

***STANLY COUNTY
NORTH CAROLINA***

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

***For Fiscal Year Ended
June 30, 2006***



***Prepared and Issued by:
Stanly County Finance Department***

***Charles S. Mashburn
Finance Director***

STANLY COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2006
TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page No.</u>
INTRODUCTORY SECTION		
Letter of Transmittal		i
List of Elected and Appointed Officials.....		viii
Organizational Chart		ix
GFOA Certificate of Achievement for Excellence in Financial Reporting.....		x
FINANCIAL SECTION		
Independent Auditor's Report		1
Management's Discussion and Analysis.....		3
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Assets.....	A	12
Statement of Activities.....	B	13
Fund Financial Statements:		
Balance Sheet – Governmental Funds	C	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	D	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities	E	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	F	18
Statement of Net Assets – Proprietary Funds.....	G	19
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	H	20
Statement of Cash Flows – Proprietary Funds.....	I	21
Statement of Net Assets – Fiduciary Funds	J	22
Notes to the Financial Statements		23

STANLY COUNTY, NORTH CAROLINA
TABLE OF CONTENTS (Continued)

	<u>Statement or</u>	<u>Page No.</u>
	<u>Schedule</u>	
Required Supplementary Information:		
Law Enforcement Officers' Special Separation Allowance:		
Schedule of Funding Progress		52
Schedule of Employer Contributions		53
Notes to the Required Schedules		53
Combining and Individual Fund Statements and Schedules:		
<u>Governmental Funds</u>		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund – Budget and Actual	1	54
Combining Balance Sheet – Nonmajor Governmental Funds.....	2	65
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	3	67
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:		
Community Development Block Grant - Scattered Site Housing	4	69
Community Development Block Grant - JOBS.....	5	70
Community Development Block Grant - Gas Line.....	6	71
Emergency Telephone System Fund	7	72
Fire District Fund	8	73
Jail Construction Fund.....	9	74
<u>Enterprise Funds</u>		
Schedules of Revenues and Expenditures – Budget and Actual (Non-GAAP):		
Greater Badin Water and Sewer District Fund	10	75
Piney Point Water District Fund	11	77
Stanly County Utility Fund	12	79
Airport Fund.....	13	81

**STANLY COUNTY, NORTH CAROLINA
TABLE OF CONTENTS (Continued)**

<u>Project Funds</u>	<u>Statement or Schedule</u>	<u>Page No.</u>
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Non-GAAP) – From Inception and For the year Ended June 30, 2006:		
Badin Sewer Project Fund.....	14	83
School Water Extension Project Fund.....	15	84
Highway 52 Project Fund	16	85
Aquadale School Sewer Project Fund.....	17	86
Highway 24/27 Upgrade Project Fund	18	87
Airport Hangar Project Fund.....	19	88
Airport Fencing Project Fund.....	20	89
Airport Land Acquisition Project Fund.....	21	90
<u>Internal Service Fund:</u>		
Schedule of Revenues and Expenditures – Financial Plan and Actual (Non-GAAP) - Internal Service Fund - Group Health Fund.....	22	91
<u>Agency Funds</u>		
Combining Schedule of Changes in Assets and Liabilities - Agency Funds	23	92
Other Schedules		
Schedule of Ad Valorem Taxes Receivable - General Fund.....	24	94
Analysis of Current Tax Levy - County-Wide Levy.....	25	95

STATISTICAL SECTION

	<u>Table</u>	<u>Page No.</u>
Net Assets by Component.....	1	97
Changes in Net Assets.....	2	98
Governmental Activities Tax Revenues by Source	3	100

**STANLY COUNTY, NORTH CAROLINA
TABLE OF CONTENTS (Continued)**

STATISTICAL SECTION (continued)	<u>Table</u>	<u>Page No.</u>
Fund Balances of Governmental Funds.....	4	101
Changes in Fund Balances of Governmental Funds.....	5	102
General Government Tax Revenues by Source	6	103
Assessed Value and Estimated Actual Value of Taxable Property	7	104
Property Tax Rates - Direct and Overlapping Governments.....	8	105
Principal Property Taxpayers	9	107
Property Tax Levies and Collections.....	10	108
Ratios of Outstanding Debt by Type	11	109
Ratios of General Bonded Debt Outstanding	12	110
Direct and Overlapping Governmental Activities Debt	13	111
Legal Debt Margin Information	14	112
Demographic and Economic Statistics.....	15	114
Principal Employers.....	16	115
Full-time Equivalent County Governmental Employees by Function	17	116
Operating Indicators by Function	18	117
Capital Asset Statistics by Function	19	118

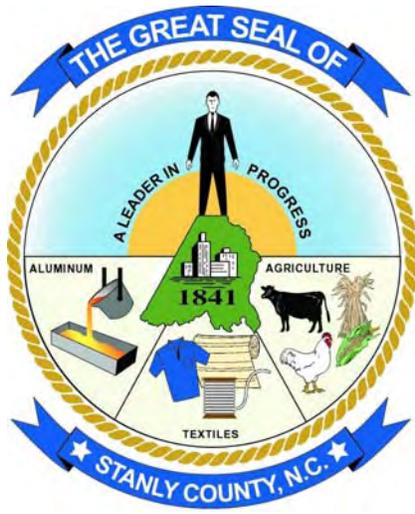
COMPLIANCE SECTION

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	119
Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Implementation Act.....	121
Report on Compliance with Requirements Applicable to Each Major State Program and Internal Control over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Implementation Act	123
Schedule of Findings and Questioned Costs	125

STANLY COUNTY, NORTH CAROLINA
TABLE OF CONTENTS (Continued)

Corrective Action Plan.....	128
Summary Schedule of Prior Year Audit Findings.....	129
Schedule of Expenditures of Federal and State Awards.....	130





THIS PAGE LEFT INTENTIONALLY BLANK

County of Stanly
FINANCE OFFICE
1000 North First Street, Suite 10B
ALBEMARLE, NORTH CAROLINA 28001



December 15, 2006

The Board of County Commissioners
Stanly County, North Carolina:

The Comprehensive Annual Financial Report (CAFR) of Stanly County for the fiscal year ended June 30, 2006 is hereby submitted. The County is responsible for the accuracy, completeness, and fairness of the presentation, including all disclosures. The data presented is materially accurate and the financial statements fairly present the County's financial position as measured by activity in the various funds. All disclosures have been included as necessary to enable a reader to understand the County's financial activities.

The Comprehensive Annual Financial Report is divided into four sections. (1) The transmittal letter, the county organization chart, and list of principal officials are in the introductory section. (2) Included in the financial section are the independent auditor's report, management's discussion and analysis, the basic financial statements (government-wide financial statements, fund financial statements, and notes), required supplementary information, the combining and individual fund financial statements, and schedules. (3) Selected financial and demographic information are presented in the statistical section, often with multiple-year comparisons. (4) The compliance statements are reported in the fourth and final section.

The Governmental Accounting Standards Board (GASB) by Statement No. 34 requires that management provide a narrative introduction, overview and analysis to accompany the Basic Financial Statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditor's Report.

The County must submit a compliance/single audit to conform to provisions of the Single Audit Implementation Act and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Information related to this single audit, including the "Schedule of Expenditures of Federal and State Awards", findings, recommendations, and the independent auditor's reports on the internal control structure and compliance with applicable laws and regulations, are presented in the compliance section of the report.

DESCRIPTION OF COUNTY

Stanly County is located in the south central portion of North Carolina, about forty miles northeast of Charlotte. It is a county of lakes, rolling farmland and small towns. Industry includes textile, modular home, aluminum ingot, and aircraft tire manufacturing. Badin and Tillery lakes form the entire eastern boundary of the county, and provide recreational activities such as skiing, swimming, boating, and fishing. Tillery lake also serves as the reservoir for the Tillery Hydroelectric Plant. Morrow Mountain State Park is bounded on two sides by Lake Tillery, and covers 4,693 acres of the ancient Uwharrie Mountains. This beautiful park is an important tourist attraction for the county.

DESCRIPTION OF GOVERNMENT

Stanly County is governed by a commission/manager form of government. The five-member board of commissioners is elected to four-year staggered terms. The County provides a full range of services as follows: public safety (law enforcement, detention facilities, funds for fire protection in unincorporated areas, building inspection, emergency medical services, and E-911 emergency telephone service); human services (social services, public health, senior services, and veterans services); culture and recreation (library, historic museum, and civic center); environmental protection (soil and water conservation services, and solid waste collection and disposal services); public utilities (water and sewer services); airport services; and general government services. In addition the County provides financial support to the Stanly County Board of Education, Stanly Community College, Piedmont Mental Health Authority, and various non-profit organizations that provide services to Stanly County residents.

EDUCATIONAL INSTITUTIONS

Educational institutions include Pfeiffer University, Stanly Community College and the Stanly County Public School System. Pfeiffer University, founded in 1885, is a four-year college that offers accredited undergraduate degree programs in twenty-nine different majors, day and evening classes, and continuing education courses at all of its campuses. Various satellite campuses also offer graduate programs in business administration, health administration, and organization management.

Stanly Community College is governed by a thirteen-member appointed board of trustees that offers two-year degree programs with standard courses that are eligible for transfer to four-year institutions of higher learning. It also offers technical and trade courses. The County contributes funds to the community college.

For financial reporting purposes, in conformance with the Governmental Accounting Standards Board (GASB), the County includes in the report all funds that are considered to be within its oversight responsibility. Because the school administrative unit and the community college listed above do not meet the criteria for inclusion in the general purpose financial statements of Stanly County, their financial statements are not included in this report. Audited financial statements for the school administrative unit and the community college are available from their respective business offices.

ECONOMIC CONDITION AND OUTLOOK

The Stanly County economy has somewhat recovered from a downturn suffered between 2002 and 2004. Three formerly strong segments of the Stanly County economy experienced downsizing during those years and the unemployment rate soared. First, ALCOA, which had been a major employer for decades, dismissed most of its employees and terminated production. Next, several long-standing textile plants ceased operations. Finally, a very strong mobile home manufacturing industry had to scale back temporarily.

The mobile home manufacturing industry has recovered and has been hiring employees. Several small manufacturing operations have located to the county and hired local workers. Wall-Mart opened a super store, which indicates optimism in the local economy. The current county unemployment rate has declined from about 9% in 2003, to about 5.5% at June 30, 2006. This compares to a state rate of 4.8 percent.

Gross retail sales for fiscal year 2006 were estimated at \$680,000,000, up slightly from \$678,000,000 in 2005. Declining manufacturing operations, accelerated depreciation on manufacturing equipment, and the closing of retail and commercial establishments continues to contribute to low growth in property tax values. The \$62,000,000 increase in tax value is only a 1.58% increase.

The North Carolina Department of Transportation has temporarily ceased construction on the widening of Highway 24/27 due to lack of funding. This is a disappointment to county leaders because a four-lane highway to Charlotte is expected to enhance economic development. Similarly, a proposed north-south four lane project for Highway 52 is being delayed.

MAJOR INITIATIVES

Economic Development and water and sewer expansion are two of the highest priorities for the governing body. A \$1,800,000 sewer improvement project for the Badin area, and a \$4,100,000 water line extension project were completed in the fall of 2005. The county commissioners created a water authority in 2006 as a tool for securing grant funding and as a means of completing water line installation.

Construction on an \$8,500,000 jail addition and improvement project began in June, 2006, with completion scheduled for spring 2008. Funding is being provided by a \$1,500,000 USDA loan, a \$5,500,000 installment loan, and by a \$1,500,000 appropriation from fund balance.

AIRPORT

The Stanly County Airport has been continuously expanding and improving over the last decade. With assistance from numerous federal, state and military grants, the airport has become a full-service, all-weather capable facility. Parallel runways of 3,500 and 5,500 feet, and a 5,500 feet parallel taxiway accommodate aircraft weighting up to 155,000 pounds, about twice the capability of usual general aviation airports. A control tower operates twelve hours per day, five days per week.

The North Carolina Air National Guard has installed the infrastructure for a radar approach control facility (RAPCON) and it should be available by the end of the calendar year. At that time Stanly County Airport will be the only general aviation airport in the United States with radar approach control. This radar approach and the control tower combine to increase efficiency and provide a much safer, controlled environment that is attractive to business, industry and military. More traffic translates into increased fuel sales and revenues.

Two large hangars capable of storing fourteen small to medium sized (cabin class) aircraft were constructed in 2005. Each hangar building has office space for customers.

Another project in progress is the installation of perimeter fencing that will address security concerns expressed by federal agencies. The Federal Aviation Administration (FAA), the Air National Guard, and Stanly County are providing funding for the project.

The Stanly County Airport is the home base of the North Carolina Air National Guard 118th Air Support Operations Squadron, the 145th Civil Engineering Squadron's Home Station Training Site, the 235th Air Traffic Control Squadron, and the 263rd Composite Maintenance Facility.

The Stanly County Airport and the Air National Guard are critical to disaster response efforts, as was demonstrated in 1999 during Hurricane Floyd, and more recently after Hurricane Isabella. The airport is the logistical staging facility for military troops and civilian disaster response teams who deploy during natural disasters with portable generators and other basic life support systems warehoused at a state emergency facility located at the Stanly County Airport. A new ramp constructed last year provides easy access to aircraft involved in emergency disaster assistance.

TRANSPORTATION

Transportation within the County is very important to the board of commissioners. The board established a transportation system in 1986 to serve the entire county. SCUSA Transportation currently operates 21 vehicles which are handicapped accessible. Service is provided Monday through Friday from 5:30 am to 6:00 pm with daily trips to medical facilities, community college campuses, shopping facilities, work sites, etc. Out-of-county medical trips are provided on a pre-scheduled basis. Other services provided on a limited basis include vehicle repair and mileage reimbursement for qualified individuals. During fiscal year 2005-06, SCUSA Transportation used 26,180 service hours and drove 413,044 miles in providing 82,878 trips.

FINANCIAL INFORMATION

General governmental funds are presented on a modified accrual basis. Revenues are recorded when measurable and available, and expenditures are recorded when the liabilities are incurred, except for accumulated compensated absences and interest on long-term debt. Adjustments are made to governmental funds to convert them to full accrual basis that is used in presenting the government-wide statements.

The adequacy of internal accounting controls is considered when evaluating and developing the accounting system. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits require estimates and judgments by management. Stanly County's internal accounting controls adequately safeguard assets and provide reasonable assurance for properly recording financial transactions.

Budgeting Controls

In government, much more than in business, the budget is an integral part of the accounting system. Legal limits on spending are created by an annual budget ordinance or by special project ordinances. In Stanly County, appropriations in the General Fund are budgeted on a function basis. In other funds the budget may be adopted at the function or fund level. However, for internal accounting purposes, budgetary control is maintained on a specific line-item basis with an encumbrance system. As purchase orders are issued, corresponding appropriations are reserved for later payment. If an over-encumbrance of the budget level would result, purchase orders would not be written until additional appropriations were approved. Encumbrances remaining at the end of the June 30 fiscal year are cancelled, and all appropriations except capital projects lapse. Encumbrances consummated subsequent to the year-end are charged to the next year's appropriations.

Cash Management

Idle cash during the year was invested either in fully insured or collateralized certificates of deposit, or in demand deposits in the State authorized mutual fund whose portfolio consists of instrument types noted above. Maturities ranged from 90 to 365 days.

The amount of investment earnings for the General Fund for year 2006 was \$804,029, which was an increase of 200% from 2005. Total investment earnings for all funds increased 202%. The increase in all funds resulted primarily from a significant increase the rate banks paid on certificates of deposit and for overnight deposits. The average yield on maturing investments in 2006 was 4.15% compared to 2.25% in 2005. The General Fund investment income amounts to the equivalent of \$2.12 cents on the tax rate. For all general governmental funds, investment income was \$921,555 or \$2.437 equivalent on the tax rate.

A table of investments on June 30, 2006 is as follows:

<u>INVESTMENT</u>	<u>MARKET VALUE</u>
Certificates of Deposit	\$11,000,000
N.C. Cash Management Trust	<u>4,480,289</u>
TOTAL	<u>\$15,480,289</u>

Risk Management

The County is exposed to various risks such as torts, property loss and damage, errors and omissions, employee injuries, and natural disasters. The County provides worker's compensation coverage through a self-insured program administered by a third party. The workers' compensation coverage is the statutory limit.

The County carries commercial insurance for all other loss risks, including general liability, public official liability, vehicle, and property. Settled claims from these risks have not exceeded commercial insurance coverage in any of the last three fiscal years.

OTHER INFORMATION

Independent Audit

North Carolina general statutes require each local government unit to have its financial statements audited annually by a certified public accountant, or by an accountant certified by the North Carolina Local Government Commission as qualified to audit local government accounts. The auditor is selected by and reports to the Board of County Commissioners. This requirement has been complied with and the independent auditors' report has been included herein.

Federal and state single audit acts require auditors to study internal controls and perform additional tests on transactions involving grant funds. The auditors' report on this work is included in the "Compliance Section" of this publication. Any findings or questioned costs reported in this section are subject to subsequent review by the appropriate grantor agencies. The review could result in refunds of grant money if any expenditures are deemed improper. Every effort has been made to insure all disbursements were made in accordance with grant stipulations.

Awards

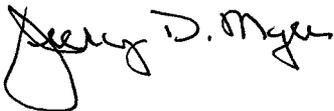
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Stanly County for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2005. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards in preparing state and local government financial reports. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Stanly County has received a Certificate of Achievement for the last fifteen (15) consecutive years. We believe the current report satisfies the Certificate of Achievement Program requirements, and it is being submitted to the GFOA.

Acknowledgments

We thank the Board of County Commissioners for their support and participation in conducting Stanly County financial operations in a responsible manner. We also thank the entire Finance Department staff, without whose assistance the report would not have been accomplished. We also recognize the cooperation and support provided by each County department and agency.

Respectfully submitted,



Jerry D. Myers
County Manager



Charles S. Mashburn
Finance Officer

STANLY COUNTY, NORTH CAROLINA
LIST OF ELECTED AND APPOINTED OFFICIALS
June 30, 2006

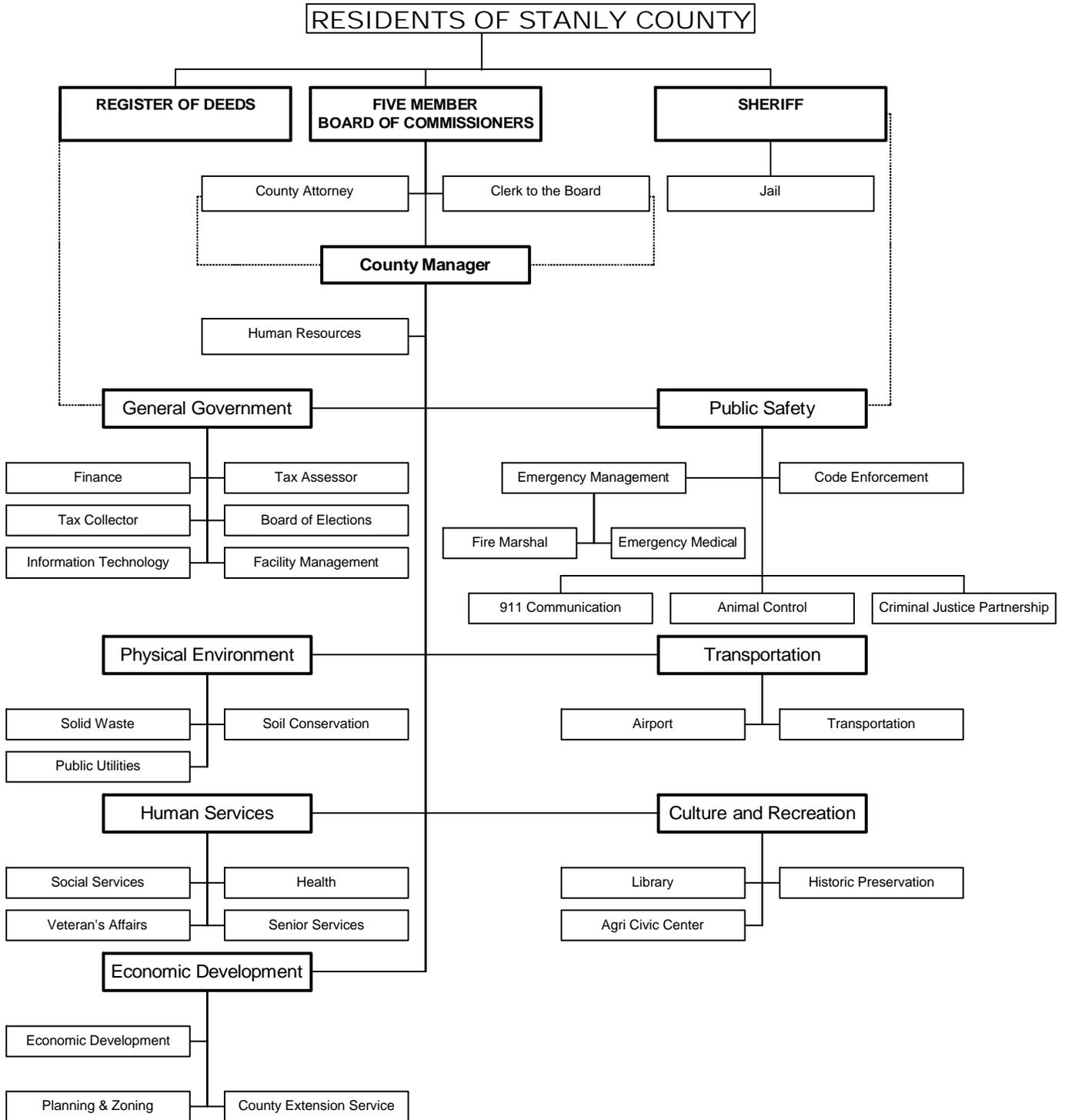
Elected Officials

Board of Commissioners – Chairman Tony M. Dennis
Board of Commissioners – Vice-Chairman Gary S. Lowder
Board of Commissioners Gene McIntyre
Board of Commissioners Sherrill Smith
Board of Commissioners Dr. Nalin C. Mehta
Sheriff Tony G. Frick
Register of Deeds Cecil I. Almond

Appointed Officials

County Manager.....Jerry D. Myers
Clerk to the Board Nancy M. Litaker
Agri – Civic Center Director Edmund L. Roush
Airport Director David M. Griffin
Code Enforcement William A. Russell
County Attorney Joshua J. Morton, Jr.
County Extension Service.....Lori S. Ivey
Criminal Justice Partnership Allen E. Lawrence
Economic Development Director..... Robert M. Van Geons
Election Supervisor Kimberly R. Wilson
Emergency Management Director David O. Montague, Jr.
Facility Management and Solid Waste Director Jerry R. Morton
Finance Director..... Charles S. Mashburn
Health Director Dennis R. Joyner
Historic Preservation Director Jonathan A. Underwood
Human Resources Director..... Emily F. Valentine
Information Technology Director Barbara J. Gathings
Interim Communications Director – E 911 Sonya H. Efir
Library Director..... Penny H. Welling
Planning Director..... Michael M. Sandy
Public Utilities Director Donna L. Davis
Senior Services Director Rebecca G. Weemhoff
Social Services Director..... Sharon S. Scott
Soil and Water Conservation Cost Share Technician Gerald M. McSwain
Tax Assessor Daniel A. Baucom
Tax Collector Donna J. Brooks
Transportation Director Gwen L. Hinson
Veterans Service Officer W. Timothy Pressley

STANLY COUNTY
ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Stanly County
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



Martin Starnes & Associates, CPAs, P.A.

A Professional Association of Certified Public Accountants and Management Consultants

INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Stanly County
Albemarle, 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 Stanly County, North Carolina as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Stanly County's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Stanly County, North Carolina as of June 30, 2006, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2006 on our consideration of Stanly County, North Carolina's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis, the schedules of funding progress, employer contributions, and the notes to the required schedules for the Law Enforcement Officers' Special Separation Allowance are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of Stanly County, North Carolina. The introductory information, combining and individual non-major fund schedules, the statistical information, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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. The other data included in this comprehensive annual financial report designated as "introductory section" and "statistical section" in the table of contents, have not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Martin Starnes & Associates CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
November 7, 2006

STANLY COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006

Management's Discussion and Analysis

This discussion and analysis is provided as an overview of Stanly County's financial activities for the fiscal year ended June 30, 2006. The transmittal letter that begins on *page i* provides additional highlights and explanations and should also be read in conjunction with the financial statements.

Financial Highlights

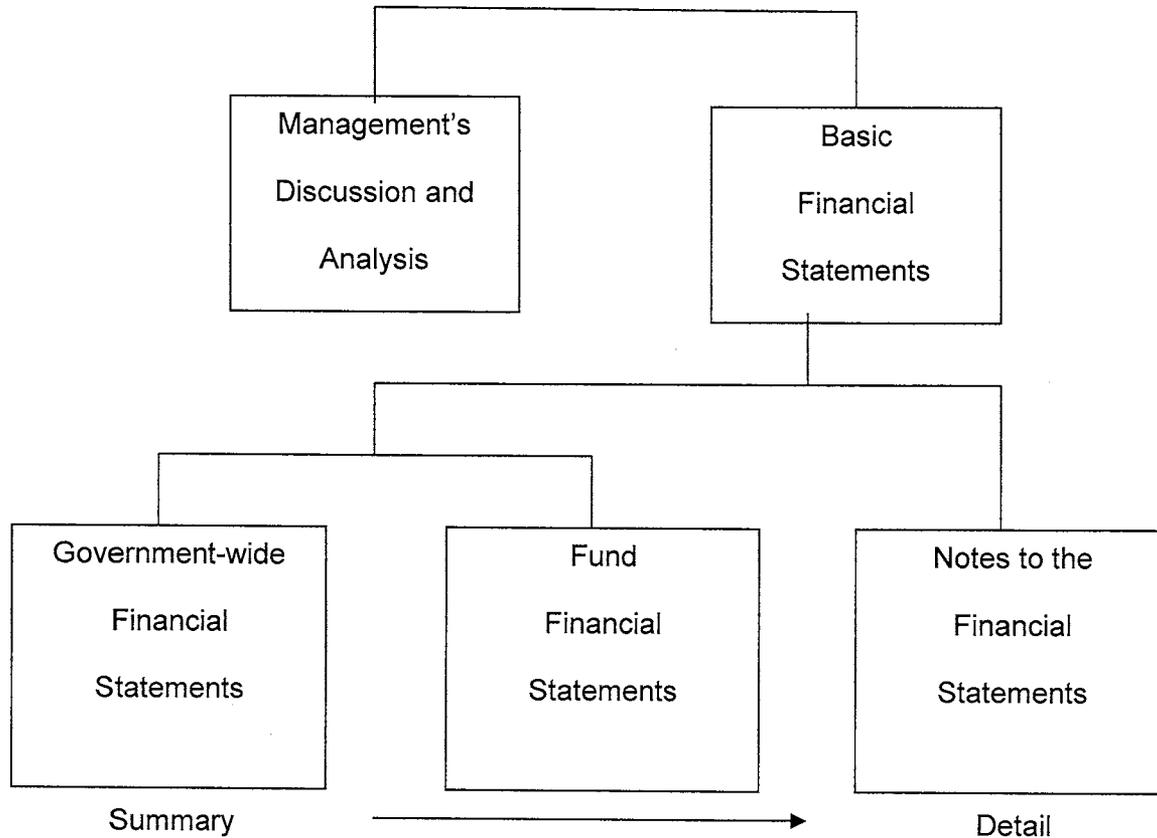
- The assets of Stanly County's governmental activities exceeded its liabilities (net assets) by \$8,585,852 at year end. Net assets would be much greater except Stanly County reports \$21,900,000 bond debt liability for the school system, and the school reports the assets.
- Net assets for governmental activities increased by \$2,118,460.
- As of June 30, 2006 the total fund balance of the general fund was \$15,962,334. This was a decrease of \$545,327 compared with the prior year. Approximately 74% of the fund balance, or \$11,756,250 is unreserved and available for spending at the government's discretion.
- Stanly County's total debt decreased by \$1,577,686 (6.06%) during the current fiscal year. Regular and scheduled debt payments account for the decrease.
- Stanly County maintained its Moody's A2 bond rating for the sixth consecutive year.
- The \$1,844,260 increase (3.73%) in the General Fund budget occurred primarily because of normal increases for wages, benefits, insurance, and other operating costs.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Stanly County's basic financial statements, which consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements (see diagram below). The government-wide statements and fund statements present two different perspectives that, along with the supplemental information, illustrate Stanly County's financial condition.

**STANLY COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

Required Components of Annual Financial Reports



Basic Financial Statements

The first two documents (Exhibits A and B) are the Government-wide Financial Statements. They provide both short and long-term information concerning the County's financial status.

Exhibits C through J are the Fund Financial Statements that focus on specific individual governmental activities and provide more detail than the government-wide statements. There are four sections to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; 4) and the fiduciary fund statements.

The next section is the notes that provide narrative and data explanation regarding selected financial statement presentations. Supplementary information is then provided to show details about the County's non-major governmental funds and internal service fund, all of which are combined in one column on the basic financial statements. Budgetary information required by the General Statutes can be found in this part of the statements.

Required supplementary information regarding funding for the County's pension plans follows the notes.

STANLY COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006

Government-wide Financial Statements

The government-wide financial statements are similar in format to private-sector business financial statements and are designed to provide a broad overview of the County's finances. The government-wide statements also provide information regarding the short and long-term financial status as a whole. These statements report increases and decreases of net assets, which are the difference between the County's total assets and total liabilities. Change in net assets is a primary tool to gauge financial condition.

The government-wide statements are divided into two categories, governmental activities and business-type activities. The governmental activities include most of the basic services such as public safety, general administration, human services, transportation, and solid waste. Property taxes, state and federal grants, and fees finance most of these activities. Business-type activities are those for which the County charges a fee to consumers, such as water and sewer and airport.

Fund Financial Statements

Fund financial statements provide a detailed analysis of the more 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. All funds can be divided into two categories, governmental and proprietary. Stanly County, like all other governmental entities in North Carolina, uses fund accounting to ensure and report compliance (or non-compliance) with finance-related legal requirements, such as general statutes or budget ordinances.

Governmental Funds – Governmental funds are used to account for functions reported as governmental activities in the government-wide financial statements. Most 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 that has a current financial resources focus. As a result, the governmental fund financial statements present a detailed short-term view that helps determine the amount of financial resources available to finance programs and activities. 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.

Stanly 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 residents, staff, and governing body regarding which services to provide and how to pay for them. It also identifies and authorizes revenue sources to finance 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. A reconciliation is provided at the end of the budgetary statement to account for the difference between the budgetary basis and modified accrual accounting basis.

STANLY COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006

Proprietary Funds – Enterprise and internal service funds are the only kind of proprietary funds maintained by Stanly County. Enterprise funds are used to report the same functions that are presented as business-type activities in the government-wide financial statements. Enterprise funds account for water and sewer activities and airport operations. These funds are the same business-type activities as shown in the Statement of Net Assets and in the Statement of Activities.

The Group Health Fund is an internal service fund used to account for the medical self-insurance plan and worker's compensation benefits.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Stanly County maintains five agency funds and has no permanent fiduciary funds.

Notes to the Financial Statements – The notes provide additional information that is essential to fully understanding data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 23 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning funding of employee pension obligations. Required supplementary information can be found beginning on page 52 of this report.

**STANLY COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

STANLY COUNTY'S NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 22,216,586	\$ 21,746,899	\$ 2,661,808	\$ 1,662,451	\$ 24,878,394	\$ 23,409,350
Capital assets	<u>13,575,736</u>	<u>13,018,184</u>	<u>32,082,502</u>	<u>31,879,251</u>	<u>45,658,238</u>	<u>44,897,435</u>
Total assets	<u>35,792,322</u>	<u>34,765,083</u>	<u>34,744,310</u>	<u>33,541,702</u>	<u>70,536,632</u>	<u>68,306,785</u>
Long-term liabilities outstanding	24,506,518	25,769,279	1,265,849	1,512,475	25,772,367	27,281,754
Other liabilities	<u>2,699,952</u>	<u>2,528,412</u>	<u>408,915</u>	<u>1,008,487</u>	<u>3,108,867</u>	<u>3,536,899</u>
Total liabilities	<u>27,206,470</u>	<u>28,297,691</u>	<u>1,674,764</u>	<u>2,520,962</u>	<u>28,881,234</u>	<u>30,818,653</u>
Net assets:						
Invested in capital assets, net of related debt	12,190,805	11,200,155	30,892,567	30,444,727	43,083,372	41,644,882
Restricted	71,510	50,431	-	-	71,510	50,431
Unrestricted (deficit)	<u>(3,676,463)</u>	<u>(4,783,194)</u>	<u>2,176,979</u>	<u>576,013</u>	<u>(1,499,484)</u>	<u>(4,207,181)</u>
Total net assets	<u>\$ 8,585,852</u>	<u>\$ 6,467,392</u>	<u>\$ 33,069,546</u>	<u>\$ 31,020,740</u>	<u>\$ 41,655,398</u>	<u>\$ 37,488,132</u>

As noted earlier, comparing changes in net assets over time provides one useful indicator of financial condition. The assets of Stanly County exceeded liabilities by \$41,655,398 as of June 30, 2006.

The County's net assets increased by \$4,167,266 for the fiscal year ended June 30, 2006. Capital assets (e.g. land, buildings, machinery and equipment) reflect the largest portion of net assets. Stanly County's investment in its capital assets is reported net of the outstanding related debt. Stanly County uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. The resources needed to repay that debt must be provided by other sources, since capital assets cannot be used to liquidate these liabilities. An additional portion of Stanly County's net assets represents resources that are subject to external restrictions on how they may be used.

There was one aspect of the County's financial operations that influenced the total unrestricted governmental net assets being a negative number. Stanly County issues and pays the debt service on bonds sold for school improvements. The Board of Education reports the assets on their books, and the county only the debt. Thus, the \$21,900,000 debt owed on the school buildings exceeded the value of other assets and caused a negative unrestricted net assets calculation for Stanly County.

**STANLY COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

Stanly County Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$ 6,686,561	\$ 8,889,869	\$ 3,160,480	\$ 2,869,711	\$ 9,847,041	\$ 11,759,580
Operating grants and contributions	11,035,610	8,458,500	-	-	11,035,610	8,458,500
Capital grants and contributions	164,368	29,503	1,007,601	1,789,803	1,171,969	1,819,306
General revenues:						
Property taxes	27,029,395	25,255,507	-	-	27,029,395	25,255,507
Other taxes	10,479,847	9,931,387	-	-	10,479,847	9,931,387
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Interest earned on investments	921,555	544,603	26,276	25,319	947,831	569,922
Total revenues	56,317,336	53,109,369	4,194,357	4,684,833	60,511,693	57,794,202
Expenses:						
General government	4,507,077	7,211,199	-	-	4,507,077	7,211,199
Public safety	10,901,818	10,271,412	-	-	10,901,818	10,271,412
Transportation	799,799	722,422	-	-	799,799	722,422
Environmental protection	927,806	899,015	-	-	927,806	899,015
Economic development	2,001,170	1,529,470	-	-	2,001,170	1,529,470
Human services	15,746,398	14,330,481	-	-	15,746,398	14,330,481
Cultural and recreation	1,552,261	1,384,589	-	-	1,552,261	1,384,589
Education	14,524,281	16,478,097	-	-	14,524,281	16,478,097
Interest on long-term debt	1,085,576	1,136,626	-	-	1,085,576	1,136,626
Water and sewer	-	-	2,852,463	3,127,806	2,852,463	3,127,806
Airport	-	-	1,445,778	1,444,977	1,445,778	1,444,977
Total expenses	52,046,186	53,963,311	4,298,241	4,572,783	56,344,427	58,536,094
Increase (decrease) in net assets before transfers and special items	4,271,150	(853,942)	(103,884)	112,050	4,167,266	(741,892)
Transfers in (out)	(2,152,690)	(437,616)	2,152,690	437,616	-	-
Increase (decrease) in net assets	2,118,460	(1,291,558)	2,048,806	549,666	4,167,266	(741,892)
Net assets, July 1	6,467,392	7,758,950	31,020,740	30,471,074	37,488,132	38,230,024
Net assets, June 30	\$ 8,585,852	\$ 6,467,392	\$ 33,069,546	\$ 31,020,740	\$ 41,655,398	\$ 37,488,132

STANLY COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006

Governmental activities. Governmental activities increased the County's net assets by \$2,118,460. Key elements of that increase were as follows:

- Payment of long-term debt reduced liabilities by \$1,333,098
- Capital outlay exceeded depreciation by \$712,256
- Group Health Fund surplus of \$195,723 was transferred to governmental activities.

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing financing requirements. Specifically, unreserved fund balance at year end is a useful measure of resources available to spend in future years.

The general fund is the chief operating fund. The unreserved fund balance at the end of the fiscal year was \$11,756,250, and total fund balance was \$15,962,334. As a measure of the general fund's liquidity, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 21.76% of total General Fund expenditures, while total fund balance represents 29.54% of that same amount.

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 expenditures by \$4,563,331 and revenues by only \$1,780,217, with the remaining \$2,783,114 funded by fund balance. A total of \$2,527,314 was transferred to capital projects. Another \$700,000 was appropriated to document an increase in the transfer for school building cost from the state bond fund.

Business-type activities: Business-type activities increased Stanly County's net assets by \$2,048,806. Key financial elements of business-type activities are as follows:

- Water and sewer line improvements of \$1,140,218 are construction works in progress
- Airport improvements of \$679,931 are construction works in progress.
- Liabilities decreased by \$1,574,740

Proprietary Funds. Stanly County's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net assets of the utility funds at the end of the fiscal year amounted to \$1,589,017, and for the airport \$587,962. The total increase in net assets for all enterprise funds was \$2,048,806. Other factors concerning the finances of these two funds have already been addressed in the discussion of business-type activities.

**STANLY COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

Capital Asset and Debt Administration

Capital assets. Stanly County's capital assets for its governmental and business-type activities as of June 30, 2006, totaled \$45,658,238 (net of accumulated depreciation). These assets included buildings, land, machinery and equipment, and vehicles.

Major capital asset transactions during the year included:

- Completion of water and sewer lines
- Completion of airport improvements

**STANLY COUNTY'S CAPITAL ASSETS
(net of depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 1,370,843	\$ 1,370,843	\$ 4,208,198	\$ 4,208,198	\$ 5,579,041	\$ 5,579,041
Buildings	9,908,176	9,975,648	21,111,448	22,699,569	31,019,624	32,675,217
Equipment and vehicles	2,296,717	1,671,693	151,774	180,551	2,448,491	1,852,244
Constuction in progress	-	-	6,611,082	4,790,933	6,611,082	4,790,933
Total	\$ 13,575,736	\$13,018,184	\$ 32,082,502	\$ 31,879,251	\$ 45,658,238	\$ 44,897,435

Additional information on capital assets can be found in the financial notes of the Basic Financial Statements.

Long-term Debt. As of June 30, 2006, Stanly County had total bonded debt outstanding of \$22,430,000, all of which is debt backed by the full faith and credit of the County.

**Stanly County's Outstanding Debt
General Obligation**

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
General obligation bonds	\$ 21,900,000	\$ 22,800,000	\$ 530,000	\$ 645,000	\$ 22,430,000	\$ 23,445,000

**STANLY COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

Stanly County's total debt decreased by \$1,577,686 (6.06 %) during the past fiscal year, primarily due to regularly scheduled debt payments.

As mentioned in the financial highlights section of this document, Stanly County maintained for the sixth consecutive year its A2 bond rating from Moody's Investor Service and an A rating from Standard and Poor's Corporation . These bond ratings are an indication of sound financial condition.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Stanly County is \$291,428,260. The County has no authorized but un-issued bonds at June 30, 2006.

Additional information regarding Stanly County's long-term debt can be found in note III beginning on page 44 of this audited financial report.

Economic Factors and Next Year's Budgets and Rates

The following key indicators reflect the economic status of Stanly County.

- The County is experiencing a moderate unemployment rate of 5.5%, which is higher than the state average of 4.8%
- Retail vacancy rates remain stable
- Manufacturing jobs have increased over the prior year

Budget Highlights for the Fiscal Year Ending June 30, 2007

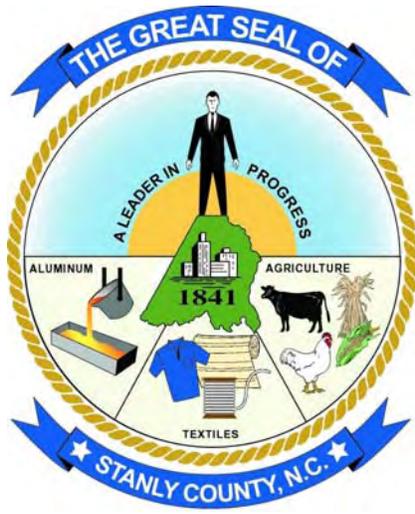
Governmental Activities: Property tax values are expected to grow by less than 3%, primarily because of changes in the calculation for depreciation. Solid waste and other fees increased slightly.

General Fund expenditures were budgeted to rise from \$51,234,730 to \$54,146,371 which is a 5.7% increase. The largest increments are for employee compensation and benefits. Debt service outlay was increased by \$527,000 to fund the first year of debt payments on the new jail.

Business-type Activities: The water and sewer rates were increased primarily to achieve financial self-sufficiency.

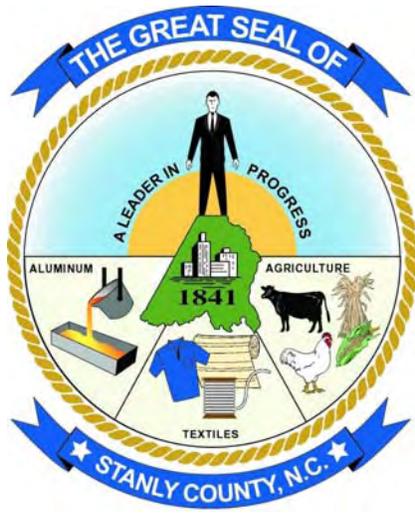
Requests for Information

This report is designed to provide an overview of the County's finances. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Stanly County, 1000 North First Street, Suite 10B, Albemarle, North Carolina, 28001.



THIS PAGE LEFT INTENTIONALLY BLANK

BASIC FINANCIAL STATEMENTS



THIS PAGE LEFT INTENTIONALLY BLANK

STANLY COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS
JUNE 30, 2006

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and cash equivalents	\$ 15,484,916	\$ 2,263,897	\$ 17,748,813
Receivables, net	6,492,486	415,278	6,907,764
Internal balances	119,817	(119,817)	-
Inventories	-	77,942	77,942
Prepaid items	119,367	-	119,367
Bond discount, net of amortization	-	24,508	24,508
Capital Assets:			
Land	1,370,843	4,208,198	5,579,041
Construction in progress	-	6,611,082	6,611,082
Depreciable assets, net	12,204,893	21,263,222	33,468,115
Total assets	35,792,322	34,744,310	70,536,632
Liabilities:			
Accounts payable	1,981,372	307,132	2,288,504
Due to other governments	259,565	-	259,565
Interest payable	303,506	9,433	312,939
Payroll payable	80,401	2,680	83,081
Deposits payable	-	89,670	89,670
Unearned revenue	75,108	-	75,108
Noncurrent liabilities:			
Due within a year	1,942,068	271,535	2,213,603
Due in more than a year	22,564,450	994,314	23,558,764
Total liabilities	27,206,470	1,674,764	28,881,234
Net Assets:			
Invested in capital assets, net of related debt	12,190,805	30,892,567	43,083,372
Restricted for:			
Wireless	18,130	-	18,130
Register of deeds	53,380	-	53,380
Unrestricted (deficit)	(3,676,463)	2,176,979	(1,499,484)
Total net assets	\$ 8,585,852	\$ 33,069,546	\$ 41,655,398

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

STANLY COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 4,507,077	\$ 1,668,751	\$ 951,441	\$ -
Public safety	10,901,818	2,022,339	673,524	-
Transportation	799,799	303,563	255,782	164,368
Environmental protection	927,806	740,437	-	-
Economic and physical development	2,001,170	13,081	526,121	-
Human services	15,746,398	1,910,676	6,981,107	-
Education	14,524,281	-	1,483,656	-
Culture and recreation	1,552,261	27,714	163,979	-
Interest on long-term debt	1,085,577	-	-	-
Total governmental activities	<u>52,046,186</u>	<u>6,686,561</u>	<u>11,035,610</u>	<u>164,368</u>
Business-Type Activities:				
Greater Badin Water and Sewer District	687,015	503,490	-	436,153
Piney Point Water District	81,696	90,524	-	-
Stanly County Utility Fund	2,083,752	2,168,636	-	132,206
Airport Fund	<u>1,445,778</u>	<u>397,830</u>	<u>-</u>	<u>439,242</u>
Total business-type activities	<u>4,298,241</u>	<u>3,160,480</u>	<u>-</u>	<u>1,007,601</u>
Total primary government	<u>\$ 56,344,427</u>	<u>\$ 9,847,041</u>	<u>\$ 11,035,610</u>	<u>\$ 1,171,969</u>

General Revenues:

Ad valorem taxes
Local option sales tax
Other taxes
Interest earned on investments
Transfers in (out)

Total general revenues and transfers

Change in Net Assets

Net assets, beginning of year - July 1

Net assets, end of year - June 30

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

Exhibit B

<u>Net (Expense) Revenue and Changes in Net Assets</u>		
<u>Primary Government</u>		
<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
<u>Activities</u>	<u>Activities</u>	
\$ (1,886,885)	\$ -	\$ (1,886,885)
(8,205,955)	-	(8,205,955)
(76,086)	-	(76,086)
(187,369)	-	(187,369)
(1,461,968)	-	(1,461,968)
(6,854,615)	-	(6,854,615)
(13,040,625)	-	(13,040,625)
(1,360,568)	-	(1,360,568)
<u>(1,085,577)</u>	<u>-</u>	<u>(1,085,577)</u>
<u>(34,159,647)</u>	<u>-</u>	<u>(34,159,647)</u>
-	252,628	252,628
-	8,828	8,828
-	217,090	217,090
<u>-</u>	<u>(608,706)</u>	<u>(608,706)</u>
<u>-</u>	<u>(130,160)</u>	<u>(130,160)</u>
<u>(34,159,647)</u>	<u>(130,160)</u>	<u>(34,289,807)</u>
27,029,395	-	27,029,395
9,922,637	-	9,922,637
557,210	-	557,210
921,555	26,276	947,831
<u>(2,152,690)</u>	<u>2,152,690</u>	<u>-</u>
<u>36,278,107</u>	<u>2,178,966</u>	<u>38,457,073</u>
2,118,460	2,048,806	4,167,266
<u>6,467,392</u>	<u>31,020,740</u>	<u>37,488,132</u>
<u>\$ 8,585,852</u>	<u>\$ 33,069,546</u>	<u>\$ 41,655,398</u>

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

STANLY COUNTY, NORTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

	<u>Major</u>	<u>Non-Major</u>	
	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Cash and cash equivalents	\$ 13,212,197	\$ 1,213,081	\$ 14,425,278
Receivables, net	5,970,178	137,953	6,108,131
Due from other funds	139,660	-	139,660
Prepaid items	<u>33,382</u>	<u>-</u>	<u>33,382</u>
Total assets	<u>\$ 19,355,417</u>	<u>\$ 1,351,034</u>	<u>\$ 20,706,451</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,067,894	\$ 51,555	\$ 1,119,449
Due to other governments	259,565	-	259,565
Due to other funds	-	19,843	19,843
Deferred revenue	1,990,516	72,380	2,062,896
Unearned revenue	<u>75,108</u>	<u>-</u>	<u>75,108</u>
Total liabilities	<u>3,393,083</u>	<u>143,778</u>	<u>3,536,861</u>
Fund Balances:			
Reserved/restricted for:			
Prepaid items	33,382	-	33,382
By state statute	4,119,322	41,252	4,160,574
Register of deeds	53,380	-	53,380
Wireless	-	18,130	18,130
Unreserved Reported In:			
General fund	11,756,250	-	11,756,250
Special revenue fund	-	482,567	482,567
Capital project fund	<u>-</u>	<u>665,307</u>	<u>665,307</u>
Total fund balances	<u>15,962,334</u>	<u>1,207,256</u>	<u>17,169,590</u>
Total liabilities and fund balances	<u>\$ 19,355,417</u>	<u>\$ 1,351,034</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 are not reported in the funds.	13,575,736
The focus of governmental funds is on short-term financing; long-term assets are deferred in the funds.	2,440,480
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(24,810,025)
Internal service funds are used by management to charge the costs of certain activities to individual funds. These assets and liabilities are included in governmental activities in the statement of net assets.	<u>210,071</u>
Net assets of governmental activities	<u>\$ 8,585,852</u>

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

STANLY COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Major</u>	<u>Non-Major</u>	
	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Ad valorem taxes	\$ 25,307,601	\$ 1,521,727	\$ 26,829,328
Local option sales taxes	9,922,637	-	9,922,637
Other taxes and licenses	557,210	-	557,210
Unrestricted intergovernmental	6,080	-	6,080
Restricted intergovernmental	9,839,048	526,121	10,365,169
Permits and fees	813,844	-	813,844
Sales and services	5,408,515	326,401	5,734,916
Investment earnings	804,029	22,977	827,006
Miscellaneous	834,809	-	834,809
Total revenues	<u>53,493,773</u>	<u>2,397,226</u>	<u>55,890,999</u>
Expenditures:			
Current:			
General government	4,681,710	22,764	4,704,474
Public safety	9,137,961	1,973,949	11,111,910
Transportation	910,591	-	910,591
Environmental protection	938,032	-	938,032
Economic and physical development	1,410,353	597,399	2,007,752
Human services	15,748,602	-	15,748,602
Education	14,318,186	-	14,318,186
Culture and recreation	1,728,212	-	1,728,212
Debt Service:			
Principal	1,333,098	-	1,333,098
Interest and other charges	1,099,665	-	1,099,665
Total expenditures	<u>51,306,410</u>	<u>2,594,112</u>	<u>53,900,522</u>
Revenues over (under) expenditures	<u>2,187,363</u>	<u>(196,886)</u>	<u>1,990,477</u>
Other Financing Sources (Uses):			
Transfers from other funds	-	580,000	580,000
Transfers to other funds	(2,732,690)	-	(2,732,690)
Total other financing sources and uses	<u>(2,732,690)</u>	<u>580,000</u>	<u>(2,152,690)</u>
Net change in fund balances	(545,327)	383,114	(162,213)
Fund balance, beginning of year - July 1	<u>16,507,661</u>	<u>824,142</u>	<u>17,331,803</u>
Fund balance, end of year - June 30	<u>\$ 15,962,334</u>	<u>\$ 1,207,256</u>	<u>\$ 17,169,590</u>

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

STANLY COUNTY, NORTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2006

Amounts reported for governmental activities in the statement of activities are different due to the following items:

Net changes in fund balances for governmental funds	\$ (162,213)
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is depreciated over their estimated useful lives.	
Capital outlays \$ 2,112,275	
Depreciation <u>(1,400,019)</u>	712,256
Costs of capital assets disposed of during the year, not recognized on modified accrual basis	(154,704)
The issuance of long-term debt (e.g., bonds, leases) is a resource and the repayment of bond principal is an expenditure in governmental funds, but those transactions increase or reduce long-term liabilities in the statement of net assets.	
Debt retired	1,333,098
Some revenues reported in the statement of activities are not yet available and, therefore, are not reported as revenues in the governmental funds.	250,549
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(56,249)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of most of these activities is reported with governmental activities.	<u>195,723</u>
Change in net assets of governmental activities	<u>\$ 2,118,460</u>

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

STANLY COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2006

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 25,380,250	\$ 25,380,250	\$ 25,307,601	\$ (72,649)
Sales taxes	10,220,000	10,220,000	9,922,637	(297,363)
Other taxes	499,400	499,400	557,210	57,810
Unrestricted intergovernmental	6,500	6,500	6,080	(420)
Restricted intergovernmental	8,908,813	9,788,988	9,839,048	50,060
Licenses and permits	850,550	850,550	813,844	(36,706)
Sales and services	4,521,063	5,160,292	5,408,515	248,223
Investment earnings	200,000	250,000	804,029	554,029
Miscellaneous	518,154	728,967	834,809	105,842
Total revenues	<u>51,104,730</u>	<u>52,884,947</u>	<u>53,493,773</u>	<u>608,826</u>
Expenditures:				
Current:				
General government	4,625,131	4,917,131	4,681,710	235,421
Public safety	9,046,766	9,346,103	9,137,961	208,142
Transportation	916,804	916,804	910,591	6,213
Environmental protection	924,197	924,197	938,032	(13,835)
Economic and physical development	1,492,497	1,695,237	1,410,353	284,884
Human services	15,803,629	16,132,118	15,748,602	383,516
Education	13,734,530	14,434,530	14,318,186	116,344
Culture and recreation	1,587,203	1,800,654	1,728,212	72,442
Debt Service:				
Principal	1,253,005	1,253,005	1,333,098	(80,093)
Bond interest and costs	1,181,758	1,181,758	1,099,665	82,093
Total expenditures	<u>50,565,520</u>	<u>52,601,537</u>	<u>51,306,410</u>	<u>1,295,127</u>
Revenues over (under) expenditures	<u>539,210</u>	<u>283,410</u>	<u>2,187,363</u>	<u>1,903,953</u>
Other Financing Sources (Uses):				
Transfers - out	(205,376)	(2,732,690)	(2,732,690)	-
Appropriated fund balance	(333,834)	2,449,280	-	(2,449,280)
Total other financing sources (uses)	<u>(539,210)</u>	<u>(283,410)</u>	<u>(2,732,690)</u>	<u>(2,449,280)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(545,327)</u>	<u>\$ (545,327)</u>
Fund balance, beginning of year - July 1			<u>16,507,661</u>	
Fund balance, end of year - June 30			<u>\$ 15,962,334</u>	

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

STANLY COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2006

	Enterprise Funds				Total	Governmental Activities- Internal Service Group Health Fund
	Greater Badin Water & Sewer District Fund	Piney Point Water District Fund	Stanly County Utility Fund	Airport Fund		
Assets:						
Current Assets:						
Cash and cash equivalents	\$ 15,251	\$ 115,336	\$ 1,532,440	\$ 600,870	\$ 2,263,897	\$ 1,059,639
Accounts receivable, net	88,143	12,291	293,695	11,552	405,681	-
Interest receivable	-	954	-	8,643	9,597	6,771
Prepaid items	-	-	-	-	-	85,985
Inventories	-	-	43,993	33,949	77,942	-
Total current assets	<u>103,394</u>	<u>128,581</u>	<u>1,870,128</u>	<u>655,014</u>	<u>2,757,117</u>	<u>1,152,395</u>
Noncurrent Assets:						
Bond discount, net of amortization	-	-	24,508	-	24,508	-
Capital Assets:						
Land	-	-	223,784	3,984,414	4,208,198	-
Construction in progress	780,643	-	4,119,076	1,711,363	6,611,082	-
Capital assets, net of depreciation	<u>2,235,241</u>	<u>305,470</u>	<u>6,569,637</u>	<u>12,152,874</u>	<u>21,263,222</u>	-
Total capital assets, net	<u>3,015,884</u>	<u>305,470</u>	<u>10,912,497</u>	<u>17,848,651</u>	<u>32,082,502</u>	-
Total noncurrent assets	<u>3,015,884</u>	<u>305,470</u>	<u>10,937,005</u>	<u>17,848,651</u>	<u>32,107,010</u>	-
Total assets	<u>3,119,278</u>	<u>434,051</u>	<u>12,807,133</u>	<u>18,503,665</u>	<u>34,864,127</u>	<u>1,152,395</u>
Liabilities:						
Current Liabilities:						
Accounts payable	60,856	5,523	186,754	53,999	307,132	-
Interest payable	4,562	1,111	3,760	-	9,433	-
Payroll payable	-	-	655	2,025	2,680	-
Interfund payable	119,817	-	-	-	119,817	-
Compensated absences payable	-	-	18,250	5,250	23,500	-
Current portion of long-term debt	62,731	68,279	117,025	-	248,035	-
Health and workers' comp payable	-	-	-	-	-	942,324
Total current liabilities	<u>247,966</u>	<u>74,913</u>	<u>326,444</u>	<u>61,274</u>	<u>710,597</u>	<u>942,324</u>
Noncurrent Liabilities:						
Customer deposits	12,580	420	76,670	-	89,670	-
Compensated absences payable	-	-	46,636	5,778	52,414	-
Noncurrent portion of long-term debt	<u>445,504</u>	<u>61,909</u>	<u>434,487</u>	-	<u>941,900</u>	-
Total noncurrent liabilities	<u>458,084</u>	<u>62,329</u>	<u>557,793</u>	<u>5,778</u>	<u>1,083,984</u>	-
Total liabilities	<u>706,050</u>	<u>137,242</u>	<u>884,237</u>	<u>67,052</u>	<u>1,794,581</u>	<u>942,324</u>
Net Assets:						
Invested in capital assets, net of related debt	2,507,649	175,282	10,360,985	17,848,651	30,892,567	-
Unrestricted (deficit)	<u>(94,421)</u>	<u>121,527</u>	<u>1,561,911</u>	<u>587,962</u>	<u>2,176,979</u>	<u>210,071</u>
Total net assets	<u>\$ 2,413,228</u>	<u>\$ 296,809</u>	<u>\$ 11,922,896</u>	<u>\$ 18,436,613</u>	<u>\$ 33,069,546</u>	<u>\$ 210,071</u>

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

STANLY COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Enterprise Funds				Totals	Governmental Activities- Internal Service Group Health Fund
	Greater Badin Water & Sewer District Fund	Piney Point Water District Fund	Stanly County Utility Fund	Airport Fund		
Operating Revenues:						
Sales and charges	\$ 496,270	\$ 90,151	\$ 1,959,587	\$ 397,830	\$ 2,943,838	\$ 3,382,718
Other	7,220	373	68,758	-	76,351	-
Total operating revenues	503,490	90,524	2,028,345	397,830	3,020,189	3,382,718
Operating Expenses:						
Administration	51,241	10,759	229,466	-	291,466	-
Distribution and maintenance	193,309	1,507	830,298	-	1,025,114	-
Water purchases	145,862	29,870	495,499	-	671,231	-
Airport operations	-	-	-	583,419	583,419	-
Group health operations	-	-	-	-	-	2,724,635
Workers' compensation	-	-	-	-	-	506,427
Depreciation	272,288	34,762	486,697	862,359	1,656,106	-
Total operating expenses	662,700	76,898	2,041,960	1,445,778	4,227,336	3,231,062
Operating income (loss)	(159,210)	13,626	(13,615)	(1,047,948)	(1,207,147)	151,656
Nonoperating Revenues (Expenses):						
Interest income	-	4,756	-	21,520	26,276	44,067
Grant	-	-	132,206	-	132,206	-
Administrative charges	-	-	140,291	-	140,291	-
Interest on long-term debt	(24,315)	(4,798)	(41,792)	-	(70,905)	-
Total nonoperating revenues (expenses)	(24,315)	(42)	230,705	21,520	227,868	44,067
Income before contributions and transfers	(183,525)	13,584	217,090	(1,026,428)	(979,279)	195,723
Contributions and Transfers:						
Transfers - in	-	-	1,836,202	316,488	2,152,690	-
Capital contributions	436,153	-	-	439,242	875,395	-
Total contributions and transfers	436,153	-	1,836,202	755,730	3,028,085	-
Change in net assets (deficit)	252,628	13,584	2,053,292	(270,698)	2,048,806	195,723
Net Assets:						
Net assets - July 1	1,859,275	283,225	10,170,929	18,707,311	31,020,740	14,348
Prior period adjustment	301,325	-	(301,325)	-	-	-
Net assets - July 1, restated	2,160,600	283,225	9,869,604	18,707,311	31,020,740	14,348
Net assets - June 30	\$ 2,413,228	\$ 296,809	\$ 11,922,896	\$ 18,436,613	\$ 33,069,546	\$ 210,071

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

STANLY COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Enterprise Funds				Totals	Governmental Activities- Internal Service Group Health Fund
	Greater Badin Water & Sewer District Fund	Piney Point Water District Fund	Stanly County Utility Fund	Airport Fund		
Cash Flows From Operating Activities:						
Cash received from customers	\$ 640,061	\$ 89,954	\$ 2,763,281	\$ 417,654	\$ 3,910,950	\$ 3,382,718
Cash paid for goods and services	(494,606)	(42,434)	(1,957,738)	(683,020)	(3,177,798)	(2,859,879)
Cash paid to employees for services	-	-	(518,073)	(209,279)	(727,352)	-
Customer deposits	550	90	6,090	-	6,730	-
Net cash provided (used) by operating activities	146,005	47,610	293,560	(474,645)	12,530	522,839
Cash Flows From Noncapital Financing Activities:						
Transfers from general fund	-	-	1,836,202	316,488	2,152,690	-
Other non-operating revenues	-	-	140,291	-	140,291	-
Net cash provided by noncapital financing activities	-	-	1,976,493	316,488	2,292,981	-
Cash Flows From Capital and Related Financing Activities:						
Acquisition and construction of capital assets	(479,318)	-	(692,457)	(687,583)	(1,859,358)	-
Principal paid on bond maturities and lease purchases	(62,731)	(40,713)	(141,145)	-	(244,589)	-
Interest paid on bond maturities and lease purchases	(25,083)	(5,145)	(36,657)	-	(66,885)	-
Capital contribution	436,153	-	132,206	439,242	1,007,601	-
Net cash used by capital and related financing activities	(130,979)	(45,858)	(738,053)	(248,341)	(1,163,231)	-
Cash Flows From Investing Activities:						
Interest on investments	-	4,756	-	21,520	26,276	41,597
Net increase (decrease) in cash and cash equivalents	15,026	6,508	1,532,000	(384,978)	1,168,556	564,436
Cash and cash equivalents, July 1	225	108,828	440	985,848	1,095,341	495,203
Cash and cash equivalents, June 30	\$ 15,251	\$ 115,336	\$ 1,532,440	\$ 600,870	\$ 2,263,897	\$ 1,059,639
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating income (loss)	\$ (159,210)	\$ 13,626	\$ (13,615)	\$ (1,047,948)	\$ (1,207,147)	\$ 151,656
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	272,288	34,762	486,697	862,359	1,656,106	-
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	136,571	(571)	734,936	19,824	890,760	-
(Increase) decrease in prepaid items	-	-	-	-	-	64,430
(Increase) decrease in inventory	-	-	9,039	(8,185)	854	-
Increase (decrease) in accounts payable and liabilities	(104,194)	(298)	(929,232)	(299,178)	(1,332,902)	306,753
Increase (decrease) in customer deposits	550	91	6,090	-	6,731	-
Increase (decrease) in compensated absences	-	-	(355)	(1,517)	(1,872)	-
Total adjustments	305,215	33,984	307,175	573,303	1,219,677	371,183
Net cash provided (used) by operating activities	\$ 146,005	\$ 47,610	\$ 293,560	\$ (474,645)	\$ 12,530	\$ 522,839

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

STANLY COUNTY, NORTH CAROLINA

**STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2006**

	<u>Agency Fund</u>
Assets:	
Cash and cash equivalents	\$ 110,658
Commissary cash	<u>18,864</u>
Total assets	<u>\$ 129,522</u>
 Liabilities:	
Liabilities:	
Accounts payable	\$ 86,091
Client payable	<u>43,431</u>
Total liabilities	<u>\$ 129,522</u>

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

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

I. Summary of Significant Accounting Policies

The accounting policies of Stanly County conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The County, which is governed by a five-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, which are legally separate entities for which the County is financially accountable. The blended component units, although legally separate entities, are in substance part of the County's operations.

Blended component units – Piney Point Water District and Greater Badin Water and Sewer District (Districts) exist to provide and maintain water and sewer services for residents within the Districts. Under state law (G. S. 162A-89), the County's board of commissioners serves as the governing board for the Districts. Therefore, the Districts are reported as enterprise funds in the County's financial statements. The Districts do not issue separate financial statements.

Discretely presented component units – Stanly County Industrial Facility and Pollution Control Financing Authority exists to issue and service revenue bond debt of private businesses for economic development purposes. The county commissioners appoint a seven-member board to govern the Authority. The county commissioners can remove any Authority member with or without cause. The Authority has no financial transactions or account balances; therefore, it is not presented in the County's financial statements at June 30, 2006. The Authority does not issue separate financial statements.

B. Basis of Presentation, Basis of Accounting

The government-wide statements (Exhibit A – statement of net assets, and Exhibit B – the statement of activities) report information on all activities of the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The County does not operate any permanent fiduciary funds, therefore the government-wide statements do not include any fiduciary funds or fiduciary-type component units.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County, and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function, and therefore are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

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 reports the following major governmental funds:

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

The County reports the following major enterprise funds – Greater Badin Water and Sewer Fund, Piney Point Water District, and Stanly County Utility Fund provide for water and sewer services. The Airport operations provide for landings, take-offs, tie-down slots, hangars, and refueling for both civilian and military aircraft.

The County reports the following fund types:

Agency Funds - Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following Agency Funds: the Fines and Forfeitures Fund, which is used to account for monies collected by the Clerk of Court for the benefit of the Boards of Education located within Stanly County; the Sheriff's Execution Agency Fund, which is used to account for monies collected for tax warrants and judgments; the Protective Payee Fund, which is used to account for monies deposited with the County's Social Services Department for the benefit of certain individuals for whom the County acts as agent; the Property Tax Clearing Fund, which is used to account for monies collected from ad valorem taxes for the benefit of municipalities located in the County; and the Delinquent Vehicle Tax 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.

Internal Service Fund – The Internal Service Fund is used to account for the financial activities of the County's self-insured benefit plans for employee health care and workers compensation.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 and Proprietary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except agency funds that have no measurement focus. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

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. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of 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 nonoperating revenues and expenses.

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

The County considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change of 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 those motor vehicles registered under the staggered system and for vehicles newly registered under the annual system, 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 2005 through February 2006 apply to the fiscal year ended June 30, 2006. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements. In addition, as of January 1, 2006, State law implemented a staggered expiration date system for annually registered vehicles as part of the conversion into the staggered registration. Originally, annual registration expired December 31st each year with taxes due by May 1st of the following year. To transition from the staggered into the annual registration, the initial 2006 registration renewals will vary from 7 to 18 months after December 31, 2005. Once these renewals have expired, all vehicles that were previously annually registered will be in the staggered system.

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

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.

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Emergency Telephone System and Fire District Special Revenue Funds, and the Enterprise Funds. All annual appropriations lapse at the end of the fiscal year. Project ordinances are adopted for the Community Development Block Grant, Housing, Jobs, and Gas Line Special Revenue Funds, the Jail Construction Capital Project Fund and the Enterprise Capital Projects Funds, which are consolidated with the enterprise operating funds for reporting purposes.

All budgets are prepared using the modified accrual basis of accounting, which is consistent with the accounting system used to record transactions. The legal level of control over expenditures is at a functional level for the General Fund and at the fund level for Special Revenue Funds and Enterprise Funds. The balances in the capital reserve funds will be appropriated when transferred to a capital project fund or to the school system in accordance with the project ordinance adopted for the reserve funds. The county manager is authorized by the budget ordinance to transfer line item appropriations within a fund up to \$5,000; however, the Board of Commissioners must approve any revisions that alter total expenditures of any fund. During the year, a number of amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the Board of Commissioners must adopt an interim budget that covers that time until the annual ordinance can be adopted.

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

D. Assets, Liabilities, and Net Assets or Equity

1. 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 and loan 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, a SEC-registered (2a-7) money market mutual fund.

The County's investments with maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market price. The NCCMT Cash Portfolio's securities are valued at fair value, which is the NCCMT's share price.

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

3. 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 certain motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1; however, penalties and interest do not accrue until the following January 6, when property taxes attach as enforceable liens. These taxes are based on the assessed values as of January 1, 2005. As allowed by state law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the General Fund, ad valorem tax revenues are reported net of such discounts. Ad valorem taxes receivable are not accrued as revenue because the amount is not considered "available" to finance the operations of the subsequent year because at June 30 the taxes are materially past due. The receivable amount is reduced by an allowance for doubtful accounts, and an amount equal to the net receivable is shown as deferred revenue on the combined balance sheet.

4. Allowances for doubtful accounts – Receivables that historically experience uncollectible accounts are shown net of allowances for doubtful accounts. These amounts are estimated by analyzing the percentage of receivables written off in prior years.

5. Inventories – The inventories of the enterprise funds consist of materials and supplies held for consumption, and are valued using the first-in, first-out method or cost. The cost is recorded as an expense when the inventory is consumed.

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

6. Capital assets – The County’s minimum capitalization threshold is \$2,000. Capital assets are recorded at original cost at the time of acquisition or estimated market value at the time of donation. Interest is capitalized on enterprise capital assets acquired with debt. The amount of interest capitalized is offset by interest income derived from investing the proceeds of the debt. Depreciation is recorded on the straight-line basis using the following depreciable lives:

Water distribution systems	20 to 50 years
Sewer collection system	20 years
Wastewater treatment facility	20 years
Buildings and terminal	40 years
Airport improvements	10 to 30 years
Equipment	3 to 10 years

7. Long-term obligations – In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. In the fund financial statements for governmental fund types, the face amount of debt issued is reported as an other financing source.

8. Compensated absences – The vacation policy of the County provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the County’s government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

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

9. 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.

10. Deferred / unearned revenue – Property taxes collected in advance of the fiscal year to which they apply are recorded as unearned revenue in the government-wide financial statements and deferred revenue in the fund financial statements. Certain receivables are also recorded as deferred revenue in the fund financial statements because they are not considered to be available at year-end.

11. Self-insured - The County is self-insured for workers’ compensation and for employee’s medical with third party insurance coverage at specified levels. The self-insurance plan is administered by a third party administrator. Amounts remitted by the County to the administrator include estimates of the eventual loss on claims arising prior to year-end, including claims incurred and not yet reported. The liability for estimated claims is accrued in the Group Health Fund.

12. Net assets and fund equity – 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

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

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

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

Fund Balances

Reserved fund balances are legal or regulated restrictions as established by state law or by a state regulatory agency.

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 that are not offset by deferred revenues.

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.

Reserved for prepaid items – portion of fund balance required to be reserved for the amount of prepaid items.

Reserved for Wireless – portion of fund balance required to be used to purchase and maintain wireless 911 equipment as well as establish and provide wireless 911 service.

General Fund Unreserved – Designated fund balances totaling \$2,599,082 are comprised of the following:

Designated for Home Health – Portion of fund balance designated for future home health services - \$386,492.

Designated for Medicaid Settlements -- Portion of fund balance designated for future health related activities - \$308,737.

Designated for Dental Clinic – Portion of fund balance designated for future dental clinic services - \$719,714.

Designated for Library Endowment – Portion of fund balance designated for Library activities - \$45,631.

Designated for 4-H – Portion of fund balance designated for future 4-H services - \$30,671.

Designated for subsequent year's expenditures – Portion of fund balance that has been designated for the adopted 2006-2007 budget ordinance - \$1,107,837.

Undesignated – the portion of total fund balance available for future appropriations.

**STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006**

E. Reconciliation of Government-Wide and Fund Financial Statements

1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. The net adjustment consists of several elements as follows:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.

Land	\$ 1,370,843	
Depreciable property	26,167,276	
Accumulated depreciation	<u>(13,962,383)</u>	\$ 13,575,736

The focus of governmental funds is on short-term financing; long-term assets are deferred in the funds.

Interest receivable	377,584	
Deferred taxes	<u>2,062,896</u>	2,440,480

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. County incurs debt for school construction but does not receive title for the building or property. This financial transaction results in a deficit for the County's net assets.

Interest payable	(303,507)	
Due in one year	(1,942,068)	
Due in more than one year	<u>(22,564,450)</u>	(24,810,025)

Internal service funds are used by management to charge the costs of certain activities to individual funds. These assets and liabilities are included in governmental activities in the statement of net assets.

210,071

Total adjustment		<u><u>\$ (8,583,738)</u></u>
------------------	--	------------------------------

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The elements of the total adjustments are as follows:

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Capital outlays	\$ 2,112,275	
Depreciation	<u>(1,400,019)</u>	\$ 712,256

Costs of capital assets disposed of during the year, not recognized on modified accrual basis	(154,704)
---	-----------

The issuance of long-term debt (e.g., bonds, leases) is a resource, and the repayment of bond principal is an expenditure in governmental funds, but those transactions increase or reduce long-term liabilities in the statement of net assets.

Debt retired	<u>1,333,098</u>	1,333,098
--------------	------------------	-----------

Some revenues reported in the statement of activities are not yet available and, therefore, are not reported as revenues in the governmental funds.

Accrual of interest	50,482	
Accrual of taxes	<u>200,067</u>	250,549

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Allowance for special separation	(10,508)	
Compensated absences	(59,829)	
Interest expense	<u>14,088</u>	(56,249)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of most of these activities is reported with governmental activities.

	<u>195,723</u>	<u>195,723</u>
--	----------------	----------------

Total adjustment		<u><u>\$ 2,280,673</u></u>
------------------	--	----------------------------

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

II. Stewardship, Compliance, and Unrestricted Net Asset Deficit

The Community Development Block Grant Scattered Site Housing fund had a deficit fund balance of \$717 as of June 30, 2006. This deficit occurred due to an expenditure which was discovered and reclassified after the project close-out. Management will more closely review the funds and ensure that deficits do not reoccur.

The environmental protection function had appropriations that exceeded the amended budget of the County by \$13,835. This over-expenditure occurred due to an emergency repair which occurred at year-end. Management will more closely monitor budget reports to ensure compliance in future years.

III. Detail Notes on All Funds

A. Assets

1. Deposits – All of the County's demand deposits and certificates of deposits are either federal depository insured or collateralized by the Pooling Method, a collateral pool, where 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 County'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 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 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 does not have a policy regarding custodial credit risk for deposits.

The County maintains a pool for substantially all cash, cash equivalents, and investments. These balances are reflected in the financial statements as "cash and cash equivalents" or "restricted assets" as appropriate. Interest earnings are allocated monthly to qualified funds based on the fund's monthly cash balances.

At June 30, 2006 the County's demand deposits had a carrying amount of \$13,398,046 and a bank balance of \$13,699,065. Of the bank balance, \$420,737 was covered by federal depository insurance. The remaining \$13,278,328 was collateralized under the Pooling Method.

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

2. Investments

Under State Statutes, the County is authorized to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, banker's acceptances, repurchase agreements, commercial paper, North Carolina State and local bonds, certificates of deposit, and North Carolina Capital Management Trust Fund, a SEC Rule 2a-7 like fund which has the characteristic of a Money Market Fund. The State imposes certain rating requirements for some of the investments listed above. There were no capital losses reported during the period.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>	<u>6-12 Months</u>	<u>1-3 Years</u>
NC Capital Management Trust - Cash Portfolio	\$ 4,480,289	N/A	N/A	N/A
Total	\$ 4,480,289	\$ -	\$ -	\$ -

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits at least half of the County's investment portfolio to maturities of less than one year. Also, the County's investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than three years.

Credit Risk. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2006. All other investments, certificates of deposits and sweep accounts are covered by financial institutions who participate in the pooling method.

3. Property Tax and Use-value Assessment on Certain Lands – In accordance with the general statutes, agriculture, horticulture, and forestland may be taxed at present use-value rather than 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 accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if the present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 1,650,502	\$ 392,000	\$ 2,042,502
2004	1,688,789	249,092	1,937,881
2005	2,280,355	131,119	2,411,474
2006	2,348,643	-	2,348,643
Total	<u>\$ 7,968,289</u>	<u>\$ 772,211</u>	<u>\$ 8,740,500</u>

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

4. Receivables

Receivables at the government-wide level at June 30, 2006 were as follows:

	<u>Taxes Receivable</u>	<u>Trade Accounts Receivable</u>	<u>Due from Other Governments</u>	<u>Interest and Other</u>	<u>Total</u>
Governmental Activities:					
General	\$ 2,311,645	\$ 2,723,230	\$ 1,622,390	\$ 377,584	\$ 7,034,849
Other Governmental	<u>81,395</u>	<u>65,572</u>	<u>-</u>	<u>6,771</u>	<u>153,738</u>
Total receivables	2,393,040	2,788,802	1,622,390	384,355	7,188,587
Allowance for doubtful accounts	<u>(330,142)</u>	<u>(365,959)</u>	<u>-</u>	<u>-</u>	<u>(696,101)</u>
Total governmental activities	<u>\$ 2,062,898</u>	<u>\$ 2,422,843</u>	<u>\$ 1,622,390</u>	<u>\$ 384,355</u>	<u>\$ 6,492,486</u>
Business-type Activities:					
Water and Sewer Districts	\$ -	\$ 409,398	\$ -	\$ 740	\$ 410,138
Airport	<u>-</u>	<u>16,495</u>	<u>-</u>	<u>3,856</u>	<u>20,351</u>
Total receivables	-	425,893	-	4,596	430,489
Allowance for doubtful accounts	<u>-</u>	<u>(15,211)</u>	<u>-</u>	<u>-</u>	<u>(15,211)</u>
Total business-type activities	<u>\$ -</u>	<u>\$ 410,682</u>	<u>\$ -</u>	<u>\$ 4,596</u>	<u>\$ 415,278</u>

Due from other governments for the year ended June 30, 2006, consists of the following:

Local option sales tax	\$ 1,580,181
EMS	20,783
Tires and white goods	<u>21,426</u>
Total	<u>\$ 1,622,390</u>

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

5. Capital Assets

Primary Government

Capital asset activity for the governmental activities for the year ended June 30, 2006 was as follows:

	06/30/05	Additions	Retirements	06/30/06
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 1,370,843	\$ -	\$ -	\$ 1,370,843
Total capital assets not being depreciated	<u>1,370,843</u>	<u>-</u>	<u>-</u>	<u>1,370,843</u>
Capital Assets Being Depreciated:				
Buildings	16,815,889	371,012	-	17,186,901
Equipment and vehicles	8,204,394	1,741,263	965,282	8,980,375
Total capital assets being depreciated	<u>25,020,283</u>	<u>2,112,275</u>	<u>965,282</u>	<u>26,167,276</u>
Less Accumulated Depreciation For:				
Buildings	6,840,241	438,484	-	7,278,725
Equipment and vehicles	6,532,701	961,535	810,578	6,683,658
Total accumulated depreciation	<u>13,372,942</u>	<u>\$ 1,400,019</u>	<u>\$ 810,578</u>	<u>13,962,383</u>
Total capital assets being depreciated, net	<u>11,647,341</u>			<u>12,204,893</u>
Governmental activity capital assets, net	<u>\$13,018,184</u>			<u>\$ 13,575,736</u>

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

Governmental Functions:	
General government	\$ 266,960
Public safety	758,295
Transportation	88,712
Environmental protection	7,116
Economic development	943
Human services	71,898
Culture and recreation	<u>206,095</u>
Total depreciation expense governmental functions	<u>\$ 1,400,019</u>

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

Business-type Activities

Capital asset activity for business-type activities for the year ended June 30, 2006 was as follows:

	<u>06/30/05</u>	<u>Additions</u>	<u>Retirements</u>	<u>06/30/06</u>
Business-Type Activities:				
Greater Badin Water and Sewer:				
Construction in progress	\$ 301,325	\$ 479,318	\$ -	\$ 780,643
Capital assets being depreciated:				
Plant in service	5,716,768	-	-	5,716,768
Equipment	97,584	-	-	97,584
Vehicles	37,470	-	-	37,470
Total capital assets being depreciated	<u>5,851,822</u>	<u>-</u>	<u>-</u>	<u>5,851,822</u>
Less accumulated depreciation for:				
Plant in service	3,206,873	269,921	-	3,476,794
Equipment	99,951	2,367	-	102,318
Vehicles	37,469	-	-	37,469
Total accumulated depreciation	<u>3,344,293</u>	<u>272,288</u>	<u>-</u>	<u>3,616,581</u>
Total capital assets being depreciated, net	<u>2,507,529</u>			<u>2,235,241</u>
Total Greater Badin capital assets, net	<u>2,808,854</u>			<u>3,015,884</u>
Piney Point Water:				
Capital assets being depreciated:				
Plant in service	727,984	-	-	727,984
Total capital assets being depreciated	<u>727,984</u>	<u>-</u>	<u>-</u>	<u>727,984</u>
Less accumulated depreciation for:				
Plant in service	387,752	34,762	-	422,514
Total accumulated depreciation	<u>387,752</u>	<u>34,762</u>	<u>-</u>	<u>422,514</u>
Total Piney Point capital assets, net	<u>340,232</u>			<u>305,470</u>
Stanly Utility Operating:				
Capital assets not being depreciated:				
Land	223,784	-	-	223,784
Construction in progress	3,458,176	660,900	-	4,119,076
Total assets not being depreciated	<u>3,681,960</u>	<u>660,900</u>	<u>-</u>	<u>4,342,860</u>
Capital assets being depreciated:				
Plant in service	13,605,556	5,499	-	13,611,055
Equipment	227,351	26,059	-	253,410
Vehicles	223,937	-	-	223,937
Total capital assets being depreciated	<u>14,056,844</u>	<u>31,558</u>	<u>-</u>	<u>14,088,402</u>
Less accumulated depreciation for:				
Plant in service	6,689,944	455,117	-	7,145,061
Equipment	184,844	31,580	-	216,424
Vehicles	157,280	-	-	157,280
Total accumulated depreciation	<u>7,032,068</u>	<u>486,697</u>	<u>-</u>	<u>7,518,765</u>
Total capital assets being depreciated, net	<u>7,024,776</u>			<u>6,569,637</u>
Total Utility capital assets, net	<u>10,706,736</u>			<u>10,912,497</u>

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

	<u>6/30/2005</u>	<u>Additions</u>	<u>Retirements</u>	<u>6/30/2006</u>
Airport Operating:				
Capital assets not being depreciated:				
Land	3,984,414	-	-	3,984,414
Construction in progress	1,031,432	679,931	-	1,711,363
Total capital assets not being depreciated	<u>5,015,846</u>	<u>679,931</u>	<u>-</u>	<u>5,695,777</u>
Capital assets being depreciated:				
Buildings	370,665	-	-	370,665
Improvements	19,594,709	-	-	19,594,709
Equipment	69,580	7,649	2,353	74,876
Vehicles	98,905	-	-	98,905
Total capital assets being depreciated	<u>20,133,859</u>	<u>7,649</u>	<u>2,353</u>	<u>20,139,155</u>
Less accumulated depreciation for:				
Buildings	231,052	10,966	-	242,018
Improvements	6,800,491	822,854	-	7,623,345
Equipment	74,766	-	2,353	72,413
Vehicles	19,965	28,540	-	48,505
Total accumulated depreciation	<u>7,126,274</u>	<u>862,360</u>	<u>2,353</u>	<u>7,986,281</u>
Total capital assets being depreciated, net	<u>13,007,585</u>	<u>\$ (854,711)</u>	<u>\$ -</u>	<u>12,152,874</u>
Total Airport capital assets, net	<u>18,023,431</u>			<u>17,848,651</u>
Total business-type activity capital assets, net	<u>\$ 31,879,255</u>			<u>\$ 32,082,502</u>

Construction Commitments:

<u>Project</u>	<u>Project to Date</u>	<u>Remaining Commitment</u>
Badin Sewer	\$ 780,643	\$ 1,006,357
School Water Extension	3,429,202	22,864
Highway 52	630,731	149,269
Acquadale School Sewer	104,642	1,045,358
Highway 24/27 Upgrade	-	605,000
Airport Hangar	1,440,647	321,586
Airport Fencing	257,809	602,191
Airport Land Acquisition	12,908	1,098,204
Jail Construction	334,693	665,357
Total	<u>\$ 6,991,275</u>	<u>\$ 5,516,186</u>

**STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006**

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2006 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:					
General	\$ 986,294	\$ 80,401	\$ 303,506	\$ 260,765	\$ 1,630,966
Other governmental	<u>51,555</u>	<u>-</u>	<u>-</u>	<u>942,323</u>	<u>993,878</u>
Total governmental activities	<u>\$ 1,037,849</u>	<u>\$ 80,401</u>	<u>\$ 303,506</u>	<u>\$ 1,203,088</u>	<u>\$ 2,624,844</u>
Business-type Activities:					
Water and Sewer Districts	\$ 253,133	\$ 655	\$ 9,433	\$ 89,670	\$ 352,891
Airport	<u>53,999</u>	<u>2,025</u>	<u>-</u>	<u>-</u>	<u>56,024</u>
Total business-type activities:	<u>\$ 307,132</u>	<u>\$ 2,680</u>	<u>\$ 9,433</u>	<u>\$ 89,670</u>	<u>\$ 408,915</u>

2. Pension Plan Obligations

a. North Carolina Local Governmental Employees' Retirement System

Plan description – Stanly County contributes to the statewide Local Governmental Employees' Retirement System (LGERS), and to the Law Enforcement Officers' Retirement System (LEO), cost-sharing multiple-employer defined benefit pension plans administered by the State of North Carolina. LGERS and LEO provide 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 and LEO are 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 and LEO. 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 is 4.95%, and for law enforcement officers 4.78% of annual covered payroll. The contribution requirements for members and for Stanly 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, 2004, 2005, and 2006 were \$505,537, \$492,287 and \$579,040, respectively. The County's contributions to LEO for the years ended June 30, 2004, 2005, and 2006 were \$63,601, \$66,181 and \$72,167, respectively. The contributions made by the County equaled the required contributions for each year.

**STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006**

b. Law Enforcement Officers' Special Separation Allowance

Plan Description – Stanly County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Stanly County has chosen to fund the special separation allowance when benefit payments are due and to record payments as General Fund expenditures. The County does not issue a separate report for this pension activity.

The Separation Allowance covers all full-time County law enforcement officers. At December 31, 2005, the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Active plan members	<u>47</u>
Total	<u>50</u>

Change in Net Pension Obligation – As of December 31, 2005, the County's Net Pension Obligation was \$280,218, an increase of \$10,508 from the previous year, mainly from an increase in eligibility of officers from forty-six as of December 31, 2004 to the current forty-seven. The County's Annual Pension Cost for June 30, 2006 was \$46,666.

Employer annual required contribution	\$ 42,603
Interest on net pension obligation	19,554
Adjustment to annual required contribution	<u>(15,491)</u>
Annual pension cost	46,666
Employer contributions made for fiscal year	<u>36,158</u>
Increase (decrease) in net pension obligation	10,508
Net pension obligation, January 1, 2005	<u>269,710</u>
 Net pension obligation, December 31, 2005	 <u><u>\$ 280,218</u></u>

Basis of Accounting – The County is required by Article 12D of G.S. Chapter 143 to provide separation allowance retirement benefits and has chosen to fund the benefit payments on a "pay-as-you-go" basis through annual appropriations made in the General Fund operating budget. The annual separation allowance costs are pro-rated and paid monthly. The County does not provide a funding schedule for the Net Pension Obligation. The County's annual separation allowance costs for fiscal year ended June 30, 2006 was \$36,158.

**STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006**

Actuarial Method – The annual required contribution for the current year was determined as part of the December 31, 2005 actuarial valuation using the projected unit credit actuarial cost method.

The actuarial assumptions included: (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.5% to 12.3% per year. Item (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 dollar amount on a closed basis. The remaining amortization period at December 31, 2005 was 25 years.

Trend Information			
<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation End of Year</u>
June 30, 2004	\$ 46,162	46.27%	\$ 247,501
June 30, 2005	\$ 45,294	50.97%	\$ 269,710
June 30, 2006	\$ 46,666	77.48%	\$ 280,218

c. 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.

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, 2006 were \$93,065, which consisted of \$74,420 from the County and \$18,645 from the law enforcement officers. The County provides a Section 401K Deferred Compensation Plan for this purpose.

d. Register of Deeds' Supplemental Pension Fund

Plan Description – Stanly County also contributes to the Register of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any county register of deeds that is retired under the Local Governmental 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 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.

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

Funding Policy – On a monthly basis, the County remits to the Department of State Treasurer an amount equal to four and one-half percent (4.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The State Treasurer in administering the Fund may use the remaining seven percent (7%) of the Fund’s assets. For the fiscal year ended June 30, 2006, the County’s required and actual contributions were \$16,845.

e. Other Post – Employment Benefits

According to a County resolution, at retirement, all employees who have at least 30 years of service to Stanly County are provided free medical insurance until becoming eligible for Medicare. Employees with a minimum of 25 years of service are provided insurance by paying 50% of the cost.

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, with the benefit being no less than \$25,000 and no greater 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 payrolls, 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, 2006, the County made contributions to the State for death benefits of \$20,791. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .14 percent and .16 percent 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.

3. Deferred and Unearned Revenues

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

	Deferred Revenue	Unearned Revenue
Prepaid taxes not yet earned	\$ -	\$ 75,108
Taxes receivable, net (General)	1,990,516	-
Taxes receivable, net (Special)	72,380	-
Total	\$ 2,062,896	\$ 75,108

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

4. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the County carries commercial insurance. The County provides its employee's health and dental benefits. The health benefits are provided in a self-insured insurance plan and the dental in a fully insured plan.

Medical and Dental: The County is exposed to various risks of loss related to medical and illness needs of employees. The County and employees participate in a cost-share plan for group health insurance. The County established the Group Health Fund (Internal Service Fund) to account for its self-insurance plan. The County has contracted with the North Carolina Association of County Commissioners Risk Management Agency, a third-party administrator, to account for its group health self-insurance plan that is administrated by Blue Cross Blue Shield of North Carolina. The County is responsible for claims up to \$40,000 per covered employee/dependent per policy term. Claims greater than \$40,000 per covered employee/dependent per policy term, and those in excess of the aggregate stop loss of 120% of expected net claims, are insured by the private insurance carrier. All employees of the County participate in the program and make payments to the Group Health Fund based on estimates of the amounts needed to pay claims. The claims liability of \$215,000 reported in the fund at June 30, 2006 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The \$215,000 claims liability represents total estimated claims incurred but not reported, as provided by the plan administrator's actuary.

	June 30	
	2006	2005
Unpaid claims and claim adjustment expenses at beginning of fiscal year	\$ 326,431	\$ 352,910
Incurred claims and claim adjustment expenses:		
Provision for insured events of current year	2,228,486	2,276,176
Claims and adjustment expenses attributable to insured events of current and prior year	2,339,917	2,302,655
Total Claims Liability	\$ 215,000	\$ 326,431

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

Workers Compensation: The County is self-funded for workers compensation. Through this self-funded workers compensation program, the County obtains workers' compensation coverage up to the statutory limits, with no deductible. The fund is reinsured through an insurance company for single occurrence losses of \$300,000 and aggregate excess limit for \$1,000,000. The claims liability of \$609,343 reported in the fund at June 30, 2006 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The \$609,343 claims liability represents total estimated claims incurred but not reported, as provided by the plan administrator's actuary.

	June 30	
	2006	2005
Unpaid claims and claim adjustment expenses at beginning of fiscal year	\$ 309,139	\$ 39,411
Incurred claims and claim adjustment expenses:		
Provision for insured events of current year	455,955	402,498
Claims and adjustment expenses attributable to insured events of current and prior year	155,751	132,770
Total Claims Liability	\$ 609,343	\$ 309,139

Commercial Insurance: 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.

5. Contingent Liabilities

At June 30, 2006, 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.

**STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006**

6. Long-term Obligations

a. Capital Leases

The County has entered into agreements to lease certain land, buildings and equipment. These agreements are in substance lease-purchases (capital leases) for accounting purposes and therefore have been recorded at the present value of the future minimum lease payments as of the date of their inception. Titles pass to the County at the end of the lease terms. Capital lease agreements at June 30, 2006 are comprised of the following:

General Government:

Lease for the acquisition, construction and renovation of a Human Services Facility and Prison Land entered into on March 22, 1993. Agreement modified on August 15, 2003, payable in semi-annual installments of \$243,919 including interest through March 26, 2009. The interest rate was reduced from 5.47% to 3.20%.

\$ 1,384,931

Total General Government

1,384,931

Enterprise Funds:

Piney Point Water District Fund:

Lease for the construction of water lines entered into on March 22, 1993. Agreement modified on August 15, 2003, payable in semi-annual installments of \$22,929 including interest through March 26, 2009. The interest rate was reduced from 5.47% to 3.20%.

130,188

Stanly County Utility Fund:

Lease for the extension of a water line entered into on March 22, 1993. Agreement modified on August 15, 2003 payable in semi-annual installments of \$37,252 including interest through March 26, 2009. The interest rate was reduced from 5.47% to 3.20%.

211,512

Total Enterprise Funds

341,700

Total Capital Leases

\$ 1,726,631

b. Notes Payable

Enterprise Fund:

Greater Badin Water and Sewer District:

North Carolina Clean Water Revolving Loan executed on May 1, 1999, payable in annual principal payments of \$22,731 and semi-annual interest payments at an interest rate of 2.60%.

\$ 318,235

Total Notes Payable

\$ 318,235

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

c. General Obligation Indebtedness

The general obligation bonds issued to finance the construction of facilities utilized in the operations of the water and sewer system and which are being retired by its resources are reported as long-term debt in the enterprise funds. The full faith, credit, and taxing power of the County's general government collateralize all bonds. Principal and interest requirements are appropriated when due.

The following is a schedule of general obligation debt at June 30, 2006:

General Government:

\$16,000,000 Series 2001 Bond, due on February 1, installments ranging from \$1,152,800 to \$1,514,150 through February 1, 2020, interest payable on August 1 and February 1 at 4.25% to 4.80%	\$13,500,000
--	--------------

\$10,000,000 Series 2002 Bond, due on June 1, installments ranging from \$547,200 to \$1,628,800 through June 1, 2022, interest payable on December 1 and June 1 at 4.50% to 4.60%	<u>8,400,000</u>
--	------------------

Total General Government for school building purposes that is excluded from County's Net Assets because title is transferred to Stanly County Board of Education.	<u>21,900,000</u>
---	-------------------

Enterprise Funds:

Stanly County Utility Fund:

\$1,465,000 1990 Sanitary Sewer Bonds, beginning June 1, 1991 due in annual installments of \$75,000 through June 1, 2011, interest payable on December 1 and June 1 at 6.75%	340,000
---	---------

Greater Badin Water and Sewer District:

\$750,000 1991 Sanitary Sewer Bonds, due on April 1, in installments of \$40,000 through April 1, 2011, interest payable on April 1 and October 1 at 6.6% to 6.7%	<u>190,000</u>
---	----------------

Total Enterprise General Obligation Bonds	<u>530,000</u>
---	----------------

Total General Obligation Bonds	<u>\$22,430,000</u>
--------------------------------	---------------------

Total Long-term Debt	<u>\$24,474,866</u>
----------------------	---------------------

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

The following is a summary of changes in general long-term debt for the fiscal year ended June 30, 2006.

	Balances			Balances	Current
	June 30, 2005	Additions	Retirements	June 30, 2006	Portion of
					Balance
Governmental Activities:					
General obligation debt	\$ 22,800,000	\$ -	\$ 900,000	\$ 21,900,000	\$ 900,000
Capitalized leases	1,818,029	-	433,098	1,384,931	447,068
Compensated absences	881,540	659,923	600,094	941,369	595,000
Net pension obligation	<u>269,710</u>	<u>10,508</u>	<u>-</u>	<u>280,218</u>	<u>-</u>
Total governmental activities	<u>\$ 25,769,279</u>	<u>\$ 670,431</u>	<u>\$ 1,933,192</u>	<u>\$ 24,506,518</u>	<u>\$ 1,942,068</u>
Business-Type Activities:					
General obligation debt	\$ 645,000	\$ -	\$ 115,000	\$ 530,000	\$ 115,000
Capitalized leases	448,557	-	106,857	341,700	110,304
Notes payable	340,966	-	22,731	318,235	22,731
Compensated absences	<u>77,951</u>	<u>21,641</u>	<u>23,678</u>	<u>75,914</u>	<u>23,500</u>
Total business-type activities	<u>\$ 1,512,474</u>	<u>\$ 21,641</u>	<u>\$ 268,266</u>	<u>\$ 1,265,849</u>	<u>\$ 271,535</u>

Compensated absences typically have been liquidated in the general fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned. The estimated current portion of compensated absence is \$618,500.

d. Conduit Debt Obligations – Stanly County Industrial and Pollution Control Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. The County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2006, four industrial revenue bonds were outstanding, with an aggregate principal amount payable of \$7,934,465.

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

At June 30, 2006, Stanly County had a legal debt margin of \$291,428,260. The following summarizes the annual requirements to amortize all long-term debt outstanding (excluding compensated absences and Law Enforcement Officers' Special Separation Allowance unfunded pension contribution):

	<u>General Obligation Bonds</u>		<u>Capitalized Leases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Governmental Funds				
2007	\$ 900,000	\$ 1,005,675	\$ 447,068	\$ 40,770
2008	900,000	966,425	461,490	26,349
2009	1,150,000	927,174	476,373	11,463
2010	1,350,000	877,300	-	-
2011	1,350,000	816,550	-	-
2012-2016	5,950,000	2,614,700	-	-
2017-2021	7,500,000	1,706,650	-	-
2022	2,800,000	188,600	-	-
	<u>21,900,000</u>	<u>9,103,075</u>	<u>1,384,931</u>	<u>78,582</u>
Proprietary Funds				
2007	115,000	35,965	110,304	10,059
2008	115,000	28,185	113,862	6,501
2009	115,000	20,405	117,534	2,828
2010	115,000	12,625	-	-
2011	70,000	4,770	-	-
2012-2015	-	-	-	-
	<u>530,000</u>	<u>101,950</u>	<u>341,700</u>	<u>19,388</u>
	<u>\$ 22,430,000</u>	<u>\$ 9,205,025</u>	<u>\$ 1,726,631</u>	<u>\$ 97,970</u>

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

Notes Payable		Total Debt Due	
Principal	Interest	Principal	Interest
\$ -	\$ -	\$ 1,347,068	\$ 1,046,445
-	-	1,361,489	992,774
-	-	1,626,374	938,638
-	-	1,350,000	877,300
-	-	1,350,000	816,550
-	-	5,950,000	2,614,700
-	-	7,500,000	1,706,650
-	-	2,800,000	188,600
-	-	23,284,931	9,181,657
22,731	8,274	248,035	54,298
22,731	7,683	251,593	42,369
22,731	7,092	255,266	30,325
22,731	6,501	137,731	19,126
22,731	5,910	92,730	10,680
90,924	17,730	90,924	17,730
113,655	8,865	113,655	8,865
318,235	62,055	1,189,934	183,393
\$ 318,235	\$ 62,055	\$ 24,474,866	\$ 9,365,050

**STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006**

C. Interfund Balances and Activity

Interfund receivable balances consist of cash deficits as of June 30, 2006. Those funds have projects in progress for which they first expend the money and are later reimbursed. The funds and the amounts are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payable</u>
General Fund	\$ 139,660	\$ -
Community Development Block Grant - Housing	-	717
Community Development Block Grant - Jobs	-	19,126
Greater Badin Water & Sewer District Fund	-	119,817
	<u>\$ 139,660</u>	<u>\$ 139,660</u>

IV. Joint Ventures

The County, in conjunction with Union, Cabarrus, and Rowan Counties, participates in the Piedmont Area Mental Health Authority. The Authority is a joint venture established to provide the participating counties with legally mandated mental health services. The County has an ongoing financial responsibility for the Authority because the Authority's continued existence depends on the participating governments' continued funding. The County contributed \$206,943 to the Authority during fiscal year ended June 30, 2006. None of the participating governments has any equity interest in the Authority, so no equity interest has been reflected in the financial statements at June 30, 2006. Complete financial statements for the Authority can be obtained from the Authority's administrative office at 245 LePhillip Court, NE, Concord, North Carolina 28025.

The County, in conjunction with the State of North Carolina and the Stanly County Board of Education, participates in a joint venture to operate Stanly Community College. Stanly County appoints one member of the 13-member board of trustees. The community college is included as a component unit of the state.

The County has the basic responsibility for providing funding for facilities and also provides some financial support for operations. The County has an ongoing statutory financial responsibility to provide funding for the community college. The County contributed \$1,233,000 for operating purposes and \$167,000 for capital, during the fiscal year ended June 30, 2006. Completed financial statements for the community college may be obtained from administrative offices at 141 College Drive, Albemarle, North Carolina 28001.

V. Jointly Governed Organization

The County, in conjunction with eight other counties and twenty municipalities, participates in the Centralina 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 \$17,547 to the Council during the fiscal year ended June 30, 2006.

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

VI. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of the 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.

VII. Benefit Payments Issued by the State

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

	<u>Federal</u>	<u>State</u>
Medicaid	\$ 36,095,842	\$ 17,451,641
Temporary Assistance for Needy Families	414,562	-31
Food Stamp Program	5,587,849	-
Special Supplemental Food Program for Women, Infants and Children	963,605	-
Special Assistance to Adults	-	595,591
Low-Income Home Energy Assistance	200,768	-
State Foster Care	-	4,278
Title IV-E Adoption Subsidiary	110,267	27,377
CWS Adoption Subsidiary	<u>-</u>	<u>93,866</u>
Totals	\$ 43,372,893	\$ 18,172,722

**STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006**

VIII. Interfund Transfer Activity

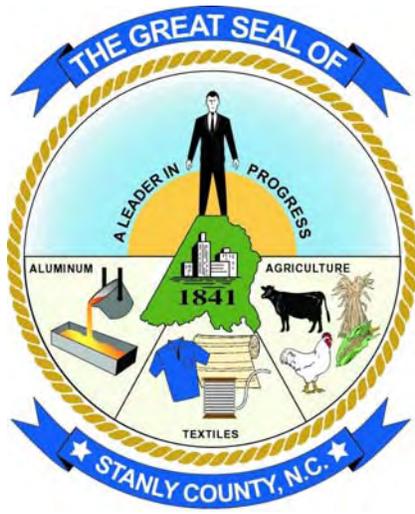
Transfers to/from other funds at June 30, 2006 consist of the following:

	Transfers		Purpose
	From	To	
General Fund	\$ 2,732,690		
Jail Construction Fund		\$ 580,000	Capital outlay support
Airport Land Acquisition Fund		111,112	Capital outlay support
Highway 24/27 Upgrade Project Fund		605,000	Capital outlay support
Aquadale School Sewer Project Fund		150,000	Capital outlay support
Highway 52 Project Fund		780,000	Capital outlay support
School Water Extension Project Fund		301,202	Capital outlay support
Airport Fund		205,376	Operating support
	<u>\$ 2,732,690</u>	<u>\$ 2,732,690</u>	

**REQUIRED SUPPLEMENTARY
FINANCIAL INFORMATION**

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

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



THIS PAGE LEFT INTENTIONALLY BLANK

**STANLY COUNTY, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
For the Year Ended June 30, 2006**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Proj. Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll for Year Ending on Val. Date (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/1994	\$ -	\$ 97,673	\$ 97,673	0.00%	\$ 670,669	14.56%
12/31/1995	-	120,015	120,015	0.00%	754,741	15.90%
12/31/1996	-	144,538	144,538	0.00%	790,680	18.28%
12/31/1997	-	164,309	164,309	0.00%	867,510	18.94%
12/31/1998	-	176,765	176,675	0.00%	843,004	20.97%
12/31/1999	-	146,701	147,701	0.00%	861,704	17.02%
12/31/2000	-	248,087	248,087	0.00%	953,180	26.03%
12/31/2001	-	281,184	281,184	0.00%	1,056,895	26.60%
12/31/2002	-	352,552	352,552	0.00%	1,303,695	27.04%
12/31/2003	-	363,497	363,497	0.00%	1,222,822	29.73%
12/31/2004	-	407,795	407,795	0.00%	1,237,242	32.96%
12/31/2005	-	375,030	375,030	0.00%	1,521,812	24.64%

**STANLY COUNTY, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
For Year Ended June 30, 2006**

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2006	\$42,603	84.87%
2005	\$41,234	55.99%
2004	\$42,234	50.57%
2003	\$34,993	20.35%
2002	\$31,170	11.05%
2001	\$23,878	18.41%
2000	\$27,654	15.90%
1999	\$26,248	16.75%
1998	\$20,076	40.04%

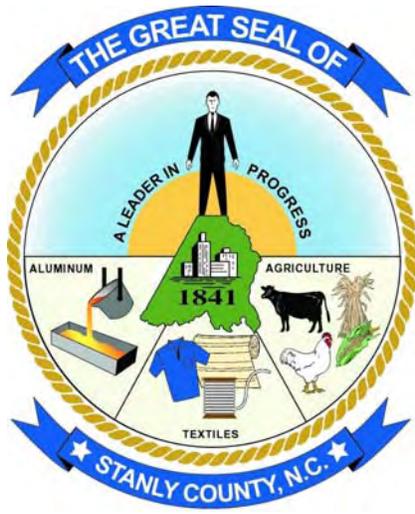
Notes to the Required Schedules:

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

Valuation date	12/31/05
Actuarial cost method	Projected unit credit
Amortization method	Level percent of day closed
Remaining amortization period	25 years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	4.5 – 12.3%
*Includes inflation of cost-of-living adjustments	3.75%

GENERAL FUND

The General Fund accounts for resources traditionally associated with government that are not required legally or by sound management to be accounted for in other funds. The following schedule provides for a detail result of the General Fund's budgetary and actual revenues and expenditures.



THIS PAGE LEFT INTENTIONALLY BLANK

STANLY COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem property taxes:			
Ad valorem taxes		\$ 25,037,989	
Penalties and interest		<u>269,612</u>	
Total ad valorem property taxes	<u>\$ 25,380,250</u>	<u>25,307,601</u>	<u>\$ (72,649)</u>
Local option sales taxes:			
Sales tax article 39		3,675,645	
Sales tax article 40		2,233,052	
Sales tax article 42		2,219,553	
Sales tax article 44		<u>1,794,387</u>	
Total sales taxes	<u>10,220,000</u>	<u>9,922,637</u>	<u>(297,363)</u>
Other taxes:			
Real property excise tax		207,718	
Cable franchise tax		133,670	
Occupancy tax		199,699	
Other taxes		<u>16,123</u>	
Total other taxes	<u>499,400</u>	<u>557,210</u>	<u>57,810</u>
Intergovernmental revenues:			
Unrestricted intergovernmental:			
ABC profits	<u>6,500</u>	<u>6,080</u>	<u>(420)</u>
Restricted intergovernmental:			
Public safety		660,329	
Transportation		420,150	
Health		678,378	
Social services grants		6,225,924	
Senior and aging services		9,000	
Other federal and state grants		<u>1,845,267</u>	
Total restricted intergovernmental	<u>9,788,988</u>	<u>9,839,048</u>	<u>50,060</u>

STANLY COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	Final Budget	Actual	Variance Positive (Negative)
Permits and fees:			
Recording fees		349,490	
Marriage license		9,972	
Building permits		430,036	
Concealed weapons permits		11,265	
Zoning and planning permits		<u>13,081</u>	
Total permits and fees	<u>850,550</u>	<u>813,844</u>	<u>(36,706)</u>
Sales and services:			
Intergovernmental charges		167,543	
Sheriff and jail fees		437,647	
Ambulance fees		1,247,026	
Transportation		288,671	
Solid waste		656,453	
Health fees		1,991,502	
Rental and other charges		<u>619,673</u>	
Total sales and services	<u>5,160,292</u>	<u>5,408,515</u>	<u>248,223</u>
Investment earnings:			
Earned interest	<u>250,000</u>	<u>804,029</u>	<u>554,029</u>
Miscellaneous:			
Donations		186,459	
Rents		273,038	
Sale of assets		862	
Miscellaneous other		<u>374,450</u>	
Total miscellaneous	<u>728,967</u>	<u>834,809</u>	<u>105,842</u>
Total revenues	<u>52,884,947</u>	<u>53,493,773</u>	<u>608,826</u>
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits		41,950	
Operating expenditures		<u>119,965</u>	
Total		<u>161,915</u>	

STANLY COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Administration:			
Salaries and employee benefits		407,292	
Operating expenditures		<u>35,290</u>	
Total		<u>442,582</u>	
Finance department:			
Salaries and employee benefits		313,953	
Operating expenditures		<u>114,414</u>	
Total		<u>428,367</u>	
Tax assessor:			
Salaries and employee benefits		238,265	
Operating expenditures		<u>29,035</u>	
Total		<u>267,300</u>	
Tax collector:			
Salaries and employee benefits		276,588	
Operating expenditures		<u>110,571</u>	
Total		<u>387,159</u>	
Tax revaluation:			
Salaries and employee benefits		278,184	
Operating expenditures		<u>16,590</u>	
Total		<u>294,774</u>	
Tax mapping:			
Salaries and employee benefits		144,835	
Operating expenditures		31,232	
Capital outlay		<u>13,757</u>	
Total		<u>189,824</u>	
County attorney:			
Contracted services		<u>14,117</u>	
Total		<u>14,117</u>	

STANLY COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Clerk of Court:			
Operating expenditures		<u>6,536</u>	
Judge's office:			
Operating expenditures		<u>4,118</u>	
District Attorney's office:			
Operating expenditures		<u>7,277</u>	
Elections:			
Salaries and employee benefits		115,111	
Operating expenditures		145,284	
Capital outlay		<u>311,917</u>	
Total		<u>572,312</u>	
Register of deeds:			
Salaries and employee benefits		262,889	
Operating expenditures		77,845	
Capital outlay		<u>31,379</u>	
Total		<u>372,113</u>	
Information technology:			
Salaries and employee benefits		175,198	
Operating expenditures		72,054	
Capital outlay		<u>43,097</u>	
Total		<u>290,349</u>	
Facilities management:			
Salaries and employee benefits		241,511	
Operating expenditures		630,444	
Capital outlay		<u>371,012</u>	
Total		<u>1,242,967</u>	
Total general government	<u>4,917,131</u>	<u>4,681,710</u>	<u>235,421</u>

STANLY COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	Final Budget	Actual	Variance Positive (Negative)
Public safety:			
Sheriff:			
Salaries and employee benefits		2,389,306	
Operating expenditures		524,803	
Capital outlay		<u>160,165</u>	
Total		<u>3,074,274</u>	
Jail:			
Salaries and employee benefits		784,877	
Operating expenditures		542,466	
Capital outlay		<u>4,347</u>	
Total		<u>1,331,690</u>	
Office of juvenile justice:			
Operating expenditures		8,219	
Uwharrie homes		48,710	
Daymark I-Care		121,435	
Juvenile detention		<u>48,888</u>	
Total		<u>227,252</u>	
Criminal justice partnership:			
Salaries and employee benefits		39,271	
Operating expenditures		<u>40,884</u>	
Total		<u>80,155</u>	
Emergency management:			
Salaries and employee benefits		1,769,951	
Operating expenditures		498,243	
Capital outlay		<u>657,430</u>	
Total		<u>2,925,624</u>	
Code enforcement:			
Salaries and employee benefits		365,437	
Operating expenditures		34,015	
Capital outlay		<u>21,629</u>	
Total		<u>421,081</u>	

STANLY COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Medical examiner:			
Contractual services		33,175	
Animal control:			
Salaries and employee benefits		198,889	
Operating expenditures		67,901	
Capital outlay		2,336	
Total		269,126	
911 communication service:			
Salaries and employee benefits		695,561	
Operating expenditures		59,857	
Capital outlay		20,166	
Total		775,584	
Total public safety	9,346,103	9,137,961	208,142
Transportation:			
Salaries and employee benefits		519,392	
Operating expenditures		192,928	
Capital outlay		198,271	
Total transportation	916,804	910,591	6,213
Environmental protection:			
Solid waste operations:			
Salaries and employee benefits		278,341	
Operating expenditures		495,534	
Capital outlay		14,428	
Total		788,303	
Fire forester:			
Contribution to other agency		64,490	

STANLY COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Soil and water conservation:			
Salaries and employee benefits		79,692	
Operating expenditures		<u>5,547</u>	
Total		<u>85,239</u>	
Total environmental protection	<u>924,197</u>	<u>938,032</u>	<u>(13,835)</u>
 Economic and Physical Development:			
Economic development commission:			
Salaries and employee benefits		136,873	
Operating expenditures		73,861	
Capital outlay		<u>2,647</u>	
Total		<u>213,381</u>	
Occupancy tax-motel/hotel: To other municipalities		<u>166,095</u>	
Planning and zoning:			
Salaries and employee benefits		217,689	
Operating expenditures		<u>52,432</u>	
Total		<u>270,121</u>	
Title V:			
Salaries and employee benefits		62,512	
Operating expenditures		<u>2,125</u>	
Total		<u>64,637</u>	
Cooperative extension:			
Salaries and employee benefits		97,140	
Operating expenditures		<u>115,615</u>	
Total		<u>212,755</u>	

STANLY COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Cooperative extension-smart start:			
Salaries and employee benefits		85,094	
Operating expenditures		<u>31,459</u>	
Total		<u>116,553</u>	
Special appropriation for economic development:			
Contribution for economic development		<u>366,811</u>	
Total economic and physical development	<u>1,695,237</u>	<u>1,410,353</u>	<u>284,884</u>
Human services:			
Health:			
Salaries and employee benefits		1,377,085	
Operating expenditures		414,976	
Capital outlay		<u>14,301</u>	
Total		<u>1,806,362</u>	
Home health:			
Salaries and employee benefits		397,701	
Operating expenditures		<u>274,804</u>	
Total		<u>672,505</u>	
Health - smart start:			
Salaries and employee benefits		101,118	
Operating expenditures		<u>5,350</u>	
Total		<u>106,468</u>	
Dental clinic:			
Salaries and employee benefits		532,850	
Operating expenditures		126,653	
Capital outlay		<u>-</u>	
Total		<u>659,503</u>	

STANLY COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	Final Budget	Actual	Variance Positive (Negative)
Environmental health:			
Salaries and employee benefits		335,058	
Operating expenditures		60,703	
Capital outlay		-	
Total		<u>395,761</u>	
Mental health:			
Contributions to other agencies:			
Bottle surcharge		8,944	
Piedmont area mental health		<u>198,000</u>	
Total		<u>206,944</u>	
Social services:			
Salaries and employee benefits		3,400,935	
Operating expenditures		4,674,403	
Day care and resident services		2,670,865	
Capital outlay		<u>4,998</u>	
Total		<u>10,751,201</u>	
Aging services:			
Salaries and employee benefits		402,121	
Operating expenditures		<u>375,629</u>	
Total		<u>777,750</u>	
Senior services:			
Salaries and employee benefits		135,986	
Operating expenditures		<u>179,680</u>	
Total		<u>315,666</u>	
Veterans services:			
Salaries and employee benefits		49,673	
Operating expenditures		4,769	
Veteran's Association		<u>2,000</u>	
Total		<u>56,442</u>	
Total human services	<u>16,132,118</u>	<u>15,748,602</u>	<u>383,516</u>

STANLY COUNTY, NORTH CAROLINA

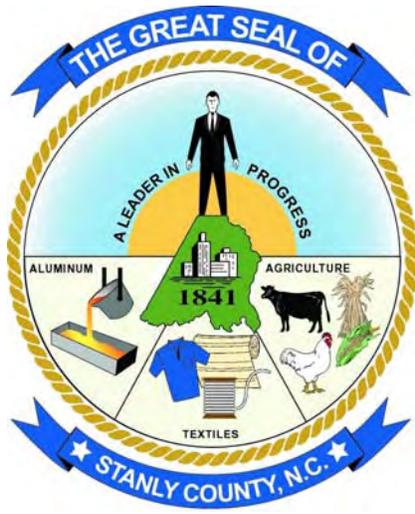
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Education:			
Stanly County Public Schools:			
Current expenditures		9,484,530	
Capital outlay		<u>3,433,656</u>	
Total		<u>12,918,186</u>	
Stanly Community College:			
Current expenditures		1,233,000	
Capital outlay		<u>167,000</u>	
Total		<u>1,400,000</u>	
Total education	<u>14,434,530</u>	<u>14,318,186</u>	<u>116,344</u>
Culture and recreation:			
Library:			
Salaries and employee benefits		775,437	
Operating expenditures		313,202	
Capital outlay		<u>123,570</u>	
Total		<u>1,212,209</u>	
Historic Preservation Commission:			
Salaries and employee benefits		52,298	
Operating expenditures		34,658	
Capital outlay		<u>110,568</u>	
Total		<u>197,524</u>	
Agri Civic Center:			
Salaries and employee benefits		129,427	
Operating expenditures		144,462	
Capital outlay		<u>44,590</u>	
Total		<u>318,479</u>	
Total culture and recreation	<u>1,800,654</u>	<u>1,728,212</u>	<u>72,442</u>

STANLY COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Debt Service:			
Principal		1,333,098	
Interest		<u>1,099,665</u>	
Total debt service	<u>2,434,763</u>	<u>2,432,763</u>	<u>2,000</u>
Total expenditures	<u>52,601,537</u>	<u>51,306,410</u>	<u>1,295,127</u>
Revenues over (under) expenditures	<u>283,410</u>	<u>2,187,363</u>	<u>1,903,953</u>
Other financing sources (uses):			
Transfers to:			
Enterprise fund		(2,152,690)	-
Capital project fund		(580,000)	-
Appropriated fund balance		<u>-</u>	<u>(2,449,280)</u>
Total other financing sources (uses)	<u>(283,410)</u>	<u>(2,732,690)</u>	<u>(2,449,280)</u>
Revenues and other financing sources over (under) expenditures and other uses	<u>\$ -</u>	<u>(545,327)</u>	<u>\$ (545,327)</u>
Fund balance, beginning of year - July 1		<u>16,507,661</u>	
Fund balance, end of year - June 30		<u>\$ 15,962,334</u>	



THIS PAGE LEFT INTENTIONALLY BLANK

NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Funds account for the proceeds of special revenue sources that are legally restricted to the expenditure for specific purposes. The financial information for Major Funds is found on Exhibit C and D.

Individual Fund Descriptions:

- **Community Development Block Grant Scattered Site Housing** – accounts for the funds designated for housing improvement.
- **Community Development Block Grant Jobs** – accounts for the funds designated for community college jobs training.
- **Community Development Block Grant Gas Line** – accounts for the funds designated for the installation of gas lines.
- **Emergency Telephone System Fund** – accounts for the revenues earmarked for the installation of emergency 911-phone system.
- **Fire District Fund** – account for the revenues of the fourteen fire districts in Stanly County.
- **Jail Construction Fund** – accounts for future improvements to the County Jail.

STANLY COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006

	Special Revenue Funds				
	Community Development Block Grant (Housing)	Community Development Block Grant (Jobs)	Community Development Block Grant Gas Line	Emergency Telephone System	Fire Districts
Assets:					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 506,351	\$ 20,374
Taxes receivable, net	-	-	-	-	72,381
Accounts receivable	-	19,348	-	41,252	4,972
Total assets	\$ -	\$ 19,348	\$ -	\$ 547,603	\$ 97,727
Liabilities and Fund Equity:					
Liabilities:					
Accounts payable	\$ -	\$ 222	\$ -	\$ 4,937	\$ 25,347
Interfund payables	717	19,126	-	-	-
Deferred revenues	-	-	-	-	72,380
Total liabilities	717	19,348	-	4,937	97,727
Fund Equity:					
Reserved by state statute	-	-	-	41,252	-
Reserved wireless	-	-	-	18,130	-
Unreserved	(717)	-	-	483,284	-
Total fund balances	(717)	-	-	542,666	-
Total liabilities and fund balances	\$ -	\$ 19,348	\$ -	\$ 547,603	\$ 97,727

Schedule 2

<u>Capital Project Fund</u>		<u>Total Nonmajor Governmental Funds</u>	
<u>Jail Construction</u>			
\$ 686,356	\$	1,213,081	
-		72,381	
<u>-</u>		<u>65,572</u>	
<u>\$ 686,356</u>	<u>\$</u>	<u>1,351,034</u>	
\$ 21,049	\$	51,555	
-		19,843	
<u>-</u>		<u>72,380</u>	
<u>21,049</u>		<u>143,778</u>	
-		41,252	
-		18,130	
<u>665,307</u>		<u>1,147,874</u>	
<u>665,307</u>		<u>1,207,256</u>	
<u>\$ 686,356</u>	<u>\$</u>	<u>1,351,034</u>	

STANLY COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Special Revenue Funds				
	Community Development Block Grant (Housing)	Community Development Block Grant (Jobs)	Community Development Block Grant Gas Line	Emergency Telephone System	Fire Districts
Revenues:					
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,521,727
Restricted intergovernmental	251,565	51,107	223,449	-	-
Sales and services	-	-	-	326,401	-
Investment earnings	-	-	-	22,977	-
Total revenues	<u>251,565</u>	<u>51,107</u>	<u>223,449</u>	<u>349,378</u>	<u>1,521,727</u>
Expenditures:					
Current:					
General government	-	-	-	-	22,764
Public safety	-	-	-	351,656	1,498,963
Economic and physical development	252,282	51,107	294,010	-	-
Total expenditures	<u>252,282</u>	<u>51,107</u>	<u>294,010</u>	<u>351,656</u>	<u>1,521,727</u>
Revenues over (under) expenditures	<u>(717)</u>	<u>-</u>	<u>(70,561)</u>	<u>(2,278)</u>	<u>-</u>
Other Financing Sources (Uses):					
Transfers in	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(717)	-	(70,561)	(2,278)	-
Fund balance, beginning of year - July 1	-	-	70,561	544,944	-
Fund balance, end of year - June 30	<u>\$ (717)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 542,666</u>	<u>\$ -</u>

Schedule 3

<u>Capital Project Fund</u>	<u>Total</u>
<u>Jail Construction</u>	<u>Nonmajor Governmental Funds</u>
\$ -	\$ 1,521,727
-	526,121
-	326,401
-	<u>22,977</u>
-	<u>2,397,226</u>
-	22,764
123,330	1,973,949
-	<u>597,399</u>
<u>123,330</u>	<u>2,594,112</u>
<u>(123,330)</u>	<u>(196,886)</u>
<u>580,000</u>	<u>580,000</u>
<u>580,000</u>	<u>580,000</u>
456,670	383,114
<u>208,637</u>	<u>824,142</u>
<u>\$ 665,307</u>	<u>\$ 1,207,256</u>

BUDGETARY INFORMATION - GOVERNMENTAL FUNDS

Special revenue budget and actual results for fiscal June 30, 2006.

Individual Fund Descriptions:

- **Community Development Block Grant Scattered Site Housing** – accounts for the funds designated for housing improvement.
- **Community Development Block Grant Jobs** – accounts for the funds designated for community college jobs training.
- **Community Development Block Grant Gas Line** – accounts for the funds designated for the installation of gas lines.
- **Emergency Telephone System Fund** – accounts for the revenues earmarked for the installation of emergency 911-phone system.
- **Fire District Fund** – account for the revenues of the fourteen fire districts in Stanly County.
- **Jail Construction Fund** – accounts for future improvements to the County Jail.

STANLY COUNTY, NORTH CAROLINA

COMMUNITY DEVELOPMENT BLOCK GRANT FUND - SCATTERED SITE HOUSING
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2006

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues:					
Restricted Intergovernmental:					
Community Development	\$ 400,000	\$ 148,435	\$ 251,565	\$ 400,000	\$ -
Total revenues	400,000	148,435	251,565	400,000	-
Expenditures:					
Professional services	40,000	40,940	-	40,940	(940)
Contract services	360,000	107,495	252,282	359,777	223
Total expenditures	400,000	148,435	252,282	400,717	(717)
Revenues over (under) expenditures	\$ -	\$ -	(717)	\$ (717)	\$ (717)
Fund balance, beginning of year - July 1			-		
Fund balance, end of year - June 30			\$ (717)		

STANLY COUNTY, NORTH CAROLINA

COMMUNITY DEVELOPMENT BLOCK GRANT FUND-JOBS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2006

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted Intergovernmental:					
Community Development	\$ 120,000	\$ 53,424	\$ 51,107	\$ 104,531	\$ (15,469)
Donation	2,000	2,000	-	2,000	-
Total revenues	122,000	55,424	51,107	106,531	(15,469)
Expenditures:					
Professional services	112,000	54,943	50,769	105,712	6,288
Contract services	10,000	481	338	819	9,181
Total expenditures	122,000	55,424	51,107	106,531	15,469
Revenues over (under) expenditures	\$ -	\$ -	-	\$ -	\$ -
Fund balance, beginning of year - July 1			-		
Fund balance, end of year - June 30			\$ -		

STANLY COUNTY, NORTH CAROLINA

COMMUNITY DEVELOPMENT BLOCK GRANT FUND-GAS LINE
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2006

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Restricted intergovernmental: Community Development	\$ 271,681	\$ -	\$ 223,449	\$ 223,449	\$ (48,232)
Total revenues	271,681	-	223,449	223,449	(48,232)
Expenditures:					
Professional services	31,500	20,000	10,000	30,000	1,500
Contract services	330,742	-	284,010	284,010	46,732
Total expenditures	362,242	20,000	294,010	314,010	48,232
Revenues over (under) expenditures	(90,561)	(20,000)	(70,561)	(90,561)	-
Other financing sources:					
Transfer from general fund	90,561	90,561	-	90,561	-
Revenues and other financing sources over (under) expenditures	\$ -	\$ 70,561	(70,561)	\$ -	\$ -
Fund balance, beginning of year - July 1			70,561		
Fund balance, end of year - June 30			\$ -		

STANLY COUNTY, NORTH CAROLINA

EMERGENCY TELEPHONE SYSTEM FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges - surcharge	\$ 179,000	\$ 171,871	\$ (7,129)
Charges - wireless	121,000	154,530	33,530
Investment earnings	<u>20,800</u>	<u>22,977</u>	<u>2,177</u>
Total revenues	<u>320,800</u>	<u>349,378</u>	<u>28,578</u>
Expenditures:			
Salaries and employee benefits	87,851	88,818	(967)
Operating expenditures	224,983	209,781	15,202
Capital outlay	<u>70,100</u>	<u>53,057</u>	<u>17,043</u>
Total expenditures	<u>382,934</u>	<u>351,656</u>	<u>31,278</u>
Revenues over (under) expenditures	(62,134)	(2,278)	59,856
Other Financing Sources (Uses):			
Appropriated fund balance	<u>62,134</u>	<u>-</u>	<u>(62,134)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>-</u>	<u>(2,278)</u>	<u>\$ (2,278)</u>
Fund balance, beginning of year - July 1		<u>544,944</u>	
Fund balance, end of year - June 30		<u>\$ 542,666</u>	

STANLY COUNTY, NORTH CAROLINA

FIRE DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Current year	\$ 1,540,000	\$ 1,481,858	\$ (58,142)
Prior years	60,000	39,869	(20,131)
Total revenues	<u>1,600,000</u>	<u>1,521,727</u>	<u>(78,273)</u>
Expenditures:			
Administration fees:			
Tax collection fees	26,000	22,764	3,236
Public safety:			
Locust Fire District #11	258,600	245,532	13,068
Center Fire District #12	140,000	132,743	7,257
Endy Fire District #13	106,100	99,357	6,743
Ridgecrest Fire District #14	109,200	104,163	5,037
Aquadale Fire District #15	68,500	65,737	2,763
Eastside Fire District #16	134,000	129,891	4,109
Oakoro Fire District #17	71,200	65,918	5,282
New London Fire District #18	119,500	114,893	4,607
Southside Fire District #19	100,000	98,175	1,825
Rocky River Fire District #20	117,200	112,975	4,225
Bethany Fire District #21	50,500	47,271	3,229
Richfield Fire District #22	111,200	105,192	6,008
Millingport Fire District #23	91,000	86,853	4,147
Badin-Yakin Fire District #24	97,000	90,263	6,737
Total expenditures	<u>1,600,000</u>	<u>1,521,727</u>	<u>78,273</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning of year - July 1		<u>-</u>	
Fund balance, end of year - June 30		<u>\$ -</u>	

STANLY COUNTY, NORTH CAROLINA

JAIL CONSTRUCTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2006

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Expenditures:					
Professional services	\$ 1,000,000	\$ 211,363	\$ 123,330	\$ 334,693	\$ 665,307
Total expenditures	1,000,000	211,363	123,330	334,693	665,307
Other Financing Sources:					
Transfer from General Fund	1,000,000	420,000	580,000	1,000,000	-
Total other financing sources	1,000,000	420,000	580,000	1,000,000	-
Other financing sources over (under) expenditures	\$ -	\$ 208,637	456,670	\$ 665,307	\$ 665,307
Fund balance, beginning of year - July 1			208,637		
Fund balance, end of year - June 30			\$ 665,307		

BUDGETARY INFORMATION - ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the costs of providing services are financed primarily through user charges. The State of North Carolina requires that the enterprise funds be budgeted on a modified accrual basis. The following statements are not in accordance with GAAP

Individual Fund Descriptions:

- **Greater Badin Water and Sewer District Fund** – accounts for revenues and expenses of the special utility district established to provide water and sewer services to the Badin community.
- **Piney Point Water District Fund** – accounts for revenues and expenses of the special utility district established to provide water services to the Piney Point community.
- **Utility Operating Fund** – accounts for revenues and expenses of the County's water and sewer services.
- **Airport Operating Fund** – accounts for the revenues and expenses of the County's public airport facility.

STANLY COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND
GREATER BADIN WATER AND SEWER DISTRICT FUND- SCHEDULE OF
REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating Revenues:			
Charges for services:			
Water sales		\$ 250,717	
Sewer charges		146,572	
Industrial sewer charges		97,591	
Taps and connection fees		1,390	
Other operating revenues		<u>7,220</u>	
Total operating revenues		<u>503,490</u>	
Total revenues	<u>\$ 477,125</u>	<u>503,490</u>	<u>\$ 26,365</u>
Expenditures:			
Administration:			
Contracted services		48,455	
Operating expenditures		<u>2,786</u>	
Total administration		<u>51,241</u>	
Debt Service:			
G.O. bond principal paid		40,000	
State loan principal paid		22,731	
Interest expense		23,507	
Bond service costs		808	
Total debt service		<u>87,046</u>	
Distribution and maintenance:			
Contracted services		82,236	
Operating expenditures		111,073	
Water purchases		<u>145,862</u>	
Total distribution and maintenance		<u>339,171</u>	
Total expenditures	<u>477,125</u>	<u>477,458</u>	<u>(333)</u>
Revenues over (under) expenditures	<u>\$ -</u>	26,032	<u>\$ 26,032</u>

STANLY COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND
GREATER BADIN WATER AND SEWER DISTRICT FUND- SCHEDULE OF
REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Reconciliation from Budgetary Basis (Modified Accrual)			
to Full Accrual:			
Reconciling Items:			
Debt principal		62,731	
Depreciation		(272,288)	
Capital contribution		<u>436,153</u>	
Total reconciling items		<u>226,596</u>	
Change in net assets		<u>\$ 252,628</u>	

STANLY COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND
PINEY POINT WATER DISTRICT FUND- SCHEDULE OF
REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating Revenues:			
Charges for services:			
Water sales		\$ 86,211	
Taps and connection fees		3,940	
Other operating revenues		373	
Total operating revenues	\$ 85,788	<u>90,524</u>	\$ 4,736
Non-Operating Revenues:			
Interest on investments	700	4,756	4,056
Total non-operating revenues	<u>700</u>	<u>4,756</u>	<u>4,056</u>
Total revenues	<u>86,488</u>	<u>95,280</u>	<u>8,792</u>
Expenditures:			
Administration:			
Contracted services		10,000	
Operating expenditures		759	
Total administration		<u>10,759</u>	
Debt Service:			
Lease principal		40,713	
Lease interest		4,798	
Total debt service		<u>45,511</u>	
Distribution and maintenance:			
Operating expenditures		1,507	
Water purchases		29,870	
Total distribution and maintenance		<u>31,377</u>	
Total expenditures	<u>86,488</u>	<u>87,647</u>	<u>(1,159)</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>7,633</u>	<u>\$ 7,633</u>

STANLY COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND
PINEY POINT WATER DISTRICT FUND- SCHEDULE OF
REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Debt principal		40,713	
Depreciation		<u>(34,762)</u>	
Total reconciling items		<u>5,951</u>	
Change in net assets		<u>\$ 13,584</u>	

STANLY COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND
STANLY COUNTY UTILITY FUND - SCHEDULE OF
REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating Revenues:			
Charges for services:			
Water sales		\$ 1,516,971	
Sewer charges		354,184	
Taps and connection fees		88,432	
Other operating revenues		<u>68,758</u>	
Total operating revenues		<u>2,028,345</u>	
Non-Operating Revenues:			
Interest on investments		-	
Grant		132,206	
Administrative charges		<u>140,291</u>	
Total non-operating revenues		<u>272,497</u>	
Total revenues	<u>\$ 2,039,199</u>	<u>2,300,842</u>	<u>\$ 261,643</u>
Expenditures:			
Administration:			
Salaries and employee benefits		195,416	
Operating expenditures		<u>34,050</u>	
Total administration		<u>229,466</u>	
Debt Service:			
G.O. bond principal paid		75,000	
Lease payment		66,145	
Interest expense		<u>41,792</u>	
Total debt service		<u>182,937</u>	
Distribution and maintenance:			
Salaries and employee benefits		322,302	
Operating expenditures		507,996	
Water purchases		495,499	
Capital outlay		<u>31,558</u>	
Total distribution and maintenance		<u>1,357,355</u>	
Total expenditures	<u>2,117,864</u>	<u>1,769,758</u>	<u>348,106</u>
Revenues over (under) expenditures	<u>(78,665)</u>	<u>531,084</u>	<u>609,749</u>

STANLY COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND
STANLY COUNTY UTILITY FUND - SCHEDULE OF
REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other financing sources (uses):			
Appropriations	<u>(78,665)</u>	-	<u>78,665</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	531,084	<u>\$ 531,084</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Debt principal		141,145	
Capital outlay		31,558	
Depreciation		(486,697)	
Interfund transfer to project from general fund		<u>1,836,202</u>	
Total reconciling items		<u>1,522,208</u>	
Change in net assets		<u>\$ 2,053,292</u>	

STANLY COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND
AIRPORT FUND - SCHEDULE OF REVENUES
AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating Revenues:			
Sales and services:			
Fuel and oil sales		\$ 365,590	
Tie down fees		2,353	
Hanger rental		24,577	
Franchise		-	
Miscellaneous		5,310	
Total operating revenues	<u>\$ 526,279</u>	<u>397,830</u>	<u>\$ (128,449)</u>
Non-Operating Revenues:			
Interest on investments	2,189	21,520	19,331
Total non-operating revenues	<u>2,189</u>	<u>21,520</u>	<u>19,331</u>
Total revenues	<u>528,468</u>	<u>419,350</u>	<u>(109,118)</u>
Expenditures:			
Administration and operations:			
Salaries and employee benefits		207,762	
Operating expenditures		114,753	
Purchases for resale		260,904	
Capital outlay		7,649	
Total administration and operations	<u>659,399</u>	<u>591,068</u>	<u>68,331</u>
Revenues over (under) expenditures	<u>(130,931)</u>	<u>(171,718)</u>	<u>(40,787)</u>
Other Financing Sources (Uses):			
Transfer in	205,376	205,376	-
Transfer out	<u>(74,445)</u>	<u>(74,445)</u>	<u>-</u>
Total other financing sources	<u>130,931</u>	<u>130,931</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(40,787)</u>	<u>\$ (40,787)</u>

STANLY COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND
AIRPORT FUND - SCHEDULE OF REVENUES
AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling Items:			
Capital outlay		7,649	
Depreciation		(862,359)	
Capital contributions - Airport Hanger Project		258,811	
Capital contributions - Airport Fencing Project		180,431	
Interfund transfer to project from General Fund		111,112	
Intrafund transfers from Airport operating fund		<u>74,445</u>	
Total reconciling items		<u>(229,911)</u>	
Change in net assets		<u>\$ (270,698)</u>	

BUDGETED PROJECT FUNDS

Project Funds – accounts for capital projects that are planned to extend beyond one fiscal year. Project funds are closed to their parent fund at the end of each fiscal year and are reversed at the beginning of the next fiscal year to their respective project funds until such time the projects are accepted as complete.

Individual Project Descriptions:

- **Badin Sewer Project Fund** – accounts for the revenues and expenses for the repair & replacement of the Badin Sewer Collection System.
- **School Water Extension Project Fund** – accounts for the revenues and expenses for the extension of water to the County’s school system.
- **Highway 52 Project Fund** – accounts for the revenues and expenses for the extension of water lines along Highway 52 and Dennis Road.
- **Aquadale School Sewer Project Fund** – accounts for the revenues and expenses for the extension of a sewer line and construction of a pump station for Aquadale Elementary School.
- **Highway 24/27 Upgrade Project Fund** – accounts for the revenues and expenses for the upsizing of water lines along Highway 24/27.
- **Airport Hangar Project Fund** – accounts for the revenues and expenses of the County’s hangar improvements.
- **Airport Fencing Project** – accounts for the revenues and expenses for the installation of perimeter fencing at the County’s airport.
- **Airport Land Acquisition Project Fund** – accounts for the revenues and expenses for the acquisition of land at the County’s airport.

STANLY COUNTY, NORTH CAROLINA

BADIN SEWER PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2006

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
State grant-sewer	\$ 1,677,000	\$ 191,325	\$ 436,153	\$ 627,478	\$ (1,049,522)
Total revenues	<u>1,677,000</u>	<u>191,325</u>	<u>436,153</u>	<u>627,478</u>	<u>(1,049,522)</u>
Expenditures:					
Professional services	247,000	132,637	33,228	165,865	81,135
Improvements	<u>1,540,000</u>	<u>168,688</u>	<u>446,090</u>	<u>614,778</u>	<u>925,222</u>
Total expenditures	<u>1,787,000</u>	<u>301,325</u>	<u>479,318</u>	<u>780,643</u>	<u>1,006,357</u>
Revenues over (under) expenditures	<u>(110,000)</u>	<u>(110,000)</u>	<u>(43,165)</u>	<u>(153,165)</u>	<u>(43,165)</u>
Other financing sources:					
Transfer from general fund	<u>110,000</u>	<u>110,000</u>	<u>-</u>	<u>110,000</u>	<u>-</u>
Total other financing sources	<u>110,000</u>	<u>110,000</u>	<u>-</u>	<u>110,000</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (43,165)</u>	<u>\$ (43,165)</u>	<u>\$ (43,165)</u>

STANLY COUNTY, NORTH CAROLINA

SCHOOL WATER EXTENSION PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2006

	Actual			Variance Positive (Negative)	
	Project Authorization	Prior Years	Current Year		Total to Date
Revenues:					
Federal grant-EPA	\$ 629,000	\$ 629,200	\$ -	\$ 629,200	\$ 200
State grant-water	2,000,000	2,000,000	-	2,000,000	-
Total revenues	2,629,000	2,629,200	-	2,629,200	200
Expenditures:					
Professional services-water	298,369	272,086	3,419	275,505	22,864
Improvements	3,153,697	3,153,697	-	3,153,697	-
Total expenditures	3,452,066	3,425,783	3,419	3,429,202	22,864
Revenues over (under) expenditures	(823,066)	(796,583)	(3,419)	(800,002)	23,064
Other Financing Sources (Uses):					
Transfer from general fund	301,202	-	301,202	301,202	-
Transfer from capital reserve	21,864	21,864	-	21,864	-
Transfer from school construction	500,000	500,000	-	500,000	-
Total other financing sources	823,066	521,864	301,202	823,066	-
Revenues and other financing sources over (under) expenditures	\$ -	\$ (274,719)	\$ 297,783	\$ 23,064	\$ 23,064

STANLY COUNTY, NORTH CAROLINA

HIGHWAY 52 PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2006

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Expenditures:					
Professional services	\$ 130,000	\$ -	\$ 89,631	\$ 89,631	\$ 40,369
Construction	650,000	-	541,100	541,100	108,900
Total expenditures	780,000	-	630,731	630,731	149,269
Other Financing Sources:					
Transfer from General Fund	780,000	-	780,000	780,000	-
Total other financing sources	780,000	-	780,000	780,000	-
Other financing sources over (under) expenditures	\$ -	\$ -	\$ 149,269	\$ 149,269	\$ 149,269

STANLY COUNTY, NORTH CAROLINA

AQUADALE SCHOOL SEWER PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2006

	Actual			Variance Positive (Negative)	
	Project Authorization	Prior Years	Current Year		Total to Date
Revenues:					
Restricted Intergovernmental:					
State grant	\$ 1,000,000	\$ -	\$ -	\$ -	\$ (1,000,000)
Total revenues	1,000,000	-	-	-	(1,000,000)
Expenditures:					
Professional services	250,000	77,442	26,463	103,905	146,095
Construction	900,000	450	287	737	899,263
Total expenditures	1,150,000	77,892	26,750	104,642	1,045,358
Revenues over (under) expenditures	(150,000)	(77,892)	(26,750)	(104,642)	45,358
Other Financing Sources:					
Transfer from General Fund	150,000	-	150,000	150,000	-
Total other financing sources	150,000	-	150,000	150,000	-
Revenues and other financing sources over (under) expenditures	\$ -	\$ (77,892)	\$ 123,250	\$ 45,358	\$ 45,358

STANLY COUNTY, NORTH CAROLINA

HIGHWAY 24/27 UPGRADE PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2006

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Expenditures:					
Construction	\$ 605,000	\$ -	\$ -	\$ -	\$ 605,000
Total expenditures	605,000	-	-	-	605,000
Other Financing Sources:					
Transfer from General Fund	605,000	-	605,000	605,000	-
Total other financing sources	605,000	-	605,000	605,000	-
Other financing sources over (under) expenditures	\$ -	\$ -	\$ 605,000	\$ 605,000	\$ 605,000

STANLY COUNTY, NORTH CAROLINA

AIRPORT HANGAR PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2006

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues:					
Restricted Intergovernmental:					
FAA grant	\$ 1,070,751	\$ 651,719	\$ 258,811	\$ 910,530	\$ (160,221)
Total revenues	<u>1,070,751</u>	<u>651,719</u>	<u>258,811</u>	<u>910,530</u>	<u>(160,221)</u>
Expenditures:					
Professional services	208,646	196,885	25,607	222,492	(13,846)
Construction	<u>1,553,587</u>	<u>834,547</u>	<u>383,608</u>	<u>1,218,155</u>	<u>335,432</u>
Total expenditures	<u>1,762,233</u>	<u>1,031,432</u>	<u>409,215</u>	<u>1,440,647</u>	<u>321,586</u>
Revenues over (under) expenditures	<u>(691,482)</u>	<u>(379,713)</u>	<u>(150,404)</u>	<u>(530,117)</u>	<u>161,365</u>
Other Financing Sources:					
Transfer from general fund	667,037	667,037	-	667,037	-
Transfer from Airport fund	<u>24,445</u>	<u>-</u>	<u>24,445</u>	<u>24,445</u>	<u>-</u>
Total other financing sources	<u>691,482</u>	<u>667,037</u>	<u>24,445</u>	<u>691,482</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 287,324</u>	<u>\$ (125,959)</u>	<u>\$ 161,365</u>	<u>\$ 161,365</u>

STANLY COUNTY, NORTH CAROLINA

AIRPORT FENCING PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2006

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues:					
Restricted Intergovernmental:					
FAA grant	\$ 450,000	\$ -	\$ 180,431	\$ 180,431	\$ (269,569)
Air guard	<u>360,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(360,000)</u>
Total revenues	<u>810,000</u>	<u>-</u>	<u>180,431</u>	<u>180,431</u>	<u>(629,569)</u>
Expenditures:					
Professional services	-	-	26,417	26,417	(26,417)
Construction	<u>860,000</u>	<u>-</u>	<u>231,392</u>	<u>231,392</u>	<u>628,608</u>
Total expenditures	<u>860,000</u>	<u>-</u>	<u>257,809</u>	<u>257,809</u>	<u>602,191</u>
Revenues over (under) expenditures	<u>(50,000)</u>	<u>-</u>	<u>(77,378)</u>	<u>(77,378)</u>	<u>(27,378)</u>
Other Financing Sources:					
Transfer from airport fund	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Total other financing sources	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (27,378)</u>	<u>\$ (27,378)</u>	<u>\$ (27,378)</u>

STANLY COUNTY, NORTH CAROLINA

AIRPORT LAND ACQUISITION PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2006

	<u>Actual</u>			Variance Positive (Negative)	
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>		<u>Total to Date</u>
Revenues:					
Restricted Intergovernmental:					
FAA grant	\$ 1,000,000	\$ -	\$ -	\$ -	\$ (1,000,000)
Total revenues	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,000,000)</u>
Expenditures:					
Construction	<u>1,111,112</u>	<u>-</u>	<u>12,908</u>	<u>12,908</u>	<u>1,098,204</u>
Total expenditures	<u>1,111,112</u>	<u>-</u>	<u>12,908</u>	<u>12,908</u>	<u>1,098,204</u>
Revenues over (under) expenditures	<u>(111,112)</u>	<u>-</u>	<u>(12,908)</u>	<u>(12,908)</u>	<u>98,204</u>
Other Financing Sources:					
Transfer from general fund	<u>111,112</u>	<u>-</u>	<u>111,112</u>	<u>111,112</u>	<u>-</u>
Total other financing sources	<u>111,112</u>	<u>-</u>	<u>111,112</u>	<u>111,112</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,204</u>	<u>\$ 98,204</u>	<u>\$ 98,204</u>

INTERNAL SERVICE FUND

This fund type is used to account for the financing of goods and services to other County funds and departments on a cost-reimbursement basis. The County maintains one internal service fund, Group Health and Workers' Compensation Fund.

Individual Descriptions:

- **Group Health** – accounts for the revenues and expenses of the County's group health plan.
- **Workers' Compensation** – accounts for the revenues and expenses of the County's self-insured workers' compensation program that includes administration, stop loss insurance, and benefits paid.

STANLY COUNTY, NORTH CAROLINA

INTERNAL SERVICE FUND
 GROUP HEALTH FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 FINANCIAL PLAN AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2006

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues:			
Charges for sales and services	\$ 3,144,000	\$ 3,382,718	\$ 238,718
Total operating revenues	<u>3,144,000</u>	<u>3,382,718</u>	<u>238,718</u>
Operating Expenses:			
Group health operations	2,910,000	2,724,635	185,365
Worker's compensation claims	240,000	506,427	(266,427)
Total operating expenditures	<u>3,150,000</u>	<u>3,231,062</u>	<u>(81,062)</u>
Operating income (loss)	(6,000)	151,656	157,656
Nonoperating Revenues:			
Investment earnings	<u>6,000</u>	<u>44,067</u>	<u>38,067</u>
Change in net assets	<u>\$ -</u>	195,723	<u>\$ 195,723</u>
Net assets, beginning of year - July 1		<u>14,348</u>	
Net assets, end of year - June 30		<u>\$ 210,071</u>	

AGENCY FUNDS

Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments and/or other funds.

Individual Fund Descriptions:

- **Protective Payee Fund** – account for monies deposited with the County for the benefit of certain individuals.
- **Fines and Forfeitures Fund** – accounts for fines designated for school operations.
- **Sheriff Court Execution Fund** – accounts for funds received and disbursed by order of the court system.
- **Property Tax Clearing Funds** – account for property taxes collected by the County on behalf of the respective cities and towns.
- **Delinquent Vehicle Tax Fund** – accounts for delinquent vehicle taxes collected by the County and disbursed to the Department of State Treasurer.

STANLY COUNTY, NORTH CAROLINA

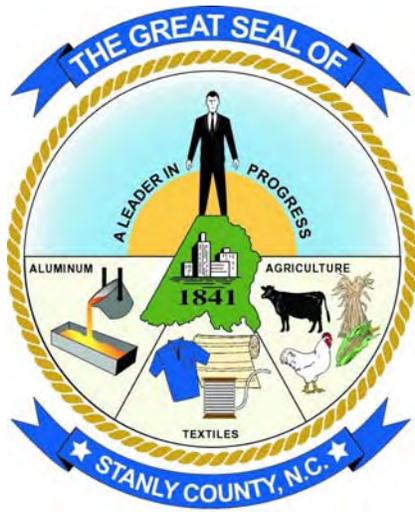
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2006</u>
Protective Payee Fund:				
Assets:				
Cash and cash equivalents	\$ 15,836	\$ 133,617	\$ 124,886	\$ 24,567
Liabilities:				
Client equity	\$ 15,836	\$ 133,617	\$ 124,886	\$ 24,567
Fines and Forfeitures:				
Assets:				
Cash and cash equivalents	\$ -	\$ 579,986	\$ 579,986	\$ -
Sheriff's Execution:				
Assets:				
Cash and cash equivalents	\$ 3,786	\$ 155,571	\$ 159,001	\$ 356
Commissary cash	15,487	3,377	-	18,864
	<u>\$ 19,273</u>	<u>\$ 158,948</u>	<u>\$ 159,001</u>	<u>\$ 19,220</u>
Liabilities:				
Executions payable	\$ 3,786	\$ 155,571	\$ 159,001	\$ 356
Inmate equity	5,875	-	5,050	825
Commissary balance	9,612	8,427	-	18,039
	<u>\$ 19,273</u>	<u>\$ 163,998</u>	<u>\$ 164,051</u>	<u>\$ 19,220</u>

STANLY COUNTY, NORTH CAROLINA

COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2006</u>
Property Tax Clearing Fund:				
Assets:				
Cash and cash equivalents	\$ 116,522	\$ 8,418,777	\$ 8,452,277	\$ 83,022
Liabilities:				
Accounts payable	\$ 116,522	\$ 8,418,777	\$ 8,452,277	\$ 83,022
Delinquent Vehicle Tax Fund:				
Assets:				
Cash and cash equivalents	\$ -	\$ 10,189	\$ 7,476	\$ 2,713
Liabilities:				
Due Department of State Treasurer	\$ -	\$ 10,189	\$ 7,476	\$ 2,713
Totals:				
Assets:				
Cash and cash equivalents	\$ 136,144	\$ 9,298,140	\$ 9,323,626	\$ 110,658
Commissary cash	15,487	3,377	-	18,864
Total assets	<u>\$ 151,631</u>	<u>\$ 9,301,517</u>	<u>\$ 9,323,626</u>	<u>\$ 129,522</u>
Liabilities:				
Accounts payable and future payments	\$ 120,308	\$ 8,584,537	\$ 8,618,754	\$ 86,091
Client and inmate payable	31,323	142,044	129,936	43,431
Total liabilities	<u>\$ 151,631</u>	<u>\$ 8,726,581</u>	<u>\$ 8,748,690</u>	<u>\$ 129,522</u>

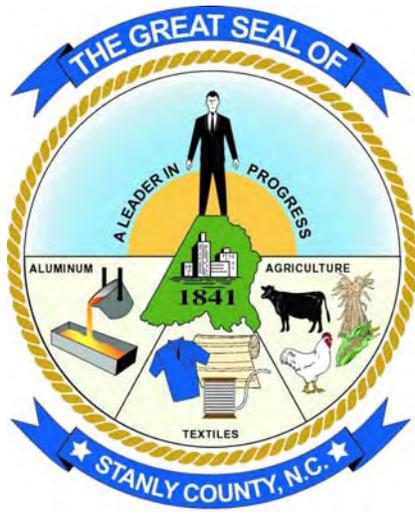


THIS PAGE LEFT INTENTIONALLY BLANK

OTHER SCHEDULES

This section contains the following schedules:

- **General Fund Schedule of Ad Valorem Taxes Receivable**
- **Analysis of Current Tax Levy**



THIS PAGE LEFT INTENTIONALLY BLANK

GENERAL FUND SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2006

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2005</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2006</u>
2005 - 2006	\$ -	\$ 25,446,393	\$ 24,452,588	\$ 993,805
2004 - 2005	899,717	30,762	553,431	377,048
2003 - 2004	358,851	28,827	143,387	244,291
2002 - 2003	240,372	13,512	70,002	183,882
2001 - 2002	159,754	-	29,105	130,649
2000 - 2001	102,204	-	12,383	89,821
1999 - 2000	72,354	-	7,079	65,275
1998 - 1999	56,933	-	3,437	53,496
1997 - 1998	58,717	-	2,802	55,915
1996 - 1997	46,457	-	3,120	43,337
1995 - 1996	28,546	-	2,107	26,439
1994 - 1995	18,923	-	18,923	-
Districts over 3 years old	42,093	15,021	9,427	47,687
	<u>\$ 2,084,921</u>	<u>\$ 25,534,515</u>	<u>\$ 25,307,791</u>	2,311,645
				Less allowance for uncollectible accounts - General Fund
				<u>321,128</u>
				Ad valorem taxes receivable, net
				<u>\$ 1,990,517</u>
				Reconciliation with revenues:
				Ad valorem taxes - General Fund
				\$ 25,307,601
				Reconciling items:
				Animal tax
				(21,179)
				Refunds
				(2,026)
				Collection fees
				(48,365)
				Interest collected
				(221,247)
				Discounts allowed
				257,552
				Late listings
				(20,504)
				Releases
				35,156
				Statute of limitations
				<u>20,803</u>
				Total collections and credits
				<u>\$ 25,307,791</u>

STANLY COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY - COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2006

	County-wide			Total Levy	
	Property Valuation	Rate per \$100	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
ORIGINAL LEVY:					
Property taxed at current year's rate	\$ 3,762,654,264	0.6450	\$ 24,281,423	\$ 22,470,151	\$ 1,811,272
Property taxed at prior year's rate	177,522,101	0.6675	1,184,977	-	1,184,977
Penalties	-		21,352	21,352	-
TOTAL ORIGINAL LEVY	3,940,176,365		25,487,752	22,491,503	2,996,249
DISCOVERIES:					
Current year rate and taxes	18,752,799	0.6450	121,049	111,637	9,412
Penalties	-		665	665	-
Prior year rate	885,442	0.6675	5,910	-	5,910
Prior year penalties	-		155	155	-
Prior year taxes	-		778	778	-
TOTAL DISCOVERIES	19,638,241		128,557	113,235	15,322
RELEASES:					
Current year rate	(22,710,549)	0.6450	(147,606)	(120,496)	(27,110)
Penalties	-		(1,022)	(1,022)	-
Prior year taxes	(3,189,161)	0.6675	(21,288)	-	(21,288)
TOTAL RELEASES	(25,899,710)		(169,916)	(121,518)	(48,398)
Net assessed valuation	<u>\$ 3,933,914,896</u>				
Net Levy			25,446,393	22,483,220	2,963,173
Uncollected taxes , June 30			<u>993,805</u>	<u>698,559</u>	<u>295,246</u>
Current year's taxes collected			<u>\$ 24,452,588</u>	<u>\$ 21,784,661</u>	<u>\$ 2,667,927</u>
Current levy collection percentage rate			<u>96.09%</u>	<u>96.89%</u>	<u>90.04%</u>

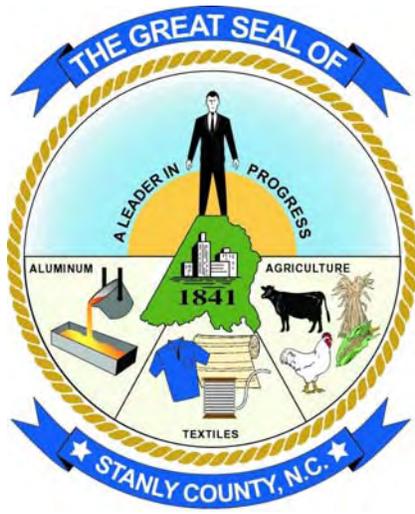
The \$73,101 in additions on schedule 24 is the transfer of value use property (deferred taxes) to the tax roll.

Secondary Market Disclosures:

Assessed valuation:	
Assessment ratio	100%
Real property	\$ 3,387,597,476
Personal property	450,174,465
Public service	<u>96,142,955</u>
Total assessed value	\$ 3,933,914,896
Tax rate per \$100	0.6450
Levy (includes discoveries, releases, and abatements)	<u>\$ 25,446,393</u>

In addition to the County-wide rate, the following table lists the levies by the County on behalf of fire protection districts for the fiscal year ended June 30, 2006:

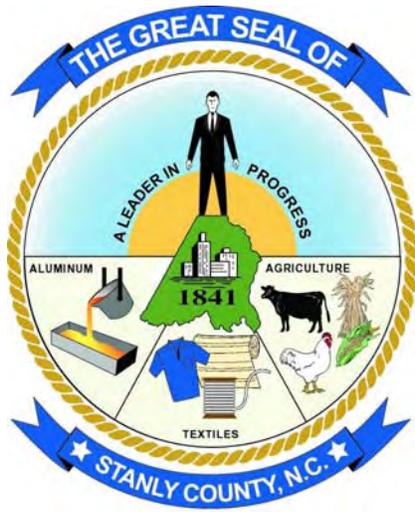
Fire Protection Districts	<u>\$ 1,537,417</u>
---------------------------	---------------------



THIS PAGE LEFT INTENTIONALLY BLANK

STATISTICAL SECTION

The Statistical Section contains financial trends, revenue capacity, debt capacity, demographic, economic, and operating information.



THIS PAGE LEFT INTENTIONALLY BLANK

Stanly County, North Carolina
Net Assets by Component
Last Four Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 10,698,835	\$ 10,887,087	\$ 11,200,155	\$ 12,190,805
Restricted	55,304	61,691	50,431	71,510
Unrestricted	<u>(3,610,061)</u>	<u>(3,189,828)</u>	<u>(4,783,194)</u>	<u>(3,676,463)</u>
Total Governmental activities net assets	<u>\$ 7,144,078</u>	<u>\$ 7,758,950</u>	<u>\$ 6,467,392</u>	<u>\$ 8,585,852</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 23,832,478	\$ 29,165,629	\$ 30,444,727	\$ 30,892,567
Unrestricted	<u>4,133,013</u>	<u>1,305,445</u>	<u>576,013</u>	<u>2,176,979</u>
Total business-type activities net assets	<u>\$ 27,965,491</u>	<u>\$ 30,471,074</u>	<u>\$ 31,020,740</u>	<u>\$ 33,069,546</u>
Primary government				
Invested in capital assets, net of related debt	\$ 34,531,313	\$ 40,052,716	\$ 41,644,882	\$ 43,083,372
Restricted	55,304	61,691	50,431	71,510
Unrestricted	<u>522,952</u>	<u>(1,884,383)</u>	<u>(4,207,181)</u>	<u>(1,499,484)</u>
Total primary government net assets	<u>\$ 35,109,569</u>	<u>\$ 38,230,024</u>	<u>\$ 37,488,132</u>	<u>\$ 41,655,398</u>

Note: Stanly County began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

Stanly County, North Carolina
Changes in Net Assets
Last Four Fiscal Years
(accrual basis of accounting)

Expenses	Fiscal Year			
	2003	2004	2005	2006
Governmental activities:				
General government	\$ 3,681,482	\$ 3,943,999	\$ 7,211,199	\$ 4,507,077
Public safety	8,501,449	9,208,320	10,271,412	10,901,818
Transportation	615,484	627,172	722,422	799,798
Environmental protection	793,220	867,293	899,015	927,806
Economic and physical development	1,352,313	1,282,716	1,529,470	2,001,170
Human services	13,141,648	13,402,271	14,330,481	15,746,398
Education	18,425,835	14,665,895	16,478,097	14,524,281
Culture and recreation	1,545,035	1,509,613	1,384,589	1,552,261
Interest on long-term debt	1,356,195	1,201,997	1,136,626	1,085,577
Total governmental activities expenses	<u>49,412,661</u>	<u>46,709,276</u>	<u>53,963,311</u>	<u>52,046,186</u>
Business-type activities:				
Water and sewer	2,728,878	2,852,826	3,127,806	2,852,463
Airport	1,188,525	1,377,782	1,444,977	1,445,778
Total business-type activities	<u>3,917,403</u>	<u>4,230,608</u>	<u>4,572,783</u>	<u>4,298,241</u>
Total primary governmental expenses	<u>\$ 53,330,064</u>	<u>\$ 50,939,884</u>	<u>\$ 58,536,094</u>	<u>\$ 56,344,427</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 565,380	\$ 596,905	\$ 4,261,895	\$ 1,668,751
Public safety	2,278,536	2,120,800	1,824,146	2,022,339
Transportation	243,890	266,612	304,235	303,563
Environmental protection	714,625	706,657	769,537	740,437
Economic and physical development	32,612	28,230	6,625	13,081
Human services	941,148	1,647,522	1,698,934	1,910,676
Culture and recreation	121,043	96,867	24,497	27,714
Operating grants and contributions	8,250,279	7,996,207	8,458,500	11,035,610
Capital grants and contributions	1,059,978	53,048	29,503	164,368
Total governmental activities program revenues	<u>14,207,491</u>	<u>13,512,848</u>	<u>17,377,872</u>	<u>17,886,539</u>
Business-type activities:				
Charges for services:				
Water and sewer	2,252,317	2,415,287	2,535,305	2,762,650
Airport	251,514	261,181	334,406	397,830
Capital grants and contributions	2,293,083	3,142,125	1,789,803	1,007,601
Total business-type activities program revenues	<u>4,796,914</u>	<u>5,818,593</u>	<u>4,659,514</u>	<u>4,168,081</u>
Total primary governmental program revenues	<u>\$ 19,004,405</u>	<u>\$ 19,331,441</u>	<u>\$ 22,037,386</u>	<u>\$ 22,054,620</u>
Net (expense)/revenue				
Governmental activities	<u>\$ (35,205,170)</u>	<u>\$ (33,196,428)</u>	<u>\$ (36,585,439)</u>	<u>\$ (34,159,647)</u>
Business-type activities	<u>879,511</u>	<u>1,587,985</u>	<u>86,731</u>	<u>(130,160)</u>
Total primary governmental net expense	<u>\$ (34,325,659)</u>	<u>\$ (31,608,443)</u>	<u>\$ (36,498,708)</u>	<u>\$ (34,289,807)</u>

**General Revenues and Other Changes in
Net Assets**

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities:				
Taxes				
Ad valorem taxes	\$ 24,929,899	\$ 25,024,239	\$ 25,255,507	\$ 27,029,395
Local option sales tax	7,097,667	8,684,938	9,407,446	9,922,637
Other taxes	416,498	491,953	523,941	557,210
Unrestricted grants and contributions	12,226	5,936	-	-
Interest earned on investments	255,131	246,635	294,656	921,555
Miscellaneous	19,213	262,448	249,947	-
Gain (loss) on sale of capital assets	(79,506)	-	-	-
Transfers in (out)	(973,724)	(904,849)	(437,616)	(2,152,690)
Total governmental activities	<u>31,677,404</u>	<u>33,811,300</u>	<u>35,293,881</u>	<u>36,278,107</u>
Business-type activities:				
Ad valorem taxes	85	-	-	-
Interest earned on investments	26,163	12,749	25,319	26,276
Miscellaneous	114,010	-	-	-
Gain (loss) on sale of capital assets	(155,210)	-	-	-
Transfers in (out)	973,724	904,849	437,616	2,152,690
Total business-type activities	<u>958,772</u>	<u>917,598</u>	<u>462,935</u>	<u>2,178,966</u>
Total primary government	<u>\$ 32,636,176</u>	<u>\$ 34,728,898</u>	<u>\$ 35,756,816</u>	<u>\$ 38,457,073</u>
 Change in Net Assets				
Governmental activities	\$ (3,527,766)	\$ 614,872	\$ (1,291,558)	\$ 2,118,460
Business-type activities	<u>1,838,283</u>	<u>2,505,583</u>	<u>549,666</u>	<u>2,048,806</u>
Total primary government	<u>\$ (1,689,483)</u>	<u>\$ 3,120,455</u>	<u>\$ (741,892)</u>	<u>\$ 4,167,266</u>

Note: Stanly County began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

Stanly County, North Carolina
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Occupancy Tax</u>	<u>Property Excise Tax</u>	<u>Intangible Tax</u>	<u>Other Tax</u>	<u>Total</u>
1997	\$ 15,515,474	\$ 6,028,551	\$ 49,893	\$ -	\$ 100,303	\$ 499,176	\$ -	\$ 22,193,397
1998	15,517,292	6,485,506	53,972	-	90,921	490,197	-	22,637,888
1999	16,218,662	6,995,893	57,760	-	125,186	490,287	-	23,887,788
2000	17,606,833	7,278,261	123,099	-	118,573	484,977	-	25,611,743
2001	19,258,393	7,227,876	104,576	-	129,747	486,093	27,393	27,234,078
2002	24,031,580	7,278,661	116,860	91,583	151,271	491,512	29,503	32,190,970
2003	24,929,899	7,097,667	124,121	162,097	122,057	-	8,224	32,444,065
2004	25,024,239	8,684,938	131,244	179,150	173,016	-	8,544	34,201,131
2005	25,255,507	9,407,446	138,938	184,879	185,316	-	14,808	35,186,894
2006	27,029,395	9,922,637	133,670	199,699	207,718	-	16,123	37,509,242

**Stanly County, North Carolina
Fund Balances of Governmental Funds
Last Four Fiscal Years
(modified accrual basis of accounting)**

	<u>Fiscal Year</u>			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund				
Reserved	\$ 3,689,921	\$ 4,549,925	\$ 5,575,709	\$ 4,206,084
Unreserved	<u>10,560,386</u>	<u>10,601,862</u>	<u>10,931,952</u>	<u>11,756,250</u>
Total General Fund	<u>\$ 14,250,307</u>	<u>\$ 15,151,787</u>	<u>\$ 16,507,661</u>	<u>\$ 15,962,334</u>
All other governmental funds				
Reserved	\$ -	\$ 27,119	\$ 24,928	\$ 59,382
Unreserved, reported in:				
Special revenue funds	6,023,236	3,967,446	590,577	482,567
Capital projects funds	<u>-</u>	<u>400,658</u>	<u>208,637</u>	<u>665,307</u>
Total all other governmental funds	<u>\$ 6,023,236</u>	<u>\$ 4,395,223</u>	<u>\$ 824,142</u>	<u>\$ 1,207,256</u>

Stanly County, North Carolina
Changes in Fund Balances of Governmental Funds
Last Four Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues				
Ad valorem taxes	\$ 24,644,601	\$ 24,978,882	\$ 25,328,973	\$ 26,829,328
Local option sales taxes	7,097,665	8,684,938	9,407,446	9,922,637
Other taxes and licenses	416,501	570,076	523,941	557,210
Unrestricted intergovernmental	12,226	5,936	5,763	6,080
Restricted intergovernmental	8,301,818	7,627,446	8,250,771	10,365,169
Permits and fees	468,084	915,083	750,320	813,844
Sales and services	4,794,619	4,626,431	4,897,601	5,734,916
Investment earnings	391,940	229,301	286,217	827,006
Miscellaneous	495,751	528,194	748,556	834,809
Total revenues	<u>46,623,205</u>	<u>48,166,287</u>	<u>50,199,588</u>	<u>55,890,999</u>
Expenditures				
General government	3,169,773	3,332,574	3,664,082	3,933,312
Public safety	8,487,712	8,681,718	9,779,612	10,245,837
Transportation	477,461	543,815	627,756	712,320
Environmental protection	789,005	873,394	895,520	923,604
Economic and physical development	1,157,470	1,292,366	1,525,184	2,005,105
Human services	13,243,827	13,370,134	14,307,611	15,729,303
Education	18,425,835	14,665,894	16,290,282	14,318,186
Culture and recreation	1,319,469	1,301,922	1,393,480	1,449,484
Capital Outlay	1,447,520	1,357,952	1,021,639	2,150,608
Debt service				
Principal	1,253,005	1,253,005	1,319,567	1,333,098
Interest and other charges	1,323,627	1,315,197	1,152,446	1,099,665
Total expenditures	<u>51,094,704</u>	<u>47,987,971</u>	<u>51,977,179</u>	<u>53,900,522</u>
Excess of revenues over (under) expenditures	(4,471,499)	178,316	(1,777,591)	1,990,477
Other financing sources (uses)				
Transfers from other funds	1,042,813	420,000	90,561	580,000
Transfers to other funds	(2,016,537)	(1,324,849)	(528,177)	(2,732,690)
Sale of capital assets	26,781	-	-	-
Total other financing sources (uses)	<u>(946,943)</u>	<u>(904,849)</u>	<u>(437,616)</u>	<u>(2,152,690)</u>
Net change in fund balances	<u>\$ (5,418,442)</u>	<u>\$ (726,533)</u>	<u>\$ (2,215,207)</u>	<u>\$ (162,213)</u>
Debt services as a percentage of noncapital expenditures	5.2%	5.5%	4.9%	4.7%

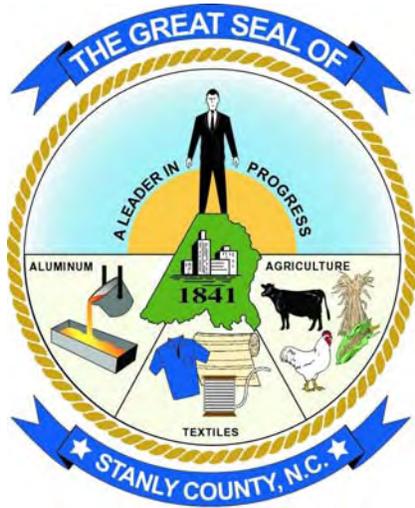
Stanly County, North Carolina
General Governmental Tax Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Occupancy Tax</u>	<u>Property Excise Tax</u>	<u>Intangible Tax</u>	<u>Other Tax</u>	<u>Total</u>
1997	\$ 15,515,474	\$ 6,028,551	\$ 49,893	\$ -	\$ 100,303	\$ 499,176	\$ -	\$ 22,193,397
1998	15,517,292	6,485,506	53,972	-	90,921	490,197	-	22,637,888
1999	16,218,662	6,995,893	57,760	-	125,186	490,287	-	23,887,788
2000	17,606,833	7,278,261	123,099	-	118,573	484,977	-	25,611,743
2001	19,258,393	7,227,876	104,576	-	129,747	486,093	27,393	27,234,078
2002	24,031,580	7,278,661	116,860	91,583	151,271	491,512	29,503	32,190,970
2003	24,644,601	7,097,667	124,121	162,097	122,057	-	8,224	32,158,767
2004	24,978,882	8,684,938	131,244	179,150	173,016	-	8,544	34,155,774
2005	25,328,973	9,407,446	138,938	184,879	185,316	-	14,808	35,260,360
2006	26,829,328	9,922,637	133,670	199,699	207,718	-	16,123	37,309,175

Stanly County, North Carolina
Assessed Value and Estimated Actual Value of Taxable Property
Last Five Fiscal Years

Fiscal Year	Real Property		Personal Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Motor Vehicles	Other					
2002	\$ 1,931,813,015	\$ 265,236,527	\$ 404,433,570	\$ 1,340,530,512	\$ 492,330,928	\$ 3,449,682,696	0.6675	\$ 3,449,682,696	100%
2003	1,971,026,440	276,214,095	407,678,432	1,404,289,682	525,249,495	3,533,959,154	0.6675	3,533,959,154	100%
2004	2,009,269,613	283,643,078	401,540,778	1,455,386,443	618,158,151	3,531,681,761	0.6675	3,531,681,761	100%
2005	2,050,000,000	290,000,000	404,465,835	1,467,503,839	650,000,000	3,561,969,674	0.6675	3,561,969,674	100%
2006	2,530,377,851	343,500,422	454,259,606	1,313,792,452	708,015,435	3,933,914,896	0.6450	3,933,914,896	100%

Source: Stanly County Tax Assessor



THIS PAGE LEFT INTENTIONALLY BLANK

**Stanly County, North Carolina
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Locust Fire District	Center Rural Fire District	Endy Fire District	Ridgecrest Fire District	Aquadale Fire District	Eastside Fire District	Oakboro Rural Fire District	New London Fire District
1997	0.0600	0.0500	0.0400	0.0500	0.0500	0.0800	0.0200	0.0500
1998	0.0600	0.0500	0.0400	0.0500	0.0500	0.0800	0.0400	0.0500
1999	0.0600	0.0500	0.0400	0.0500	0.0500	0.0800	0.0400	0.0500
2000	0.0800	0.0500	0.0400	0.0800	0.0500	0.0800	0.0400	0.0500
2001	0.0800	0.0500	0.0400	0.0800	0.0500	0.0800	0.0400	0.0500
2002	0.0800	0.0500	0.0400	0.0800	0.0500	0.0800	0.0400	0.0500
2003	0.0800	0.0500	0.0400	0.0800	0.0500	0.0800	0.0400	0.0500
2004	0.0800	0.0500	0.0400	0.0800	0.0500	0.0800	0.0400	0.0500
2005	0.0800	0.0500	0.0400	0.0800	0.0500	0.0800	0.0400	0.0500
2006	0.0800	0.0500	0.0400	0.0800	0.0500	0.0800	0.0400	0.0500

	Stanly County	City of Albemarle	Town of Oakboro	Town of Badin	Town of Norwood	Town of Locust	Stanfield Annex	Town of Stanfield
1997	0.6675	0.5400	0.4700	0.2100	0.4000	0.3200	N/A	0.3700
1998	0.6675	0.5600	0.4700	0.2400	0.4000	0.3200	N/A	0.3700
1999	0.6675	0.5600	0.4700	0.2400	0.4000	0.3200	N/A	0.3700
2000	0.6975	0.5800	0.4700	0.2400	0.4000	0.3200	N/A	0.4000
2001	0.7575	0.6100	0.4400	0.2500	0.4000	0.3700	N/A	0.4000
2002	0.6675	0.5400	0.4400	0.2300	0.4000	0.3600	N/A	0.3800
2003	0.6675	0.5400	0.4400	0.2530	0.4000	0.3600	0.3167	0.3800
2004	0.6675	0.5400	0.4400	0.3000	0.4000	0.3600	N/A	0.3800
2005	0.6675	0.5600	0.4400	0.3200	0.4000	0.3600	N/A	0.3800
2006	0.6450	0.5600	0.4400	0.3400	0.4000	0.3600	N/A	0.3800

All tax rates are expressed in dollars of tax per \$100 of assessed valuation. For the above years, the tax levies were assessed at one hundred percent (100%) of the actual value.

Maximum Combined County Tax Rate - Stanly County plus the highest fire district tax rate.

Maximum Combined City Tax Rate - Stanly County plus the highest city or township tax rate(s).

Southside Fire District	Rocky River District	Bethany Fire District	Richfield Fire District	Millingport Fire District	Badin-Yakin Fire District	Piney Point Water District
0.1000	0.0600	0.0400	0.0700	0.0500	N/A	0.0860
0.1000	0.0600	0.0500	0.0700	0.0500	N/A	0.0860
0.1000	0.0600	0.0500	0.0700	0.0500	N/A	0.0860
0.1000	0.0800	0.0500	0.0700	0.0500	N/A	0.0860
0.1000	0.0800	0.0500	0.0700	0.0500	N/A	0.0860
0.1000	0.0800	0.0500	0.0700	0.0500	N/A	N/A
0.1000	0.0800	0.0500	0.0700	0.0500	0.0500	N/A
0.1000	0.0800	0.0500	0.0700	0.0500	0.0500	N/A
0.1000	0.0800	0.0500	0.0700	0.0500	0.0500	N/A
0.1000	0.8000	0.0500	0.0700	0.0500	0.0500	N/A

Town of New London	Town of Richfield	Town of Red Cross	Red Cross Annex	Town of Misenheimer	Municipal Service	City Schools Higher Standard	Maximum Combined County Tax Rate	Maximum Combined City Tax Rate
0.1600	0.1000	N/A	N/A	N/A	N/A	0.0400	0.7675	1.2075
0.1600	0.1600	N/A	N/A	N/A	N/A	0.0400	0.7675	1.2275
0.1600	0.1600	N/A	N/A	N/A	0.1000	N/A	0.7675	1.2275
0.1600	0.1600	N/A	N/A	N/A	0.1000	N/A	0.7975	1.2775
0.1600	0.1600	N/A	N/A	N/A	0.1000	N/A	0.8575	1.3675
0.1600	0.1500	N/A	N/A	N/A	0.1000	N/A	0.7675	1.2075
0.1600	0.1500	0.1008	N/A	N/A	0.1000	N/A	0.7675	1.2075
0.1600	0.1500	0.1600	0.2242	0.2200	0.1000	N/A	0.7675	1.2075
0.1600	0.1500	0.1600	N/A	0.2200	0.1000	N/A	0.7675	1.2275
0.1600	0.1500	0.1600	N/A	0.2200	0.1000	N/A	0.7450	1.2050

**Stanly County, North Carolina
Principal Property Taxpayers
Current Year and Nine Years Ago**

<u>Taxpayer</u>	<u>2006</u>			<u>1997</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
APGI	\$ 50,493,167	1	1.28%	\$ -	-	-
ALCOA	33,380,890	2	0.85%	67,602,013	1	3.12%
Michelin Aircraft Tire Co.	31,547,907	3	0.80%	24,734,566	3	1.14%
Duke Energy	27,087,724	4	0.69%	-	-	-
Union Electric Cooperative	21,089,387	5	0.54%	-	-	-
SPX-General Signal	16,542,148	6	0.42%	-	-	-
Concord Telephone Co.	15,566,162	7	0.40%	-	-	-
Fiber Composites	15,264,931	8	0.39%	-	-	-
Preformed Line Products	15,120,430	9	0.38%	-	-	-
Piedmont Natural Gas	12,698,501	10	0.32%	-	-	-
Wiscassett Mills	-	-	-	33,662,782	2	1.55%
American Fiber & Finishing	-	-	-	17,123,369	4	0.79%
Metal Forge Company	-	-	-	11,368,177	5	0.53%
E.J. Snyder, Inc.	-	-	-	9,887,464	6	0.46%
Stanly Knitting Mills	-	-	-	7,203,266	7	0.33%
Collina and Aikman	-	-	-	5,594,665	8	0.26%
Perfect-Fit Industries	-	-	-	4,149,671	9	0.19%
Homes By Oakwood	-	-	-	3,593,660	10	0.17%
Totals	<u>\$ 238,791,247</u>		<u>6.07%</u>	<u>\$ 184,919,633</u>		<u>8.54%</u>

Source: Stanly County Tax Assessor

**Stanly County, North Carolina
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended <u>June 30</u>	Total Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1997	\$ 14,523,287	\$ 13,850,363	95.37%	\$ 402,709	\$ 14,253,072	98.14%
1998	15,029,109	14,455,619	96.18%	396,982	14,852,601	98.83%
1999	15,584,334	15,021,386	96.39%	542,942	15,564,328	99.87%
2000	17,002,740	16,394,852	96.42%	543,801	16,938,653	99.62%
2001	18,880,008	18,137,223	96.07%	527,428	18,664,651	98.86%
2002	23,202,760	22,217,710	95.75%	691,765	22,909,475	98.74%
2003	23,570,947	22,498,389	95.45%	755,234	23,253,623	98.65%
2004	23,615,122	22,627,355	95.82%	983,334	23,610,689	99.98%
2005	23,837,624	22,937,907	96.23%	1,008,706	23,946,613	100.46%
2006	25,446,392	24,452,587	96.09%	799,246	25,251,833	99.24%

**Stanly County, North Carolina
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities		Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Leases	General Obligation Bonds	Capital Leases	Revolving Loan			
1997		\$ 4,967,975	\$ 3,489,900	\$ 1,111,292	\$ 49,402	\$ 9,618,569	0.97%	\$ 176.20
1998	-	4,421,909	3,216,700	1,003,013	25,309	8,666,931	0.83%	158.36
1999	-	4,394,295	2,934,600	955,789	-	8,284,684	0.76%	148.99
2000	-	4,058,436	2,692,900	908,167	438,033	8,097,536	0.68%	141.53
2001	16,000,000	3,648,753	2,440,700	829,982	431,890	23,351,325	1.76%	401.92
2002	25,500,000	3,232,926	2,177,200	747,461	409,159	32,066,746	2.36%	545.43
2003	24,600,000	2,793,300	875,000	660,365	386,428	29,315,093	2.24%	498.61
2004	23,700,000	2,237,600	760,000	552,076	363,697	27,613,373	2.04%	467.55
2005	22,800,000	1,818,029	645,000	448,556	340,967	26,052,552	1.89%	440.99
2006	21,900,000	1,384,931	530,000	341,700	318,235	24,474,866	1.69%	415.45

Note: Details regarding the county's outstanding debt can be found in the notes to the financial statements.

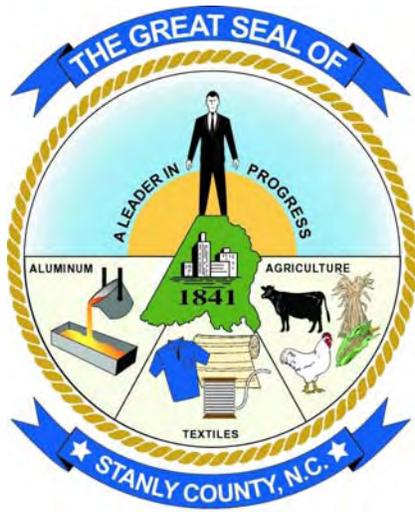
Stanly County, North Carolina
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property	Per Capita
1997	\$ 3,489,900	0.16%	\$ 63.93
1998	3,216,700	0.14%	58.77
1999	2,934,600	0.12%	52.77
2000	2,692,900	0.11%	47.07
2001	18,440,700	0.74%	317.40
2002	27,677,200	0.80%	470.76
2003	25,475,000	0.72%	428.89
2004	24,460,000	0.67%	414.16
2005	23,445,000	0.66%	396.85
2006	22,430,000	0.57%	380.74

Note: Details regarding the county's outstanding debt can be found in the notes to the financial statements.

Stanly County, North Carolina
Direct and Overlapping Governmental Activities Debt
June 30, 2006

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Stanly County	\$ 22,430,000	100%	\$ 22,430,000
City of Albemarle	1,630,000	100%	1,630,000
Town of Richfield	448,500	100%	<u>448,500</u>
Total direct and overlapping debt			<u>\$ 24,508,500</u>



THIS PAGE LEFT INTENTIONALLY BLANK

**Stanly County, North Carolina
 Legal Debt Margin Information
 Last Ten Fiscal Years**

	Fiscal Year					
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Debt limit	\$173,211,678	\$180,186,582	\$ 185,924,795	\$ 194,275,355	\$198,639,178	\$ 244,327,835
Total net debt applicable to limit	<u>4,967,975</u>	<u>4,415,518</u>	<u>4,394,295</u>	<u>4,058,436</u>	<u>19,999,754</u>	<u>28,732,926</u>
Legal debt margin	<u>\$168,243,703</u>	<u>\$175,771,064</u>	<u>\$ 181,530,500</u>	<u>\$ 190,216,919</u>	<u>\$178,639,424</u>	<u>\$ 215,594,909</u>
Total net debt applicable to the limit as a percentage of debt limit	2.87%	2.45%	2.36%	2.09%	10.07%	11.76%

Legal Debt Margin Calculation for Fiscal Year 2006

Assessed value	<u>\$3,933,914,896</u>
Debt limit - 8% of assessed value	314,713,191
Debt applicable to limit:	
General obligation bonds	\$ 22,430,000
Revolving Loan	318,235
Capital lease obligation	<u>1,726,631</u>
Total debt	24,474,866
Less-Statutory deductions	<u>1,189,935</u>
Total amount of debt applicable to debt limit	23,284,931
Legal debt margin	<u>\$ 291,428,260</u>

Table 14

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ 282,142,285	\$ 282,534,541	\$ 284,957,574	\$ 314,713,191
<u>24,600,000</u>	<u>23,700,000</u>	<u>22,800,000</u>	<u>23,284,931</u>
<u>\$ 257,542,285</u>	<u>\$ 258,834,541</u>	<u>\$ 262,157,574</u>	<u>\$ 291,428,260</u>
8.72%	8.39%	8.00%	7.40%

**Stanly County, North Carolina
Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Median Age (3)	School Enrollment (4)	Unemployment Rate (5)
1997	54,588	\$ 990,280,908	\$ 18,141	35.9	9,792	5.0%
1998	54,730	1,047,860,580	19,146	35.0	10,017	3.2%
1999	55,606	1,085,929,574	19,529	36.5	10,189	3.6%
2000	57,214	1,184,558,656	20,704	37.0	10,187	4.0%
2001	58,100	1,325,609,600	22,816	37.0	10,186	7.6%
2002	58,792	1,357,507,280	23,090	37.2	10,204	8.3%
2003	58,794	1,311,517,758	22,307	37.2	10,184	9.1%
2004	59,060	1,355,604,180	22,953	36.9	9,903	7.2%
2005	59,078	1,379,707,612	23,354	36.9	9,868	5.9%
2006	58,912	1,452,298,624	24,652	38.0	9,588	5.5%

Sources:

- (1) N.C. Office of State Budget and Management
- (2) U.S. Census Bureau
- (3) U.S. Census Bureau
- (4) Stanly County Board of Education
- (5) N.C. Employment Security Commission

**Stanly County, North Carolina
Principal Employers
Current Year**

Employer	2006		
	Employees	Rank	Percentage of Total County Employment
Stanly County Schools	1,420	1	5.06%
Stanly Health Services	1,050	2	3.74%
Collins & Aikman	600	3	2.14%
Stanly County Government	569	4	2.03%
Michelin Aircraft	377	5	1.34%
Albemarle Correctional	327	6	1.17%
Wal-Mart	325	7	1.16%
Shult Manufacturing	282	8	1.01%
City of Albemarle	275	9	0.98%
ARC Services	<u>225</u>	10	<u>0.80%</u>
Total	<u>5,450</u>		<u>19.43%</u>

Source: Stanly County Economic Development Commission

Stanly County, North Carolina
Full-time Equivalent County Government Employees by Function
Last Seven Fiscal Years

Function	Full-time Equivalent Employees as of June 30						
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General government							
Administration	5	6	4	4	5	6	6
Finance	6	7	7	7	7	7	7
Taxes	28	25	22	23	23	22	22
Elections	3	3	3	3	3	3	2
Register of deeds	5	6	6	6	6	6	6
Information technology	3	3	3	3	3	3	3
Facilities management	6	6	6	6	6	6	6
Public safety							
Sheriff	44	48	48	51	51	51	53
Jail	15	17	17	16	18	23	20
Criminal justice partnership	1	1	1	1	1	1	1
Emergency management	2	2	2	2	2	2	2
Fire	2	2	2	1	1	1	1
Emergency medical services	35	34	35	35	33	39	37
Inspections	7	7	7	7	7	7	7
Animal control	4	4	3	5	5	5	5
E-911 operations	13	15	15	16	16	15	16
E-911 surcharge	1	1	2	2	1	1	2
Transportation	16	16	17	16	17	18	19
Environmental protection							
Solid waste collection	14	15	13	13	13	13	13
Conservation	2	2	2	2	2	2	2
Economic and physical development							
Economic development	2	2	2	2	2	2	2
Planning and zoning	6	6	6	5	5	6	4
Cooperative extension	10	10	10	10	7	6	6
Title V	3	5	6	7	6	5	6
Human services							
Health	46	49	47	52	56	56	54
Social services	78	77	77	77	73	75	76
Senior services	17	18	18	16	18	17	18
Veterans services	2	1	1	1	1	1	1
Culture and recreation							
Library	20	19	20	19	19	20	20
Historic preservation	2	2	2	2	2	2	1
Agri civic center	3	4	4	4	4	3	5
Airport	5	4	4	4	5	5	5
Utilities							
Administration	4	4	4	4	4	4	4
Operations	<u>6</u>	<u>6</u>	<u>7</u>	<u>7</u>	<u>8</u>	<u>8</u>	<u>8</u>
Total	<u>416</u>	<u>427</u>	<u>423</u>	<u>429</u>	<u>430</u>	<u>441</u>	<u>440</u>

**Stanly County, North Carolina
Operating Indicators by Function
Current Fiscal Year**

Function	<u>Fiscal Year</u>
	<u>2006</u>
Public Safety	
Arrests	1,819
Civil papers served	1,060
Average daily jail population	83
Dispatched EMS calls	6,297
EMS move up calls	2,748
Building permits issued	642
Animals entering shelter	4,358
Animals euthanized	3,201
911 calls logged for service	102,834
Transportation	
Service hours	26,180
Miles driven	413,044
Trips	82,878
Environmental protection	
Refuse collected (tons/day)	19
Recycleables collected (tons/day)	2
Human services	
Food and lodging permits	127
Food and lodging inspections made	917
Wells inspected	155
Culture and recreation	
Library books checked out	197,718
Library cards issued	2,763
Water and sewer	
Number of water customers	3,859
Average monthly water demand (Gallons)	4,216,807
Number of sewer customers	648
Average sewage collected monthly (Gallons)	31,199,628
Airport	
Operations (Take-offs and/or landings)	11,451

Sources: Various departments

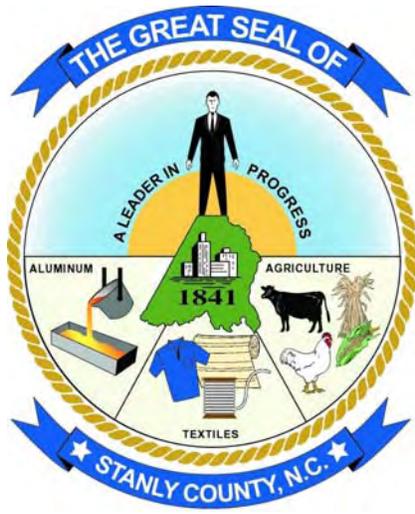
**Stanly County, North Carolina
Capital Asset Statistics by Function
Current Fiscal Year**

Function	<u>Fiscal Year</u> <u>2006</u>
Public safety	
Detention center	1
Patrol units	51
EMS ambulances	8
Transportation	
Transit vehicles	29
Environmental protection	
Convenience centers	9
Sanitary landfill	0
Culture and recreation	
Museums	3
Civic center	1
Water and sewer	
Miles of water mains	150
Number of wastewater plants	1
Miles of sanitary sewer	26
Airport	
Runways	2
Hangar Spaces	30

Sources: Various departments

COMPLIANCE SECTION

The Compliance Section contains audited schedule of expenditures of Federal and State awards (grants).



THIS PAGE LEFT INTENTIONALLY BLANK



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***

Board of County Commissioners
Stanly County
Albemarle, North Carolina

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregated remaining fund information of Stanly County, North Carolina, as of and for the year ended June 30, 2006, which collectively comprises Stanly County's basic financial statements and have issued our report thereon dated November 7, 2006. 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 Stanly County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Stanly 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, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of the Board of County Commissioners, and 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.

November 7, 2006



Martin Starnes & Associates, CPAs, P.A.

A Professional Association of Certified Public Accountants and Management Consultants

Report on Compliance With Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Implementation Act

Board of County Commissioners
Stanly County
Albemarle, North Carolina

Compliance

We have audited the compliance of Stanly 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 are applicable to each of its major federal programs for the year ended June 30, 2006. Stanly County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Stanly County's management. Our responsibility is to express an opinion on Stanly 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 noncompliance 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 Stanly 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 on Stanly County's compliance with those requirements.

In our opinion, Stanly County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of Stanly County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Stanly County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our 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 the State Single Audit Implementation Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of the Board of County Commissioners, and 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 specific parties.

Martin Starnes + Associates CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
November 7, 2006



Martin Starnes & Associates, CPAs, P.A.

A Professional Association of Certified Public Accountants and Management Consultants

Report on Compliance With Requirements Applicable to Each Major State Program and Internal Control over Compliance in Accordance with Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act

Board of County Commissioners
Stanly County
Albemarle, North Carolina

Compliance

We have audited the compliance of Stanly County, North Carolina, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2006. Stanly County's major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of Stanly County's management. Our responsibility is to express an opinion on Stanly 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; applicable sections of OMB Circular A-133 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 noncompliance 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 Stanly 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 on Stanly County's compliance with those requirements.

In our opinion, Stanly County complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of Stanly County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered Stanly County's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major State program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of the Board of County Commissioners, and 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 specific parties.

Martin Starnes + Associates CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
November 7, 2006

STANLY COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2006

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no

- Reportable condition(s) identified that are not considered to be material weaknesses _____ yes X none reported

Noncompliance material to financial statements noted

_____ yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes X no

- Reportable condition(s) identified that are not considered to be material weaknesses _____ yes X none reported

Noncompliance material to federal awards

_____ 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

STANLY COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2006

Section I – Summary of Auditors’ Results (Continued)

Identification of major federal programs:

CFDA Numbers	Names of Federal Program or Cluster
93.778	Title XIX - Medicaid
93.596; 93.575, 93.667, 93.558	Subsidized Child Care Cluster
10.561	Food Stamp Program
93.767	State Children’s Insurance Program

Dollar threshold used to distinguish between type A and type B Programs \$1,494,106

Auditee qualified as low-risk auditee? _____ yes X no

State Awards

Internal control over major state programs:

• Material weakness(es) identified? _____ yes X no

• Reportable condition(s) identified that are not considered to be material weaknesses _____ yes X none reported

Noncompliance material to state awards _____ yes X no

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act _____ yes X no

STANLY COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2006

Identification of major State programs:

<u>Program Name</u>
Title XIX - Medicaid (State portion)
Subsidized Child Care Cluster (State portion)
State/County Special Assistance for Adults
NC Department of Environmental and Natural Resources: Clean Water Management Trust Fund

Section II – Financial Statement Findings

- A. The audit did not detect and findings related to compliance that are required to be reported in accordance with *Government Auditing Standards*.
- B. The audit did not detect and findings related to internal control over financial reporting that are required to be reported in accordance with *Government Auditing Standards*.

Section III – Federal Award Findings and Questioned Costs

None

Section IV – State Award Findings and Questioned Costs

None

*STANLY COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2006*

N/A-Not applicable

STANLY COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2006

None

STANLY COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

Grantor / Pass-through Grantor / Program Title	CFDA Number	Expenditures	
		Federal	State
Federal Awards:			
U.S. Department of Health and Human Services:			
Administration for Children and Families:			
Passed-through the N.C. Department of Health and Human Services			
Division of Social Services:			
Child Support Enforcement	93.563	\$ 402,134	\$ -
Temporary Assistance for Needy Families:			
Administration	93.558	589,234	-
Direct Benefit Payment	93.558	414,562	(31)
Total Temporary Assistance for Needy Families		1,003,796	(31)
Foster Care and Adoption Cluster:			
Title IV-E Foster Care:			
Administration	93.658	284,692	59,797
Title IV-E Adoption Assistance Program:			
Direct Benefit Payments	93.659	110,267	27,377
Total Foster Care and Adoption Cluster		394,959	87,174
Low-Income Home Energy Assistance Block Grant:			
Administration	93.568	37,592	6,376
Direct Benefit Payments	93.568	200,768	-
Total Low-Income Home Energy Assistance Block Grant		238,360	6,376
CCDF	93.596	77,674	56,535
LINKS	93.674	900	225
AFDC Payments and Penalties	93.560	(187)	(51)
Social Services Block Grant	93.667	213,700	18,403
Child Welfare Services-State Grants			
Adoption Subsidy - Direct Benefit Payments	93.645	-	93,866
Child Welfare Services-State Grants			
Permanency Planning	93.645	48,537	22,296
Sub total,		340,624	191,274
Division of Child Development:			
Subsidized Childcare Cluster:			
Social Services Block Grant	93.667	7,233	-
CCDF-Discretionary	93.575	709,859	-
CCDF-Mandatory	93.596	327,086	-
CCDF-Match	93.596	434,577	-
Temporary Assistance for Needy Families	93.558	227,845	-
Smart Start	-	-	297,854
TANF - MOE	-	-	223,266
Smart Start - State Match	-	-	170,388
State Appropriations	-	-	89,503
Total Subsidized Childcare Cluster		1,706,600	781,011
U.S. Department of Agriculture:			
Passed-through N.C. Department of Health & Human Services			
Division of Public Health:			
Special Supplemental Nutrition Program for			
Women Infant and Children (WIC)	10.557	213,080	-
WIC - Direct Benefit Payment	10.557	963,605	-
Total Division of Public Health		1,176,685	-

Health Care Financing Administration:

Passed-through the N.C. Department of Health and Human Services

Division of Medical Assistance:

Direct Benefit Payments:

Medical Assistance Program	93.778	36,095,842	17,451,641
Administration:			
Medical Assistance Program	93.778	447,838	17,871
Health Choice	93.767	25,103	2,121

Total Health Care Financing Administration		<u>36,568,783</u>	<u>17,471,633</u>
--	--	-------------------	-------------------

U.S. Department of Agriculture:

Passed-through N.C. Department of Health & Human Services

Food and Consumer Service:

Division of Social Services:

Food Stamp Cluster:

Administration:

Food Stamp Training	10.561	222,180	-
Food Stamp E&T and Depend Care	10.561	1,240	-
Food Stamp Fraud Administration	10.561	47,167	-
DOR Incentive Retention	10.551	161	-
TOP Incentive Retention	10.551	1,455	-

Direct Benefit Payments:

Food Stamp Program	10.551	5,587,849	-
--------------------	--------	-----------	---

Total Food Stamp Cluster		<u>5,860,052</u>	<u>-</u>
--------------------------	--	------------------	----------

U.S. Department of Health and Human Services:

Passed-through N.C. Department of Health and Human Services

Division of Public Health:

Project Grants and Cooperative Agreement for Tuberculosis

Control Program	93.116	580	-
Child Health (CFPT)	93.994	266	199
Family Planning Services	93.217	31,022	-
Women's Preventive Health	93.558	2,001	-
Immunization Program/Aid to County Funding	93.268	6,377	-
Preparedness & Response Bioterrorism Grants	93.283	48,288	-
Breast & Cervical Cancer	93.283	14,654	-
BCCP-Chronic Disease (WW)	93.919	1,943	-
BCC-Wisewoman Project	93.919	1,237	-
Risk Reduction/Health Promotion	93.991	10,713	-
HHS-MCH Services Block Grant to the States	93.994	53,906	40,434
Child Child Coordination (CSC)	93.994	12,114	9,087
School Nurse Initiative Perm	93.994	23,997	18,000

Total Division of Public Health		<u>207,098</u>	<u>67,720</u>
---------------------------------	--	----------------	---------------

Administration of Aging:

Passed-through Centralina Council of Governments

Division of Aging:

Aging Cluster:

Access Title III B	93.044	18,578	32,505
In-Home Services:			
Title IIIB	93.044	45,312	118,548
Title IIIC1	93.045	39,705	17,830
Title IIIC2	93.045	37,656	32,664
Caregiver	93.052	21,328	1,078
USDA Supplement	10.570	37,896	-

Total Division of Aging		<u>200,475</u>	<u>202,625</u>
-------------------------	--	----------------	----------------

Division of Social Services:

Senior Center Outreach		-	653
Senior Center -General		-	5,454
Title IIID	93.043	4,779	281
Family Caregiver Title V	17.235	58,522	-

Total Division of Social Services		<u>63,301</u>	<u>6,388</u>
-----------------------------------	--	---------------	--------------

U.S. Department of Transportation:			
Passed-through N.C. Department of Transportation:			
Public transportation for non-urbanized area	20.509	208,366	17,443
WBS 40414	20.604	13,838	-
Airport improvement program	20.106	440,768	-
Total U.S. Department of Transportation		<u>662,972</u>	<u>17,443</u>
Institute of Museum and Library Services:			
Automated System Grant	45.310	87,122	-
Total Institute of Museum and Library Services		<u>87,122</u>	<u>-</u>
U.S. Department of Housing and Urban Development:			
Passed-through N.C. Department of Commerce:			
Division of Community Assistance:			
CDBG (03-C-1102)	14.228	362,028	-
CDBG (03-P-1184)	14.228	85,184	-
CDBG (04-E-1321)	14.228	223,449	-
Total U.S. Department of Housing and Urban Development		<u>670,661</u>	<u>-</u>
U.S. Department of Labor			
Passed through Centralina Council of Governments			
Senior Comm Service Employ Title V	17.235	63,297	-
Total U.S. Department of Labor		<u>63,297</u>	<u>-</u>
U.S Department of Justice			
Passed through N.C. Department of Crime Control and Public Safety			
Division of Emergency Management:			
Emergency Management	97.042	25,639	-
Pre-Disaster Mitigation	97.047	1,500	-
Homeland Security	16.607	236	-
Drug Control & System Improvement	16.579	4,171	-
Homeland Security	97.004	125,072	-
Total U.S. Department of Justice		<u>156,618</u>	<u>-</u>
Total Federal Awards		<u>49,803,537</u>	<u>18,831,613</u>
State Awards:			
N.C. Department of Health and Human Services:			
Division of Social Services:			
State/County Special Assistance for Adults-Direct Benefit Payment			595,591
State Aid to Counties			121,368
AFDC Incentive/Program Integrity			1,184
TANF Incentive/Program Integrity			29,937
Medicaid At-Risk			11,699
Adoption Assistance			23,263
Foster Care At-Risk			6,187
Energy Assistance & Private Grants			641
State Foster Home			4,278
Total Division of Social Services			<u>794,148</u>

Division of Public Health:	
Womens Preventive Health	11,600
Communicable Diseases Control	2,096
AIDS-State	500
General Aid to Counties	68,313
Smart Start	106,384
Quality Enhancement Project	50,324
Arthritis	5,000
Tuberculosis	3,547
Environmental Health & Mosquito Control	8,173
Childhood Lead Poisoning Prevention	2,029
Food & Lodging	4,564
TB Medical Services	1,068
Risk Reduction / Heath Promotion	10,762
Total Division of Public Health	<u>274,360</u>
Total N.C. Department of Health and Human Services	<u>1,068,508</u>
N.C. Department of Environmental & Natural Resources:	
Clean Water Managment Trust fund	<u>436,153</u>
Total N.C. Department of Environmental & Natural Resources	<u>436,153</u>
N.C. Department of Transportation:	
ROAP Elderly and Disabled Transportation Assistance Program	50,694
ROAP Work-First	7,436
ROAP Rural General Public Program	53,069
WBS 36226.91.4.3	84,834
Total N.C. Department of Transportation	<u>196,033</u>
N.C. Department of Administration:	
Veterans Commission	<u>2,000</u>
N.C. Department of Correction:	
Criminal Justice Partnership Program	<u>78,625</u>
N.C. Department of Crime Control and Public Safety:	
Safe Stanly	13,838
Drug seizure	9,940
Hazard mitigation grant	1,500
BJA grant	67,500
Governors Highway Safety Program	5,970
Forfeiture Property	1,707
Office of Juvenile justice	
Administrative costs	8,358
Stanly Mental Health	121,435
Uwharrie Group Homes	48,710
Total N.C. Department of Crime Control and Public Safety:	<u>278,958</u>
N.C. Department of Cultural Resources:	
Direct Programs	
Aid to Public Libraries	129,760
Gates Staying Connected Grant	24,729
Total N.C. Department of Cultural Resources:	<u>154,489</u>
N.C. Office of the Courts:	
Direct Programs	
Safe Roads Act	<u>7,015</u>

N.C. Cooperative Extension:

Family Resource Services

104,253

Total State Awards

2,326,034

Total Federal and State Awards

\$ 49,803,537 \$ 21,157,647

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

1. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards includes the federal and State grant activity of Stanly 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, 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 County's 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** 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