

# ALEXANDER COUNTY NORTH CAROLINA

## ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2010

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

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

**ALEXANDER COUNTY  
NORTH CAROLINA**

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**ALEXANDER COUNTY, NORTH CAROLINA**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2010**

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

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## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
Alexander County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Alexander County, North Carolina, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Alexander County's management. Our responsibility is to an express opinion on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Alexander County, North Carolina, as of June 30, 2010, and the respective changes in financial position and cash flows, where appropriate thereof, and the respective budgetary comparison for the General Fund and the Capital Improvements 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 October 19, 2010 on our consideration of Alexander County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit prepared in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance, Schedules of Funding Progress and Employer Contributions, and the Other Post-Employment Benefits Schedule 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 an opinion on the financial statements that collectively comprise the basic financial statements of Alexander County, North Carolina. The combining and individual fund financial statements and schedules, the individual non-major fund financial statements and schedules, the budget to actual schedules, and the other supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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.

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

Martin Starnes & Associates, CPAs, P.A.  
October 19, 2010



## Management's Discussion and Analysis

As management of Alexander County, we offer readers of Alexander County's financial statements this narrative overview and analysis of the financial activities of Alexander County for the fiscal year ended June 30, 2010. 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

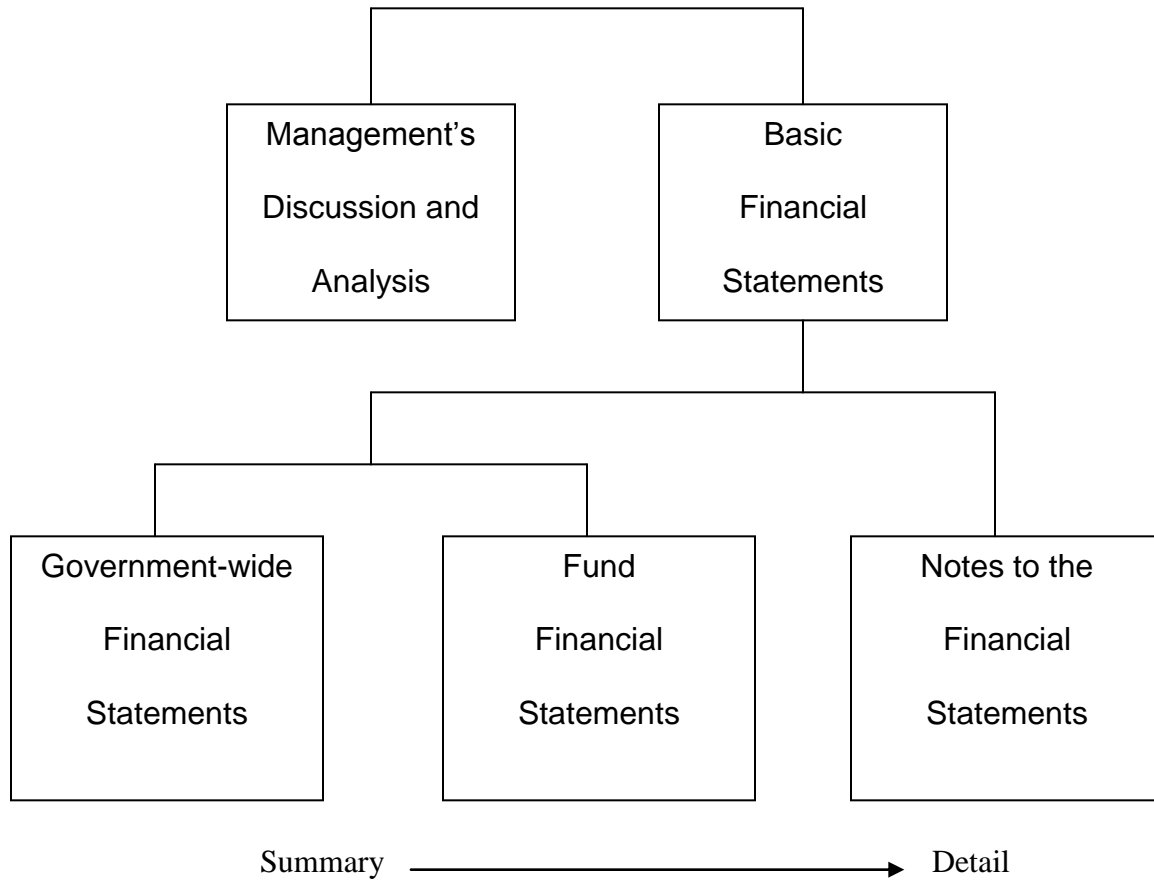
- The assets of Alexander County exceeded its liabilities at the close of the fiscal year by \$16,742,139 (*net assets*).
- The government's total net assets increased by \$3,155,754, primarily due to increased net assets in the General Fund.
- As of the close of the current fiscal year, Alexander County's governmental funds reported combined ending fund balances of \$10,611,223, an increase of \$2,080,303 in comparison with the prior year. Approximately 61.4 percent of this total amount, or \$6,515,509, 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 \$5,408,507, or 18.95 percent of total general fund expenditures for the fiscal year.
- Alexander County's total debt decreased by \$1,166,547 (7.6 percent) during the current fiscal year. The key factors in this decrease are \$379,041 borrowed to finance a water system project and repayments of \$1,545,588 on existing debt.

### Overview of the Financial Statements

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

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

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

The next statements (Exhibits C through J) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's nonmajor governmental funds, 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 gauge the County's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities, and 2) business-type activities. The governmental activities include most of the County's basic services such as public safety, human services, education and general government 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 Alexander County.

The government-wide financial statements are on Exhibits A and B of this report.

## **Fund Financial Statements**

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

Alexander 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** – Alexander County has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Alexander 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. Alexander County has four fiduciary funds, 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 after Exhibit J of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Alexander County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on Schedules 1 and 2 after the notes to the financial statements.

### **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 Alexander County exceeded liabilities by \$16,742,139 as of June 30, 2010. The County's net assets increased by \$3,155,754 for the fiscal year ended June 30, 2010. One of the largest portions 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. Alexander County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Alexander 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 Alexander County's net assets (\$1,689,890) represents resources that are subject to external restrictions on how they may be used.

## Alexander County's Net Assets

**Figure 2**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Current and other assets	\$ 12,971,186	\$ 10,354,899	\$ 1,945,655	\$ 1,088,817	\$ 14,916,841	\$ 11,443,716
Capital assets	<u>8,787,840</u>	<u>9,123,407</u>	<u>14,401,465</u>	<u>13,845,929</u>	<u>23,189,305</u>	<u>22,969,336</u>
Total assets	<u>21,759,026</u>	<u>19,478,306</u>	<u>16,347,120</u>	<u>14,934,746</u>	<u>38,106,146</u>	<u>34,413,052</u>
Long-term liabilities						
outstanding	12,578,918	12,955,420	6,920,690	6,513,761	19,499,608	19,469,181
Other liabilities	<u>1,581,238</u>	<u>1,155,400</u>	<u>283,161</u>	<u>202,086</u>	<u>1,864,399</u>	<u>1,357,486</u>
Total liabilities	<u>14,160,156</u>	<u>14,110,820</u>	<u>7,203,851</u>	<u>6,715,847</u>	<u>21,364,007</u>	<u>20,826,667</u>
Net assets:						
Invested in capital assets, net of related debt	7,724,295	8,606,447	9,576,154	9,233,463	17,300,449	17,839,910
Restricted	1,689,890	1,480,003	-	-	1,689,890	1,480,003
Unrestricted	<u>(1,815,315)</u>	<u>(4,718,964)</u>	<u>(432,885)</u>	<u>(1,014,564)</u>	<u>(2,248,200)</u>	<u>(5,733,528)</u>
Total net assets	<u>\$ 7,598,870</u>	<u>\$ 5,367,486</u>	<u>\$ 9,143,269</u>	<u>\$ 8,218,899</u>	<u>\$ 16,742,139</u>	<u>\$ 13,586,385</u>

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

- Property tax increase of 7.0 cents for the 2009-2010 year
- Additional funding from Federal and State grants
- Reductions in spending by eliminating employee positions and delaying capital expenditures
- Continued low cost of debt due to low interest rates

**Alexander County Changes in Net Assets**  
**Figure 3**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Revenues:						
Program revenues:						
Charges for services	\$ 4,233,711	\$ 4,318,053	\$ 3,589,058	\$ 3,412,722	\$ 7,822,769	\$ 7,730,775
Operating grants and contributions	6,103,404	5,389,302	-	-	6,103,404	5,389,302
Capital grants and contributions	-	498,371	866,550	555,540	866,550	1,053,911
General revenues:						
Property taxes	16,363,945	14,542,807	-	-	16,363,945	14,542,807
Other taxes	5,550,429	7,045,025	-	-	5,550,429	7,045,025
Grants and contributions not restricted to specific programs	3,219	4,581	-	-	3,219	4,581
Other	25,541	103,227	1,559	8,215	27,100	111,442
Total revenues	<u>32,280,249</u>	<u>31,901,366</u>	<u>4,457,167</u>	<u>3,976,477</u>	<u>36,737,416</u>	<u>35,877,843</u>
Expenses:						
General government	4,325,765	4,812,960	-	-	4,325,765	4,812,960
Public safety	7,541,992	7,180,612	-	-	7,541,992	7,180,612
Environmental protection	302,229	338,513	-	-	302,229	338,513
Economic and physical development	947,563	1,196,269	-	-	947,563	1,196,269
Human services	10,337,387	10,143,362	-	-	10,337,387	10,143,362
Cultural and recreation	913,605	993,998	-	-	913,605	993,998
Education	5,219,887	5,918,461	-	-	5,219,887	5,918,461
Interest and fees	435,435	495,274	-	-	435,435	495,274
Water and sewer	-	-	1,908,664	1,805,771	1,908,664	1,805,771
Solid waste	-	-	1,649,136	2,776,688	1,649,136	2,776,688
Total expenses	<u>30,023,862</u>	<u>31,079,449</u>	<u>3,557,800</u>	<u>4,582,459</u>	<u>33,581,662</u>	<u>35,661,908</u>
Increase (decrease) in net assets before transfers and special items	2,256,387	821,917	899,367	(605,982)	3,155,754	215,935
Transfers	<u>(25,003)</u>	<u>289,708</u>	<u>25,003</u>	<u>(289,708)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	2,231,384	1,111,625	924,370	(895,690)	3,155,754	215,935
Net assets, July 1	<u>5,367,486</u>	<u>4,255,861</u>	<u>8,218,899</u>	<u>9,114,589</u>	<u>13,586,385</u>	<u>13,370,450</u>
Net assets, June 30	<u>\$ 7,598,870</u>	<u>\$ 5,367,486</u>	<u>\$ 9,143,269</u>	<u>\$ 8,218,899</u>	<u>\$ 16,742,139</u>	<u>\$ 13,586,385</u>

**Governmental Activities:** Governmental activities increased the County's net assets by \$2,231,384, thereby accounting for 70.7% of the total growth in the net assets of Alexander County. Key elements of this increase are as follows:

- Property tax increase of 7.0 cents for the 2009-2010 year
- Increase in grant revenues for public safety, economic and physical development, and human services activities
- Increase in Emergency Medical Services revenue
- Increase in Health Department revenues from Home Health and Dental Clinic services

**Business-Type Activities:** Business-type activities increased Alexander County's net assets by \$924,370, accounting for 29.3% of the total growth in the government's net assets. Key elements of this increase are as follows:

- Water and sewer fee increases that help cover the cost of providing the service
- Federal and State grant revenue for water capital projects

### **Financial Analysis of the County's Funds**

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

**Governmental Funds:** The focus of Alexander County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Alexander 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 Alexander County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$5,408,507, while total fund balance was \$7,576,459. 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 18.95 percent of total General Fund expenditures, while total fund balance represents 26.54 percent of that same amount.

At June 30, 2010, the governmental funds of Alexander County reported a combined fund balance of \$10,611,223, a 24.4 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 increased estimated revenues by approximately \$662,000, which is 2.2 percent more than originally budgeted. The County received additional Federal and State funding during the year for public health, social services, and public safety programs. The additional funding consisted of increases in grant revenues that were included in the original budget as well as new grants that had not been awarded when the original budget was adopted. These items accounted for the primary difference between the originally adopted budget and the final budget.

**Proprietary Funds:** Alexander County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. The total net assets for the enterprise funds increased by \$924,370. Factors concerning the finances of the enterprise funds have already been addressed in the discussion of Alexander County's business-type activities.

### Capital Asset and Debt Administration

**Capital assets:** Alexander County's capital assets for its governmental and business-type activities as of June 30, 2010, total \$23,189,305 (net of accumulated depreciation). These assets include buildings, land, equipment, vehicles, and construction in progress.

Major capital asset transactions during the year include:

- Construction of a water tank for industrial park tenant, funded by economic development grants
- Purchase of new and used vehicles and equipment for Public Safety programs and Social Services
- Addition of construction in progress relating to the County's water distribution system
- Sale of surplus vehicles from Public Safety programs

### Alexander County's Capital Assets

**Figure 4**

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land and buildings	\$ 9,886,477	\$ 9,563,847	\$ -	\$ -	\$ 9,886,477	\$ 9,563,847
Other improvements	1,429,558	1,429,558	-	-	1,429,558	1,429,558
Equipment and vehicles	5,690,101	5,625,096	-	-	5,690,101	5,625,096
Construction in progress	-	-	5,398,356	4,427,430	5,398,356	4,427,430
Distribution System	-	-	13,327,987	13,327,987	13,327,987	13,327,987
Landfill equipment	-	-	2,162,054	2,162,054	2,162,054	2,162,054
	17,006,136	16,618,501	20,888,397	19,917,471	37,894,533	36,535,972
Accumulated depreciation	(8,218,296)	(7,495,094)	(6,486,932)	(6,071,542)	(14,705,228)	(13,566,636)
Total	<u>\$ 8,787,840</u>	<u>\$ 9,123,407</u>	<u>\$ 14,401,465</u>	<u>\$ 13,845,929</u>	<u>\$ 23,189,305</u>	<u>\$ 22,969,336</u>

Additional information on the County's capital assets can be found in note 3.A. of the Basic Financial Statements.

**Long-Term Debt:** As of June 30, 2010, Alexander County had total debt outstanding of \$14,265,795.



**Alexander County's Outstanding Debt  
Notes Payable and General Obligation Bonds**

**Figure 5**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Notes payable	\$ 9,440,484	\$ 10,819,876	\$ 3,519,615	\$ 3,170,574	\$ 12,960,099	\$ 13,990,450
General obligation bond	-	-	1,305,696	1,441,892	1,305,696	1,441,892
Totals	<u>\$ 9,440,484</u>	<u>\$ 10,819,876</u>	<u>\$ 4,825,311</u>	<u>\$ 4,612,466</u>	<u>\$ 14,265,795</u>	<u>\$ 15,432,342</u>

Alexander County's total debt decreased by \$1,166,547 (7.6 percent) during the past fiscal year, primarily due to borrowing \$379,041 to finance a water system project and repayments of \$1,545,588 on existing 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 Alexander County is \$188,850,000.

Additional information regarding Alexander County's long-term debt can be found in note 3.B. of this audited financial report.

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

- The County was experiencing an unemployment rate of 13.2 percent at June 30, 2010. This was higher than the state average of 10.0 percent.

**Budget Highlights for the Fiscal Year Ending June 30, 2011**

**Governmental Activities:** General Fund revenues, excluding transfers, are projected to decrease \$851,000 (3.0 percent) from 2010 amounts. This is due to 1) an expected decrease in Federal and State grant funds and 2) lower sales tax revenues as a result of the change in allocation method for the Article 42 half-cent sales tax from per capita to point-of-origin as of October 1, 2009. The 2010-2011 fiscal year will be the first full year with the Article 42 sales tax point-of-origin allocation method in place.

The County plans to move forward with the project for a new detention center and renovations to the courthouse, due to improvement in the fund balance of the General Fund as well as the low interest rates available to finance the project.

**Business-Type Activities:** In the Solid Waste Fund, the County is still considering the purchase of additional property for the landfill. Water rates will increase 2 percent to cover increased operating costs passed on from the County's water supplier.

### **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 (including information related to Bethlehem Water District, a blended component unit) should be directed to the Finance Director, Alexander County, 621 Liledoun Road, Taylorsville, North Carolina 28681.

## ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS  
JUNE 30, 2010

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and investments	\$ 9,924,515	\$ 1,770,816	\$ 11,695,331
Taxes receivable, net	717,991	-	717,991
Accounts receivable, net	1,062,662	340,986	1,403,648
Due from other governments	950,966	136,256	1,087,222
Internal balances	315,052	(315,052)	-
Other assets	-	12,649	12,649
Capital assets:			
Land and other non-depreciable assets	2,853,474	5,398,356	8,251,830
Depreciable assets, net	5,934,366	9,003,109	14,937,475
Capital assets, net	8,787,840	14,401,465	23,189,305
Total assets	21,759,026	16,347,120	38,106,146
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	902,188	253,372	1,155,560
Miscellaneous liabilities	552,196	29,789	581,985
Unearned revenues	126,854	-	126,854
Current portion of compensated absences	358,000	6,400	364,400
Current portion of long-term debt	1,082,033	365,526	1,447,559
Non-current liabilities:			
Accrued landfill post-closure care costs	-	2,006,710	2,006,710
Non-current compensated absences	427,228	11,137	438,365
Non-current other post-employment benefits	2,085,751	71,132	2,156,883
Non-current portion of long-term debt	8,625,906	4,459,785	13,085,691
Total liabilities	14,160,156	7,203,851	21,364,007
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	7,724,295	9,576,154	17,300,449
Restricted for:			
Education	1,653,914	-	1,653,914
Public safety	9,454	-	9,454
General government	26,522	-	26,522
Unrestricted (deficit)	(1,815,315)	(432,885)	(2,248,200)
Total net assets	\$ 7,598,870	\$ 9,143,269	\$ 16,742,139

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

# ALEXANDER COUNTY, NORTH CAROLINA

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2010

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 4,325,765	\$ 440,387	\$ 56,169	\$ -
Public safety	7,541,992	1,265,091	577,732	-
Environmental protection	302,229	62,665	44	-
Economic and physical development	947,563	15,147	896,221	-
Human services	10,337,387	2,378,606	4,482,359	-
Cultural and recreation	913,605	71,815	90,879	-
Education	5,219,887	-	-	-
Interest and fees	435,435	-	-	-
Total governmental activities	<u>30,023,862</u>	<u>4,233,711</u>	<u>6,103,404</u>	<u>-</u>
<b>Business-Type Activities:</b>				
Water and sewer	1,908,664	2,187,125	-	866,550
Solid waste	<u>1,649,136</u>	<u>1,401,933</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>3,557,800</u>	<u>3,589,058</u>	<u>-</u>	<u>866,550</u>
Total primary government	<u>\$ 33,581,662</u>	<u>\$ 7,822,769</u>	<u>\$ 6,103,404</u>	<u>\$ 866,550</u>

### General Revenues:

Ad valorem taxes  
Local option sales taxes  
Other taxes and licenses  
Unrestricted intergovernmental revenues  
Investment earnings, unrestricted  
Transfers

Total general revenues and transfers

Change in net assets

### Net Assets:

Beginning of year - July 1

End of year - June 30

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

## Exhibit B

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (3,829,209)	\$ -	\$ (3,829,209)
(5,699,169)	-	(5,699,169)
(239,520)	-	(239,520)
(36,195)	-	(36,195)
(3,476,422)	-	(3,476,422)
(750,911)	-	(750,911)
(5,219,887)	-	(5,219,887)
(435,435)	-	(435,435)
<u>(19,686,747)</u>	<u>-</u>	<u>(19,686,747)</u>
-	1,145,011	1,145,011
<u>-</u>	<u>(247,203)</u>	<u>(247,203)</u>
<u>-</u>	<u>897,808</u>	<u>897,808</u>
<u>(19,686,747)</u>	<u>897,808</u>	<u>(18,788,939)</u>
16,363,945	-	16,363,945
5,066,841	-	5,066,841
483,588	-	483,588
3,219	-	3,219
25,541	1,559	27,100
<u>(25,003)</u>	<u>25,003</u>	<u>-</u>
<u>21,918,131</u>	<u>26,562</u>	<u>21,944,693</u>
2,231,384	924,370	3,155,754
<u>5,367,486</u>	<u>8,218,899</u>	<u>13,586,385</u>
<u>\$ 7,598,870</u>	<u>\$ 9,143,269</u>	<u>\$ 16,742,139</u>

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

## ALEXANDER COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2010

	General Fund	Capital Improvements Fund	Other Governmental Funds	Total
<b>Assets:</b>				
Cash and investments	\$ 7,033,772	\$ 1,416,320	\$ 1,474,423	\$ 9,924,515
Taxes receivable, net	664,323	-	53,668	717,991
Accounts receivable, net	926,691	-	135,971	1,062,662
Due from other governments	950,966	-	-	950,966
Due from other funds	315,052	247,883	-	562,935
Total assets	<u>\$ 9,890,804</u>	<u>\$ 1,664,203</u>	<u>\$ 1,664,062</u>	<u>\$ 13,219,069</u>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 662,355	\$ -	\$ 239,833	\$ 902,188
Due to other funds	247,883	-	-	247,883
Miscellaneous liabilities	552,196	-	-	552,196
Deferred revenues	851,911	-	53,668	905,579
Total liabilities	<u>2,314,345</u>	<u>-</u>	<u>293,501</u>	<u>2,607,846</u>
<b>Fund Balances:</b>				
Reserved by State statute	2,131,976	247,883	25,965	2,405,824
Reserved for education	-	1,653,914	-	1,653,914
Reserved for D.A.R.E. Program	8,757	-	-	8,757
Reserved for Sheriff - Federal Shared Asset Program	697	-	-	697
Reserved for Register of Deeds - automation enhancement	26,522	-	-	26,522
Unreserved	5,408,507	(237,594)	-	5,170,913
Unreserved, reported in nonmajor:				
Capital project funds	-	-	200,000	200,000
Special revenue funds	-	-	1,144,596	1,144,596
Total fund balances	<u>7,576,459</u>	<u>1,664,203</u>	<u>1,370,561</u>	<u>10,611,223</u>
Total liabilities and fund balances	<u>\$ 9,890,804</u>	<u>\$ 1,664,203</u>	<u>\$ 1,664,062</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,787,840
Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, not reported in the funds.	(12,578,918)
Deferred revenues in the governmental funds are used to offset accounts receivable not expected to be available within 60 days of year-end. These receivables are a component of net assets in the Statement of Net Assets.	<u>778,725</u>
Net assets of governmental activities	<u>\$ 7,598,870</u>

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

## ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Capital Improvements Fund	Other Governmental Funds	Total
<b>Revenues:</b>				
Ad valorem taxes	\$ 15,325,395	\$ -	\$ 886,775	\$ 16,212,170
Local option sales taxes	3,619,971	1,446,870	-	5,066,841
Other taxes and licenses	172,003	-	311,585	483,588
Unrestricted intergovernmental revenues	3,219	-	-	3,219
Restricted intergovernmental revenues	5,238,716	-	864,688	6,103,404
Permits and fees	354,432	-	-	354,432
Sales and services	3,865,374	-	-	3,865,374
Interest earned on investments	22,524	2,348	669	25,541
Miscellaneous	55,534	-	-	55,534
Total revenues	<u>28,657,168</u>	<u>1,449,218</u>	<u>2,063,717</u>	<u>32,170,103</u>
<b>Expenditures:</b>				
General government	3,835,602	67,040	41,299	3,943,941
Public safety	5,880,196	-	1,090,791	6,970,987
Environmental protection	270,014	-	-	270,014
Economic and physical development	342,358	-	833,019	1,175,377
Human services	9,858,029	-	-	9,858,029
Cultural and recreation	818,015	-	10,000	828,015
Education	5,203,607	-	-	5,203,607
Debt service:				
Principal repayments	1,379,392	-	-	1,379,392
Interest	435,435	-	-	435,435
Total expenditures	<u>28,022,648</u>	<u>67,040</u>	<u>1,975,109</u>	<u>30,064,797</u>
Revenues over (under) expenditures	<u>634,520</u>	<u>1,382,178</u>	<u>88,608</u>	<u>2,105,306</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,422,967	153,249	297,177	1,873,393
Transfers out	(525,429)	(1,315,665)	(57,302)	(1,898,396)
Total other financing sources (uses)	<u>897,538</u>	<u>(1,162,416)</u>	<u>239,875</u>	<u>(25,003)</u>
Net change in fund balances	1,532,058	219,762	328,483	2,080,303
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>6,044,401</u>	<u>1,444,441</u>	<u>1,042,078</u>	<u>8,530,920</u>
End of year - June 30	<u>\$ 7,576,459</u>	<u>\$ 1,664,203</u>	<u>\$ 1,370,561</u>	<u>\$ 10,611,223</u>

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

# ALEXANDER COUNTY, NORTH CAROLINA

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2010

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

Net change in fund balances - total governmental funds (Exhibit D)	\$ 2,080,303
Property tax revenues in the Statement of Activities earned in prior periods are reported as revenues in the governmental funds statement.	151,775
Health Department fees in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	(41,629)
Expenses related to compensated absences that do not require current financial resources are not reported as expenditures in the governmental funds statement.	42,390
Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.	450,822
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(785,344)
The sale of capital assets is reported as a revenue in the governmental funds statement without subtracting the net book value of the capital assets sold.	(1,045)
Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	1,379,392
Net pension obligation and other post-employment benefit 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.	<u>(1,045,280)</u>
Change in net assets of governmental activities (Exhibit B)	<u>\$ 2,231,384</u>

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



# ALEXANDER COUNTY, NORTH CAROLINA

## GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2010

	General Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Over/Under
<b>Revenues:</b>				
Ad valorem taxes	\$ 15,213,500	\$ 15,213,500	\$ 15,325,395	\$ 111,895
Local option sales taxes	4,012,500	3,514,500	3,619,971	105,471
Other taxes and licenses	158,200	166,219	172,003	5,784
Unrestricted intergovernmental revenues	5,000	5,000	3,219	(1,781)
Restricted intergovernmental revenues	4,602,732	5,295,003	5,238,716	(56,287)
Permits and fees	338,744	346,653	354,432	7,779
Sales and services	3,910,244	4,024,981	3,865,374	(159,607)
Investment earnings	72,000	22,000	22,524	524
Miscellaneous	47,672	57,757	55,534	(2,223)
Total revenues	<u>28,360,592</u>	<u>28,645,613</u>	<u>28,657,168</u>	<u>11,555</u>
<b>Expenditures:</b>				
General government	4,255,982	4,170,481	3,835,602	334,879
Public safety	5,997,537	6,253,940	5,880,196	373,744
Environmental protection	290,385	301,263	270,014	31,249
Economic and physical development	583,272	350,714	342,358	8,356
Human services	9,447,183	10,565,587	9,858,029	707,558
Cultural and recreational	910,636	912,348	818,015	94,333
Education	5,206,450	5,209,450	5,203,607	5,843
Debt service:				
Principal retirement	1,383,000	1,383,000	1,379,392	3,608
Interest and fees	440,000	440,000	435,435	4,565
Contingency	480,247	250,000	-	250,000
Total expenditures	<u>28,994,692</u>	<u>29,836,783</u>	<u>28,022,648</u>	<u>1,814,135</u>
Revenues over (under) expenditures	<u>(634,100)</u>	<u>(1,191,170)</u>	<u>634,520</u>	<u>1,825,690</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,427,350	1,427,350	1,422,967	(4,383)
Transfers out	(799,800)	(619,402)	(525,429)	93,973
Appropriated fund balance	6,550	383,222	-	(383,222)
Total other financing sources (uses)	<u>634,100</u>	<u>1,191,170</u>	<u>897,538</u>	<u>(293,632)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	1,532,058	<u>\$ 1,532,058</u>
<b>Fund Balances:</b>				
Beginning of year - July 1			<u>6,044,401</u>	
End of year - June 30			\$ 7,576,459	

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

**Exhibit F**

<b>Capital Improvements Fund</b>			
<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
			<b>Over/Under</b>
\$ -	\$ -	\$ -	\$ -
1,249,800	1,389,800	1,446,870	57,070
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
7,050	2,250	2,348	98
-	-	-	-
<u>1,256,850</u>	<u>1,392,050</u>	<u>1,449,218</u>	<u>57,168</u>
67,500	67,225	67,040	185
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
419,100	252,000	-	252,000
-	-	-	-
-	-	-	-
75,050	50	-	50
<u>561,650</u>	<u>319,275</u>	<u>67,040</u>	<u>252,235</u>
<u>695,200</u>	<u>1,072,775</u>	<u>1,382,178</u>	<u>309,403</u>
624,800	247,225	153,249	(93,976)
(1,320,000)	(1,320,000)	(1,315,665)	4,335
-	-	-	-
<u>(695,200)</u>	<u>(1,072,775)</u>	<u>(1,162,416)</u>	<u>(89,641)</u>
<u>\$ -</u>	<u>\$ -</u>	219,762	<u>\$ 219,762</u>
		<u>1,444,441</u>	
		<u>\$ 1,664,203</u>	

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

# ALEXANDER COUNTY, NORTH CAROLINA

## STATEMENT OF NET ASSETS PROPRIETARY FUNDS JUNE 30, 2010

			Enterprise
	County Water and Sewer	Bethlehem Water	Solid Waste
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 1,161,540	\$ 463,875	\$ -
Accounts receivable, net	142,450	98,278	100,258
Due from other governments	136,256	-	-
Due from other funds	-	-	-
Total current assets	<u>1,440,246</u>	<u>562,153</u>	<u>100,258</u>
Non-current assets:			
Land and other non-depreciable assets	5,398,356	-	-
Depreciable assets, net of depreciation	5,517,774	1,834,432	685,308
Other assets	-	12,649	-
Total non-current assets	<u>10,916,130</u>	<u>1,847,081</u>	<u>685,308</u>
Total assets	<u>12,356,376</u>	<u>2,409,234</u>	<u>785,566</u>
<b>Liabilities and Net Assets:</b>			
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	180,873	-	69,707
Due to other funds	188,926	4,540	126,126
Miscellaneous liabilities	-	13,157	16,632
Accrued landfill post-closure care costs	-	-	-
Current portion of long-term debt	193,869	171,657	-
Current portion of compensated absences	309	-	6,091
Total current liabilities	<u>563,977</u>	<u>189,354</u>	<u>218,556</u>
Non-current liabilities:			
Non-current compensated absences	538	-	10,599
Non-current other post-employment benefits	3,938	-	67,194
Non-current portion of long-term debt	3,295,746	1,164,039	-
Total non-current liabilities	<u>3,300,222</u>	<u>1,164,039</u>	<u>77,793</u>
Total liabilities	<u>3,864,199</u>	<u>1,353,393</u>	<u>296,349</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	7,426,515	498,736	685,308
Unrestricted	<u>1,065,662</u>	<u>557,105</u>	<u>(196,091)</u>
Total net assets	<u>\$ 8,492,177</u>	<u>\$ 1,055,841</u>	<u>\$ 489,217</u>

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

**Exhibit G**

<b>Funds</b>		
<b>Landfill Closure</b>	<b>Nonmajor Funds</b>	<b>Total</b>
\$ 136,350	\$ 9,051	\$ 1,770,816
-	-	340,986
-	-	136,256
-	4,540	4,540
<u>136,350</u>	<u>13,591</u>	<u>2,252,598</u>
-	-	5,398,356
-	965,595	9,003,109
-	-	12,649
<u>-</u>	<u>965,595</u>	<u>14,414,114</u>
<u>136,350</u>	<u>979,186</u>	<u>16,666,712</u>
2,792	-	253,372
-	-	319,592
-	-	29,789
2,006,710	-	2,006,710
-	-	365,526
-	-	6,400
<u>2,009,502</u>	<u>-</u>	<u>2,981,389</u>
-	-	11,137
-	-	71,132
-	-	4,459,785
<u>-</u>	<u>-</u>	<u>4,542,054</u>
<u>2,009,502</u>	<u>-</u>	<u>7,523,443</u>
-	965,595	9,576,154
<u>(1,873,152)</u>	<u>13,591</u>	<u>(432,885)</u>
<u>\$ (1,873,152)</u>	<u>\$ 979,186</u>	<u>\$ 9,143,269</u>

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

# ALEXANDER COUNTY, NORTH CAROLINA

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2010

	<b>Enterprise</b>		
	<b>County Water and Sewer</b>	<b>Bethlehem Water</b>	<b>Solid Waste</b>
<b>Operating Revenues:</b>			
Water and sewer sales	\$ 1,031,335	\$ 1,112,671	\$ -
Sewer capital reserve fees	-	-	-
Landfill	-	-	1,401,933
Total operating revenues	<u>1,031,335</u>	<u>1,112,671</u>	<u>1,401,933</u>
<b>Operating Expenses:</b>			
Administration	-	35,203	27,867
Water and sewer operations	-	737,039	-
Water and distribution	701,329	-	-
Landfill operations	-	-	1,360,518
Depreciation and amortization	250,464	93,188	37,782
Bad debts	-	(854)	-
Total operating expenses	<u>951,793</u>	<u>864,576</u>	<u>1,426,167</u>
Operating income (loss)	<u>79,542</u>	<u>248,095</u>	<u>(24,234)</u>
<b>Non-Operating Revenues (Expenses):</b>			
Investment earnings	758	755	-
Interest and fees paid	-	(56,725)	-
Miscellaneous revenues	-	-	29,528
Total non-operating revenues (expenses)	<u>758</u>	<u>(55,970)</u>	<u>29,528</u>
Income (loss) before contributions and transfers	80,300	192,125	5,294
Capital contributions	<u>866,550</u>	<u>-</u>	<u>-</u>
Income (loss) before transfers	<u>946,850</u>	<u>192,125</u>	<u>5,294</u>
<b>Transfers In (Out):</b>			
Transfers in (out)	<u>6,504,857</u>	<u>-</u>	<u>75,000</u>
Total transfers in (out)	<u>6,504,857</u>	<u>-</u>	<u>75,000</u>
Change in net assets	7,451,707	192,125	80,294
<b>Net Assets:</b>			
Beginning of year - July 1	<u>1,040,470</u>	<u>863,716</u>	<u>408,923</u>
End of year - June 30	<u>\$ 8,492,177</u>	<u>\$ 1,055,841</u>	<u>\$ 489,217</u>

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

# Exhibit H

## Funds

<u>Landfill Closure</u>	<u>Nonmajor Funds</u>	<u>Total</u>
\$ -	\$ -	\$ 2,144,006
-	13,591	13,591
-	-	1,401,933
-	13,591	3,559,530
-	-	63,070
-	-	737,039
-	-	701,329
222,969	-	1,583,487
-	35,570	417,004
-	-	(854)
222,969	35,570	3,501,075
(222,969)	(21,979)	58,455
46	-	1,559
-	-	(56,725)
-	-	29,528
46	-	(25,638)
(222,923)	(21,979)	32,817
-	-	866,550
(222,923)	(21,979)	899,367
100,000	(6,654,854)	25,003
100,000	(6,654,854)	25,003
(122,923)	(6,676,833)	924,370
(1,750,229)	7,656,019	8,218,899
\$ (1,873,152)	\$ 979,186	\$ 9,143,269

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

# ALEXANDER COUNTY, NORTH CAROLINA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2010

			Enterprise
	County Water and Sewer	Bethlehem Water	Solid Waste
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ 880,342	\$ 1,106,362	\$ 1,409,245
Cash paid for goods and services	(84,521)	(771,406)	(968,839)
Cash paid to employees for services	(566,209)	-	(349,555)
Net cash provided (used) by operating activities	<u>229,612</u>	<u>334,956</u>	<u>90,851</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Other non-operating revenues (expenses)	-	-	29,528
Change in due to/from other funds	(194,637)	4,540	(195,379)
Interfund transfer in (out)	608,906	-	75,000
Net cash provided (used) by non-capital financing activities	<u>414,269</u>	<u>4,540</u>	<u>(90,851)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	(970,926)	-	-
Principal paid on bonds and notes payable	-	(166,196)	-
Proceeds from long-term debt	379,041	-	-
Interest and fees paid on bonds	-	(58,274)	-
Capital contributions	866,550	-	-
Net cash provided (used) by capital and related financing activities	<u>274,665</u>	<u>(224,470)</u>	<u>-</u>
<b>Cash Flows from Investing Activities:</b>			
Interest on investments	<u>758</u>	<u>755</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	919,304	115,781	-
<b>Cash and Cash Equivalents:</b>			
Beginning of year - July 1	<u>242,236</u>	<u>348,094</u>	<u>-</u>
End of year - June 30	<u>\$ 1,161,540</u>	<u>\$ 463,875</u>	<u>\$ -</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 79,542	\$ 248,095	\$ (24,234)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	250,464	93,188	37,782
(Increase) decrease in accounts receivable	(150,993)	(6,309)	7,312
Increase (decrease) in accounts payable	46,411	(18)	27,737
Increase (decrease) in accrued salaries	-	-	5,718
Increase (decrease) in other post-employment benefits	3,341	-	33,737
Increase (decrease) in landfill post-closure liability	-	-	-
Increase (decrease) in accrued vacation pay	847	-	2,799
Net cash provided (used) by operating activities	<u>\$ 229,612</u>	<u>\$ 334,956</u>	<u>\$ 90,851</u>
Non-cash transactions:			
Transfer of non-cash assets from other funds	<u>\$ 5,895,948</u>	<u>\$ -</u>	<u>\$ -</u>
Transfer of non-cash assets to County Water and Sewer Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**Exhibit I**

<b>Funds</b>		
<b>Landfill Closure</b>	<b>Nonmajor Funds</b>	<b>Total</b>
\$ -	\$ 13,591	\$ 3,409,540
(66,817)	(14)	(1,891,597)
-	-	(915,764)
<u>(66,817)</u>	<u>13,577</u>	<u>602,179</u>
-	-	29,528
-	(4,540)	(390,016)
100,000	(758,906)	25,000
<u>100,000</u>	<u>(763,446)</u>	<u>(335,488)</u>
-	-	(970,926)
-	-	(166,196)
-	-	379,041
-	-	(58,274)
-	-	866,550
<u>-</u>	<u>-</u>	<u>50,195</u>
46	-	1,559
33,229	(749,869)	318,445
<u>103,121</u>	<u>758,920</u>	<u>1,452,371</u>
<u>\$ 136,350</u>	<u>\$ 9,051</u>	<u>\$ 1,770,816</u>
\$ (222,969)	\$ (21,979)	\$ 58,455
-	35,570	417,004
-	-	(149,990)
2,792	(14)	76,908
-	-	5,718
-	-	37,078
153,360	-	153,360
-	-	3,646
<u>\$ (66,817)</u>	<u>\$ 13,577</u>	<u>\$ 602,179</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,895,948</u>
<u>\$ -</u>	<u>\$ 5,895,948</u>	<u>\$ 5,895,948</u>

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



## ALEXANDER COUNTY, NORTH CAROLINA

## STATEMENT OF FIDUCIARY NET ASSETS

## FIDUCIARY FUNDS

JUNE 30, 2010

	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and investments	\$ 77,177
<b>Liabilities:</b>	
Accounts payable	76,381
Intergovernmental payable - State of North Carolina	<u>796</u>
Total liabilities	<u>77,177</u>
<b>Net Assets:</b>	
Held in trust	<u>\$ -</u>

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

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

### 1. Summary of Significant Accounting Policies

The accounting policies of Alexander County (the "County") and its blended component units conform to generally accepted accounting principles as they apply 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. The blended component units, although they are legally separate entities, are in substance, part of the County's operations.

##### Component Units

##### Blended Component Units

The Bethlehem Water District, Highway 16 South Water District, and the Sugar Loaf Water District (the "Districts") exist to provide and maintain a water system for the County residents within each district. Under State law (G.S. 162A-89), the County's Board of Commissioners also serve as the governing board for the Districts. Therefore, the Districts are reported as enterprise funds in the County's financial statements.

The Bethlehem Water District issues separate financial statements. The Highway 16 South Water District and the Sugar Loaf Water District do not issue separate financial statements.

#### B. Basis of Presentation

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

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

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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

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

The County has the following fund categories (further divided by fund type):

**Governmental Funds** - are used to account for the County's general governmental activities. Governmental funds include the following fund types:

### **General Fund**

The General Fund is the general operating fund of the County. It is used to account for all financial resources except those that are required to be accounted for in another fund.

### **Special Revenue Funds**

Special revenue funds are used to account for specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The County has the following special revenue funds: Fire Districts Fund, Revaluation Fund, Multi-Year Operating Grants Fund, Capital Improvements Fund, and Emergency Telephone System Fund.

### **Capital Project Funds**

Capital project funds are used to account for the acquisition and or construction of major governmental capital assets. The County has one capital project fund, the County Capital Project Fund.

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

### **Proprietary Funds**

#### **Enterprise Funds**

The enterprise funds are used to account for those operations that (a) are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis, be financed or recovered primarily through user charges; or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The County reported the following enterprise funds: Highway 16 South Water Fund, Water Administration Fund, Bethlehem Sewer Fund, Water Interconnect Fund, County Water and Sewer Fund, Bethlehem Water Fund, Sugarloaf Water Fund, Solid Waste Fund, Landfill Closure Fund, and Water Capital Projects Fund (comprised of the Hiddenite Industrial Water and Sewer Capital Project Fund, Northeast Water Capital Project Fund, and Vashti Road Water Project, and is consolidated with the County Water and Sewer Fund for reporting purposes). During the year ended June 30, 2010, the Highway 16 South Water Fund, Sugar Loaf Water Fund, Water Interconnect Fund, and Water Administration Fund were consolidated into the County Water and Sewer Fund, thus, reducing the number of active enterprise funds going forward.

**Fiduciary Funds** - account for the assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

#### **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 four agency funds: Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; Sheriff's Department Fund, which accounts for monies deposited with the Sheriff's Department from court judgments for payment of restitution; the 3% Interest Payable to State Fund, which accounts for the three percent interest collected 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 Deed of Trust Fees Fund, which accounts for the additional fees for recorded deeds of trust or mortgages collected by the County and remitted to the State Treasurer.

**Major Funds.** The General Fund, Capital Improvements Fund, County Water and Sewer Fund, Bethlehem Water District Fund, Solid Waste Fund, and Landfill Closure Fund are major funds for the year ended June 30, 2010.

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

### C. Measurement Focus and 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, 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 non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the 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 non-operating revenues and expenses.

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

The County considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current

# **ALEXANDER COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

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, the 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 2009 through February 2010 apply to the fiscal year ended June 30, 2010. Uncollected taxes which were billed during this period are shown as a receivable on these financial statements.

Sales taxes 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.

### **D. Budgetary Data**

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the special revenue funds (excluding Multi-Year Operating Grants Fund), and the enterprise funds. All annual appropriations lapse at the fiscal year-end. A project ordinance is adopted for the Multi-Year Operating Grants Fund, which is special revenue fund, and the County Capital Projects Fund. Project ordinances are adopted for the Hiddenite Industrial Water and Sewer Project Fund, Northeast Water Project Fund, and Vashti Road Water Project Fund, which are enterprise fund capital projects. 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. The County Manager is authorized by the budget ordinance to transfer appropriations between functional areas within a fund up to \$5,000; however, any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$5,000 must be approved by the governing board. During the year, several amendments to the original budget were necessary, the effects of which were not material. 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.

## **ALEXANDER COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

#### **E. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates are made are allowance for doubtful accounts and depreciation lives.

#### **F. Assets, Liabilities, and Fund Equity**

##### **Deposits and Investments**

All deposits of the County are made in board-designated official depositories and are secured as required by G.S. 159-31. The County may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

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

The County's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings, and investment contracts are reported at amortized cost.

##### **Cash and Cash Equivalents**

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

##### **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.

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

### 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.

### Prepaid Items

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 and expensed as the items are used.

### Capital Assets

Capital assets are recorded at original cost. Donated assets are listed at the market value at the date of donation. The County has elected not to capitalize those interest costs which are incurred during the construction period of capital assets.

The County holds title to certain Alexander County Board of Education properties which 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 Alexander County Board of Education.

Capital assets in the enterprise funds of the County are recorded at original cost at the time of acquisition. Capital assets donated to the Enterprise Fund operations are recorded at the estimated fair market value at the date of donation.

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

<u>Asset</u>	<u>Estimated Useful Lives</u>
Buildings	40 Years
Other improvements	10 - 40 Years
Equipment and vehicles	3 - 10 Years



# **ALEXANDER COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

### **Long-Term Obligations**

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

Included within the governmental activities long-term obligations are several notes payable issued for the benefit of the Alexander County Board of Education. The debt service of the Alexander County Board of Education notes payable is covered by a reduction in the local option sales tax or the general allocation due to the Board from the County.

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

The County's long-term debt for the water districts and landfill is carried within the Enterprise Fund. The debt service requirements for the water districts' debt are being met by water revenues, but the taxing power of the County is pledged to make these payments if water revenues should ever be insufficient.

### **Net Assets/Fund Balances**

#### **Net Assets**

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

#### **Fund Balances**

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

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

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

The governmental fund types classify fund balances as follows:

### **Reserved**

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

**Reserved for D.A.R.E. Program** - portion of fund balance available for appropriation to promote drug awareness in the County.

**Reserved for Sheriff** – portion of fund balance available for appropriation by the Sheriff's Department. This amount represents the unexpended federal shared asset funds.

**Reserved for Education** – portion of fund balance available for appropriation for public school capital outlay and debt service from the restricted portion of the Article 40 and Article 42 half-cent sales taxes.

**Reserved for Register of Deeds** – portion of fund balance constituting the Automation Enhancement and Preservation Fund, funded by 10% of the fees collected and maintained by the Register of Deeds' office. The funds are available for appropriation but are legally restricted for computer and imaging technology in the Register of Deeds' office.

### **Unreserved**

**Designated for Subsequent Year's Expenditures** - portion of total fund balance available for appropriation which has been designated for the adopted 2010-2011 budget ordinance.

Unreserved fund balance had the following designations at June 30, 2010:

Designated for subsequent year's expenditures:

General Fund	\$ 8,566
Revaluation Fund	33,004
County Water and Sewer Fund	222,907

## **G. Revenues, Expenditures, and Expenses**

### **Compensated Absences**

The vacation policy of the County provides for the accumulation of up to two hundred forty (240) hours earned vacation leave with such leave being fully vested when earned. In the County's governmental proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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

### 2. Stewardship, Compliance, and Accountability

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

The Landfill Closure Fund had deficit net assets of \$1,873,152 at June 30, 2010. The deficit will be offset by future revenues or transfers.

The Multi-Year Operating Grants Fund had a deficit fund balance of \$13,610 at June 30, 2010. The deficit will be offset by future revenues or transfers.

#### Non-Compliance with North Carolina General Statutes

In accordance with NC General Statute 159-25, all checks or drafts on an official depository shall be signed by the Finance Officer or a properly designated deputy finance officer and countersigned by another official of the local government or public authority designated for this purpose by the governing board. The DSS Director is signing trust fund checks and no written documentation is available to show that the DSS Director is duly authorized as a deputy finance officer to execute checks as required by the above referenced statute.

**Corrective Action** - The Board of Commissioners will designate the DSS Director as deputy finance officer with authority limited to matters pertaining to the DSS Trust Fund checking account and the DSS Emergency Assistance checking account. The Board of Commissioners will also designate another DSS employee as the individual authorized to countersign checks for the two DSS checking accounts. These actions by the Board of Commissioners will be recorded in the minutes of the board meeting.

### 3. Detail Notes On All Funds

#### A. Assets

##### Deposits

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's agent in its name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by the County's agent in the entity's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method

## ALEXANDER COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County, or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The County has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2010, the County's deposits had a carrying amount of \$2,437,323 and a bank balance of \$2,481,920. Of the bank balance, \$590,678 was covered by federal depository insurance and \$1,891,242 by collateral held under the Pooling Method. Cash on hand was \$2,070 at June 30, 2010.

#### Investments

At June 30, 2010, the County had \$9,333,115 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The County has no policy regarding credit risk.

#### Property Tax – Use-Value Assessment on Certain Lands

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

<b>Year Levied</b>	<b>Tax</b>	<b>Interest</b>	<b>Total</b>
2006	\$ 678,665	\$ 217,172	\$ 895,837
2007	959,804	230,352	1,190,156
2008	1,009,660	161,545	1,171,205
2009	1,171,621	93,729	1,265,350
Total	<u>\$ 3,819,750</u>	<u>\$ 702,798</u>	<u>\$ 4,522,548</u>

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

### Receivables

Receivables at Exhibit A at June 30, 2010 were as follows:

	<u>Accounts Receivable</u>	<u>Taxes Receivable</u>	<u>Due from Other Governments</u>	<u>Total</u>
<b>Governmental Activities:</b>				
General	\$ 1,157,137	\$ 1,032,923	\$ 950,966	\$ 3,141,026
Other governmental	<u>135,971</u>	<u>65,071</u>	<u>-</u>	<u>201,042</u>
Total receivables	1,293,108	1,097,994	950,966	3,342,068
Allowance for doubtful accounts	<u>(230,446)</u>	<u>(380,003)</u>	<u>-</u>	<u>(610,449)</u>
Total governmental activities	<u>\$ 1,062,662</u>	<u>\$ 717,991</u>	<u>\$ 950,966</u>	<u>\$ 2,731,619</u>
<b>Business-Type Activities:</b>				
Solid Waste Fund	\$ 101,003	\$ -	\$ -	\$ 101,003
Water and Sewer Fund	<u>253,155</u>	<u>-</u>	<u>136,256</u>	<u>389,411</u>
Total receivables	354,158	-	136,256	490,414
Allowance for doubtful accounts	<u>(13,172)</u>	<u>-</u>	<u>-</u>	<u>(13,172)</u>
Total business-type activities	<u>\$ 340,986</u>	<u>\$ -</u>	<u>\$ 136,256</u>	<u>\$ 477,242</u>

Due from other governments consisted of the following:

Local option sales tax	\$ 815,266
Grants receivable	136,256
Sales tax refund	<u>135,700</u>
Total	<u>\$ 1,087,222</u>

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

### Capital Assets

A summary of changes in the County's governmental capital assets are as follows:

	<u>July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2010</u>
<b>By Asset Type:</b>				
<b>Non-Depreciable Assets:</b>				
Land	\$ 2,845,729	\$ 7,745	\$ -	\$ 2,853,474
<b>Depreciable Assets:</b>				
Buildings	6,718,118	314,885	-	7,033,003
Other improvements	1,429,558	-	-	1,429,558
Equipment and vehicles	5,625,096	128,192	(63,187)	5,690,101
Total assets	<u>16,618,501</u>	<u>450,822</u>	<u>(63,187)</u>	<u>17,006,136</u>
<b>Less Accumulated Depreciation:</b>				
Buildings	(2,989,608)	(184,786)	-	(3,174,394)
Other improvements	(493,553)	(76,227)	-	(569,780)
Equipment and vehicles	(4,011,933)	(524,331)	62,142	(4,474,122)
Total accumulated depreciation	<u>(7,495,094)</u>	<u>(785,344)</u>	<u>62,142</u>	<u>(8,218,296)</u>
Capital assets, net	<u>\$ 9,123,407</u>	<u>\$ (334,522)</u>	<u>\$ (1,045)</u>	<u>\$ 8,787,840</u>

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

### Governmental Activities:

General government	\$ 220,165
Public safety	339,882
Environmental protection	15,309
Human services	109,426
Cultural and recreational	30,540
Economic and physical development	53,742
Education	<u>16,280</u>
Total	<u>\$ 785,344</u>

### Business-Type Activities:

Water and Sewer Fund	\$ 377,608
Landfill Fund	<u>37,782</u>
Total	<u>\$ 415,390</u>

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

### Proprietary Capital Assets

The capital assets of the proprietary fund at June 30, 2010 are as follows:

	<u>July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2010</u>
<b>Non-Depreciable Assets:</b>				
Construction in progress	\$ 4,427,430	\$ 970,926	\$ -	\$ 5,398,356
<b>Depreciable Assets:</b>				
Distribution system	13,327,987	-	-	13,327,987
Landfill equipment	2,162,054	-	-	2,162,054
Total assets	<u>19,917,471</u>	<u>970,926</u>	<u>-</u>	<u>20,888,397</u>
<b>Less Accumulated Depreciation:</b>				
Distribution system	(4,632,578)	(377,608)	-	(5,010,186)
Landfill equipment	(1,438,964)	(37,782)	-	(1,476,746)
Total accumulated depreciation	<u>(6,071,542)</u>	<u>(415,390)</u>	<u>-</u>	<u>(6,486,932)</u>
Capital assets, net	<u>\$ 13,845,929</u>	<u>\$ 555,536</u>	<u>\$ -</u>	<u>\$ 14,401,465</u>

### Invested in Capital Assets, Net of Debt

The total invested in capital assets, net of related debt at June 30, 2010 is composed of the following elements:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets	\$ 8,787,840	\$ 14,401,465
Long-term debt	(9,440,484)	(4,825,311)
Long-term debt for assets not owned by the County	8,376,939	-
Invested in capital assets, net of related debt	<u>\$ 7,724,295</u>	<u>\$ 9,576,154</u>

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

### B. Liabilities

#### Payables

Payables at Exhibit A at June 30, 2010 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Total</u>
<b>Governmental Activities:</b>				
General	\$ 662,355	\$ 552,196	\$ -	\$ 1,214,551
Other governmental	239,833	-	-	239,833
Total governmental activities	<u>\$ 902,188</u>	<u>\$ 552,196</u>	<u>\$ -</u>	<u>\$ 1,454,384</u>
<b>Business-Type Activities:</b>				
Solid Waste Fund	\$ 73,940	\$ 15,191	\$ -	\$ 89,131
Water and Sewer Fund	179,432	-	13,157	192,589
Total business-type activities	<u>\$ 253,372</u>	<u>\$ 15,191</u>	<u>\$ 13,157</u>	<u>\$ 281,720</u>

#### Pension Plan Obligation

##### Local Governmental Employees' Retirement System

##### Plan Description

The County contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The LGERS is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

##### Funding Policy

Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.92% and 4.86%, respectively, of annual covered payroll. The contribution requirements of members and of the County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2010, 2009, and 2008 were \$447,614, \$453,850, and \$523,056, respectively. The contributions made by the County equaled the required contributions for each year.



# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

### Law Enforcement Officers' Special Separation Allowance

#### Plan Description

The County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Plan does not issue a separate stand-alone financial report.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2009, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Active plan members	<u>25</u>
Total	<u><u>27</u></u>

#### Summary of Significant Accounting Policies

*Basis of Accounting.* The County has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

*Method Used to Value Investments.* No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

#### Contributions

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

The annual required contribution for the current year was determined as part of the December 31, 2008, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return and (b) projected salary increases ranging from 4.5% to 12.3% per year. Both item (a) and (b) included an inflation component of 3.75%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at December 31, 2008 was 22 years.

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

### Annual Pension Cost and Net Pension Obligation

The County's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 27,494
Interest on net pension obligation	18,747
Adjustment to annual required contribution	<u>(16,289)</u>
Annual pension cost	29,952
Less: Contributions made	<u>21,082</u>
Increase in net pension obligation	8,870
Net pension obligation, beginning of year	<u>258,585</u>
Net pension obligation, end of year	<u><u>\$ 267,455</u></u>

### Three-Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2008	\$ 25,747	26.87%	\$ 237,893
6/30/2009	27,610	25.06%	258,585
6/30/2010	29,952	70.38%	267,455

### Funded Status and Funding Progress

As of December 31, 2009, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$297,737. The covered payroll (annual payroll of active employees covered by the plan) was \$932,629, and the ratio of the UAAL to the covered payroll was 31.92 percent.

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

# **ALEXANDER COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

### **Supplemental Retirement Income Plan for Law Enforcement Officers**

#### **Plan Description**

The County contributes to the Supplemental Retirement Income Plan ("Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

#### **Funding Policy**

Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2010 were \$72,365, which consisted of \$49,346 from the County and \$23,019 from the law enforcement officers.

### **Registers of Deeds' Supplemental Pension Fund**

#### **Plan Description**

The County contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a non-contributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

# **ALEXANDER COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

### **Funding Policy**

On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of G.S. Chapter 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2010, the County's required and actual contributions were \$2,296.

### **Other Post-Employment Benefits**

#### **Plan Description**

The County (by local policy) provides post-employment medical insurance benefits to retirees of the County, provided they retire through the North Carolina Local Governmental Employees' Retirement System (LGERS) and meet the following requirements.

For employees hired prior to July 1, 2008: At the date of retirement, the participant occupies a full-time or part-time with benefits budgeted position (50% or greater) and has completed: 1) a minimum of fifteen (15) consecutive years of employment with the County for reduced retiree health benefits or 2) twenty (20) consecutive years of employment with the County for retiree health benefits.

For employees hired on or after July 1, 2008 and before July 1, 2009: At the date of retirement, the participant occupies a full-time position and has completed a minimum of thirty (30) consecutive years of employment with the County for retiree health benefits.

The post-employment medical insurance benefits are not available to employees hired on or after July 1, 2009.

Medical insurance coverage will only be extended to qualified retirees until they become eligible for Medicare. For participants in the non-reduced retiree health benefits plan: When the qualified retiree becomes eligible for Medicare, the County will provide retiree health benefits by supplemental medical insurance only. For participants in the reduced retiree health benefits plan: When the qualified retiree becomes eligible for Medicare, participation in the County's group health plan will cease. The County Commissioners may amend the benefit provisions. A separate report was not issued for the Plan.

## ALEXANDER COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

Membership of the Plan consisted of the following at December 31, 2008, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees receiving benefits	11	4
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	<u>244</u>	<u>29</u>
Total	<u>255</u>	<u>33</u>

#### **Funding Policy**

The County employees that retire with 15 years up to 20 years of service and were hired before July 1, 2008, may participate in the County's group medical insurance plan and pay for the full cost themselves. Dependent coverage is not available. Those members that retire with 20 or more years of service and were hired before July 1, 2008 will receive individual medical insurance coverage at no cost to the retiree, except those retirees paying a pro-rated share for their medical insurance at retirement will continue to pay their pro-rated share. Dependent coverage is not available. The County employees that retire with 30 or more years of service and were hired on or after July 1, 2008 and before July 1, 2009, will receive medical insurance coverage at no cost to the retiree. Dependent coverage is not available. The County has chosen to fund the medical insurance benefits on a pay-as-you-go basis.

The current ARC rate is 12.40% of annual covered payroll. For the current year, the County contributed \$71,079 or 0.77%, of annual covered payroll. The County purchases insurance from a private carrier for healthcare coverage. The County's required contributions, under a County resolution, for employees not engaged in law enforcement and for law enforcement officers represented 0.61% and 2.09% of covered payroll, respectively. There were no contributions made by employees. The County's obligation to contribute to the Plan is established and may be amended by the Board of County Commissioners.

#### **Summary of Significant Accounting Policies**

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

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

### Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the County's net OPEB obligation for the healthcare benefits:

	<b>Governmental Activities</b>	<b>Business -Type Activities</b>	<b>Total</b>
Annual required contribution	\$ 1,107,489	\$ 37,078	\$ 1,144,567
Interest on net OPEB obligation	-	-	-
Adjustments to annual required contribution	-	-	-
Annual OPEB cost (expense)	1,107,489	37,078	1,144,567
Contributions made	(71,079)	-	(71,079)
Increase (decrease) in net OPEB obligation	1,036,410	37,078	1,073,488
Net OPEB obligation, beginning of year	1,049,341	34,054	1,083,395
Net OPEB obligation, end of year	<u>\$ 2,085,751</u>	<u>\$ 71,132</u>	<u>\$ 2,156,883</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2009 and 2010 were as follows:

<b>Year Ended June 30</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
2009	\$ 1,144,567	5.34%	\$ 1,083,395
2010	1,144,567	6.21%	2,156,883

# **ALEXANDER COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

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

As of December 31, 2008, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$9,133,405. The covered payroll (annual payroll of active employees covered by the Plan) was \$9,230,942, and the ratio of the UAAL to the covered payroll was 98.9 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

### **Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the Plan at the valuation date, and an annual medical cost trend increase of 10.50 to 5.00 percent annually. Both rates included a 3.75 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2008 was 30 years.

As of June 30, 2010, management has decided not to set aside funds for this outstanding obligation; therefore, OPEB will continue to be funded on a pay-as-you-go basis going into the next fiscal year.

## **ALEXANDER COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

#### **Other Employment Benefits**

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the Death Benefit Plan, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the Death Benefit Plan at the time of death are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but no less than \$25,000 and no more than \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. For the fiscal year ended June 30, 2010, the County made contributions to the State for death benefits of \$9,924. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.10% and 0.14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

#### **Closure and Post-Closure Care Costs - Landfill Facility**

Federal and State laws and regulations require the County to place a final cover on its current operating cell at the landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County also has a closed cell at the landfill facility for which the entire amount of the closure and post-closure costs has been recognized as the cell capacity was used. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,006,710 reported as landfill closure and post-closure care liability at June 30, 2010 represents a cumulative amount reported to date based on the use of 67% of the total estimated capacity of the construction and demolition operating cell of the landfill. The County will recognize the remaining estimated cost of closure and post-closure care of \$988,373 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2010. The County closed the material solid waste operating cell at the landfill facility in fiscal year 1998 and expects to close the construction and demolition operating cell in 2013. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.



# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

The County has met the requirements of a local government financial test that is one option under federal and State laws and regulations that help determine if a unit is financially able to meet closure and post-closure care requirements. However, the County has elected to establish a Landfill Closure Fund, a proprietary fund type, to accumulate resources for the payment of closure and post-closure care costs. A transfer of \$100,000 was made to the Landfill Closure Fund during the fiscal year ended June 30, 2010. The Landfill Closure Fund has \$136,350 in cash at June 30, 2010.

The County expects that future inflation costs will be paid from the interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or by future tax revenues.

### Deferred/Unearned Revenues

The balance in deferred revenues on the fund statements and unearned revenues on the government-wide statements at June 30, 2010 is composed of the following elements:

	<u>Deferred Revenues</u>		<u>Unearned Revenues</u>	
	<u>General Fund</u>	<u>Fire District Fund</u>	<u>General Fund</u>	<u>Fire District Fund</u>
Taxes receivable (net)	\$ 664,323	\$ 53,668	\$ -	\$ -
Health Department receivables (net)	60,734	-	-	-
Miscellaneous unearned	10,100	-	10,100	-
Taxes collected in advance	<u>116,754</u>	<u>-</u>	<u>116,754</u>	<u>-</u>
Total	<u>\$ 851,911</u>	<u>\$ 53,668</u>	<u>\$ 126,854</u>	<u>\$ -</u>

### Summary Disclosure of Significant Commitments

Construction – The County had commitments of approximately \$1,072,000 for a public water supply system improvement project (Project VRWTR) and \$442,000 for an economic development water and sewer project (Project HIDWS).

VRWTR – The Vashti Road Water Project is a public water supply system improvement project. It is being funded by a Community Development Block Grant and a N.C. Rural Center grant.

## **ALEXANDER COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

HIDWS - The Hiddenite Industrial Water and Sewer Project is an economic development water and sewer project. It is being funded by a Community Development Block grant, N.C. Rural Center grant, Appalachian Regional Commission grant, local intergovernmental contribution, and water revenues.

#### **Risk Management**

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County obtains workers' compensation and employer liability insurance through Key Risk Insurance Company with workers' compensation coverage up to the statutory limits and employee liability coverage subject to a limit of \$1,000,000. The County obtains property coverage through Millennium Insurance Group equal to replacement cost values of owned property subject to a limit of \$19 million for any one occurrence; general, auto, public officials, law enforcement, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value (ambulances at replacement cost), and crime coverage of \$250,000 per occurrence. The County obtains medical and dental insurance for employees through Blue Cross and Blue Shield of North Carolina and Guardian, respectively. The County uses a third-party administrator to manage the group medical and dental insurance plans.

The County participates in the National Flood Insurance Program (NFIP) with Flood Insurance Rate Maps that designate two County-owned properties as having a one-percent annual chance of a 100-year flood in any given year. The County has not secured flood insurance through the NFIP, but carries flood insurance with a \$1,000,000 limit and a \$50,000 deductible through the County's property insurance carrier.

The County carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year, and settled claims have not exceeded coverage in any of the past three fiscal years.

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Finance Director, Tax Administrator, County Manager, and Tax Collector are individually bonded for \$100,000 each. The Sheriff and Register of Deeds are bonded for \$25,000 and \$10,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000. This blanket bond also covers the County positions named above.

# **ALEXANDER COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

### **Claims and Judgments**

At June 30, 2010, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

### **Long-Term Obligations**

#### **General Obligation Indebtedness**

The general obligation bonds financed by the governmental funds are accounted for in the governmental funds. The general obligation bonds issued to finance the construction of facilities utilized in the operations of the water systems, and which are being retired by its resources, are reported as long-term debt in the Enterprise Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the County. Principal and interest requirements are appropriated when due.

Bonds payable at June 30, 2010 are comprised of the following individual issues:

#### **Business-Type Activities:**

#### **Proprietary Funds:**

#### **Blended Component Unit:**

\$2,160,305 April 2003 Water Refunding Bonds due semi-annually on October 1 and April 1 in installments of \$96,050, which includes interest at 3.97%, through April 2018

\$ 1,305,696

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

Annual debt service requirements to maturity for the County's general obligation bonds are as follows:

**Business-Type Activities:**

**Proprietary Funds:**

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 141,657	\$ 50,444	\$ 192,101
2012	147,336	44,764	192,101
2013	153,244	38,857	192,101
2014	159,388	32,713	192,101
2015	165,778	26,322	192,101
2016-2018	<u>538,292</u>	<u>38,010</u>	<u>576,303</u>
Total general obligation bonds	<u>\$ 1,305,696</u>	<u>\$ 231,111</u>	<u>\$ 1,536,807</u>

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

### Notes Payable

Notes payable at June 30, 2010, is comprised of the following individual agreements:

#### Governmental Funds:

\$476,667 February 2005 agreement to purchase real property and a building for the Alexander County branch of Catawba Valley Community College, due in 30 semi-annual payments of \$21,667 plus interest at 4.15%, through December 2015, secured by real property	\$ 238,333
\$5,800,000 March 2001 agreement to construct a new building for Ellendale Elementary School, due in 40 semi-annual payments of \$230,467 including interest at 4.97%, through March 2021, secured by a deed of trust	3,869,822
\$6,256,217 June 2004 agreement to construct a new Department of Social Services Building and Alexander Central High School Auditorium, due in 13 semi-annual payments of \$254,537, followed by 17 semi-annual payments of \$173,333 plus interest at 3.399%, through June 2019, secured by real property	3,201,773
\$3,850,000 October 2002 agreement to construct classrooms, make renovations at various Alexander County schools, due in 30 semi-annual payments of \$128,333 plus interest at 4.05%, through September 2017, secured by a deed of trust	1,925,000
\$370,000 February 2008 agreement to purchase the Bethlehem Library Building, due in nine (9) semi-annual installments of \$41,111 plus interest at 2.36%, through August 2012, secured by a deed of trust	<u>205,556</u>
Total	<u>9,440,484</u>

#### Business-Type Activities:

##### Proprietary Funds:

\$630,000 November 1990 State Revolving Loan agreement to construct water system due on May 1 in installments of \$30,000 with interest payable on May 1 and November 1 at 3.95%, through May 2011, unsecured	30,000
\$3,600,645 April 2008 Drinking Water State Revolving Fund agreement to construct water system due on May 1 in installments of \$200,036 with interest payable on May 1 and November 1 at 2.10%, through May 2028 unsecured	<u>3,489,615</u>
Total proprietary funds	<u>3,519,615</u>
Total all funds	<u>\$ 12,960,099</u>

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

Annual debt service requirements to maturity for the County's notes payable are as follows:

### Governmental Activities:

#### Governmental Funds:

<u>Year Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,082,033	\$ 384,629	\$ 1,466,662
2012	1,014,513	343,486	1,357,998
2013	987,773	302,566	1,290,339
2014	961,757	262,790	1,224,547
2015	977,612	222,795	1,200,407
2016-2020	3,972,491	529,929	4,502,420
2021	444,305	16,629	460,934
Total governmental funds	<u>9,440,484</u>	<u>2,062,823</u>	<u>11,503,307</u>

### Business-Type Activities:

#### Proprietary Funds:

<u>Year Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 223,869	\$ 62,420	\$ 286,289
2012	193,869	69,210	263,079
2013	193,869	65,139	259,008
2014	193,869	61,068	254,937
2015	193,869	56,997	250,866
2016-2020	969,345	223,916	1,193,261
2021-2025	969,345	122,136	1,091,481
2026-2028	581,580	24,427	606,007
Total proprietary funds	<u>3,519,615</u>	<u>685,314</u>	<u>4,204,929</u>
Total notes payable	<u>\$ 12,960,099</u>	<u>\$ 2,748,137</u>	<u>\$ 15,708,236</u>

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

A summary of changes in long-term obligations follows:

	<u>July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2010</u>	<u>Current Portion</u>
<b>Governmental Activities:</b>					
Notes payable	\$ 10,819,876	\$ -	\$ 1,379,392	\$ 9,440,484	\$ 1,082,033
Compensated absences	827,618	315,887	358,277	785,228	358,000
OPEB liability	1,049,341	1,107,489	71,079	2,085,751	-
Net pension obligation	258,585	29,952	21,082	267,455	-
Total	<u>\$ 12,955,420</u>	<u>\$ 1,453,328</u>	<u>\$ 1,829,830</u>	<u>\$ 12,578,918</u>	<u>\$ 1,440,033</u>
<b>Business-Type Activities:</b>					
General obligation bonds	\$ 1,441,892	\$ -	\$ 136,196	\$ 1,305,696	\$ 141,657
Notes payable	3,170,574	379,041	30,000	3,519,615	223,869
Accrued landfill post-closure care costs	1,853,350	222,969	69,609	2,006,710	-
OPEB liability	34,054	37,078	-	71,132	-
Compensated absences	13,891	10,097	6,451	17,537	6,400
Total	<u>\$ 6,513,761</u>	<u>\$ 649,185</u>	<u>\$ 242,256</u>	<u>\$ 6,920,690</u>	<u>\$ 371,926</u>

At June 30, 2010, the County had a legal debt margin of approximately \$188,850,000.

Compensated absences for governmental activities have typically been liquidated in the General Fund.

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

### C. Interfund Balances and Activity

	Transfers		
	From	To	Purpose
<b>Transfers From/To Other Funds:</b>			
General Fund	\$ 525,429	\$ -	
Enterprise Fund (Solid Waste)	-	75,003	Reimbursements among funds
Capital Project Fund	-	200,000	Capital outlays
Special Revenue Funds nonmajor	-	97,177	Reimbursements among funds
Special Revenue Fund (Capital Improvements)	-	153,249	Capital outlays
Special Revenue Fund (Capital Improvements)	1,315,665	-	
General Fund	-	1,315,665	Reimbursements among funds
Special Revenue Funds nonmajor	57,302	-	
General Fund	-	57,302	Reimbursements among funds
Enterprise Fund (County Water and Sewer)	50,000	-	
General Fund	-	50,000	Reimbursements among funds
Enterprise Fund (Solid Waste)	100,000	-	
Enterprise Fund (Landfill Closure)	-	100,000	To provide resources for landfill closure
Enterprise Fund (County Water and Sewer)	100,000	-	
Enterprise Fund (Solid Waste)	-	100,000	Reimbursements among funds
Enterprise Funds nonmajor	6,654,854	-	
Enterprise Fund (County Water and Sewer)	-	6,654,854	To consolidate multiple water funds
Total Transfers - Other Funds	<u>\$ 8,803,250</u>	<u>\$ 8,803,250</u>	



# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

The following is a summary of interfund and intrafund receivables and payables as of June 30, 2010:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Solid Waste Fund	\$ 126,126	Cash overdraft
General Fund	Water Capital Projects Fund	188,926	Cash overdraft
Bethlehem Sewer Fund	Bethlehem Water District Fund	4,540	Sewer surcharge for quarter ended 6/30/10
Capital Improvements Fund	General Fund	247,883	Local option sales tax receivable
Total		<u>\$ 567,475</u>	

#### 4. Summary Disclosure of Significant Contingencies

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

#### 5. Jointly Governed Organizations

The County, in conjunction with three other counties and twenty-three municipalities, established the Western Piedmont Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$32,480 and administrative and other fees of \$115,868 to the Council during the fiscal year ended June 30, 2010.

Smoky Mountain Center is the MH/DD/SAS area program for the following 15 counties: Alexander, Alleghany, Ashe, Avery, Caldwell, Cherokee, Clay, Graham, Haywood, Jackson, Macon, McDowell, Swain, Watauga, and Wilkes. The County Commissioners are responsible for appointing two of the thirty members of the Board of Directors of Smoky Mountain Center for MH/DD/SAS. The County Commissioners also appoint one at-large member to the Smoky Mountain Center Board, but this member has no voting power. The County's accountability for this organization does not extend beyond making these appointments.

The County, in conjunction with three other counties (Burke, Caldwell and Catawba) and three municipalities (Hickory, Conover, and Newton), established the Western Piedmont Regional Transit Authority (RTA) which began operations as of July 1, 2008. Each participating government appoints one member and one alternate to the RTA's governing board. The County paid \$4,080 as a special appropriation to the RTA during the fiscal year ended June 30, 2010.

## ALEXANDER COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

#### 6. Benefit Payments Issued by the State

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

	<u>Federal</u>	<u>State</u>
Supplemental Nutrition Assistance Program	\$ 7,468,360	\$ -
Medicaid	25,109,365	8,898,924
Temporary Assistance to Needy Families	192,781	-
Foster Care	179,003	34,927
Low Income Energy Assistance	275,978	-
State/County Domiciliary Care	-	261,526
IV-E Adoption Subsidy	167,591	34,012
CWS Adoption Subsidy	-	39,418
F/C At Risk Maximization	-	1,754
State Foster Home	-	21,209
	<u>                    </u>	<u>                    </u>
Totals	<u>\$ 33,393,077</u>	<u>\$ 9,291,770</u>

## ALEXANDER COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2010

## 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)
12/31/2004	\$ -	\$ 217,783	\$ 217,783	0.00%	\$ 663,767	32.81%
12/31/2005	-	205,644	205,644	0.00%	783,654	26.24%
12/31/2006	-	187,610	187,610	0.00%	817,911	22.94%
12/31/2007	-	202,790	202,790	0.00%	865,258	23.44%
12/31/2008	-	203,072	203,072	0.00%	990,531	20.50%
12/31/2009	-	297,737	297,737	0.00%	932,629	31.92%

## Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2008	\$ 23,326	0.00%
2009	25,398	0.00%
2010	27,494	0.00%

## Notes to the Required Schedules:

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

Additional information as of the latest valuation follows:

Valuation date	12/31/2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	22 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	4.5 - 12.3%
Cost of living adjustments	None

\*Includes inflation at 3.75%

## ALEXANDER COUNTY, NORTH CAROLINA

**OTHER POST-EMPLOYMENT BENEFITS  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2010**

<b>Schedule of Funding Progress</b>						
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((b-a)/c)</b>
12/31/2008	\$ -	\$ 9,133,405	\$ 9,133,405	0.00%	\$ 9,230,942	98.9%

<b>Schedule of Employer Contributions</b>		
<b>Year Ended June 30</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2009	\$ 1,144,567	0.00%
2010	1,144,567	0.00%

**Notes to the Required Schedules:**

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

Valuation date	12/31/2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	4.00%
Medical cost trend rate	5.00% - 10.50%
Year of Ultimate trend rate	2016

\*Includes inflation at 3.75%

**ALEXANDER COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2010**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<b>2010</b>			<b>2009</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Revenues:</b>				
<b>Ad Valorem Taxes:</b>				
Taxes	\$ 15,101,000	\$ 15,200,711	\$ 99,711	\$ 13,473,181
Penalties and interest	112,500	124,684	12,184	122,577
Total	15,213,500	15,325,395	111,895	13,595,758
<b>Local Option Sales Taxes:</b>				
Article 39 one percent	1,337,100	1,493,604	156,504	1,574,648
Article 40 one-half of one percent	1,348,000	1,352,949	4,949	1,279,868
Article 42 one-half of one percent	256,100	252,645	(3,455)	572,273
Article 44 one-half of one percent	70,200	80,723	10,523	619,137
Article 46 one-fourth of one percent	341,100	360,517	19,417	382,150
Medicaid Hold Harmless	162,000	79,533	(82,467)	27,272
Total	3,514,500	3,619,971	105,471	4,455,348
<b>Other Taxes and Licenses:</b>				
ABC \$.05 per bottle	3,200	3,458	258	3,554
Franchise fees	24,000	22,953	(1,047)	25,411
Video programming distribution	139,019	145,592	6,573	133,856
Total	166,219	172,003	5,784	162,821
<b>Unrestricted Intergovernmental Revenues:</b>				
ABC net revenues	5,000	3,219	(1,781)	4,581
Total	5,000	3,219	(1,781)	4,581
<b>Restricted Intergovernmental Revenues:</b>				
Federal and State grants	5,249,003	5,182,547	(66,456)	4,747,773
Controlled substance tax	-	4,942	4,942	1,114
Court facility fees	46,000	51,227	5,227	54,143
Total	5,295,003	5,238,716	(56,287)	4,803,030
<b>Permits and Fees:</b>				
Register of Deeds	205,000	188,239	(16,761)	202,702
Building inspections	120,550	146,702	26,152	120,770
Gun and concealed weapon permits	11,750	9,235	(2,515)	25,500
Other fees	9,353	10,256	903	3,024
Total	346,653	354,432	7,779	351,996
<b>Sales and Services:</b>				
Rents, concessions, and fees	171,613	137,700	(33,913)	179,065
Jail fees and State payment for prisoners	25,240	30,476	5,236	36,307
Ambulance fees	1,182,000	1,162,601	(19,399)	1,069,522
Recreation Department	76,450	59,875	(16,575)	78,982
Health Department	2,120,326	2,041,330	(78,996)	1,901,278
Information Technology	29,275	27,840	(1,435)	30,168

## ALEXANDER COUNTY, NORTH CAROLINA

## GENERAL FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2010

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			2009
	Budget	Actual	Variance Over/Under	Actual
Social services	383,525	363,241	(20,284)	359,758
Senior Center	3,850	9,652	5,802	2,433
Library	7,000	10,954	3,954	11,775
State payments - soil & water technical assistance	25,702	21,705	(3,997)	-
Total	4,024,981	3,865,374	(159,607)	3,669,288
<b>Investment Earnings</b>	22,000	22,524	524	84,750
<b>Miscellaneous:</b>				
Insurance claim reimbursement	3,475	3,475	-	108,994
Donations	14,091	16,990	2,899	15,246
Grant	14,311	5,889	(8,422)	13,978
Sale of fixed assets	8,000	5,074	(2,926)	11,506
Board of Education resource officers	-	-	-	50,000
Other	17,880	24,106	6,226	67,519
Total	57,757	55,534	(2,223)	267,243
Total revenues	28,645,613	28,657,168	11,555	27,394,815
<b>Expenditures:</b>				
<b>General Government:</b>				
Governing body	463,647	373,431	90,216	1,122,185
Administration	272,137	263,284	8,853	263,996
Planning	90,525	87,039	3,486	87,174
Elections	277,494	207,492	70,002	190,523
Finance	415,107	399,647	15,460	398,230
Tax office	488,201	469,301	18,900	468,679
Information Technology	499,453	491,254	8,199	462,937
Register of Deeds	264,043	248,998	15,045	246,241
Public buildings	480,120	450,943	29,177	471,123
Garage	367,616	351,860	15,756	345,494
Human resources	345,366	320,571	24,795	317,392
Court facilities	206,772	171,782	34,990	151,216
Total	4,170,481	3,835,602	334,879	4,525,190
<b>Public Safety:</b>				
Sheriff's department	1,880,915	1,751,140	129,775	1,757,782
DARE program	10,566	5,571	4,995	6,586
Jail	1,116,316	1,072,409	43,907	758,781
Pre-trial release program	70,298	68,479	1,819	55,263
Resource Center	80,311	78,710	1,601	75,223
Fire protection	285,776	261,886	23,890	247,151
Emergency communications	523,316	489,207	34,109	460,339
Forestry	47,693	40,194	7,499	39,693
Inspections	219,478	179,150	40,328	228,112
Emergency medical	1,990,771	1,910,250	80,521	2,041,101
Medical examiner	28,500	23,200	5,300	15,700
Total	6,253,940	5,880,196	373,744	5,685,731

ALEXANDER COUNTY, NORTH CAROLINA

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	2010			2009
	Budget	Actual	Variance Over/Under	Actual
<b>Environmental Protection:</b>				
Soil and water	98,334	94,922	3,412	92,536
Animal control	202,929	175,092	27,837	208,002
Total	301,263	270,014	31,249	300,538
<b>Economic and Physical Development:</b>				
Economic development	158,903	158,022	881	158,593
Agricultural extension	191,811	184,336	7,475	167,681
Total	350,714	342,358	8,356	326,274
<b>Human Services:</b>				
<b>Health Department:</b>				
Environmental health	284,388	312,977	(28,589)	269,818
General health	179,272	147,609	31,663	239,935
Maternal health	274,838	194,431	80,407	203,762
Home health	965,439	810,441	154,998	841,989
WIC program	167,494	160,757	6,737	147,571
Dental health	370,456	319,266	51,190	340,539
Family planning	236,122	208,161	27,961	208,034
Communicable disease	344,544	324,292	20,252	140,496
Health promotion	172,728	122,596	50,132	67,226
Child health	272,347	139,187	133,160	209,407
Adult health	35,521	23,607	11,914	18,854
Solid waste enforcement	-	-	-	14,918
Total	3,303,149	2,763,324	539,825	2,702,549
<b>Veterans Service</b>	60,884	59,422	1,462	60,577
<b>Transportation</b>	150,425	150,425	-	142,173
<b>Juvenile Crime Prevention</b>	88,144	83,112	5,032	121,487
<b>Social Services Department:</b>				
Administration	3,222,117	3,133,672	88,445	2,863,836
In-home services	171,647	152,970	18,677	174,592
Public assistance	76,209	70,108	6,101	68,907
Medical assistance	67,362	58,338	9,024	666,240
General assistance	1,911,706	1,872,683	39,023	1,950,410
Foster care	356,779	379,751	(22,972)	181,321
Work First	92,190	90,722	1,468	88,291
Aging-nutrition	139,298	144,737	(5,439)	149,778
Total	6,037,308	5,902,981	134,327	6,143,375
Special appropriations	844,401	835,368	9,033	348,398
Senior Center	81,276	63,397	17,879	108,852
Total	10,565,587	9,858,029	707,558	9,627,411

ALEXANDER COUNTY, NORTH CAROLINA

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	2010			2009
	Budget	Actual	Variance Over/Under	Actual
<b>Cultural and Recreational:</b>				
Recreation	442,383	393,504	48,879	440,830
Library	409,699	369,476	40,223	414,321
Bethlehem Library	60,266	55,035	5,231	47,977
Total	912,348	818,015	94,333	903,128
<b>Education:</b>				
<b>Alexander County Board of Education:</b>				
Current expenses	5,000,000	5,000,000	-	5,000,000
Auditorium reimbursement	150,000	150,000	-	150,000
CVCC - Alexander County	59,450	53,607	5,843	54,578
Total	5,209,450	5,203,607	5,843	5,204,578
<b>Debt Service:</b>				
Principal retirement	1,383,000	1,379,392	3,608	1,615,936
Interest and fees	440,000	435,435	4,565	495,274
Total	1,823,000	1,814,827	8,173	2,111,210
<b>Contingency</b>	250,000	-	250,000	-
Total expenditures	29,836,783	28,022,648	1,814,135	28,684,060
Revenues over (under) expenditures	(1,191,170)	634,520	1,825,690	(1,289,245)
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
Enterprise funds	50,000	50,000	-	289,708
Special revenue funds	1,377,350	1,372,967	(4,383)	1,403,493
Transfers out:				
Special revenue funds	(344,402)	(250,429)	93,973	(323,817)
Capital project funds	(200,000)	(200,000)	-	-
Enterprise funds	(75,000)	(75,000)	-	-
Appropriated fund balance	383,222	-	(383,222)	-
Total	1,191,170	897,538	(293,632)	1,369,384
Net change in fund balance	\$ -	1,532,058	\$ 1,532,058	80,139
<b>Fund Balance:</b>				
Beginning of year, July 1		6,044,401		5,964,262
End of year, June 30		\$ 7,576,459		\$ 6,044,401



# ALEXANDER COUNTY, NORTH CAROLINA

## NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET JUNE 30, 2010

	Special Revenue Funds			
	Fire Districts Fund	Revaluation Fund	Multi-Year Operating Grants Fund	Emergency Telephone System Fund
<b>Assets:</b>				
Cash and investments	\$ 63,001	\$ 439,505	\$ 93,730	\$ 678,187
Taxes receivable, net	53,668	-	-	-
Accounts receivable	-	-	110,006	25,965
Total assets	<u>\$ 116,669</u>	<u>\$ 439,505</u>	<u>\$ 203,736</u>	<u>\$ 704,152</u>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 22,395	\$ 33	\$ 217,346	\$ 59
Deferred revenues	53,668	-	-	-
Total liabilities	<u>76,063</u>	<u>33</u>	<u>217,346</u>	<u>59</u>
<b>Fund Balances:</b>				
Reserved by State statute	-	-	-	25,965
Unreserved	40,606	439,472	(13,610)	678,128
Total fund balances	<u>40,606</u>	<u>439,472</u>	<u>(13,610)</u>	<u>704,093</u>
Total liabilities and fund balances	<u>\$ 116,669</u>	<u>\$ 439,505</u>	<u>\$ 203,736</u>	<u>\$ 704,152</u>

**Schedule 4**

<b>Total Nonmajor Special Revenue Funds</b>	<b>Capital Project Fund County Capital Project Fund</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 1,274,423	\$ 200,000	\$ 1,474,423
53,668	-	53,668
135,971	-	135,971
<u>\$ 1,464,062</u>	<u>\$ 200,000</u>	<u>\$ 1,664,062</u>
\$ 239,833	\$ -	\$ 239,833
53,668	-	53,668
<u>293,501</u>	<u>-</u>	<u>293,501</u>
25,965	-	25,965
<u>1,144,596</u>	<u>200,000</u>	<u>1,344,596</u>
<u>1,170,561</u>	<u>200,000</u>	<u>1,370,561</u>
<u>\$ 1,464,062</u>	<u>\$ 200,000</u>	<u>\$ 1,664,062</u>

# ALEXANDER COUNTY, NORTH CAROLINA

## NONMAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2010

	Special Revenue Funds			
	Fire Districts Fund	Revaluation Fund	Multi-Year Operating Grants Fund	Emergency Telephone System Fund
<b>Revenues:</b>				
Ad valorem taxes	\$ 886,775	\$ -	\$ -	\$ -
Other taxes and licenses	-	-	-	311,585
Intergovernmental revenues	-	-	864,688	-
Investment earnings	-	382	-	287
Total revenues	<u>886,775</u>	<u>382</u>	<u>864,688</u>	<u>311,872</u>
<b>Expenditures:</b>				
Public safety	924,063	-	29,208	137,520
General government	-	41,299	-	-
Cultural and recreation	-	-	10,000	-
Economic and physical development	-	-	833,019	-
Total expenditures	<u>924,063</u>	<u>41,299</u>	<u>872,227</u>	<u>137,520</u>
Revenues over (under) expenditures	<u>(37,288)</u>	<u>(40,917)</u>	<u>(7,539)</u>	<u>174,352</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	75,000	7,513	14,664
Transfers out	-	-	-	(57,302)
Total other financing sources (uses)	<u>-</u>	<u>75,000</u>	<u>7,513</u>	<u>(42,638)</u>
Net change in fund balances	(37,288)	34,083	(26)	131,714
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>77,894</u>	<u>405,389</u>	<u>(13,584)</u>	<u>572,379</u>
End of year - June 30	<u>\$ 40,606</u>	<u>\$ 439,472</u>	<u>\$ (13,610)</u>	<u>\$ 704,093</u>

**Schedule 5**

<b>Total Nonmajor Special Revenue Funds</b>	<b>Capital Project Fund County Capital Project Fund</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 886,775	\$ -	\$ 886,775
311,585	-	311,585
864,688	-	864,688
669	-	669
<u>2,063,717</u>	<u>-</u>	<u>2,063,717</u>
1,090,791	-	1,090,791
41,299	-	41,299
10,000	-	10,000
833,019	-	833,019
<u>1,975,109</u>	<u>-</u>	<u>1,975,109</u>
88,608	-	88,608
97,177	200,000	297,177
<u>(57,302)</u>	<u>-</u>	<u>(57,302)</u>
<u>39,875</u>	<u>200,000</u>	<u>239,875</u>
128,483	200,000	328,483
<u>1,042,078</u>	<u>-</u>	<u>1,042,078</u>
<u>\$ 1,170,561</u>	<u>\$ 200,000</u>	<u>\$ 1,370,561</u>

## ALEXANDER COUNTY, NORTH CAROLINA

## FIRE DISTRICTS FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2010

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			2009
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Ad valorem taxes	\$ 928,615	\$ 886,775	\$ (41,840)	\$ 882,470
Total revenues	<u>928,615</u>	<u>886,775</u>	<u>(41,840)</u>	<u>882,470</u>
<b>Expenditures:</b>				
Public safety:				
Bethlehem Fire District	233,270	225,059	8,211	207,064
Wittenburg Fire District	156,420	155,678	742	145,475
Hiddenite Fire District	125,305	120,161	5,144	116,383
East Alexander Fire District	92,700	88,995	3,705	85,188
Ellendale Fire District	97,160	93,289	3,871	88,265
Sugarloaf Fire District	87,530	85,584	1,946	81,845
Central Alexander Fire District	110,075	105,505	4,570	102,293
Vashti Fire District	50,280	49,792	488	46,761
Total expenditures	<u>952,740</u>	<u>924,063</u>	<u>28,677</u>	<u>873,274</u>
Revenues over (under) expenditures	(24,125)	(37,288)	(13,163)	9,196
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	<u>24,125</u>	<u>-</u>	<u>(24,125)</u>	<u>-</u>
Total other financing sources (uses)	<u>24,125</u>	<u>-</u>	<u>(24,125)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(37,288)</u>	<u>\$ (37,288)</u>	9,196
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>77,894</u>		<u>68,698</u>
End of year - June 30		<u>\$ 40,606</u>		<u>\$ 77,894</u>

## ALEXANDER COUNTY, NORTH CAROLINA

## REVALUATION FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2010

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			2009
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Investment earnings	\$ 375	\$ 382	\$ 7	\$ 3,514
Total revenues	<u>375</u>	<u>382</u>	<u>7</u>	<u>3,514</u>
<b>Expenditures:</b>				
General government	<u>240,598</u>	<u>41,299</u>	<u>199,299</u>	<u>30,786</u>
Total expenditures	<u>240,598</u>	<u>41,299</u>	<u>199,299</u>	<u>30,786</u>
Revenues over (under) expenditures	<u>(240,223)</u>	<u>(40,917)</u>	<u>199,306</u>	<u>(27,272)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers	75,000	75,000	-	82,500
Appropriated fund balance	<u>165,223</u>	<u>-</u>	<u>(165,223)</u>	<u>-</u>
Total other financing sources (uses)	<u>240,223</u>	<u>75,000</u>	<u>(165,223)</u>	<u>82,500</u>
Net change in fund balance	<u>\$ -</u>	<u>34,083</u>	<u>\$ 34,083</u>	<u>55,228</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>405,389</u>		<u>350,161</u>
End of year - June 30		<u>\$ 439,472</u>		<u>\$ 405,389</u>

ALEXANDER COUNTY, NORTH CAROLINA

MULTI-YEAR OPERATING GRANTS FUND

BUDGETARY BASIS (NON-GAAP)

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

		Actual		
	Budget	Prior Years	Current Year	Total to Date
<b>Project Budget:</b>				
<b>CDBG 2008 Infrastructure Hook-Up Project:</b>				
<b>Revenues:</b>				
CDBG Grant	\$ 75,000	\$ 14,352	\$ 57,432	\$ 71,784
<b>Expenditures:</b>				
Rehabilitation	63,750	14,352	46,585	60,937
Administration	9,250	-	8,847	8,847
Planning	2,000	-	2,000	2,000
Total expenditures	75,000	14,352	57,432	71,784
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
<b>Project Budget:</b>				
<b>CDBG 2008 Scattered Site Housing Project:</b>				
<b>Revenues:</b>				
CDBG Grant - Scattered Site Housing Rehabilitation (C-1)	\$ 360,000	\$ 3,550	\$ 270,044	\$ 273,594
CDBG Grant - Emergency Repair Program (L-1)	40,000	5,782	23,007	28,789
Total revenues	400,000	9,332	293,051	302,383
<b>Expenditures:</b>				
Scattered Site Housing Rehabilitation (C-1):				
Rehabilitation	198,544	5,259	119,466	124,725
Relocation	98,569	350	98,219	98,569
Clearance	15,887	-	15,887	15,887
Administration	40,000	9,006	21,617	30,623
Planning	7,000	-	7,000	7,000
Emergency Repair Program (L-1):				
Rehabilitation	40,000	10,482	18,307	28,789
Total expenditures	400,000	25,097	280,496	305,593
Revenues over (under) expenditures	\$ -	\$ (15,765)	\$ 12,555	\$ (3,210)
<b>Project Budget:</b>				
<b>CDBG - Piedmont Wood Products:</b>				
<b>Revenues:</b>				
CDBG Grant	\$ 250,000	\$ -	\$ 49,076	\$ 49,076
<b>Expenditures:</b>				
Assistance to business	225,000	-	49,076	49,076
Administration	20,000	-	-	-
Planning	5,000	-	-	-
Total expenditures	250,000	-	49,076	49,076
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -

ALEXANDER COUNTY, NORTH CAROLINA

MULTI-YEAR OPERATING GRANTS FUND

BUDGETARY BASIS (NON-GAAP)

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

		Actual		
	Budget	Prior Years	Current Year	Total to Date
<b>Project Budget:</b>				
<b>CDBG Emergency Repair Housing Project (ARRA):</b>				
<b>Revenues:</b>				
CDBG Emergency Repair Housing Project Grant	\$ 100,000	\$ -	\$ 27,146	\$ 27,146
<b>Expenditures:</b>				
Rehabilitation	95,000	-	37,546	37,546
Administration	5,000	-	-	-
Total expenditures	100,000	-	37,546	37,546
Revenues over (under) expenditures	\$ -	\$ -	\$ (10,400)	\$ (10,400)
<b>Total for CDBG Multi-Year Funds:</b>				
<b>Revenues</b>	\$ 825,000	\$ 23,684	\$ 426,705	\$ 450,389
<b>Expenditures</b>	825,000	39,449	424,550	463,999
Revenues over (under) expenditures	\$ -	\$ (15,765)	\$ 2,155	\$ (13,610)
<b>Project Budget:</b>				
<b>Single Family Rehabilitation Program - 2007:</b>				
<b>Revenues:</b>				
North Carolina Housing Finance Agency Grant	\$ 315,818	\$ 246,018	\$ 19,865	\$ 265,883
<b>Expenditures:</b>				
Rehabilitation	255,373	212,117	3,030	215,147
Administration	25,445	16,788	4,724	21,512
Planning	35,000	24,893	4,331	29,224
Total expenditures	315,818	253,798	12,085	265,883
Revenues over (under) expenditures	\$ -	\$ (7,780)	\$ 7,780	\$ -
<b>Project Budget:</b>				
<b>Jasper Group Building Renovation Project:</b>				
<b>Revenues:</b>				
NC Rural Center Grant	\$ 81,339	\$ 56,326	\$ 25,013	\$ 81,339
Local contribution - General Fund	2,440	-	-	-
Total revenues	83,779	56,326	25,013	81,339
<b>Expenditures:</b>				
Administration	2,440	-	-	-
Building renovations	81,339	56,326	25,013	81,339
Total expenditures	83,779	56,326	25,013	81,339
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -



ALEXANDER COUNTY, NORTH CAROLINA

MULTI-YEAR OPERATING GRANTS FUND

BUDGETARY BASIS (NON-GAAP)

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

		Actual		
	Budget	Prior Years	Current Year	Total to Date
<b>Project Budget:</b>				
<b>Piedmont Fiberglass Building Renovation Project:</b>				
<b>Revenues:</b>				
NC Rural Center Grant	\$ 306,653	\$ 250,000	\$ 56,653	\$ 306,653
Local contribution - General Fund	9,200	-	-	-
Total revenues	315,853	250,000	56,653	306,653
<b>Expenditures:</b>				
Administration	9,200	-	-	-
Building renovations	306,653	250,000	56,653	306,653
Total expenditures	315,853	250,000	56,653	306,653
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -

<b>Project Budget:</b>				
<b>Westgate Home Furnishings Building Renovation Grant Project:</b>				
<b>Revenues:</b>				
NC Rural Center Grant	\$ 300,000	\$ -	\$ 7,687	\$ 7,687
Local contribution - General Fund	9,000	-	-	-
Total revenues	309,000	-	7,687	7,687
<b>Expenditures:</b>				
Building renovations	300,000	-	7,687	7,687
Administration	9,000	-	-	-
Total expenditures	309,000	-	7,687	7,687
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -

<b>Project Budget:</b>				
<b>Home Energy Loan Pool Program:</b>				
<b>Revenues:</b>				
North Carolina Housing Finance Agency Grant	\$ 10,000	\$ 9,943	\$ 57	\$ 10,000
Local contribution - General Fund	13	-	13	13
Total revenues	10,013	9,943	70	10,013
<b>Expenditures:</b>				
Rehabilitation	9,943	9,943	-	9,943
Administration	70	39	31	70
Total expenditures	10,013	9,982	31	10,013
Revenues over (under) expenditures	\$ -	\$ (39)	\$ 39	\$ -

ALEXANDER COUNTY, NORTH CAROLINA

MULTI-YEAR OPERATING GRANTS FUND  
BUDGETARY BASIS (NON-GAAP)  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

		Actual		
	Budget	Prior Years	Current Year	Total to Date
<b>Project Budget:</b>				
<b>Rocky Face Park Project:</b>				
<b>Revenues:</b>				
Local contribution - General Fund	\$ 10,000	\$ 10,000	\$ -	\$ 10,000
<b>Expenditures:</b>				
Planning	10,000	-	10,000	10,000
Revenues over (under) expenditures	\$ -	\$ 10,000	\$ (10,000)	\$ -
<b>Project Budget:</b>				
<b>Caye Home Furnishings Project:</b>				
<b>Revenues:</b>				
NC Department of Commerce Grant	\$ 250,000	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
Building renovations	250,000	-	-	-
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
<b>Project Budget:</b>				
<b>Paragon Films Industrial Water Project:</b>				
<b>Revenues:</b>				
NC Department of Commerce Grant	\$ 150,000	\$ -	\$ 149,500	\$ 149,500
NC Rural Center Grant	150,000	-	150,000	150,000
Local contribution - General Fund	7,500	-	7,500	7,500
Total revenues	307,500	-	307,000	307,000
<b>Expenditures:</b>				
Capital outlay	307,500	-	307,000	307,000
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
<b>Project Budget:</b>				
<b>Recovery Act JAG Program:</b>				
<b>Revenues:</b>				
ARRA - Justice Assistance Grant	\$ 39,294	\$ -	\$ 29,208	\$ 29,208
<b>Expenditures:</b>				
Capital outlay	29,208	-	29,208	29,208
Transfer to General Fund	10,086	-	-	-
Total expenditures	39,294	-	29,208	29,208
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -

ALEXANDER COUNTY, NORTH CAROLINA

MULTI-YEAR OPERATING GRANTS FUND  
BUDGETARY BASIS (NON-GAAP)  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual		
		Prior Years	Current Year	Total to Date
<b>Total for Multi-Year Operating Grants Fund:</b>				
Revenues	\$ 2,448,744	\$ 585,971	\$ 864,688	\$ 1,450,659
Economic and physical development expenditures	2,416,963	609,555	833,019	1,442,574
Cultural and recreation expenditures	10,000	-	10,000	10,000
Public safety expenditures	29,208	-	29,208	29,208
Other financing sources (uses)	7,427	10,000	7,513	17,513
Net change in fund balance	\$ -	\$ (13,584)	\$ (26)	\$ (13,610)

## ALEXANDER COUNTY, NORTH CAROLINA

## EMERGENCY TELEPHONE SYSTEM FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2010

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			2009
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Other taxes and licenses	\$ 260,000	\$ 311,585	\$ 51,585	\$ 316,718
Investment earnings	-	287	287	-
Total revenues	<u>260,000</u>	<u>311,872</u>	<u>51,872</u>	<u>316,718</u>
<b>Expenditures:</b>				
Public safety	190,191	137,520	52,671	116,225
Contingency	<u>27,123</u>	<u>-</u>	<u>27,123</u>	<u>-</u>
Total expenditures	<u>217,314</u>	<u>137,520</u>	<u>79,794</u>	<u>116,225</u>
Revenues over (under) expenditures	<u>42,686</u>	<u>174,352</u>	<u>131,666</u>	<u>200,493</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	14,664	14,664	-	250
Transfers out	<u>(57,350)</u>	<u>(57,302)</u>	<u>48</u>	<u>(59,150)</u>
Total other financing sources (uses)	<u>(42,686)</u>	<u>(42,638)</u>	<u>48</u>	<u>(58,900)</u>
Net change in fund balance	<u>\$ -</u>	<u>131,714</u>	<u>\$ 131,714</u>	<u>141,593</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>572,379</u>		<u>430,786</u>
End of year - June 30		<u>\$ 704,093</u>		<u>\$ 572,379</u>

## ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUND  
COUNTY CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

		Actual		
	Budget	Prior Years	Current Year	Total to Date
<b>Expenditures:</b>				
Capital outlay:				
Contingency - recreation capital improvements	\$ 200,000	\$ -	\$ -	\$ -
<b>Other Financing Sources (Uses):</b>				
Transfers in	200,000	-	200,000	200,000
Total other financing sources (uses)	200,000	-	200,000	200,000
Net change in fund balance	\$ -	\$ -	200,000	\$ 200,000
<b>Fund Balance:</b>				
Beginning of year - July 1			-	
End of year - June 30			\$ 200,000	

**ALEXANDER COUNTY, NORTH CAROLINA****MAJOR ENTERPRISE FUND****COUNTY WATER AND SEWER FUND****SCHEDULE OF REVENUES AND EXPENDITURES -****BUDGET AND ACTUAL (NON-GAAP)****FOR THE YEAR ENDED JUNE 30, 2010****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<b>2010</b>			<b>2009</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Revenues:</b>				
Operating revenues:				
Water revenues	\$ 982,900	\$ 1,031,335	\$ 48,435	\$ -
Non-operating revenues:				
Investment earnings	750	758	8	-
Total revenues	983,650	1,032,093	48,443	-
<b>Expenditures:</b>				
Water and distribution	944,970	697,988	246,982	59,517
Contingency	273,680	-	273,680	-
Budgetary appropriations:				
Debt principal	402,000	-	402,000	-
Interest and fees paid	138,000	-	138,000	-
Total expenditures	1,758,650	697,988	1,060,662	59,517
Revenues over (under) expenditures	(775,000)	334,105	(1,109,105)	(59,517)
<b>Other Financing Sources (Uses):</b>				
Transfer from Hwy 16 South Water District	600,000	505,783	(94,217)	62,000
Transfer from Sugarloaf	325,000	250,523	(74,477)	20,000
Transfer from Water Administration Fund	-	2,600	2,600	-
Transfer to General Fund	(50,000)	(50,000)	-	-
Transfer to Solid Waste Fund	(100,000)	(100,000)	-	-
Total other financing sources (uses)	775,000	608,906	(166,094)	82,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 943,011	\$ 943,011	\$ 22,483

**ALEXANDER COUNTY, NORTH CAROLINA****MAJOR ENTERPRISE FUND****COUNTY WATER AND SEWER FUND****SCHEDULE OF REVENUES AND EXPENDITURES -****BUDGET AND ACTUAL (NON-GAAP)****FOR THE YEAR ENDED JUNE 30, 2010****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<u>2010</u>			<u>2009</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Reconciliation from Budgetary Basis</b>				
<b>(Modified Accrual) to Full Accrual:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 943,011		\$ 22,483
Reconciling items:				
Non-cash transfers of assets from other funds		5,895,951		-
Capital contributions - capital project grants		866,550		-
Depreciation		(250,464)		-
Other post-employment benefits		<u>(3,341)</u>		<u>(597)</u>
Change in net assets		<u>\$ 7,451,707</u>		<u>\$ 21,886</u>

## ALEXANDER COUNTY, NORTH CAROLINA

## MAJOR ENTERPRISE FUND

## BETHLEHEM WATER DISTRICT

## SCHEDULE OF REVENUES AND EXPENDITURES -

## BUDGET AND ACTUAL (NON-GAAP)

## FOR THE YEAR ENDED JUNE 30, 2010

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			2009
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Operating revenues:				
Water sales	\$ 1,126,300	\$ 1,112,671	\$ (13,629)	\$ 1,038,269
Non-operating revenues:				
Investment earnings	725	755	30	2,832
Total revenues	<u>1,127,025</u>	<u>1,113,426</u>	<u>(13,599)</u>	<u>1,041,101</u>
<b>Expenditures:</b>				
Administration	103,085	35,203	67,882	68,154
Water and distribution	761,200	737,039	24,161	667,902
Budgetary appropriations:				
Debt principal	166,300	166,196	104	160,946
Interest and fees paid	58,575	56,725	1,850	63,213
Contingency	37,865	-	37,865	-
Total expenditures	<u>1,127,025</u>	<u>995,163</u>	<u>131,862</u>	<u>960,215</u>
Revenues over (under) expenditures	<u>-</u>	<u>118,263</u>	<u>118,263</u>	<u>80,886</u>
<b>Other Financing Sources (Uses):</b>				
Transfers - General Fund	-	-	-	(89,708)
Transfers - Solid Waste Fund	-	-	-	(10,000)
Transfers - Bethlehem Sewer District Fund	-	-	-	14,708
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(85,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 118,263</u>	<u>\$ 118,263</u>	<u>\$ (4,114)</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 118,263		
Reconciling items:				
Debt principal		166,196		
Depreciation and amortization		(93,188)		
Bad debts		854		
Change in net assets		<u>\$ 192,125</u>		



## ALEXANDER COUNTY, NORTH CAROLINA

## MAJOR ENTERPRISE FUND

## SOLID WASTE FUND

## SCHEDULE OF REVENUES AND EXPENDITURES -

## BUDGET AND ACTUAL (NON-GAAP)

## FOR THE YEAR ENDED JUNE 30, 2010

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			2009
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Operating revenues:				
Landfill	\$ 1,525,854	\$ 1,401,933	\$ (123,921)	\$ 1,430,447
Non-operating revenues:				
Miscellaneous revenue	25,600	29,528	3,928	29,953
Total revenues	1,551,454	1,431,461	(119,993)	1,460,400
<b>Expenditures:</b>				
Administration	30,480	27,867	2,613	26,496
Landfill operations	1,475,891	1,326,781	149,110	1,369,905
Capital outlay	-	-	-	18,500
Note payable and capital lease principal	85,000	-	85,000	38,420
Interest and fees paid	10,000	-	10,000	3,613
Total expenditures	1,601,371	1,354,648	246,723	1,456,934
Revenues over (under) expenditures	(49,917)	76,813	126,730	3,466
<b>Other Financing Sources (Uses):</b>				
Transfers - General Fund	75,000	75,000	-	-
Transfers - Landfill Closure Fund	(100,000)	(100,000)	-	(20,000)
Transfer in - Hwy 16 South Water Fund	-	-	-	75,000
Transfer in - Bethlehem Water Fund	-	-	-	10,000
Transfer in - Sugarloaf Water Fund	-	-	-	15,000
Transfer in - County Water and Sewer Fund	100,000	100,000	-	-
Contingency	(25,083)	-	25,083	-
Total other financing sources (uses)	49,917	75,000	25,083	80,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 151,813	\$ 151,813	\$ 83,466

**Reconciliation from Budgetary Basis  
(Modified Accrual) to Full Accrual:**

Revenues and other financing sources over (under) expenditures and other financing uses	\$ 151,813
Reconciling items:	
Other post-employment benefits	(33,737)
Depreciation	(37,782)
Change in net assets	\$ 80,294

## ALEXANDER COUNTY, NORTH CAROLINA

## MAJOR ENTERPRISE FUND

## LANDFILL CLOSURE FUND

## SCHEDULE OF REVENUES AND EXPENDITURES -

## BUDGET AND ACTUAL (NON-GAAP)

## FOR THE YEAR ENDED JUNE 30, 2010

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	<u>2010</u>			<u>2009</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Non-operating revenues:				
Investment earnings	\$ -	\$ 46	\$ 46	\$ -
<b>Other Financing Sources (Uses):</b>				
Transfer in - Solid Waste Fund	100,000	100,000	-	20,000
Contingencies	(100,000)	-	100,000	-
Total other financing sources (uses)	-	100,000	100,000	20,000
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 100,046</u>	<u>\$ 100,046</u>	<u>\$ 20,000</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 100,046		
Reconciling items:				
(Increase)/decrease in accrued landfill closure and post-closure care costs		(222,969)		
Change in net assets - GAAP basis		<u>\$ (122,923)</u>		

# ALEXANDER COUNTY, NORTH CAROLINA

## PROPRIETARY FUND TYPES NONMAJOR ENTERPRISE FUNDS COMBINING BALANCE SHEET JUNE 30, 2010

	<u>Bethlehem Sewer</u>	<u>Water Interconnect</u>	<u>Water Administration</u>
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 9,051	\$ -	\$ -
Due from other funds	<u>4,540</u>	<u>-</u>	<u>-</u>
Total current assets	<u>13,591</u>	<u>-</u>	<u>-</u>
Non-current assets:			
Depreciable assets, net	<u>965,595</u>	<u>-</u>	<u>-</u>
Total non-current assets	<u>965,595</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 979,186</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	\$ 965,595	\$ -	\$ -
Unrestricted	<u>13,591</u>	<u>-</u>	<u>-</u>
Total net assets	<u>979,186</u>	<u>-</u>	<u>-</u>
Total liabilities and net assets	<u>\$ 979,186</u>	<u>\$ -</u>	<u>\$ -</u>

**Schedule 15**

<u>Highway 16 South Water</u>	<u>Sugarloaf Water</u>	<u>Total</u>
\$ -	\$ -	\$ 9,051
-	-	4,540
-	-	13,591
-	-	965,595
-	-	965,595
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 979,186</u>
\$ -	\$ -	\$ 965,595
-	-	13,591
-	-	979,186
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 979,186</u>

# ALEXANDER COUNTY, NORTH CAROLINA

## PROPRIETARY FUND TYPES

### NONMAJOR ENTERPRISE FUND

#### COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2010

	<u>Bethlehem Sewer</u>	<u>Water Interconnect</u>	<u>Water Administration</u>
<b>Operating Revenues:</b>			
Sewer capital reserve fees	\$ 13,591	\$ -	\$ -
Total operating revenues	<u>13,591</u>	<u>-</u>	<u>-</u>
<b>Operating Expenses:</b>			
Depreciation and amortization	<u>35,570</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>35,570</u>	<u>-</u>	<u>-</u>
Operating income (loss)	<u>(21,979)</u>	<u>-</u>	<u>-</u>
Income (loss) before capital contributions and transfers	<u>(21,979)</u>	<u>-</u>	<u>-</u>
<b>Transfers In (Out):</b>			
County Water and Sewer Fund	<u>-</u>	<u>(843,375)</u>	<u>(2,600)</u>
Total transfers in (out)	<u>-</u>	<u>(843,375)</u>	<u>(2,600)</u>
Change in net assets	(21,979)	(843,375)	(2,600)
<b>Net Assets:</b>			
Beginning of year - July 1	<u>1,001,165</u>	<u>843,375</u>	<u>2,600</u>
End of year - June 30	<u>\$ 979,186</u>	<u>\$ -</u>	<u>\$ -</u>

# Schedule 16

<b>Highway 16 South Water</b>	<b>Sugarloaf Water</b>	<b>Total</b>
\$ -	\$ -	\$ 13,591
-	-	13,591
-	-	35,570
-	-	35,570
-	-	(21,979)
-	-	(21,979)
(4,179,500)	(1,629,379)	(6,654,854)
(4,179,500)	(1,629,379)	(6,654,854)
(4,179,500)	(1,629,379)	(6,676,833)
4,179,500	1,629,379	7,656,019
\$ -	\$ -	\$ 979,186

# ALEXANDER COUNTY, NORTH CAROLINA

## PROPRIETARY FUND TYPES

### NONMAJOR ENTERPRISE FUND

### STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Bethlehem Sewer</u>	<u>Water Interconnect</u>	<u>Water Administration</u>
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ 13,591	\$ -	\$ -
Cash paid for goods and services	-	-	-
Net cash provided (used) by operating activities	<u>13,591</u>	<u>-</u>	<u>-</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Change in due to/from other funds	(4,540)	-	-
Interfund transfer in (out)	<u>-</u>	<u>-</u>	<u>(2,600)</u>
Net cash provided (used) by non-capital financing activities	<u>(4,540)</u>	<u>-</u>	<u>(2,600)</u>
Net increase (decrease) in cash and cash equivalents	9,051	-	(2,600)
<b>Cash and Cash Equivalents - Beginning of Year, July 1</b>	<u>-</u>	<u>-</u>	<u>2,600</u>
<b>Cash and Cash Equivalents - End of Year, June 30</b>	<u>\$ 9,051</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ (21,979)	\$ -	\$ -
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	35,570	-	-
Increase (decrease) in accounts payable	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ 13,591</u>	<u>\$ -</u>	<u>\$ -</u>
Non-cash transactions:			
Transfer of non-cash assets to County Water and Sewer Fund	<u>\$ -</u>	<u>\$ 843,375</u>	<u>\$ -</u>

**Schedule 17**

<b>Highway 16 South Water</b>	<b>Sugarloaf Water</b>	<b>Total</b>
\$ -	\$ -	\$ 13,591
(18)	4	(14)
(18)	4	13,577
-	-	(4,540)
(505,783)	(250,523)	(758,906)
(505,783)	(250,523)	(763,446)
(505,801)	(250,519)	(749,869)
505,801	250,519	758,920
\$ -	\$ -	\$ 9,051
\$ -	\$ -	\$ (21,979)
-	-	35,570
(18)	4	(14)
(18)	4	13,577
\$ 3,673,717	\$ 1,378,856	\$ 5,895,948



## ALEXANDER COUNTY, NORTH CAROLINA

## NONMAJOR ENTERPRISE FUND

## BETHLEHEM SEWER FUND

## SCHEDULE OF REVENUES AND EXPENDITURES -

## BUDGET AND ACTUAL (NON-GAAP)

## FOR THE YEAR ENDED JUNE 30, 2010

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	<u>2010</u>			<u>2009</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Operating revenues:				
Sewer capital reserve fee	\$ 12,000	\$ 13,591	\$ 1,591	\$ -
<b>Expenditures:</b>				
Contingency	12,000	-	12,000	-
Total expenditures	12,000	-	12,000	-
Revenues over (under) expenditures	-	13,591	13,591	-
<b>Other Financing Sources (Uses):</b>				
Transfer - Bethlehem Water	-	-	-	(14,708)
Total other financing sources (uses)	-	-	-	(14,708)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 13,591	\$ 13,591	\$ (14,708)
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 13,591		\$ (14,708)
Reconciling items:				
Depreciation		(35,570)		(35,570)
Change in net assets		\$ (21,979)		\$ (50,278)

## ALEXANDER COUNTY, NORTH CAROLINA

## NONMAJOR ENTERPRISE FUND

## WATER INTERCONNECT FUND

## SCHEDULE OF REVENUES AND EXPENDITURES -

## BUDGET AND ACTUAL (NON-GAAP)

## FOR THE YEAR ENDED JUNE 30, 2010

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	<u>2010</u>			<u>2009</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Reconciliation from Budgetary Basis</b>				
<b>(Modified Accrual) to Full Accrual:</b>				
Revenues and other financing sources over				
(under) expenditures and other financing uses		\$ -		\$ -
Reconciling items:				
Non-cash transfer of assets to consolidate				
fund with County Water and Sewer Fund		(843,375)		-
Depreciation		<u>-</u>		<u>(32,438)</u>
Change in net assets		<u>\$ (843,375)</u>		<u>\$ (32,438)</u>

## ALEXANDER COUNTY, NORTH CAROLINA

## NONMAJOR ENTERPRISE FUND

## WATER ADMINISTRATION FUND

## SCHEDULE OF REVENUES AND EXPENDITURES -

## BUDGET AND ACTUAL (NON-GAAP)

## FOR THE YEAR ENDED JUNE 30, 2010

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			2009
	Budget	Actual	Variance Over/Under	Actual
<b>Other Financing Sources (Uses):</b>				
Transfers in (out)				
Interfund				
County Water and Sewer Fund	\$ (2,600)	\$ (2,600)	\$ -	\$ -
Appropriated fund balance	<u>2,600</u>	<u>-</u>	<u>(2,600)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(2,600)</u>	<u>(2,600)</u>	<u>-</u>
Revenues and other financing sources over				
(under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (2,600)</u>	<u>\$ (2,600)</u>	<u>\$ -</u>

## ALEXANDER COUNTY, NORTH CAROLINA

**NONMAJOR ENTERPRISE FUND**  
**HIGHWAY 16 SOUTH WATER DISTRICT**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	<b>2010</b>			<b>2009</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Revenues:</b>				
Operating revenues:				
Water sales	\$ -	\$ -	\$ -	\$ 592,491
Non-operating revenues:				
Investment earnings	-	-	-	3,951
Total revenues	-	-	-	596,442
<b>Expenditures:</b>				
Water operations	-	-	-	428,034
Total expenditures	-	-	-	428,034
Revenues over (under) expenditures	-	-	-	168,408
<b>Other Financing Sources (Uses):</b>				
Transfers out:				
General Fund	-	-	-	(125,000)
Other enterprise funds	(505,783)	(505,783)	-	(137,000)
Transfer from other fund (Sugarloaf)	-	-	-	66,500
Appropriated fund balance	505,783	-	(505,783)	-
Total other financing sources (uses)	-	(505,783)	(505,783)	(195,500)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (505,783)	\$ (505,783)	\$ (27,092)
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (505,783)		
Reconciling items:				
Non-cash transfer of assets to consolidate fund with County Water and Sewer Fund		(3,673,717)		
Change in net assets		\$ (4,179,500)		

## ALEXANDER COUNTY, NORTH CAROLINA

## NONMAJOR ENTERPRISE FUND

## SUGARLOAF WATER DISTRICT

## SCHEDULE OF REVENUES AND EXPENDITURES -

## BUDGET AND ACTUAL (NON-GAAP)

## FOR THE YEAR ENDED JUNE 30, 2010

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			2009
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Operating revenues:				
Water sales	\$ -	\$ -	\$ -	\$ 321,466
System tap and service fees	-	-	-	96
Total operating revenues	-	-	-	321,562
Non-operating revenues:				
Investment earnings	-	-	-	1,432
Total non-operating revenues	-	-	-	1,432
Total revenues	-	-	-	322,994
<b>Expenditures:</b>				
Administration	-	-	-	2,500
Water and distribution	-	-	-	132,359
Budgetary appropriations:				
Debt principal	-	-	-	25,000
Interest and fees paid	-	-	-	2,418
Total expenditures	-	-	-	162,277
Revenues over (under) expenditures	-	-	-	160,717
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	250,523	-	(250,523)	-
Transfers - Hwy 16 South Water Fund	-	-	-	(66,500)
Transfers - County Water and Sewer Fund	(250,523)	(250,523)	-	(20,000)
Transfers - Solid Waste Fund	-	-	-	(15,000)
Transfers - General Fund	-	-	-	(75,000)
Total other financing sources (uses)	-	(250,523)	(250,523)	(176,500)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (250,523)	\$ (250,523)	\$ (15,783)
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (250,523)		
Reconciling items:				
Non-cash transfer of assets to consolidate fund with County Water and Sewer Fund		(1,378,856)		
Change in net assets		\$ (1,629,379)		

## ALEXANDER COUNTY, NORTH CAROLINA

## WATER CAPITAL PROJECT FUND

## HIDDENITE INDUSTRIAL WATER AND SEWER PROJECT

## SCHEDULE OF REVENUES AND EXPENDITURES -

## BUDGET AND ACTUAL (NON-GAAP)

## FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
<b>Revenues:</b>				
Intergovernmental revenue - Town of Taylorsville	\$ 420,500	\$ -	\$ 53,353	\$ 53,353
Federal Pass-Through Grant - CDBG	750,000	708,535	41,465	750,000
Appalachian Regional Commission Grant	200,000	50,127	149,873	200,000
NC Rural Center Grant	300,000	-	-	-
Total revenues	<u>1,670,500</u>	<u>758,662</u>	<u>244,691</u>	<u>1,003,353</u>
<b>Expenditures:</b>				
Water improvements	200,000	54,627	145,373	200,000
Sewer improvements	1,533,450	1,134,706	(28,322)	1,106,384
Administration	45,000	28,863	794	29,657
Total expenditures	<u>1,778,450</u>	<u>1,218,196</u>	<u>117,845</u>	<u>1,336,041</u>
Revenues over (under) expenditures	<u>(107,950)</u>	<u>(459,534)</u>	<u>126,846</u>	<u>(332,688)</u>
<b>Other Financing Sources (Uses):</b>				
Transfer from Hwy 16 South Water District	60,000	60,000	-	60,000
Transfers from other enterprise funds	47,950	47,950	-	47,950
Total other financing sources (uses)	<u>107,950</u>	<u>107,950</u>	<u>-</u>	<u>107,950</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (351,584)</u>	<u>\$ 126,846</u>	<u>\$ (224,738)</u>

## ALEXANDER COUNTY, NORTH CAROLINA

## WATER CAPITAL PROJECT FUND

## NORTHEAST WATER PROJECT

## SCHEDULE OF REVENUES AND EXPENDITURES -

## BUDGET AND ACTUAL (NON-GAAP)

## FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	Actual			
	Project Authorization	Prior Years	Current Year	Total to Date
<b>Revenues:</b>				
NC Rural Center Grant	\$ 500,000	\$ -	\$ 450,000	\$ 450,000
Total revenues	<u>500,000</u>	<u>-</u>	<u>450,000</u>	<u>450,000</u>
<b>Expenditures:</b>				
Administration	150,900	135,216	13,927	149,143
Professional services	276,852	237,705	36,841	274,546
Water improvements	3,412,245	2,836,223	624,034	3,460,257
Contingency	204,249	-	-	-
Total expenditures	<u>4,044,246</u>	<u>3,209,144</u>	<u>674,802</u>	<u>3,883,946</u>
Revenues over (under) expenditures	<u>(3,544,246)</u>	<u>(3,209,144)</u>	<u>(224,802)</u>	<u>(3,433,946)</u>
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	3,600,645	3,110,574	379,041	3,489,615
Transfer to County Water and Sewer Fund	(56,399)	(56,398)	-	(56,398)
Total other financing sources (uses)	<u>3,544,246</u>	<u>3,054,176</u>	<u>379,041</u>	<u>3,433,217</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (154,968)</u>	<u>\$ 154,239</u>	<u>\$ (729)</u>

## ALEXANDER COUNTY, NORTH CAROLINA

## WATER CAPITAL PROJECT FUND

## VASHTI ROAD WATER PROJECT

## SCHEDULE OF REVENUES AND EXPENDITURES -

## BUDGET AND ACTUAL (NON-GAAP)

## FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

		Actual		
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
<b>Revenues:</b>				
CDBG Grant	\$ 750,000	\$ -	\$ 171,859	\$ 171,859
NC Rural Center Grant	500,000	-	-	-
Total revenues	<u>1,250,000</u>	<u>-</u>	<u>171,859</u>	<u>171,859</u>
<b>Expenditures:</b>				
Administration	81,500	90	19,019	19,109
Planning	3,500	-	3,500	3,500
Water improvements	<u>1,165,000</u>	<u>-</u>	<u>155,760</u>	<u>155,760</u>
Total expenditures	<u>1,250,000</u>	<u>90</u>	<u>178,279</u>	<u>178,369</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (90)</u>	<u>\$ (6,420)</u>	<u>\$ (6,510)</u>



## ALEXANDER COUNTY, NORTH CAROLINA

AGENCY FUNDS  
 COMBINING BALANCE SHEET  
 JUNE 30, 2010

	<u>Social Services Fund</u>	<u>Sheriff's Department Fund</u>	<u>3% Interest Payable to State</u>	<u>Deed of Trust Fees Fund</u>	<u>Totals June 30, 2010</u>
<b>Assets:</b>					
Cash and investments	\$ 74,161	\$ 2,220	\$ 796	\$ -	\$ 77,177
<b>Liabilities:</b>					
Accounts payable	\$ 74,161	\$ 2,220	\$ -	\$ -	\$ 76,381
Intergovernmental payable - State of NC	-	-	796	-	796
Total liabilities	<u>\$ 74,161</u>	<u>\$ 2,220</u>	<u>\$ 796</u>	<u>\$ -</u>	<u>\$ 77,177</u>

## ALEXANDER COUNTY, NORTH CAROLINA

**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2010</u>
<b>Social Services:</b>				
<b>Assets:</b>				
Cash and investments -				
Client Services	\$ 5,380	\$ 108,299	\$ 107,926	\$ 5,753
Cash and investments -				
Emergency Assistance	105,493	30,979	68,064	68,408
Total assets	<u>\$ 110,873</u>	<u>\$ 139,278</u>	<u>\$ 175,990</u>	<u>\$ 74,161</u>
<b>Liabilities:</b>				
Accounts payable	<u>\$ 110,873</u>	<u>\$ 139,278</u>	<u>\$ 175,990</u>	<u>\$ 74,161</u>
<b>Sheriff's Department:</b>				
<b>Assets:</b>				
Cash and investments	<u>\$ 2,220</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,220</u>
<b>Liabilities:</b>				
Accounts payable	<u>\$ 2,220</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,220</u>
<b>3% Interest Payable to State:</b>				
<b>Assets:</b>				
Cash and investments	<u>\$ 728</u>	<u>\$ 12,262</u>	<u>\$ 12,194</u>	<u>\$ 796</u>
<b>Liabilities:</b>				
Intergovernmental payable -				
State of North Carolina	<u>\$ 728</u>	<u>\$ 12,262</u>	<u>\$ 12,194</u>	<u>\$ 796</u>
<b>Deed of Trust Fees:</b>				
Cash and investments	<u>\$ -</u>	<u>\$ 3,750</u>	<u>\$ 3,750</u>	<u>\$ -</u>
<b>Liabilities:</b>				
Intergovernmental payable -				
State of North Carolina	<u>\$ -</u>	<u>\$ 3,750</u>	<u>\$ 3,750</u>	<u>\$ -</u>
<b>Totals - All Agency Funds:</b>				
<b>Assets:</b>				
Cash and investments	<u>\$ 113,821</u>	<u>\$ 155,290</u>	<u>\$ 191,934</u>	<u>\$ 77,177</u>
<b>Liabilities:</b>				
Accounts payable	\$ 113,093	\$ 139,278	\$ 175,990	\$ 76,381
Intergovernmental payable -				
State of North Carolina	728	16,012	15,944	796
Total liabilities	<u>\$ 113,821</u>	<u>\$ 155,290</u>	<u>\$ 191,934</u>	<u>\$ 77,177</u>

## ALEXANDER COUNTY, NORTH CAROLINA

## GENERAL FUND

## SCHEDULE OF AD VALOREM TAXES RECEIVABLE

JUNE 30, 2010

<b>Fiscal Year</b>	<b>Uncollected Balance July 1, 2009</b>	<b>Additions</b>	<b>Collections and Credits</b>	<b>Uncollected Balance June 30, 2010</b>
2009	\$ -	\$ 15,374,582	\$ 14,762,607	\$ 611,975
2008	527,982	-	347,957	180,025
2007	144,332	-	55,162	89,170
2006	45,892	-	14,333	31,559
2005	29,130	-	5,902	23,228
2004	22,962	-	3,385	19,577
2003	21,337	-	2,589	18,748
2002	24,920	-	3,196	21,724
2001	21,919	-	2,014	19,905
2000	18,763	-	1,751	17,012
1999	<u>16,928</u>	<u>-</u>	<u>16,928</u>	<u>-</u>
Total	<u>\$ 874,165</u>	<u>\$ 15,374,582</u>	<u>\$ 15,215,824</u>	1,032,923

Less: Allowance for uncollectible ad valorem taxes receivable:

General Fund (368,600)**Ad Valorem Taxes Receivable, Net:**General Fund \$ 664,323**Reconciliation of Collections and Credits with Revenues:**

Ad valorem taxes - General Fund \$ 15,325,395

Reconciling items:

Interest and penalties collected (124,684)

Tax refunds 251

Miscellaneous adjustments (2,066)

Amounts written off for tax year 1999 per statute of limitations 16,928Total collections and credits \$ 15,215,824

## ALEXANDER COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY  
COUNTY-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2010

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
County-wide:					
Property tax	\$2,546,114,263	0.605	\$ 15,403,991	\$ 14,002,762	\$ 1,401,229
Late list penalties	-		13,225	13,225	-
Total original levy	<u>2,546,114,263</u>		<u>15,417,216</u>	<u>14,015,987</u>	<u>1,401,229</u>
<b>Discoveries</b>	14,033,388		84,902	84,902	-
<b>Abatements and discounts</b>	<u>(21,080,331)</u>		<u>(127,536)</u>	<u>(127,536)</u>	<u>-</u>
Total property valuation	<u>\$2,539,067,320</u>				
<b>Net Levy</b>			15,374,582	13,973,353	1,401,229
Uncollected taxes at June 30, 2010			<u>611,975</u>	<u>462,959</u>	<u>149,016</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 14,762,607</u>	<u>\$ 13,510,394</u>	<u>\$ 1,252,213</u>
<b>Current Levy Collection Percentage</b>			<u>96.02%</u>	<u>96.69%</u>	<u>89.37%</u>

# ALEXANDER COUNTY NORTH CAROLINA

## COMPLIANCE LETTERS

FOR THE YEAR ENDED JUNE 30, 2010

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

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

**ALEXANDER COUNTY, NORTH CAROLINA  
COMPLIANCE LETTERS  
FOR THE YEAR ENDED JUNE 30, 2010**

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

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

## **Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance with *Government Auditing Standards***

To the Board of Commissioners  
Alexander County, North Carolina

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Alexander County, North Carolina, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 16, 2010. 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.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Alexander County's internal control over financial reporting as a basis for designing auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alexander County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance and other matters with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Board of Commissioners, others within the organization, federal and State awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

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

Martin Starnes & Associates, CPAs, P.A.  
October 19, 2010



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

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

## **Report On Compliance with Requirements That Could Have a Direct and Material Effect On Each Major Federal Program and On Internal Control Over Compliance In Accordance with OMB Circular A-133 and the State Single Audit Implementation Act**

Board of Commissioners  
Alexander County, North Carolina

### **Compliance**

We have audited the compliance of Alexander County, North Carolina, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. Alexander County's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Responses. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Alexander County's management. Our responsibility is to express an opinion on Alexander County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Alexander County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Alexander County's compliance with those requirements.

In our opinion, Alexander County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

## Internal Control Over Compliance

The management of Alexander County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Alexander County's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and applicable sections of the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected by the County's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Alexander County as of and for the year ended June 30, 2010, and have issued our report thereon dated October 19, 2010. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise Alexander County's basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information 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.

This report is intended solely for the information and use of management, Board of Commissioners, others within the organization, federal and State awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

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

Martin Starnes & Associates, CPAs, P.A.  
October 19, 2010

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

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

## **Report On Compliance with Requirements That Could Have a Direct and Material Effect On Each Major State Program and On Internal Control Over Compliance In Accordance with Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act**

Board of Commissioners  
Alexander County, North Carolina

### **Compliance**

We have audited the compliance of Alexander County, North Carolina, with the types of compliance requirements described in applicable sections of OMB Circular A-133 and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of its major State programs for the year ended June 30, 2010. Alexander County's major State programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Responses. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major State programs is the responsibility of Alexander County's management. Our responsibility is to express an opinion on Alexander County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Alexander County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Alexander County's compliance with those requirements.

In our opinion, Alexander County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2010.

## Internal Control over Compliance

The management of Alexander County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to State programs. In planning and performing our audit, we considered Alexander County's internal control over compliance with requirements that could have a direct and material effect on a major State program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected by the County's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Alexander County as of and for the year ended June 30, 2010, and have issued our report thereon dated October 19, 2010. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise Alexander County's basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information 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.

This report is intended solely for the information and use of management, Board of Commissioners, others within the organization, federal and State awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

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

Martin Starnes & Associates, CPAs, P.A.  
October 19, 2010

# ALEXANDER COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2010

### 1. Summary of Auditors' Results

#### Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_ Yes      X   No
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes      X   No

Non-compliance material to financial statements noted? \_\_\_\_\_ Yes      X   No

#### Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? \_\_\_\_\_ Yes      X   No
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes      X   No

Type of auditors' report issued on compliance for major federal programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? \_\_\_\_\_ Yes      X   No

# ALEXANDER COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2010

Identification of major federal programs:

<u>Program Name</u>	<u>CFDA#</u>
Title XIX Medicaid Cluster	93.778
Supplemental Nutrition Assistance Program Cluster:	
Supplemental Nutrition Assistance Program	10.561
Subsidized Childcare Cluster:	
Child Care and Development Block Grant	93.575
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596
Special Supplemental Nutrition Program for Women, Infants & Children	10.557

Dollar threshold used to distinguish between  
Type A and Type B Programs:

\$924,908

Auditee qualified as low-risk auditee?

\_\_\_\_\_ Yes      X   No

### State Awards

Internal control over major State programs:

- Material weaknesses identified? \_\_\_\_\_ Yes      X   No
- Significant deficiencies identified that  
are not considered to be material  
weaknesses? \_\_\_\_\_ Yes      X   No

Type of auditors' report issued on  
compliance for major State programs:

Unqualified

Any findings disclosed that are required to  
be reported in accordance with the State  
Single Audit Implementation Act?

\_\_\_\_\_ Yes      X   No

# **ALEXANDER COUNTY, NORTH CAROLINA**

## **SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2010**

Identification of major state programs:

Subsidized Child Care Cluster

Medicaid

NC Drinking Water State Revolving Loan Fund

NC Rural Economic Development Center Grant – Northeast Water Project Grant

### **2. Findings and Questioned Costs Related to the Audit of the Financial Statements and Federal and State Awards**

None reported.

**ALEXANDER COUNTY, NORTH CAROLINA**

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2010**

None reported in the prior year.



**ALEXANDER COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2010**

Grantor/Pass-through Grantor/Program Title	CFDA Number	Expenditures	
		Federal	State
<b>Federal Awards:</b>			
<u>U.S. Dept. of Agriculture</u>			
<u>Food and Nutrition Service</u>			
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Social Services:			
Administration:			
<u>Supplemental Nutrition Assistance Program Cluster</u>			
State Administrative Matching Grants for			
the Supplemental Nutrition Assistance Program	10.561	\$ 165,280	\$ -
ARRA - State Administrative Matching Grants for			
the Supplemental Nutrition Assistance Program	10.561	41,555	-
Total Supplemental Nutrition Assistance Program Cluster		206,835	-
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Public Health:			
Administration:			
Special Supplemental Nutrition Program for			
Women, Infants, & Children	10.557	156,272	-
Direct Benefit Payments:			
Special Supplemental Nutrition Program for			
Women, Infants, & Children	10.557	481,131	-
Passed-through Western Piedmont Council of Governments:			
Division of Aging:			
USDA Supplement	10.570	12,190	-
Total U.S. Dept. of Agriculture		856,428	-
<u>U.S. Department of Housing and Urban Development</u>			
<u>Office of Community Planning and Development</u>			
Passed-through the N.C. Department of Commerce:			
Division of Community Assistance:			
Community Development Block Grant:			
Hiddenite Industrial Water & Sewer Project	14.228	41,465	-
Vashti Road Water Project	14.228	171,859	-
2008 Scattered Site Housing Project C-1	14.228	270,044	-
2008 Scattered Site Housing Project L-1	14.228	23,007	-
2008 Infrastructure Hook-Up Project	14.228	57,432	-
Piedmont Wood Products	14.228	49,076	-
ARRA - Emergency Repair Housing Project	14.255	27,146	-
Passed-through the N.C. Housing Finance Agency:			
Division of Community Assistance:			
Home Investment Partnerships Program			
Single-Family Rehabilitation Program-SFR0701	14.239	19,865	-
Total U.S. Department of Housing and Urban Development		659,894	-

**ALEXANDER COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2010**

Grantor/Pass-through Grantor/Program Title	CFDA Number	Expenditures	
		Federal	State
<u>U.S. Dept. of Justice</u>			
<u>Bureau of Justice Assistance</u>			
Direct Program:			
State Criminal Alien Assistance Program	16.606	976	-
ARRA - Edward Byrne Memorial Justice Assistance Grant Program	16.804	29,208	-
Passed-through N.C. Dept. of Crime Control and Public Safety:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	33,401	-
Total U.S. Dept. of Justice		63,585	-
<u>U.S. Dept. of Transportation</u>			
<u>National Highway Traffic Safety Administration</u>			
Passed-through the N.C. Department of Transportation:			
Alcohol Impaired Driving Countermeasures Incentive Grants Governor's Highway Safety Program - K8-09-02-5	20.601	17,130	-
Safety Belt Performance Grants Governor's Highway Safety Program - K4-2010-04-03	20.609	67,074	-
<u>Pipeline and Hazardous Materials Safety Administration</u>			
Passed-through N.C. Dept. of Crime Control and Public Safety:			
Hazardous Materials Emergency Preparedness-HMEP-2008-0001	20.703	9,285	-
Total U.S. Dept. of Transportation		93,489	-
<u>Appalachian Regional Commission</u>			
Appalachian Regional Development-HIDWS	23.001	149,873	-
<u>U. S. Department of Homeland Security</u>			
Emergency Food and Shelter National Board Program	97.024	14,794	-
ARRA - Emergency Food and Shelter National Board Program	97.114	15,261	-
Passed-through N.C. Dept. of Crime Control and Public Safety:			
Division of Emergency Management			
Home Land Security Grant Program			
NIMS Training - 2007-GE-T7-0048-6001-106	97.067	2,945	-
Emergency Management Performance Grant			
EMPG-2009-37003	97.042	38,799	-
Home Land Security Grant Program			
SHSP - 2007-GE-T7-0048-8016-113	97.073	20,254	-
Total U. S. Department of Homeland Security		92,053	-
<u>U.S. Election Assistance Commission</u>			
Help America Vote Act - Maintenance Fees (Non-Cash Grant)	90.401	18,616	-
Help America Vote Act - Scanners (Non-Cash Grant)	90.401	9,000	-
Total U.S. Election Assistance Commission		27,616	-

**ALEXANDER COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2010**

Grantor/Pass-through Grantor/Program Title	CFDA Number	Expenditures	
		Federal	State
<u>U.S. Dept. of Health &amp; Human Services</u>			
<u>Office of the Population Affairs</u>			
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Public Health:			
Family Planning Services Title X	93.217	32,054	-
<u>Administration on Aging</u>			
<u>Division of Aging and Adult Services</u>			
Passed-through Western Piedmont Council of Governments:			
<u>Aging Cluster:</u>			
Special Programs for the Aging - Title III B			
Grants for Supportive Services and Senior Centers	93.044	74,988	-
Special Programs for the Aging - Title III C			
Nutrition Services	93.045	115,577	-
In Home Level 1	93.045	64,959	-
Total Aging Cluster		255,524	-
Social Service Block Grant (SSBG) - In Home Services	93.667	113,539	22,130
<u>Administration for Children and Families</u>			
Passed-through the N.C. Department of Administration:			
Voting Access for Individuals with Disabilities - HAVA-2010	93.617	1,681	-
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Social Services:			
<u>Foster Care and Adoption Cluster (Note 4)</u>			
Title IV-E Foster Care - Administration	93.658	194,253	17,717
Foster Care - Direct Benefit Payments	93.658	197,746	38,727
Adoption/Foster Care	93.658	50,078	-
Title IV-E Optional Adopt Trn 50%	93.659	2,101	-
Adoption Assistance - Direct Benefit Payments	93.659	182,284	36,965
Total Foster Care and Adoption (Note 4)		626,462	93,409
<u>Temporary Assistance for Needy Families Cluster</u>			
Temporary Assistance for Needy Families (TANF) /			
Work First	93.558	246,836	-
Temporary Assistance for Needy Families (TANF) /			
Domestic Violence	93.558	11,001	-
ARRA - Emergency Contingency Fund for Temporary	93.714	103,284	-
Assistance for Needy Families State Programs			
TANF / Work First - Direct Benefit Payments	93.558	214,483	-
Total TANF Cluster		575,604	-
N. C. Child Support Enforcement Section	93.563	120,159	(7)
ARRA - N. C. Child Support Enforcement Section	93.563	46,174	-
AFDC Unemployed Parents Asst Payments & Penalties	93.560	(138)	(38)
Energy Assistance Payments- Direct Benefit Payments	93.568	268,898	-
Crisis Intervention Program	93.568	152,438	-
Child Welfare Services - State Grants			
- Permanency Planning - Families for Kids	93.645	6,220	2,378
Independent Living Grant-Links	93.674	2,447	612

**ALEXANDER COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2010**

Grantor/Pass-through Grantor/Program Title	CFDA Number	Expenditures	
		Federal	State
Division of Child Development: Subsidized Child Care (Note 4) <u>Child Care Development Fund Cluster:</u>			
Division of Social Services: Child Care Development Fund-Administration	93.596	80,000	-
Division of Child Development: Child Care and Development Block Grant	93.575	441,854	-
Child Care and Development Fund -- Mandatory	93.596	135,109	-
Child Care and Development Fund -- Match	93.596	207,873	111,706
Total Child Care Development Fund Cluster		864,836	111,706
Social Services Block Grant	93.667	12,697	-
TANF	93.558	148,297	-
Smart Start		-	38,253
State Appropriations		-	92,442
TANF-MOE		-	170,942
Total Subsidized Child Care (Note 4)		1,025,830	413,343
Passed-through the N.C. Dept. of Health and Human Services: Division of Public Health: Temporary Assistance for Needy Families (TANF)	93.558	2,602	-
Passed-through the N.C. Dept. of Health and Human Services: Division of Mental Health, Developmental Disabilities and Substance Abuse Services: <u>Administration for Children and Families</u> Promoting Safe and Stable Families-Family Preservation	93.556	982	-
<u>Centers for Medicare and Medicaid Services</u> Passed-through the N.C. Dept. of Health and Human Services: Division of Medical Assistance: Direct Benefit Payments: Medical Assistance Program	93.778	25,080,142	8,845,603
ARRA credit-Medical Assistance Program	93.778	28,366	(26,264)
Division of Social Services: Administration: Medical Assistance Program	93.778	240,759	14,231
State Children's Insurance Program - N.C. Health Choice	93.767	36,042	1,598
<u>Centers for Disease Control</u> Passed-through the N.C. Dept. of Health and Human Services: Division of Public Health: Prevention & Investigations and Technical Assistance	93.283	148,010	-
Preventive Health and Health Services Block Grant	93.991	13,694	-

**ALEXANDER COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2010**

Grantor/Pass-through Grantor/Program Title	CFDA Number	Expenditures	
		Federal	State
<u>Health Resources and Services Administration</u>			
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Public Health:			
Maternal and Child Health Services Block Grant	93.994	81,613	-
<u>Immunization Cluster</u>			
Immunization Grants	93.268	18,695	-
ARRA - Immunizations	93.712	9,543	-
Total Immunization Cluster		28,238	-
Total U.S. Dept. of Health and Human Services		28,887,340	9,366,995
Total federal awards		\$ 30,830,278	\$ 9,366,995
<b>State Awards:</b>			
<u>N.C. Dept. of Administration</u>			
Veterans Service		-	2,000
<u>N.C. Dept. of Commerce</u>			
Paragon Films Industrial Water Project		-	149,500
Passed through North Carolina Rural Economic Development Center, Inc.			
Jasper Group Building Renovation Project-Grant 2008-152-60501-107		-	25,013
Piedmont Fiberglass Bldg Renovation Proj-Grant-2008-241-60501-107		-	56,653
Westgate Home Furnishings Bldg Renovation Grant Project Grant-2009-077-60501-107		-	7,687
Northeast Water Project-Grant-2008-140-40101-112		-	450,000
Paragon Films Industrial Water Project-Grant-2010-067-40401-107		-	150,000
Total N.C. Dept. of Commerce		-	838,853
<u>N.C. Dept. of Cultural Resources</u>			
Division of State Library			
State Aid to Public Libraries		-	90,879
Total N.C. Dept. of Cultural Resources		-	90,879
<u>N.C. Department of Environment and Natural Resources</u>			
Division of Environmental Health			
NC Drinking Water State Revolving Fund Loan (Note 2)		-	379,041
Environmental Health		-	6,000
Food and Lodging		-	2,766
Total N.C. Dept of Environment and Natural Resources		-	387,807
<u>N.C. Dept. of Health and Human Services</u>			
Division of Aging and Adult Services			
Passed through Western Piedmont Council of Governments			
Senior Center Health Insurance Information Program		-	2,469
Senior Center General Purpose Funds		-	7,141

**ALEXANDER COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2010**

Grantor/Pass-through Grantor/Program Title	CFDA Number	Expenditures	
		Federal	State
Division of Social Services:			
CPS Expansion to State		-	35,785
DCD Smart Start		-	20,000
AFDC Incent/Prog Integrity		-	19
CWS Adopt Subsidy and Vendor		-	42,363
F/C At Risk Maximization		-	1,754
SC/SA Domiciliary Care Payments		-	284,334
SFHF Maximization		-	328
State Foster Home		-	22,823
Total Division of Social Services		-	407,406
Division of Public Health			
General		-	85,246
AIDS		-	500
Communicable Disease		-	10,112
LHD Smokefree Law		-	441
Minority Health		-	6,070
Preparedness and Response		-	38,303
Risk Reduction/Health Promotion		-	4,845
Tuberculosis		-	2,411
Tuberculosis-Medical Services		-	540
Women's Preventative Health		-	7,484
Total Division of Public Health			155,952
Division of Health Service Regulation			
Office of Emergency Medical Services			
Passed through North Carolina Baptist Hospital			
Triad Regional Advisory Council - 4 mobile radios for use in EMS vehicles (Non-Cash Grant)		-	14,005
Division of Mental Health, Developmental Disabilities and Substance Abuse Services:			
Passed through Smoky Mountain Center			
NC Strategic Prevention Framework-State Incentive Grant-DWI		-	99,461
Total N. C. Department of Health and Human Services		-	686,434
<u>N.C. Housing Finance Agency</u>			
Home Energy Loan Pool-HELP 092801		-	57
<u>N.C. Department of Insurance</u>			
Office of The State Fire Marshal			
Safe Kids North Carolina			
North Carolina Buckle Up Kids Program-Permanent Checking Station Grant		-	1,000
<u>Dept. of Juvenile Justice and Delinquency Prevention</u>			
Juvenile Crime Prevention Programs		-	112,275

**ALEXANDER COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2010**

Grantor/Pass-through	CFDA	Expenditures	
Grantor/Program Title	Number	Federal	State
<u>N.C. Dept. of Transportation</u>			
Rural Operating Assistance Program (ROAP)			
- ROAP Elderly and Disabled Transportation Assistance Program		-	71,969
- ROAP Rural General Public Program		-	78,456
- ROAP Work First Transitional - Employment			
Transportation Assistance Program		-	11,789
Total ROAP		-	162,214
<u>N.C. Dept. of Corrections</u>			
Criminal Justice Partnership Program		-	58,351
Total State awards		-	2,339,870
Total federal and State awards		\$ 30,830,278	\$ 11,706,865

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

1. Basis of Presentation  
The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Alexander County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements. Benefit payments are paid directly to recipients and are not included in the basic financial statements. However, due to the county's involvement in determining eligibility, they are considered federal awards to the county and are included on this schedule.

2. Loans Outstanding  
Alexander County had the following loan balances outstanding at June 30, 2010. The amount reported as State expenditures in this schedule is equal to the current year expenditures/loan proceeds.

<u>Program Title</u>	Amount <u>Outstanding</u>
NC Drinking Water State Revolving Fund Loan	\$ 3,489,615

3. Subrecipients  
Of the federal and State expenditures presented in the schedule, Alexander County provided federal and State awards to subrecipients as follows:

<u>Program Title</u>	CFDA <u>Number</u>	Federal <u>Expenditures</u>	State <u>Expenditures</u>
EDTAP		-	71,969
Work First		-	11,789
RGP		-	78,456

4. The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care, and Foster Care and Adoption.