

***STANLY COUNTY  
NORTH CAROLINA***

***COMPREHENSIVE ANNUAL  
FINANCIAL REPORT***

***For Fiscal Year Ended  
June 30, 2007***



***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, 2007**  
**TABLE OF CONTENTS**

---

|   | <u>Exhibit</u> | <u>Page No.</u> |
|---|----------------|-----------------|
| <b>INTRODUCTORY SECTION</b>   |                |                 |
| Letter of Transmittal.....  | i              |                 |
| List of Elected and Appointed Officials.....  | viii           |                 |
| Organizational Chart.....   | ix             |                 |
| GFOA Certificate of Achievement for Excellence in Financial Reporting.....  | x              |                 |
| <b>FINANCIAL SECTION</b>  |                |                 |
| Independent Auditor's Report .....  |                | 1               |
| Management's Discussion and Analysis .....  |                | 3               |
| <b>Basic Financial Statements:</b>  |                |                 |
| 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<br>Fund Balances - Governmental Funds .....   | D              | 16              |
| Reconciliation of the Statement of Revenues, Expenditures, and<br>Changes In Fund Balances of Governmental Funds to the Statement<br>of Activities..... | E              | 17              |
| Statement of Revenues, Expenditures, and Changes in<br>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 -<br>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)**

---

|   | Statement or<br>Schedule | Page No. |
|---|--------------------------|----------|
| <b>Required Supplementary Information:</b>  |                          |          |
| Law Enforcement Officers' Special Separation Allowance:   |                          |          |
| Schedule of Funding Progress .....  |                          | 53       |
| Schedule of Employer Contributions .....  |                          | 54       |
| Notes to the Required Schedules .....   |                          | 54       |
| <b>Combining and Individual Fund Statements and Schedules:</b>  |                          |          |
| <u>Governmental Funds</u>   |                          |          |
| Schedule of Revenues, Expenditures, and Changes in Fund<br>Balance – General Fund – Budget and Actual.....  | 1                        | 55       |
| Schedule of Revenues, Expenditures, and Changes in Fund<br>Balances – Major Capital Project Fund - Jail Construction Fund –<br>Budget and Actual..... | 2                        | 67       |
| Combining Balance Sheet – Nonmajor Governmental Funds .....   | 3                        | 68       |
| Combining Statement of Revenues, Expenditures, and Changes in<br>Fund Balances – Nonmajor Governmental Funds .....                                    | 4                        | 70       |
| Schedules of Revenues, Expenditures, and Changes in<br>Fund Balances – Budget and Actual:   |                          |          |
| Community Development Block Grant - Scattered Site Housing .....  | 5                        | 72       |
| Community Development Block Grant - Housing .....   | 6                        | 73       |
| Community Development Block Grant – Hook Up Project.....  | 7                        | 74       |
| Emergency Telephone System Fund .....   | 8                        | 75       |
| Fire District Fund.....   | 9                        | 76       |
| Adequate Facilities Reserve Fund.....   | 10                       | 77       |
| <u>Enterprise Funds</u>   |                          |          |
| Schedules of Revenues and Expenditures – Budget and Actual (Non-GAAP):  |                          |          |
| Greater Badin Water and Sewer District Fund.....  | 11                       | 78       |
| Piney Point Water District Fund.....  | 12                       | 80       |
| Stanly County Utility Fund .....  | 13                       | 81       |
| Airport Fund .....  | 14                       | 83       |

---

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

---

|  | <u>Statement or</u> |                 |
|--|---------------------|-----------------|
|  | <u>Schedule</u>     | <u>Page No.</u> |
| <u>Project Funds</u>   |                     |                 |
| Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual<br>(Non-GAAP) – From Inception and For the Year Ended June 30, 2007: |                     |                 |
| Badin Sewer Project Fund.....  | 15                  | 85              |
| School Water Extension Project Fund .....  | 16                  | 86              |
| Highway 52 Project Fund .....  | 17                  | 87              |
| Aquadale School Sewer Project Fund .....   | 18                  | 88              |
| Highway 24/27 Upgrade Project Fund .....   | 19                  | 89              |
| Fork Road Water Line Project Fund .....  | 20                  | 90              |
| Millingport Sewer Project Fund.....  | 21                  | 91              |
| Palestine Sewer Project Fund .....   | 22                  | 92              |
| Highway 731 Water Project.....   | 23                  | 93              |
| Airport Hangar Project Fund.....   | 24                  | 94              |
| Airport Fencing Project Fund.....  | 25                  | 95              |
| Airport Land Acquisition Project Fund .....  | 26                  | 96              |
| Airport Terminal Project Fund.....   | 27                  | 97              |
| <u>Internal Service Fund:</u>  |                     |                 |
| Schedule of Revenues and Expenditures – Financial Plan and Actual<br>(Non-GAAP) - Internal Service Fund - Group Health Fund .....                          | 28                  | 98              |
| <u>Agency Funds</u>  |                     |                 |
| Combining Schedule of Changes in Assets and Liabilities -<br>Agency Funds .....  | 29                  | 99              |
| <b>Other Schedules</b>   |                     |                 |
| Schedule of Ad Valorem Taxes Receivable - General Fund .....   | 30                  | 101             |
| Analysis of Current Tax Levy - County-Wide Levy .....  | 31                  | 102             |

---

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

---

| STATISTICAL SECTION   | <u>Table</u> | <u>Page No.</u> |
|---|--------------|-----------------|
| Net Assets by Component .....                                       | 1            | 104             |
| Changes in Net Assets.....  | 2            | 105             |
| Fund Balances of Governmental Funds .....                           | 3            | 107             |
| Changes in Fund Balances of Governmental Funds .....                | 4            | 108             |
| Governmental Activities Tax Revenues by Source.....                 | 5            | 109             |
| General Governmental Tax Revenues by Source .....                   | 6            | 110             |
| Assessed Value and Estimated Actual Value of Taxable Property ..... | 7            | 111             |
| Property Tax Rates - Direct and Overlapping Governments .....       | 8            | 112             |
| Principal Property Taxpayers .....                                  | 9            | 114             |
| Property Tax Levies and Collections .....                           | 10           | 115             |
| Ratio of Outstanding Debt by Type .....                             | 11           | 116             |
| Ratios of General Bonded Debt Outstanding .....                     | 12           | 117             |
| Direct and Overlapping Governmental Activities Debt.....            | 13           | 118             |
| Legal Debt Margin Information .....                                 | 14           | 119             |
| Demographic and Economic Statistics .....                           | 15           | 121             |
| Principal Employers .....   | 16           | 122             |
| Full-time Equivalent County Government Employees by Function .....  | 17           | 123             |
| Operating Indicators by Function .....                              | 18           | 124             |
| Capital Asset Statistics by Function .....                          | 19           | 125             |

---

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

---

Page No.

**COMPLIANCE SECTION**

|   |     |
|---|-----|
| Report on Internal Control over Financial Reporting and on Compliance<br>and Other Matters Based on an Audit of Financial Statements Performed<br>in Accordance with <i>Government Auditing Standards</i> .....     | 126 |
| Report on Compliance with Requirements Applicable to Each Major Federal<br>Program and Internal Control over Compliance in Accordance with OMB<br>Circular A-133 and the State Single Audit Implementation Act..... | 128 |
| Report on Compliance with Requirements Applicable to Each Major State<br>Program and Internal Control over Compliance in Accordance with OMB<br>Circular A-133 and the State Single Audit Implementation Act.....   | 130 |
| Schedule of Findings, Responses and Questioned Costs.....   | 132 |
| Summary Schedule of Prior Year Audit Findings and Questioned Costs .....  | 135 |
| Schedule of Expenditures of Federal and State Awards .....  | 136 |

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



November 7, 2007

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, 2007 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 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, 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 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. Wal-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 4.9% at June 30, 2007. This compares to a state rate of 4.8 percent.

Taxable sales for fiscal year 2007 were estimated at \$484,000,000, up 9% from \$445,000,000 in 2006. Declining manufacturing operations and accelerated depreciation on manufacturing equipment continues to contribute to low growth in property tax values. The \$98,000,000 increase in tax value is only a 2.47% increase.

After delaying for a few years, the North Carolina Department of Transportation has resumed construction on the widening of Highway 24/27, with completion anticipated in 2010. This four-lane highway to Charlotte is expected to enhance economic development. However, a proposed north-south four-lane project for Highway 52 is still being delayed.

## LONG TERM FINANCIAL PLANNING

The unreserved fund balance in the General Fund continues to be well above the 8% minimum recommended for local governments in North Carolina. Generally, low-cost capital projects are paid on a pay-as-you-go basis from fund balances. The next capital project is a \$15,000,000 school improvements project. The debt payments will not require an increase in the property tax rate because state-generated revenues such as the state capital building fund and lottery proceeds are providing the funding.

## 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 \$8,200,000 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 \$1,220,000 appropriation from fund balance.

The Stanly County Board of Education has initiated \$15.0m in improvements to three schools that will begin construction in early 2008 and will be funded by Certificates of Participation.

## 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. The 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) that originally was scheduled to be online by the end of the calendar year. However, equipment problems will delay the startup of the RAPCON until the spring of 2008. 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 includes office space for its customers.

A recently completed project was the perimeter security fence with computer-handled access control that creates a much safer environment for aircraft and people, and addresses federal security concerns. The Federal Aviation Administration (FAA), the Air National Guard, and Stanly County provided funding for the project.

The Stanly County Airport is the home base of the North Carolina Air National Guard 118<sup>th</sup> Air Support Operations Squadron, the 145<sup>th</sup> Civil Engineering Squadron's Home Station Training Site, the 235<sup>th</sup> Air Traffic Control Squadron, and the 263<sup>rd</sup> Composite Maintenance Facility. The airport will be home to the 263<sup>rd</sup> Combat Communications Squadron, which is moving from Badin to a new facility that will soon be under construction.

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 are provided on a

limited basis, such as mileage reimbursement for qualified individuals. During fiscal year 2006-07, SCUSA Transportation used 20,713 service hours and drove 392,079 miles in providing 77,888 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 2007 was \$1,058,568, which was an increase of 31% from 2006. Total investment earnings for all funds increased 60%. The increase in all funds resulted primarily from a continued increase in the rate banks paid on certificates of deposit and for overnight deposits. The average yield on

maturing investments in 2007 was 4.75% compared to 4.15% in 2006. The General Fund investment income amounts to the equivalent of \$2.75 cents on the tax rate. For all general governmental funds, investment income was \$1,418,174 or \$3.68 equivalent on the tax rate.

A table of investments on June 30, 2007 is as follows:

| <u>INVESTMENT</u>          | <u>MARKET VALUE</u> |
|----------------------------|---------------------|
| Certificates of Deposit    | \$11,264,941        |
| N.C. Cash Management Trust | <u>6,611,859</u>    |
| TOTAL                      | <u>\$17,876,800</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

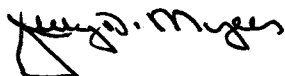
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Stanly County for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2006. The Certificate of Achievement is 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 sixteen (16) 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, 2007**

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Elected Officials

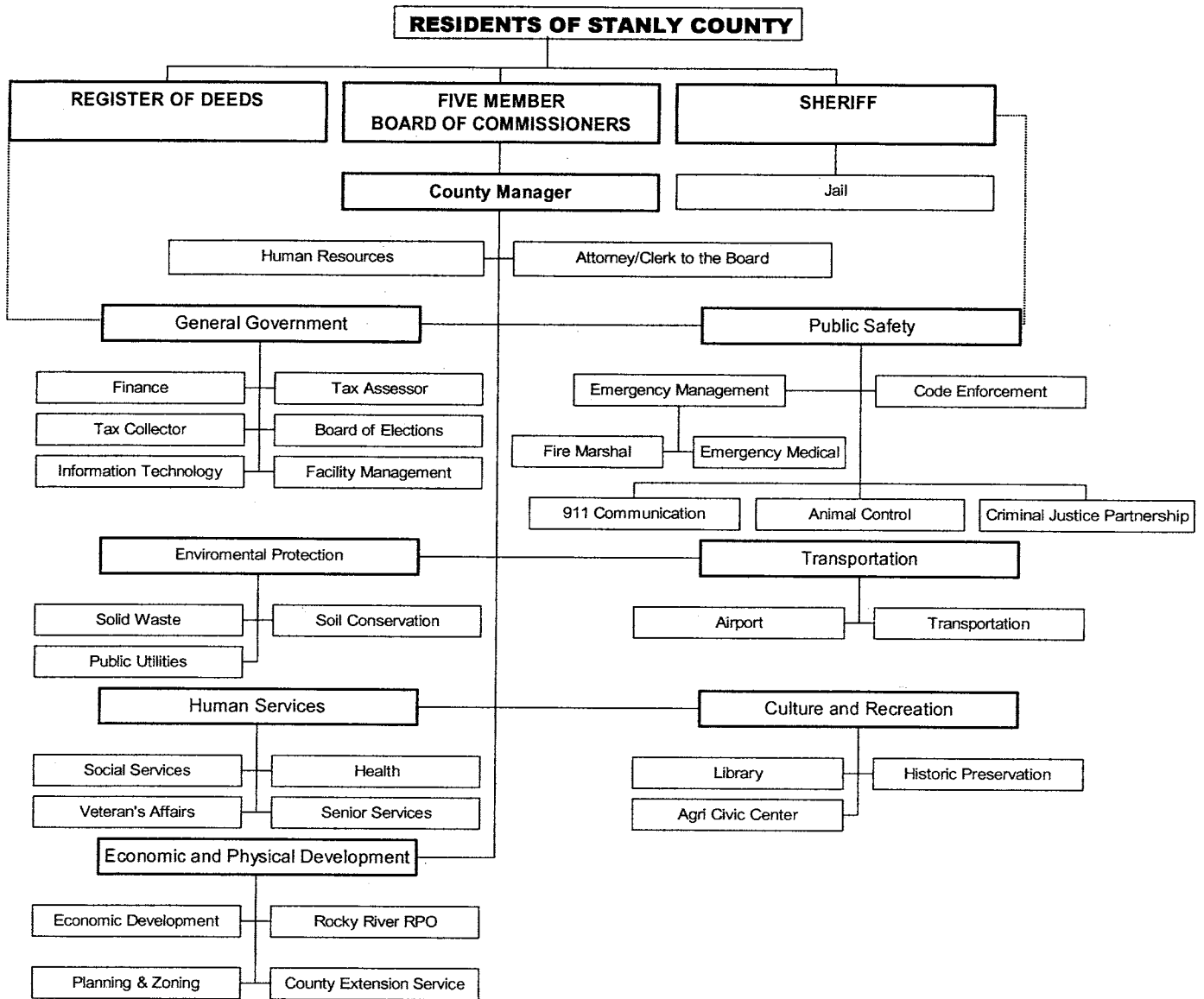
|  |                     |
|--|---------------------|
| Board of Commissioners – Chairman .....      | Tony M. Dennis      |
| Board of Commissioners – Vice-Chairman ..... | Gene McIntyre       |
| Board of Commissioners .....                 | Sherrill Smith      |
| Board of Commissioners .....                 | Dr. Nalin C. Mehta  |
| Board of Commissioners .....                 | Lindsey R. Dunevant |
| Sheriff .....                                | Rick Burris         |
| Register of Deeds .....                      | Cecil I. Almond     |

Appointed Officials

|   |                       |
|---|-----------------------|
| County Manager .....                                    | Jerry D. Myers        |
| Clerk to the Board .....                                | John L. Roberts       |
| Agri – Civic Center Director .....                      | Candice B. Moffitt    |
| Airport Director .....                                  | David M. Griffin      |
| Code Enforcement .....                                  | David M. Harrington   |
| Communications Director – E 911 .....                   | Sonya H. Efird        |
| County Attorney .....                                   | John L. Roberts       |
| 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 .....                     | Brian T. Simpson      |
| Facility Management and Solid Waste Director .....      | Jerry R. Morton       |
| Finance Officer .....                                   | 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   |
| 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, 2006

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



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

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*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, the discretely presented component unit and the aggregate remaining fund information of Stanly County, North Carolina as of and for the year ended June 30, 2007, 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. The financial statements of the Stanly Water and Sewer Authority, a component unit of Stanly County, were not audited in accordance with *Government Auditing Standards*. 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, the discretely presented component unit and the aggregate remaining fund information of Stanly County, North Carolina as of June 30, 2007, 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, 2007 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Our audit was performed 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 section, combining and individual fund financial statements and schedules, individual nonmajor fund financial statements and schedules, the statistical tables, additional financial data, 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 introductory information and statistical tables 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, 2007

**STANLY COUNTY, NORTH CAROLINA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*June 30, 2007*

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**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, 2007. 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 \$11,875,383 at year end. Net assets would be much greater except Stanly County reports \$21,000,000 bond debt liability for the school system, and the school reports the assets.
- The net assets for governmental activities increased by \$3,289,531.
- As of June 30, 2007 the total fund balance of the general fund was \$17,500,557. This was an increase of \$1,538,223 compared with the prior year. Approximately 70% of the fund balance, or \$12,250,938 is unreserved and available for spending at the government's discretion.
- Stanly County's total debt increased by \$3,721,564 (15.17%) during the current fiscal year. Total debt increased because \$5.5m was borrowed for jail improvements. Another \$1.5m loan from USDA is pending for the jail.
- Stanly County maintained its Moody's A2 bond rating for the seventh consecutive year.
- The \$2,911,641 increase (5.68%) in the General Fund budget occurred primarily because of normal increases for wages, benefits, insurance, and other operating costs, and because of debt service requirements related to the jail.

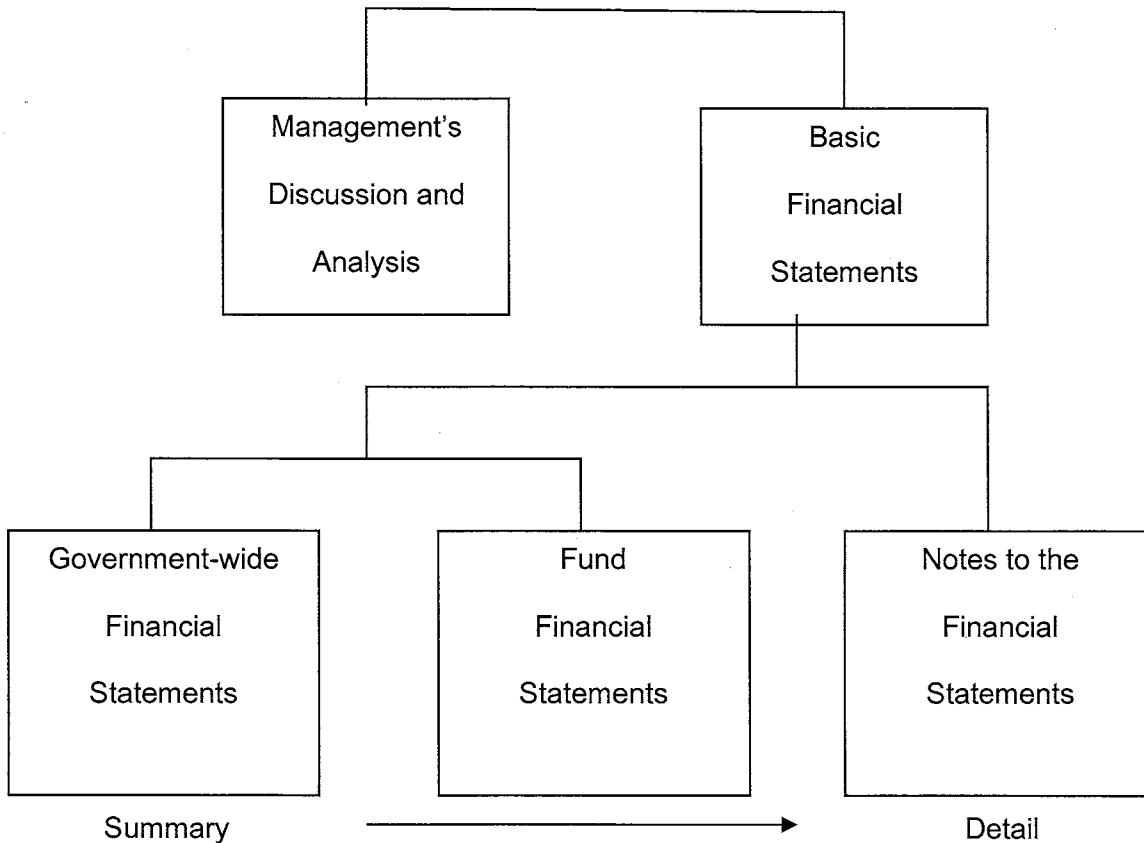
**Overview of the Financial Statements**

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 on next page). 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, 2007**

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**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, 2007*

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**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, 2007*

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**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 53 of this report.



**STANLY COUNTY, NORTH CAROLINA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*June 30, 2007*

**STANLY COUNTY'S NET ASSETS**

|  | Governmental<br>Activities |                     | Business-type<br>Activities |                      | Total                |                      |
|--|----------------------------|---------------------|-----------------------------|----------------------|----------------------|----------------------|
|  | 2007                       | 2006                | 2007                        | 2006                 | 2007                 | 2006                 |
| Current and other assets                           | \$ 27,337,960              | \$ 22,216,586       | \$ 2,733,936                | \$ 2,661,808         | \$ 30,071,896        | \$ 24,878,394        |
| Capital assets                                     | <u>16,151,361</u>          | <u>13,575,736</u>   | <u>35,259,379</u>           | <u>32,082,502</u>    | <u>51,410,740</u>    | <u>45,658,238</u>    |
| Total assets                                       | <u>43,489,321</u>          | <u>35,792,322</u>   | <u>37,993,315</u>           | <u>34,744,310</u>    | <u>81,482,636</u>    | <u>70,536,632</u>    |
| Long-term liabilities outstanding                  | 28,503,368                 | 24,506,518          | 1,028,402                   | 1,265,849            | 29,531,770           | 25,772,367           |
| Other liabilities                                  | <u>3,110,570</u>           | <u>2,699,952</u>    | <u>448,669</u>              | <u>408,915</u>       | <u>3,559,239</u>     | <u>3,108,867</u>     |
| Total liabilities                                  | <u>31,613,938</u>          | <u>27,206,470</u>   | <u>1,477,071</u>            | <u>1,674,764</u>     | <u>33,091,009</u>    | <u>28,881,234</u>    |
| Net assets:  |                            |                     |                             |                      |                      |                      |
| Invested in capital assets,<br>net of related debt | 9,896,831                  | 12,190,805          | 34,317,479                  | 30,892,567           | 44,214,310           | 43,083,372           |
| Restricted   | <u>121,967</u>             | <u>71,510</u>       | <u>-</u>                    | <u>-</u>             | <u>121,967</u>       | <u>71,510</u>        |
| Unrestricted (deficit)                             | <u>1,856,585</u>           | <u>(3,676,463)</u>  | <u>2,198,765</u>            | <u>2,176,979</u>     | <u>4,055,350</u>     | <u>(1,499,484)</u>   |
| Total net assets                                   | <u>\$ 11,875,383</u>       | <u>\$ 8,585,852</u> | <u>\$ 36,516,244</u>        | <u>\$ 33,069,546</u> | <u>\$ 48,391,627</u> | <u>\$ 41,655,398</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 \$48,391,627 as of June 30, 2007.

The County's net assets increased by \$6,736,229 for the fiscal year ended June 30, 2007. 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.

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. The debt owed for school improvements is \$21,000,000.

**STANLY COUNTY, NORTH CAROLINA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2007**

**Stanly County Changes in Net Assets**

|   | Governmental<br>Activities |                     | Business-type<br>Activities |                      | Total                |                      |
|---|----------------------------|---------------------|-----------------------------|----------------------|----------------------|----------------------|
|   | 2007                       | 2006                | 2007                        | 2006                 | 2007                 | 2006                 |
| Revenues:   |                            |                     |                             |                      |                      |                      |
| Program revenues:   |                            |                     |                             |                      |                      |                      |
| Charges for services  | \$ 7,352,709               | \$ 6,686,561        | \$ 3,154,872                | \$ 3,160,480         | \$ 10,507,581        | \$ 9,847,041         |
| Operating grants and contributions                                      | 8,832,742                  | 11,035,610          | 144,500                     | -                    | 8,977,242            | 11,035,610           |
| Capital grants and contributions  | 1,842,159                  | 164,368             | 3,613,164                   | 1,007,601            | 5,455,323            | 1,171,969            |
| General revenues:   |                            |                     |                             |                      |                      |                      |
| Property taxes  | 27,468,013                 | 27,029,395          | -                           | -                    | 27,468,013           | 27,029,395           |
| Other taxes   | 11,185,000                 | 10,479,847          | -                           | -                    | 11,185,000           | 10,479,847           |
| Interest earned on investments  | 1,393,065                  | 921,555             | 59,954                      | 26,276               | 1,453,019            | 947,831              |
| Total revenues  | <u>58,073,688</u>          | <u>56,317,336</u>   | <u>6,972,490</u>            | <u>4,194,357</u>     | <u>65,046,178</u>    | <u>60,511,693</u>    |
| Expenses:   |                            |                     |                             |                      |                      |                      |
| General government  | 4,763,517                  | 4,507,077           | -                           | -                    | 4,763,517            | 4,507,077            |
| Public safety   | 11,144,226                 | 10,901,818          | -                           | -                    | 11,144,226           | 10,901,818           |
| Transportation  | 814,513                    | 799,799             | -                           | -                    | 814,513              | 799,799              |
| Environmental protection  | 1,000,097                  | 927,806             | -                           | -                    | 1,000,097            | 927,806              |
| Economic development  | 1,888,101                  | 2,001,170           | -                           | -                    | 1,888,101            | 2,001,170            |
| Human services  | 16,379,895                 | 15,746,398          | -                           | -                    | 16,379,895           | 15,746,398           |
| Culture and recreation  | 1,668,597                  | 1,552,261           | -                           | -                    | 1,668,597            | 1,552,261            |
| Education   | 14,888,711                 | 14,524,281          | -                           | -                    | 14,888,711           | 14,524,281           |
| Interest on long-term debt  | 1,234,712                  | 1,085,576           | -                           | -                    | 1,234,712            | 1,085,576            |
| Water and sewer   | -                          | -                   | 2,857,210                   | 2,852,463            | 2,857,210            | 2,852,463            |
| Airport   | -                          | -                   | 1,670,370                   | 1,445,778            | 1,670,370            | 1,445,778            |
| Total expenses  | <u>53,782,370</u>          | <u>52,046,186</u>   | <u>4,527,580</u>            | <u>4,298,241</u>     | <u>58,309,949</u>    | <u>56,344,427</u>    |
| Increase (decrease) in net assets<br>before transfers and special items | 4,291,319                  | 4,271,150           | 2,444,910                   | (103,884)            | 6,736,229            | 4,167,266            |
| Transfers in (out)  | <u>(1,001,788)</u>         | <u>(2,152,690)</u>  | <u>1,001,788</u>            | <u>2,152,690</u>     | <u>-</u>             | <u>-</u>             |
| Increase (decrease) in net assets                                       | 3,289,531                  | 2,118,460           | 3,446,698                   | 2,048,806            | 6,736,229            | 4,167,266            |
| Net assets, July 1  | <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>    |
| Net assets, June 30   | <u>\$ 11,875,383</u>       | <u>\$ 8,585,852</u> | <u>\$ 36,516,244</u>        | <u>\$ 33,069,546</u> | <u>\$ 48,391,627</u> | <u>\$ 41,655,398</u> |

**STANLY COUNTY, NORTH CAROLINA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*June 30, 2007*

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**Governmental activities.** Governmental activities increased the County's net assets by \$3,289,531. Key elements of that increase were as follows:

- Construction in process added \$3,367,525 to capital assets
- Group Health Fund surplus of \$564,005 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 \$12,250,938, and total fund balance was \$17,500,557. 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 22.74% of total General Fund expenditures, while total fund balance represents 32.48% 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 \$2,241,793 and revenues by only \$856,151, with the remaining \$1,385,642 funded by fund balance. A total of \$1,025,886 was transferred to capital projects. Another \$400,000 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 \$3,446,698. Key financial elements of business-type activities are as follows:

- Capital grants and contributions increased by \$2,750,063.

**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 \$1,649,422, and for the airport \$549,343. The total increase in net assets for all enterprise funds was \$3,446,698. 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, 2007*

**Capital Asset and Debt Administration**

**Capital assets.** Stanly County's capital assets for its governmental and business-type activities as of June 30, 2007, totaled \$51,410,740 (net of accumulated depreciation). These assets included buildings, land, machinery and equipment, and vehicles.

Major capital asset transactions during the year included:

- Jail project under construction
- Completion of airport improvements

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

|                           | Governmental<br>Activities |                     | Business-type<br>Activities |                      | Total                |                      |
|---------------------------|----------------------------|---------------------|-----------------------------|----------------------|----------------------|----------------------|
|                           | 2007                       | 2006                | 2007                        | 2006                 | 2007                 | 2006                 |
| Land                      | \$ 1,370,843               | \$ 1,370,843        | \$ 5,147,879                | \$ 4,208,198         | \$ 6,518,722         | \$ 5,579,041         |
| Buildings                 | 9,562,997                  | 9,908,176           | 26,184,515                  | 21,111,448           | 35,747,512           | 31,019,624           |
| Equipment and<br>vehicles | 1,849,996                  | 2,296,717           | 167,815                     | 151,774              | 2,017,811            | 2,448,491            |
| Constuction in progress   | <u>3,367,525</u>           | <u>-</u>            | <u>3,759,170</u>            | <u>6,611,082</u>     | <u>7,126,695</u>     | <u>6,611,082</u>     |
| Total                     | <u>\$ 16,151,361</u>       | <u>\$13,575,736</u> | <u>\$ 35,259,379</u>        | <u>\$ 32,082,502</u> | <u>\$ 51,410,740</u> | <u>\$ 45,658,238</u> |

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

**Long-term Debt.** As of June 30, 2007, Stanly County had total bonded debt outstanding of \$21,415,000, all of which is debt backed by the full faith and credit of the County.

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

|                             | Governmental<br>Activities |                      | Business-type<br>Activities |                   | Total               |                     |
|-----------------------------|----------------------------|----------------------|-----------------------------|-------------------|---------------------|---------------------|
|                             | 2007                       | 2006                 | 2007                        | 2006              | 2007                | 2006                |
| General<br>obligation bonds | <u>\$ 21,000,000</u>       | <u>\$ 21,900,000</u> | <u>\$415,000</u>            | <u>\$ 530,000</u> | <u>\$21,415,000</u> | <u>\$22,430,000</u> |

**STANLY COUNTY, NORTH CAROLINA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*June 30, 2007*

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Stanly County's total debt increased by \$3,721,564 (15.17 %) during the past fiscal year, primarily due to funding jail improvements with a \$5,500,000 lease purchase agreement.

As mentioned in the financial highlights section of this document, Stanly County maintained for the seventh 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 \$292,199,070. The County has no authorized but un-issued bonds at June 30, 2007.

Additional information regarding Stanly County's long-term debt can be found in note III beginning on page 45 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 4.9%, which is the same as the state average.
- Retail vacancy rates remain stable.
- Manufacturing jobs have increased over the prior year.

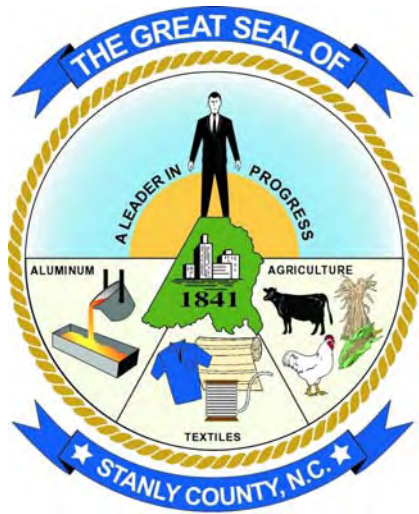
**Budget Highlights for the Fiscal Year Ending June 30, 2008**

**Governmental Activities:** Property tax values are expected to grow by less than 3%, primarily because of changes in the calculation for depreciation and because of a slow down in the housing market.

General Fund expenditures were budgeted to rise from \$54,146,371 to \$56,958,821, which is a 5.2 % increase. The largest increments are for employee compensation and benefits. A significant portion of the increase in personnel cost was to add seventeen (17) new positions to operate the new jail.

**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.



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## ***BASIC FINANCIAL STATEMENTS***

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## STANLY COUNTY, NORTH CAROLINA

## STATEMENT OF NET ASSETS

JUNE 30, 2007

|   | Primary Government      |                          | Total         | Component Unit                   |
|---|-------------------------|--------------------------|---------------|----------------------------------|
|   | Governmental Activities | Business-Type Activities |               | Stanly Water and Sewer Authority |
| <b>Assets:</b>                                  |                         |                          |               |                                  |
| Cash and cash equivalents                       | \$ 19,646,939           | \$ 2,075,972             | \$ 21,722,911 | \$ 391,867                       |
| Receivables, net                                | 6,477,895               | 1,726,341                | 8,204,236     | -                                |
| Internal balances                               | 1,178,911               | (1,178,911)              | -             | -                                |
| Inventories                                     | -                       | 92,153                   | 92,153        | -                                |
| Prepaid items                                   | 34,215                  | -                        | 34,215        | -                                |
| Bond discount, net of amortization              | -                       | 18,381                   | 18,381        | -                                |
| <b>Capital Assets:</b>                          |                         |                          |               |                                  |
| Land  | 1,370,843               | 5,147,879                | 6,518,722     | -                                |
| Construction in progress                        | 3,367,525               | 3,759,170                | 7,126,695     | 35,499                           |
| Depreciable assets, net                         | 11,412,993              | 26,352,330               | 37,765,323    | -                                |
| Total assets                                    | 43,489,321              | 37,993,315               | 81,482,636    | 427,366                          |
| <b>Liabilities:</b>                             |                         |                          |               |                                  |
| Accounts payable                                | 2,372,067               | 349,990                  | 2,722,057     | -                                |
| Due to other governments                        | 179,986                 | -                        | 179,986       | -                                |
| Interest payable                                | 376,548                 | 7,291                    | 383,839       | -                                |
| Payroll payable                                 | 102,131                 | 2,688                    | 104,819       | -                                |
| Deposits payable                                | -                       | 88,700                   | 88,700        | -                                |
| Unearned revenue                                | 79,838                  | -                        | 79,838        | -                                |
| Noncurrent liabilities:                         |                         |                          |               |                                  |
| Due within a year                               | 2,348,155               | 279,093                  | 2,627,248     | -                                |
| Due in more than a year                         | 26,155,213              | 749,309                  | 26,904,522    | -                                |
| Total liabilities                               | 31,613,938              | 1,477,071                | 33,091,009    | -                                |
| <b>Net Assets:</b>                              |                         |                          |               |                                  |
| Invested in capital assets, net of related debt | 9,896,831               | 34,317,479               | 44,214,310    | 35,499                           |
| Restricted for:                                 |                         |                          |               |                                  |
| Wireless  | 64,502                  | -                        | 64,502        | -                                |
| Register of deeds                               | 57,465                  | -                        | 57,465        | -                                |
| Unrestricted (deficit)                          | 1,856,585               | 2,198,765                | 4,055,350     | 391,867                          |
| Total net assets                                | \$ 11,875,383           | \$ 36,516,244            | \$ 48,391,627 | \$ 427,366                       |

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, 2007

|  | Program Revenues |                      |                                    |                                  |
|--|------------------|----------------------|------------------------------------|----------------------------------|
|  | Expenses         | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| <b>Functions/Programs</b>              |                  |                      |                                    |                                  |
| <b>Primary Government:</b>             |                  |                      |                                    |                                  |
| <b>Governmental Activities:</b>        |                  |                      |                                    |                                  |
| General government                     | \$ 4,763,517     | \$ 1,579,480         | \$ 910,875                         | \$ -                             |
| Public safety                          | 11,144,226       | 2,396,682            | 499,047                            | -                                |
| Transportation                         | 814,513          | 312,282              | 427,538                            | -                                |
| Environmental protection               | 1,000,097        | 857,834              | 1,481                              | -                                |
| Economic and physical development      | 1,888,101        | 12,480               | -                                  | -                                |
| Human services                         | 16,379,895       | 2,157,094            | 6,993,801                          | -                                |
| Education                              | 14,888,711       | -                    | -                                  | 1,842,159                        |
| Culture and recreation                 | 1,668,597        | 36,857               | -                                  | -                                |
| Interest on long-term debt             | 1,234,712        | -                    | -                                  | -                                |
| Total governmental activities          | 53,782,370       | 7,352,709            | 8,832,742                          | 1,842,159                        |
| <b>Business-Type Activities:</b>       |                  |                      |                                    |                                  |
| Greater Badin Water and Sewer District | 637,199          | 615,136              | -                                  | 888,521                          |
| Piney Point Water District             | 86,001           | 94,452               | -                                  | -                                |
| Stanly County Utility Fund             | 2,134,010        | 2,015,640            | -                                  | 1,488,824                        |
| Airport Fund                           | 1,670,370        | 429,644              | -                                  | 1,380,319                        |
| Total business-type activities         | 4,527,580        | 3,154,872            | -                                  | 3,757,664                        |
| Total primary government               | \$ 58,309,950    | \$ 10,507,581        | \$ 8,832,742                       | \$ 5,599,823                     |
| <b>Component Unit:</b>                 |                  |                      |                                    |                                  |
| Water & Sewer Authority                | 113              | -                    | -                                  | 415,000                          |
| Total Component Unit                   | \$ 113           | \$ -                 | \$ -                               | \$ 415,000                       |

### 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**

| <b>Net (Expense) Revenue and Changes in Net Assets</b> |                                 |                |   |   |
|--|---------------------------------|----------------|---|---|
| <b>Primary Government</b>                              |                                 |                | <b>Component Unit</b>                   |   |
| <b>Governmental Activities</b>                         | <b>Business-Type Activities</b> | <b>Total</b>   | <b>Stanly Water and Sewer Authority</b> |   |
| \$ (2,273,162)   | \$ -                            | \$ (2,273,162) | \$ -                                    | - |
| (8,248,497)  | -                               | (8,248,497)    | -                                       | - |
| (74,693)   | -                               | (74,693)       | -                                       | - |
| (140,782)  | -                               | (140,782)      | -                                       | - |
| (1,875,621)  | -                               | (1,875,621)    | -                                       | - |
| (7,229,000)  | -                               | (7,229,000)    | -                                       | - |
| (13,046,552)   | -                               | (13,046,552)   | -                                       | - |
| (1,631,740)  | -                               | (1,631,740)    | -                                       | - |
| (1,234,712)  | -                               | (1,234,712)    | -                                       | - |
| (35,754,760)   | -                               | (35,754,760)   | -                                       | - |
| -  | 866,458                         | 866,458        | -                                       | - |
| -  | 8,451                           | 8,451          | -                                       | - |
| -  | 1,370,454                       | 1,370,454      | -                                       | - |
| -  | 139,593                         | 139,593        | -                                       | - |
| -  | 2,384,956                       | 2,384,956      | -                                       | - |
| (35,754,760)   | 2,384,956                       | (33,369,804)   | -                                       | - |
| -  | -                               | -              | 414,887                                 | - |
| -  | -                               | -              | 414,887                                 | - |
| 27,468,013   | -                               | 27,468,013     | -                                       | - |
| 10,605,369   | -                               | 10,605,369     | -                                       | - |
| 579,632  | -                               | 579,632        | -                                       | - |
| 1,393,065  | 59,954                          | 1,453,019      | 12,479                                  | - |
| (1,001,788)  | 1,001,788                       | -              | -                                       | - |
| 39,044,291   | 1,061,742                       | 40,106,033     | 12,479                                  | - |
| 3,289,531  | 3,446,698                       | 6,736,229      | 427,366                                 | - |
| 8,585,852  | 33,069,546                      | 41,655,398     | -                                       | - |
| \$ 11,875,383  | \$ 36,516,244                   | \$ 48,391,627  | \$ 427,366                              | - |

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

## STANLY COUNTY, NORTH CAROLINA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2007

|  | Major                |                              | Non-Major                      |                                |
|--|----------------------|------------------------------|--------------------------------|--------------------------------|
|  | General              | Jail<br>Construction<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
| <b>Assets:</b>                           |                      |                              |                                |                                |
| Cash and cash equivalents                | \$ 13,552,519        | \$ 4,000,932                 | \$ 557,184                     | \$ 18,110,635                  |
| Receivables, net                         | 5,726,599            | -                            | 336,356                        | 6,062,955                      |
| Due from other funds                     | 1,374,593            | -                            | -                              | 1,374,593                      |
| Prepaid items                            | 34,215               | -                            | -                              | 34,215                         |
| Total assets                             | <u>\$ 20,687,926</u> | <u>\$ 4,000,932</u>          | <u>\$ 893,540</u>              | <u>\$ 25,582,398</u>           |
| <b>Liabilities and Fund Balances:</b>    |                      |                              |                                |                                |
| <b>Liabilities:</b>                      |                      |                              |                                |                                |
| Accounts payable and accrued liabilities | \$ 984,292           | \$ 446,050                   | \$ 59,573                      | \$ 1,489,915                   |
| Due to other governments                 | 179,986              | -                            | -                              | 179,986                        |
| Due to other funds                       | -                    | -                            | 195,682                        | 195,682                        |
| Deferred revenue                         | 1,943,253            | -                            | 68,589                         | 2,011,842                      |
| Unearned revenue                         | 79,838               | -                            | -                              | 79,838                         |
| Total liabilities                        | <u>3,187,369</u>     | <u>446,050</u>               | <u>323,844</u>                 | <u>3,957,263</u>               |
| <b>Fund Balances:</b>                    |                      |                              |                                |                                |
| Reserved/restricted for:                 |                      |                              |                                |                                |
| Prepaid items                            | 34,215               | -                            | -                              | 34,215                         |
| By state statute                         | 5,157,939            | -                            | 41,138                         | 5,199,077                      |
| Register of deeds                        | 57,465               | -                            | -                              | 57,465                         |
| Wireless                                 | -                    | -                            | 64,502                         | 64,502                         |
| <b>Unreserved Reported In:</b>           |                      |                              |                                |                                |
| General fund                             | 12,250,938           | -                            | -                              | 12,250,938                     |
| Special revenue fund                     | -                    | -                            | 464,056                        | 464,056                        |
| Capital project fund                     | -                    | 3,554,882                    | -                              | 3,554,882                      |
| Total fund balances                      | <u>17,500,557</u>    | <u>3,554,882</u>             | <u>569,696</u>                 | <u>21,625,135</u>              |
| Total liabilities and fund balances      | <u>\$ 20,687,926</u> | <u>\$ 4,000,932</u>          | <u>\$ 893,540</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.   | 16,151,361           |
| The focus of governmental funds is on short-term financing; long-term assets are deferred in the funds.   | 2,414,799            |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.  | (28,879,917)         |
| 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. | 564,005              |
| Net assets of governmental activities   | <u>\$ 11,875,383</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, 2007

|  | Major         |                              | Non-Major                      | Total                 |
|--|---------------|------------------------------|--------------------------------|-----------------------|
|  | General       | Jail<br>Construction<br>Fund | Other<br>Governmental<br>Funds | Governmental<br>Funds |
| <b>Revenues:</b>                         |               |                              |                                |                       |
| Ad valorem taxes                         | \$ 25,883,510 | \$ -                         | \$ 1,635,557                   | \$ 27,519,067         |
| Local option sales taxes                 | 10,605,369    | -                            | -                              | 10,605,369            |
| Other taxes and licenses                 | 579,632       | -                            | -                              | 579,632               |
| Unrestricted intergovernmental           | 5,657         | -                            | -                              | 5,657                 |
| Restricted intergovernmental             | 10,031,701    | -                            | 226,559                        | 10,258,260            |
| Permits and fees                         | 914,465       | -                            | 13,500                         | 927,965               |
| Sales and services                       | 5,646,508     | -                            | 338,390                        | 5,984,898             |
| Investment earnings                      | 1,058,568     | 201,021                      | 27,003                         | 1,286,592             |
| Miscellaneous                            | 706,272       | -                            | -                              | 706,272               |
| Total revenues                           | 55,431,682    | 201,021                      | 2,241,009                      | 57,873,712            |
| <b>Expenditures:</b>                     |               |                              |                                |                       |
| <b>Current:</b>                          |               |                              |                                |                       |
| General government                       | 4,430,388     | -                            | 24,717                         | 4,455,105             |
| Public safety                            | 9,289,099     | 3,032,832                    | 1,957,730                      | 14,279,661            |
| Transportation                           | 735,171       | -                            | -                              | 735,171               |
| Environmental protection                 | 1,006,921     | -                            | -                              | 1,006,921             |
| Economic and physical development        | 1,690,553     | -                            | 228,382                        | 1,918,935             |
| Human services                           | 16,440,476    | -                            | -                              | 16,440,476            |
| Education                                | 14,888,711    | -                            | -                              | 14,888,711            |
| Culture and recreation                   | 1,499,328     | -                            | -                              | 1,499,328             |
| <b>Debt Service:</b>                     |               |                              |                                |                       |
| Principal                                | 1,530,401     | -                            | -                              | 1,530,401             |
| Interest and other charges               | 1,161,670     | -                            | -                              | 1,161,670             |
| Total expenditures                       | 52,672,718    | 3,032,832                    | 2,210,829                      | 57,916,379            |
| Revenues over (under) expenditures       | 2,758,964     | (2,831,811)                  | 30,180                         | (42,667)              |
| <b>Other Financing Sources (Uses):</b>   |               |                              |                                |                       |
| Debt issued                              | -             | 5,500,000                    | -                              | 5,500,000             |
| Transfers from other funds               | 23,064        | 221,386                      | 717                            | 245,167               |
| Transfers to other funds                 | (1,243,805)   | -                            | (3,150)                        | (1,246,955)           |
| Total other financing sources and uses   | (1,220,741)   | 5,721,386                    | (2,433)                        | 4,498,212             |
| Net change in fund balances              | 1,538,223     | 2,889,575                    | 27,747                         | 4,455,545             |
| Fund balance, beginning of year - July 1 | 15,962,334    | 665,307                      | 541,949                        | 17,169,590            |
| Fund balance, end of year - June 30      | \$ 17,500,557 | \$ 3,554,882                 | \$ 569,696                     | \$ 21,625,135         |

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, 2007**

**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   | \$ 4,455,545        |
| 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   \$ 4,032,101  |                     |
| Depreciation <u>(1,456,476)</u>   | 2,575,625           |
| 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. | (3,969,599)         |
| Some revenues reported in the statement of activities are not yet available and, therefore, are not reported as revenues in the governmental funds.   | (25,681)            |
| 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.   | (100,293)           |
| 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>353,934</u>      |
| Change in net assets of governmental activities   | <u>\$ 3,289,531</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, 2007

|  | Original<br>Budget | Final<br>Budget | Actual        | Variance<br>With Final<br>Positive<br>(Negative) |
|--|--------------------|-----------------|---------------|--|
| <b>Revenues:</b>                         |                    |                 |               |  |
| Ad valorem taxes                         | \$ 25,570,704      | \$ 25,570,704   | \$ 25,883,510 | \$ 312,806                                       |
| Sales taxes                              | 10,525,000         | 10,525,000      | 10,605,369    | 80,369   |
| Other taxes                              | 521,500            | 521,500         | 579,632       | 58,132   |
| Unrestricted intergovernmental           | 6,500              | 6,500           | 5,657         | (843)  |
| Restricted intergovernmental             | 9,074,839          | 9,711,879       | 10,031,701    | 319,822  |
| Licenses and permits                     | 927,050            | 927,050         | 914,465       | (12,585)   |
| Sales and services                       | 5,237,968          | 5,237,968       | 5,646,508     | 408,540  |
| Investment earnings                      | 700,000            | 790,000         | 1,058,568     | 268,568  |
| Miscellaneous                            | 474,973            | 580,984         | 706,272       | 125,288  |
| Total revenues                           | 53,038,534         | 53,871,585      | 55,431,682    | 1,560,097  |
| <b>Expenditures:</b>                     |                    |                 |               |  |
| <b>Current:</b>                          |                    |                 |               |  |
| General government                       | 4,387,377          | 4,663,377       | 4,430,388     | 232,989  |
| Public safety                            | 9,462,186          | 9,714,924       | 9,289,099     | 425,825  |
| Transportation                           | 768,625            | 768,625         | 735,171       | 33,454   |
| Environmental protection                 | 966,863            | 987,288         | 1,006,921     | (19,633)   |
| Economic and physical development        | 2,127,695          | 2,295,845       | 1,690,553     | 605,292  |
| Human services                           | 17,075,658         | 17,154,275      | 16,440,476    | 713,799  |
| Education                                | 14,446,552         | 14,846,552      | 14,888,711    | (42,159)   |
| Culture and recreation                   | 1,591,698          | 1,610,957       | 1,499,328     | 111,629  |
| <b>Debt Service:</b>                     |                    |                 |               |  |
| Principal                                | 1,638,068          | 1,638,068       | 1,530,401     | 107,667  |
| Bond interest and costs                  | 1,284,445          | 1,284,445       | 1,161,670     | 122,775  |
| Total expenditures                       | 53,749,167         | 54,964,356      | 52,672,718    | 2,291,638  |
| Revenues over (under) expenditures       | (710,633)          | (1,092,771)     | 2,758,964     | 3,851,735  |
| <b>Other Financing Sources (Uses):</b>   |                    |                 |               |  |
| Transfers - out                          | (217,204)          | (1,243,808)     | (1,243,805)   | 3  |
| Transfers - in                           | -                  | 23,100          | 23,064        | (36)   |
| Appropriated fund balance                | 927,837            | 2,313,479       | -             | (2,313,479)                                      |
| Total other financing sources (uses)     | 710,633            | 1,092,771       | (1,220,741)   | (2,313,512)                                      |
| Net change in fund balances              | \$ -               | \$ -            | 1,538,223     | \$ 1,538,223                                     |
| Fund balance, beginning of year - July 1 |                    |                 | 15,962,334    |  |
| Fund balance, end of year - June 30      |                    |                 | \$ 17,500,557 |  |

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, 2007

|  | Enterprise Funds                                |                                       |                                     |                      |                      | Governmental<br>Activities-<br>Internal Service<br>Group Health Fund |
|--|---|---------------------------------------|-------------------------------------|----------------------|----------------------|--|
|  | Greater Badin<br>Water & Sewer<br>District Fund | Piney Point<br>Water<br>District Fund | Stanly<br>County<br>Utility<br>Fund | Airport<br>Fund      | Total                |  |
| <b>Assets:</b>                                     |   |                                       |                                     |                      |                      |  |
| <b>Current Assets:</b>                             |   |                                       |                                     |                      |                      |  |
| Cash and cash equivalents                          | \$ 148,094                                      | \$ 123,014                            | \$ 1,313,067                        | \$ 491,797           | \$ 2,075,972         | \$ 1,536,305   |
| Accounts receivable, net                           | 51,839  | 9,093                                 | 1,416,107                           | 239,879              | 1,716,918            | -  |
| Interest receivable                                | 1,156   | 961                                   | 4,766                               | 2,540                | 9,423                | 11,983   |
| Inventories  | -   | -                                     | 40,835                              | 51,318               | 92,153               | -  |
| Total current assets                               | <u>201,089</u>                                  | <u>133,068</u>                        | <u>2,774,775</u>                    | <u>785,534</u>       | <u>3,894,466</u>     | <u>1,548,288</u>   |
| <b>Noncurrent Assets:</b>                          |   |                                       |                                     |                      |                      |  |
| Bond discount, net of amortization                 | -   | -                                     | 18,381                              | -                    | 18,381               | -  |
| Total deferred debits                              | <u>-</u>  | <u>-</u>                              | <u>18,381</u>                       | <u>-</u>             | <u>18,381</u>        | <u>-</u>   |
| <b>Capital Assets:</b>                             |   |                                       |                                     |                      |                      |  |
| Land   | -   | -                                     | 223,784                             | 4,924,095            | 5,147,879            | -  |
| Construction in progress                           | -   | -                                     | 3,168,157                           | 591,013              | 3,759,170            | -  |
| Capital assets, net of depreciation                | <u>3,515,140</u>                                | <u>270,708</u>                        | <u>9,820,509</u>                    | <u>12,745,973</u>    | <u>26,352,330</u>    | <u>-</u>   |
| Total capital assets, net                          | <u>3,515,140</u>                                | <u>270,708</u>                        | <u>13,212,450</u>                   | <u>18,261,081</u>    | <u>35,259,379</u>    | <u>-</u>   |
| Total noncurrent assets                            | <u>3,515,140</u>                                | <u>270,708</u>                        | <u>13,230,831</u>                   | <u>18,261,081</u>    | <u>35,277,760</u>    | <u>-</u>   |
| Total assets                                       | <u>3,716,229</u>                                | <u>403,776</u>                        | <u>16,005,606</u>                   | <u>19,046,615</u>    | <u>39,172,226</u>    | <u>1,548,288</u>   |
| <b>Liabilities:</b>                                |   |                                       |                                     |                      |                      |  |
| <b>Current Liabilities:</b>                        |   |                                       |                                     |                      |                      |  |
| Accounts payable                                   | 2,661   | 2,791                                 | 129,677                             | 214,861              | 349,990              | -  |
| Interest payable                                   | 3,793   | 752                                   | 2,746                               | -                    | 7,291                | -  |
| Payroll payable                                    | -   | -                                     | 37                                  | 2,651                | 2,688                | -  |
| Interfund payable                                  | -   | -                                     | 1,173,192                           | 5,719                | 1,178,911            | -  |
| Compensated absences payable                       | -   | -                                     | 23,000                              | 4,500                | 27,500               | -  |
| Current portion of long-term debt                  | 62,731  | 43,381                                | 145,481                             | -                    | 251,593              | -  |
| Health and workers' comp payable                   | -   | -                                     | -                                   | -                    | -                    | 984,283  |
| Total current liabilities                          | <u>69,185</u>                                   | <u>46,924</u>                         | <u>1,474,133</u>                    | <u>227,731</u>       | <u>1,817,973</u>     | <u>984,283</u>   |
| <b>Noncurrent Liabilities:</b>                     |   |                                       |                                     |                      |                      |  |
| Customer deposits                                  | 12,800  | 540                                   | 75,360                              | -                    | 88,700               | -  |
| Compensated absences payable                       | -   | -                                     | 50,542                              | 8,460                | 59,002               | -  |
| Noncurrent portion of long-term debt               | <u>382,773</u>                                  | <u>44,781</u>                         | <u>262,753</u>                      | <u>-</u>             | <u>690,307</u>       | <u>-</u>   |
| Total noncurrent liabilities                       | <u>395,573</u>                                  | <u>45,321</u>                         | <u>388,655</u>                      | <u>8,460</u>         | <u>838,009</u>       | <u>-</u>   |
| Total liabilities                                  | <u>464,758</u>                                  | <u>92,245</u>                         | <u>1,862,788</u>                    | <u>236,191</u>       | <u>2,655,982</u>     | <u>984,283</u>   |
| <b>Net Assets:</b>                                 |   |                                       |                                     |                      |                      |  |
| Invested in capital assets, net of<br>related debt | 3,069,636                                       | 182,546                               | 12,804,216                          | 18,261,081           | 34,317,479           | -  |
| Unrestricted                                       | <u>181,835</u>                                  | <u>128,985</u>                        | <u>1,338,602</u>                    | <u>549,343</u>       | <u>2,198,765</u>     | <u>564,005</u>   |
| Total net assets                                   | <u>\$ 3,251,471</u>                             | <u>\$ 311,531</u>                     | <u>\$ 14,142,818</u>                | <u>\$ 18,810,424</u> | <u>\$ 36,516,244</u> | <u>\$ 564,005</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, 2007

|  | Enterprise Funds                                |                                       |                                     |                 | Totals        | Governmental<br>Activities-<br>Internal Service<br>Group Health Fund |
|--|---|---------------------------------------|-------------------------------------|-----------------|---------------|--|
|  | Greater Badin<br>Water & Sewer<br>District Fund | Piney Point<br>Water<br>District Fund | Stanly<br>County<br>Utility<br>Fund | Airport<br>Fund |               |  |
| <b>Operating Revenues:</b>                   |   |                                       |                                     |                 |               |  |
| Sales and charges                            | \$ 611,378                                      | \$ 94,199                             | \$ 1,829,812                        | \$ 429,644      | \$ 2,965,033  | \$ 3,513,573   |
| Other  | 3,758   | 253                                   | 29,695                              | -               | 33,706        | -  |
| Total operating revenues                     | 615,136   | 94,452                                | 1,859,507                           | 429,644         | 2,998,739     | 3,513,573  |
| <b>Operating Expenses:</b>                   |   |                                       |                                     |                 |               |  |
| Administration                               | 60,713  | 15,843                                | 290,515                             | -               | 367,071       | -  |
| Distribution and maintenance                 | 165,917   | 1,548                                 | 841,392                             | -               | 1,008,857     | -  |
| Water purchases                              | 76,588  | 30,374                                | 427,713                             | -               | 534,675       | -  |
| Airport operations                           | -   | -                                     | -                                   | 781,213         | 781,213       | -  |
| Group health operations                      | -   | -                                     | -                                   | -               | -             | 2,860,625  |
| Workers' compensation                        | -   | -                                     | -                                   | -               | -             | 380,114  |
| Depreciation                                 | 312,937   | 34,762                                | 539,815                             | 889,157         | 1,776,671     | -  |
| Total operating expenses                     | 616,155   | 82,527                                | 2,099,435                           | 1,670,370       | 4,468,487     | 3,240,739  |
| Operating income (loss)                      | (1,019)   | 11,925                                | (239,928)                           | (1,240,726)     | (1,469,748)   | 272,834  |
| <b>Nonoperating Revenues (Expenses):</b>     |   |                                       |                                     |                 |               |  |
| Interest income                              | 4,948   | 6,271                                 | 31,721                              | 17,014          | 59,954        | 81,100   |
| Administrative charges                       | -   | -                                     | 156,133                             | -               | 156,133       | -  |
| Interest on long-term debt                   | (21,044)  | (3,474)                               | (34,575)                            | -               | (59,093)      | -  |
| Total nonoperating revenues (expenses)       | (16,096)  | 2,797                                 | 153,279                             | 17,014          | 156,994       | 81,100   |
| Income before contributions<br>and transfers | (17,115)  | 14,722                                | (86,649)                            | (1,223,712)     | (1,312,754)   | 353,934  |
| <b>Contributions and Transfers:</b>          |   |                                       |                                     |                 |               |  |
| Transfers - in                               | -   | -                                     | 840,811                             | 383,626         | 1,224,437     | -  |
| Transfers - out                              | (33,163)  | -                                     | (23,064)                            | (166,422)       | (222,649)     | -  |
| Capital contributions                        | 888,521   | -                                     | 1,488,824                           | 1,380,319       | 3,757,664     | -  |
| Total contributions and transfers            | 855,358   | -                                     | 2,306,571                           | 1,597,523       | 4,759,452     | -  |
| Change in net assets (deficit)               | 838,243   | 14,722                                | 2,219,922                           | 373,811         | 3,446,698     | 353,934  |
| <b>Net Assets:</b>                           |   |                                       |                                     |                 |               |  |
| Net assets - July 1                          | 2,413,228                                       | 296,809                               | 11,922,896                          | 18,436,613      | 33,069,546    | 210,071  |
| Net assets - June 30                         | \$ 3,251,471                                    | \$ 311,531                            | \$ 14,142,818                       | \$ 18,810,424   | \$ 36,516,244 | \$ 564,005   |

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, 2007

|   | Enterprise Funds                                |                                       |                                     |                 |                | Governmental  |
|---|---|---------------------------------------|-------------------------------------|-----------------|----------------|---|
|   | Greater Badin<br>Water & Sewer<br>District Fund | Piney Point<br>Water<br>District Fund | Stanly<br>County<br>Utility<br>Fund | Airport<br>Fund | Totals         | Activities-<br>Internal Service<br>Group<br>Health Fund |
| <b>Cash Flows From Operating Activities:</b>  |   |                                       |                                     |                 |                |   |
| Cash received from customers  | \$ 650,285                                      | \$ 97,643                             | \$ 854,365                          | \$ 207,420      | \$ 1,809,713   | \$ 3,513,571  |
| Cash paid for goods and services  | (481,230)                                       | (50,497)                              | 77,372                              | (423,613)       | (877,968)      | (3,112,795)   |
| Cash paid to employees for services   | -   | -                                     | (509,681)                           | (205,830)       | (715,511)      | -   |
| Customer deposits   | 220   | 120                                   | (1,310)                             | -               | (970)          | -   |
| Net cash provided (used) by operating activities  | 169,275   | 47,266                                | 420,746                             | (422,023)       | 215,264        | 400,776   |
| <b>Cash Flows From Noncapital Financing Activities:</b>   |   |                                       |                                     |                 |                |   |
| Transfers from general fund   | -   | -                                     | 804,500                             | 217,204         | 1,021,704      | -   |
| Transfers to general fund   | -   | -                                     | (23,064)                            | -               | (23,064)       | -   |
| Transfer from special revenue fund  | -   | -                                     | 3,150                               | -               | 3,150          | -   |
| Interfund transfer  | (33,163)  | -                                     | 33,163                              | -               | -              | -   |
| Net cash provided by noncapital financing activities  | (33,163)  | -                                     | 817,749                             | 217,204         | 1,001,790      | -   |
| <b>Cash Flows From Capital and Related Financing Activities:</b>                                      |   |                                       |                                     |                 |                |   |
| Acquisition and construction of capital assets  | (812,194)                                       | -                                     | (2,805,673)                         | (1,301,587)     | (4,919,454)    | -   |
| Principal paid on bond maturities and lease purchases   | (62,731)  | (42,026)                              | (143,278)                           | -               | (248,035)      | -   |
| Interest paid on bond maturities and lease purchases  | (21,813)  | (3,833)                               | (29,462)                            | -               | (55,108)       | -   |
| Capital contribution  | 888,521   | -                                     | 1,488,824                           | 1,380,319       | 3,757,664      | -   |
| Net cash used by capital and related financing activities   | (8,217)   | (45,859)                              | (1,489,589)                         | 78,732          | (1,464,933)    | -   |
| <b>Cash Flows From Investing Activities:</b>  |   |                                       |                                     |                 |                |   |
| Interest on investments   | 4,948   | 6,271                                 | 31,721                              | 17,014          | 59,954         | 75,890  |
| Net increase (decrease) in cash and cash equivalents  | 132,843   | 7,678                                 | (219,373)                           | (109,073)       | (187,925)      | 476,666   |
| Cash and cash equivalents, July 1   | 15,251  | 115,336                               | 1,532,440                           | 600,870         | 2,263,897      | 1,059,639   |
| Cash and cash equivalents, June 30  | \$ 148,094                                      | \$ 123,014                            | \$ 1,313,067                        | \$ 491,797      | \$ 2,075,972   | \$ 1,536,305  |
| <b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b> |   |                                       |                                     |                 |                |   |
| Operating income (loss)   | \$ (1,019)                                      | \$ 11,925                             | \$ (239,928)                        | \$ (1,240,726)  | \$ (1,469,748) | \$ 272,834  |
| <b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>        |   |                                       |                                     |                 |                |   |
| Depreciation  | 312,937   | 34,762                                | 539,815                             | 889,157         | 1,776,671      | -   |
| Changes in assets and liabilities:  |   |                                       |                                     |                 |                |   |
| (Increase) decrease in accounts receivable  | 35,149  | 3,190                                 | (1,005,140)                         | (222,224)       | (1,189,025)    | -   |
| (Increase) decrease in prepaid items  | -   | -                                     | -                                   | -               | -              | 85,982  |
| (Increase) decrease in inventory  | -   | -                                     | 3,158                               | (17,369)        | (14,211)       | -   |
| Increase (decrease) in accounts payable and liabilities   | (178,012)                                       | (2,732)                               | 1,116,116                           | 167,207         | 1,102,579      | 41,960  |
| Increase (decrease) in customer deposits  | 220   | 121                                   | (1,310)                             | -               | (969)          | -   |
| Increase (decrease) in compensated absences   | -   | -                                     | 8,035                               | 1,932           | 9,967          | -   |
| Total adjustments   | 170,294   | 35,341                                | 660,674                             | 818,703         | 1,685,012      | 127,942   |
| Net cash provided (used) by operating activities  | \$ 169,275                                      | \$ 47,266                             | \$ 420,746                          | \$ (422,023)    | \$ 215,264     | \$ 400,776  |

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, 2007

|                           | <b>Agency<br/>Fund</b> |
|---------------------------|------------------------|
| <b>Assets:</b>            |                        |
| Cash and cash equivalents | \$ 140,086             |
| Inmate cash               | <u>2,476</u>           |
| Total assets              | <u>\$ 142,562</u>      |
| <b>Liabilities:</b>       |                        |
| Liabilities:              |                        |
| Accounts payable          | \$ 106,836             |
| Client payable            | <u>35,726</u>          |
| Total liabilities         | <u>\$ 142,562</u>      |

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

**STANLY COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**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, 2007. The Authority does not issue separate financial statements.

**Stanly Water and Sewer Authority** exists to provide water and sewer services for the County. The board of directors is appointed by the Stanly County Board of Commissioners. Complete financial statements for the Authority may be obtained from the Director of Finance, Stanly County, 1000 North First Street, Suite 10B, Albemarle, North Carolina, 28001.

**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. Interfund services provided are not eliminated in the process of consolidation. 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.

**STANLY COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

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

*Fund Financial Statements:* The fund financial statements provide information about the County's funds, including its fiduciary funds 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.

Jail Construction Fund – This project fund accounts for the construction of jail additions and future improvements to the County jail.

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

**STANLY COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

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, Proprietary and Fiduciary 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 County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

**STANLY COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

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, 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 2006 through February 2007 apply to the fiscal year ended June 30, 2007. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements and are offset by deferred revenues. 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 31<sup>st</sup> each year with taxes due by May 1<sup>st</sup> of the following year. To transition from the annual into the staggered 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.

Sales taxes and certain intergovernmental revenues, such as utilities franchise tax, collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. 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, Adequate Facilities Reserve Fund and Fire District Special Revenue Funds, and the Enterprise Funds. All

**STANLY COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

annual appropriations lapse at the end of the fiscal year. Project ordinances are adopted for the Community Development Block Grants 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.

**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 (NCCMT).

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 securities of the NCCMT-Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, 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, 2006. 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.



**STANLY COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**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.

**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:

|                               | <u>Years</u> |
|-------------------------------|--------------|
| Water distribution systems    | 20-50        |
| Sewer collection system       | 20           |
| Wastewater treatment facility | 20           |
| Buildings and terminal        | 40           |
| Airport improvements          | 10-30        |
| Equipment                     | 3-10         |

**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.

**STANLY COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**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 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**

The governmental fund types classify fund balances as follows:

**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.

**STANLY COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

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 \$1,878,701 are comprised of the following:

Designated for Home Health – Portion of fund balance designated for future home health services - \$449,359.

Designated for Medicaid Settlements – Portion of fund balance designated for future health related activities - \$158,737.

Designated for Dental Clinic – Portion of fund balance designated for future dental clinic services - \$673,447.

Designated for Library Endowment – Portion of fund balance designated for Library activities - \$49,394.

Designated for 4-H – Portion of fund balance designated for future 4-H services - \$29,907.

Designated for subsequent year's expenditures – Portion of fund balance that has been designated for the adopted 2007-2008 budget ordinance - \$474,242.

Designated for RPO – Portion of fund balance designated for RPO services - \$24,208.

Designated for Jail Inmates – Portion of fund balance designated for inmate services - \$19,407.

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

**STANLY COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**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     | 29,505,017          |               |
| Accumulated depreciation | <u>(14,724,499)</u> | \$ 16,151,361 |

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

|                     |                  |           |
|---------------------|------------------|-----------|
| Interest receivable | 402,957          |           |
| Deferred taxes      | <u>2,011,842</u> | 2,414,799 |

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          | (376,548)           |              |
| Due in one year           | (2,348,155)         |              |
| Due in more than one year | <u>(26,155,214)</u> | (28,879,917) |

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.

564,005

|                  |                       |
|------------------|-----------------------|
| Total adjustment | <u>\$ (9,749,752)</u> |
|------------------|-----------------------|

**STANLY COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

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 | \$ 4,032,101       |              |
| Depreciation    | <u>(1,456,476)</u> | \$ 2,575,625 |

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 | 1,530,401          |             |
| Debt issued  | <u>(5,500,000)</u> | (3,969,599) |

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 | 25,373          |          |
| Accrual of taxes    | <u>(51,054)</u> | (25,681) |

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 | 6,545           |           |
| Compensated absences             | (33,796)        |           |
| Interest expense                 | <u>(73,042)</u> | (100,293) |

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>353,934</u> | <u>353,934</u> |
|----------------|----------------|

|                  |                       |
|------------------|-----------------------|
| Total adjustment | <u>\$ (1,166,014)</u> |
|------------------|-----------------------|

**STANLY COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2007**

**II. Stewardship, Compliance, and Unrestricted Net Asset Deficit**

**Deficit Fund Balance or Retained Earnings of Individual Funds:**

For the fiscal year ended June 30, 2007, individual funds had deficit fund balance as follows:

|                     |    |       |
|---------------------|----|-------|
| CDBG Hookup project | \$ | 4,973 |
|---------------------|----|-------|

The General Fund funded the expenditures above with loans to the project which will be reimbursed through grants when they are received.

In the General Fund, Environmental Protection and Education expenses were in excess of the budget ordinance by \$19,633 and \$42,159 respectively. 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 using the Pooling Method. The County does not have a policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

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, 2007 the County's demand deposits had a carrying amount of \$15,248,317 and a bank balance of \$15,789,110. Of the bank balance, \$506,689 was covered by federal depository insurance. The remaining \$15,282,421 was collateralized under the Pooling Method. The petty cash funds totaled \$5,297.

**STANLY COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**2. Investments**

As of June 30, 2007, the County had \$6,611,859 invested with the North Carolina Capital Managements Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's.

| <b>Investment Type</b>                          | <b>Fair Value</b>   | <b>Less Than 6<br/>Months</b> | <b>6-12<br/>Months</b> | <b>1-3 Years</b> |
|---|---------------------|-------------------------------|------------------------|------------------|
| NC Capital Management<br>Trust - Cash Portfolio | <u>\$ 6,611,859</u> | <u>N/A</u>                    | <u>N/A</u>             | <u>N/A</u>       |

*Interest Rate Risk.* The County has no formal investment policy.

*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, 2007. 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.

| <b>Year Levied</b> | <b>Tax</b>          | <b>Interest</b>   | <b>Total</b>        |
|--------------------|---------------------|-------------------|---------------------|
| 2004               | \$ 1,667,676        | 396,074           | \$ 2,063,750        |
| 2005               | 2,252,334           | 332,224           | 2,584,558           |
| 2006               | 2,321,812           | 133,510           | 2,455,322           |
| 2007               | <u>2,413,735</u>    | <u>-</u>          | <u>2,413,735</u>    |
| Total              | <u>\$ 8,655,557</u> | <u>\$ 861,808</u> | <u>\$ 9,517,365</u> |

**STANLY COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**4. Receivables**

Receivables at the government-wide level at June 30, 2007 were as follows:

|  | <u>Taxes<br/>Receivable</u> | <u>Trade<br/>Accounts<br/>Receivable</u> | <u>Due from<br/>Other<br/>Governments</u> | <u>Interest<br/>and<br/>Other</u> | <u>Total</u>        |
|--|-----------------------------|--|---|-----------------------------------|---------------------|
| <b>Governmental Activities:</b>            |                             |  |   |                                   |                     |
| General                                    | \$ 2,268,273                | \$ 2,079,172                             | \$ 1,924,958                              | \$ 414,940                        | \$ 6,687,343        |
| Other Governmental                         | <u>68,589</u>               | <u>267,767</u>                           | <u>-</u>                                  | <u>-</u>                          | <u>336,356</u>      |
| Total receivables                          | 2,336,862                   | 2,346,939                                | 1,924,958                                 | 414,940                           | 7,023,699           |
| Allowance for doubtful accounts            | <u>(325,019)</u>            | <u>(220,785)</u>                         | <u>-</u>                                  | <u>-</u>                          | <u>(545,804)</u>    |
| Total governmental activities              | <u>\$ 2,011,843</u>         | <u>\$ 2,126,154</u>                      | <u>\$ 1,924,958</u>                       | <u>\$ 414,940</u>                 | <u>\$ 6,477,895</u> |
| <b>Business-type Activities:</b>           |                             |  |   |                                   |                     |
| Greater Badin Water and Sewer<br>Districts | \$ -                        | \$ 55,603                                | \$ -                                      | \$ 1,156                          | \$ 56,759           |
| Piney Point Water District                 | -                           | 9,594                                    | -   | 961                               | 10,555              |
| Stanly County Utility Fund                 | -                           | 213,143                                  | 1,221,474                                 | 4,766                             | 1,439,383           |
| Airport Fund                               | <u>-</u>                    | <u>32,491</u>                            | <u>207,694</u>                            | <u>2,540</u>                      | <u>242,725</u>      |
| Total receivables                          | -                           | 310,831                                  | 1,429,168                                 | 9,423                             | 1,749,422           |
| Allowance for doubtful accounts            | <u>-</u>                    | <u>(23,081)</u>                          | <u>-</u>                                  | <u>-</u>                          | <u>(23,081)</u>     |
| Total business-type activities             | <u>\$ -</u>                 | <u>\$ 287,750</u>                        | <u>\$ 1,429,168</u>                       | <u>\$ 9,423</u>                   | <u>\$ 1,726,341</u> |

Due from other governments for the year ended June 30, 2007, consists of the following:

|                        |                     |
|------------------------|---------------------|
| Local option sales tax | \$ 1,802,786        |
| Sales tax receivable   | 69,122              |
| Grants receivable      | 1,459,878           |
| Tires and white goods  | <u>22,340</u>       |
| Total                  | <u>\$ 3,354,126</u> |



**STANLY COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**5. Capital Assets**

**Primary Government**

Capital asset activity for the governmental activities for the year ended June 30, 2007 was as follows:

|  | <u>06/30/06</u>      | <u>Additions</u>    | <u>Retirements</u> | <u>06/30/07</u>      |
|--|----------------------|---------------------|--------------------|----------------------|
| <b>Governmental Activities:</b>              |                      |                     |                    |                      |
| <b>Capital Assets Not Being Depreciated:</b> |                      |                     |                    |                      |
| Land   | \$ 1,370,843         | \$ -                | \$ -               | \$ 1,370,843         |
| Construction in progress                     | -                    | 3,367,525           | -                  | 3,367,525            |
| Total capital assets not being depreciated   | <u>1,370,843</u>     | <u>3,367,525</u>    | <u>-</u>           | <u>4,738,368</u>     |
| <b>Capital Assets Being Depreciated:</b>     |                      |                     |                    |                      |
| Buildings                                    | 17,186,901           | 102,022             | -                  | 17,288,923           |
| Equipment and vehicles                       | <u>8,980,375</u>     | <u>562,554</u>      | <u>694,360</u>     | <u>8,848,569</u>     |
| Total capital assets being depreciated       | <u>26,167,276</u>    | <u>664,576</u>      | <u>694,360</u>     | <u>26,137,492</u>    |
| <b>Less Accumulated Depreciation For:</b>    |                      |                     |                    |                      |
| Buildings                                    | 7,278,725            | 447,201             | -                  | 7,725,926            |
| Equipment and vehicles                       | <u>6,683,658</u>     | <u>1,009,275</u>    | <u>694,360</u>     | <u>6,998,573</u>     |
| Total accumulated depreciation               | <u>13,962,383</u>    | <u>\$ 1,456,476</u> | <u>\$ 694,360</u>  | <u>14,724,499</u>    |
| Total capital assets being depreciated, net  | <u>12,204,893</u>    |                     |                    | <u>11,412,993</u>    |
| Governmental activity capital assets, net    | <u>\$ 13,575,736</u> |                     |                    | <u>\$ 16,151,361</u> |

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

**Governmental Functions:**

|   |                     |
|---|---------------------|
| General government                                | \$ 328,386          |
| Public safety                                     | 751,063             |
| Transportation                                    | 86,820              |
| Environmental protection                          | 7,951               |
| Economic development                              | 3,607               |
| Human services                                    | 64,801              |
| Culture and recreation                            | <u>213,848</u>      |
| Total depreciation expense governmental functions | <u>\$ 1,456,476</u> |

**STANLY COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2007**

**Business-type Activities**

Capital asset activity for business-type activities for the year ended June 30, 2007 was as follows:

|   | <u>06/30/06</u> | <u>Additions</u> | <u>Retirements</u> | <u>06/30/07</u> |
|---|-----------------|------------------|--------------------|-----------------|
| <b>Business-Type Activities:</b>            |                 |                  |                    |                 |
| <b>Greater Badin Water and Sewer:</b>       |                 |                  |                    |                 |
| Construction in progress                    | \$ 780,643      | \$ -             | \$ 780,643         | \$ -            |
| Capital assets being depreciated:           |                 |                  |                    |                 |
| Plant in service                            | 5,716,768       | 1,592,838        | -                  | 7,309,606       |
| Equipment and vehicles                      | 135,054         | -                | -                  | 135,054         |
| Total capital assets being depreciated      | 5,851,822       | 1,592,838        | -                  | 7,444,660       |
| Less accumulated depreciation for:          |                 |                  |                    |                 |
| Plant in service                            | 3,476,794       | 310,571          | -                  | 3,787,365       |
| Equipment and vehicles                      | 139,787         | 2,367            | -                  | 142,154         |
| Total accumulated depreciation              | 3,616,581       | 312,938          | -                  | 3,929,519       |
| Total capital assets being depreciated, net | 2,235,241       |                  |                    | 3,515,141       |
| Total Greater Badin capital assets, net     | 3,015,884       |                  |                    | 3,515,141       |
| <b>Piney Point Water:</b>                   |                 |                  |                    |                 |
| Capital assets being depreciated:           |                 |                  |                    |                 |
| Plant in service                            | 727,984         | -                | -                  | 727,984         |
| Total capital assets being depreciated      | 727,984         | -                | -                  | 727,984         |
| Less accumulated depreciation for:          |                 |                  |                    |                 |
| Plant in service                            | 422,514         | 34,762           | -                  | 457,276         |
| Total accumulated depreciation              | 422,514         | 34,762           | -                  | 457,276         |
| Total Piney Point capital assets, net       | 305,470         |                  |                    | 270,708         |
| <b>Stanly Utility Operating:</b>            |                 |                  |                    |                 |
| Capital assets not being depreciated:       |                 |                  |                    |                 |
| Land  | 223,784         | -                | -                  | 223,784         |
| Construction in progress                    | 4,119,076       | 2,432,782        | 3,383,701          | 3,168,157       |
| Total assets not being depreciated          | 4,342,860       | 2,432,782        | 3,383,701          | 3,391,941       |
| Capital assets being depreciated:           |                 |                  |                    |                 |
| Plant in service                            | 13,611,055      | 3,701,519        | -                  | 17,312,574      |
| Equipment and vehicles                      | 477,347         | 89,168           | 34,095             | 532,420         |
| Total capital assets being depreciated      | 14,088,402      | 3,790,687        | 34,095             | 17,844,994      |
| Less accumulated depreciation for:          |                 |                  |                    |                 |
| Plant in service                            | 7,145,061       | 497,336          | -                  | 7,642,397       |
| Equipment and vehicles                      | 373,704         | 42,479           | 34,095             | 382,088         |
| Total accumulated depreciation              | 7,518,765       | 539,815          | 34,095             | 8,024,485       |
| Total capital assets being depreciated, net | 6,569,637       |                  |                    | 9,820,509       |
| Total Utility capital assets, net           | 10,912,497      |                  |                    | 13,212,450      |

**STANLY COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

|  | <u>6/30/2006</u>     | <u>Additions</u>  | <u>Retirements</u> | <u>6/30/2007</u>     |
|--|----------------------|-------------------|--------------------|----------------------|
| <b>Airport Operating:</b>                        |                      |                   |                    |                      |
| Capital assets not being depreciated:            |                      |                   |                    |                      |
| Land   | 3,984,414            | 939,681           | -                  | 4,924,095            |
| Construction in progress                         | 1,711,363            | 333,204           | 1,453,554          | 591,013              |
| Total capital assets not being depreciated       | <u>5,695,777</u>     | <u>1,272,885</u>  | <u>1,453,554</u>   | <u>5,515,108</u>     |
| Capital assets being depreciated:                |                      |                   |                    |                      |
| Buildings  | 370,665              | 1,482,257         | -                  | 1,852,922            |
| Improvements                                     | 19,594,709           | -                 | -                  | 19,594,709           |
| Equipment and vehicles                           | 173,781              | -                 | -                  | 173,781              |
| Total capital assets being depreciated           | <u>20,139,155</u>    | <u>1,482,257</u>  | <u>-</u>           | <u>21,621,412</u>    |
| Less accumulated depreciation for:               |                      |                   |                    |                      |
| Buildings  | 242,018              | 38,300            | -                  | 280,318              |
| Improvements                                     | 7,623,345            | 822,578           | -                  | 8,445,923            |
| Equipment and vehicles                           | 120,918              | 28,280            | -                  | 149,198              |
| Total accumulated depreciation                   | <u>7,986,281</u>     | <u>889,158</u>    | <u>-</u>           | <u>8,875,439</u>     |
| Total capital assets being depreciated, net      | <u>12,152,874</u>    | <u>\$ 593,099</u> | <u>\$ -</u>        | <u>12,745,973</u>    |
| Total Airport capital assets, net                | <u>17,848,651</u>    |                   |                    | <u>18,261,081</u>    |
| Total business-type activity capital assets, net | <u>\$ 32,082,502</u> |                   |                    | <u>\$ 35,259,379</u> |

**Construction Commitments:**

| <u>Project</u>         | <u>Project to Date</u> | <u>Remaining<br/>Commitment</u> |
|------------------------|------------------------|---------------------------------|
| Highway 52             | \$ 732,472             | \$ 47,528                       |
| Acquadale School Sewer | 1,147,738              | 2,262                           |
| Highway 24/27 Upgrade  | -                      | 605,000                         |
| Fork Road Water Line   | 432,412                | 42,513                          |
| Millingport Sewer      | 782,114                | 17,886                          |
| Palestine Sewer        | 72,524                 | 1,476                           |
| Highway 731 Water      | 897                    | 656,073                         |
| Airport Fencing        | 591,014                | 268,986                         |
| Terminal Improvement   | -                      | 316,677                         |
| Jail Construction      | 3,367,523              | 4,853,861                       |
| Total                  | <u>\$ 7,126,694</u>    | <u>\$ 6,812,262</u>             |

**STANLY COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2007**

**B. Liabilities**

**1. Payables**

Payables at the government-wide level at June 30, 2007 were as follows:

|                                  | <u>Vendors</u>      | <u>Salaries and<br/>Benefits</u> | <u>Accrued<br/>Interest</u> | <u>Other</u>        | <u>Total</u>        |
|----------------------------------|---------------------|----------------------------------|-----------------------------|---------------------|---------------------|
| <b>Governmental Activities:</b>  |                     |                                  |                             |                     |                     |
| General                          | \$ 864,232          | \$ 102,131                       | \$ 376,548                  | \$ 181,286          | \$ 1,524,197        |
| Other governmental               | <u>564,212</u>      | <u>-</u>                         | <u>-</u>                    | <u>942,323</u>      | <u>1,506,535</u>    |
| Total governmental activities    | <u>\$ 1,428,444</u> | <u>\$ 102,131</u>                | <u>\$ 376,548</u>           | <u>\$ 1,123,609</u> | <u>\$ 3,030,732</u> |
| <b>Business-type Activities:</b> |                     |                                  |                             |                     |                     |
| Water and Sewer Districts        | \$ 135,129          | \$ 37                            | \$ 7,291                    | \$ 88,700           | \$ 231,157          |
| Airport                          | <u>214,861</u>      | <u>2,651</u>                     | <u>-</u>                    | <u>-</u>            | <u>217,512</u>      |
| Total business-type activities:  | <u>\$ 349,990</u>   | <u>\$ 2,688</u>                  | <u>\$ 7,291</u>             | <u>\$ 88,700</u>    | <u>\$ 448,669</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, 2005, 2006, and 2007 were \$492,287, \$579,040 and \$629,386, respectively. The County's contributions to LEO for the years ended June 30, 2005, 2006, and 2007 were \$66,181, \$72,167 and \$75,448, respectively. The contributions made by the County equaled the required contributions for each year.

**STANLY COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**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. 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, 2006, the Separation Allowance's membership consisted of:

|                             |           |
|-----------------------------|-----------|
| Retirees receiving benefits | 5         |
| Active plan members         | <u>49</u> |
| Total                       | <u>54</u> |

**Summary of Significant Accounting Policies**

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

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

**Contributions**

The County is required by Article 12D of G.S. Chapter 143 to provide 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, 2007 was \$51,945 or .85% of annual covered payroll.

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, 2006 was 24 years.

**STANLY COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**Change in Net Pension Obligation** – As of December 31, 2006, the County's Net Pension Obligation was \$273,673, a decrease of \$6,545 from the previous year. The County's Annual Pension Cost for June 30, 2007 was \$45,400.

|   |                              |
|---|------------------------------|
| Employer annual required contribution         | \$ 41,853                    |
| Interest on net pension obligation            | 20,316                       |
| Adjustment to annual required contribution    | <u>(16,769)</u>              |
| Annual pension cost                           | 45,400                       |
| Employer contributions made for fiscal year   | <u>51,945</u>                |
| Increase (decrease) in net pension obligation | (6,545)                      |
| Net pension obligation, January 1, 2006       | <u>280,218</u>               |
| <br>Net pension obligation, December 31, 2006 | <br><u><u>\$ 273,673</u></u> |

| Trend Information            |                                      |  |   |
|------------------------------|--------------------------------------|--|---|
| <u>Fiscal<br/>Year Ended</u> | <u>Annual Pension<br/>Cost (APC)</u> | <u>Percentage of<br/>APC Contributed</u> | <u>Net Pension<br/>Obligation<br/>End of Year</u> |
| June 30, 2005                | \$ 45,294                            | 50.97%                                   | \$ 269,710  |
| June 30, 2006                | 46,666                               | 77.48%                                   | 280,218   |
| June 30, 2007                | 45,400                               | 114.42%                                  | 273,673   |

**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, 2007 were \$91,496, which consisted of \$78,181 from the County and \$13,315 from the law enforcement officers. The County provides a Section 401K Deferred Compensation Plan for this purpose.

**STANLY COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**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.

**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, 2007, the County's required and actual contributions were \$16,297.

**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.

**f. Other Employment Benefits**

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership 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.

**STANLY COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

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, 2007, the County made contributions to the State for death benefits of \$22,554. 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. The County considers these contributions to be immaterial.

**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:

|                                 | <u>Deferred Revenue</u> | <u>Unearned Revenue</u> |
|---------------------------------|-------------------------|-------------------------|
| Prepaid taxes not yet earned    | \$ -                    | \$ 79,838               |
| Taxes receivable, net (General) | 1,943,253               | -                       |
| Taxes receivable, net (Special) | 68,589                  | -                       |
| Total                           | <u>\$ 2,011,842</u>     | <u>\$ 79,838</u>        |

**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 administered 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



**STANLY COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

the amounts needed to pay claims. The claims liability of \$215,000 reported in the fund at June 30, 2007 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.

|   | <u>June 30</u>    |                   |
|---|-------------------|-------------------|
|   | <u>2007</u>       | <u>2006</u>       |
| Unpaid claims and claim adjustment expenses at beginning of fiscal year                 | \$ 215,000        | \$ 326,431        |
| Incurred claims and claim adjustment expenses:  |                   |                   |
| Provision for insured events of current year  | 2,413,466         | 2,228,486         |
| Claims and adjustment expenses attributable to insured events of current and prior year | <u>2,413,466</u>  | <u>2,339,917</u>  |
| Total Claims Liability  | <u>\$ 215,000</u> | <u>\$ 215,000</u> |

**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 \$712,918 reported in the fund at June 30, 2007 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 \$712,918 claims liability represents total estimated claims incurred but not reported, as provided by the plan administrator's actuary.

**STANLY COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

| <b>Workers' Compensation</b>  | <b>June 30</b>    |                   |
|---|-------------------|-------------------|
|   | <b>2007</b>       | <b>2006</b>       |
| Unpaid claims and claim adjustment expenses at beginning of fiscal year                 | \$ 609,343        | \$ 309,139        |
| Incurred claims and claim adjustment expenses:  |                   |                   |
| Provision for insured events of current year  | 307,961           | 455,955           |
| Claims and adjustment expenses attributable to insured events of current and prior year | <u>204,386</u>    | <u>155,751</u>    |
| Total Claims Liability  | <u>\$ 712,918</u> | <u>\$ 609,343</u> |

**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.

The County carries no flood insurance.

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The finance officer and the tax collector are bonded for \$100,000 each.

**5. Claims, Judgments and Contingent Liabilities**

At June 30, 2007, 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.

**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, 2007 are comprised of the following:

**STANLY COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2007**

**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%

\$ 937,863

Lease for the construction of the jail additions entered into on August 10, 2006, payable in semi-annual principal payments of \$183,333 and semi-annual interest payments at a rate of 4.19% through august 10, 2021.

5,316,667

Total General Government

6,254,530

**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%.

88,162

**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%.

143,234

Total Enterprise Funds

231,396

Total Capital Leases

\$ 6,485,926

**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%.

\$ 295,504

Total Notes Payable

\$ 295,504

**STANLY COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2007**

**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, 2007:

**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% | \$ 13,000,000 |
|--|---------------|

|  |                  |
|--|------------------|
| \$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>8,000,000</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>21,000,000</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% | 265,000 |
|---|---------|

**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>150,000</u> |
|---|----------------|

|  |                |
|--|----------------|
| Total Enterprise Fund General Obligation Bonds | <u>415,000</u> |
|--|----------------|

|                                |                      |
|--------------------------------|----------------------|
| Total General Obligation Bonds | <u>\$ 21,415,000</u> |
|--------------------------------|----------------------|

**STANLY COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

The following is a summary of changes in general long-term debt for the fiscal year ended June 30, 2007.

|                                  | <u>Balances</u><br><u>June 30, 2006</u> | <u>Additions</u>    | <u>Retirements</u>  | <u>Balances</u><br><u>June 30, 2007</u> | <u>Current</u><br><u>Portion of</u><br><u>Balance</u> |
|----------------------------------|---|---------------------|---------------------|---|---|
| <b>Governmental Activities:</b>  |   |                     |                     |   |   |
| General obligation debt          | \$ 21,900,000                           | \$ -                | \$ 900,000          | \$ 21,000,000                           | \$ 900,000  |
| Capitalized leases               | 1,384,931                               | 5,500,000           | 630,401             | 6,254,530                               | 828,155   |
| Compensated absences             | 941,369                                 | 657,470             | 623,674             | 975,165                                 | 620,000   |
| Net pension obligation           | <u>280,218</u>                          | <u>45,400</u>       | <u>51,945</u>       | <u>273,673</u>                          | <u>-</u>  |
| Total governmental activities    | <u>\$ 24,506,518</u>                    | <u>\$ 6,202,870</u> | <u>\$ 2,206,020</u> | <u>\$ 28,503,368</u>                    | <u>\$ 2,348,155</u>                                   |
| <b>Business-Type Activities:</b> |   |                     |                     |   |   |
| General obligation debt          | \$ 530,000                              | \$ -                | \$ 115,000          | \$ 415,000                              | \$ 115,000  |
| Capitalized leases               | 341,700                                 | -                   | 110,304             | 231,396                                 | 113,862   |
| Notes payable                    | 318,235                                 | -                   | 22,731              | 295,504                                 | 22,731  |
| Compensated absences             | <u>75,914</u>                           | <u>38,348</u>       | <u>27,760</u>       | <u>86,502</u>                           | <u>27,500</u>   |
| Total business-type activities   | <u>\$ 1,265,849</u>                     | <u>\$ 38,348</u>    | <u>\$ 275,795</u>   | <u>\$ 1,028,402</u>                     | <u>\$ 279,093</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 \$647,500.

**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, 2007, four industrial revenue bonds were outstanding, with an aggregate principal amount payable of \$5,800,000.

**STANLY COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

At June 30, 2007, Stanly County had a legal debt margin of \$292,199,070. 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>     |
| <b>Governmental Funds</b> |                                 |                     |                           |                     |
| 2008                      | \$ 900,000                      | \$ 966,425          | \$ 828,155                | \$ 245,277          |
| 2009                      | 1,150,000                       | 927,174             | 843,041                   | 215,027             |
| 2010                      | 1,350,000                       | 877,300             | 366,667                   | 188,201             |
| 2011                      | 1,350,000                       | 816,550             | 366,667                   | 172,838             |
| 2012                      | 1,450,000                       | 754,850             | 366,667                   | 157,474             |
| 2013-2017                 | 7,500,000                       | 2,753,450           | 1,833,333                 | 556,921             |
| 2018-2022                 | <u>7,300,000</u>                | <u>1,001,650</u>    | <u>1,650,000</u>          | <u>172,837</u>      |
|                           | <u>\$ 21,000,000</u>            | <u>\$ 8,097,400</u> | <u>\$ 6,254,530</u>       | <u>\$ 1,708,575</u> |
| <b>Proprietary Funds</b>  |                                 |                     |                           |                     |
| 2008                      | \$ 115,000                      | \$ 28,185           | \$ 113,862                | \$ 6,501            |
| 2009                      | 115,000                         | 20,405              | 117,534                   | 2,828               |
| 2010                      | 115,000                         | 12,625              | -                         | -                   |
| 2011                      | <u>70,000</u>                   | <u>4,770</u>        | <u>-</u>                  | <u>-</u>            |
|                           | <u>415,000</u>                  | <u>65,985</u>       | <u>231,396</u>            | <u>9,329</u>        |
|                           | <u>\$ 21,415,000</u>            | <u>\$ 8,163,385</u> | <u>\$ 6,485,926</u>       | <u>\$ 1,717,904</u> |

**STANLY COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

| <u>Proprietary Funds</u> | <u>Notes Payable</u> |                  |
|--------------------------|----------------------|------------------|
|                          | <u>Principal</u>     | <u>Interest</u>  |
| 2008                     | \$ 22,731            | \$ 7,683         |
| 2009                     | 22,731               | 7,092            |
| 2010                     | 22,731               | 6,501            |
| 2011                     | 22,731               | 5,910            |
| 2012                     | 22,731               | 5,319            |
| 2013-2017                | 113,655              | 17,730           |
| 2018-2020                | 68,194               | 3,546            |
|                          | <u>\$ 295,504</u>    | <u>\$ 53,781</u> |

**C. Interfund Balances and Activity**

Interfund receivable balances consist of cash deficits as of June 30, 2007. 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<br/>Receivables</u> | <u>Interfund<br/>Payable</u> |
|---|----------------------------------|------------------------------|
| General Fund                                | \$ 1,374,593                     | \$ -                         |
| Community Development Block Grant - Housing | -                                | 190,708                      |
| Community Development Block Grant - Hook Up |                                  | 4,973                        |
| Aquadale School Sewer Project               |                                  | 949,457                      |
| Fork Road Water Line Project                |                                  | 155,712                      |
| Palestine Sewer Project                     | -                                | 68,024                       |
| Airport Fencing Project                     | -                                | 5,719                        |
|   | <u>\$ 1,374,593</u>              | <u>\$ 1,374,593</u>          |

**STANLY COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2007**

Transfers to/from other funds at June 30, 2007 consist of the following:

|                                | Transfers    |            |                                  |
|--------------------------------|--------------|------------|----------------------------------|
|                                | From         | To         | Purpose                          |
| General Fund                   | \$ 1,243,805 |            |                                  |
| Jail Construction Fund         | -            | \$ 221,386 | Capital outlay support           |
| CDBG Scatter Site Housing Fund | -            | 717        | Capital outlay support           |
| Millingport Sewer Project Fund | -            | 800,000    | Capital outlay support           |
| Palestine Sewer Project Fund   | -            | 4,500      | Capital outlay support           |
| Airport Operating Fund         | -            | 217,202    | Operating support                |
| Special Revenue Fund           | 3,150        |            | Capital outlay support           |
| Enterprise Fund                |              | 3,150      |                                  |
| Enterprise Fund                | 23,064       |            | Refund of capital outlay support |
| General Fund                   |              | 23,064     |                                  |

#### **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 \$207,483 to the Authority during fiscal year ended June 30, 2007. 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, 2007. 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, 2007. Completed financial statements for the community college may be obtained from administrative offices at 141 College Drive, Albemarle, North Carolina 28001.



**STANLY COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**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 \$14,179 to the Council during the fiscal year ended June 30, 2007.

**VI. Summary Disclosure of Significant Contingencies**

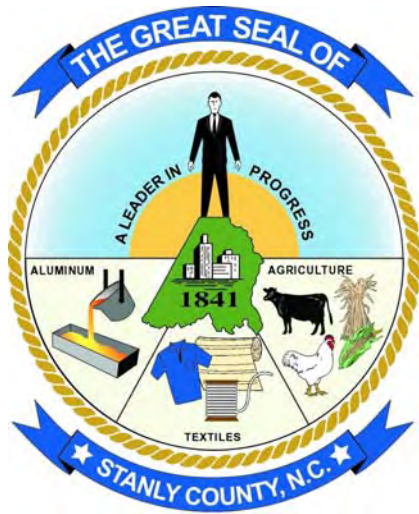
**Federal and State Assisted Programs**

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   | \$ 36,889,695        | \$ 18,822,541        |
| Temporary Assistance for Needy Families                              | 853,132              | (20)                 |
| Food Stamp Program   | 6,112,944            | -                    |
| Special Supplemental Food Program for<br>Women, Infants and Children | 1,071,130            | -                    |
| Special Assistance to Adults   | -                    | 568,770              |
| Low-Income Home Energy Assistance                                    | 270,848              | -                    |
| Title IV-E Adoption Subsidiary                                       | 99,367               | 27,313               |
| CWS Adoption Subsidiary  | <u>35,312</u>        | <u>19,210</u>        |
| Totals   | <u>\$ 45,332,428</u> | <u>\$ 19,437,814</u> |



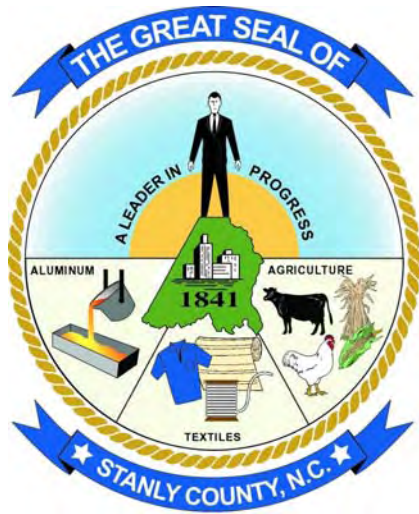
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## ***REQUIRED SUPPLEMENTARY FINANCIAL INFORMATION***

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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



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**STANLY COUNTY, NORTH CAROLINA**  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS**  
**For the Year Ended June 30, 2007**

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| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>( a ) | Actuarial<br>Accrued<br>Liability (AAL)<br>Proj. Unit Credit<br>( b ) | Unfunded<br>AAL (UAAL)<br>( b-a ) | Funded<br>Ratio<br>( a/b ) | Covered<br>Payroll for<br>Year Ending<br>on Val. Date<br>( c ) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>(( b-a)/c ) |
|--------------------------------|--|---|-----------------------------------|----------------------------|--|---|
| 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%  |
| 12/31/2006                     | -  | 431,973   | 431,973                           | 0.00%                      | 1,629,065  | 26.52%  |

**STANLY COUNTY, NORTH CAROLINA  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
For Year Ended June 30, 2007**

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| <u>Year Ended<br/>June 30</u> | <u>Annual Required<br/>Contribution</u> | <u>Percentage<br/>Contributed</u> |
|-------------------------------|---|-----------------------------------|
| 2007                          | \$41,853                                | 124.12%                           |
| 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                | 12/31/2006                  |
| Actuarial cost method         | Projected unit credit       |
| Amortization method           | Level percent of pay closed |
| Remaining amortization period | 24 years                    |
| Asset valuation method        | Market Value                |
| Actuarial assumptions:        |                             |
| Investment rate of return*    | 7.25%                       |
| Projected salary increases*   | 4.5 – 12.3%                 |
| *Includes inflation at        | 3.75%                       |
| Cost of living adjustments    | None                        |

## ***GENERAL FUND***

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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.



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STANLY COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

|                                    | Final<br>Budget   | Actual            | Variance<br>Positive<br>(Negative) |
|------------------------------------|-------------------|-------------------|------------------------------------|
| <b>Revenues:</b>                   |                   |                   |                                    |
| Ad valorem property taxes:         |                   |                   |                                    |
| Ad valorem taxes                   |                   | \$ 25,590,526     |                                    |
| Penalties and interest             |                   | <u>292,984</u>    |                                    |
| Total ad valorem property taxes    | \$ 25,570,704     | <u>25,883,510</u> | \$ 312,806                         |
| Local option sales taxes:          |                   |                   |                                    |
| Sales tax article 39               |                   | 3,755,487         |                                    |
| Sales tax article 40               |                   | 2,483,974         |                                    |
| Sales tax article 42               |                   | 2,467,815         |                                    |
| Sales tax article 44               |                   | <u>1,898,093</u>  |                                    |
| Total sales taxes                  | <u>10,525,000</u> | <u>10,605,369</u> | <u>80,369</u>                      |
| Other taxes:                       |                   |                   |                                    |
| Real property excise tax           |                   | 216,215           |                                    |
| Cable franchise tax                |                   | 153,011           |                                    |
| Occupancy tax                      |                   | 192,680           |                                    |
| Other taxes                        |                   | <u>17,726</u>     |                                    |
| Total other taxes                  | <u>521,500</u>    | <u>579,632</u>    | <u>58,132</u>                      |
| Intergovernmental revenues:        |                   |                   |                                    |
| Unrestricted intergovernmental:    |                   |                   |                                    |
| ABC profits                        | <u>6,500</u>      | <u>5,657</u>      | <u>(843)</u>                       |
| Restricted intergovernmental:      |                   |                   |                                    |
| Public safety                      |                   | 497,085           |                                    |
| Transportation                     |                   | 326,458           |                                    |
| Health                             |                   | 599,906           |                                    |
| Social services grants             |                   | 6,353,812         |                                    |
| Senior and aging services          |                   | 40,083            |                                    |
| Other federal and state grants     |                   | <u>2,214,357</u>  |                                    |
| Total restricted intergovernmental | <u>9,711,879</u>  | <u>10,031,701</u> | <u>319,822</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, 2007

|                             | Final<br>Budget | Actual     | Variance<br>Positive<br>(Negative) |
|-----------------------------|-----------------|------------|------------------------------------|
| Permits and fees:           |                 |            |                                    |
| Recording fees              |                 | 327,917    |                                    |
| Marriage license            |                 | 9,168      |                                    |
| Building permits            |                 | 552,850    |                                    |
| Concealed weapons permits   |                 | 12,050     |                                    |
| Zoning and planning permits |                 | 12,480     |                                    |
| Total permits and fees      | 927,050         | 914,465    | (12,585)                           |
| Sales and services:         |                 |            |                                    |
| Intergovernmental charges   |                 | 168,931    |                                    |
| Sheriff and jail fees       |                 | 449,972    |                                    |
| Ambulance fees              |                 | 1,596,270  |                                    |
| Transportation              |                 | 298,264    |                                    |
| Solid waste                 |                 | 697,655    |                                    |
| Health fees                 |                 | 2,259,234  |                                    |
| Rental and other charges    |                 | 176,182    |                                    |
| Total sales and services    | 5,237,968       | 5,646,508  | 408,540                            |
| Investment earnings:        |                 |            |                                    |
| Earned interest             | 790,000         | 1,058,568  | 268,568                            |
| Miscellaneous:              |                 |            |                                    |
| Donations                   |                 | 179,872    |                                    |
| Rents                       |                 | 306,866    |                                    |
| Sale of assets              |                 | 18,586     |                                    |
| Miscellaneous other         |                 | 200,948    |                                    |
| Total miscellaneous         | 580,984         | 706,272    | 125,288                            |
| Total revenues              | 53,871,585      | 55,431,682 | 1,560,097                          |

STANLY COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

|                                | Final<br>Budget | Actual         | Variance<br>Positive<br>(Negative) |
|--------------------------------|-----------------|----------------|------------------------------------|
| <b>Expenditures:</b>           |                 |                |                                    |
| <b>General government:</b>     |                 |                |                                    |
| Governing body:                |                 |                |                                    |
| Salaries and employee benefits |                 | 67,969         |                                    |
| Operating expenditures         |                 | <u>90,283</u>  |                                    |
| Total                          |                 | <u>158,252</u> |                                    |
| Administration:                |                 |                |                                    |
| Salaries and employee benefits |                 | 452,081        |                                    |
| Operating expenditures         |                 | <u>39,290</u>  |                                    |
| Total                          |                 | <u>491,371</u> |                                    |
| Finance department:            |                 |                |                                    |
| Salaries and employee benefits |                 | 307,942        |                                    |
| Operating expenditures         |                 | 106,585        |                                    |
| Capital outlay                 |                 | <u>3,495</u>   |                                    |
| Total                          |                 | <u>418,022</u> |                                    |
| Tax assessor:                  |                 |                |                                    |
| Salaries and employee benefits |                 | 260,021        |                                    |
| Operating expenditures         |                 | <u>33,326</u>  |                                    |
| Total                          |                 | <u>293,347</u> |                                    |
| Tax collector:                 |                 |                |                                    |
| Salaries and employee benefits |                 | 322,176        |                                    |
| Operating expenditures         |                 | 93,345         |                                    |
| Capital outlay                 |                 | <u>3,494</u>   |                                    |
| Total                          |                 | <u>419,015</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, 2007

|                                | Final<br>Budget | Actual         | Variance<br>Positive<br>(Negative) |
|--------------------------------|-----------------|----------------|------------------------------------|
| Tax revaluation:               |                 |                |                                    |
| Salaries and employee benefits |                 | 298,758        |                                    |
| Operating expenditures         |                 | <u>20,831</u>  |                                    |
| Total                          |                 | <u>319,589</u> |                                    |
| Tax mapping:                   |                 |                |                                    |
| Salaries and employee benefits |                 | 181,967        |                                    |
| Operating expenditures         |                 | 34,490         |                                    |
| Capital outlay                 |                 | <u>7,629</u>   |                                    |
| Total                          |                 | <u>224,086</u> |                                    |
| County attorney:               |                 |                |                                    |
| Contracted services            |                 | <u>228,997</u> |                                    |
| Clerk of Court:                |                 |                |                                    |
| Operating expenditures         |                 | <u>4,454</u>   |                                    |
| Judge's office:                |                 |                |                                    |
| Operating expenditures         |                 | <u>5,384</u>   |                                    |
| District Attorney's office:    |                 |                |                                    |
| Operating expenditures         |                 | <u>11,863</u>  |                                    |
| Elections:                     |                 |                |                                    |
| Salaries and employee benefits |                 | 145,013        |                                    |
| Operating expenditures         |                 | 80,849         |                                    |
| Capital outlay                 |                 | <u>3,226</u>   |                                    |
| Total                          |                 | <u>229,088</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, 2007**

|                                | <b>Final<br/>Budget</b> | <b>Actual</b>    | <b>Variance<br/>Positive<br/>(Negative)</b> |
|--------------------------------|-------------------------|------------------|---|
| Register of deeds:             |                         |                  |   |
| Salaries and employee benefits |                         | 273,392          |   |
| Operating expenditures         |                         | <u>74,796</u>    |   |
| Total                          |                         | <u>348,188</u>   |   |
| Information technology:        |                         |                  |   |
| Salaries and employee benefits |                         | 187,304          |   |
| Operating expenditures         |                         | 85,437           |   |
| Capital outlay                 |                         | <u>12,600</u>    |   |
| Total                          |                         | <u>285,341</u>   |   |
| Facilities management:         |                         |                  |   |
| Salaries and employee benefits |                         | 256,208          |   |
| Operating expenditures         |                         | 531,526          |   |
| Capital outlay                 |                         | <u>205,657</u>   |   |
| Total                          |                         | <u>993,391</u>   |   |
| Total general government       | <u>4,663,377</u>        | <u>4,430,388</u> | <u>232,989</u>                              |
| <b>Public safety:</b>          |                         |                  |   |
| Sheriff:                       |                         |                  |   |
| Salaries and employee benefits |                         | 2,496,167        |   |
| Operating expenditures         |                         | 518,327          |   |
| Capital outlay                 |                         | <u>153,142</u>   |   |
| Total                          |                         | <u>3,167,636</u> |   |
| Jail:                          |                         |                  |   |
| Salaries and employee benefits |                         | 856,104          |   |
| Operating expenditures         |                         | 639,788          |   |
| Capital outlay                 |                         | <u>25,922</u>    |   |
| Total                          |                         | <u>1,521,814</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, 2007

|                                | Final<br>Budget | Actual           | Variance<br>Positive<br>(Negative) |
|--------------------------------|-----------------|------------------|------------------------------------|
| Office of juvenile justice:    |                 |                  |                                    |
| Operating expenditures         |                 | 47,419           |                                    |
| Uwharrie homes                 |                 | 5,499            |                                    |
| Daymark I-Care                 |                 | 121,003          |                                    |
| Juvenile detention             |                 | <u>39,411</u>    |                                    |
| Total                          |                 | <u>213,332</u>   |                                    |
| Criminal justice partnership:  |                 |                  |                                    |
| Salaries and employee benefits |                 | 45,763           |                                    |
| Operating expenditures         |                 | <u>54,913</u>    |                                    |
| Total                          |                 | <u>100,676</u>   |                                    |
| Emergency management:          |                 |                  |                                    |
| Salaries and employee benefits |                 | 1,999,003        |                                    |
| Operating expenditures         |                 | 600,920          |                                    |
| Capital outlay                 |                 | <u>131,524</u>   |                                    |
| Total                          |                 | <u>2,731,447</u> |                                    |
| Code enforcement:              |                 |                  |                                    |
| Salaries and employee benefits |                 | 384,734          |                                    |
| Operating expenditures         |                 | 40,452           |                                    |
| Capital outlay                 |                 | <u>12,682</u>    |                                    |
| Total                          |                 | <u>437,868</u>   |                                    |
| Medical examiner:              |                 |                  |                                    |
| Contractual services           |                 | <u>24,100</u>    |                                    |
| Animal control:                |                 |                  |                                    |
| Salaries and employee benefits |                 | 215,846          |                                    |
| Operating expenditures         |                 | <u>66,581</u>    |                                    |
| Total                          |                 | <u>282,427</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, 2007

|                                  | Final<br>Budget  | Actual           | Variance<br>Positive<br>(Negative) |
|----------------------------------|------------------|------------------|------------------------------------|
| 911 communication service:       |                  |                  |                                    |
| Salaries and employee benefits   |                  | 725,884          |                                    |
| Operating expenditures           |                  | 61,009           |                                    |
| Capital outlay                   |                  | <u>22,906</u>    |                                    |
| Total                            |                  | <u>809,799</u>   |                                    |
| Total public safety              | <u>9,714,924</u> | <u>9,289,099</u> | <u>425,825</u>                     |
| <b>Transportation:</b>           |                  |                  |                                    |
| Salaries and employee benefits   |                  | 551,701          |                                    |
| Operating expenditures           |                  | 180,428          |                                    |
| Capital outlay                   |                  | <u>3,042</u>     |                                    |
| Total transportation             | <u>768,625</u>   | <u>735,171</u>   | <u>33,454</u>                      |
| <b>Environmental protection:</b> |                  |                  |                                    |
| Solid waste operations:          |                  |                  |                                    |
| Salaries and employee benefits   |                  | 293,274          |                                    |
| Operating expenditures           |                  | 522,491          |                                    |
| Capital outlay                   |                  | <u>9,645</u>     |                                    |
| Total                            |                  | <u>825,410</u>   |                                    |
| Fire forester:                   |                  |                  |                                    |
| Contribution to other agency     |                  | <u>70,313</u>    |                                    |
| Soil and water conservation:     |                  |                  |                                    |
| Salaries and employee benefits   |                  | 85,170           |                                    |
| Operating expenditures           |                  | 4,531            |                                    |
| Capital outlay                   |                  | <u>21,497</u>    |                                    |
| Total                            |                  | <u>111,198</u>   |                                    |
| Total environmental protection   | <u>987,288</u>   | <u>1,006,921</u> | <u>(19,633)</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, 2007

|   | Final<br>Budget | Actual         | Variance<br>Positive<br>(Negative) |
|---|-----------------|----------------|------------------------------------|
| <b>Economic and Physical Development:</b>       |                 |                |                                    |
| Economic development commission:                |                 |                |                                    |
| Salaries and employee benefits                  |                 | 131,100        |                                    |
| Operating expenditures                          |                 | <u>104,538</u> |                                    |
| Total   |                 | <u>235,638</u> |                                    |
| Occupancy tax-motel/hotel:                      |                 |                |                                    |
| To other municipalities                         |                 | <u>160,462</u> |                                    |
| Planning and zoning:                            |                 |                |                                    |
| Salaries and employee benefits                  |                 | 261,802        |                                    |
| Operating expenditures                          |                 | <u>51,923</u>  |                                    |
| Total   |                 | <u>313,725</u> |                                    |
| Title V:  |                 |                |                                    |
| Salaries and employee benefits                  |                 | 64,439         |                                    |
| Operating expenditures                          |                 | <u>272</u>     |                                    |
| Total   |                 | <u>64,711</u>  |                                    |
| Cooperative extension:                          |                 |                |                                    |
| Salaries and employee benefits                  |                 | 50,558         |                                    |
| Operating expenditures                          |                 | 193,836        |                                    |
| Capital outlay                                  |                 | <u>3,162</u>   |                                    |
| Total   |                 | <u>247,556</u> |                                    |
| Special appropriation for economic development: |                 |                |                                    |
| Contribution for economic development           |                 | <u>552,989</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, 2007

|   | Final<br>Budget  | Actual           | Variance<br>Positive<br>(Negative) |
|---|------------------|------------------|------------------------------------|
| Rocky River RPO:                        |                  |                  |                                    |
| Salaries and employee benefits          |                  | 50,187           |                                    |
| Operating expenditures                  |                  | 62,387           |                                    |
| Capital outlay                          |                  | <u>2,898</u>     |                                    |
| Total                                   |                  | <u>115,472</u>   |                                    |
| Total economic and physical development | <u>2,295,845</u> | <u>1,690,553</u> | <u>605,292</u>                     |
| <b>Human services:</b>                  |                  |                  |                                    |
| Health:                                 |                  |                  |                                    |
| Salaries and employee benefits          |                  | 1,521,980        |                                    |
| Operating expenditures                  |                  | 371,043          |                                    |
| Capital outlay                          |                  | <u>16,411</u>    |                                    |
| Total                                   |                  | <u>1,909,434</u> |                                    |
| Home health:                            |                  |                  |                                    |
| Salaries and employee benefits          |                  | 449,260          |                                    |
| Operating expenditures                  |                  | <u>316,666</u>   |                                    |
| Total                                   |                  | <u>765,926</u>   |                                    |
| Health - smart start:                   |                  |                  |                                    |
| Salaries and employee benefits          |                  | 101,391          |                                    |
| Operating expenditures                  |                  | <u>8,221</u>     |                                    |
| Total                                   |                  | <u>109,612</u>   |                                    |
| Dental clinic:                          |                  |                  |                                    |
| Salaries and employee benefits          |                  | 650,154          |                                    |
| Operating expenditures                  |                  | <u>146,979</u>   |                                    |
| Total                                   |                  | <u>797,133</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, 2007

|                                  | Final<br>Budget | Actual            | Variance<br>Positive<br>(Negative) |
|----------------------------------|-----------------|-------------------|------------------------------------|
| Environmental health:            |                 |                   |                                    |
| Salaries and employee benefits   |                 | 336,769           |                                    |
| Operating expenditures           |                 | <u>37,428</u>     |                                    |
| Total                            |                 | <u>374,197</u>    |                                    |
| Mental health:                   |                 |                   |                                    |
| Contributions to other agencies: |                 |                   |                                    |
| Bottle surcharge                 |                 | 9,483             |                                    |
| Piedmont area mental health      |                 | <u>198,000</u>    |                                    |
| Total                            |                 | <u>207,483</u>    |                                    |
| Social services:                 |                 |                   |                                    |
| Salaries and employee benefits   |                 | 3,703,770         |                                    |
| Operating expenditures           |                 | 4,557,163         |                                    |
| Day care and resident services   |                 | <u>2,760,795</u>  |                                    |
| Total                            |                 | <u>11,021,728</u> |                                    |
| Aging services:                  |                 |                   |                                    |
| Salaries and employee benefits   |                 | 423,075           |                                    |
| Operating expenditures           |                 | <u>455,057</u>    |                                    |
| Total                            |                 | <u>878,132</u>    |                                    |
| Senior services:                 |                 |                   |                                    |
| Salaries and employee benefits   |                 | 140,601           |                                    |
| Operating expenditures           |                 | 168,019           |                                    |
| Capital outlay                   |                 | <u>8,939</u>      |                                    |
| Total                            |                 | <u>317,559</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, 2007**

|                                   | <b>Final<br/>Budget</b> | <b>Actual</b>     | <b>Variance<br/>Positive<br/>(Negative)</b> |
|-----------------------------------|-------------------------|-------------------|---|
| Veterans services:                |                         |                   |   |
| Salaries and employee benefits    |                         | 52,955            |   |
| Operating expenditures            |                         | 4,317             |   |
| Veteran's Association             |                         | <u>2,000</u>      |   |
| Total                             |                         | <u>59,272</u>     |   |
| Total human services              | <u>17,154,275</u>       | <u>16,440,476</u> | <u>713,799</u>                              |
| <b>Education:</b>                 |                         |                   |   |
| Stanly County Public Schools:     |                         |                   |   |
| Current expenditures              |                         | 9,696,552         |   |
| Capital outlay                    |                         | <u>3,792,159</u>  |   |
| Total                             |                         | <u>13,488,711</u> |   |
| Stanly Community College:         |                         |                   |   |
| Current expenditures              |                         | 1,233,000         |   |
| Capital outlay                    |                         | <u>167,000</u>    |   |
| Total                             |                         | <u>1,400,000</u>  |   |
| Total education                   | <u>14,846,552</u>       | <u>14,888,711</u> | <u>(42,159)</u>                             |
| <b>Culture and recreation:</b>    |                         |                   |   |
| Library:                          |                         |                   |   |
| Salaries and employee benefits    |                         | 796,705           |   |
| Operating expenditures            |                         | 307,090           |   |
| Capital outlay                    |                         | <u>27,743</u>     |   |
| Total                             |                         | <u>1,131,538</u>  |   |
| Historic Preservation Commission: |                         |                   |   |
| Salaries and employee benefits    |                         | 77,503            |   |
| Operating expenditures            |                         | <u>33,070</u>     |   |
| Total                             |                         | <u>110,573</u>    |   |

STANLY COUNTY, NORTH CAROLINA

GENERAL FUND

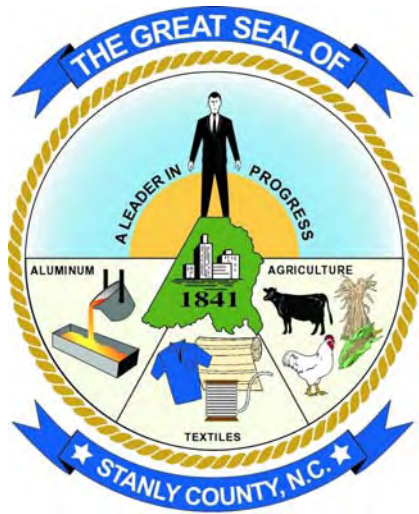
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

|  | Final<br>Budget    | Actual               | Variance<br>Positive<br>(Negative) |
|--|--------------------|----------------------|------------------------------------|
| Agri Civic Center:                       |                    |                      |                                    |
| Salaries and employee benefits           |                    | 132,148              |                                    |
| Operating expenditures                   |                    | 121,872              |                                    |
| Capital outlay                           |                    | <u>3,197</u>         |                                    |
| Total                                    |                    | <u>257,217</u>       |                                    |
| Total culture and recreation             | <u>1,610,957</u>   | <u>1,499,328</u>     | <u>111,629</u>                     |
| <b>Debt Service:</b>                     |                    |                      |                                    |
| Principal                                |                    | 1,530,401            |                                    |
| Interest                                 |                    | <u>1,161,670</u>     |                                    |
| Total debt service                       | <u>2,922,513</u>   | <u>2,692,071</u>     | <u>230,442</u>                     |
| Total expenditures                       | <u>54,964,356</u>  | <u>52,672,718</u>    | <u>2,291,638</u>                   |
| Revenues over (under) expenditures       | <u>(1,092,771)</u> | <u>2,758,964</u>     | <u>3,851,735</u>                   |
| <b>Other financing sources (uses):</b>   |                    |                      |                                    |
| Transfers to:                            |                    |                      |                                    |
| Enterprise fund                          |                    | (1,021,702)          |                                    |
| Special revenue fund                     |                    | (717)                |                                    |
| Capital project fund                     |                    | (221,386)            |                                    |
| Transfers from:                          |                    |                      |                                    |
| Enterprise fund                          |                    | <u>23,064</u>        |                                    |
| Total other financing sources (uses)     | <u>1,092,771</u>   | <u>(1,220,741)</u>   | <u>(2,313,512)</u>                 |
| Net change in fund balance               | <u>\$ -</u>        | <u>1,538,223</u>     | <u>\$ 1,538,223</u>                |
| Fund balance, beginning of year - July 1 |                    | <u>15,962,334</u>    |                                    |
| Fund balance, end of year - June 30      |                    | <u>\$ 17,500,557</u> |                                    |

## ***MAJOR CAPITAL PROJECT FUND***

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- **Jail Construction Fund** – accounts for the funds designated for jail construction.



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## STANLY COUNTY, NORTH CAROLINA

## MAJOR CAPITAL PROJECT FUND

## JAIL CONSTRUCTION FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2007

|  | Actual                   |                |                 |               | Variance               |
|--|--------------------------|----------------|-----------------|---------------|------------------------|
|  | Project<br>Authorization | Prior<br>Years | Current<br>Year | Total to Date | Positive<br>(Negative) |
| <b>Revenues:</b>                         |                          |                |                 |               |                        |
| Investment earnings                      | \$ -                     | \$ -           | \$ 201,021      | \$ 201,021    | \$ 201,021             |
| Total revenues                           | -                        | -              | 201,021         | 201,021       | 201,021                |
| <b>Expenditures:</b>                     |                          |                |                 |               |                        |
| Professional services                    | 485,000                  | \$ 334,693     | \$ 150,400      | \$ 485,093    | \$ (93)                |
| Construction                             | 7,621,786                | -              | 2,813,813       | 2,813,813     | 4,807,973              |
| Operating expenditures                   | 114,600                  | -              | 68,619          | 68,619        | 45,981                 |
| Total expenditures                       | 8,221,386                | 334,693        | 3,032,832       | 3,367,525     | 4,853,861              |
| Revenues over (under) expenditures       | (8,221,386)              | (334,693)      | (2,831,811)     | (3,166,504)   | 5,054,882              |
| <b>Other Financing Sources:</b>          |                          |                |                 |               |                        |
| Debt proceeds                            | 7,000,000                | -              | 5,500,000       | 5,500,000     | (1,500,000)            |
| Transfer from General Fund               | 1,221,386                | 1,000,000      | 221,386         | 1,221,386     | -                      |
| Total other financing sources            | 8,221,386                | 1,000,000      | 5,721,386       | 6,721,386     | (1,500,000)            |
| Net change in fund balance               | \$ -                     | \$ 665,307     | 2,889,575       | \$ 3,554,882  | \$ 3,554,882           |
| Fund balance, beginning of year - July 1 |                          |                | 665,307         |               |                        |
| Fund balance, end of year - June 30      |                          |                | \$ 3,554,882    |               |                        |



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## ***NONMAJOR GOVERNMENTAL FUNDS***

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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 Housing Project** – accounts for the funds designated for housing improvement.
- **Community Development Block Grant Hook up Project** – accounts for the funds designated for water hook ups.
- **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.
- **Adequate Facilities Reserve Fund** – Created to accumulate funds generated by a facilities fee. These funds will be used to help pay for future school construction.

# STANLY COUNTY, NORTH CAROLINA

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2007

|                                     | Special Revenue Funds                                      |  |                                  |
|-------------------------------------|--|--|----------------------------------|
|                                     | Community<br>Development<br>Block Grant<br>Housing Project | Community<br>Development<br>Block Grant<br>Hook Up Project | Emergency<br>Telephone<br>System |
| <b>Assets:</b>                      |  |  |                                  |
| Cash and cash equivalents           | \$ -   | \$ -   | \$ 523,427                       |
| Taxes receivable, net               | -  | -  | -                                |
| Accounts receivable                 | 226,559  | -  | 41,138                           |
| Total assets                        | \$ 226,559   | \$ -   | \$ 564,565                       |
| <b>Liabilities and Fund Equity:</b> |  |  |                                  |
| <b>Liabilities:</b>                 |  |  |                                  |
| Accounts payable                    | \$ 35,850  | \$ -   | \$ 3,841                         |
| Interfund payables                  | 190,709  | 4,973  | -                                |
| Deferred revenues                   | -  | -  | -                                |
| Total liabilities                   | 226,559  | 4,973  | 3,841                            |
| <b>Fund Equity:</b>                 |  |  |                                  |
| Reserved by state statute           | -  | -  | 41,138                           |
| Reserved wireless                   | -  | -  | 64,502                           |
| Unreserved                          | -  | (4,973)  | 455,084                          |
| Total fund balances                 | -  | (4,973)  | 560,724                          |
| Total liabilities and fund balances | \$ 226,559   | \$ -   | \$ 564,565                       |

**Schedule 3**

| <b>Fire<br/>Districts</b> | <b>Adequate<br/>Facilities<br/>Reserve<br/>Fund</b> | <b>Total<br/>Nonmajor<br/>Governmental<br/>Funds</b> |
|---------------------------|---|--|
| \$ 19,812                 | \$ 13,945   | \$ 557,184   |
| 68,589                    | -   | 68,589   |
| 70                        | -   | 267,767  |
| <u>\$ 88,471</u>          | <u>\$ 13,945</u>                                    | <u>\$ 893,540</u>                                    |
| <br>                      |   |  |
| \$ 19,882                 | \$ -  | \$ 59,573  |
| -                         | -   | 195,682  |
| 68,589                    | -   | 68,589   |
| <u>88,471</u>             | <u>-</u>  | <u>323,844</u>                                       |
| <br>                      |   |  |
| -                         | -   | 41,138   |
| -                         | -   | 64,502   |
| -                         | 13,945  | 464,056  |
| <u>-</u>                  | <u>13,945</u>                                       | <u>569,696</u>                                       |
| <br>                      |   |  |
| <u>\$ 88,471</u>          | <u>\$ 13,945</u>                                    | <u>\$ 893,540</u>                                    |

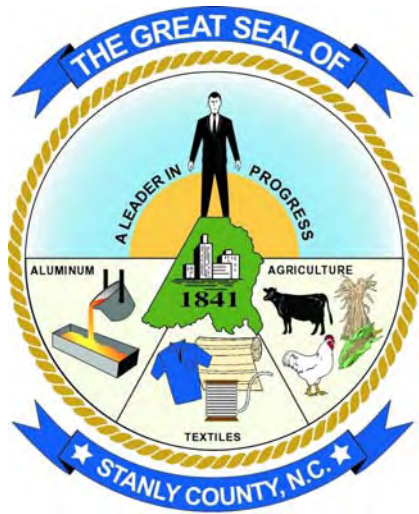
# STANLY COUNTY, NORTH CAROLINA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2007

|  | Special Revenue Funds                                |  |  |                                  |
|--|--|--|--|----------------------------------|
|  | Community<br>Development<br>Block<br>Grant (Housing) | Community<br>Development<br>Block Grant<br>Housing Project | Community<br>Development<br>Block Grant<br>Hook Up Project | Emergency<br>Telephone<br>System |
| <b>Revenues:</b>                         |  |  |  |                                  |
| Ad valorem taxes                         | \$ -   | \$ -   | \$ -   | \$ -                             |
| Restricted intergovernmental             | -  | 226,559  | -  | -                                |
| Sales and services                       | -  | -  | -  | 338,390                          |
| Permits and fees                         | -  | -  | -  | -                                |
| Investment earnings                      | -  | -  | -  | 26,558                           |
| Total revenues                           | -  | 226,559  | -  | 364,948                          |
| <b>Expenditures:</b>                     |  |  |  |                                  |
| <b>Current:</b>                          |  |  |  |                                  |
| General government                       | -  | -  | -  | -                                |
| Public safety                            | -  | -  | -  | 346,890                          |
| Economic and physical development        | -  | 226,559  | 1,823  | -                                |
| Total expenditures                       | -  | 226,559  | 1,823  | 346,890                          |
| Revenues over (under) expenditures       | -  | -  | (1,823)  | 18,058                           |
| <b>Other Financing Sources (Uses):</b>   |  |  |  |                                  |
| Transfers out                            | -  | -  | (3,150)  | -                                |
| Transfers in                             | 717  | -  | -  | -                                |
| Total other financing sources            | 717  | -  | (3,150)  | -                                |
| Net change in fund balance               | 717  | -  | (4,973)  | 18,058                           |
| Fund balance, beginning of year - July 1 | (717)  | -  | -  | 542,666                          |
| Fund balance, end of year - June 30      | \$ -   | \$ -   | \$ (4,973)   | \$ 560,724                       |

**Schedule 4**

| <b>Fire<br/>Districts</b> | <b>Adequate<br/>Facilities<br/>Reserve<br/>Fund</b> | <b>Total<br/>Nonmajor<br/>Governmental<br/>Funds</b> |
|---------------------------|---|--|
| \$ 1,635,557              | \$ -  | \$ 1,635,557   |
| -                         | -   | 226,559  |
| -                         | -   | 338,390  |
| -                         | 13,500  | 13,500   |
| -                         | 445   | 27,003   |
| <u>1,635,557</u>          | <u>13,945</u>                                       | <u>2,241,009</u>                                     |
| 24,717                    | -   | 24,717   |
| 1,610,840                 | -   | 1,957,730  |
| -                         | -   | 228,382  |
| <u>1,635,557</u>          | <u>-</u>  | <u>2,210,829</u>                                     |
| -                         | 13,945  | 30,180   |
| -                         | -   | (3,150)  |
| -                         | -   | 717  |
| -                         | -   | (2,433)  |
| -                         | 13,945  | 27,747   |
| -                         | -   | 541,949  |
| <u>\$ -</u>               | <u>\$ 13,945</u>                                    | <u>\$ 569,696</u>                                    |



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## ***BUDGETARY INFORMATION - GOVERNMENTAL FUNDS***

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Special revenue budget and actual results for fiscal June 30, 2007.

### **Individual Fund Descriptions:**

- **Community Development Block Grant Scattered Site Housing** – accounts for the funds designated for housing improvement.
- **Community Development Block Grant Housing Project** – accounts for the funds designated for housing improvement.
- **Community Development Block Grant Hook Up Project** – accounts for the funds designated for water hook ups.
- **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.
- **Adequate Facilities Reserve Fund** – Created to accumulate funds generated by a facilities fee. These funds will be used to help pay for future school construction.



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## 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, 2007

|  |                          | Actual         |                 |               |                                    |
|--|--------------------------|----------------|-----------------|---------------|------------------------------------|
|  | Project<br>Authorization | Prior<br>Years | Current<br>Year | Total to Date | Variance<br>Positive<br>(Negative) |
| Revenues:                                |                          |                |                 |               |                                    |
| Restricted Intergovernmental:            |                          |                |                 |               |                                    |
| Community Development                    | \$ 400,000               | \$ 400,000     | \$ -            | \$ 400,000    | \$ -                               |
| Total revenues                           | 400,000                  | 400,000        | -               | 400,000       | -                                  |
| Expenditures:                            |                          |                |                 |               |                                    |
| Professional services                    | 40,718                   | 40,940         | -               | 40,940        | (222)                              |
| Contract services                        | 359,999                  | 359,777        | -               | 359,777       | 222                                |
| Total expenditures                       | 400,717                  | 400,717        | -               | 400,717       | -                                  |
| Revenues over (under) expenditures       | (717)                    | (717)          | -               | (717)         | -                                  |
| Other financing sources:                 |                          |                |                 |               |                                    |
| Transfer from general fund               | 717                      | -              | 717             | 717           | -                                  |
| Net change in fund balance               | \$ -                     | \$ (717)       | 717             | \$ -          | \$ -                               |
| Fund balance, beginning of year - July 1 |                          |                | (717)           |               |                                    |
| Fund balance, end of year - June 30      |                          |                | \$ -            |               |                                    |

## STANLY COUNTY, NORTH CAROLINA

COMMUNITY DEVELOPMENT BLOCK GRANT FUND - HOUSING  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2007

|  |                      | <u>Actual</u> |                |                      | <u>Variance</u>   |
|--|----------------------|---------------|----------------|----------------------|-------------------|
|  | <u>Project</u>       | <u>Prior</u>  | <u>Current</u> | <u>Total to Date</u> | <u>Positive</u>   |
|  | <u>Authorization</u> | <u>Years</u>  | <u>Year</u>    |                      | <u>(Negative)</u> |
| <b>Revenues:</b>                         |                      |               |                |                      |                   |
| <b>Restricted Intergovernmental:</b>     |                      |               |                |                      |                   |
| Community Development                    | \$ 400,000           | \$ -          | \$ 226,559     | \$ 226,559           | \$ (173,441)      |
| Total revenues                           | 400,000              | -             | 226,559        | 226,559              | (173,441)         |
| <b>Expenditures:</b>                     |                      |               |                |                      |                   |
| Professional services                    | 35,000               | -             | 35,399         | 35,399               | (399)             |
| Contract services                        | 365,000              | -             | 191,160        | 191,160              | 173,840           |
| Total expenditures                       | 400,000              | -             | 226,559        | 226,559              | 173,441           |
| Net change in fund balance               | \$ -                 | \$ -          | -              | \$ -                 | \$ -              |
| Fund balance, beginning of year - July 1 |                      |               | -              |                      |                   |
| Fund balance, end of year - June 30      |                      |               | \$ -           |                      |                   |

## STANLY COUNTY, NORTH CAROLINA

COMMUNITY DEVELOPMENT BLOCK GRANT FUND - HOOK UP PROJECT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2007

|  |               | Actual |            |               | Variance    |
|--|---------------|--------|------------|---------------|-------------|
|  | Project       | Prior  | Current    | Total to Date | Positive    |
|  | Authorization | Years  | Year       |               | (Negative)  |
| <b>Revenues:</b>                         |               |        |            |               |             |
| <b>Restricted Intergovernmental:</b>     |               |        |            |               |             |
| Community Development                    | \$ 75,000     | \$ -   | \$ -       | \$ -          | \$ (75,000) |
| Total revenues                           | 75,000        | -      | -          | -             | (75,000)    |
| <b>Expenditures:</b>                     |               |        |            |               |             |
| Administration                           | 11,250        | -      | 1,516      | 1,516         | 9,734       |
| Rehabilitation                           | 60,600        | -      | 307        | 307           | 60,293      |
| Total expenditures                       | 71,850        | -      | 1,823      | 1,823         | 70,027      |
| Revenues over (under) expenditures       | 3,150         | -      | (1,823)    | (1,823)       | (4,973)     |
| <b>Other financing sources:</b>          |               |        |            |               |             |
| Transfer to Fork Road Water Line project | (3,150)       | -      | (3,150)    | (3,150)       | -           |
| Net change in fund balance               | \$ -          | \$ -   | (4,973)    | \$ (4,973)    | \$ (4,973)  |
| Fund balance, beginning of year - July 1 |               |        | -          |               |             |
| Fund balance, end of year - June 30      |               |        | \$ (4,973) |               |             |

## 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, 2007

|  | <u>Budget</u>  | <u>Actual</u>     | <u>Variance<br/>Positive<br/>(Negative)</u> |
|--|----------------|-------------------|---|
| <b>Revenues:</b>                         |                |                   |   |
| Charges - surcharge                      | \$ 190,325     | \$ 168,646        | \$ (21,679)                                 |
| Charges - wireless                       | 135,927        | 169,744           | 33,817                                      |
| Investment earnings                      | 16,536         | 26,558            | 10,022                                      |
| Total revenues                           | <u>342,788</u> | <u>364,948</u>    | <u>22,160</u>                               |
| <b>Expenditures:</b>                     |                |                   |   |
| Salaries and employee benefits           | 99,645         | 94,961            | 4,684                                       |
| Operating expenditures                   | 230,302        | 176,742           | 53,560                                      |
| Capital outlay                           | 80,000         | 75,187            | 4,813                                       |
| Total expenditures                       | <u>409,947</u> | <u>346,890</u>    | <u>63,057</u>                               |
| Revenues over (under) expenditures       | (67,159)       | 18,058            | 85,217                                      |
| <b>Other Financing Sources (Uses):</b>   |                |                   |   |
| Appropriated fund balance                | <u>67,159</u>  | <u>-</u>          | <u>(67,159)</u>                             |
| Net change in fund balance               | <u>\$ -</u>    | <u>18,058</u>     | <u>\$ 18,058</u>                            |
| Fund balance, beginning of year - July 1 |                | <u>542,666</u>    |   |
| Fund balance, end of year - June 30      |                | <u>\$ 560,724</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, 2007

|  | Budget       | Actual       | Variance<br>Positive<br>(Negative) |
|--|--------------|--------------|------------------------------------|
| <b>Revenues:</b>                         |              |              |                                    |
| Ad valorem taxes:                        |              |              |                                    |
| Current year                             | \$ 1,633,450 | \$ 1,583,906 | \$ (49,544)                        |
| Prior years                              | 59,800       | 51,651       | (8,149)                            |
| Total revenues                           | 1,693,250    | 1,635,557    | (57,693)                           |
| <b>Expenditures:</b>                     |              |              |                                    |
| Administration fees:                     |              |              |                                    |
| Tax collection fees                      | 26,000       | 24,717       | 1,283                              |
| Public safety:                           |              |              |                                    |
| Locust Fire District                     | 345,800      | 342,094      | 3,706                              |
| Center Fire District                     | 142,000      | 133,677      | 8,323                              |
| Endy Fire District                       | 109,400      | 105,792      | 3,608                              |
| Ridgecrest Fire District                 | 110,400      | 108,139      | 2,261                              |
| Aquadale Fire District                   | 70,250       | 66,712       | 3,538                              |
| Eastside Fire District                   | 134,000      | 129,571      | 4,429                              |
| Oakoro Fire District                     | 68,600       | 67,061       | 1,539                              |
| New London Fire District                 | 126,000      | 123,725      | 2,275                              |
| Southside Fire District                  | 101,000      | 95,160       | 5,840                              |
| Rocky River Fire District                | 116,400      | 112,522      | 3,878                              |
| Bethany Fire District                    | 49,500       | 47,284       | 2,216                              |
| Richfield Fire District                  | 111,900      | 110,228      | 1,672                              |
| Millingport Fire District                | 91,000       | 88,801       | 2,199                              |
| Badin-Yakin Fire District                | 91,000       | 80,074       | 10,926                             |
| Total expenditures                       | 1,693,250    | 1,635,557    | 57,693                             |
| Net change in fund balance               | \$ -         | -            | \$ -                               |
| Fund balance, beginning of year - July 1 |              | -            |                                    |
| Fund balance, end of year - June 30      |              | \$ -         |                                    |

## STANLY COUNTY, NORTH CAROLINA

**ADEQUATE FACILITIES RESERVE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2007**

|  | <u>Budget</u>    | <u>Actual</u>    | <u>Variance<br/>Positive<br/>(Negative)</u> |
|--|------------------|------------------|---|
| <b>Revenues:</b>                         |                  |                  |   |
| Facility fees                            | \$ 100,000       | \$ 13,500        | \$ (86,500)                                 |
| Investment earnings                      | <u>-</u>         | <u>445</u>       | <u>445</u>                                  |
| Total revenues                           | 100,000          | 13,945           | (86,055)                                    |
| <b>Other Financing Sources (Uses):</b>   |                  |                  |   |
| Appropriated fund balance                | <u>(100,000)</u> | <u>-</u>         | <u>100,000</u>                              |
| Net change in fund balance               | <u>\$ -</u>      | <u>13,945</u>    | <u>\$ 13,945</u>                            |
| Fund balance, beginning of year - July 1 |                  | <u>-</u>         |   |
| Fund balance, end of year - June 30      |                  | <u>\$ 13,945</u> |   |

## ***BUDGETARY INFORMATION - ENTERPRISE FUNDS***

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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.
- **Stanly County Utility Fund** – accounts for revenues and expenses of the County's water and sewer services.
- **Airport 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, 2007

|                                    | <u>Budget</u> | <u>Actual</u>  | <u>Variance<br/>Positive<br/>(Negative)</u> |
|------------------------------------|---------------|----------------|---|
| <b>Operating Revenues:</b>         |               |                |   |
| Charges for services:              |               |                |   |
| Water sales                        |               | \$ 196,349     |   |
| Sewer charges                      |               | 155,368        |   |
| Industrial sewer charges           |               | 258,601        |   |
| Taps and connection fees           |               | 1,060          |   |
| Other operating revenues           |               | <u>3,758</u>   |   |
| Total operating revenues           |               | <u>615,136</u> |   |
| <b>Non-operating revenues:</b>     |               |                |   |
| Interest on investments            |               | <u>4,948</u>   |   |
| Total non-operating revenues       |               | <u>4,948</u>   |   |
| Total revenues                     | \$ 451,000    | 620,084        | \$ 169,084                                  |
| <b>Expenditures:</b>               |               |                |   |
| Administration:                    |               |                |   |
| Contracted services                |               | 58,579         |   |
| Operating expenditures             |               | <u>2,134</u>   |   |
| Total administration               |               | <u>60,713</u>  |   |
| <b>Debt Service:</b>               |               |                |   |
| G.O. bond principal paid           |               | 40,000         |   |
| State loan principal paid          |               | 22,731         |   |
| Interest expense                   |               | 20,236         |   |
| Bond service costs                 |               | <u>808</u>     |   |
| Total debt service                 |               | <u>83,775</u>  |   |
| Distribution and maintenance:      |               |                |   |
| Contracted services                |               | 92,842         |   |
| Operating expenditures             |               | 73,075         |   |
| Water purchases                    |               | <u>76,588</u>  |   |
| Total distribution and maintenance |               | <u>242,505</u> |   |
| Total expenditures                 | 451,000       | 386,993        | 64,007                                      |
| Revenues over (under) expenditures | \$ -          | 233,091        | \$ 233,091                                  |



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, 2007

|  | <u>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Positive<br/>(Negative)</u> |
|--|---------------|-------------------|---|
| <b>Reconciliation from Budgetary Basis (Modified Accrual)<br/>to Full Accrual:</b> |               |                   |   |
| <b>Reconciling Items:</b>  |               |                   |   |
| Debt principal   |               | 62,731            |   |
| Depreciation   |               | (312,937)         |   |
| Capital contribution   |               | 888,521           |   |
| Transfer from Utility fund   |               | <u>(33,163)</u>   |   |
| Total reconciling items  |               | <u>605,152</u>    |   |
| Change in net assets   |               | <u>\$ 838,243</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, 2007

|  | <u>Budget</u>    | <u>Actual</u>    | <u>Variance<br/>Positive<br/>(Negative)</u> |
|--|------------------|------------------|---|
| <b>Operating Revenues:</b>   |                  |                  |   |
| Charges for services:  |                  |                  |   |
| Water sales  |                  | \$ 86,298        |   |
| Taps and connection fees   |                  | 7,901            |   |
| Other operating revenues   |                  | 253              |   |
| Total operating revenues   |                  | <u>94,452</u>    |   |
| <b>Non-Operating Revenues:</b>   |                  |                  |   |
| Interest on investments  |                  | <u>6,271</u>     |   |
| Total non-operating revenues   |                  | <u>6,271</u>     |   |
| Total revenues   | <u>\$ 93,225</u> | <u>100,723</u>   | <u>\$ 7,498</u>                             |
| <b>Expenditures:</b>   |                  |                  |   |
| Administration:  |                  |                  |   |
| Contracted services  |                  | 15,000           |   |
| Operating expenditures   |                  | <u>843</u>       |   |
| Total administration   |                  | <u>15,843</u>    |   |
| Debt Service:  |                  |                  |   |
| Lease principal  |                  | 42,026           |   |
| Lease interest   |                  | <u>3,474</u>     |   |
| Total debt service   |                  | <u>45,500</u>    |   |
| Distribution and maintenance:  |                  |                  |   |
| Operating expenditures   |                  | 1,548            |   |
| Water purchases  |                  | <u>30,374</u>    |   |
| Total distribution and maintenance   |                  | <u>31,922</u>    |   |
| Total expenditures   | <u>93,225</u>    | <u>93,265</u>    | <u>(40)</u>                                 |
| Revenues over (under) expenditures   | <u>\$ -</u>      | <u>7,458</u>     | <u>\$ 7,458</u>                             |
| <b>Reconciliation from budgetary basis (modified accrual)<br/>to full accrual:</b> |                  |                  |   |
| Debt principal   |                  | 42,026           |   |
| Depreciation   |                  | <u>(34,762)</u>  |   |
| Total reconciling items  |                  | <u>7,264</u>     |   |
| Change in net assets   |                  | <u>\$ 14,722</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, 2007

|                                    | Budget       | Actual       | Variance<br>Positive<br>(Negative) |
|------------------------------------|--------------|--------------|------------------------------------|
| <b>Operating Revenues:</b>         |              |              |                                    |
| Charges for services:              |              |              |                                    |
| Water sales                        |              | \$ 1,327,373 |                                    |
| Sewer charges                      |              | 407,308      |                                    |
| Taps and connection fees           |              | 95,131       |                                    |
| Other operating revenues           |              | 29,695       |                                    |
| Total operating revenues           |              | 1,859,507    |                                    |
| <b>Non-Operating Revenues:</b>     |              |              |                                    |
| Interest on investments            |              | 31,721       |                                    |
| Administrative charges             |              | 156,133      |                                    |
| Total non-operating revenues       |              | 187,854      |                                    |
| Total revenues                     | \$ 2,048,830 | 2,047,361    | \$ (1,469)                         |
| <b>Expenditures:</b>               |              |              |                                    |
| Administration:                    |              |              |                                    |
| Salaries and employee benefits     |              | 258,478      |                                    |
| Operating expenditures             |              | 32,037       |                                    |
| Total administration               |              | 290,515      |                                    |
| <b>Debt Service:</b>               |              |              |                                    |
| G.O. bond principal paid           |              | 75,000       |                                    |
| Lease payment                      |              | 68,278       |                                    |
| Interest expense                   |              | 34,575       |                                    |
| Total debt service                 |              | 177,853      |                                    |
| Distribution and maintenance:      |              |              |                                    |
| Salaries and employee benefits     |              | 345,588      |                                    |
| Operating expenditures             |              | 495,804      |                                    |
| Water purchases                    |              | 427,713      |                                    |
| Capital outlay                     |              | 406,985      |                                    |
| Total distribution and maintenance |              | 1,676,090    |                                    |
| Total expenditures                 | 2,192,630    | 2,144,458    | 48,172                             |
| Revenues over (under) expenditures | (143,800)    | (97,097)     | 46,703                             |

## 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, 2007

|  | <u>Budget</u>  | <u>Actual</u>    | <u>Variance<br/>Positive<br/>(Negative)</u> |
|--|----------------|------------------|---|
| <b>Other financing sources (uses):</b>   |                |                  |   |
| Transfer out   | (6,200)        | (6,200)          | -   |
| Appropriations   | <u>150,000</u> | <u>-</u>         | <u>(150,000)</u>                            |
| Total other financing sources (uses)   | <u>143,800</u> | <u>(6,200)</u>   | <u>(150,000)</u>                            |
| Revenues and other financing sources over (under)<br>expenditures and other financing uses | <u>\$ -</u>    | <u>(103,297)</u> | <u>\$ (103,297)</u>                         |

**Reconciliation from budgetary basis (modified accrual)  
to full accrual:**

|   |                     |
|---|---------------------|
| Reconciling items:                                      |                     |
| Debt principal  | 143,278             |
| Capital outlay  | 406,985             |
| Depreciation  | (539,815)           |
| Capital contribution                                    | 1,488,824           |
| Interfund transfer to Badin Sewer Project Fund          | 33,161              |
| Interfund transfer to project from Special Revenue Fund | 3,150               |
| Interfund transfer to project from General Fund         | 804,500             |
| Interfund transfer from project to General Fund         | (23,064)            |
| Intrafund transfer to Water Project Fund                | <u>6,200</u>        |
| Total reconciling items                                 | <u>2,323,219</u>    |
| Change in net assets                                    | <u>\$ 2,219,922</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, 2007

|  | <u>Budget</u>    | <u>Actual</u>    | <u>Variance<br/>Positive<br/>(Negative)</u> |
|--|------------------|------------------|---|
| <b>Operating Revenues:</b>   |                  |                  |   |
| Sales and services:  |                  |                  |   |
| Fuel and oil sales   |                  | \$ 373,772       |   |
| Tie down fees  |                  | 2,206            |   |
| Hanger rental  |                  | 34,455           |   |
| Franchise  |                  | 12,500           |   |
| Miscellaneous  |                  | <u>6,711</u>     |   |
| Total operating revenues   | \$ 417,003       | <u>429,644</u>   | \$ 12,641                                   |
| <b>Non-Operating Revenues:</b>   |                  |                  |   |
| Interest on investments  |                  | 17,014           |   |
| Capital contributions  |                  | <u>144,500</u>   |   |
| Total non-operating revenues   | <u>190,000</u>   | <u>161,514</u>   | <u>(28,486)</u>                             |
| Total revenues   | <u>607,003</u>   | <u>591,158</u>   | <u>(15,845)</u>                             |
| <b>Expenditures:</b>   |                  |                  |   |
| Administration and operations:   |                  |                  |   |
| Salaries and employee benefits   |                  | 224,090          |   |
| Operating expenditures   |                  | 277,320          |   |
| Purchases for resale   |                  | 279,803          |   |
| Capital outlay   |                  | <u>-</u>         |   |
| Total administration and operations  | <u>824,207</u>   | <u>781,213</u>   | <u>42,994</u>                               |
| Revenues over (under) expenditures   | <u>(217,204)</u> | <u>(190,055)</u> | <u>27,149</u>                               |
| <b>Other Financing Sources (Uses):</b>   |                  |                  |   |
| Transfer in  | <u>217,204</u>   | <u>217,204</u>   | <u>-</u>                                    |
| Revenues and other financing sources over<br>(under) expenditures and other financing uses | <u>\$ -</u>      | <u>27,149</u>    | <u>\$ 27,149</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, 2007**

|  | <u>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Positive<br/>(Negative)</u> |
|--|---------------|-------------------|---|
| <b>Reconciliation from budgetary basis (modified accrual)<br/>to full accrual:</b> |               |                   |   |
| <b>Reconciling Items:</b>  |               |                   |   |
| Depreciation   |               | (889,157)         |   |
| Capital contributions  |               | 1,235,819         |   |
| Intrafund transfers from Terminal Fund   |               | 166,422           |   |
| Intrafund transfers to Terminal Fund   |               | <u>(166,422)</u>  |   |
| Total reconciling items  |               | <u>346,662</u>    |   |
| Change in net assets   |               | <u>\$ 373,811</u> |   |

## ***BUDGETED PROJECT FUNDS***

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**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 and 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.
- **Fork Road Water Line Project Fund** – accounts for the revenues and expenses for the extension of a water line to the Fork Road area.
- **Millingport Sewer Project Fund** – accounts for the revenues and expenses for the construction of a sewer line in the Millingport community.
- **Palestine Sewer Project Fund** – accounts for the revenues and expenses for the construction of a sewer line in the Palestine community.
- **Highway 731 Water Project Fund** – accounts for the revenues and expenses for the extension of a water line along Highway 731.
- **Airport Hangar Project Fund** – accounts for the revenues and expenses of the County's hangar improvements.
- **Airport Fencing Project Fund** – 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.
- **Airport Terminal Project Fund** – accounts for the revenues and expenses for improvements made to the airport terminal.

## 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, 2007

|   |                          | Actual         |                 |               | Variance             |
|---|--------------------------|----------------|-----------------|---------------|----------------------|
|   | Project<br>Authorization | Prior<br>Years | Current<br>Year | Total to Date | Positive<br>Negative |
| <b>Revenues:</b>  |                          |                |                 |               |                      |
| State grant-sewer   | \$ 1,677,000             | \$ 627,478     | \$ 888,521      | \$ 1,515,999  | \$ (161,001)         |
| Total revenues  | 1,677,000                | 627,478        | 888,521         | 1,515,999     | (161,001)            |
| <b>Expenditures:</b>  |                          |                |                 |               |                      |
| Professional services   | 247,000                  | 165,865        | 9,738           | 175,603       | 71,397               |
| Improvements  | 1,506,838                | 614,778        | 802,456         | 1,417,234     | 89,604               |
| Total expenditures  | 1,753,838                | 780,643        | 812,194         | 1,592,837     | 161,001              |
| Revenues over (under) expenditures                                | (76,838)                 | (153,165)      | 76,327          | (76,838)      | -                    |
| <b>Other financing sources:</b>                                   |                          |                |                 |               |                      |
| Transfer from general fund  | 110,000                  | 110,000        | -               | 110,000       | -                    |
| Transfer to Highway 731 water project                             | (33,162)                 | -              | (33,162)        | (33,162)      | -                    |
| Total other financing sources                                     | 76,838                   | 110,000        | (33,162)        | 76,838        | -                    |
| Revenues and other financing sources<br>over (under) expenditures | \$ -                     | \$ (43,165)    | \$ 43,165       | \$ -          | \$ -                 |



## 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, 2007

|   | Actual                   |                |                 |               | Variance               |
|---|--------------------------|----------------|-----------------|---------------|------------------------|
|   | Project<br>Authorization | Prior<br>Years | Current<br>Year | Total to Date | Positive<br>(Negative) |
| <b>Revenues:</b>  |                          |                |                 |               |                        |
| Federal grant-EPA   | \$ 629,200               | \$ 629,200     | \$ -            | \$ 629,200    | \$ -                   |
| State grant-water   | 2,000,000                | 2,000,000      | -               | 2,000,000     | -                      |
| Total revenues  | 2,629,200                | 2,629,200      | -               | 2,629,200     | -                      |
| <b>Expenditures:</b>  |                          |                |                 |               |                        |
| Professional services-water                                       | 275,469                  | 275,505        | -               | 275,505       | (36)                   |
| Improvements  | 3,153,697                | 3,153,697      | -               | 3,153,697     | -                      |
| Total expenditures  | 3,429,166                | 3,429,202      | -               | 3,429,202     | (36)                   |
| Revenues over (under) expenditures                                | (799,966)                | (800,002)      | -               | (800,002)     | (36)                   |
| <b>Other Financing Sources (Uses):</b>                            |                          |                |                 |               |                        |
| 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       | -                      |
| Transfer to general fund  | (23,100)                 | -              | (23,064)        | (23,064)      | 36                     |
| Total other financing sources                                     | 799,966                  | 823,066        | (23,064)        | 800,002       | 36                     |
| Revenues and other financing sources<br>over (under) expenditures | \$ -                     | \$ 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, 2007

|  |                | Actual            |                     |                  | Variance         |
|--|----------------|-------------------|---------------------|------------------|------------------|
|  | Project        | Prior             | Current             | Total to Date    | Positive         |
|  | Authorization  | Years             | Year                |                  | (Negative)       |
| <b>Expenditures:</b>                                 |                |                   |                     |                  |                  |
| Professional services                                | \$ 130,000     | \$ 89,631         | \$ 7,970            | \$ 97,601        | \$ 32,399        |
| Construction   | <u>650,000</u> | <u>541,100</u>    | <u>93,771</u>       | <u>634,871</u>   | <u>15,129</u>    |
| Total expenditures                                   | <u>780,000</u> | <u>630,731</u>    | <u>101,741</u>      | <u>732,472</u>   | <u>47,528</u>    |
| <b>Other Financing Sources:</b>                      |                |                   |                     |                  |                  |
| Transfer from General Fund                           | <u>780,000</u> | <u>780,000</u>    | <u>-</u>            | <u>780,000</u>   | <u>-</u>         |
| Total other financing sources                        | <u>780,000</u> | <u>780,000</u>    | <u>-</u>            | <u>780,000</u>   | <u>-</u>         |
| Other financing sources<br>over (under) expenditures | <u>\$ -</u>    | <u>\$ 149,269</u> | <u>\$ (101,741)</u> | <u>\$ 47,528</u> | <u>\$ 47,528</u> |

## 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, 2007

|   |               | Actual    |             |               | Variance   |
|---|---------------|-----------|-------------|---------------|------------|
|   | Project       | Prior     | Current     | Total to Date | Positive   |
|   | Authorization | Years     | Year        |               | (Negative) |
| <b>Revenues:</b>  |               |           |             |               |            |
| <b>Restricted Intergovernmental:</b>                              |               |           |             |               |            |
| State grant   | \$ 1,000,000  | \$ -      | \$ 997,738  | \$ 997,738    | \$ (2,262) |
| Total revenues  | 1,000,000     | -         | 997,738     | 997,738       | (2,262)    |
| <b>Expenditures:</b>  |               |           |             |               |            |
| Professional services   | 250,000       | 103,905   | 144,695     | 248,600       | 1,400      |
| Land purchase   | -             | -         | 500         | 500           | (500)      |
| Construction  | 900,000       | 737       | 897,901     | 898,638       | 1,362      |
| Total expenditures  | 1,150,000     | 104,642   | 1,043,096   | 1,147,738     | 2,262      |
| Revenues over (under) expenditures                                | (150,000)     | (104,642) | (45,358)    | (150,000)     | -          |
| <b>Other Financing Sources:</b>                                   |               |           |             |               |            |
| 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<br>over (under) expenditures | \$ -          | \$ 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, 2007

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

## STANLY COUNTY, NORTH CAROLINA

## FORK ROAD WATER LINE 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, 2007

|   |               | Actual |         |               | Variance   |
|---|---------------|--------|---------|---------------|------------|
|   | Project       | Prior  | Current | Total to Date | Positive   |
|   | Authorization | Years  | Year    |               | (Negative) |
| <b>Revenues:</b>  |               |        |         |               |            |
| <b>Restricted Intergovernmental:</b>                              |               |        |         |               |            |
| Golden Leaf grant   | \$ 60,000     | \$ -   | 48,000  | \$ 48,000     | (12,000)   |
| USDA grant  | 99,100        | -      | 95,712  | 95,712        | (3,388)    |
| Rural center grant  | 60,000        | -      | 60,000  | 60,000        | -          |
| Tap fees  | 27,125        | -      | -       | -             | (27,125)   |
| Donations   | 219,350       | -      | 219,350 | 219,350       | -          |
| Total revenues  | 465,575       | -      | 423,062 | 423,062       | (42,513)   |
| <b>Expenditures:</b>  |               |        |         |               |            |
| Professional services   | 50,575        | -      | 48,101  | 48,101        | 2,474      |
| Construction  | 424,350       | -      | 384,311 | 384,311       | 40,039     |
| Total expenditures  | 474,925       | -      | 432,412 | 432,412       | 42,513     |
| Revenues over (under) expenditures                                | (9,350)       | -      | (9,350) | (9,350)       | -          |
| <b>Other Financing Sources:</b>                                   |               |        |         |               |            |
| Intrafund transfer from Utility Fund                              | 6,200         | -      | 6,200   | 6,200         | -          |
| Transfer from CDBG Hook Up Project                                | 3,150         | -      | 3,150   | 3,150         | -          |
| Total other financing sources                                     | 9,350         | -      | 9,350   | 9,350         | -          |
| Revenues and other financing sources<br>over (under) expenditures | \$ -          | \$ -   | \$ -    | \$ -          | \$ -       |

## STANLY COUNTY, NORTH CAROLINA

## MILLINGPORT 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, 2007

|   | Project<br>Authorization | Prior<br>Years | Actual          |               | Variance<br>Positive<br>(Negative) |
|---|--------------------------|----------------|-----------------|---------------|------------------------------------|
|   |                          |                | Current<br>Year | Total to Date |                                    |
| <b>Expenditures:</b>  |                          |                |                 |               |                                    |
| Construction  | \$ 800,000               | \$ -           | \$ 735,875      | \$ 735,875    | \$ 64,125                          |
| Professional services   | -                        | -              | 18,400          | 18,400        | (18,400)                           |
| Capital outlay  | -                        | -              | 27,839          | 27,839        | (27,839)                           |
| Total expenditures  | 800,000                  | -              | 782,114         | 782,114       | 17,886                             |
| <b>Other Financing Sources:</b>                                   |                          |                |                 |               |                                    |
| Transfer from General Fund  | 800,000                  | -              | 800,000         | 800,000       | -                                  |
| Total other financing sources                                     | 800,000                  | -              | 800,000         | 800,000       | -                                  |
| Revenues and other financing sources<br>over (under) expenditures | \$ -                     | \$ -           | \$ 17,886       | \$ 17,886     | \$ 17,886                          |

## STANLY COUNTY, NORTH CAROLINA

## PALESTINE 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, 2007

|   |               | Actual |           |               | Variance   |
|---|---------------|--------|-----------|---------------|------------|
|   | Project       | Prior  | Current   | Total to Date | Positive   |
|   | Authorization | Years  | Year      |               | (Negative) |
| <b>Revenues:</b>  |               |        |           |               |            |
| <b>Restricted Intergovernmental:</b>                              |               |        |           |               |            |
| Rural Center grant  | \$ 36,500     | \$ -   | \$ 32,475 | \$ 32,475     | \$ (4,025) |
| Donations   | 33,000        | -      | 35,549    | 35,549        | 2,549      |
| Total revenues  | 69,500        | -      | 68,024    | 68,024        | (1,476)    |
| <b>Expenditures:</b>  |               |        |           |               |            |
| Construction  | 74,000        | -      | 72,524    | 72,524        | 1,476      |
| Total expenditures  | 74,000        | -      | 72,524    | 72,524        | 1,476      |
| Revenues over (under) expenditures                                | (4,500)       | -      | (4,500)   | (4,500)       | -          |
| <b>Other Financing Sources:</b>                                   |               |        |           |               |            |
| Transfer from General Fund  | 4,500         | -      | 4,500     | 4,500         | -          |
| Total other financing sources                                     | 4,500         | -      | 4,500     | 4,500         | -          |
| Revenues and other financing sources<br>over (under) expenditures | \$ -          | \$ -   | \$ -      | \$ -          | \$ -       |

## STANLY COUNTY, NORTH CAROLINA

## HIGHWAY 731 WATER PROJECT

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN

## FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP)

## FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2007

|   |                          | Actual         |                 |               |                                    |
|---|--------------------------|----------------|-----------------|---------------|------------------------------------|
|   | Project<br>Authorization | Prior<br>Years | Current<br>Year | Total to Date | Variance<br>Positive<br>(Negative) |
| <b>Revenues:</b>  |                          |                |                 |               |                                    |
| <b>Restricted Intergovernmental:</b>                              |                          |                |                 |               |                                    |
| Rural Center grant  | \$ 623,809               | \$ -           | \$ -            | \$ -          | \$ (623,809)                       |
| Total revenues  | 623,809                  | -              | -               | -             | (623,809)                          |
| <b>Expenditures:</b>  |                          |                |                 |               |                                    |
| Professional services   | 108,000                  | -              | 500             | 500           | 107,500                            |
| Construction  | 548,970                  | -              | 397             | 397           | 548,573                            |
| Total expenditures  | 656,970                  | -              | 897             | 897           | 656,073                            |
| Revenues over (under) expenditures                                | (33,161)                 | -              | (897)           | (897)         | 32,264                             |
| <b>Other Financing Sources:</b>                                   |                          |                |                 |               |                                    |
| Transfer from Badin Sewer Project Fund                            | 33,161                   | -              | 33,161          | 33,161        | -                                  |
| Total other financing sources                                     | 33,161                   | -              | 33,161          | 33,161        | -                                  |
| Revenues and other financing sources<br>over (under) expenditures | \$ -                     | \$ -           | \$ 32,264       | \$ 32,264     | \$ 32,264                          |



## 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, 2007

|   | Actual                   |                |                 |               | Variance               |
|---|--------------------------|----------------|-----------------|---------------|------------------------|
|   | Project<br>Authorization | Prior<br>Years | Current<br>Year | Total to Date | Positive<br>(Negative) |
| <b>Revenues:</b>  |                          |                |                 |               |                        |
| <b>Restricted Intergovernmental:</b>                              |                          |                |                 |               |                        |
| FAA grant   | \$ 1,070,751             | \$ 910,530     | \$ 37,990       | \$ 948,520    | \$ (122,231)           |
| Total revenues  | 1,070,751                | 910,530        | 37,990          | 948,520       | (122,231)              |
| <b>Expenditures:</b>  |                          |                |                 |               |                        |
| Professional services   | 208,646                  | 222,492        | (5,094)         | 217,398       | (8,752)                |
| Construction  | 1,395,587                | 1,218,155      | 46,704          | 1,264,859     | 130,728                |
| Total expenditures  | 1,604,233                | 1,440,647      | 41,610          | 1,482,257     | 121,976                |
| Revenues over (under) expenditures                                | (533,482)                | (530,117)      | (3,620)         | (533,737)     | (255)                  |
| <b>Other Financing Sources:</b>                                   |                          |                |                 |               |                        |
| Transfer from general fund  | 667,037                  | 667,037        | -               | 667,037       | -                      |
| Transfer from Airport fund  | 24,445                   | 24,445         | -               | 24,445        | -                      |
| Transfer to Terminal project                                      | (158,000)                | -              | (157,745)       | (157,745)     | 255                    |
| Total other financing sources                                     | 533,482                  | 691,482        | (157,745)       | 533,737       | 255                    |
| Revenues and other financing sources<br>over (under) expenditures | \$ -                     | \$ 161,365     | \$ (161,365)    | \$ -          | \$ -                   |

## 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, 2007**

|   |                      | <u>Actual</u>      |                  |                      |                   |
|---|----------------------|--------------------|------------------|----------------------|-------------------|
|   | <u>Project</u>       | <u>Prior</u>       | <u>Current</u>   | <u>Total to Date</u> | <u>Variance</u>   |
|   | <u>Authorization</u> | <u>Years</u>       | <u>Year</u>      |                      | <u>Positive</u>   |
|   |                      |                    |                  |                      | <u>(Negative)</u> |
| <b>Revenues:</b>  |                      |                    |                  |                      |                   |
| <b>Restricted Intergovernmental:</b>                              |                      |                    |                  |                      |                   |
| FAA grant   | \$ 450,000           | \$ 180,431         | \$ 297,389       | \$ 477,820           | \$ 27,820         |
| Air guard   | <u>360,000</u>       | <u>-</u>           | <u>63,194</u>    | <u>63,194</u>        | <u>(296,806)</u>  |
| Total revenues  | <u>810,000</u>       | <u>180,431</u>     | <u>360,583</u>   | <u>541,014</u>       | <u>(268,986)</u>  |
| <b>Expenditures:</b>  |                      |                    |                  |                      |                   |
| Professional services   | -                    | 26,417             | 5,094            | 31,511               | (31,511)          |
| Construction  | <u>860,000</u>       | <u>231,392</u>     | <u>328,111</u>   | <u>559,503</u>       | <u>300,497</u>    |
| Total expenditures  | <u>860,000</u>       | <u>257,809</u>     | <u>333,205</u>   | <u>591,014</u>       | <u>268,986</u>    |
| Revenues over (under) expenditures                                | <u>(50,000)</u>      | <u>(77,378)</u>    | <u>27,378</u>    | <u>(50,000)</u>      | <u>-</u>          |
| <b>Other Financing Sources:</b>                                   |                      |                    |                  |                      |                   |
| Transfer from airport fund  | <u>50,000</u>        | <u>50,000</u>      | <u>-</u>         | <u>50,000</u>        | <u>-</u>          |
| Total other financing sources                                     | <u>50,000</u>        | <u>50,000</u>      | <u>-</u>         | <u>50,000</u>        | <u>-</u>          |
| Revenues and other financing sources<br>over (under) expenditures | <u>\$ -</u>          | <u>\$ (27,378)</u> | <u>\$ 27,378</u> | <u>\$ -</u>          | <u>\$ -</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, 2007**

|   |  | <u>Actual</u>                |                               |                      |   |
|---|--|------------------------------|-------------------------------|----------------------|---|
|   | <u>Project</u><br><u>Authorization</u> | <u>Prior</u><br><u>Years</u> | <u>Current</u><br><u>Year</u> | <u>Total to Date</u> | <u>Variance</u><br><u>Positive</u><br><u>(Negative)</u> |
| <b>Revenues:</b>  |  |                              |                               |                      |   |
| <b>Restricted Intergovernmental:</b>                              |  |                              |                               |                      |   |
| FAA grant   | \$ 850,000                             | \$ -                         | \$ 837,246                    | \$ 837,246           | \$ (12,754)   |
| Total revenues  | 850,000                                | -                            | 837,246                       | 837,246              | (12,754)  |
| <b>Expenditures:</b>  |  |                              |                               |                      |   |
| Construction  | 952,435                                | 12,908                       | 926,773                       | 939,681              | 12,754  |
| Total expenditures  | 952,435                                | 12,908                       | 926,773                       | 939,681              | 12,754  |
| Revenues over (under) expenditures                                | (102,435)                              | (12,908)                     | (89,527)                      | (102,435)            | -   |
| <b>Other Financing Sources:</b>                                   |  |                              |                               |                      |   |
| Transfer from general fund  | 111,112                                | 111,112                      | -                             | 111,112              | -   |
| Transfer to Airport Terminal project                              | (8,677)                                | -                            | (8,677)                       | (8,677)              | -   |
| Total other financing sources                                     | 102,435                                | 111,112                      | (8,677)                       | 102,435              | -   |
| Revenues and other financing sources<br>over (under) expenditures | \$ -                                   | \$ 98,204                    | \$ (98,204)                   | \$ -                 | \$ -  |

## STANLY COUNTY, NORTH CAROLINA

**AIRPORT TERMINAL 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, 2007**

|   |                      | <u>Actual</u> |                |                      | <u>Variance</u>   |
|---|----------------------|---------------|----------------|----------------------|-------------------|
|   | <u>Project</u>       | <u>Prior</u>  | <u>Current</u> | <u>Total to Date</u> | <u>Positive</u>   |
|   | <u>Authorization</u> | <u>Years</u>  | <u>Year</u>    |                      | <u>(Negative)</u> |
| <b>Revenues:</b>  |                      |               |                |                      |                   |
| <b>Restricted Intergovernmental:</b>                              |                      |               |                |                      |                   |
| Vision Entitlement grant  | \$ 150,000           | \$ -          | \$ -           | \$ -                 | \$ (150,000)      |
| Total revenues  | 150,000              | -             | -              | -                    | (150,000)         |
| <b>Expenditures:</b>  |                      |               |                |                      |                   |
| Professional services   | 316,677              | -             | -              | -                    | 316,677           |
| Total expenditures  | 316,677              | -             | -              | -                    | 316,677           |
| Revenues over (under) expenditures                                | (166,677)            | -             | -              | -                    | 166,677           |
| <b>Other Financing Sources:</b>                                   |                      |               |                |                      |                   |
| Transfer from Airport Hangar project                              | 158,000              | -             | 157,745        | 157,745              | (255)             |
| Transfer from Airport Land Acquisition project                    | 8,677                | -             | 8,677          | 8,677                | -                 |
| Total other financing sources                                     | 166,677              | -             | 166,422        | 166,422              | (255)             |
| Revenues and other financing sources<br>over (under) expenditures | \$ -                 | \$ -          | \$ 166,422     | \$ 166,422           | \$ 166,422        |

## ***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 Fund** – 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 AND WORKERS' COMPENSATION FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
FINANCIAL PLAN AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2006**

|  | <b>Financial<br/>Plan</b> | <b>Actual</b>     | <b>Variance</b>   |
|--|---------------------------|-------------------|-------------------|
| <b>Operating Revenues:</b>             |                           |                   |                   |
| Charges for sales and services         | \$ 3,442,000              | \$ 3,513,573      | \$ 71,573         |
| Total operating revenues               | <u>3,442,000</u>          | <u>3,513,573</u>  | <u>71,573</u>     |
| <b>Operating Expenses:</b>             |                           |                   |                   |
| Group health operations                | 3,159,000                 | 2,860,625         | 298,375           |
| Worker's compensation claims           | <u>303,000</u>            | <u>380,114</u>    | <u>(77,114)</u>   |
| Total operating expenditures           | <u>3,462,000</u>          | <u>3,240,739</u>  | <u>221,261</u>    |
| Operating income (loss)                | (20,000)                  | 272,834           | 292,834           |
| <b>Nonoperating Revenues:</b>          |                           |                   |                   |
| Investment earnings                    | <u>20,000</u>             | <u>81,100</u>     | <u>61,100</u>     |
| Change in net assets                   | <u>\$ -</u>               | <u>353,934</u>    | <u>\$ 353,934</u> |
| Net assets, beginning of year - July 1 |                           | <u>210,071</u>    |                   |
| Net assets, end of year - June 30      |                           | <u>\$ 564,005</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 Fund** – 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, 2007

|                                    | Balance<br>July 1,<br>2006 | Additions  | Deductions | Balance<br>June 30,<br>2007 |
|------------------------------------|----------------------------|------------|------------|-----------------------------|
| <b>Protective Payee Fund:</b>      |                            |            |            |                             |
| <b>Assets:</b>                     |                            |            |            |                             |
| Cash and cash equivalents          | \$ 24,567                  | \$ 143,857 | \$ 135,174 | \$ 33,250                   |
| <b>Liabilities:</b>                |                            |            |            |                             |
| Client equity                      | \$ 24,567                  | \$ 143,857 | \$ 135,174 | \$ 33,250                   |
| <b>Fines and Forfeitures Fund:</b> |                            |            |            |                             |
| <b>Assets:</b>                     |                            |            |            |                             |
| Cash and cash equivalents          | \$ -                       | \$ 577,806 | \$ 577,806 | \$ -                        |
| <b>Sheriff's Execution:</b>        |                            |            |            |                             |
| <b>Assets:</b>                     |                            |            |            |                             |
| Cash and cash equivalents          | \$ 356                     | \$ 116,241 | \$ 112,628 | \$ 3,969                    |
| Inmate cash                        | 18,864                     | 62,739     | 79,127     | 2,476                       |
|                                    | \$ 19,220                  | \$ 178,980 | \$ 191,755 | \$ 6,445                    |
| <b>Liabilities:</b>                |                            |            |            |                             |
| Executions payable                 | \$ 356                     | \$ 116,241 | \$ 112,628 | \$ 3,969                    |
| Inmate equity                      | 825                        | 62,739     | 61,088     | 2,476                       |
| Commissary balance                 | 18,039                     | -          | 18,039     | -                           |
|                                    | \$ 19,220                  | \$ 178,980 | \$ 191,755 | \$ 6,445                    |



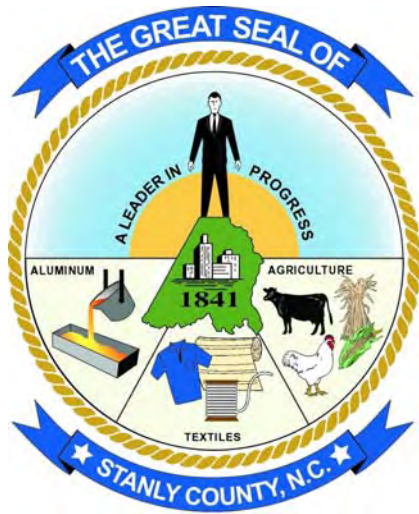
## STANLY COUNTY, NORTH CAROLINA

## COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

## AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2007

|                                      | Balance<br>July 1,<br>2006 | Additions    | Deductions   | Balance<br>June 30,<br>2007 |
|--------------------------------------|----------------------------|--------------|--------------|-----------------------------|
| <b>Property Tax Clearing Fund:</b>   |                            |              |              |                             |
| <b>Assets:</b>                       |                            |              |              |                             |
| Cash and cash equivalents            | \$ 83,022                  | \$ 8,570,157 | \$ 8,552,677 | \$ 100,502                  |
| <b>Liabilities:</b>                  |                            |              |              |                             |
| Accounts payable                     | \$ 83,022                  | \$ 8,570,157 | \$ 8,552,677 | \$ 100,502                  |
| <b>Delinquent Vehicle Tax Fund:</b>  |                            |              |              |                             |
| <b>Assets:</b>                       |                            |              |              |                             |
| Cash and cash equivalents            | \$ 2,713                   | \$ 32,095    | \$ 32,443    | \$ 2,365                    |
| <b>Liabilities:</b>                  |                            |              |              |                             |
| Due Department of State Treasurer    | \$ 2,713                   | \$ 32,095    | \$ 32,443    | \$ 2,365                    |
| <b>Totals:</b>                       |                            |              |              |                             |
| <b>Assets:</b>                       |                            |              |              |                             |
| Cash and cash equivalents            | \$ 110,658                 | \$ 9,440,156 | \$ 9,410,728 | \$ 140,086                  |
| Inmate cash                          | 18,864                     | 62,739       | 79,127       | 2,476                       |
| Total assets                         | \$ 129,522                 | \$ 9,502,895 | \$ 9,489,855 | \$ 142,562                  |
| <b>Liabilities:</b>                  |                            |              |              |                             |
| Accounts payable and future payments | \$ 86,091                  | \$ 8,718,493 | \$ 8,697,748 | \$ 106,836                  |
| Client and inmate payable            | 43,431                     | 206,596      | 214,301      | 35,726                      |
| Total liabilities                    | \$ 129,522                 | \$ 8,925,089 | \$ 8,912,049 | \$ 142,562                  |



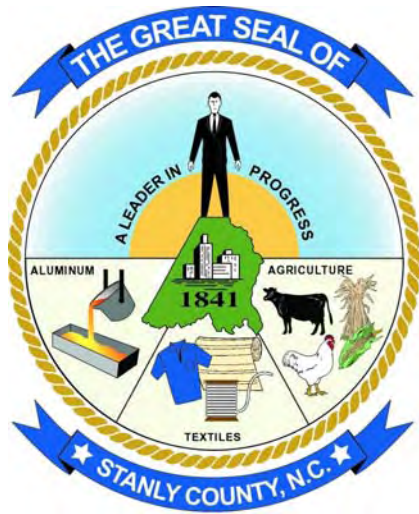
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## ***OTHER SCHEDULES***

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This section contains the following schedules:

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



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## STANLY COUNTY, NORTH CAROLINA

GENERAL FUND SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
JUNE 30, 2007

| <u>Fiscal Year</u>                   | <u>Uncollected<br/>Balance<br/>June 30, 2006</u>         | <u>Additions</u>     | <u>Collections<br/>and Credits</u> | <u>Uncollected<br/>Balance<br/>June 30, 2007</u> |
|--------------------------------------|--|----------------------|------------------------------------|--|
| 2006 - 2007                          | \$ -   | \$ 25,771,587        | \$ 24,856,027                      | \$ 915,560                                       |
| 2005 - 2006                          | 993,805  | 25,442               | 663,645                            | 355,602  |
| 2004 - 2005                          | 377,048  | 18,266               | 158,270                            | 237,044  |
| 2003 - 2004                          | 244,291  | 10,429               | 78,008                             | 176,712  |
| 2002 - 2003                          | 183,882  | -                    | 41,543                             | 142,339  |
| 2001 - 2002                          | 130,649  | -                    | 22,034                             | 108,615  |
| 2000 - 2001                          | 89,821   | -                    | 10,722                             | 79,099   |
| 1999 - 2000                          | 65,275   | -                    | 6,678                              | 58,597   |
| 1998 - 1999                          | 53,496   | -                    | 3,090                              | 50,406   |
| 1997 - 1998                          | 55,915   | -                    | 2,569                              | 53,346   |
| 1996 - 1997                          | 43,337   | -                    | 1,830                              | 41,507   |
| 1995 - 1996                          | 26,439   | -                    | 26,439                             | -  |
| Districts over 3 years old           | <u>47,687</u>  | <u>13,372</u>        | <u>11,614</u>                      | <u>49,445</u>                                    |
|                                      | <u>\$ 2,311,645</u>                                      | <u>\$ 25,839,096</u> | <u>\$ 25,882,469</u>               | <u>2,268,272</u>                                 |
|                                      | Less allowance for uncollectible accounts - General Fund |                      |                                    | <u>325,019</u>                                   |
|                                      | Ad valorem taxes receivable, net                         |                      |                                    | <u>\$ 1,943,253</u>                              |
| <b>Reconciliation with revenues:</b> |  |                      |                                    |  |
| Ad valorem taxes - General Fund      |  |                      | \$                                 | 25,883,510                                       |
| Reconciling items:                   |  |                      |                                    |  |
| Animal tax                           |  |                      |                                    | (21,665)   |
| Refunds                              |  |                      |                                    | 7,818  |
| Collection fees                      |  |                      |                                    | (59,380)   |
| Interest collected                   |  |                      |                                    | (233,604)  |
| Discounts allowed                    |  |                      |                                    | 266,696  |
| Late listings                        |  |                      |                                    | (14,140)   |
| Releases                             |  |                      |                                    | 26,794   |
| Statute of limitations               |  |                      |                                    | <u>26,440</u>                                    |
| Total collections and credits        |  |                      | \$                                 | 25,882,469                                       |

STANLY COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY - COUNTY-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2007

|   | County-wide             |                   |                      | Total Levy   |                                 |
|---|-------------------------|-------------------|----------------------|--|---------------------------------|
|   | Property<br>Valuation   | Rate<br>per \$100 | Amount<br>of Levy    | Property<br>Excluding<br>Registered<br>Motor<br>Vehicles | Registered<br>Motor<br>Vehicles |
| <b>Original Levy:</b>                   |                         |                   |                      |  |                                 |
| Property taxed at current year's rate   | \$ 3,963,815,484        | 0.6450            | \$ 25,567,731        | \$ 22,846,156  | \$ 2,721,575                    |
| Penalties                               | -                       |                   | 15,623               | 15,623   | -                               |
| <b>Total original levy</b>              | <u>3,963,815,484</u>    |                   | <u>25,583,354</u>    | <u>22,861,779</u>  | <u>2,721,575</u>                |
| <b>Discoveries:</b>                     |                         |                   |                      |  |                                 |
| Current year rate and taxes             | 40,096,694              | 0.6450            | 257,452              | 242,447  | 15,005                          |
| Penalties                               | -                       |                   | 299                  | 299  | -                               |
| Prior year penalties                    | -                       |                   | 67                   | 67   | -                               |
| Prior year taxes                        | -                       |                   | 235                  | 235  | -                               |
| <b>Total discoveries</b>                | <u>40,096,694</u>       |                   | <u>258,053</u>       | <u>243,048</u>   | <u>15,005</u>                   |
| <b>Releases:</b>                        |                         |                   |                      |  |                                 |
| Current year rate                       | (10,742,172)            | 0.6450            | (68,801)             | (26,410)   | (42,391)                        |
| Penalties                               | -                       |                   | (1,019)              | (1,019)  | -                               |
| <b>Total releases</b>                   | <u>(10,742,172)</u>     |                   | <u>(69,820)</u>      | <u>(27,429)</u>  | <u>(42,391)</u>                 |
| Net assessed valuation                  | <u>\$ 3,993,170,006</u> |                   |                      |  |                                 |
| Net Levy                                |                         |                   | 25,771,587           | 23,077,398   | 2,694,189                       |
| Uncollected taxes , June 30             |                         |                   | <u>915,560</u>       | <u>646,955</u>   | <u>268,605</u>                  |
| Current year's taxes collected          |                         |                   | <u>\$ 24,856,027</u> | <u>\$ 22,430,443</u>                                     | <u>\$ 2,425,584</u>             |
| Current levy collection percentage rate |                         |                   | <u>96.45%</u>        | <u>97.20%</u>  | <u>90.03%</u>                   |

# STANLY COUNTY, NORTH CAROLINA

## ANALYSIS OF CURRENT TAX LEVY - COUNTY-WIDE LEVY FOR THE YEAR ENDED JUNE 30, 2007

### Secondary Market Disclosures:

Assessed valuation:

|                  |      |
|------------------|------|
| Assessment ratio | 100% |
|------------------|------|

|                   |                   |
|-------------------|-------------------|
| Real property     | \$ 3,443,941,769  |
| Personal property | 451,188,658       |
| Public service    | <u>98,039,579</u> |

|                      |                  |
|----------------------|------------------|
| Total assessed value | \$ 3,993,170,006 |
|----------------------|------------------|

|                    |        |
|--------------------|--------|
| Tax rate per \$100 | 0.6450 |
|--------------------|--------|

|   |                      |
|---|----------------------|
| Levy (includes discoveries, releases, and abatements) | <u>\$ 25,771,587</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, 2007:

|                           |                     |
|---------------------------|---------------------|
| Fire Protection Districts | <u>\$ 1,645,391</u> |
|---------------------------|---------------------|



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## STATISTICAL SECTION

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The information presented in this section is provided for additional analysis purposes only and has not been subjected to audit verification as presented.

**Financial Trends** – These tables contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

|  |         |
|--|---------|
| Net Assets by Component                        | Table 1 |
| Changes in Net Assets                          | Table 2 |
| Fund Balances of Governmental Funds            | Table 3 |
| Changes in Fund Balances of Governmental Funds | Table 4 |

**Revenue Capacity** – These tables contain information to help the reader assess the government's most significant local revenue source, the property tax.

|   |          |
|---|----------|
| Governmental Activities Tax Revenue by Source                 | Table 5  |
| General Governmental Tax Revenues by Source                   | Table 6  |
| Assessed Value and Estimated Actual Value of Taxable Property | Table 7  |
| Property Tax Rates – Direct and Overlapping Governments       | Table 8  |
| Principal Property Taxpayers                                  | Table 9  |
| Property Tax Levies and Collections                           | Table 10 |

**Debt Capacity** – These tables present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

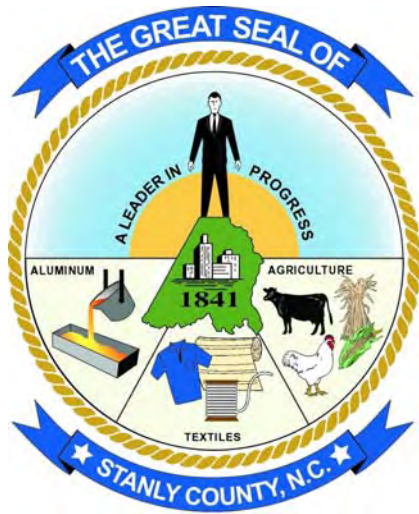
|   |          |
|---|----------|
| Ratio of Outstanding Debt by Type                   | Table 11 |
| Ratios of General Bonded Debt Outstanding           | Table 12 |
| Direct and Overlapping Governmental Activities Debt | Table 13 |
| Legal Debt Margin Information                       | Table 14 |

**Demographic and Economic Information** – These tables offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

|                                     |          |
|-------------------------------------|----------|
| Demographic and Economic Statistics | Table 15 |
| Principal Employers                 | Table 16 |

**Operating Information** – These tables contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

|  |          |
|--|----------|
| Full-time Equivalent County Government Employees by Function | Table 17 |
| Operating Indicators by Function                             | Table 18 |
| Capital Asset Statistics by Function                         | Table 19 |



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

|   | <b>Fiscal Year</b>   |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | <b>2003</b>          | <b>2004</b>          | <b>2005</b>          | <b>2006</b>          | <b>2007</b>          |
| Governmental activities                         |                      |                      |                      |                      |                      |
| Invested in capital assets, net of related debt | \$ 10,698,835        | \$ 10,887,087        | \$ 11,200,155        | \$ 12,190,805        | \$ 9,896,831         |
| Restricted                                      | 55,304               | 61,691               | 50,431               | 71,510               | 121,967              |
| Unrestricted                                    | (3,610,061)          | (3,189,828)          | (4,783,194)          | (3,676,463)          | 1,856,585            |
| 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>  | <u>\$ 11,875,383</u> |
| Business-type activities                        |                      |                      |                      |                      |                      |
| Invested in capital assets, net of related debt | \$ 23,832,478        | \$ 29,165,629        | \$ 30,444,727        | \$ 30,892,567        | \$ 34,317,479        |
| Unrestricted                                    | 4,133,013            | 1,305,445            | 576,013              | 2,176,979            | 2,198,765            |
| 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> | <u>\$ 36,516,244</u> |
| Primary government                              |                      |                      |                      |                      |                      |
| Invested in capital assets, net of related debt | \$ 34,531,313        | \$ 40,052,716        | \$ 41,644,882        | \$ 43,083,372        | \$ 44,214,310        |
| Restricted                                      | 55,304               | 61,691               | 50,431               | 71,510               | 121,967              |
| Unrestricted                                    | 522,952              | (1,884,383)          | (4,207,181)          | (1,499,484)          | 4,055,350            |
| 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> | <u>\$ 48,391,627</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 Five Fiscal Years  
(accrual basis of accounting)

|   | Fiscal Year           |                       |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   | 2003                  | 2004                  | 2005                  | 2006                  | 2007                  |
| <b>Expenses</b>                                 |                       |                       |                       |                       |                       |
| Governmental activities:                        |                       |                       |                       |                       |                       |
| General government                              | \$ 3,681,482          | \$ 3,943,999          | \$ 7,211,199          | \$ 4,507,077          | \$ 4,763,517          |
| Public safety                                   | 8,501,449             | 9,208,320             | 10,271,412            | 10,901,818            | 11,144,226            |
| Transportation                                  | 615,484               | 627,172               | 722,422               | 799,798               | 814,513               |
| Environmental protection                        | 793,220               | 867,293               | 899,015               | 927,806               | 1,000,097             |
| Economic and physical development               | 1,352,313             | 1,282,716             | 1,529,470             | 2,001,170             | 1,888,101             |
| Human services                                  | 13,141,648            | 13,402,271            | 14,330,481            | 15,746,398            | 16,379,896            |
| Education                                       | 18,425,835            | 14,665,895            | 16,478,097            | 14,524,281            | 14,888,711            |
| Culture and recreation                          | 1,545,035             | 1,509,613             | 1,384,589             | 1,552,261             | 1,668,597             |
| Interest on long-term debt                      | 1,356,195             | 1,201,997             | 1,136,626             | 1,085,577             | 1,234,712             |
| Total governmental activities expenses          | <u>49,412,661</u>     | <u>46,709,276</u>     | <u>53,963,311</u>     | <u>52,046,186</u>     | <u>53,782,370</u>     |
| Business-type activities:                       |                       |                       |                       |                       |                       |
| Water and sewer                                 | 2,728,878             | 2,852,826             | 3,127,806             | 2,852,463             | 2,857,210             |
| Airport   | 1,188,525             | 1,377,782             | 1,444,977             | 1,445,778             | 1,670,370             |
| Total business-type activities                  | <u>3,917,403</u>      | <u>4,230,608</u>      | <u>4,572,783</u>      | <u>4,298,241</u>      | <u>4,527,580</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>  | <u>\$ 58,309,950</u>  |
| <b>Program Revenues</b>                         |                       |                       |                       |                       |                       |
| Governmental activities:                        |                       |                       |                       |                       |                       |
| Charges for services:                           |                       |                       |                       |                       |                       |
| General government                              | \$ 565,380            | \$ 596,905            | \$ 4,261,895          | \$ 1,668,751          | \$ 1,579,480          |
| Public safety                                   | 2,278,536             | 2,120,800             | 1,824,146             | 2,022,339             | 2,396,682             |
| Transportation                                  | 243,890               | 266,612               | 304,235               | 303,563               | 312,282               |
| Environmental protection                        | 714,625               | 706,657               | 769,537               | 740,437               | 857,834               |
| Economic and physical development               | 32,612                | 28,230                | 6,625                 | 13,081                | 12,480                |
| Human services                                  | 941,148               | 1,647,522             | 1,698,934             | 1,910,676             | 2,157,094             |
| Culture and recreation                          | 121,043               | 96,867                | 24,497                | 27,714                | 36,857                |
| Operating grants and contributions              | 8,250,279             | 7,996,207             | 8,458,500             | 11,035,610            | 8,832,742             |
| Capital grants and contributions                | 1,059,978             | 53,048                | 29,503                | 164,368               | 1,842,159             |
| 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>     | <u>18,027,610</u>     |
| Business-type activities:                       |                       |                       |                       |                       |                       |
| Charges for services:                           |                       |                       |                       |                       |                       |
| Water and sewer                                 | 2,252,317             | 2,415,287             | 2,535,305             | 2,762,650             | 2,725,228             |
| Airport   | 251,514               | 261,181               | 334,406               | 397,830               | 429,644               |
| Capital grants and contributions                | 2,293,083             | 3,142,125             | 1,789,803             | 1,007,601             | 3,757,664             |
| 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>      | <u>6,912,536</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>  | <u>\$ 24,940,146</u>  |
| <b>Net (expense)/revenue</b>                    |                       |                       |                       |                       |                       |
| Governmental activities                         | <u>\$(35,205,170)</u> | <u>\$(33,196,428)</u> | <u>\$(36,585,439)</u> | <u>\$(34,159,647)</u> | <u>\$(35,754,760)</u> |
| Business-type activities                        | <u>879,511</u>        | <u>1,587,985</u>      | <u>86,731</u>         | <u>(130,160)</u>      | <u>2,384,956</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> | <u>\$(33,369,804)</u> |

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

|   | Fiscal Year           |                      |                      |                      |                      |
|---|-----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2003                  | 2004                 | 2005                 | 2006                 | 2007                 |
| <b>General Revenues and Other Changes in Net Assets</b> |                       |                      |                      |                      |                      |
| Governmental activities:                                |                       |                      |                      |                      |                      |
| Taxes   |                       |                      |                      |                      |                      |
| Ad valorem taxes  | \$ 24,929,899         | \$ 25,024,239        | \$ 25,255,507        | \$ 27,029,395        | \$ 27,468,013        |
| Local option sales tax                                  | 7,097,667             | 8,684,938            | 9,407,446            | 9,922,637            | 10,605,369           |
| Other taxes   | 416,498               | 491,953              | 523,941              | 557,210              | 579,632              |
| Unrestricted grants and contributions                   | 12,226                | 5,936                | -                    | -                    | -                    |
| Interest earned on investments                          | 255,131               | 246,635              | 294,656              | 921,555              | 1,393,065            |
| 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)          | (1,001,788)          |
| Total governmental activities                           | <u>31,677,404</u>     | <u>33,811,300</u>    | <u>35,293,881</u>    | <u>36,278,107</u>    | <u>39,044,291</u>    |
| Business-type activities:                               |                       |                      |                      |                      |                      |
| Ad valorem taxes  | 85                    | -                    | -                    | -                    | -                    |
| Interest earned on investments                          | 26,163                | 12,749               | 25,319               | 26,276               | 59,954               |
| Miscellaneous   | 114,010               | -                    | -                    | -                    | -                    |
| Gain (loss) on sale of capital assets                   | (155,210)             | -                    | -                    | -                    | -                    |
| Transfers in (out)                                      | 973,724               | 904,849              | 437,616              | 2,152,690            | 1,001,788            |
| Total business-type activities                          | <u>958,772</u>        | <u>917,598</u>       | <u>462,935</u>       | <u>2,178,966</u>     | <u>1,061,742</u>     |
| Total primary government                                | <u>\$ 32,636,176</u>  | <u>\$ 34,728,898</u> | <u>\$ 35,756,816</u> | <u>\$ 38,457,073</u> | <u>\$ 40,106,033</u> |
| <b>Change in Net Assets</b>                             |                       |                      |                      |                      |                      |
| Governmental activities                                 | \$ (3,527,766)        | \$ 614,872           | \$ (1,291,558)       | \$ 2,118,460         | \$ 3,289,531         |
| Business-type activities                                | <u>1,838,283</u>      | <u>2,505,583</u>     | <u>549,666</u>       | <u>2,048,806</u>     | <u>3,446,698</u>     |
| Total primary government                                | <u>\$ (1,689,483)</u> | <u>\$ 3,120,455</u>  | <u>\$ (741,892)</u>  | <u>\$ 4,167,266</u>  | <u>\$ 6,736,229</u>  |

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

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

|                                    | <b>Fiscal Year</b>  |                     |                     |                     |                     |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                    | <u><b>2003</b></u>  | <u><b>2004</b></u>  | <u><b>2005</b></u>  | <u><b>2006</b></u>  | <u><b>2007</b></u>  |
| General Fund                       |                     |                     |                     |                     |                     |
| Reserved                           | \$ 3,689,921        | \$ 4,549,925        | \$ 5,575,709        | \$ 4,206,084        | \$ 5,249,619        |
| Unreserved                         | <u>10,560,386</u>   | <u>10,601,862</u>   | <u>10,931,952</u>   | <u>11,756,250</u>   | <u>12,250,938</u>   |
| Total General Fund                 | <u>\$14,250,307</u> | <u>\$15,151,787</u> | <u>\$16,507,661</u> | <u>\$15,962,334</u> | <u>\$17,500,557</u> |
| All other governmental funds       |                     |                     |                     |                     |                     |
| Reserved                           | \$ -                | \$ 27,119           | \$ 24,928           | \$ 59,382           | \$ 105,640          |
| Unreserved, reported in:           |                     |                     |                     |                     |                     |
| Special revenue funds              | 6,023,236           | 3,967,446           | 590,577             | 482,567             | 464,056             |
| Capital projects funds             | <u>-</u>            | <u>400,658</u>      | <u>208,637</u>      | <u>665,307</u>      | <u>3,554,882</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> | <u>\$ 4,124,578</u> |

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

Table 4

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

|   | Fiscal Year           |                     |                       |                     |                     |
|---|-----------------------|---------------------|-----------------------|---------------------|---------------------|
|   | 2003                  | 2004                | 2005                  | 2006                | 2007                |
| <b>Revenues</b>   |                       |                     |                       |                     |                     |
| Ad valorem taxes  | \$24,644,601          | \$24,978,882        | \$25,328,973          | \$26,829,328        | \$27,519,067        |
| Local option sales taxes                                    | 7,097,665             | 8,684,938           | 9,407,446             | 9,922,637           | 10,605,369          |
| Other taxes and licenses                                    | 416,501               | 570,076             | 523,941               | 557,210             | 579,632             |
| Unrestricted intergovernmental                              | 12,226                | 5,936               | 5,763                 | 6,080               | 5,657               |
| Restricted intergovernmental                                | 8,301,818             | 7,627,446           | 8,250,771             | 10,365,169          | 10,258,260          |
| Permits and fees  | 468,084               | 915,083             | 750,320               | 813,844             | 927,965             |
| Sales and services  | 4,794,619             | 4,626,431           | 4,897,601             | 5,734,916           | 5,984,898           |
| Investment earnings   | 391,940               | 229,301             | 286,217               | 827,006             | 1,286,592           |
| Miscellaneous   | 495,751               | 528,194             | 748,556               | 834,809             | 706,272             |
| Total revenues  | <u>46,623,205</u>     | <u>48,166,287</u>   | <u>50,199,588</u>     | <u>55,890,999</u>   | <u>57,873,712</u>   |
| <b>Expenditures</b>   |                       |                     |                       |                     |                     |
| General government  | 3,169,773             | 3,332,574           | 3,664,082             | 3,933,312           | 4,219,004           |
| Public safety   | 8,487,712             | 8,681,718           | 9,779,612             | 10,245,837          | 13,933,485          |
| Transportation  | 477,461               | 543,815             | 627,756               | 712,320             | 732,129             |
| Environmental protection                                    | 789,005               | 873,394             | 895,520               | 923,604             | 975,779             |
| Economic and physical development                           | 1,157,470             | 1,292,366           | 1,525,184             | 2,005,105           | 1,912,875           |
| Human services  | 13,243,827            | 13,370,134          | 14,307,611            | 15,729,303          | 16,415,126          |
| Education   | 18,425,835            | 14,665,894          | 16,290,282            | 14,318,186          | 14,888,711          |
| Culture and recreation                                      | 1,319,469             | 1,301,922           | 1,393,480             | 1,449,484           | 1,468,388           |
| Capital Outlay  | 1,447,520             | 1,357,952           | 1,021,639             | 2,150,608           | 678,811             |
| Debt service  |                       |                     |                       |                     |                     |
| Principal   | 1,253,005             | 1,253,005           | 1,319,567             | 1,333,098           | 1,530,401           |
| Interest and other charges                                  | 1,323,627             | 1,315,197           | 1,152,446             | 1,099,665           | 1,161,670           |
| Total expenditures  | <u>51,094,704</u>     | <u>47,987,971</u>   | <u>51,977,179</u>     | <u>53,900,522</u>   | <u>57,916,379</u>   |
| Excess of revenues<br>over (under) expenditures             | (4,471,499)           | 178,316             | (1,777,591)           | 1,990,477           | (42,667)            |
| <b>Other financing sources (uses)</b>                       |                       |                     |                       |                     |                     |
| Debt Proceeds   | -                     | -                   | -                     | -                   | 5,500,000           |
| Transfers from other funds                                  | 1,042,813             | 420,000             | 90,561                | 580,000             | 245,167             |
| Transfers to other funds                                    | (2,016,537)           | (1,324,849)         | (528,177)             | (2,732,690)         | (1,246,955)         |
| Sale of capital assets                                      | 26,781                | -                   | -                     | -                   | -                   |
| Total other financing<br>sources (uses)                     | <u>(946,943)</u>      | <u>(904,849)</u>    | <u>(437,616)</u>      | <u>(2,152,690)</u>  | <u>4,498,212</u>    |
| Net change in fund balances                                 | <u>\$ (5,418,442)</u> | <u>\$ (726,533)</u> | <u>\$ (2,215,207)</u> | <u>\$ (162,213)</u> | <u>\$ 4,455,545</u> |
| Debt services as a percentage of noncapital<br>expenditures | <u>5.2%</u>           | <u>5.5%</u>         | <u>4.9%</u>           | <u>4.7%</u>         | <u>4.7%</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)**

| <b>Fiscal<br/>Year</b> | <b>Property<br/>Tax</b> | <b>Sales<br/>Tax</b> | <b>Franchise<br/>Tax</b> | <b>Occupancy<br/>Tax</b> | <b>Property<br/>Excise<br/>Tax</b> | <b>Intangible<br/>Tax</b> | <b>Other<br/>Tax</b> | <b>Total</b>  |
|------------------------|-------------------------|----------------------|--------------------------|--------------------------|------------------------------------|---------------------------|----------------------|---------------|
| 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    |
| 2007                   | 27,468,013              | 10,605,369           | 153,011                  | 192,680                  | 216,215                            | -                         | 17,726               | 38,653,014    |



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

| <b>Fiscal<br/>Year</b> | <b>Property<br/>Tax</b> | <b>Sales<br/>Tax</b> | <b>Franchise<br/>Tax</b> | <b>Occupancy<br/>Tax</b> | <b>Property Excise<br/>Tax</b> | <b>Intangible<br/>Tax</b> | <b>Other<br/>Tax</b> | <b>Total</b>  |
|------------------------|-------------------------|----------------------|--------------------------|--------------------------|--------------------------------|---------------------------|----------------------|---------------|
| 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    |
| 2007                   | 27,519,067              | 10,605,369           | 153,011                  | 192,680                  | 216,215                        | -                         | 17,726               | 38,704,068    |

Table 7

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

| Fiscal Year | Real Property        |                     | Personal Property |                  | Less:                    | 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            | Tax Exempt Real Property |                              |                       |                                |  |
| 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%   |
| 2007        | 2,304,600,237        | 355,608,820         | 420,101,573       | 1,760,360,739    | 847,501,363              | 3,993,170,006                | 0.6450                | 3,993,170,006                  | 100%   |

Source: Stanly County Tax Assessor

Note: Data not available before Fiscal Year 2002.



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

| Fiscal Year<br>Ended<br>June 30 | Locust<br>Fire<br>District | Center Rural<br>Fire<br>District | Endy<br>Fire<br>District | Ridgecrest<br>Fire<br>District | Aquadale<br>Fire<br>District | Eastside<br>Fire<br>District | Oakboro<br>Rural<br>Fire<br>District | New London<br>Fire<br>District |
|---------------------------------|----------------------------|----------------------------------|--------------------------|--------------------------------|------------------------------|------------------------------|--------------------------------------|--------------------------------|
| 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                           | 0.0600                   | 0.0800                         | 0.0500                       | 0.0800                       | 0.0400                               | 0.0500                         |
| 2007                            | 0.0800                     | 0.0500                           | 0.0600                   | 0.0800                         | 0.0500                       | 0.0800                       | 0.0400                               | 0.0500                         |

|      | Stanly<br>County | City of<br>Albemarle | Town of<br>Oakboro | Town of<br>Badin | Town of<br>Norwood | Town of<br>Locust | Stanfield<br>Annex | Town of<br>Stanfield |
|------|------------------|----------------------|--------------------|------------------|--------------------|-------------------|--------------------|----------------------|
| 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             | 0.3200           | 0.4000             | 0.3600            | N/A                | 0.3800               |
| 2007 | 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).

Table 8

| Southside<br>Fire<br>District | Rocky<br>River<br>District | Bethany<br>Fire<br>District | Richfield<br>Fire<br>District | Millingport<br>Fire<br>District | Badin-<br>Yakin Fire<br>District | Piney<br>Point<br>Water<br>District |
|-------------------------------|----------------------------|-----------------------------|-------------------------------|---------------------------------|----------------------------------|-------------------------------------|
| 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                        | 0.0800                     | 0.0500                      | 0.0700                        | 0.0500                          | 0.0500                           | N/A                                 |
| 0.1000                        | 0.0800                     | 0.0500                      | 0.0700                        | 0.0500                          | 0.0500                           | N/A                                 |

| Town of<br>New London | Town of<br>Richfield | Town of<br>Red Cross | Red Cross<br>Annex | Town of<br>Misenheimer | Municipal<br>Service | City<br>Schools<br>Higher<br>Standard | Maximum<br>Combined<br>County Tax<br>Rate | Maximum<br>Combined<br>City Tax<br>Rate |
|-----------------------|----------------------|----------------------|--------------------|------------------------|----------------------|---------------------------------------|---|---|
| 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                                  |
| 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**

| Taxpayer                   | 2007                         |      |   | 1998                         |      |   |
|----------------------------|------------------------------|------|---|------------------------------|------|---|
|                            | Taxable<br>Assessed<br>Value | Rank | Percentage of<br>Total Taxable<br>Assessed<br>Value | Taxable<br>Assessed<br>Value | Rank | Percentage of<br>Total Taxable<br>Assessed<br>Value |
| APGI                       | \$ 47,497,487                | 1    | 1.19%   | \$ -                         |      |   |
| Michelin Aircraft Tire Co. | 34,744,524                   | 2    | 0.87%   | 23,397,575                   | 3    | 1.04%   |
| Alcoa                      | 31,828,035                   | 3    | 0.80%   | 67,901,469                   | 1    | 3.02%   |
| Duke Energy                | 29,927,164                   | 4    | 0.75%   | 21,047,463                   | 4    | 0.93%   |
| Fiber Composites           | 26,284,048                   | 5    | 0.66%   | -                            |      | 0.00%   |
| Union Electric             | 25,397,697                   | 6    | 0.64%   | 10,165,170                   | 9    | 0.45%   |
| Piedmont Natural Gas       | 17,528,747                   | 7    | 0.44%   | -                            |      | 0.00%   |
| Concord Telephone Co.      | 17,388,465                   | 8    | 0.43%   | 13,461,197                   | 7    | 0.60%   |
| Wal Mart                   | 15,356,677                   | 9    | 0.39%   | -                            |      | 0.00%   |
| Preformed Line Prod        | 15,201,040                   | 10   | 0.38%   | -                            |      | 0.00%   |
| Yadkin Inc.                | -                            |      | 0.00%   | 32,760,515                   | 2    | 1.46%   |
| Wiscasset Mills            | -                            |      | 0.00%   | 20,097,494                   | 5    | 0.89%   |
| Collina and Aikman         | -                            |      | 0.00%   | 17,858,757                   | 6    | 0.79%   |
| General Signal Ind., Inc.  | -                            |      | 0.00%   | 12,098,277                   | 8    | 0.54%   |
| E.J. Snyder, Inc.          | -                            |      | 0.00%   | 9,983,349                    | 10   | 0.44%   |
| Totals                     | <u>\$ 261,153,884</u>        |      | <u>6.55%</u>  | <u>\$ 228,771,266</u>        |      | <u>10.16%</u>                                       |

Source: Stanly County Tax Assessor

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

| <b>Fiscal Year<br/>Ended<br/>June 30</b> | <b>Total<br/>Levy for<br/>Fiscal Year</b> | <b>Collected within the<br/>Fiscal Year of the Levy</b> |                           | <b>Collections in<br/>Subsequent Years</b> | <b>Total Collections to Date</b> |                           |
|--|---|---|---------------------------|--|----------------------------------|---------------------------|
|  |   | <b>Amount</b>   | <b>Percentage of Levy</b> |  | <b>Amount</b>                    | <b>Percentage of Levy</b> |
| 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%                    |
| 2007                                     | 25,771,587                                | 24,856,027  | 96.45%                    | 973,208                                    | 25,829,235                       | 100.22%                   |

**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 |                          |                               |            |
| 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     |
| 2007        | 21,000,000               | 6,254,530      | 415,000                  | 231,396        | 295,504        | 28,196,430               | 1.82%                         | 476.89     |

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**

| <b>Fiscal<br/>Year</b> | <b>General<br/>Obligation<br/>Bonds</b> | <b>Percentage of<br/>Estimated<br/>Actual Taxable<br/>Value of<br/>Property</b> | <b>Per<br/>Capita</b> |
|------------------------|---|---|-----------------------|
| 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                |
| 2007                   | 21,415,000                              | 0.54%   | 362.19                |

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, 2007**

| <u>Governmental Unit</u>          | <u>Debt<br/>Outstanding</u> | <u>Estimated<br/>Percentage<br/>Applicable</u> | <u>Estimated<br/>Share of<br/>Overlapping<br/>Debt</u> |
|-----------------------------------|-----------------------------|--|--|
| Stanly County                     | \$ 21,415,000               | 100%   | \$ 21,415,000  |
| City of Albemarle                 | 630,000                     | 100%   | 630,000  |
| Town of Richfield                 | 438,500                     | 100%   | <u>438,500</u>   |
| Total direct and overlapping debt |                             |  | <u>\$ 22,483,500</u>                                   |



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

|   | <b>Fiscal Year</b>   |                      |                       |                       |                      |
|---|----------------------|----------------------|-----------------------|-----------------------|----------------------|
|   | <b>1998</b>          | <b>1999</b>          | <b>2000</b>           | <b>2001</b>           | <b>2002</b>          |
| Debt limit  | \$180,186,582        | \$185,924,795        | \$ 194,275,355        | \$ 198,639,178        | \$244,327,835        |
| Total net debt applicable to limit                                      | <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>\$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<br>as a percentage of debt limit | <u>2.45%</u>         | <u>2.36%</u>         | <u>2.09%</u>          | <u>10.07%</u>         | <u>11.76%</u>        |

**Legal Debt Margin Calculation for Fiscal Year 2007**

|   |                  |                        |
|---|------------------|------------------------|
| Assessed value                                |                  | <u>\$3,993,170,006</u> |
| Debt limit - 8% of assessed value             |                  | \$ 319,453,600         |
| Debt applicable to limit:                     |                  |                        |
| General obligation bonds                      | \$ 21,415,000    |                        |
| Revolving loan                                | 295,503          |                        |
| Capital lease obligation                      | <u>6,485,927</u> |                        |
| Total debt                                    | 28,196,430       |                        |
| Less-Statutory deductions                     | <u>941,900</u>   |                        |
| Total amount of debt applicable to debt limit |                  | <u>27,254,530</u>      |
| Legal debt margin                             |                  | <u>\$ 292,199,070</u>  |

**Table 14**

| <b>Fiscal Year</b>   |                      |                      |                      |                      |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>2003</b>          | <b>2004</b>          | <b>2005</b>          | <b>2006</b>          | <b>2007</b>          |
| \$282,142,285        | \$282,534,541        | \$284,957,574        | \$314,713,191        | \$319,453,600        |
| <u>24,600,000</u>    | <u>23,700,000</u>    | <u>22,800,000</u>    | <u>23,284,931</u>    | <u>27,254,530</u>    |
| <u>\$257,542,285</u> | <u>\$258,834,541</u> | <u>\$262,157,574</u> | <u>\$291,428,260</u> | <u>\$292,199,070</u> |
| <u>8.72%</u>         | <u>8.39%</u>         | <u>8.00%</u>         | <u>7.40%</u>         | <u>8.53%</u>         |

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

| <b>Fiscal<br/>Year</b> | <b>Population (1)</b> | <b>Personal<br/>Income</b> | <b>Per<br/>Capita<br/>Personal<br/>Income (2)</b> | <b>Median<br/>Age (3)</b> | <b>School<br/>Enrollment (4)</b> | <b>Unemployment<br/>Rate (5)</b> |
|------------------------|-----------------------|----------------------------|---|---------------------------|----------------------------------|----------------------------------|
| 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%                             |
| 2007                   | 59,126                | 1,552,116,626              | 26,251  | 38.2                      | 9,687                            | 4.9%                             |

Sources:

- (1) N.C. Department of Commerce
- (2) N.C. Department of Commerce
- (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**

| <b>Employer</b>                | <b>2007</b>      |             |  |
|--------------------------------|------------------|-------------|--|
|                                | <b>Employees</b> | <b>Rank</b> | <b>Percentage<br/>of Total County<br/>Employment</b> |
| Stanly County Schools          | 1,440            | 1           | 5.13%  |
| Stanly Regional Medical Center | 755              | 2           | 2.69%  |
| Stanly County Government       | 563              | 3           | 2.01%  |
| Collins & Aikman               | 450              | 4           | 1.60%  |
| Michelin Aircraft              | 360              | 5           | 1.28%  |
| Wal-Mart                       | 325              | 6           | 1.16%  |
| Albemarle Correctional         | 317              | 7           | 1.13%  |
| City of Albemarle              | 295              | 8           | 1.05%  |
| Shult Manufacturing            | 260              | 9           | 0.93%  |
| Clayton Mobile Homes           | <u>204</u>       | 10          | <u>0.73%</u>   |
| Total                          | <u>4,969</u>     |             | <u>17.71%</u>  |

Source: Stanly County Economic Development Commission

Note: Data not available for 1998.

Table 17

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

| Function                                 | Full-time Equivalent Employees as of June 30 |            |            |            |            |            |            |            |
|--|--|------------|------------|------------|------------|------------|------------|------------|
|  | 2000   | 2001       | 2002       | 2003       | 2004       | 2005       | 2006       | 2007       |
| <b>General government</b>                |  |            |            |            |            |            |            |            |
| Administration                           | 5  | 6          | 4          | 4          | 5          | 6          | 6          | 6          |
| Finance                                  | 6  | 7          | 7          | 7          | 7          | 7          | 7          | 6          |
| Taxes                                    | 28   | 25         | 22         | 23         | 23         | 22         | 22         | 26         |
| Elections                                | 3  | 3          | 3          | 3          | 3          | 3          | 2          | 3          |
| Register of deeds                        | 5  | 6          | 6          | 6          | 6          | 6          | 6          | 6          |
| Information technology                   | 3  | 3          | 3          | 3          | 3          | 3          | 3          | 3          |
| Facilities management                    | 6  | 6          | 6          | 6          | 6          | 6          | 6          | 6          |
| <b>Public safety</b>                     |  |            |            |            |            |            |            |            |
| Sheriff                                  | 44   | 48         | 48         | 51         | 51         | 51         | 53         | 52         |
| Jail                                     | 15   | 17         | 17         | 16         | 18         | 23         | 20         | 24         |
| Criminal justice partnership             | 1  | 1          | 1          | 1          | 1          | 1          | 1          | 1          |
| Emergency management                     | 2  | 2          | 2          | 2          | 2          | 2          | 2          | 2          |
| Fire                                     | 2  | 2          | 2          | 1          | 1          | 1          | 1          | 2          |
| Emergency medical services               | 35   | 34         | 35         | 35         | 33         | 39         | 37         | 42         |
| Inspections                              | 7  | 7          | 7          | 7          | 7          | 7          | 7          | 6          |
| Animal control                           | 4  | 4          | 3          | 5          | 5          | 5          | 5          | 5          |
| E-911 operations                         | 13   | 15         | 15         | 16         | 16         | 15         | 16         | 14         |
| E-911 surcharge                          | 1  | 1          | 2          | 2          | 1          | 1          | 2          | 2          |
| Transportation                           | 16   | 16         | 17         | 16         | 17         | 18         | 19         | 19         |
| <b>Environmental protection</b>          |  |            |            |            |            |            |            |            |
| Solid waste collection                   | 14   | 15         | 13         | 13         | 13         | 13         | 13         | 14         |
| Conservation                             | 2  | 2          | 2          | 2          | 2          | 2          | 2          | 2          |
| <b>Economic and physical development</b> |  |            |            |            |            |            |            |            |
| Economic development                     | 2  | 2          | 2          | 2          | 2          | 2          | 2          | 2          |
| Planning and zoning                      | 6  | 6          | 6          | 5          | 5          | 6          | 4          | 5          |
| Rocky River RPO                          | 0  | 0          | 0          | 0          | 0          | 0          | 0          | 1          |
| Cooperative extension                    | 10   | 10         | 10         | 10         | 7          | 6          | 6          | 0          |
| Title V                                  | 3  | 5          | 6          | 7          | 6          | 5          | 6          | 5          |
| <b>Human services</b>                    |  |            |            |            |            |            |            |            |
| Health                                   | 46   | 49         | 47         | 52         | 56         | 56         | 54         | 60         |
| Social services                          | 78   | 77         | 77         | 77         | 73         | 75         | 76         | 79         |
| Senior services                          | 17   | 18         | 18         | 16         | 18         | 17         | 18         | 17         |
| Veterans services                        | 2  | 1          | 1          | 1          | 1          | 1          | 1          | 1          |
| <b>Culture and recreation</b>            |  |            |            |            |            |            |            |            |
| Library                                  | 20   | 19         | 20         | 19         | 19         | 20         | 20         | 19         |
| Historic preservation                    | 2  | 2          | 2          | 2          | 2          | 2          | 1          | 2          |
| Agri civic center                        | 3  | 4          | 4          | 4          | 4          | 3          | 5          | 5          |
| Airport                                  | 5  | 4          | 4          | 4          | 5          | 5          | 5          | 5          |
| <b>Utilities</b>                         |  |            |            |            |            |            |            |            |
| Administration                           | 4  | 4          | 4          | 4          | 4          | 4          | 4          | 5          |
| Operations                               | 6  | 6          | 7          | 7          | 8          | 8          | 8          | 8          |
| <b>Total</b>                             | <u>416</u>                                   | <u>427</u> | <u>423</u> | <u>429</u> | <u>430</u> | <u>441</u> | <u>440</u> | <u>455</u> |

Note: Data not available before Fiscal Year 2000



**Stanly County, North Carolina  
Operating Indicators by Function  
Last Two Fiscal Years**

| <b>Function</b>                               | <b>Fiscal Year</b> |              |
|---|--------------------|--------------|
|   | <b>2006</b>        | <b>2007</b>  |
| <b>Public Safety</b>                          |                    |              |
| Arrests                                       | 1,819              | 1,712        |
| Civil papers serviced                         | 1,060              | 1,166        |
| Average daily jail population                 | 83                 | 92           |
| Dispatched EMS calls                          | 6,297              | 6,370        |
| EMS move up calls                             | 2,748              | 2,695        |
| Building permits issued                       | 642                | 710          |
| Animals entering shelter                      | 4,358              | 4,211        |
| Animals euthanized                            | 3,201              | 2,866        |
| 911 calls logged for service                  | 102,834            | 107,118      |
| <b>Transportation</b>                         |                    |              |
| Service hours                                 | 26,180             | 20,713       |
| Miles driven                                  | 413,044            | 392,079      |
| Trips   | 82,878             | 77,888       |
| <b>Environmental protection</b>               |                    |              |
| Refuse collected (tons/day)                   | 19                 | 20           |
| Recycleables collected (tons/day)             | 2                  | 2            |
| <b>Human services</b>                         |                    |              |
| Food and lodging permits                      | 127                | 114          |
| Food and lodging inspections made             | 917                | 836          |
| Wells inspected                               | 155                | 168          |
| <b>Culture and recreation</b>                 |                    |              |
| Library books checked out                     | 197,718            | 209,100      |
| Library cards issued                          | 2,763              | 4,043        |
| <b>Water and sewer</b>                        |                    |              |
| Number of water customers                     | 3,859              | 3,979        |
| Average monthly water demand<br>(Gallons)     | 24,216,807         | 26,290,707   |
| Number of sewer customers                     | 648                | 624          |
| Average sewage collected monthly<br>(Gallons) | 31,199,628         | 20,217,286 * |
| <b>Airport</b>                                |                    |              |
| Operations<br>(Take-offs and/or landings)     | 11,451             | 13,844       |

Sources: Various departments

\* This change is due to less I&I in the system.

Note: Data not available before Fiscal Year 2006.

**Stanly County, North Carolina  
Capital Asset Statistics by Function  
Last Two Fiscal Years**

| <b>Function</b>             | <b>Fiscal Year</b> |             |
|-----------------------------|--------------------|-------------|
|                             | <b>2006</b>        | <b>2007</b> |
| Public safety               |                    |             |
| Detention center            | 1                  | 1           |
| Patrol units                | 51                 | 46          |
| EMS ambulances              | 8                  | 9           |
| Transportation              |                    |             |
| Transit vehicles            | 29                 | 24          |
| Environmental protection    |                    |             |
| Convenience centers         | 9                  | 9           |
| Sanitary landfill           | 0                  | 0           |
| Culture and recreation      |                    |             |
| Museums                     | 3                  | 3           |
| Civic center                | 1                  | 1           |
| Water and sewer             |                    |             |
| Miles of water mains        | 150                | 150         |
| Number of wastewater plants | 1                  | 1           |
| Miles of sanitary sewer     | 26                 | 26          |
| Airport                     |                    |             |
| Runways                     | 2                  | 2           |
| Hangar Spaces               | 30                 | 30          |

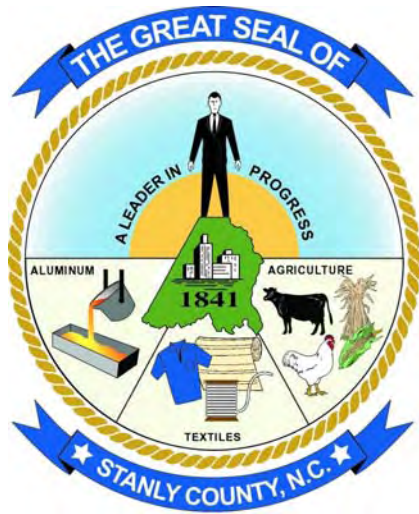
Sources: Various departments

Note: This data not available before Fiscal Year 2006.

## ***COMPLIANCE SECTION***

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



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

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

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

To the Board of Commissioners  
Stanly County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit and the aggregate remaining fund information of Stanly County, North Carolina, as of and for the year ended June 30, 2007, which collectively comprise Stanly County's basic financial statements, and have issued our report thereon dated November 7, 2007. 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. The financial statements of the Stanly Water and Sewer Authority, a component unit of Stanly County, were not audited in accordance with *Government Auditing Standards*.

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 management, members of the Board of Commissioners, 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, 2007



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

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*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**

To the Board of Commissioners  
Stanly County, 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, 2007. Stanly County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings, responses 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 of 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, 2007.

## 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in an County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

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

This report is intended solely for the information and use of the management, others within the organization, members of the Board of 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, 2007





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

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*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**

To the Board of Commissioners  
Stanly County, 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, 2007. Stanly County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings, responses 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 of 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, 2007.

## 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in an County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the County's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of a compliance requirement of a State program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a State program will not be prevented or detected by the County's internal control.

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

This report is intended solely for the information and use of the management, members of the Board of Commissioners, 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, 2007

**STANLY COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS, RESPONSES AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued Unqualified

Internal control over financial reporting:

- Material weakness(es) identified No
- Significant deficiencies identified that are not considered to be material weaknesses No

Noncompliance material to financial statements noted No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified No
- Significant deficiencies identified that are not considered to be material weaknesses No

Noncompliance material to federal awards 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 OMB Circular A-133 No

Identification of major federal programs:

| <u>Federal Program/Cluster Name</u> | <u>CFDA#</u> |
|-------------------------------------|--------------|
| Title XIX Medicaid Cluster          | 93.778       |
| Subsidized Child Care Cluster       | 93.575       |
|                                     | 93.558       |
|                                     | 93.596       |
|                                     | 93.667       |
| Food Stamp Cluster                  | 10.551       |
|                                     | 10.561       |

**STANLY COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS, RESPONSES AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**Section I - Summary of Auditor's Results (continued)**

|  |                    |
|--|--------------------|
| Dollar threshold used to distinguish between<br>Type A and Type B Programs | <u>\$1,540,761</u> |
|--|--------------------|

|  |    |
|--|----|
| Auditee qualified as low-risk auditee? | No |
|--|----|

**State Awards**

|  |    |
|--|----|
| Internal control over major State programs:  |    |
| • Material weakness(es) identified   | No |
| • Significant deficiencies identified that are not<br>considered to be material weaknesses | No |

|  |    |
|--|----|
| Noncompliance material to State awards | No |
|--|----|

|   |             |
|---|-------------|
| Type of auditors' report issued on compliance for major<br>State programs | Unqualified |
|---|-------------|

|  |    |
|--|----|
| Any audit findings disclosed that are required to be<br>reported in accordance with the State Single Audit<br>Implementation Act | No |
|--|----|

Identification of major State programs:

**Program Name:**

Title XIX Medicaid Cluster  
State/County Special Assistance for Adults  
Subsidized Childcare Cluster  
Clean Water Management Trust Fund

**STANLY COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS, RESPONSES AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**Section II - Financial Statements Findings**

None reported

**Section III - Federal Award Findings and Questioned Costs**

None reported

**Section IV - State Award Findings and Questioned Costs**

None reported

**STANLY COUNTY, NORTH CAROLINA  
SUMMARY SCHEDULE OF PRIOR YEAR  
FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**Finding 2006-1**

Status: Corrected

**Finding 2006-2**

Status: Corrected

## STANLY COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2007

| Grantor / Pass-through Grantor / Program Title                  | CFDA<br>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         | \$ 421,361   | \$      |
| Temporary Assistance for Needy Families:                        |                |              |         |
| Administration  | 93.558         | 47,822       | -       |
| Direct Benefit Payment  | 93.558         | 853,132      | (20)    |
| Total Temporary Assistance for Needy Families                   |                | 900,954      | (20)    |
| Foster Care and Adoption Cluster:                               |                |              |         |
| Title IV-E Foster Care:   |                |              |         |
| Administration  | 93.658         | 271,737      | 57,638  |
| Title IV-E Adoption Assistance Program:                         |                |              |         |
| Direct Benefit Payments   | 93.659         | 99,367       | 27,313  |
| Total Foster Care and Adoption Cluster                          |                | 371,103      | 84,951  |
| Low-Income Home Energy Assistance Block Grant:                  |                |              |         |
| Administration  | 93.568         | 13,236       | -       |
| Direct Benefit Payments   | 93.568         | 270,848      | -       |
| Total Low-Income Home Energy Assistance Block Grant             |                | 284,084      | -       |
| LINKS   | 93.674         | 3,807        | 600     |
| AFDC Payments and Penalties                                     | 93.560         | (362)        | (99)    |
| Child Welfare Services-State Grants                             |                |              |         |
| Adoption Subsidy - Direct Benefit Payments                      | 93.645         | 35,312       | 19,210  |
| Child Welfare Services-State Grants                             |                |              |         |
| Permanency Planning   | 93.645         | 18,074       | 4,653   |
| Sub total   |                | 56,831       | 24,364  |
| Subsidized Childcare Cluster (Note 2):                          |                |              |         |
| Child Care Development Fund Cluster:                            |                |              |         |
| Division of Social Services:                                    |                |              |         |
| CCDF  | 93.596         | 86,537       | -       |
| Division of Child Development:                                  |                |              |         |
| Social Services Block Grant                                     | 93.667         | 5,715        | -       |
| CCDF-Discretionary  | 93.575         | 735,700      | -       |
| CCDF-Mandatory  | 93.596         | 292,362      | -       |
| CCDF-Match  | 93.596         | 523,953      | -       |
| Total Child Care Development Fund Cluster:                      |                | 1,644,266    | -       |
| Social Services Block Grant                                     | 93.667         | 202,846      | 18,174  |
| Temporary Assistance for Needy Families                         | 93.558         | 269,720      | -       |
| Smart Start   |                | -            | 10,166  |
| TANF - MOE  |                | -            | 438,227 |
| Smart Start - State Match                                       |                | -            | 290,899 |
| State Appropriations  |                | -            | 40,261  |
| Total Subsidized Childcare Cluster                              |                | 2,116,832    | 797,726 |

## STANLY COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2007

| Grantor / Pass-through Grantor / Program Title                  | CFDA<br>Number | Expenditures |            |
|---|----------------|--------------|------------|
|   |                | Federal      | State      |
| <b>U.S. Department of Agriculture:</b>                          |                |              |            |
| Passed-through N.C. Department of Health & Human Services       |                |              |            |
| <b>Division of Public Health:</b>                               |                |              |            |
| Special Supplemental Nutrition Program for                      |                |              |            |
| Women Infant and Children (WIC)                                 | 10.557         | 204,028      | -          |
| WIC - Direct Benefit Payment                                    | 10.557         | 1,071,130    | -          |
| Total Division of Public Health                                 |                | 1,275,158    | -          |
| <b>Health Care Financing Administration:</b>                    |                |              |            |
| Passed-through the N.C. Department of Health and Human Services |                |              |            |
| <b>Division of Medical Assistance:</b>                          |                |              |            |
| Direct Benefit Payments:  |                |              |            |
| Medical Assistance Program                                      | 93.778         | 36,889,695   | 18,822,541 |
| Administration:   |                |              |            |
| Medical Assistance Program                                      | 93.778         | 492,957      | -          |
| Health Choice   | 93.767         | 26,746       | 2,417      |
| Total Health Care Financing Administration                      |                | 37,409,398   | 18,824,958 |
| <b>U.S. Department of Agriculture:</b>                          |                |              |            |
| Passed-through N.C. Department of Health and Human Services     |                |              |            |
| Food and Consumer Service:                                      |                |              |            |
| <b>Division of Social Services:</b>                             |                |              |            |
| Food Stamp Cluster:   |                |              |            |
| Administration:   |                |              |            |
| Food Stamp Training   | 10.561         | 228,912      | -          |
| Food Stamp E&T and Depend Care                                  | 10.561         | 845          | -          |
| Food Stamp Fraud Administration                                 | 10.561         | 47,496       | -          |
| Direct Benefit Payments:  |                |              |            |
| Food Stamp Program  | 10.551         | 6,112,944    | -          |
| Total Food Stamp Cluster  |                | 6,390,197    | -          |
| <b>U.S. Department of Health and Human Services:</b>            |                |              |            |
| Passed-through N.C. Department of Health and Human Services     |                |              |            |
| <b>Division of Public Health:</b>                               |                |              |            |
| Family Planning Services  | 93.217         | 34,728       | -          |
| Women's Preventive Health                                       | 93.558         | 2,789        | -          |
| Immunization Program/Aid to County Funding                      | 93.268         | 11,390       | -          |
| Preparedness and Response Bioterrorism Grants                   | 93.283         | 67,876       | -          |
| Breast and Cervical Cancer                                      | 93.283         | 15,376       | -          |
| BCC-Wisewoman Project   | 93.919         | 709          | -          |
| Risk Reduction/Health Promotion                                 | 93.991         | 12,142       | -          |
| HHS-MCH Services Block Grant to the States                      | 93.994         | 134,433      | -          |
| Total Division of Public Health                                 |                | 279,443      | -          |
| <b>Administration of Aging:</b>                                 |                |              |            |
| Passed-through Centralina Council of Governments                |                |              |            |
| <b>Division of Aging:</b>                                       |                |              |            |
| Aging Cluster:  |                |              |            |
| Access Title III B  | 93.044         | 19,023       | 31,038     |
| In-Home Services:   |                |              |            |
| Title IIIB  | 93.044         | 33,408       | 142,421    |
| Title IIIC1   | 93.045         | 38,904       | 17,479     |
| Title IIIC2   | 93.045         | 59,760       | 24,409     |
| USDA Supplement   | 10.570         | 37,750       | -          |
| Total Division of Aging   |                | 188,845      | 215,347    |



## STANLY COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2007

| Grantor / Pass-through Grantor / Program Title                    | CFDA<br>Number | Expenditures |            |
|---|----------------|--------------|------------|
|   |                | Federal      | State      |
| <b>Division of Social Services:</b>                               |                |              |            |
| Senior Center Outreach  |                | -            | 654        |
| Senior Center -General  |                | -            | 5,123      |
| Fan/Heat Program  |                | -            | 215        |
| DP/HP (90%)   | 93.043         | 4,755        | 303        |
| Title III E (Caregiver)   | 93.052         | 21,521       | 1,374      |
| Family Caregiver Title V  | 17.235         | 58,765       | -          |
| Total Division of Social Services                                 |                | 85,041       | 7,669      |
| <b>U.S. Department of Transportation:</b>                         |                |              |            |
| Passed-through N.C. Department of Transportation:                 |                |              |            |
| Public transportation for non-urbanized area                      | 20.509         | 153,774      | 9,885      |
| Airport improvement program                                       | 20.106         | 1,172,624    | -          |
| Total U.S. Department of Transportation                           |                | 1,326,398    | 9,885      |
| <b>U.S. Elections Assistance Commission:</b>                      |                |              |            |
| Passed-through N.C. Dept. of Administration-Board of Elections    |                |              |            |
| Help America Vote Act Requirement Payment                         | 90.401         | 500          | -          |
| Total U.S. Elections Assistance Commission:                       |                |              |            |
| <b>Institute of Museum and Library Services:</b>                  |                |              |            |
| Automated System Grant  | 45.310         | 14,942       | -          |
| Total Institute of Museum and Library Services                    |                | 14,942       | -          |
| <b>U.S. Department of Housing and Urban Development:</b>          |                |              |            |
| Passed-through N.C. Department of Commerce:                       |                |              |            |
| <b>Division of Community Assistance:</b>                          |                |              |            |
| CDBG (03-P-1184)  | 14.228         | 19,348       | -          |
| CDBG (06-C-1539)  | 14.228         | 191,807      | -          |
| Total U.S. Department of Housing and Urban Development            |                | 211,155      | -          |
| <b>U.S. Department of Justice</b>                                 |                |              |            |
| Passed through N.C. Department of Crime Control and Public Safety |                |              |            |
| <b>Division of Emergency Management:</b>                          |                |              |            |
| Emergency Management  | 97.042         | 24,045       | -          |
| Homeland Security   | 16.607         | 307          | -          |
| Homeland Security   | 97.004         | 2,110        | -          |
| Total U.S. Department of Justice                                  |                | 26,462       | -          |
| <b>Total Federal Awards</b>                                       |                | 51,358,706   | 19,964,879 |
| <b>State Awards:</b>  |                |              |            |
| <b>N.C. Department of Health and Human Services:</b>              |                |              |            |
| <b>Division of Social Services:</b>                               |                |              |            |
| State/County Special Assistance for Adults-Direct Benefit Payment |                |              | 568,770    |
| State Aid to Counties   |                |              | 29,937     |
| AFDC Incentive/Program Integrity                                  |                |              | 85         |
| TANF Incentive/Program Integrity                                  |                |              | 1,039      |
| Medicaid At-Risk  |                |              | 14,999     |
| Adoption Assistance   |                |              | 86,647     |
| Foster Care At-Risk   |                |              | 6,929      |
| Energy Assistance and Private Grants                              |                |              | 1,022      |
| State Foster Home   |                |              | 11,948     |
| Total Division of Social Services                                 |                |              | 721,376    |

## STANLY COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2007

| Grantor / Pass-through Grantor / Program Title                   | CFDA<br>Number | Expenditures         |                      |
|--|----------------|----------------------|----------------------|
|  |                | Federal              | State                |
| <b>Division of Public Health:</b>                                |                |                      |                      |
| Women's Preventive Health  |                |                      | 8,368                |
| Communicable Diseases Control                                    |                |                      | 2,732                |
| AIDS-State   |                |                      | 500                  |
| General Aid to Counties  |                |                      | 57,656               |
| Smart Start  |                |                      | 51,100               |
| Quality Enhancement Project                                      |                |                      | 8,469                |
| Tuberculosis   |                |                      | 2,871                |
| Environmental Health and Mosquito Control                        |                |                      | 8,598                |
| Childhood Lead Poisoning Prevention                              |                |                      | 738                  |
| Food and Lodging   |                |                      | 7,856                |
| TB Medical Services  |                |                      | 1,034                |
| Immunization - State   |                |                      | 599                  |
| Risk Reduction / Heath Promotion                                 |                |                      | 8,263                |
| Total Division of Public Health                                  |                |                      | <u>158,784</u>       |
| <b>Division of Facility Services:</b>                            |                |                      |                      |
| EMS - HRSA Grant   |                |                      | <u>52,522</u>        |
| Total Division of Facility Services                              |                |                      | <u>52,522</u>        |
| Total N.C. Department of Health and Human Services               |                |                      | <u>932,682</u>       |
| <b>N.C. Department of Environmental &amp; Natural Resources:</b> |                |                      |                      |
| Clean Water Management Trust fund                                |                |                      | <u>888,521</u>       |
| Total N.C. Department of Environmental & Natural Resources       |                |                      | <u>888,521</u>       |
| <b>N.C. Department of Transportation:</b>                        |                |                      |                      |
| ROAP Elderly and Disabled Transportation Assistance Program      |                |                      | 67,637               |
| ROAP Work-First  |                |                      | 7,343                |
| ROAP Rural General Public Program                                |                |                      | 83,424               |
| WBS 39269.16   |                |                      | <u>40,031</u>        |
| Total N.C. Department of Transportation                          |                |                      | <u>198,435</u>       |
| <b>N.C. Department of Administration:</b>                        |                |                      |                      |
| Veterans Commission  |                |                      | <u>2,000</u>         |
| <b>N.C. Department of Correction:</b>                            |                |                      |                      |
| Criminal Justice Partnership Program                             |                |                      | <u>93,092</u>        |
| <b>N.C. Department of Crime Control and Public Safety:</b>       |                |                      |                      |
| Drug seizure   |                |                      | 1,843                |
| Forfeiture Property  |                |                      | 8,470                |
| Office of Juvenile justice                                       |                |                      |                      |
| Administrative costs   |                |                      | 10,500               |
| Stanly Mental Health   |                |                      | <u>166,003</u>       |
| Total N.C. Department of Crime Control and Public Safety:        |                |                      | <u>186,816</u>       |
| <b>N.C. Department of Cultural Resources:</b>                    |                |                      |                      |
| Direct Programs  |                |                      |                      |
| Aid to Public Libraries  |                |                      | <u>134,259</u>       |
| Total N.C. Department of Cultural Resources:                     |                |                      | <u>134,259</u>       |
| <b>Total State Awards</b>  |                |                      | <u>2,435,805</u>     |
| <b>Total Federal and State Awards</b>                            |                | <u>\$ 51,358,706</u> | <u>\$ 22,400,685</u> |

## STANLY COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2007

| Grantor / Pass-through Grantor / Program Title | CFDA<br>Number | Expenditures |       |
|--|----------------|--------------|-------|
|  |                | Federal      | State |

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 the preparation of, or used in the 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 N.C. Department of Health and Human Services and are treated separately for state audit requirement purposes:

Subsidized Child Care, and Foster Care and Adoption