total operating revenues	5,900	6,100	200
Nonoperating revenues:			
Interest earnings	-	10	10
Total revenues	5,900	6,110	210
Other financing sources:			
Transfers from other funds:	-	-	-
Total revenues and other financing sources	5,900	6,110	210
Expenditures:			
Administration:			
Salaries and employee benefits		2,110	
Total	4,200	2,110	2,090
Finance:			
Salaries and employee benefits		500	
Total	1,700	500	1,200
Total expenditures	5,900	2,610	3,290
Revenues and other financing sources over expenditures	-	3,500	3,500

(continued)

Carolina County, North Carolina
Water and Sewer District Fund- No. 2
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2009

(continued)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and other financing sources over expenditures		<u>3,500</u>	
Reconciling item:			
Capital contributions in Water and Sewer- No. 2 Capital Project Fund		<u>4,000</u>	
Total		<u>4,000</u>	
Change in net assets		<u><u>\$ 7,500</u></u>	

Carolina County, North Carolina
Water and Sewer District- No.2 Capital Projects Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non - GAAP)
From Inception and for the Fiscal Year Ended June 30, 2009

	Project Author - ization	Actual			Variance Positive (Negative)
		Prior Year	Current Year	Total to Date	
Expenditures - Water Project:					
Engineering	\$ 300,000	\$ -	\$ 145,321	\$ 145,321	\$ 154,679
Construction	200,000	-	78,312	78,312	121,688
Total	500,000	-	223,633	223,633	276,367
Expenditures - Sewer Project:					
Engineering	200,000	-	59,718	59,718	140,282
Land	-	-	-	-	-
Construction	200,000	-	12,545	12,545	187,455
Total	400,000	-	72,263	72,263	327,737
Total expenditures	900,000	-	295,896	295,896	604,104
Other financing sources					
Capital contribution	-	-	4,000	4,000	4,000
Short-term debt issued	900,000	-	300,000	300,000	(600,000)
Total	900,000	-	304,000	304,000	(596,000)
Other financing sources over expenditures					
	\$ -	\$ -	\$ 8,104	\$ 8,104	\$ 8,104

Combining Statements for Fiduciary Funds

- Pension Trust Funds
 - LEO Special Separation Allowance Fund
 - Other Postemployment Benefits Fund
- Agency Funds
 - Social Services Fund
 - Fines and Forfeitures Fund
 - Motor Vehicle Tax Fund

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Carolina County, North Carolina
Combining Statement of Fiduciary Net Assets
Pension Trust Funds
For the Year Ended June 30, 2009

	LEO Special Separation Allowance	Other Post- employment Benefits	Total
Assets			
Cash and cash equivalents	<u>\$ 1,029,567</u>	<u>\$ 177,747</u>	<u>\$ 1,207,314</u>
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued liabilities	<u>\$ 1,300</u>	<u>\$ -</u>	<u>\$ 1,300</u>
Total liabilities	<u>1,300</u>	<u>-</u>	<u>1,300</u>
Net assets:			
Assets held in trust for pension benefits	<u>\$ 1,028,267</u>	<u>\$ 177,747</u>	<u>\$ 1,206,014</u>

Carolina County, North Carolina
Combining Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
For The Fiscal Year Ended June 30, 2009

	<u>LEO Special Separation Allowance</u>	<u>Other Post- employment Benefits</u>	<u>Total</u>
Additions:			
Employer contributions	101,424	976,068	1,077,492
Investment income:			
Net appreciation (depreciation) in fair value of investments	12,147	-	12,147
Interest	38,984	-	38,984
	51,131	-	51,131
Less investment expense	438	-	438
Net investment income	50,693	-	50,693
Total additions	152,117	976,068	1,128,185
Deductions:			
Benefits	16,585	798,321	814,906
Administrative expense	941	-	941
Total deductions	17,526	798,321	815,847
Change in net assets	134,591	177,747	312,338
Net assets, beginning	893,676	-	893,676
Net assets, ending	1,028,267	177,747	1,206,014

Carolina County, North Carolina
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2009

	Beginning Balance	Additions	Deductions	Ending Balance
Social Services				
Assets:				
Cash and cash equivalents	\$ 33,418	\$ 578,664	\$ 543,837	\$ 68,245
Liabilities:				
Miscellaneous liabilities	\$ 33,418	\$ 578,664	\$ 543,837	\$ 68,245
Fines and Forfeitures				
Assets:				
Cash and cash equivalents	\$ 39,853	\$ 468,766	\$ 439,494	\$ 69,125
Liabilities:				
Intergovernmental payable- Carolina Board of Education	\$ 39,853	\$ 455,632	\$ 428,549	\$ 66,936
Intergovernmental payable- State of North Carolina	-	13,134	10,945	2,189
Total liabilities	\$ 39,853	\$ 468,766	\$ 439,494	\$ 69,125
Motor Vehicle Tax				
Assets:				
Cash and cash equivalents	\$ -	\$ 841,307	\$ 770,751	\$ 70,556
Liabilities:				
Miscellaneous liabilities	\$ -	\$ 841,307	\$ 770,751	\$ 70,556
Totals - All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 73,271	\$ 1,888,737	\$ 1,754,082	\$207,926
Liabilities:				
Miscellaneous liabilities	\$ 33,418	\$ 1,419,971	\$ 1,314,588	\$ 138,801
Intergovernmental payable- Carolina Board of Education	39,853	455,632	428,549	66,936
Intergovernmental payable- State of North Carolina	-	13,134	10,945	2,189
Total liabilities	\$ 73,271	\$ 1,888,737	\$ 1,754,082	\$ 207,926

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**Carolina County, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2009**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2007</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2008</u>
2008-2009	\$ -	\$ 55,974,003 (a)	\$ 54,590,736 (b)	\$ 1,383,267 (c)
2007-2008	1,599,423	-	779,895	819,528
2006-2007	832,865	-	307,414	525,451
2005-2006	579,016	-	129,678	449,338
2004-2005	365,002	-	52,909	312,093
2003-2004	229,723	-	15,401	214,322
2002-2003	179,345	-	6,323	173,022
2001-2002	171,627	-	3,549	168,078
2000-2001	107,733	-	1,264	106,469
1999-2000	59,395	-	548	58,847
1998-1999	78,673	-	78,673	-
	<u>3,737,604</u>	<u>55,974,003</u>	<u>55,966,390 (d)</u>	4,210,415
Less: allowance for uncollectible accounts:				
	General Fund			<u>1,424,900</u>
Ad valorem taxes receivable - net:				
	General Fund			<u>\$ 2,785,515</u>
<u>Reconciliation with revenues:</u>				
Ad valorem taxes - General Fund				\$ 55,122,671
Penalties collected on ad valorem taxes - Agency Fund				210,632
Reconciling items:				
	Discounts allowed			554,414
	Taxes written off			78,673
	Total reconciling items			<u>633,087</u>
Total collections and credits				<u>\$ 55,966,390 (d)</u>

Note to preparer: The small letters next to certain amounts on the Analysis of Current Tax Levy and in the above schedule show the relationships of taxes levied, taxes collected, and uncollected taxes on both schedules.

In addition, the interest collected shown on the above reconciliation of revenues plus the total penalties shown on the Analysis of Current Tax Levy should agree with the interest amounts reported in the General Fund's detailed Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual and the penalties and three percent interest charged on the first month of delinquent motor vehicle taxes reported on the Agency Fund's Statement of Changes in Assets and Liabilities.

Please refer to Memorandum #788 for a discussion of the law changes in the assessment and collection of property taxes on motor vehicles and the related accounting considerations. In addition, Memorandum #1053 details the changes in registration and property tax billings for annually registered motor vehicles. A recent NC Supreme Court ruling and later interpretation of that ruling indicate that penalties assessed by local governments are in fact, property of the LEA. It is our belief that this interpretation applies to late listing and failure to list penalties, NSF fees, and red light camera fees. Under the State Constitution, units may withhold 10% of the funds to cover administrative costs. Memorandum #1060 provides additional discussion on this subject. Finally, Memoranda #1045 and #1046 informed North Carolina counties that an additional three percent interest should be levied on the first month of delinquent motor vehicle ad valorem taxes.

**Carolina County, North Carolina
Analysis of Current Tax Levy
County - wide Levy
For the Fiscal Year Ended June 30, 2009**

	County - wide		Total Levy		
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 6,487,478,196	0.86	\$ 55,792,312	\$ 54,143,649	\$ 1,648,663
Motor vehicles taxed at prior year's rate	10,398,304	0.85	88,386	-	88,386
Penalties	-		68,654	68,654	-
Total	6,497,876,500		55,949,352	54,212,303	1,737,049
Discoveries:					
Current year taxes	28,033,700	0.86	241,090	233,725	7,104
Prior year taxes	-		409,038	409,038	0
Penalties	-		141,978	142,239	0
Total	28,033,700		792,106	785,002	7,104
Abatements	(89,173,800)		(767,455)	(767,455)	-
Total property valuation	6,436,736,400				
Net levy			55,974,003 (a)	54,229,850	1,744,153
Uncollected taxes at June 30, 2009			1,383,267 (c)	1,148,112	235,155
Current year's taxes collected			54,590,736 (b)	53,081,739	1,508,997
Current levy collection percentage			97.53%	97.88%	86.52%

Note to the Preparer: See the note at the bottom of the Schedule of Ad Valorem Taxes Receivable. The small letters (a) (b) and (c) next to certain amounts on both schedules show the relationships of the taxes levied, taxes collected and uncollected taxes.

The property valuations, tax rate, and levy amounts above **should be Unit-Wide**; additional taxes levied for fire protection districts or special service districts **should not be included**. For further discussion of this issue, see Section 35, Principles Used in the Preparation of the Illustrative Financial Statements.

Carolina County, North Carolina
Analysis of Current Tax Levy
County - wide Levy
For the Fiscal Year Ended June 30, 2009

Secondary Market Disclosures:

Assessed Valuation:

Assessment Ratio ¹	100 %
Real Property	\$ 4,292,178,000
Personal Property	1,469,998,000
Public Service Companies ²	746,429,000
Total Assessed Valuation	\$ 6,508,605,000
Tax Rate per \$100	0.86
Levy (includes discoveries, releases and abatements) ³	\$ 55,974,003

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

School Districts	8,189,167
Fire Protection Districts	10,980,000
Total	\$ 19,169,167

¹ Percentage of appraised value has been established by statute.

² Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.

³ The levy includes interest and penalties.

Note to Preparer: The additional secondary market disclosures are presented for units which must submit secondary market disclosures under SEC Rule 15c2-12. Units which are not required to make these disclosures may prefer to present only the information on this first page of this schedule.

Carolina County, North Carolina
Ten Largest Taxpayers
For the Fiscal Year Ended June 30, 2009

Taxpayer	Type of Business	Assessed Valuation	Percentage of Total Assessed Valuation
Tar Heel Power Company	Utility	\$ 240,496,350	3.74 %
Tobacco Processors, Inc.	Agricultural Processor	176,382,176	2.74
County Telephone Company	Telephone	163,230,320	2.54
Heavy Machines, Inc.	Manufacturing	145,335,498	2.26
Carolina Savings Association	Financial Service	107,137,303	1.66
Western, Inc.	Electronic Manufacturing	92,981,637	1.44
Piedmont Real Estate	Commercial Real Estate	74,099,351	1.15
Data, Inc.	Electronic Manufacturing	66,282,231	1.03
North Carolina Associates	Property Management	50,197,583	0.78
Mountain Corporation	Construction	31,735,552	0.49
Total		<u>\$ 1,147,878,001</u>	<u>17.83 %</u>

Note to Preparer: The additional secondary market disclosures are presented for units which must submit secondary market disclosures under SEC Rule 15c2-12. Units which are not required to make these disclosures may prefer to present only the information on this first page of this schedule.

Compliance Section

Note to the preparer: We have not included illustrative single audit reports here but simply used this page to indicate where they would be in the audit report. See Section 35-E of the Audit Manual for illustrations of various single audit report modifications and schedules.