

LEE COUNTY

NORTH CAROLINA

Committed Today for a Better Tomorrow

Comprehensive Annual Financial Report

**Lee County
North Carolina**

**For the Fiscal Year Ended
June 30, 2010**

**FINANCE DEPARTMENT
LISA G. MINTER
FINANCE DIRECTOR**

Through vision and leadership, setting the standard for professional local government.

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INTRODUCTORY SECTION

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October 25, 2010

The Board of County Commissioners and Citizens of Lee County
Lee County, North Carolina

Laws of the State of North Carolina, along with policies and procedures of the North Carolina Local Government Commission, require that all local governments in the State publish a complete set of financial statements annually. The financial statements must be presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Lee County for the fiscal year ended June 30, 2010.

This report consists of management's representations concerning the finances of Lee County. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management of Lee County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Lee County's financial statements in conformity with GAAP. Since the costs of internal controls should not outweigh their benefits, Lee County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by Martin Starnes & Associates, CPAs, P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Lee County for the fiscal year ended June 30, 2010, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Lee County's financial statements for the year ended June 30, 2010, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Lee County was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are contained in the Compliance Section of this report.

GAAP 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 designed to complement MD&A and should be read in conjunction with it. Lee County’s MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Lee County, founded in 1907, is located on the fall line dividing the Piedmont and Coastal Plains regions of the state. It has a land area of 255 square miles and a population of 60,477. There are two municipalities within the County, the largest being the City of Sanford, which serves as the County seat.

The County has a commissioner/manager form of government. The Board of Commissioners is a seven-member board. Four members are elected in districts on a partisan basis. Three members are elected at-large on a partisan basis. The district commissioners and at-large commissioners serve staggered four-year terms. Commissioners hold policy-making and legislative authority. They are also responsible for adopting the budget and appointing the county manager. The manager is responsible for implementing policies, managing daily operations, and appointing department heads.

The County provides its citizens a wide range of services, which include general government, public safety, economic and physical development, human services, education, cultural and recreation, and debt retirement. The County also provides waste management services.

The annual budget serves as the foundation for the County’s financial planning and control. The County has a formal budget process, which begins in February of each year. All County departments are required to submit requests for appropriation to the County Manager, who then compiles a proposed budget and presents it to the Board of Commissioners for review in May. The Board of Commissioners is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than June 30, the close of the County’s fiscal year. The appropriated budget ordinance, as amended by the governing body, creates a legal limit on spending authorizations, for Lee County, annual budgets are adopted for the General, Special Revenue and Enterprise funds. Multiyear project budgets are adopted for all Capital Project funds. Legal budgetary control for operating budgets is exercised at the fund and department level. The County Manager may make transfers of appropriations of any amount within a department and up to \$5,000 between departments. Transfers of appropriations between departments in excess of \$5,000 require the approval of the Board of

Commissioners. Formal budgetary integration and encumbrance accounting are employed as management control devices during the year. Budget to actual comparisons are provided in this report for each individual governmental fund and proprietary funds for which an appropriated annual budget has been adopted.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Lee County operates.

Local economy. Lee County is geographically located at the southern base of the Research Triangle Region, including the cities of Raleigh, Durham, and Chapel Hill. Major industries located within the government's boundaries or in close proximity include manufacturers of pharmaceuticals, automobile components, cosmetics, plumbing fixtures, electronics and brick. These industries along with other businesses located in Lee County continue to feel the impact of the downturn in the nation's economy; however, Lee County's unemployment rate has decreased from the 14.8 percent in June 2009 to 12.5 percent in June 2010. The State's non-seasonally adjusted unemployment rate for June 2010 was 10.2 percent.

The County continues to work with City leadership and organizations such as the Lee County Economic Development Corporation (EDC), the Lee County Committee of 100 and the Sanford Area Chamber of Commerce, to maintain and expand the County's economic base. Lee County has many strengths to market to businesses and industries including a strong network of highways, rail lines, and airports giving easy access to Fayetteville, Raleigh, RTP and the Piedmont Triad region. Another strength is the high quality of local workers with all kinds of expertise, many trained by Central Carolina Community College (CCCC), and researchers being educated at Duke University, University of North Carolina at Chapel Hill and North Carolina State University, all world-renowned institutions less than an hour's drive from Sanford. The ongoing work of all these partners led to a major plant expansion announcement for the Caterpillar Plant in Lee County. The expansion will create 350 new jobs and a \$31 million investment in equipment and facility improvements. As part of the announcement, the County, EDC and CCCC will be putting in place a new job training and small business incubator facility in the Lee County Industrial Park. CCCC has secured a \$447,000 grant from the Golden Leaf Foundation for the equipment for the training facility.

Lee County is part of an eleven county regional task force, the BRAC Regional Task Force, that is planning and preparing for the significant impact on our communities due to the changes that will occur from the Base Closure and Realignment Commission (BRAC) legislation approved November 8, 2005, that moves U.S. Army Forces Command (FORSCOM) and the U.S. Army Reserve Command (USARC) from Fort McPherson, Georgia to Fort Bragg, North Carolina. The BRAC RTF has hired an economic development coordinator who is developing leads for all eleven counties with companies who will be located to the area with FORSCOM and USARC. Population in the region is expected to increase by nearly 41,000 people. New jobs will be generated by companies relocating to pursue contracts from more than \$30 billion controlled by the U.S. Army Forces Command.

Long-term financial planning. The County prepares a five year capital improvements program and updates it each year. At June 30, 2010, general fund projects estimated at \$13.1 million are planned over the next five years. The program also includes \$44.4 million in projects for Lee County Schools and Central Carolina Community College. However, future projects may be impacted by future economic conditions. To assist in the funding of the County's capital improvements program, the Board of Commissioners placed a referendum on the ballot in November 2009 for the levy of an additional ¼ percent sales tax. The referendum was approved, and the levy began on July 1, 2010. In May 2010, the County issued \$12,000,000 in Recovery Zone Economic Development Bonds, \$6,678,064 in Qualified School Construction Bonds, and \$4,000,000 in Qualified Zone Academy Bonds to renovate existing facilities and build new buildings at Lee County High School.

During the year, the County engaged in several initiatives to ensure its ability to continue to meet long-term expectations. From a budgetary standpoint, several actions were taken to counter the effects of the economic downturn. Those actions resulted in the Board adopting a budget totaling \$61,922,285 which was approximately 3 percent above the budget for FY 2009-10. The County's tax rate remained at \$0.75 per \$100 of assessed value.

The County's unreserved fund balance in the general fund at June 30, 2010, (20.8 percent of total general fund expenditures) is slightly above the policy guidelines set by the Board of Commissioners for budgetary and planning purposes (i.e., between 14 and 18 percent of total general fund expenditures). However, the Board has budgeted to use approximately \$1.1 million of that fund balance in FY 2010-11 and has committed \$900,000 in incentives to Caterpillar, Inc. since the budget was adopted.

Debt service in the general fund (13.7 percent of total general fund expenditures) falls below the maximum 15 percent of general fund expenditures set in the Board of Commissioners' Financial Policies Resolution.

Awards

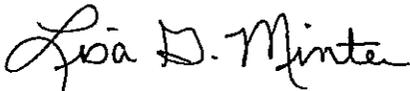
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Lee, North Carolina, for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2009. This was the fourteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principals and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of this report would not have been possible without the assistance and dedication of the staff of the Finance Department. I would like to thank Martin Starnes & Associates, CPAs, P.A., the County's independent auditors, for their guidance in preparing this report. The cooperation of each County department is also appreciated as we work together to serve Lee County. In addition, I wish to express my appreciation to Board of Commissioners and County Manager John Crumpton for their continued support and leadership in conducting the financial affairs of the County.

Respectfully submitted,

A handwritten signature in black ink that reads "Lisa G. Minter". The signature is written in a cursive style with a large initial "L" and "M".

Lisa G. Minter
Assistant County Manager/Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Lee
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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

COUNTY OF LEE, NORTH CAROLINA

LIST OF PRINCIPAL OFFICIALS

June 30, 2010

BOARD OF COUNTY COMMISSIONERS

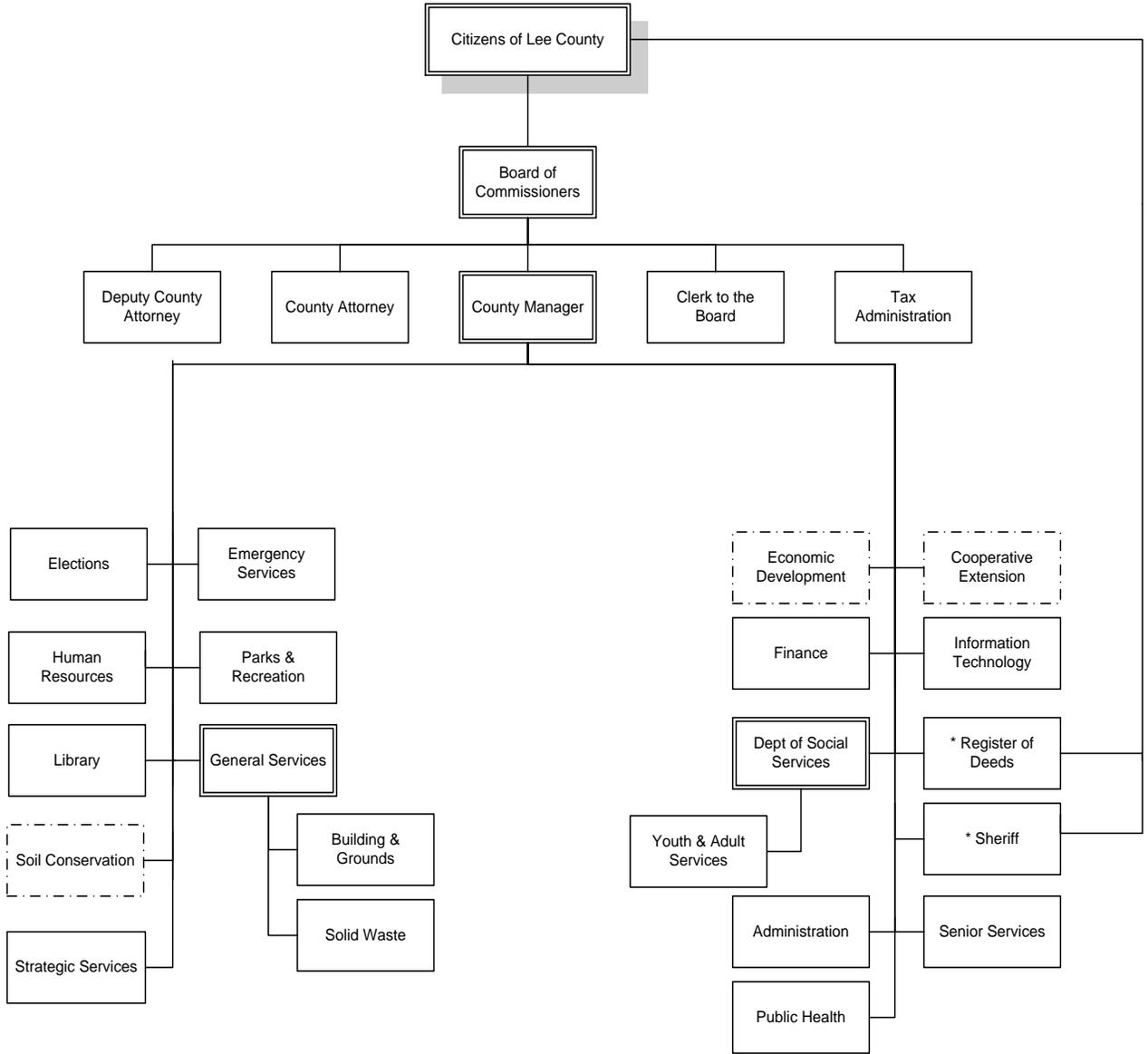
| | |
|-------------------|---------------|
| Richard B. Hayes | Chairman |
| Larry C. Oldham | Vice Chairman |
| Amy M. Dalrymple | Commissioner |
| James C. Kelly | Commissioner |
| Nathan E. Paschal | Commissioner |
| Robert T. Reives | Commissioner |
| Linda A. Shook | Commissioner |

COUNTY OFFICIALS

| | |
|------------------|--|
| John A. Crumpton | County Manager |
| Gaynell Lee | Clerk to the Board |
| Kenneth R. Hoyle | County Attorney |
| Lisa G. Minter | Assistant County Manager/Finance Director |
| Tracy Carter | Sheriff |
| Mollie McInnis | Register of Deeds |
| Dwane Brinson | Tax Administrator |
| Susan Condlin | County Extension Director |
| Nancy Kimble | Elections Director |
| Shane Seagroves | Emergency Services Director |
| Russell Spivey | General Services Director |
| Howard Surface | Health Director |
| Joyce McGehee | Human Resources Director |
| Kyle Edwards | Information Technology Director |
| Michael Matochik | Library Director |
| John Payne | Parks & Recreation Director |
| Debbie Davidson | Senior Services Director |
| Brenda Potts | Social Services Director |
| Don Kovasckitz | Strategic Services Director |

COUNTY OF LEE, NORTH CAROLINA

ORGANIZATIONAL CHART



* Elected Officials
 - - - - - Liaison Relationship

FINANCIAL SECTION

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

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

INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners
Lee County
Sanford, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lee County, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lee County as of June 30, 2010, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated October 25, 2010 on our consideration of Lee County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit prepared in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of Lee County. The introductory section, combining and individual nonmajor fund financial statements and schedules, budget to actual schedules, the statistical tables, supplementary information, and the statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules, budget to actual schedules, and the supplementary information have been subjected to the auditing procedures applied in our 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.

October 25, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of Lee County, we offer readers of Lee County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2010. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

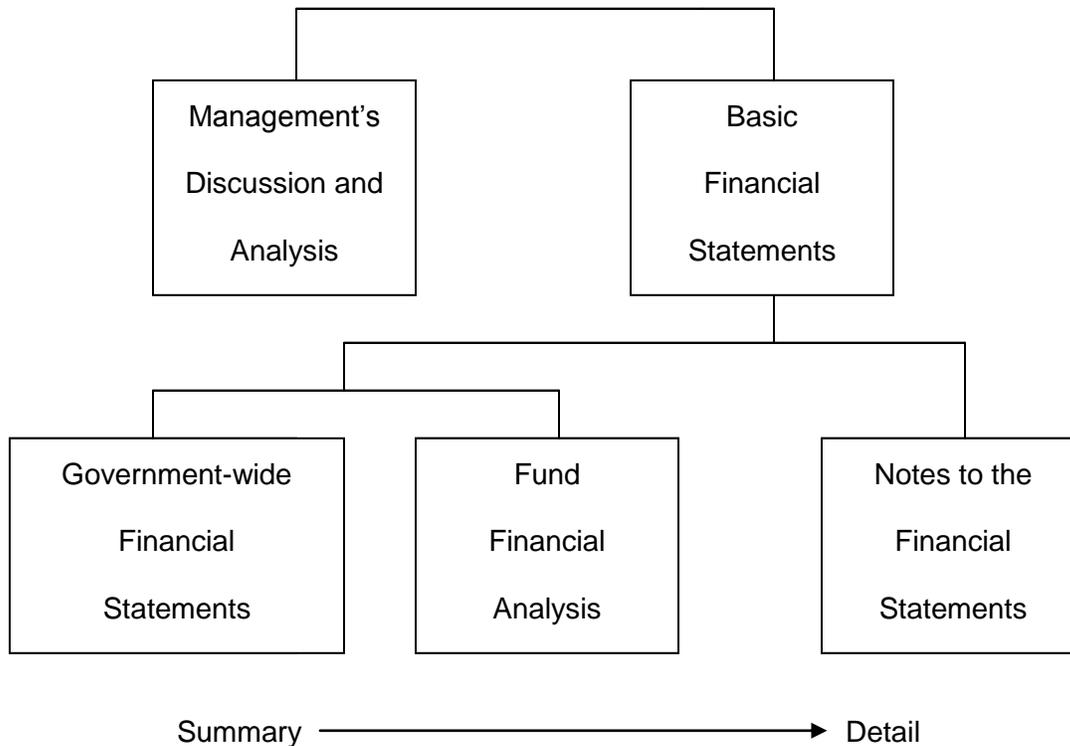
Financial Highlights

- The liabilities of Lee County exceeded its assets at the close of the fiscal year by (\$22,499,917) (*net assets*).
- The total net assets of governmental activities was a deficit \$23,835,597, a decrease of \$71,362 from the prior year's deficit amount of \$23,764,235, primarily due to school capital spending and the issuance of debt without a corresponding capital asset. In accordance with North Carolina law, the County is financially responsible for funding school facilities and issuing any debt in connection with school facilities; however, since assets are not reflected in the County's financial statements, school capital improvements are expensed.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$43,302,934, an increase of \$19,867,230 from the prior year. 43.5 percent of this total amount or \$18,827,130 is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$12,105,157 or 20.8 percent of total General Fund expenditures for the fiscal year.
- Lee County's total debt increased by \$19,455,602 or 29.1 percent during the current fiscal year. The key factor in this increase was the issuance of \$22,678,064 in new debt for renovations and construction at Lee County High School.
- The County maintained its A1 bond rating from Moody's Investor Services and its and A+ bond rating from Standard & Poor's.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Lee County's basic financial statements. The basic financial statements consist of three components: 1) the government-wide financial statements, 2) the fund financial statements, and 3) the notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Lee County.

**Required Components of Annual Financial Report
Figure 1**



Basic Financial Statements

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

The next statements (Exhibits 3 through 10) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County’s governments. These statements provide more detail than the government-wide statements. There are four parts to the fund financial statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County’s general fund and the non-major governmental funds, which are added together in one column on the basic financial statements. Budgetary information required by North Carolina General Statutes also can be found in this part of the statements.

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets is one way to gauge the County's financial condition. Overtime, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the County's basic services such as public safety, parks and recreation, human services, and general administration. Property taxes and State and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include water and sewer and landfill services offered by Lee County.

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

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Lee County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as The Statement of Revenues, Expenditures and Changes in Fund Balance. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – The Enterprise Fund is the only proprietary type fund that the County utilizes. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its water and sewer activity and for its landfill operations. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The County has ten fiduciary funds: a Pension Trust Fund, the Brown Bequest Trust Fund, and eight agency funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 24 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the County's progress in funding its obligation to provide health insurance benefits to retirees and law enforcement pension benefits to its employees. Required supplemental information can be found on page 52 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets over time may serve as a useful indicator of a government's financial condition. The figure below depicts the County's net assets for fiscal year 2010 and provides comparative data from fiscal year 2009.

**Lee County's Net Assets
Figure 2**

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|----------------------------|------------------------|-----------------------------|---------------------|------------------------|------------------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Current and other assets | \$ 48,232,441 | \$ 26,906,641 | \$ 915,790 | \$ 828,855 | \$ 49,148,231 | \$ 27,735,496 |
| Capital assets | 17,414,226 | 17,854,542 | 555,393 | 603,465 | 17,969,619 | 18,458,007 |
| Total assets | <u>65,646,667</u> | <u>44,761,183</u> | <u>1,471,183</u> | <u>1,432,320</u> | <u>67,117,850</u> | <u>46,193,503</u> |
| Long-term liabilities outstanding | 86,206,894 | 65,405,343 | 88,359 | 61,422 | 86,295,253 | 65,466,765 |
| Other liabilities | 3,275,370 | 3,120,075 | 47,144 | 50,171 | 3,322,514 | 3,170,246 |
| Total liabilities | <u>89,482,264</u> | <u>68,525,418</u> | <u>135,503</u> | <u>111,593</u> | <u>89,617,767</u> | <u>68,637,011</u> |
| Net assets: | | | | | | |
| Investment in capital assets, net of related debt | 15,644,606 | 15,942,735 | 555,393 | 603,465 | 16,199,999 | 16,546,200 |
| Restricted | 24,602,272 | 5,861,444 | - | - | 24,602,272 | 5,861,444 |
| Unrestricted | <u>(64,082,475)</u> | <u>(45,568,414)</u> | <u>780,287</u> | <u>717,262</u> | <u>(63,302,188)</u> | <u>(44,851,152)</u> |
| Total net assets | <u>\$ (23,835,597)</u> | <u>\$ (23,764,235)</u> | <u>\$ 1,335,680</u> | <u>\$ 1,320,727</u> | <u>\$ (22,499,917)</u> | <u>\$ (22,443,508)</u> |

The liabilities of Lee County exceed assets by (\$22,499,917) at the close of the most recent fiscal year. The County's net assets decreased by \$56,409 for the fiscal year ended June 30, 2010. One of the largest portions of net assets reflects the County's investment in capital assets (e.g. land, buildings, machinery and equipment), less any related debt still outstanding that was issued to acquire those items. Lee County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Lee County's investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the County's net assets, \$24,602,272, represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance of \$63,302,188 is unrestricted.

As with many counties in the State of North Carolina, the County's Governmental Activities deficit in unrestricted net assets is due primarily to the portion of the County's outstanding debt incurred for the Lee County Board of Education (the "schools") and Central Carolina Community College (the "community college"). Under North Carolina law, the County is responsible for providing capital funding for the school and community college systems. The County has chosen to meet its legal obligation to provide the systems capital funding by using a mixture of County funds, general obligation debt, and installment financings. The assets funded by the County; however, are titled to, and utilized by the school and community college systems. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. As of June 30, 2010, approximately \$80.2 million of the outstanding debt on the County's financial statement was related to assets included in the school and community college systems' financial statements.

The impact of the inclusion of the school system and community college debt without the corresponding assets was offset by the following positive factors:

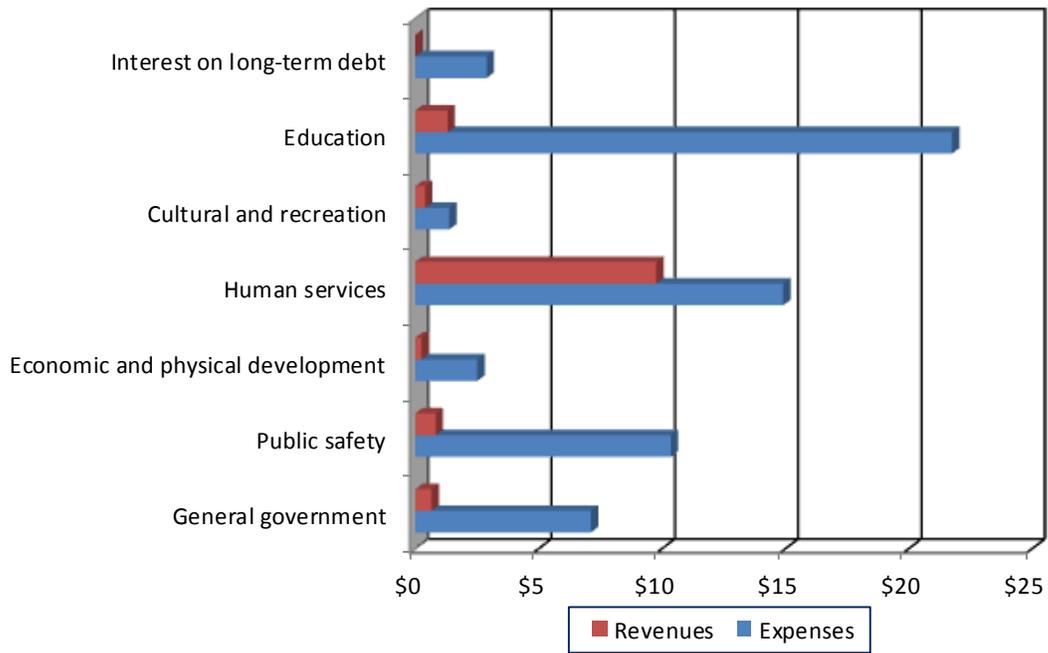
- Continued diligence in the collection of current year property taxes by maintaining a collection percentage of 98 percent for real and personal property and 88 percent for motor vehicles.
- Actual expenditures in the General Fund less than the budgeted amount by \$3.4 million.

Lee County's Changes in Net Assets Figure 3

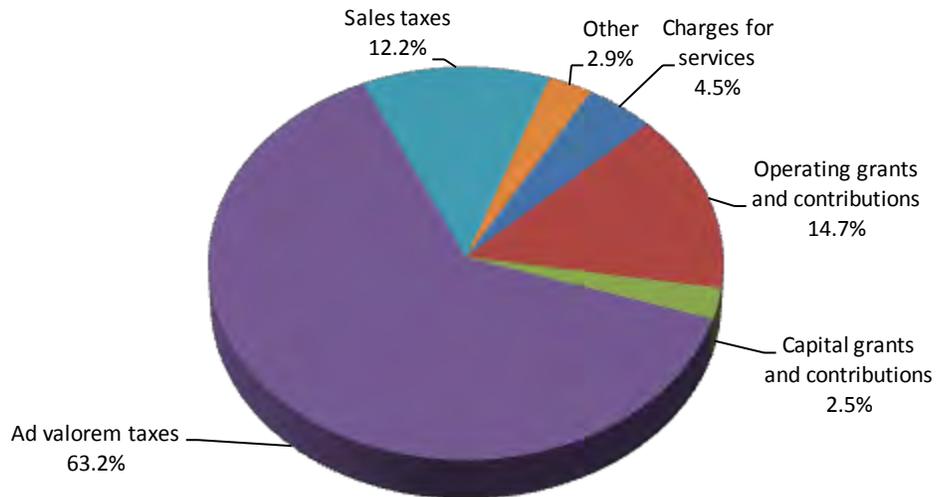
| | Governmental Activities | | Business-type Activities | | Total | |
|--|----------------------------|------------------------|-----------------------------|---------------------|------------------------|------------------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 2,727,351 | \$ 3,009,208 | \$ 1,211,244 | \$ 1,189,675 | \$ 3,938,595 | \$ 4,198,883 |
| Operating grants and contributions | 8,950,432 | 8,776,384 | - | - | 8,950,432 | 8,776,384 |
| Capital grants and contributions | 1,545,524 | 1,625,926 | - | 23,090 | 1,545,524 | 1,649,016 |
| General revenues: | | | | | | |
| Property taxes | 38,461,492 | 38,085,136 | - | - | 38,461,492 | 38,085,136 |
| Other taxes | 8,423,844 | 10,037,253 | - | - | 8,423,844 | 10,037,253 |
| Grants and contributions not restricted to specific programs | 19,829 | 61,237 | - | - | 19,829 | 61,237 |
| Investment earnings | 194,719 | 551,572 | 6,841 | 22,087 | 201,560 | 573,659 |
| Other | 547,564 | 642,441 | - | - | 547,564 | 642,441 |
| Loss on disposal of capital assets | - | - | - | (58,737) | - | (58,737) |
| Total revenues | <u>60,870,755</u> | <u>62,789,157</u> | <u>1,218,085</u> | <u>1,176,115</u> | <u>62,088,840</u> | <u>63,965,272</u> |
| Expenses: | | | | | | |
| General government | 7,118,954 | 7,841,687 | - | - | 7,118,954 | 7,841,687 |
| Public safety | 10,362,318 | 10,404,645 | - | - | 10,362,318 | 10,404,645 |
| Economic and physical development | 2,514,333 | 3,223,747 | - | - | 2,514,333 | 3,223,747 |
| Human services | 14,919,267 | 16,220,585 | - | - | 14,919,267 | 16,220,585 |
| Cultural and recreation | 1,373,943 | 1,477,550 | - | - | 1,373,943 | 1,477,550 |
| Education | 21,757,882 | 25,315,120 | - | - | 21,757,882 | 25,315,120 |
| Interest on long-term debt | 2,895,420 | 2,392,606 | - | - | 2,895,420 | 2,392,606 |
| Water and sewer | - | - | - | - | - | - |
| Landfill | - | - | 1,203,132 | 1,285,805 | 1,203,132 | 1,285,805 |
| Total expenses | <u>60,942,117</u> | <u>66,875,940</u> | <u>1,203,132</u> | <u>1,285,805</u> | <u>62,145,249</u> | <u>68,161,745</u> |
| Increase (decrease) in net assets | (71,362) | (4,086,783) | 14,953 | (109,690) | (56,409) | (4,196,473) |
| Net assets, July 1 | (23,764,235) | (19,677,452) | 1,320,727 | 1,430,417 | (22,443,508) | (18,247,035) |
| Net assets, June 30 | <u>\$ (23,835,597)</u> | <u>\$ (23,764,235)</u> | <u>\$ 1,335,680</u> | <u>\$ 1,320,727</u> | <u>\$ (22,499,917)</u> | <u>\$ (22,443,508)</u> |

Governmental Activities. Governmental activities decreased the County's net assets by \$71,362. The key factor in the decrease is the use of financing proceeds from prior years on school and community college projects that are not considered County assets. The decrease in total net assets was offset by a reduction in net program expenses of \$5,745,612. The decrease in net program expenses helped offset the decrease in investment earnings and sales tax revenues that have resulted from the economic down turn. As can be seen in Figure 4, the net expense is mostly attributable to education, human services, and public safety services provided by the County. Figure 5 illustrates the major sources of revenue for the County, including both program and general revenues. Ad valorem taxes and sales taxes collected account for 76 percent of the County's revenues.

**Lee County's Expenses and Program Revenues –
Governmental Activities (in millions)**
Figure 4



Revenues by Source – Governmental Activities
Figure 5



Business-type Activities. Business-type activities increased the County's net assets by \$14,953. The key factor in the increase was reduction in costs incurred in the closure of the construction and demolition waste portion of the landfill.

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the County's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved and undesignated fund balance of the General Fund was \$9,412,184, while total fund balance reached \$16,170,806. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved and undesignated fund balance and total fund balance to total fund expenditures. Unreserved and undesignated fund balance represents 16.2 percent of the total General Fund expenditures, while total fund balance represents 27.7 percent of that same amount.

The fund balance of the County's General Fund increased by \$447,682 during the current fiscal year. The key factor in the increase is the County's continued effort to reduce expenditures to offset declines in sales tax collections, permit and fee revenues, and investment income. Fiscal year ending June 30, 2010 was also the first year where the State of North Carolina assumed 100 percent of the County's Medicaid Assistance payments.

The Lee County High School Renovations Project Fund is the other major governmental fund. This fund accounts for the financing and construction costs of renovations and additions at Lee County High School. The total fund balance at the end of the year totaled \$20,803,943. The unreserved and undesignated fund balance was \$1,140,535. The majority of the revenues in the fund came from the issuance of \$4,000,000 of Qualified Zone Academy Bonds, \$6,678,064 of Qualified School Construction Bonds, and \$12,000,000 of Recovery Zone Economic Development Bonds.

At June 30, 2010, the non-major governmental funds of the County reported a combined fund balance of \$6,328,185 a 17.9 percent decrease from the prior year. The primary reason for this decrease was the use of construction loan proceeds in the Middle School Project Fund, Floyd L Knight Addition Fund, CCCC 2006 COPS Capital Project Fund, and Tramway Road Park Fund from the financing of the debt issued in December 2006. The County used \$570,056 from the Capital Projects Outlay Fund in fiscal year ending June 30, 2010 for school debt service. The use of these funds was planned for in the County's capital financing plan.

Proprietary Funds. Lee County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets for the Water and Sewer District # 1 Fund at the end of the fiscal year amounted to \$5,275. The unrestricted net assets of the Solid Waste Management Fund equaled \$775,012. The increase in net assets in this fund was \$14,953. Other factors concerning the finances of these funds have already been addressed in the discussion of Lee County business-type activities.

General Fund Budgetary Highlights. During the fiscal year, the County revised the budget on several occasions. Generally, the 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 revenues by \$1,432,085 or 2.7 percent. Budgeted revenues increased due to anticipation of federal and state grants available for County services. Actual revenues were more than final budgeted amounts by \$565,153. The primary factor for the increase was a major effort to collect current as well as past due tax accounts.

Net amendments to budgeted appropriations were \$2,434,847 or 4.1 percent. The majority of the amendments were for human services, mainly for changes in expectations for receipts of federal and State grants. Actual expenditures were less than the final budgeted amounts by \$3,395,329.

Capital Asset and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2010, totals \$17,969,619 (net of accumulated depreciation). These assets include land, buildings, machinery and equipment, improvements, and construction in progress. The total decrease in the County's capital assets for fiscal year 2010 was 2.7 percent.

**Lee County's Capital Assets
(net of depreciation)
Figure 6**

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------|----------------------------|----------------------|-----------------------------|-------------------|----------------------|----------------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Land | \$ 3,295,999 | \$ 3,207,777 | \$ 260,425 | \$ 260,425 | \$ 3,556,424 | \$ 3,468,202 |
| Land improvements | 1,074,719 | 242,923 | - | - | 1,074,719 | 242,923 |
| Buildings | 7,192,008 | 8,007,312 | 135,933 | 161,216 | 7,327,941 | 8,168,528 |
| Roads | 749,288 | 620,066 | - | - | 749,288 | 620,066 |
| Equipment | 4,547,660 | 2,552,025 | 159,035 | 181,824 | 4,706,695 | 2,733,849 |
| Construction in progress | 554,552 | 3,224,439 | - | - | 554,552 | 3,224,439 |
| Total | \$ 17,414,226 | \$ 17,854,542 | \$ 555,393 | \$ 603,465 | \$ 17,969,619 | \$ 18,458,007 |

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

Long-term Debt. As of June 30, 2010, Lee County had total bonded debt outstanding of \$5,085,000, all of which is backed by the full faith and credit of the County. In addition, the County had installment purchase debt of \$25,448,160 and certificates of participation debt of \$50,165,000, for total debt burden outstanding of \$80,698,160. The County's total debt increased by \$19,455,602 by borrowing \$22.7 million for construction and renovations at Lee County High School.

**Lee County's Outstanding Debt
Figure 7**

| | Governmental Activities | | Business-type Activities | | Total | |
|-------------------------------|----------------------------|--------------|-----------------------------|------|--------------|--------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| General Obligation Bonds | \$ 5,085,000 | \$ 7,885,000 | \$ - | \$ - | \$ 5,085,000 | \$ 7,885,000 |
| Certificates of Participation | 50,165,000 | 51,475,000 | - | - | 50,165,000 | 51,475,000 |
| Installment Notes | 25,448,160 | 3,098,070 | - | - | 25,448,160 | 3,098,070 |
| Totals | \$80,698,160 | \$62,458,070 | \$ - | \$ - | \$80,698,160 | \$62,458,070 |

As mentioned in the financial highlights section of this document, Lee County maintained its A1 bond rating from Moody's Investor Service and A+ rating from Standard and Poor's Corporation. These bond ratings are a clear indication of the sound financial condition of Lee County.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue up to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Lee County is \$299,140,589.

Additional information regarding Lee County's long-term debt can be found in note III. M.

Economic Factors and Next Year's Budgets and Rates

The County has approved a \$61,922,285 budget for fiscal year 2011, which represents a 3.4 percent increase from the 2010 adopted budget. The tax rate remained unchanged at 75 cents per \$100 of assessed value.

The following factors were considered when developing the 2011 budget:

- A slow economy resulting in a decreased property tax base and a flat growth rate for sales tax revenue.
- A decline in home sales and residential construction.
- The implementation of a new ¼ percent sales tax in Lee County.
- Unemployment is expected to continue to be an issue for the County's citizens and may drive demands for some services, particularly health and social services, higher.

- The State of North Carolina's fiscal crisis continued to impact the County's budget for fiscal year 2011. Last year, counties lost ADM funding which Lee County used to support school debt payments, and in fiscal year 2011, the State reduced the lottery proceeds being distributed to the counties which impacted the funding of current capital needs at the school.

Budget Highlights for the Fiscal Year Ending June 30, 2011

Governmental Activities. Ad valorem tax is the largest single revenue item. It is based on a tax rate of \$0.75 per \$100 of assessed valuation. The total budget amount of \$35,120,750 represents an increase of 1.7 percent from the adopted FY 2010 budget. Budgeted sales tax revenues are \$8,584,520, a 9.68 percent increase from FY 2010. That increase can be attributed to a new $\frac{1}{4}$ percent sales tax levy approved by the citizens of Lee County.

Education and related debt service make up the largest expenditures in the FY 2011 budget. Funds support the Lee County School System and Central Carolina Community College and debt associated with acquisition and construction of capital assets for the two systems. Spending for education and related debt totals \$26,485,543 in the FY 2011 budget.

Business-type Activities. The FY 2011 Solid Waste Fund budget totals \$1,460,659 which represents an increase of 10.0 percent from the adopted FY 2010 budget. The primary reason for the increase is the installation of a paved area for white goods processing at the landfill. Solid Waste fees will remain the same in FY 2011.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Lee County, 106 Hillcrest Drive, P.O. Box 1968, Sanford, NC 27330.

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BASIC FINANCIAL STATEMENTS

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LEE COUNTY, NORTH CAROLINA
Statement of Net Assets
June 30, 2010

Exhibit 1

| | Primary Government | | |
|---|----------------------------|---------------------------------|------------------------|
| | Governmental Activities | Business- type Activities | Total |
| Assets | | | |
| Cash and investments | \$ 19,772,375 | \$ 848,918 | \$ 20,621,293 |
| Taxes receivable - net | 1,625,308 | - | 1,625,308 |
| Accounts receivable - net | 3,694,339 | 66,086 | 3,760,425 |
| Accrued interest receivable | 20,387 | 786 | 21,173 |
| Restricted assets: | | | |
| Temporarily restricted: | | | |
| Cash and investments | 22,187,155 | - | 22,187,155 |
| Deferred charge - issuance costs | 932,877 | - | 932,877 |
| Capital assets: | | | |
| Land, improvements, and construction in progress | 4,925,270 | 260,425 | 5,185,695 |
| Other capital assets, net of depreciation | 12,488,956 | 294,968 | 12,783,924 |
| Total capital assets | <u>17,414,226</u> | <u>555,393</u> | <u>17,969,619</u> |
| Total assets | <u>65,646,667</u> | <u>1,471,183</u> | <u>67,117,850</u> |
| Liabilities | | | |
| Accounts payable and accrued liabilities | 2,279,409 | 47,144 | 2,326,553 |
| Unearned revenues | 202,357 | - | 202,357 |
| Accrued interest payable | 793,604 | - | 793,604 |
| Long-term liabilities | | | |
| Due within one year | 5,792,525 | 28,500 | 5,821,025 |
| Due in more than one year | 80,414,369 | 59,859 | 80,474,228 |
| Total long-term liabilities | <u>86,206,894</u> | <u>88,359</u> | <u>86,295,253</u> |
| Total liabilities | <u>89,482,264</u> | <u>135,503</u> | <u>89,617,767</u> |
| Net Assets | | | |
| Invested in capital assets, net of related debt | 15,644,606 | 555,393 | 16,199,999 |
| Restricted for: | | | |
| Capital projects | 613,312 | - | 613,312 |
| Public Safety | 1,755,394 | - | 1,755,394 |
| Education | 22,097,036 | - | 22,097,036 |
| Register of Deeds | 136,530 | - | 136,530 |
| Unrestricted | <u>(64,082,475)</u> | <u>780,287</u> | <u>(63,302,188)</u> |
| Total net assets | <u>\$ (23,835,597)</u> | <u>\$ 1,335,680</u> | <u>\$ (22,499,917)</u> |

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

LEE COUNTY, NORTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2010

Exhibit 2

| Functions/Programs | Program Revenues | | | Net (Expenses) Revenue and Change in Net Assets | | | | |
|--|------------------|----------------------|------------------------------------|---|-------------------------|---|--------------|-----------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Primary Government Business-type Activities | | Total |
| | | | | | | Revenue | Change | |
| Primary government: | | | | | | | | |
| Government activities: | | | | | | | | |
| General government | \$ 7,118,954 | \$ 633,416 | \$ 27,020 | \$ - | \$ (6,458,518) | \$ - | \$ - | \$ (6,458,518) |
| Public safety | 10,362,318 | 357,693 | 470,652 | - | (9,533,973) | - | - | (9,533,973) |
| Economic and physical development | 2,514,333 | - | 15,756 | 236,587 | (2,261,990) | - | - | (2,261,990) |
| Human services | 14,919,267 | 1,444,210 | 8,328,997 | - | (5,146,060) | - | - | (5,146,060) |
| Cultural and recreation | 1,373,943 | 292,032 | 108,007 | - | (973,904) | - | - | (973,904) |
| Education | 21,757,882 | - | - | 1,308,937 | (20,448,945) | - | - | (20,448,945) |
| Interest on long-term debt | 2,895,420 | - | - | - | (2,895,420) | - | - | (2,895,420) |
| Total governmental activities | 60,942,117 | 2,727,351 | 8,950,432 | 1,545,524 | (47,718,810) | - | - | (47,718,810) |
| Business-type activities: | | | | | | | | |
| Solid Waste Management Fund | 1,203,132 | 1,211,244 | - | - | - | 8,112 | 8,112 | 8,112 |
| Total business-type activities | 1,203,132 | 1,211,244 | - | - | - | 8,112 | 8,112 | 8,112 |
| Total primary government | \$ 62,145,249 | \$ 3,938,595 | \$ 8,950,432 | \$ 1,545,524 | (47,718,810) | 8,112 | 8,112 | (47,710,698) |
| General revenues: | | | | | | | | |
| Ad valorem taxes | | | | | 38,461,492 | - | - | 38,461,492 |
| Sales taxes | | | | | 7,428,181 | - | - | 7,428,181 |
| Other taxes | | | | | 995,663 | - | - | 995,663 |
| Grants and contributions not restricted to specific programs | | | | | 19,829 | - | - | 19,829 |
| Investment earnings | | | | | 194,719 | 6,841 | 6,841 | 201,560 |
| Miscellaneous | | | | | 547,564 | - | - | 547,564 |
| Total general revenues | | | | | 47,647,448 | 6,841 | 6,841 | 47,654,289 |
| Change in net assets | | | | | (71,362) | 14,953 | 14,953 | (56,409) |
| Net assets, beginning of year | | | | | (23,764,235) | 1,320,727 | 1,320,727 | (22,443,508) |
| Net assets, end of year | | | | | \$ (23,835,597) | \$ 1,335,680 | \$ 1,335,680 | \$ (22,499,917) |

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

LEE COUNTY, NORTH CAROLINA
Balance Sheet - Governmental Funds
June 30, 2010

Exhibit 3

| | Major Fund | | | |
|--|-----------------|--|-----------------------------------|--------------------------------|
| | General Fund | Lee County High School Renovations Project Fund | Nonmajor Governmental Funds | Total Governmental Funds |
| Assets | | | | |
| Assets: | | | | |
| Cash and investments | \$ 13,962,199 | \$ - | \$ 5,810,176 | \$ 19,772,375 |
| Taxes receivable - net | 1,519,679 | - | 105,629 | 1,625,308 |
| Accounts receivable - net | 3,668,014 | 3,026 | 135,762 | 3,806,802 |
| Accrued interest receivable | 16,837 | - | 3,550 | 20,387 |
| Cash and investments - restricted | 3 | 21,401,123 | 786,029 | 22,187,155 |
| Total assets | \$ 19,166,732 | \$ 21,404,149 | \$ 6,841,146 | \$ 47,412,027 |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | \$ 1,278,059 | \$ 600,206 | \$ 401,144 | \$ 2,279,409 |
| Deferred revenues | 1,717,867 | - | 111,817 | 1,829,684 |
| Total liabilities | 2,995,926 | 600,206 | 512,961 | 4,109,093 |
| Fund Balances: | | | | |
| Reserved by State statute | 3,682,834 | - | 44,863 | 3,727,697 |
| Reserved for encumbrances | 246,285 | 19,663,408 | 701,884 | 20,611,577 |
| Reserved for Register of Deeds | 136,530 | - | - | 136,530 |
| Unreserved: | | | | |
| Designated for subsequent year's expenditures: | | | | |
| General Fund | 2,103,163 | - | - | 2,103,163 |
| Special revenue funds | - | - | 962,853 | 962,853 |
| Designated for special purposes | 589,810 | - | - | 589,810 |
| Undesignated, reported in: | | | | |
| General Fund | 9,412,184 | - | - | 9,412,184 |
| Special revenue funds | - | - | 2,626,436 | 2,626,436 |
| Capital project funds | - | 1,140,535 | 1,992,149 | 3,132,684 |
| Total fund balances | 16,170,806 | 20,803,943 | 6,328,185 | 43,302,934 |
| Total liabilities and fund balances | \$ 19,166,732 | \$ 21,404,149 | \$ 6,841,146 | \$ 47,412,027 |
| Reconciliation of fund balance as reported in the balance sheet - governmental funds with net assets - governmental activities | | | | |
| Fund balance as reported in the balance sheet - governmental funds | | | | \$ 43,302,934 |
| Amounts reported for governmental activities in the Statement of Net Assets are different because: | | | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | | | 17,414,226 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. | | | | 2,447,741 |
| Compensated absences not expected to be materially liquidated with expendable available resources. | | | | (1,420,283) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. | | | | (85,580,215) |
| Net assets of governmental activities | | | | \$ (23,835,597) |

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

LEE COUNTY, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Fiscal Year Ended June 30, 2010

Exhibit 4

| | Major Funds | | | Total Governmental Funds |
|--|----------------------|--|-----------------------------------|--------------------------------|
| | General Fund | Lee County High School Renovations Project Fund | Nonmajor Governmental Funds | |
| Revenues: | | | | |
| Ad valorem taxes | \$ 36,009,458 | \$ - | \$ 2,452,191 | \$ 38,461,649 |
| Local option sales taxes | 6,113,131 | - | 1,315,050 | 7,428,181 |
| Other taxes and licenses | 360,195 | - | 635,468 | 995,663 |
| Unrestricted intergovernmental | 19,829 | - | - | 19,829 |
| Restricted intergovernmental | 9,407,658 | - | 1,480,505 | 10,888,163 |
| Permits and fees | 247,270 | - | - | 247,270 |
| Sales and services | 2,138,255 | - | - | 2,138,255 |
| Investment earnings | 156,359 | 4,855 | 33,505 | 194,719 |
| Miscellaneous | 392,379 | - | 107,000 | 499,379 |
| Total revenues | <u>54,844,534</u> | <u>4,855</u> | <u>6,023,719</u> | <u>60,873,108</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 6,588,680 | - | - | 6,588,680 |
| Public safety | 7,423,770 | - | 2,127,607 | 9,551,377 |
| Economic and physical development | 1,616,065 | - | 1,033,638 | 2,649,703 |
| Human services | 14,110,098 | - | - | 14,110,098 |
| Education | 19,607,235 | 1,878,976 | 340,885 | 21,827,096 |
| Cultural and recreational | 1,767,244 | - | - | 1,767,244 |
| Debt service: | | | | |
| Principal retirement | 4,437,974 | - | - | 4,437,974 |
| Interest and fees | 2,751,770 | - | - | 2,751,770 |
| Total expenditures | <u>58,302,836</u> | <u>1,878,976</u> | <u>3,502,130</u> | <u>63,683,942</u> |
| Revenues over (under) expenditures | <u>(3,458,302)</u> | <u>(1,874,121)</u> | <u>2,521,589</u> | <u>(2,810,834)</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers from other funds | 5,955,700 | - | 1,448,716 | 7,404,416 |
| Transfers to other funds | (2,049,716) | - | (5,354,700) | (7,404,416) |
| Qualified Zone Academy Bonds issued | - | 4,000,000 | - | 4,000,000 |
| Qualified School Constructions Bonds issued | - | 6,678,064 | - | 6,678,064 |
| Recovery Zone Economic Development Bonds issued | - | 12,000,000 | - | 12,000,000 |
| Total other financing sources (uses) | <u>3,905,984</u> | <u>22,678,064</u> | <u>(3,905,984)</u> | <u>22,678,064</u> |
| Net change in fund balances | 447,682 | 20,803,943 | (1,384,395) | 19,867,230 |
| Fund balances, beginning of year | <u>15,723,124</u> | <u>-</u> | <u>7,712,580</u> | <u>23,435,704</u> |
| Fund balances, end of year | <u>\$ 16,170,806</u> | <u>\$ 20,803,943</u> | <u>\$ 6,328,185</u> | <u>\$ 43,302,934</u> |
| Reconciliation of net change in fund balance in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to change in net assets - governmental activities | | | | |
| Net changes in fund balances - total governmental funds | | | | \$ 19,867,230 |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, the gain/loss on disposal of those assets would also differ between the two statements in an amount equal to the basis of the asset reported on the date of disposal. | | | | |
| Capital outlay | | | | 1,068,204 |
| Depreciation | | | | (1,466,562) |
| Basis of assets disposed | | | | (41,958) |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. | | | | 217,155 |
| The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | | | | <u>(19,715,431)</u> |
| Change in net assets of governmental activities | | | | <u>\$ (71,362)</u> |

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

LEE COUNTY, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2010

Exhibit 5

| | Budget | | Actual | Variance With Final Budget Over/(Under) |
|--|--------------------|--------------------|----------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Ad valorem taxes | \$ 34,529,300 | \$ 34,529,300 | \$ 36,009,458 | \$ 1,480,158 |
| Local option sales taxes | 5,984,783 | 5,984,783 | 6,113,131 | 128,348 |
| Other taxes and licenses | 405,400 | 405,400 | 360,195 | (45,205) |
| Unrestricted intergovernmental | 64,890 | 64,890 | 19,829 | (45,061) |
| Restricted intergovernmental | 8,930,607 | 10,290,333 | 9,407,658 | (882,675) |
| Permits and fees | 262,000 | 262,000 | 247,270 | (14,730) |
| Sales and services | 2,115,263 | 2,130,763 | 2,138,255 | 7,492 |
| Investment earnings | 250,000 | 250,000 | 156,359 | (93,641) |
| Miscellaneous | 305,053 | 361,912 | 392,379 | 30,467 |
| Total revenues | <u>52,847,296</u> | <u>54,279,381</u> | <u>54,844,534</u> | <u>565,153</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 7,100,785 | 7,208,659 | 6,588,680 | 619,979 |
| Public safety | 7,326,802 | 7,880,230 | 7,423,770 | 456,460 |
| Economic and physical development | 1,663,089 | 1,700,480 | 1,616,065 | 84,415 |
| Human services | 14,713,407 | 15,771,012 | 14,110,098 | 1,660,914 |
| Education | 19,373,519 | 19,989,717 | 19,607,235 | 382,482 |
| Cultural and recreational | 1,896,054 | 1,958,405 | 1,767,244 | 191,161 |
| Debt service: | | | | |
| Principal retirement | 4,437,974 | 4,437,974 | 4,437,974 | - |
| Interest and fees | 2,751,688 | 2,751,688 | 2,751,770 | (82) |
| Total expenditures | <u>59,263,318</u> | <u>61,698,165</u> | <u>58,302,836</u> | <u>3,395,329</u> |
| Revenues over (under) expenditures | <u>(6,416,022)</u> | <u>(7,418,784)</u> | <u>(3,458,302)</u> | <u>3,960,482</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers from other funds | 5,948,402 | 6,607,600 | 5,955,700 | (651,900) |
| Transfers to other funds | (601,000) | (2,049,716) | (2,049,716) | - |
| Total other financing sources (uses) | <u>5,347,402</u> | <u>4,557,884</u> | <u>3,905,984</u> | <u>(651,900)</u> |
| Net change in fund balance | (1,068,620) | (2,860,900) | 447,682 | 3,308,582 |
| Appropriated fund balance | <u>1,068,620</u> | <u>2,860,900</u> | - | <u>(2,860,900)</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | 447,682 | <u>\$ 447,682</u> |
| Fund balance, beginning of year | | | <u>15,723,124</u> | |
| Fund balance, end of year | | | <u>\$ 16,170,806</u> | |

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

LEE COUNTY, NORTH CAROLINA
Statement of Fund Net Assets - Proprietary Funds
June 30, 2010

Exhibit 6

| | Major Fund Solid Waste Management Fund | Water and Sewer District #1 Fund | Total Business-type Activities Enterprise |
|--|---|--|--|
| Assets | | | |
| Current assets: | | | |
| Cash and investments | \$ 843,643 | \$ 5,275 | \$ 848,918 |
| Accounts receivable - net | 66,086 | - | 66,086 |
| Accrued interest receivable | 786 | - | 786 |
| Total current assets | <u>910,515</u> | <u>5,275</u> | <u>915,790</u> |
| Non-current assets: | | | |
| Land | 260,425 | - | 260,425 |
| Other capital assets, net of accumulated depreciation | <u>294,968</u> | <u>-</u> | <u>294,968</u> |
| Total non-current assets | <u>555,393</u> | <u>-</u> | <u>555,393</u> |
| Total assets | <u>1,465,908</u> | <u>5,275</u> | <u>1,471,183</u> |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable and accrued liabilities | 24,892 | - | 24,892 |
| Compensated absences payable | 28,500 | - | 28,500 |
| Accrued landfill closure costs | <u>22,252</u> | <u>-</u> | <u>22,252</u> |
| Total current liabilities | <u>75,644</u> | <u>-</u> | <u>75,644</u> |
| Non-current liabilities: | | | |
| Compensated absences payable | 5,435 | - | 5,435 |
| OPEB liability payable | <u>54,424</u> | <u>-</u> | <u>54,424</u> |
| Total non-current liabilities | <u>59,859</u> | <u>-</u> | <u>59,859</u> |
| Total liabilities | <u>135,503</u> | <u>-</u> | <u>135,503</u> |
| Net Assets | | | |
| Invested in capital assets | 555,393 | - | 555,393 |
| Unrestricted | <u>775,012</u> | <u>5,275</u> | <u>780,287</u> |
| Total net assets | <u>\$ 1,330,405</u> | <u>\$ 5,275</u> | <u>\$ 1,335,680</u> |

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

LEE COUNTY, NORTH CAROLINA
Statement of Revenues, Expenses, and Changes in Fund
Net Assets - Proprietary Funds
For The Year Ended June 30, 2010

Exhibit 7

| | Major Fund Solid Waste Management Fund | Water and Sewer District #1 Fund | Total Business-type Activities Enterprise |
|---|---|--|--|
| Operating revenues: | | | |
| Charges for services | \$ 1,069,809 | \$ - | \$ 1,069,809 |
| Other miscellaneous revenues | 141,435 | - | 141,435 |
| Total operating revenues | 1,211,244 | - | 1,211,244 |
| Operating expenses: | | | |
| Cost of service and administration | 1,155,060 | - | 1,155,060 |
| Depreciation | 48,072 | - | 48,072 |
| Total operating expenses | 1,203,132 | - | 1,203,132 |
| Operating income (loss) | 8,112 | - | 8,112 |
| Non-operating revenues (expenses): | | | |
| Investment earnings | 6,841 | - | 6,841 |
| Non-operating revenues (expenses) - net | 6,841 | - | 6,841 |
| Change in net assets | 14,953 | - | 14,953 |
| Net assets, beginning of year | 1,315,452 | 5,275 | 1,320,727 |
| Net assets, end of year | \$ 1,330,405 | \$ 5,275 | \$ 1,335,680 |

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

LEE COUNTY, NORTH CAROLINA
Statement of Cash Flows - Proprietary Funds
For The Year Ended June 30, 2010

Exhibit 8

| | Major Fund Solid Waste Management Fund | Water and Sewer District #1 Fund | Total Business-type Activities Enterprise |
|---|---|--|--|
| Cash flows from operating activities: | | | |
| Receipts from customers | \$ 1,088,304 | \$ - | \$ 1,088,304 |
| Payments to suppliers for goods and services | (613,258) | - | (613,258) |
| Payments to or on behalf of employees | (517,491) | - | (517,491) |
| Other operating revenues | 138,849 | - | 138,849 |
| Net cash provided (used) by operating activities | <u>96,404</u> | <u>-</u> | <u>96,404</u> |
| Cash flows from investing activities - | | | |
| Interest on investments | <u>8,894</u> | <u>-</u> | <u>8,894</u> |
| Net increase (decrease) in cash and cash equivalents | 105,298 | - | 105,298 |
| Cash and cash equivalents, beginning of year | <u>738,345</u> | <u>5,275</u> | <u>743,620</u> |
| Cash and cash equivalents, end of year | <u>\$ 843,643</u> | <u>\$ 5,275</u> | <u>\$ 848,918</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | |
| Operating income (loss) | \$ 8,112 | \$ - | \$ 8,112 |
| Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities: | | | |
| Depreciation | 48,072 | - | 48,072 |
| Changes in assets and liabilities: | | | |
| (Increase) decrease in accounts receivable | 16,310 | - | 16,310 |
| Increase (decrease) in accounts payable and accrued expenses | <u>23,910</u> | <u>-</u> | <u>23,910</u> |
| Net cash provided (used) by operating activities | <u>\$ 96,404</u> | <u>\$ -</u> | <u>\$ 96,404</u> |

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

LEE COUNTY, NORTH CAROLINA
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

Exhibit 9

| | Pension Trust Law Enforcement Employees | Kenneth Brown Bequest Fund | Agency Funds |
|---|---|-------------------------------|------------------|
| Assets | | | |
| Cash and investments | \$ 4,073 | \$ 18,039 | \$ 451,776 |
| Taxes receivable - net | - | - | 662,305 |
| Accounts receivable | - | - | 20,033 |
| Accrued interest receivable | <u>4</u> | <u>17</u> | <u>348</u> |
| Total assets | <u>4,077</u> | <u>18,056</u> | <u>1,134,462</u> |
| Liabilities | | | |
| Other liabilities | - | - | 444,488 |
| Due to other governmental units | <u>-</u> | <u>-</u> | <u>689,974</u> |
| Total liabilities | <u>-</u> | <u>-</u> | <u>1,134,462</u> |
| Net Assets | | | |
| Held in trust for employee's pension benefits | 4,077 | - | - |
| Held in trust for the Library | <u>-</u> | <u>18,056</u> | <u>-</u> |
| Total net assets | <u>\$ 4,077</u> | <u>\$ 18,056</u> | <u>\$ -</u> |

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

LEE COUNTY, NORTH CAROLINA
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2010

Exhibit 10

| | <u>Pension Trust Law Enforcement Employees</u> | <u>Kenneth Brown Bequest Fund</u> |
|-------------------------------|--|---------------------------------------|
| Additions: | | |
| Investment earnings | \$ <u>32</u> | \$ <u>144</u> |
| Net increase (decrease) | 32 | 144 |
| Net assets, beginning of year | <u>4,045</u> | <u>17,912</u> |
| Net assets, end of year | <u>\$ 4,077</u> | <u>\$ 18,056</u> |

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

LEE COUNTY, NORTH CAROLINA
Notes To Financial Statements (Continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Lee County and its component units conform to generally accepted accounting principles (GAPP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The County, which is governed by a seven-member board of commissioners, is one of the 100 counties established in North Carolina under General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally-separate entities for which the County is financially accountable. The Lee County Water and Sewer District #1 exists to provide and maintain a water and sewer system for the County residents within the District. The District is reported as an Enterprise Fund in the County's financial statements. Lee County Industrial Facility and Pollution Control Financing Authority (the *Authority*) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority has no financial transactions or account balances; therefore, it is not presented in the combined financial statements. Lee County Development Corporation (the *Corporation*) exists for the purpose of providing debt financing for the County, to fulfill various statutory obligations involving but not limited to purchase and sale, construction and/or lease of real estate and improvement, facilities, and equipment. The Corporation has no financial transactions or account balances; therefore, it is not presented in the combined financial statements.

| Component Unit | Reporting Method | Criteria for Inclusion | Separate Financial Statements |
|--|------------------|---|-------------------------------|
| Water and Sewer District #1 | Blended | Under State law (G.S. 162A-89), the County's Board of Commissioners also serves as the governing board for the District. | None issued. |
| Lee County Industrial Facility and Pollution Control Financing Authority | Discrete | The Authority is governed by a seven-member board that is appointed by the County Commissioners. The County can remove any commissioner of the Authority with or without cause. | None issued. |
| Lee County Development Corporation | Discrete | The Corporation has a three-member board of directors who are established through the by-laws of the Articles of Incorporation. | None issued. |

B. Basis of Presentation – Government-wide and Fund Financial Statements

Government-wide Statements. The Statement of Net Assets and the Statement of Activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used 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.

LEE COUNTY, NORTH CAROLINA
Notes To Financial Statements (Continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation – Government-wide and Fund Financial Statements (Continued)

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

Lee County High School Renovations Fund is a capital project fund used to account for debt issuance and construction costs for renovations and additions at Lee County High School.

The County reports the following major enterprise funds:

Solid Waste Management Fund accounts for the operations of the County's solid waste activities.

Additionally the County reports the following fund types:

Fiduciary funds. Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement. Fiduciary funds include the following fund types:

The *private-purpose trust fund* is used to account for resources legally held in trust for use by a not-for-profit organization. These funds are accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting. The Kenneth Brown Bequest Fund accounts for assets where the interest and principal can be spent.

The *pension trust fund* is accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting. The Law Enforcement Officers' Special Separation Allowance Fund accounts for the Law Enforcement Officers' Separation Allowance, a single-employer, public employee retirement system.

LEE COUNTY, NORTH CAROLINA
Notes To Financial Statements (Continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation – Government-wide and Fund Financial Statements (Continued)

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains agency funds to account for amounts collected on behalf of the Town of Broadway, the City of Sanford, and the Central Business District for property taxes; amounts deposited with Social Services for the benefit of certain individuals; and various legal fines and forfeitures that the County is required to remit to the Lee County Board of Education; the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles; monies deposited with the Jail for the benefit of certain inmates; and monies deposited with the County for health insurance benefits for retirees of the former Lee-Harnett Mental Health Authority.

Enterprise Funds. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Lee County has two enterprise funds: the Water and Sewer District #1 Fund and the Solid Waste Management Fund.

C. Measurement Focus, Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

LEE COUNTY, NORTH CAROLINA
Notes To Financial Statements (Continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting (Continued)

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

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Lee County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2009 through February 2010 apply to the fiscal year ended June 30, 2010. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements.

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

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

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

D. Budgetary Data

The County's budgets are adopted as required by North Carolina General Statutes. An annual budget is adopted for the General Fund, the Special Revenue Funds and the Proprietary Funds. All annual appropriations lapse at June 30. Project ordinances are adopted for the Capital Project Funds.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for the General Fund, the Special Revenue Funds, and the Proprietary Funds, and at the object level for the Capital Project Funds. The County Manager is authorized to transfer appropriations between departments within a fund up to \$5,000; however, any revisions that alter the total expenditures of any fund or exceed \$5,000 between departments must be approved by the governing board. The manager must also approve intradepartmental transactions. During the year, amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

LEE COUNTY, NORTH CAROLINA
Notes To Financial Statements (Continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Data (Continued)

As required by North Carolina General Statutes, Chapter 159, Section 26(d), Lee County maintains encumbrance accounts which are considered to be "budgetary accounts". Encumbrances outstanding at year-end represent the estimated amounts of the expenditures ultimately to result if unperformed contracts in process at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. These encumbrances outstanding are reported as "Reserved for encumbrances" in the fund balance section of the balance sheet and will be charged against the subsequent year's budget.

E. Deposits and Investments

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

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

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

F. Cash and Cash Equivalents

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

G. Restricted Assets

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

The unexpended debt proceeds of the Capital Project funds are classified as restricted assets within their respective funds because their use is completely restricted to the purpose for which the debt was originally issued.

H. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. The taxes are based on the assessed values as of January 1, 2007.

LEE COUNTY, NORTH CAROLINA
Notes To Financial Statements (Continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Allowance for Doubtful Accounts

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

J. Other Resources

The General Fund provides the basis of local resources for other governmental funds. These transactions are recorded as "Operating transfers out" in the General Fund and "Operating transfers in" in the receiving fund.

K. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets, which included property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost where records are available and at an estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the assets or materially extend assets' lives are not capitalized.

The County holds title to certain Lee County Board of Education and Central Carolina Community College properties that have not be included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education and the Community College, respectively, give the Board of Education and the Community College full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education or Central Carolina Community College, once all restrictions of the financing agreements and all sales tax reimbursements have been met. The properties are reflected as capital assets in the financial statements of the Lee County Board of Education and Central Carolina Community College.

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

| | |
|--------------------------------|------------|
| Land improvements | 25 years |
| Buildings | 50 years |
| Roads | 40 years |
| Equipment | 5-20 years |
| Vehicles | 5 years |
| Office furniture and equipment | 7 years |

L. Long-Term Obligations

In the government-wide financial statements and 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 Statements of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the term of the related debt using the straight-line method that approximates the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual net proceeds received, are reported as debt service expenditures.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Compensated Absences

The vacation policies of the County provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the County's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

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

N. Deferred/Unearned Revenues

In the fund financial statements, ad valorem taxes receivable are not accrued as revenue because they are not considered to be both "measurable and available." Ad valorem taxes receivable that are measurable but not available are recorded as deferred revenue in the fund financial statements. In addition, property taxes collected in advance of the fiscal year to which they apply are also 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.

O. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

P. Net Assets/Fund Balances

Net Assets

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

Fund Balances

In the governmental fund financial statements, reservations or restrictions of fund balance represent amounts that cannot be appropriated 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 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 these amounts stand at the close of the fiscal year preceding the budget year.

LEE COUNTY, NORTH CAROLINA
Notes To Financial Statements (Continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Net Assets/Fund Balances (Continued)

The governmental fund types classify fund balances as follows:

Reserved:

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

Reserved for encumbrances represents the portion of fund balance available to pay for any commitments related to purchase orders and contracts that remain unperformed at year-end.

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

Unreserved:

Designated for subsequent year's expenditures represents the portion of total fund balance available for appropriation which has been appropriated in the 2010-11 budget ordinance.

Designated for special purposes represents the portion of total fund balance restricted for use by the Fire Marshall and the human service agencies.

Undesignated represents the portion of total fund balance available for appropriation which is uncommitted at year-end,

Q. Reconciliation of Government-wide and Fund Financial Statements

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 of \$(67,138,531) consists of several elements as follows:

| | |
|--|---------------------|
| Capital assets used in governmental activities are not financial resources and are, therefore, not reported in the funds (total capital assets on government-wide statement in governmental activities column) | \$ 40,480,878 |
| Less accumulated depreciation | <u>(23,066,652)</u> |
| Net capital assets | <u>17,414,226</u> |
| | |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds | |
| Allowance for uncollectible notes receivable | (221,000) |
| Accrued interest rebate | 108,537 |
| Debt issuance costs | 932,877 |
| Deferred revenue | <u>1,627,327</u> |
| | <u>2,447,741</u> |

LEE COUNTY, NORTH CAROLINA
Notes To Financial Statements (Continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Reconciliation of Government-wide and Fund Financial Statements (continued)

| | |
|---|------------------------|
| Compensated absences not expected to be materially liquidated with expendable resources | <u>(1,420,283)</u> |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds | |
| Bonds, leases, and installment financing | (81,988,143) |
| Accrued interest | (793,604) |
| Arbitrage rebate liability | (108,239) |
| OPEB liability | (2,585,423) |
| LEO pension obligation | <u>(104,806)</u> |
| | <u>(85,580,215)</u> |
| Total adjustment | <u>\$ (67,138,531)</u> |

Explanation of certain difference 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 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 net adjustment of \$(19,938,592) consists of several elements as follows:

| | |
|--|--------------|
| Capital outlay expenditures recorded in the fund statements but capitalized as assets in the Statement of Activities | \$ 1,068,204 |
| Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the Statement of Activities but not in the fund statements. | (1,466,562) |
| Cost of disposed capital assets not recorded in fund statements | (41,958) |
| Revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. | |
| Change in deferred tax revenues in the fund statements | (157) |
| Change in health department fees deferred in the fund statements | (1,225) |
| Change in notes receivables deferred in the fund statements | 110,000 |
| Accrued interest rebate not recorded on fund statements | 108,537 |
| New debt issued during the year is recorded as a source of funds in the fund financial statements; it has no effect on the Statement of Activities. It affects only the government-wide Statement of Net Assets. | |
| Qualified Zone Academy bonds | (4,000,000) |
| Qualified School Construction bonds | (6,678,064) |
| Recovery Zone Economic Development bonds | (12,000,000) |
| Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the Statement of Net Assets in the government-wide statements. | 4,437,974 |

LEE COUNTY, NORTH CAROLINA
Notes To Financial Statements (Continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Reconciliation of Government-wide and Fund Financial Statements (continued)

| | |
|--|------------------------|
| Expenses reported in the Statement of Activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements | |
| Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual) | (226,553) |
| Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources | (5,598) |
| Amortization of issuance costs not recorded on fund statements | (60,213) |
| Amortization of premium on certificates of participation not recorded on fund statements | 82,903 |
| Net (increase) in other post-employment benefits | (1,334,868) |
| Arbitrage rebate liability is accrued in the government-wide statements but not in the fund statements because it does not use current resources | 70,960 |
| Difference in retirement expense between fund statements (modified accrual) and government-wide statements (full accrual) | <u>(1,972)</u> |
| Total adjustment | <u>\$ (19,938,592)</u> |

II. STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY

Expenditures Exceeding Appropriations

North Carolina General Statute 159-13 requires that all financial transactions be appropriated during the year. For the year ended June 30, 2010, expenditures exceeded appropriations in the medical examiners department of the General Fund by \$1,000, in the child services coordinator department of the General Fund by \$4,685 and in the debt service department of the General Fund by \$82. These over expenditures were funded by greater than anticipated revenues in the General Fund. Adequate appropriations will be made for these departments in future years.

III. DETAIL NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

County deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with the securities held by the County's agents in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by the County's agent in its 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 with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

LEE COUNTY, NORTH CAROLINA
Notes To Financial Statements (Continued)

III. DETAIL NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

At June 30, 2010, the carrying amount of the County's bank deposits (including fiduciary funds) was \$18,438,029, and the bank balance was \$18,638,534. There was \$22,187,155 in escrow accounts with financial institutions. Sufficient collateral was maintained at June 30, 2010 to secure the County's deposits. Of the bank balance, \$1,000,000 was covered by federal depository insurance, \$1,019,066 was covered by collateral held under the Dedicated Method and \$16,619,468 was collateralized under the Pooling Method.

At June 30, 2010, the County had \$2,466 cash on hand.

Of the bank balances above, the County has elected to maintain a non-interest bearing certificate of deposit with First Citizens Bank and Trust in the amount of \$206,000, in order to avoid banking service charges. This is considered a compensating balance.

Investments

At June 30, 2010, the County had the following investments and maturities:

| Investment Type | Fair Value | Less Than 6 Months | 6 -12 Months | 1-3 Years |
|--|--------------|--------------------|--------------|-----------|
| NC Capital Management Trust – Cash Portfolio | \$ 2,654,686 | N/A | N/A | N/A |
| | \$ 2,654,686 | \$ - | \$ - | \$ - |

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits at least 75% of the County's investment portfolio to maturities of less than 12 months. Also, the County's investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than three years.

Credit Risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs); however, the County had no formal policy on managing 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, 2010.

B. Property Tax - Use-Value Assessment on Certain Lands

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

| <u>Year Levied</u> | <u>Tax</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|---------------------|-------------------|---------------------|
| 2009 | \$ 1,192,698 | \$ 68,580 | \$ 1,261,278 |
| 2008 | 1,098,786 | 162,071 | 1,260,857 |
| 2007 | 1,053,941 | 250,311 | 1,304,252 |
| 2006 | <u>848,319</u> | <u>277,824</u> | <u>1,126,143</u> |
| Total | <u>\$ 4,193,744</u> | <u>\$ 758,786</u> | <u>\$ 4,952,530</u> |

LEE COUNTY, NORTH CAROLINA
Notes To Financial Statements (Continued)

III. DETAIL NOTES ON ALL FUNDS (Continued)

C. Receivables

Receivables at the government-wide level at June 30, 2010 were as follows:

| | <u>Taxes Receivable- Net</u> | <u>Accounts Receivable-Net</u> | | |
|---|--------------------------------------|--------------------------------|--|---------------------|
| | | <u>Accounts</u> | <u>Due from Other Government</u> | <u>Total</u> |
| Governmental activities: | | | | |
| General | \$ 1,939,058 | \$ 1,975,547 | \$ 2,077,946 | \$ 4,053,493 |
| Lee County High School Renovations Project Fund | - | - | 3,026 | 3,026 |
| Other governmental | <u>121,861</u> | <u>53,500</u> | <u>82,263</u> | <u>135,763</u> |
| Total receivables | 2,060,919 | 2,029,047 | 2,163,235 | 4,192,282 |
| Allowance for doubtful accounts | <u>(435,611)</u> | <u>(497,943)</u> | - | <u>(497,943)</u> |
| Total governmental activities | <u>\$ 1,625,308</u> | <u>\$ 1,531,104</u> | <u>\$ 2,163,235</u> | <u>\$ 3,694,339</u> |
| Business-type activities: | | | | |
| Solid waste management | - | <u>63,373</u> | <u>2,713</u> | <u>66,086</u> |
| Total business-type activities | <u>\$ -</u> | <u>\$ 63,373</u> | <u>\$ 2,713</u> | <u>\$ 66,086</u> |

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

| | |
|----------------------------------|---------------------|
| Local option sales tax | \$ 1,806,891 |
| Sales tax | 174,112 |
| Various federal and state grants | <u>184,945</u> |
| | <u>\$ 2,165,948</u> |

LEE COUNTY, NORTH CAROLINA
Notes To Financial Statements (Continued)

III. DETAIL NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Business-type activities by type:

| | June 30, 2009 | Transfers In/ Additions | Transfers Out/ Disposals | June 30, 2010 |
|---|------------------|----------------------------|-----------------------------|------------------|
| Non-depreciable assets: | | | | |
| Land | \$ 260,425 | \$ - | \$ - | \$ 260,425 |
| | 260,425 | - | - | 260,425 |
| Depreciable assets: | | | | |
| Buildings | 565,482 | - | - | 565,482 |
| Equipment | 1,105,828 | - | - | 1,105,828 |
| | 1,671,310 | - | - | 1,671,310 |
| Less accumulated depreciation and amortization for: | | | | |
| Buildings | 404,266 | 25,283 | - | 429,549 |
| Equipment | 924,004 | 22,789 | - | 946,793 |
| | 1,328,270 | \$ 48,072 | \$ - | 1,376,342 |
| Depreciable assets - net | 343,040 | | | 294,968 |
| Total Business Activities Capital Assets - net | \$ 603,465 | | | \$ 555,393 |

Depreciation was charged to functions of the business-type activities as follows:

| | |
|-------------|-----------|
| Solid waste | \$ 48,072 |
|-------------|-----------|

Construction commitments

The government has active construction projects as of June 30, 2010. The projects include the renovations and construction at Lee County High School and dam repairs to the San-Lee Dam.

| | <u>Spent-to-Date</u> | <u>Remaining Commitment</u> |
|------------------------------------|----------------------|-----------------------------|
| Project | | |
| San-Lee Dam Project | \$ 397,633 | \$ 651,167 |
| Lee County High School Renovations | 817,137 | 19,822,551 |
| Total | \$ 1,214,770 | \$ 20,473,718 |

LEE COUNTY, NORTH CAROLINA
Notes To Financial Statements (Continued)

III. DETAIL NOTES ON ALL FUNDS (Continued)

E. Liabilities

Payables

Payables at the government-wide level at June 30, 2010 were as follows:

| | <u>Vendors</u> |
|--|---------------------|
| Governmental activities: | |
| General | \$ 1,278,059 |
| Lee County High School Renovations Project | 600,206 |
| Other governmental | <u>401,144</u> |
| Total governmental activities | <u>\$ 2,279,409</u> |
| Business-type activities: | |
| Solid waste management | <u>\$ 47,144</u> |
| | <u>\$ 47,144</u> |

F. Pension Plan and Other Post-Employment Obligations

1. Local Governmental Employees' Retirement System

Plan Description

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

Funding Policy

Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.92% and 4.86%, respectively, of annual covered payroll. The contribution requirements of members and of the County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2010, 2009, and 2008 were \$631,332, \$654,001, and \$597,145, respectively. The contributions made by the County equaled the required contributions for each year.

LEE COUNTY, NORTH CAROLINA
Notes To Financial Statements (Continued)

III. DETAIL NOTES ON ALL FUNDS (Continued)

F. Pension Plan and Other Post-Employment Obligations (Continued)

2. Law Enforcement Officers' Special Separation Allowance

Plan Description

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

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

| | |
|---|-----------|
| Retirees receiving benefits | 4 |
| Terminated plan members entitled to but not yet receiving benefits | - |
| Active plan members | <u>42</u> |
| Total | <u>46</u> |

A separate report was not issued for the plan.

Summary of Significant Accounting Policies

Basis of Accounting. Financial statements for the Separation Allowance are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the County has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments. Investments are reported at fair value. Short-term money market debt instruments, deposits, and repurchase agreements are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price.

Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the County contributed \$43,794, or 2.37% of annual covered payroll. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings.

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

LEE COUNTY, NORTH CAROLINA
Notes To Financial Statements (Continued)

III. DETAIL NOTES ON ALL FUNDS (Continued)

F. Pension Plan and Other Post-Employment Obligations (Continued)

2. Law Enforcement Officers' Special Separation Allowance (Continued)

Annual Pension Cost and Net Pension Obligation. The County's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

| | |
|---|----------------------|
| Annual required contribution | \$ 44,789 |
| Interest on net pension obligation | 7,455 |
| Adjustment to annual required contribution | <u>(6,478)</u> |
| Annual pension cost | 45,766 |
| Contributions made | <u>43,794</u> |
| Increase (decrease) in net pension obligation | 1,972 |
| Net pension obligation beginning of fiscal year | <u>102,834</u> |
| Net pension obligation end of fiscal year | <u>\$104,806</u> |

| <u>Fiscal Year Ended</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|--------------------------|----------------------------------|--------------------------------------|-------------------------------|
| 6/30/08 | \$ 43,290 | 84.15% | \$ 86,233 |
| 6/30/09 | 45,807 | 63.76% | 102,834 |
| 6/30/10 | 45,766 | 95.69% | 104,806 |

Funded Status and Funding Progress

As of December 31, 2009, the most recent actuarial valuation date, the plan was .80 percent funded. The actuarial accrued liability for benefits was \$510,666, and the actuarial value of assets was \$4,064 resulting in an unfunded actuarial accrued liability (UAAL) of \$506,602. The covered payroll (annual payroll of active employees covered by the plan) was \$1,847,248, and the ratio of the UAAL to the covered payroll was 27.42 percent.

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

3. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description

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

III. DETAIL NOTES ON ALL FUNDS (Continued)

F. Pension Plan and Other Post-Employment Obligations (Continued)

3. Supplemental Retirement Income Plan for Law Enforcement Officers (Continued)

Funding Policy

Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2010 were \$112,504 which consisted of \$97,506 from the County and \$14,988 from the law enforcement officers.

4. Registers of Deeds' Supplemental Pension Fund

Plan Description

The County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a non-contributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Register of Deeds' Supplemental Pension Funds. 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 one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2010, the County's required and actual contributions were \$3,716.

5. Other Post-Employment Benefits (OPEB) – Healthcare Benefits

Plan Description

According to County resolution, the County administers a single-employer defined benefit plan which provides healthcare benefits to retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (LGERS) and have at least 15 years of continuous years of employment with Lee County immediately preceding retirement. The County will pay the individual premium for those individuals through private insurers.

Membership of the plan consisted of the following at December 31, 2007, the date of the latest actuarial valuation:

| | |
|-----------------------------|------------|
| Retirees receiving benefits | 59 |
| Active Plan Members: | |
| General Employees | 307 |
| Law Enforcement | <u>43</u> |
| Total | <u>409</u> |

LEE COUNTY, NORTH CAROLINA
Notes To Financial Statements (Continued)

III. DETAIL NOTES ON ALL FUNDS (Continued)

F. Pension Plan and Other Post-Employment Obligations (Continued)

5. Other Post-Employment Benefits (OPEB) – Healthcare Benefits (Continued)

Funding Policy

The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees under the County resolution that can be amended by the Board of Commissioners. The County has chosen to fund the healthcare benefits on a pay-as-you-go basis. In the future, employees and retirees may be required to participate in premiums for basic group health plans.

The current ARC rate is 12.7% of annual covered payroll (7.5% normal cost and 5.2% accrued liability). For the current year, the County contributed \$248,105 or 1.9% of annual covered payroll. The County obtains healthcare coverage through private insurers. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 1.7% and .25% of covered payroll, respectively. There were no contributions made by employees,

Summary of Significant Accounting Policies

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

Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the County's net OPEB obligation for the healthcare benefits:

| | |
|---|-------------------------|
| Annual required contribution | \$ 1,610,185 |
| Interest on net OPEB obligation | - |
| Adjustment to annual required contribution | - |
| Annual OPEB cost (expense) | <u>1,610,185</u> |
| Contributions made | <u>(248,105)</u> |
| Increase (decrease) in net OPEB obligation | 1,362,080 |
| Net OPEB obligation, beginning of fiscal year | <u>1,277,767</u> |
| Net OPEB obligation, end of year | <u>\$ 2,639,847</u> |

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

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|----------------------|---------------------|---|------------------------|
| 6/30/2009 | \$ 1,610,185 | 20.7% | \$ 1,277,767 |
| 6/30/2010 | 1,610,185 | 15.4% | 2,639,847 |

III. DETAIL NOTES ON ALL FUNDS (Continued)

F. Pension Plan and Other Post-Employment Obligations (Continued)

5. Other Post-Employment Benefits (OPEB) – Healthcare Benefits (Continued)

Funded Status and Funding Progress

As of December 31, 2007, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$19,180,733. The covered payroll (annual payroll of active employees covered by the plan) was \$12,673,476, and the ratio of the UAAL to covered payroll was 150.8%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

In the December 31, 2007 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 11.00 to 5.00 percent annually. The investment rate included a 3.75 percent inflation assumption. The actuarial value of assets, if any was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2007, was 30 years.

G. Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all non law enforcement County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Contributions for the year ended June 30, 2010 were \$739,219, which consisted of \$550,089 from the County and \$189,130 from the employees.

The County has complied with changes in the laws which govern the County's Deferred Compensation Plan, requiring all assets of the plan be held in trust for the exclusive benefit of the participants and their beneficiaries.

LEE COUNTY, NORTH CAROLINA
Notes To Financial Statements (Continued)

III. DETAIL NOTES ON ALL FUNDS (Continued)

H. Other Employment Benefits

The County has elected to provide death benefits to employees through a Death Benefit Plan for members of the Local Government Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to his/her death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from Death Benefit Plan.

The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. For the fiscal year ended June 30, 2010, the County made contributions to the State for death benefits of \$14,298. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .13% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The County considers these contributions to be immaterial.

I. Closure Costs - Lee County Landfill Facility

Due to State and federal laws and regulations, the County chose to stop accepting substantially all waste at its landfill and placed a final cover on the site; however, the County continued to accept a limited amount of waste, primarily construction and demolition materials until June 30, 2008. The County is placing a final cover on the construction and demolition site. The County is required to perform certain maintenance and monitoring functions at the site as part of the closure, but it is not subject to the financial assurance rule. Although closure costs are paid after the date the landfill stopped accepting waste, the County reports a portion of these closure costs as an operating expense in each period based on the life of the landfill. The total cost of closure is estimated to be \$558,226; \$535,974 has been incurred as of June 30, 2010 and the remaining \$22,252 is reported as liability within the Solid Waste Management Fund at June 30, 2010. These amounts are based on what it would cost to perform all necessary closure and monitoring; however, actual costs may be higher due to inflation, changes in technology or changes in regulations.

J. Deferred/Unearned Revenues

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

Government-wide statements:

| | <u>Unearned or Deferred Revenues</u> | <u>Full Accrual Unearned Revenues</u> |
|---|--|---|
| Prepaid taxes not earned | \$ 202,357 | \$ 202,357 |
| Taxes receivable, net (General) | 1,519,679 | - |
| Taxes receivable, net (Special Revenue) | 105,629 | - |
| Accounts receivable, net (General) | <u>2,019</u> | <u>-</u> |
| | <u>\$ 1,829,684</u> | <u>\$ 202,357</u> |

III. DETAIL NOTES ON ALL FUNDS (Continued)

K. Contingent Liabilities

The County has elected to pay the direct cost of employment security benefits in lieu of employment security taxes on the payroll. A liability for benefit payments could accrue in the year following discharge of employees.

The County has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

L. 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. The County carries commercial coverage for all risks of loss. The County carries property insurance coverage of \$55.3 million per occurrence, general liability coverage of \$2 million, and workers' compensation coverage up to statutory limits. There have been no significant reductions insurance coverage from the previous year and settled claims have not exceeded commercial insurance coverage in any of the last three fiscal years.

The County carries limited 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 Director and Tax Collector are each individually bonded for \$100,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$500,000.

M. Long-Term Obligations

The County records long-term debt of the governmental funds at face value in the government-wide Statement of Net Assets. All general obligation bonds serviced by the County's General Fund are collateralized by the full faith, credit, and taxing power of the County. Principal and interest payments are appropriated when due.

LEE COUNTY, NORTH CAROLINA
Notes To Financial Statements (Continued)

III. DETAIL NOTES ON ALL FUNDS (Continued)

M. Long-Term Obligations (Continued)

1. Changes in Long-Term Debt

The following is a summary of changes in the County's long-term debt for the year ended June 30, 2010:

| | Balance July 1, 2009 | Additions | Retirements | Balance June 30, 2010 | Current portion of balance |
|---------------------------------------|-------------------------|----------------------|---------------------|--------------------------|----------------------------------|
| Governmental activities: | | | | | |
| General obligation bonds | \$ 7,885,000 | \$ - | \$ 2,800,000 | \$ 5,085,000 | \$ 2,800,000 |
| Certificates of participation | 51,475,000 | - | 1,310,000 | 50,165,000 | 1,310,000 |
| Installment notes payable | 3,098,070 | 22,678,064 | 327,974 | 25,448,160 | 282,525 |
| Unamortized bond premium | 1,372,886 | - | 82,903 | 1,289,983 | - |
| Unfunded pension liability | 102,834 | 45,766 | 43,794 | 104,806 | - |
| Net OPEB obligation | 1,250,555 | 1,582,973 | 248,105 | 2,585,423 | - |
| Accrued arbitrage rebate | 179,199 | - | 70,960 | 108,239 | - |
| Compensated absences | 1,414,685 | 1,461,411 | 1,455,813 | 1,420,283 | 1,400,000 |
| Total governmental activities | \$ 66,778,229 | \$ 25,768,214 | \$ 6,339,549 | \$ 86,206,894 | \$ 5,792,525 |
| Business-type activities: | | | | | |
| Net OPEB obligation | \$ 27,212 | \$ 27,212 | \$ - | \$ 54,424 | \$ - |
| Compensated absences | 34,210 | 28,230 | 28,505 | 33,935 | 28,500 |
| Total business-type activities | \$ 61,422 | \$ 55,442 | \$ 28,505 | \$ 88,359 | \$ 28,500 |

Compensated absences, within the governmental activities, as well as the unfunded pension obligation, are typically liquidated by the General Fund.

2. Certificates of Participation

A summary of the County's Certificate of Participation is as follows:

| Original Issue | | Payment Information | | | Outstanding | Purpose and Collateral |
|--|---------------|---------------------|--------|---------------------------|----------------------|---|
| Amount | Date | Rate | Period | Amount | Balance | |
| \$ 26,220,000 | January 2004 | 2.00% - 5.25% | Annual | \$ 500,000 - 1,720,000 | \$ 23,010,000 | Construct high school and Emergency Services Training Facility; secured by real estate |
| 28,355,000 | December 2006 | 3.50% - 5.00% | Annual | \$600,000 - 2,225,000 | 27,155,000 | Construct middle school, addition at alternative school, renovations and repairs for community college; and park construction; secured by real estate |
| Total certificates of participation | | | | | \$ 50,165,000 | |

LEE COUNTY, NORTH CAROLINA
Notes To Financial Statements (Continued)

III. DETAIL NOTES ON ALL FUNDS (Continued)

M. Long-Term Obligations (Continued)

2. Certificates of Participation (continued)

Annual debt service requirements to maturity for the County's Certificates of Participation are as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> |
|-----------------------------|----------------------|----------------------|
| 2011 | \$ 1,310,000 | \$ 2,263,526 |
| 2012 | 2,480,000 | 2,217,676 |
| 2013 | 3,205,000 | 2,104,333 |
| 2014 | 3,105,000 | 1,984,708 |
| 2015 | 3,025,000 | 1,860,508 |
| 2016-2020 | 15,395,000 | 7,284,925 |
| 2021-2025 | 15,060,000 | 3,465,613 |
| 2025-2028 | <u>6,585,000</u> | <u>603,625</u> |
| Total | <u>\$ 50,165,000</u> | <u>\$ 21,784,914</u> |

3. General Obligation Bonds

Serviced by the General Fund:

| | |
|---|---------------------|
| Public improvement, issued November 2001; interest at 4.09% to 4.30%; due serially to 2015 | \$ 1,085,000 |
| School bonds series 1998, issued April 1998; interest at 4.80% to 5.00%; due serially to 2012 | <u>4,000,000</u> |
| | <u>\$ 5,085,000</u> |

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

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> |
|-----------------------------|---------------------|-------------------|
| 2011 | \$ 2,800,000 | \$ 244,980 |
| 2012 | 1,550,000 | 105,980 |
| 2013 | 250,000 | 30,980 |
| 2014 | 250,000 | 20,730 |
| 2015 | <u>235,000</u> | <u>10,105</u> |
| Total | <u>\$ 5,085,000</u> | <u>\$ 412,775</u> |

4. Installment Notes Payable

| <u>Original Issue</u> | | <u>Payment Information</u> | | <u>Outstanding</u> | <u>Security</u> |
|---------------------------------|-------------|----------------------------|---------------|----------------------|--------------------------------|
| <u>Date</u> | <u>Rate</u> | <u>Period</u> | <u>Amount</u> | <u>Balance</u> | |
| | | | 13,889 + | | |
| January 2003 | 3.96% | Monthly | interest | 1,263,934 | Telecommunications School |
| August 2008 | 0.00% | Annual | 115,859 | 1,506,162 | School QZAB |
| May 2010 | 6.40% | Annual | Principal | 12,000,000 | RZEDB - Lee County High School |
| May 2010 | 6.40% | Annual | Principal | 6,678,064 | QSCB - Lee County High School |
| May 2010 | 6.40% | Annual | Principal | <u>4,000,000</u> | QZAB - Lee County High School |
| Total installment notes payable | | | | <u>\$ 25,448,160</u> | |

LEE COUNTY, NORTH CAROLINA
Notes To Financial Statements (Continued)

III. DETAIL NOTES ON ALL FUNDS (Continued)

M. Long-Term Obligations (Continued)

4. Installment Notes Payable (Continued)

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

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> |
|-----------------------------|----------------------|---------------------|
| 2011 | \$ 282,525 | \$ 1,579,729 |
| 2012 | 851,525 | 1,492,480 |
| 2013 | 1,580,525 | 1,449,444 |
| 2014 | 1,678,525 | 1,359,753 |
| 2015 | 1,771,525 | 1,263,791 |
| 2016-2020 | 9,729,894 | 4,652,172 |
| 2021-2025 | <u>9,553,641</u> | <u>1,847,765</u> |
| Total | <u>\$ 25,448,160</u> | <u>\$ 3,645,134</u> |

In fiscal year ended June 30, 2005, the Lee County Water & Sewer District #1 entered into an interlocal agreement with the City of Sanford to sell the assets of the Lee County Water & Sewer District #1 system for the amount of the outstanding debt. Since part of the debt was not callable, the City of Sanford is making the debt service payments. As a result of this interlocal agreement, the debt is considered defeased, and the liability has been removed from the financial statements. As of June 30, 2010, the balance of this debt was \$750,000, and debt service payments made by the City of Sanford totaled \$116,450.

The legal debt margin is governed by North Carolina G.S. 159-55. The net debt of the unit should not exceed 8% of the appraised value of property subject to taxation. As of June 30, 2010, Lee County has a legal debt margin of \$299,140,589.

5. Arbitrage

In accordance with Section 148 of the Internal Revenue Code of 1986, as amended, and Sections 1.103-13 to 1.103-15 of the related Treasury Regulations, the County must rebate to the federal government "arbitrage profits" earned on governmental bonds issued after August 31, 1986. Arbitrage profits are the excess of the amount earned on investments over the interest paid on the borrowings. At June 30, 2010, arbitrage liabilities reported in the governmental activities had a balance of \$108,239.

N. Joint Ventures

The County, in conjunction with seven other county governments (Anson, Harnett, Hoke, Montgomery, Moore, Randolph, and Richmond) participates in a joint venture to operate The Sandhills Center for Mental Health, Developmental Disabilities, and Substance Abuse Services (Center). The Center operates units in each of the counties to provide services to residents who are in need of assistance for either mental health, developmental disabilities, or alcohol or drug-related problems. Each participating government appoints members to the Center's twenty-five member governing board, with Lee County appointing two. The County has an ongoing financial responsibility for the joint venture because the Center's continued existence depends on the participating governments' continued funding. The County contributed \$240,000 to the Center during the fiscal year ended June 30, 2010. None of the participating governments has any equity interest in the Center, so no equity interest has been reflected in the financial statements at June 30, 2010. Complete financial statements for the Center can be obtained from the Center's office in West End, North Carolina 27376.

LEE COUNTY, NORTH CAROLINA
Notes To Financial Statements (Continued)

III. DETAIL NOTES ON ALL FUNDS (Continued)

N. Joint Ventures (Continued)

The County, in conjunction with the City of Sanford, participates in the Sanford-Lee County Regional Airport Authority. Each participating government appoints three members of the six member board. The Airport Authority is a joint venture established to facilitate economic expansion within the County and improve the quality of life for its citizens. The County has an ongoing financial responsibility for the Airport because it and the City are legally obligated under the intergovernmental agreement that created the Airport to honor any deficiencies in the event that proceeds from other default remedies are insufficient. Financing sources for the annual operating budget of the airport are provided by the County and the City of Sanford. The construction costs for airport improvement projects that are not funded by federal and State grants are financed by the County and the City equally. The County did not contribute any funds to the Airport for operations during the fiscal year ended June 30, 2010. In addition, the County loaned the Airport Authority \$531,058 in fiscal year ending June 30, 2009 which will be paid in semi-annual installments over a period of 10 years. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2010. Complete financial statements for the Airport can be obtained from the Airport's administrative office at 3000 Airport Road, Sanford, NC 27330.

The County, in conjunction with the State of North Carolina, the Lee County Board of Education and the counties of Chatham and Harnett, participate in a joint venture to operate the Central Carolina Community College. Lee County, the State and the Lee County Board of Education each appoint four members of the seventeen-member board of trustees of the community college. The counties of Chatham and Harnett each appoint two members to the board of trustees, and the president of the community college's student government serves as an ex-officio nonvoting member of the community college's 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 the facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues debt to provide financing for new and restructured facilities. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$2,195,054 to the community college for operating purposes and \$193,074 for capital outlay purposes during the fiscal year ended June 30, 2010. In addition, the County contributed \$53,510 to the operation of the Civic Center that is operated by the community college. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements as of June 30, 2010. Complete financial statements for the community college may be obtained from the community college's business office at 1105 Kelly Drive, Sanford, NC 27330.

The County, in conjunction with the City of Sanford and the Town of Broadway, participates in the Lee County Economic Development Corporation. Lee County appoints five members to the eleven-member board. The Economic Development Corporation is a joint venture established to facilitate economic expansion within the County. The County has an ongoing financial responsibility for the Corporation because the Corporation's continued existence depends on the participating governments' continued funding. The County contributed \$1,004,073 to the Corporation during the fiscal year ended June 30, 2010. None of the participating governments have any equity interest in the Corporation, so no equity interest has been reflected in the financial statements at June 30, 2010. Financial reports for the Corporation can be obtained from the Corporation's administrative office at 130 Wicker Street, Sanford, NC 27330.

O. Jointly Governed Organization

The County, in conjunction with four other counties and twenty municipalities established the Triangle J Council of Governments (Council). The participating governments established the Council to coordinate certain 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 \$10,380 to the Council during the fiscal year ended June 30, 2010.

LEE COUNTY, NORTH CAROLINA
Notes To Financial Statements (Continued)

III. DETAIL NOTES ON ALL FUNDS (Continued)

P. Supplemental and Additional One-Half of One Percent Local Government Sales and Use Taxes

State law (Chapter 105, Articles 40 and 42, of the North Carolina General Statutes) requires the County use a portion of the proceeds of its supplemental and additional supplemental sales taxes, or local option sales taxes for public school capital outlays or to retire public school indebtedness. During the fiscal year ended June 30, 2010, the County reported these local option sales taxes within its Special Revenue Funds. The County expended the restricted portion of these taxes for funding of debt service of school capital outlay.

Q. Additional Support by Others

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, that cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients which do not appear in the financial statements because they are not revenues and expenditures of the County.

| | Federal | State |
|---------------------------------|---------------|---------------|
| Medicaid | \$ 44,545,515 | \$ 15,661,342 |
| TANF | 281,906 | - |
| WIC | 2,132,473 | - |
| Other | 608,906 | 350,187 |
| State/County Special Assistance | - | 460,891 |
| | \$ 47,568,800 | \$ 16,472,420 |

R. Conduit Debt Obligations

Lee County Industrial Facility and Pollution Control Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. Four series of industrial revenue bonds were outstanding as of June 30, 2010. The original issue amount of such bonds totaled \$15,650,000. The amount of conduit debt outstanding at June 30, 2010 was not determinable and could not be reasonably estimated.

LEE COUNTY, NORTH CAROLINA
Notes To Financial Statements (Continued)

III. DETAIL NOTES ON ALL FUNDS (Continued)

S. Interfund Balances and Activity

Transfers From / To Other Funds

Transfers to/from other funds at June 30, 2010 consist of the following:

| | |
|---|---------------------|
| From the General Fund to the Capital Projects Outlay Fund to accumulate resources for future capital projects | \$ (601,000) |
| From the General Fund to the San-Lee Dam Project Fund to provide local resources for the capital project | (1,448,716) |
| From the School Capital Outlay Fund to the General Fund for debt service | 1,893,769 |
| From the School Capital Outlay Fund to the General Fund for school capital outlay | 1,200,400 |
| From the Emergency Telephone System Fund to the General Fund to cover E911 related costs | 3,000 |
| From the Drug Seizure Fund to the General Fund for Sheriff Department capital outlay | 43,000 |
| From the Capital Projects Outlay fund to the General Fund for debt service | 1,171,056 |
| From the Fire Districts Fund to the General Fund to cover Fire Marshal operating expenses | 283,048 |
| From the New High School Construction fund to the General Fund for debt service | 13,482 |
| From the Emergency Services Training Facility Fund to the General Fund for debt service | 137,249 |
| From the Middle School Project Fund to the General Fund for debt service | 996,379 |
| From the Floyd L Knight Addition Fund to the General Fund for debt service | 118,343 |
| From the CCCC 2006 COPS Capital Project Fund to the General Fund for debt service | <u>95,974</u> |
| General Fund transfers, net | <u>\$ 3,905,984</u> |

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance and Notes
- Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Funding Progress for the Healthcare Benefit – Pay As You Go
- Schedule of Employer Contributions for the Healthcare Benefit – Pay As You Go
- Notes to the Required Schedules for the Healthcare Benefit – Pay As You Go

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LEE COUNTY, NORTH CAROLINA
Law Enforcement Officer's Special Separation Allowance
Required Supplemental Information
Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL)- Projected Unit Credit (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a % of Covered Payroll (b-a)/c) |
|--------------------------------|--|--|------------------------------------|--------------------------|---------------------------|--|
| 12-31-00* | \$ 90,847 | \$ 221,196 | \$ 130,349 | 41.07% | \$ 991,645 | 13.14% |
| 12-31-01 | 104,506 | 244,688 | 140,182 | 42.71% | 1,177,544 | 11.90% |
| 12-31-02 | 115,959 | 273,147 | 157,188 | 42.45% | 1,238,198 | 12.69% |
| 12-31-03 | 122,970 | 272,577 | 149,607 | 45.11% | 1,228,996 | 12.17% |
| 12-31-04 | 118,944 | 424,500 | 301,556 | 28.29% | 1,101,201 | 27.38% |
| 12-31-05 | 93,070 | 397,759 | 304,689 | 23.40% | 1,287,341 | 23.67% |
| 12-31-06 | 54,176 | 443,657 | 389,481 | 12.21% | 1,560,025 | 24.97% |
| 12-31-07 | 8,739 | 417,290 | 408,551 | 2.09% | 1,604,079 | 25.47% |
| 12-31-08 | 4,001 | 372,979 | 368,928 | 1.07% | 1,710,683 | 21.57% |
| 12-31-09 | 4,064 | 510,666 | 506,602 | .80% | 1,847,248 | 27.42% |

*Reflects changes in actuarial assumptions

LEE COUNTY, NORTH CAROLINA
Law Enforcement Officer's Special Separation Allowance
Required Supplemental Information and Notes
Schedule of Employer Contributions

| <u>Year Ended</u> <u>June 30</u> | <u>Annual Required</u> <u>Contributions</u> | <u>Actual</u> <u>Contributions</u> | <u>Percentage</u> <u>Contributed</u> |
|-------------------------------------|--|---------------------------------------|---|
| 2001 | \$ 14,810 | \$ 9,187 | 62.0% |
| 2002 | 21,619 | 9,187 | 42.5% |
| 2003 | 24,113 | 9,187 | 38.1% |
| 2004 | 26,364 | 14,428 | 54.7% |
| 2005 | 25,917 | 38,506 | 148.6% |
| 2006 | 33,655 | 42,165 | 125.3% |
| 2007 | 31,418 | 11,297 | 36.0% |
| 2008 | 42,412 | 36,430 | 85.9% |
| 2009 | 45,005 | 29,206 | 64.9% |
| 2010 | 44,789 | 43,794 | 97.8% |

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 | December 31, 2008 |
| Actuarial cost method | Projected unit credit |
| Amortization method | Level percent of pay closed |
| Remaining amortization period | 22 years |
| Asset valuation method | Market value |
| Actuarial assumptions: | |
| Investment rate of return* | 7.25% |
| Projected salary increases* | 4.5% to 12.3% |
| *Includes inflation at | 3.75% |
| Cost of living adjustments | N/A |

*Reflects changes in actuarial assumptions

LEE COUNTY, NORTH CAROLINA
Healthcare Benefit – Pay-As-You-Go
Required Supplemental Information
Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL)- Projected Unit Credit (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a % of Covered Payroll (b-a)/c |
|--------------------------------|--|--|------------------------------------|--------------------------|---------------------------|---|
| 12-31-07 | \$ - | \$19,108,733 | \$19,108,733 | 0.0% | \$12,673,476 | 150.8% |

LEE COUNTY, NORTH CAROLINA
Healthcare Benefit – Pay- As-You-Go
Required Supplemental Information and Notes
Schedule of Employer Contributions

| <u>Year Ended</u> <u>June 30</u> | <u>Annual Required</u> <u>Contributions</u> | <u>Actual</u> <u>Contributions</u> | <u>Percentage</u> <u>Contributed</u> |
|-------------------------------------|--|---------------------------------------|---|
| 2009 | \$ 1,610,185 | \$ 332,418 | 20.6% |
| 2010 | 1,610,185 | 248,105 | 15.41% |

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 | December 31, 2007 |
| Actuarial cost method | Projected unit credit |
| Amortization method | Level percent of pay open |
| Remaining amortization period | 30 years |
| Asset valuation method | Market value |
| Actuarial assumptions: | |
| Investment rate of return* | 4.00% |
| Medical cost trend rate increases (decreases) | 11.0% to 5.0% |
| *Includes inflation at | 3.75% |
| Year of Ultimate trend rate | 2016 |

GENERAL FUND

The General Fund is the principal fund of the County and is used to account for the receipt and expenditure of resources that are traditionally associated with local government and that are not required to be accounted for in other funds.

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LEE COUNTY, NORTH CAROLINA
General Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
For the Year Ended June 30, 2010

| | <u>Budget</u> | <u>Actual</u> | <u>Variance With Final Budget Over/(Under)</u> |
|--|-------------------|-------------------|--|
| Revenues: | | | |
| Ad valorem taxes: | | | |
| Taxes | \$ 34,354,300 | \$ 35,794,682 | \$ 1,440,382 |
| Penalties and interest | 175,000 | 214,776 | 39,776 |
| | <u>34,529,300</u> | <u>36,009,458</u> | <u>1,480,158</u> |
| Local option sales taxes: | | | |
| Article 39 one percent | 3,506,528 | 3,340,343 | (166,185) |
| Article 40 one-half of one percent | 1,410,390 | 1,516,918 | 106,528 |
| Article 42 one-half of one percent | 863,013 | 1,080,150 | 217,137 |
| Article 44 one-half of one percent | 204,852 | 175,720 | (29,132) |
| | <u>5,984,783</u> | <u>6,113,131</u> | <u>128,348</u> |
| Other taxes and licenses: | | | |
| Deed stamp excise tax | 150,000 | 117,486 | (32,514) |
| Privilege licenses | 3,500 | 4,503 | 1,003 |
| Rental vehicle tax | 44,000 | 45,044 | 1,044 |
| Cable TV franchise tax | 207,900 | 193,162 | (14,738) |
| | <u>405,400</u> | <u>360,195</u> | <u>(45,205)</u> |
| Unrestricted intergovernmental: | | | |
| Beer and wine tax | 64,890 | 19,829 | (45,061) |
| | <u>64,890</u> | <u>19,829</u> | <u>(45,061)</u> |
| Restricted intergovernmental: | | | |
| Federal and state grants | 10,167,658 | 9,298,539 | (869,119) |
| Court facility fees | 109,675 | 94,032 | (15,643) |
| ABC bottles taxes | 13,000 | 15,087 | 2,087 |
| | <u>10,290,333</u> | <u>9,407,658</u> | <u>(882,675)</u> |
| Permits and fees: | | | |
| Register of Deeds | 262,000 | 247,270 | (14,730) |
| Sales and services: | | | |
| Rents, concessions, and fees | 407,699 | 415,638 | 7,939 |
| Jail fees | 196,248 | 183,119 | (13,129) |
| Vehicle tax collection fees | 16,000 | 16,526 | 526 |
| Health department fees | 490,597 | 510,923 | 20,326 |
| Other sales and services | 1,020,219 | 1,012,049 | (8,170) |
| | <u>2,130,763</u> | <u>2,138,255</u> | <u>7,492</u> |

(Continued)

LEE COUNTY, NORTH CAROLINA
General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Continued)
For the Year Ended June 30, 2010

| | <u>Budget</u> | <u>Actual</u> | <u>Variance With Final Budget Over/(Under)</u> |
|--------------------------------|-------------------|-------------------|--|
| Revenues: (Continued) | | | |
| Investment earnings | \$ 250,000 | \$ 156,359 | \$ (93,641) |
| Miscellaneous | 361,912 | 392,379 | 30,467 |
| Total revenues | <u>54,279,381</u> | <u>54,844,534</u> | <u>565,153</u> |
| Expenditures: | | | |
| General government: | | | |
| Governing body: | | | |
| Salaries and employee benefits | 92,513 | 91,761 | 752 |
| Operating expenditures | 102,404 | 87,758 | 14,646 |
| | <u>194,917</u> | <u>179,519</u> | <u>15,398</u> |
| Administration: | | | |
| Salaries and employee benefits | 494,466 | 486,315 | 8,151 |
| Operating expenditures | 60,977 | 50,418 | 10,559 |
| | <u>555,443</u> | <u>536,733</u> | <u>18,710</u> |
| Human resources: | | | |
| Salaries and employee benefits | 220,826 | 220,374 | 452 |
| Operating expenditures | 48,945 | 29,734 | 19,211 |
| | <u>269,771</u> | <u>250,108</u> | <u>19,663</u> |
| Finance: | | | |
| Salaries and employee benefits | 297,795 | 295,008 | 2,787 |
| Operating expenditures | 21,410 | 10,872 | 10,538 |
| Professional services | 58,200 | 39,489 | 18,711 |
| Capital outlay | 1,200 | 1,200 | - |
| | <u>378,605</u> | <u>346,569</u> | <u>32,036</u> |
| Internal Services: | | | |
| Operating expenditures | 367,832 | 313,424 | 54,408 |
| | <u>367,832</u> | <u>313,424</u> | <u>54,408</u> |
| Tax administration: | | | |
| Salaries and employee benefits | 805,570 | 800,623 | 4,947 |
| Operating expenditures | 122,215 | 89,157 | 33,058 |
| Contracted services | 59,200 | 43,179 | 16,021 |
| Professional services | 46,745 | 37,932 | 8,813 |
| Capital outlay | 1,000 | - | 1,000 |
| | <u>1,034,730</u> | <u>970,891</u> | <u>63,839</u> |

(Continued)

LEE COUNTY, NORTH CAROLINA
General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Continued)
For the Year Ended June 30, 2010

| | <u>Budget</u> | <u>Actual</u> | <u>Variance With Final Budget Over/(Under)</u> |
|---------------------------------|------------------|------------------|--|
| Expenditures: (Continued) | | | |
| General government: (Continued) | | | |
| Strategic Services | | | |
| Salaries and employee benefits | \$ 314,400 | \$ 314,073 | \$ 327 |
| Operating expenditures | 39,714 | 34,333 | 5,381 |
| | <u>354,114</u> | <u>348,406</u> | <u>5,708</u> |
| Court facilities: | | | |
| Operating expenditures | 5,365 | 2,356 | 3,009 |
| Capital outlay | 1,176 | - | 1,176 |
| | <u>6,541</u> | <u>2,356</u> | <u>4,185</u> |
| Elections: | | | |
| Salaries and employee benefits | 132,210 | 131,553 | 657 |
| Operating expenditures | 141,022 | 107,132 | 33,890 |
| | <u>273,232</u> | <u>238,685</u> | <u>34,547</u> |
| Register of deeds: | | | |
| Salaries and employee benefits | 253,695 | 252,260 | 1,435 |
| Operating expenditures | 56,093 | 52,278 | 3,815 |
| | <u>309,788</u> | <u>304,538</u> | <u>5,250</u> |
| Information technology: | | | |
| Salaries and employee benefits | 255,201 | 253,321 | 1,880 |
| Operating expenditures | 241,793 | 182,299 | 59,494 |
| Contracted services | 301,704 | 258,892 | 42,812 |
| Capital outlay | 146,513 | 145,924 | 589 |
| | <u>945,211</u> | <u>840,436</u> | <u>104,775</u> |
| Buildings and grounds: | | | |
| Salaries and employee benefits | 1,368,807 | 1,320,701 | 48,106 |
| Operating expenditures | 1,066,256 | 866,746 | 199,510 |
| Capital outlay | 83,412 | 69,568 | 13,844 |
| | <u>2,518,475</u> | <u>2,257,015</u> | <u>261,460</u> |
| Total general government | <u>7,208,659</u> | <u>6,588,680</u> | <u>619,979</u> |

(Continued)

LEE COUNTY, NORTH CAROLINA
General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Continued)
For the Year Ended June 30, 2010

| | <u>Budget</u> | <u>Actual</u> | <u>Variance With Final Budget Over/(Under)</u> |
|---------------------------------|------------------|------------------|--|
| Expenditures: (Continued) | | | |
| Public safety: | | | |
| Sheriff : | | | |
| Salaries and employee benefits | \$ 3,238,229 | \$ 3,184,798 | \$ 53,431 |
| Operating expenditures | 621,161 | 552,550 | 68,611 |
| Capital outlay | 239,048 | 212,363 | 26,685 |
| | <u>4,098,438</u> | <u>3,949,711</u> | <u>148,727</u> |
| Jail: | | | |
| Salaries and employee benefits | 1,237,377 | 1,187,420 | 49,957 |
| Operating expenditures | 865,713 | 818,271 | 47,442 |
| Capital outlay | 131,620 | 87,163 | 44,457 |
| | <u>2,234,710</u> | <u>2,092,854</u> | <u>141,856</u> |
| E911 Service | <u>189,501</u> | <u>189,501</u> | <u>-</u> |
| State fire control contribution | <u>86,438</u> | <u>72,546</u> | <u>13,892</u> |
| Inspections: | | | |
| Contracted services | <u>59,454</u> | <u>34,533</u> | <u>24,921</u> |
| Medical examiner: | | | |
| Professional services | <u>32,000</u> | <u>33,000</u> | <u>(1,000)</u> |
| Juvenile detention | <u>65,000</u> | <u>50,107</u> | <u>14,893</u> |
| Juvenile probation | <u>13,905</u> | <u>13,740</u> | <u>165</u> |
| Emergency medical services: | | | |
| Contracted services | <u>525,000</u> | <u>525,000</u> | <u>-</u> |
| Emergency services: | | | |
| Salaries and employee benefits | 103,847 | 103,394 | 453 |
| Operating expenditures | 138,047 | 84,313 | 53,734 |
| Capital outlay | 48,860 | 18,799 | 30,061 |
| | <u>290,754</u> | <u>206,506</u> | <u>84,248</u> |
| Fire Marshall: | | | |
| Salaries and employee benefits | 182,944 | 178,001 | 4,943 |
| Operating expenditures | 78,956 | 59,288 | 19,668 |
| Capital outlay | 23,130 | 18,983 | 4,147 |
| | <u>285,030</u> | <u>256,272</u> | <u>28,758</u> |
| Total public safety | <u>7,880,230</u> | <u>7,423,770</u> | <u>456,460</u> |

(Continued)

LEE COUNTY, NORTH CAROLINA
General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Continued)
For the Year Ended June 30, 2010

| | <u>Budget</u> | <u>Actual</u> | <u>Variance With Final Budget Over/(Under)</u> |
|---|------------------|------------------|--|
| Expenditures: (Continued) | | | |
| Economic and physical development: | | | |
| Economic development: | | | |
| Salaries and employee benefits | \$ 175,318 | \$ 175,042 | \$ 276 |
| Operating expenditures | 862,943 | 829,031 | 33,912 |
| | <u>1,038,261</u> | <u>1,004,073</u> | <u>34,188</u> |
| Planning and zoning: | | | |
| Contracted services | 365,571 | 365,571 | - |
| Agricultural extension: | | | |
| Salaries and employee benefits | 162,848 | 133,131 | 29,717 |
| Operating expenditures | 19,075 | 14,414 | 4,661 |
| | <u>181,923</u> | <u>147,545</u> | <u>34,378</u> |
| Conservation: | | | |
| Salaries and employee benefits | 104,890 | 91,135 | 13,755 |
| Operating expenditures | 9,835 | 7,741 | 2,094 |
| | <u>114,725</u> | <u>98,876</u> | <u>15,849</u> |
| Total economic and physical development | <u>1,700,480</u> | <u>1,616,065</u> | <u>84,415</u> |
| Human services: | | | |
| Health: | | | |
| Administration: | | | |
| Salaries and employee benefits | 566,292 | 569,973 | (3,681) |
| Operating expenditures | 61,624 | 52,470 | 9,154 |
| Contracted services | 5,655 | 5,623 | 32 |
| Capital outlay | 500 | 500 | - |
| | <u>634,071</u> | <u>628,566</u> | <u>5,505</u> |
| Maternal health: | | | |
| Salaries and employee benefits | 175,831 | 168,429 | 7,402 |
| Operating expenditures | 47,715 | 39,900 | 7,815 |
| | <u>223,546</u> | <u>208,329</u> | <u>15,217</u> |
| Child health: | | | |
| Salaries and employee benefits | 79,422 | 76,184 | 3,238 |
| Operating expenditures | 9,963 | 6,048 | 3,915 |
| | <u>89,385</u> | <u>82,232</u> | <u>7,153</u> |

(Continued)

LEE COUNTY, NORTH CAROLINA
General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Continued)
For the Year Ended June 30, 2010

| | <u>Budget</u> | <u>Actual</u> | <u>Variance With Final Budget Over/(Under)</u> |
|--------------------------------|----------------|----------------|--|
| Expenditures: (Continued) | | | |
| Human services: (Continued) | | | |
| Health: (Continued) | | | |
| Primary care: | | | |
| Salaries and employee benefits | \$ 51,817 | \$ 48,507 | \$ 3,310 |
| Operating expenditures | 19,525 | 15,185 | 4,340 |
| | <u>71,342</u> | <u>63,692</u> | <u>7,650</u> |
| Health promotion: | | | |
| Salaries and employee benefits | 96,942 | 96,546 | 396 |
| Operating expenditures | 35,961 | 28,881 | 7,080 |
| | <u>132,903</u> | <u>125,427</u> | <u>7,476</u> |
| WIC - Client services: | | | |
| Salaries and employee benefits | 219,213 | 182,467 | 36,746 |
| Operating expenditures | 49,554 | 11,589 | 37,965 |
| Capital outlay | 4,200 | 3,654 | 546 |
| | <u>272,967</u> | <u>197,710</u> | <u>75,257</u> |
| Family planning: | | | |
| Salaries and employee benefits | 127,554 | 105,801 | 21,753 |
| Operating expenditures | 62,346 | 51,144 | 11,202 |
| | <u>189,900</u> | <u>156,945</u> | <u>32,955</u> |
| Animal control: | | | |
| Salaries and employee benefits | 228,613 | 207,761 | 20,852 |
| Operating expenditures | 84,072 | 63,420 | 20,652 |
| | <u>312,685</u> | <u>271,181</u> | <u>41,504</u> |
| Environmental health: | | | |
| Salaries and employee benefits | 466,198 | 439,528 | 26,670 |
| Operating expenditures | 30,535 | 16,319 | 14,216 |
| | <u>496,733</u> | <u>455,847</u> | <u>40,886</u> |
| Aids control: | | | |
| Salaries and employee benefits | 48,561 | 47,521 | 1,040 |
| Operating expenditures | 1,234 | - | 1,234 |
| | <u>49,795</u> | <u>47,521</u> | <u>2,274</u> |

(Continued)

LEE COUNTY, NORTH CAROLINA
General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Continued)
For the Year Ended June 30, 2010

| | <u>Budget</u> | <u>Actual</u> | <u>Variance With Final Budget Over/(Under)</u> |
|---------------------------------|----------------|----------------|--|
| Expenditures: (Continued) | | | |
| Human services: (Continued) | | | |
| Health: (Continued) | | | |
| Bioterrorism: | | | |
| Salaries and employee benefits | \$ - | \$ 986 | \$ (986) |
| Operating expenditures | 17,058 | 4,251 | 12,807 |
| Capital outlay | 7,500 | - | 7,500 |
| | <u>24,558</u> | <u>5,237</u> | <u>19,321</u> |
| H1N1 | | | |
| Salaries and employee benefits | 147,618 | 42,073 | 105,545 |
| Operating expenditures | 59,212 | 6,708 | 52,504 |
| | <u>206,830</u> | <u>48,781</u> | <u>158,049</u> |
| WIC - Breastfeeding: | | | |
| Salaries and employee benefits | 14,227 | 13,236 | 991 |
| Operating expenditures | 7,903 | 2,355 | 5,548 |
| | <u>22,130</u> | <u>15,591</u> | <u>6,539</u> |
| Child service coordinator: | | | |
| Salaries and employee benefits | 68,669 | 77,247 | (8,578) |
| Operating expenditures | 5,461 | 1,568 | 3,893 |
| | <u>74,130</u> | <u>78,815</u> | <u>(4,685)</u> |
| Communicable diseases: | | | |
| Salaries and employee benefits | 149,265 | 144,608 | 4,657 |
| Operating expenditures | 18,427 | 13,133 | 5,294 |
| | <u>167,692</u> | <u>157,741</u> | <u>9,951</u> |
| Breast/cervical cancer control: | | | |
| Salaries and employee benefits | 16,755 | 16,332 | 423 |
| Operating expenditures | 11,016 | 7,482 | 3,534 |
| | <u>27,771</u> | <u>23,814</u> | <u>3,957</u> |
| Immunizations: | | | |
| Salaries and employee benefits | 65,674 | 59,582 | 6,092 |
| Operating expenditures | 3,271 | 2,746 | 525 |
| Capital outlay | 7,000 | 6,010 | 990 |
| | <u>75,945</u> | <u>68,338</u> | <u>7,607</u> |

(Continued)

LEE COUNTY, NORTH CAROLINA
General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Continued)
For the Year Ended June 30, 2010

| | <u>Budget</u> | <u>Actual</u> | <u>Variance With Final Budget Over/(Under)</u> |
|-----------------------------------|------------------|------------------|--|
| Expenditures: (Continued) | | | |
| Human services: (Continued) | | | |
| Health: (Continued) | | | |
| Dental: | | | |
| Salaries and employee benefits | \$ 5,467 | \$ 5,466 | \$ 1 |
| | <u>5,467</u> | <u>5,466</u> | <u>1</u> |
| Health check coordination: | | | |
| Salaries and employee benefits | 41,162 | 22,470 | 18,692 |
| Operating expenditures | 3,359 | 180 | 3,179 |
| | <u>44,521</u> | <u>22,650</u> | <u>21,871</u> |
| WIC - General administration: | | | |
| Salaries and employee benefits | 10,126 | 8,636 | 1,490 |
| Operating expenditures | 3,633 | 2,735 | 898 |
| | <u>13,759</u> | <u>11,371</u> | <u>2,388</u> |
| WIC - Nutrition education: | | | |
| Salaries and employee benefits | 54,117 | 48,589 | 5,528 |
| Operating expenditures | 15,699 | 6,430 | 9,269 |
| | <u>69,816</u> | <u>55,019</u> | <u>14,797</u> |
| Total health | <u>3,205,946</u> | <u>2,730,273</u> | <u>475,673</u> |
| Social services: | | | |
| Social services - administration: | | | |
| Salaries and employee benefits | 4,724,199 | 4,578,237 | 145,962 |
| Operating expenditures | 590,823 | 485,749 | 105,074 |
| Contracted services | 49,944 | 32,316 | 17,628 |
| Professional services | 107,168 | 69,784 | 37,384 |
| Capital outlay | 29,867 | 26,345 | 3,522 |
| | <u>5,502,001</u> | <u>5,192,431</u> | <u>309,570</u> |
| Social services - programs | <u>4,433,300</u> | <u>3,922,726</u> | <u>510,574</u> |
| Total social services | <u>9,935,301</u> | <u>9,115,157</u> | <u>820,144</u> |

(Continued)

LEE COUNTY, NORTH CAROLINA
General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Continued)
For the Year Ended June 30, 2010

| | <u>Budget</u> | <u>Actual</u> | <u>Variance With Final Budget Over/(Under)</u> |
|-----------------------------------|----------------|----------------|--|
| Expenditures: (Continued) | | | |
| Human services: (Continued) | | | |
| Mental health | \$ 240,000 | \$ 240,000 | \$ - |
| Lee County Industries | 4,800 | 4,800 | - |
| Senior services - transportation: | | | |
| Salaries and employee benefits | 419,492 | 417,769 | 1,723 |
| Operating expenditures | 201,731 | 178,181 | 23,550 |
| Capital outlay | 45,305 | 44,250 | 1,055 |
| | <u>666,528</u> | <u>640,200</u> | <u>26,328</u> |
| Senior services - general: | | | |
| Salaries and employee benefits | 562,531 | 545,846 | 16,685 |
| Operating expenditures | 220,754 | 176,462 | 44,292 |
| Contracted services | 142,049 | 120,840 | 21,209 |
| Capital outlay | 6,632 | 6,627 | 5 |
| | <u>931,966</u> | <u>849,775</u> | <u>82,191</u> |
| Johnston-Lee Community Action | 13,440 | 13,440 | - |
| HAVEN | 9,600 | 9,600 | - |
| Youth services: | | | |
| Salaries and employee benefits | 107,321 | 101,758 | 5,563 |
| Operating expenditures | 26,764 | 14,345 | 12,419 |
| | <u>134,085</u> | <u>116,103</u> | <u>17,982</u> |
| Thanks: | | | |
| Salaries and employee benefits | 49,903 | 5,993 | 43,910 |
| Operating expenditures | 8,736 | (21) | 8,757 |
| | <u>58,639</u> | <u>5,972</u> | <u>52,667</u> |
| Hillcrest: | | | |
| Salaries and employee benefits | 285,034 | 254,859 | 30,175 |
| Operating expenditures | 46,095 | 19,795 | 26,300 |
| | <u>331,129</u> | <u>274,654</u> | <u>56,475</u> |

(Continued)

LEE COUNTY, NORTH CAROLINA
General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Continued)
For the Year Ended June 30, 2010

| | <u>Budget</u> | <u>Actual</u> | <u>Variance With Final Budget Over/(Under)</u> |
|-------------------------------------|-------------------|-------------------|--|
| Expenditures: (Continued) | | | |
| Human services: (Continued) | | | |
| Pretrial release | | | |
| Salaries and employee benefits | \$ 59,300 | \$ 59,487 | \$ (187) |
| Operating expenditures | 8,240 | 4,188 | 4,052 |
| Capital outlay | 3,000 | 3,000 | - |
| | <u>70,540</u> | <u>66,675</u> | <u>3,865</u> |
| WIA - Youth Employment | | | |
| Salaries and employee benefits | 68,922 | 32,923 | 35,999 |
| Operating expenditures | 63,682 | 7,879 | 55,803 |
| Capital outlay | 1,900 | 1,680 | 220 |
| | <u>134,504</u> | <u>42,482</u> | <u>92,022</u> |
| Emergency and contingency | <u>34,534</u> | <u>967</u> | <u>33,567</u> |
| Total human services | <u>15,771,012</u> | <u>14,110,098</u> | <u>1,660,914</u> |
| Education: | | | |
| Lee County Board of Education: | | | |
| Current appropriation | 14,978,050 | 14,978,050 | - |
| Capital outlay | 2,570,029 | 2,187,547 | 382,482 |
| Central Carolina Community College: | | | |
| Current appropriation | 2,248,564 | 2,248,564 | - |
| Capital outlay | 193,074 | 193,074 | - |
| Total education | <u>19,989,717</u> | <u>19,607,235</u> | <u>382,482</u> |
| Cultural and recreational: | | | |
| Parks and recreation: | | | |
| Salaries and employee benefits | 767,761 | 728,534 | 39,227 |
| Operating expenditures | 347,832 | 312,827 | 35,005 |
| Professional services | 56,715 | 55,800 | 915 |
| Capital outlay | 62,700 | 13,422 | 49,278 |
| | <u>1,235,008</u> | <u>1,110,583</u> | <u>124,425</u> |
| Libraries: | | | |
| Salaries and employee benefits | 470,995 | 470,243 | 752 |
| Operating expenditures | 223,742 | 157,758 | 65,984 |
| Capital outlay | 17,620 | 17,620 | - |
| | <u>712,357</u> | <u>645,621</u> | <u>66,736</u> |

(Continued)

LEE COUNTY, NORTH CAROLINA
General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Continued)
For the Year Ended June 30, 2010

| | <u>Budget</u> | <u>Actual</u> | <u>Variance With Final Budget Over/(Under)</u> |
|--|--------------------|----------------------|--|
| Expenditures: (Continued) | | | |
| Cultural and recreational: (Continued) | | | |
| Temple Theater | \$ 8,640 | \$ 8,640 | \$ - |
| Arts Council | <u>2,400</u> | <u>2,400</u> | <u>-</u> |
| Total cultural and recreational | <u>1,958,405</u> | <u>1,767,244</u> | <u>191,161</u> |
| Debt service: | | | |
| Principal retirement | 4,110,000 | 4,110,000 | - |
| Interest and fees | 2,696,582 | 2,697,346 | (764) |
| Capital lease payments - principal | 327,974 | 327,974 | - |
| Capital lease payments - interest | <u>55,106</u> | <u>54,424</u> | <u>682</u> |
| Total debt service | <u>7,189,662</u> | <u>7,189,744</u> | <u>(82)</u> |
| Total expenditures | <u>61,698,165</u> | <u>58,302,836</u> | <u>3,395,329</u> |
| Revenues over (under) expenditures | <u>(7,418,784)</u> | <u>(3,458,302)</u> | <u>3,960,482</u> |
| Other financing sources (uses): | | | |
| Transfers from other funds: | | | |
| Special Revenue Funds | 5,478,354 | 4,594,273 | (884,081) |
| Capital Projects Fund | 1,129,246 | 1,361,427 | 232,181 |
| Transfers to other funds: | | | |
| Special Revenue Funds | (601,000) | (601,000) | - |
| Capital Projects Fund | <u>(1,448,716)</u> | <u>(1,448,716)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>4,557,884</u> | <u>3,905,984</u> | <u>(651,900)</u> |
| Revenues and other financing sources over (under) expenditures and other financing uses | (2,860,900) | 447,682 | 3,308,582 |
| Appropriated fund balance | <u>2,860,900</u> | <u>-</u> | <u>(2,860,900)</u> |
| Net change in fund balance | <u>\$ -</u> | 447,682 | <u>\$ 447,682</u> |
| Fund balance, beginning of year | | <u>15,723,124</u> | |
| Fund balance, end of year | | <u>\$ 16,170,806</u> | |

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MAJOR CAPITAL PROJECT FUND

Lee County High School Renovations Project Fund –
Accounts for the debt issuance and construction costs for
renovations and additions at Lee County High School.

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LEE COUNTY, NORTH CAROLINA
Lee County High School Renovations Project Fund - Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and for the Year Ended June 30, 2010

| | Project Budget | Actual | | Total to Date |
|--|---------------------|----------------------|-------------|----------------------|
| | Current Year | Prior Years | | |
| Revenues: | | | | |
| Investment earnings | \$ - | \$ 4,855 | \$ - | \$ 4,855 |
| Expenditures: | | | | |
| Capital outlay: | | | | |
| Education | 22,677,688 | 1,878,976 | - | 1,878,976 |
| Revenues over (under) expenditures | <u>(22,677,688)</u> | <u>(1,874,121)</u> | - | <u>(1,874,121)</u> |
| Other financing sources (uses): | | | | |
| Qualified Zone Academy Bonds issued | 4,000,000 | 4,000,000 | - | 4,000,000 |
| Qualified School Construction Bonds issued | 6,677,688 | 6,678,064 | - | 6,678,064 |
| Recovery Zone Economic Development Bonds issued | <u>12,000,000</u> | <u>12,000,000</u> | - | <u>12,000,000</u> |
| Total other financing sources (uses) | <u>22,677,688</u> | <u>22,678,064</u> | - | <u>22,678,064</u> |
| Net change in fund balance | <u>\$ -</u> | 20,803,943 | <u>\$ -</u> | <u>\$ 20,803,943</u> |
| Fund balance, beginning of year | | - | | |
| Fund balance, end of year | | <u>\$ 20,803,943</u> | | |

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NONMAJOR GOVERNMENTAL FUNDS

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LEE COUNTY, NORTH CAROLINA
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2010

| | <u>Total Nonmajor Special Revenue Funds</u> | <u>Total Nonmajor Capital Project Funds</u> | <u>Total Nonmajor Governmental Funds</u> |
|---|---|---|--|
| Assets | | | |
| Cash and investments | \$ 3,663,221 | \$ 2,146,955 | \$ 5,810,176 |
| Taxes receivable - net | 105,629 | - | 105,629 |
| Accounts receivable - net | 41,450 | 94,312 | 135,762 |
| Accrued interest receivable | 3,413 | 137 | 3,550 |
| Cash and investments - restricted | <u>-</u> | <u>786,029</u> | <u>786,029</u> |
| Total assets | <u>\$ 3,813,713</u> | <u>\$ 3,027,433</u> | <u>\$ 6,841,146</u> |
| Liabilities and Fund Balances | | | |
| Liabilities: | | | |
| Accounts payable and accrued liabilities | \$ 67,744 | \$ 333,400 | \$ 401,144 |
| Deferred revenues | <u>111,817</u> | <u>-</u> | <u>111,817</u> |
| Total liabilities | <u>179,561</u> | <u>333,400</u> | <u>512,961</u> |
| Fund balances: | | | |
| Reserved by State statute | 44,863 | - | 44,863 |
| Reserved for encumbrances | - | 701,884 | 701,884 |
| Unreserved: | | | |
| Designated for subsequent year's expenditures | 962,853 | - | 962,853 |
| Undesignated | <u>2,626,436</u> | <u>1,992,149</u> | <u>4,618,585</u> |
| Total fund balances | <u>3,634,152</u> | <u>2,694,033</u> | <u>6,328,185</u> |
| Total liabilities and fund balances | <u>\$ 3,813,713</u> | <u>\$ 3,027,433</u> | <u>\$ 6,841,146</u> |

LEE COUNTY, NORTH CAROLINA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds
For the Year Ended June 30, 2010

| | Total Nonmajor Special Revenue Funds | Total Nonmajor Capital Project Funds | Total Nonmajor Governmental Funds |
|--------------------------------------|--|--|--|
| | <u> </u> | <u> </u> | <u> </u> |
| Revenues: | | | |
| Ad valorem taxes | \$ 2,452,191 | \$ - | \$ 2,452,191 |
| Local option sales taxes | 1,315,050 | - | 1,315,050 |
| Other taxes and licenses | 635,468 | - | 635,468 |
| Restricted intergovernmental | 1,243,918 | 236,587 | 1,480,505 |
| Investment earnings | 31,401 | 2,104 | 33,505 |
| Other revenues | - | 107,000 | 107,000 |
| Total revenues | <u>5,678,028</u> | <u>345,691</u> | <u>6,023,719</u> |
| Expenditures: | | | |
| Current: | | | |
| Public safety | 2,127,607 | - | 2,127,607 |
| Economic and physical development | 89,272 | 944,366 | 1,033,638 |
| Education | <u>175,508</u> | <u>165,377</u> | <u>340,885</u> |
| Total expenditures | <u>2,392,387</u> | <u>1,109,743</u> | <u>3,502,130</u> |
| Revenues over (under) expenditures | <u>3,285,641</u> | <u>(764,052)</u> | <u>2,521,589</u> |
| Other financing sources (Uses): | | | |
| Transfers from other funds | - | 1,448,716 | 1,448,716 |
| Transfers to other funds | <u>(3,993,273)</u> | <u>(1,361,427)</u> | <u>(5,354,700)</u> |
| Total other financing sources (uses) | <u>(3,993,273)</u> | <u>87,289</u> | <u>(3,905,984)</u> |
| Net change in fund balances | (707,632) | (676,763) | (1,384,395) |
| Fund balance, beginning of year | <u>4,341,784</u> | <u>3,370,796</u> | <u>7,712,580</u> |
| Fund balance, end of year | <u>\$ 3,634,152</u> | <u>\$ 2,694,033</u> | <u>\$ 6,328,185</u> |

NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources or to finance specified activities as required by law or administrative regulation.

The following comprise the County's Special Revenue Funds:

- *Fire Protection Fund* - Accounts for the ad valorem tax levies of the nine fire districts in Lee County.
- *Capital Projects Outlay Fund* - Is used as a capital reserve fund and accounts for the accumulation of resources to be used for future construction projects.
- *School Capital Outlay Fund* - Accounts for the restricted portions of the Article 40 and Article 42 sales taxes.
- *Room Occupancy Tax Fund* - Accounts for room occupancy tax collected in Lee County.
- *Emergency Telephone System Fund* - Accounts for the E-911 surcharge levied on all Lee County telephone subscribers.
- *Airport Tax Revenue Fund* – Accounts for the tax revenue collected on personal property located at the Sanford-Lee County Regional Airport.
- *Drug Seizure Fund* – Accounts for payments received from drug seizures.

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LEE COUNTY, NORTH CAROLINA
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2010

| | Fire Protection Fund | Capital Projects Outlay Fund | School Capital Outlay Fund | Room Occupancy Tax Fund | Emergency Telephone System Fund | Airport Tax Revenue Fund | Drug Seizure Funds | Totals |
|-----------------------------|----------------------|------------------------------|----------------------------|-------------------------|---------------------------------|--------------------------|--------------------|---------------------|
| Assets | | | | | | | | |
| Cash and investments | \$ 301,369 | \$ 1,273,326 | \$ - | \$ 71,452 | \$ 1,312,075 | \$ 629,048 | \$ 75,951 | \$ 3,663,221 |
| Taxes receivable - net | 96,904 | - | - | - | - | 8,725 | - | 105,629 |
| Accounts receivable | - | - | - | - | 39,709 | - | 1,741 | 41,450 |
| Accrued interest receivable | 281 | 1,186 | - | 66 | 1,223 | 586 | 71 | 3,413 |
| Total assets | \$ 398,554 | \$ 1,274,512 | \$ - | \$ 71,518 | \$ 1,353,007 | \$ 638,359 | \$ 77,763 | \$ 3,813,713 |

Liabilities and Fund Balances

| | | | | | | | | |
|---|-------------------|---------------------|-------------|------------------|---------------------|-------------------|------------------|---------------------|
| Liabilities: | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ 63,759 | \$ - | \$ 3,985 | \$ 67,744 |
| Deferred revenues | 103,092 | - | - | - | - | 8,725 | - | 111,817 |
| Total liabilities | 103,092 | - | - | - | 63,759 | 8,725 | 3,985 | 179,561 |
| Fund balances: | | | | | | | | |
| Reserved by State statute | 281 | 1,186 | - | 66 | 40,932 | 586 | 1,812 | 44,863 |
| Unreserved: | | | | | | | | |
| Designated for subsequent year's expenditures | 216,000 | 445,116 | - | 39,857 | 230,000 | 21,880 | 10,000 | 962,853 |
| Undesignated | 79,181 | 828,210 | - | 31,595 | 1,018,316 | 607,168 | 61,966 | 2,626,436 |
| Total fund balances | 295,462 | 1,274,512 | \$ - | 71,518 | 1,289,248 | 629,634 | 73,778 | 3,634,152 |
| Total liabilities and fund balances | \$ 398,554 | \$ 1,274,512 | \$ - | \$ 71,518 | \$ 1,353,007 | \$ 638,359 | \$ 77,763 | \$ 3,813,713 |

LEE COUNTY, NORTH CAROLINA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2010

| | Fire Protection Fund | Capital Projects Outlay Fund | School Capital Outlay Fund | Room Occupancy Tax Fund | Emergency Telephone System Fund | Airport Tax Revenue Fund | Drug Seizure Fund | Totals |
|--------------------------------------|----------------------------|---------------------------------------|-------------------------------------|----------------------------------|--|-----------------------------------|-------------------------|---------------------|
| Revenues: | | | | | | | | |
| Ad valorem taxes | \$ 2,218,860 | - | \$ - | - | \$ - | \$ 233,331 | - | \$ 2,452,191 |
| Local option sales taxes | - | - | 1,315,050 | - | - | - | - | 1,315,050 |
| Other taxes and licenses | - | - | - | 158,957 | 476,511 | - | - | 635,468 |
| Restricted intergovernmental | - | - | 1,200,400 | - | - | - | 43,518 | 1,243,918 |
| Investment earnings | 367 | 14,186 | (572) | 646 | 11,566 | 4,333 | 875 | 31,401 |
| Total revenues | <u>2,219,227</u> | <u>14,186</u> | <u>2,514,878</u> | <u>159,603</u> | <u>488,077</u> | <u>237,664</u> | <u>44,393</u> | <u>5,678,028</u> |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| General government: | | | | | | | | |
| Public safety | 1,761,924 | - | - | - | 327,183 | - | 38,500 | 2,127,607 |
| Economic and physical development | - | - | - | - | - | 89,272 | - | 89,272 |
| Education | - | - | - | 175,508 | - | - | - | 175,508 |
| Total expenditures | <u>1,761,924</u> | <u>-</u> | <u>-</u> | <u>175,508</u> | <u>327,183</u> | <u>89,272</u> | <u>38,500</u> | <u>2,392,387</u> |
| Revenues over (under) expenditures | 457,303 | 14,186 | 2,514,878 | (15,905) | 160,894 | 148,392 | 5,893 | 3,285,641 |
| Other financing sources (uses): | | | | | | | | |
| Transfers in (out): | | | | | | | | |
| General Fund | (283,048) | (570,056) | (3,094,169) | - | (3,000) | - | (43,000) | (3,993,273) |
| Total other financing sources (uses) | <u>(283,048)</u> | <u>(570,056)</u> | <u>(3,094,169)</u> | <u>-</u> | <u>(3,000)</u> | <u>-</u> | <u>(43,000)</u> | <u>(3,993,273)</u> |
| Net changes in fund balances | 174,255 | (555,870) | (579,291) | (15,905) | 157,894 | 148,392 | (37,107) | (707,632) |
| Fund balances, beginning of year | 121,207 | 1,830,382 | 579,291 | 87,423 | 1,131,354 | 481,242 | 110,885 | 4,341,784 |
| Fund balances, end of year | <u>\$ 295,462</u> | <u>\$ 1,274,512</u> | <u>\$ -</u> | <u>\$ 71,518</u> | <u>\$ 1,289,248</u> | <u>\$ 629,634</u> | <u>\$ 73,778</u> | <u>\$ 3,634,152</u> |

LEE COUNTY, NORTH CAROLINA
Fire Protection Fund - Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2010

| | Budget | Actual | Variance With Final Budget Over/(Under) |
|--|------------------|-------------------|---|
| Revenues: | | | |
| Ad valorem taxes: | | | |
| Current year | \$ 2,019,004 | \$ 2,145,568 | \$ 126,564 |
| Prior years | - | 73,292 | 73,292 |
| Total ad valorem taxes | <u>2,019,004</u> | <u>2,218,860</u> | <u>199,856</u> |
| Investment earnings | - | 367 | 367 |
| Total revenues | <u>2,019,004</u> | <u>2,219,227</u> | <u>200,223</u> |
| Expenditures: | | | |
| Public safety | <u>1,762,224</u> | <u>1,761,924</u> | <u>300</u> |
| Revenues over (under) expenditures | 256,780 | 457,303 | 200,523 |
| Other financing sources (uses): | | | |
| Transfers in (out): | | | |
| General Fund | <u>(283,048)</u> | <u>(283,048)</u> | <u>-</u> |
| Revenues and other financing sources over (under) expenditures and other financing uses | (26,268) | 174,255 | 200,523 |
| Appropriated fund balance | <u>26,268</u> | - | <u>(26,268)</u> |
| Net change in fund balance | <u>\$ -</u> | 174,255 | <u>\$ 174,255</u> |
| Fund balance, beginning of year | | <u>121,207</u> | |
| Fund balance, end of year | | <u>\$ 295,462</u> | |

LEE COUNTY, NORTH CAROLINA
Capital Projects Outlay Fund - Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2010

| | Budget | Actual | Variance With Final Budget Over/(Under) |
|---|-------------|--------------|---|
| Revenues: | | | |
| Investment earnings | \$ - | \$ 14,186 | \$ 14,186 |
| Revenues over (under) expenditures | - | 14,186 | 14,186 |
| Other financing sources (uses): | | | |
| Transfers in (out): | | | |
| General Fund | 601,000 | 601,000 | - |
| General Fund | (1,171,056) | (1,171,056) | - |
| Total other financing sources (uses) | (570,056) | (570,056) | - |
| Revenues and other financing sources over (under) expenditures and other financing uses | (570,056) | (555,870) | 14,186 |
| Appropriated fund balance | 570,056 | - | (570,056) |
| Net change in fund balance | \$ - | (555,870) | \$ (555,870) |
| Fund balance, beginning of year | | 1,830,382 | |
| Fund balance, end of year | | \$ 1,274,512 | |

LEE COUNTY, NORTH CAROLINA
School Capital Outlay Fund - Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2010

| | Budget | Actual | Variance With Final Budget Over/(Under) |
|---|--------------|--------------|---|
| Revenues: | | | |
| Local option sales taxes | \$ 1,898,975 | \$ 1,315,050 | \$ (583,925) |
| Restricted intergovernmental revenues: | | | |
| Public School Building Capital Fund | 519,771 | - | (519,771) |
| Public School Building Capital Fund-Lottery | 1,616,198 | 1,200,400 | (415,798) |
| Investment earnings | - | (572) | (572) |
| Total revenues | 4,034,944 | 2,514,878 | (1,520,066) |
| Revenues over (under) expenditures | 4,034,944 | 2,514,878 | (1,520,066) |
| Other financing sources (uses): | | | |
| Transfers in (out): | | | |
| General Fund | (4,034,944) | (3,094,169) | 940,775 |
| Net change in fund balance | \$ - | (579,291) | \$ (579,291) |
| Fund balance, beginning of year | | 579,291 | |
| Fund balance, end of year | | \$ - | |

LEE COUNTY, NORTH CAROLINA
Room Occupancy Tax Fund - Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2010

| | Budget | Actual | Variance With Final Budget Over/(Under) |
|------------------------------------|------------|------------|---|
| Revenues: | | | |
| Other taxes and licenses: | | | |
| Room occupancy tax | \$ 155,000 | \$ 158,957 | \$ 3,957 |
| Investment earnings | - | 646 | 646 |
| Total revenues | 155,000 | 159,603 | 4,603 |
| Expenditures: | | | |
| Education - CCCC appropriation | 175,508 | 175,508 | - |
| Revenues over (under) expenditures | (20,508) | (15,905) | 4,603 |
| Appropriated fund balance | 20,508 | - | (20,508) |
| Net change in fund balance | \$ - | (15,905) | \$ (15,905) |
| Fund balance, beginning of year | | 87,423 | |
| Fund balance, end of year | | \$ 71,518 | |

LEE COUNTY, NORTH CAROLINA
Emergency Telephone System Fund - Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2010

| | Budget | Actual | Variance With Final Budget Over/(Under) |
|--|------------|--------------|---|
| Revenues: | | | |
| Other taxes and licenses | \$ 346,424 | \$ 476,511 | \$ 130,087 |
| Investment earnings | - | 11,566 | 11,566 |
| Total revenues | 346,424 | 488,077 | 141,653 |
| Expenditures: | | | |
| Public safety | 723,270 | 327,183 | 396,087 |
| Revenues over (under) expenditures | (376,846) | 160,894 | 537,740 |
| Other financing sources (uses): | | | |
| Transfers in (out): | | | |
| General Fund | (3,000) | (3,000) | - |
| Revenues and other financing sources over (under) expenditures and other financing uses | (379,846) | 157,894 | 537,740 |
| Appropriated fund balance | 379,846 | - | (379,846) |
| Net change in fund balance | \$ - | 157,894 | \$ 157,894 |
| Fund balance, beginning of year | | 1,131,354 | |
| Fund balance, end of year | | \$ 1,289,248 | |

LEE COUNTY, NORTH CAROLINA
Airport Tax Revenue Fund - Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2010

| | Budget | Actual | Variance With Final Budget Over/(Under) |
|-----------------------------------|-----------|------------|---|
| Revenues: | | | |
| Ad valorem taxes: | | | |
| Current year | \$ 89,272 | \$ 231,256 | \$ 141,984 |
| Prior years | - | 2,075 | 2,075 |
| Investment earnings | - | 4,333 | 4,333 |
| Total revenues | 89,272 | 237,664 | 148,392 |
| Expenditures: | | | |
| Economic and physical development | 89,272 | 89,272 | - |
| Net change in fund balance | \$ - | 148,392 | \$ 148,392 |
| Fund balance, beginning of year | | 481,242 | |
| Fund balance, end of year | | \$ 629,634 | |

LEE COUNTY, NORTH CAROLINA
Drug Seizure Fund - Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2010

| | <u>Budget</u> | <u>Actual</u> | <u>Variance With Final Budget Over/(Under)</u> |
|---|-----------------|------------------|--|
| Revenues: | | | |
| Intergovernmental revenues | \$ 17,731 | \$ 43,518 | \$ 25,787 |
| Investment earnings | <u>-</u> | <u>875</u> | <u>875</u> |
| Total revenues | <u>17,731</u> | <u>44,393</u> | <u>26,662</u> |
| Expenditures: | | | |
| Public safety | <u>55,839</u> | <u>38,500</u> | <u>17,339</u> |
| Revenues over (under) expenditures | (38,108) | 5,893 | 44,001 |
| Other financing sources (uses): | | | |
| Transfers in (out): | | | |
| General Fund | <u>(43,000)</u> | <u>(43,000)</u> | <u>-</u> |
| Revenues and other financing sources over (under) expenditures and other financing uses | (81,108) | (37,107) | 44,001 |
| Appropriated fund balance | <u>81,108</u> | <u>-</u> | <u>(81,108)</u> |
| Net change in fund balance | <u>\$ -</u> | <u>(37,107)</u> | <u>\$ (37,107)</u> |
| Fund balance, beginning of year | | <u>110,885</u> | |
| Fund balance, end of year | | <u>\$ 73,778</u> | |

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NONMAJOR CAPITAL PROJECT FUNDS

Capital Project Funds account for all resources used for the acquisition and/or construction of major capital facilities other than those financed by Proprietary Funds and Trust Funds.

The following comprise the County's Capital Project Funds:

- *Industrial Park Expansion Fund* – Accounts for the costs associated with the expansion of Lee County's Industrial Park.
- *New High School Construction Fund* – Accounts for the costs associated with construction of a new high school
- *Emergency Services Training Facility Fund* – Accounts for cost of constructing a new Emergency Services Training Facility for Central Carolina Community College
- *Tramway Road Park Fund* – Accounts for the costs of the construction a new park facility located on Tramway Road.
- *Makepeace Street Office Expansion Fund* – Accounts for the costs of expanding the Makepeace Street Office.
- *Middle School Project Fund* – Accounts for the costs associated with the construction of a new middle school.
- *Floyd L. Knight Addition Fund* – Accounts for the costs of adding a multi-purpose gym room to the Floyd L. Knight School.
- *CCCC 2006 COPS Capital Project Fund* – Accounts for the costs associated with renovations and repairs at Central Carolina Community College and Dennis Wicker Civic Center.
- *QZAB School Project Fund* – Accounts for the cost associated with renovations and repairs at various Lee County Schools financed by Qualified Zone Academy Bonds.
- *San-Lee Dam Project Fund* – Accounts for costs of repairing the dam located at San-Lee Park.
- *Fiscal Year 2008 Community Development Block Grant Fund* – Accounts for State funds used to renovate housing.

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LEE COUNTY, NORTH CAROLINA
Combining Balance Sheet - Nonmajor Capital Project Funds
June 30, 2010

| | Industrial Park Expansion Fund | Tramway Road Park Fund | Makepeace Street Office Expansion Fund | Middle School Project Fund | Floyd L. Knight Addition Fund | CCCC 2006 COPS Capital Project Fund | QZAB School Project Fund | San-Lee Dam Project Fund | Fiscal Year 2008 Community Development Block Grant Fund | Totals |
|--|---|---------------------------------|--|-------------------------------------|--|---|-----------------------------------|-----------------------------------|--|---------------------|
| Assets | | | | | | | | | | |
| Cash and investments | \$ - | \$ 167,682 | \$ 344,656 | \$ 283,706 | \$ 62,690 | \$ 63,831 | \$ 25,182 | \$ 1,199,208 | \$ - | \$ 2,146,955 |
| Accounts receivable - net | 53,500 | 1,120 | - | - | - | - | - | 2,993 | 36,699 | 94,312 |
| Accrued interest receivable | - | - | - | 96 | 11 | 6 | 24 | - | - | 137 |
| Cash and investments-restricted | - | - | - | 662,441 | 78,681 | 44,907 | - | - | - | 786,029 |
| Total assets | \$ 53,500 | \$ 168,802 | \$ 344,656 | \$ 946,243 | \$ 141,382 | \$ 108,744 | \$ 25,206 | \$ 1,202,201 | \$ 36,699 | \$ 3,027,433 |
| Liabilities and Fund Balances | | | | | | | | | | |
| Liabilities: | | | | | | | | | | |
| Accounts payable and accrued liabilities | \$ 15,082 | - | \$ - | - | \$ - | - | \$ - | \$ 281,619 | \$ 36,699 | \$ 333,400 |
| Total liabilities | 15,082 | - | \$ - | - | \$ - | - | \$ - | 281,619 | 36,699 | 333,400 |
| Fund balances: | | | | | | | | | | |
| Reserved for encumbrances | - | 10,954 | - | - | - | - | - | 690,930 | - | 701,884 |
| Unreserved - Undesignated | 38,418 | 157,848 | 344,656 | 946,243 | 141,382 | 108,744 | 25,206 | 229,652 | - | 1,992,149 |
| Total fund balance (deficit) | 38,418 | 168,802 | 344,656 | 946,243 | 141,382 | 108,744 | 25,206 | 920,582 | - | 2,694,033 |
| Total liabilities and fund balances | \$ 53,500 | \$ 168,802 | \$ 344,656 | \$ 946,243 | \$ 141,382 | \$ 108,744 | \$ 25,206 | \$ 1,202,201 | \$ 36,699 | \$ 3,027,433 |

LEE COUNTY, NORTH CAROLINA
Combining Statement of Revenues, Expenditures, and Changes in Fund
Balances (Deficit) - Nonmajor Capital Project Funds
For the Year Ended June 30, 2010

| | Industrial Park Expansion Fund | New High School Construction Fund | Emergency Services Training Facility Fund | Tramway Road Park Fund | Makepeace Street Office Expansion Fund | Middle School Project Fund | Floyd L. Knight Addition Fund | CCCC-2006 COPS Capital Project Fund | QZAB School Project Fund | San-Lee Dam Project Fund | Fiscal Year 2008 Community Development Block Grant Fund | Totals |
|--|--------------------------------|-----------------------------------|---|------------------------|--|----------------------------|-------------------------------|-------------------------------------|--------------------------|--------------------------|---|--------------|
| Revenues: | | | | | | | | | | | | |
| Restricted intergovernmental investment earnings | \$ 130 | - | -(527) | -(520) | - | 1,814 | 85 | - | 523 | - | \$ 236,587 | \$ 236,587 |
| Other revenues | 107,000 | - | - | - | - | - | - | 599 | - | - | - | 2,104 |
| Total revenues | 107,130 | - | -(527) | -(520) | - | 1,814 | 85 | 599 | 523 | - | 236,587 | 107,000 |
| Expenditures: | | | | | | | | | | | | |
| Capital outlay: | | | | | | | | | | | | |
| Economic and physical development | 129,652 | - | - | 38,526 | - | - | - | - | - | 539,601 | 236,587 | 944,366 |
| Education | - | - | - | - | - | - | - | 119,637 | 45,740 | - | - | 165,377 |
| Total expenditures | 129,652 | - | - | 38,526 | - | - | - | 119,637 | 45,740 | 539,601 | 236,587 | 1,109,743 |
| Revenues over (under) expenditures | (22,522) | - | -(527) | (39,046) | - | 1,814 | 85 | (119,038) | (45,217) | (539,601) | - | (764,052) |
| Other financing sources (uses) | | | | | | | | | | | | |
| Transfers in (out): | | | | | | | | | | | | |
| General Fund | - | (13,482) | (137,249) | - | - | (996,379) | (118,343) | (95,974) | - | 1,448,716 | - | 87,289 |
| Total other financing sources (uses) | - | (13,482) | (137,249) | - | - | (996,379) | (118,343) | (95,974) | - | 1,448,716 | - | 87,289 |
| Net change in fund balances | (22,522) | (13,482) | (137,776) | (39,046) | - | (994,565) | (118,258) | (215,012) | (45,217) | 909,115 | - | (676,763) |
| Fund balances (deficit), beginning of year | 60,940 | 13,482 | 137,776 | 207,848 | 344,656 | 1,940,808 | 259,640 | 323,756 | 70,423 | 11,467 | - | 3,370,796 |
| Fund balances (deficit), end of year | \$ 38,418 | \$ - | \$ - | \$ 168,802 | \$ 344,656 | \$ 946,243 | \$ 141,382 | \$ 108,744 | \$ 25,206 | \$ 920,582 | \$ - | \$ 2,694,033 |

LEE COUNTY, NORTH CAROLINA
Industrial Park Expansion Fund - Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and for the Year Ended June 30, 2010

| | Project Budget | Current Year | Actual Prior Years | Total to Date |
|--------------------------------------|--------------------|------------------|--------------------------|--------------------|
| Revenues: | | | | |
| Investment earnings | \$ 71,739 | \$ 130 | \$ 72,214 | \$ 72,344 |
| Other revenues | <u>107,000</u> | <u>107,000</u> | <u>-</u> | <u>107,000</u> |
| Total revenues | <u>178,739</u> | <u>107,130</u> | <u>72,214</u> | <u>179,344</u> |
| Expenditures: | | | | |
| Capital outlay: | | | | |
| Economic and physical development | <u>2,401,139</u> | <u>129,652</u> | <u>2,186,274</u> | <u>2,315,926</u> |
| Revenues over (under) expenditures | <u>(2,222,400)</u> | <u>(22,522)</u> | <u>(2,114,060)</u> | <u>(2,136,582)</u> |
| Other financing sources (uses): | | | | |
| Transfers in (out): | | | | |
| General Fund | 40,000 | - | 40,000 | 40,000 |
| Capital Project Fund | 47,400 | - | - | - |
| Enterprise Fund | 700,000 | - | 700,000 | 700,000 |
| Bond issuance | <u>1,435,000</u> | <u>-</u> | <u>1,435,000</u> | <u>1,435,000</u> |
| Total other financing sources (uses) | <u>2,222,400</u> | <u>-</u> | <u>2,175,000</u> | <u>2,175,000</u> |
| Net change in fund balance | <u>\$ -</u> | <u>(22,522)</u> | <u>\$ 60,940</u> | <u>\$ 38,418</u> |
| Fund balance, beginning of year | | <u>60,940</u> | | |
| Fund balance, end of year | | <u>\$ 38,418</u> | | |

LEE COUNTY, NORTH CAROLINA
New High School Construction Fund - Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and for the Year Ended June 30, 2010

| | Project Budget | Current Year | Actual Prior Years | Total to Date |
|--------------------------------------|---------------------|-----------------|--------------------------|---------------------|
| Revenues: | | | | |
| Investment earnings | \$ 421,069 | \$ - | \$ 421,916 | \$ 421,916 |
| Other revenues | 439,644 | - | 456,954 | 456,954 |
| Total revenues | <u>860,713</u> | <u>-</u> | <u>878,870</u> | <u>878,870</u> |
| Expenditures: | | | | |
| Capital outlay: | | | | |
| Education | <u>25,744,716</u> | <u>-</u> | <u>25,745,579</u> | <u>25,745,579</u> |
| Revenues over (under) expenditures | <u>(24,884,003)</u> | <u>-</u> | <u>(24,866,709)</u> | <u>(24,866,709)</u> |
| Other financing sources (uses): | | | | |
| Transfers in (out): | | | | |
| General Fund | 590,433 | (13,482) | 603,931 | 590,449 |
| Capital Project Fund | (200,000) | - | (200,000) | (200,000) |
| Certificates of participation issued | 24,493,570 | - | 23,755,320 | 23,755,320 |
| Original issuance premium | <u>-</u> | <u>-</u> | <u>720,940</u> | <u>720,940</u> |
| Total other financing sources (uses) | <u>24,884,003</u> | <u>(13,482)</u> | <u>24,880,191</u> | <u>24,866,709</u> |
| Net change in fund balance | <u>\$ -</u> | <u>(13,482)</u> | <u>\$ 13,482</u> | <u>\$ -</u> |
| Fund balance, beginning of year | | <u>13,482</u> | | |
| Fund balance, end of year | | <u>\$ -</u> | | |

LEE COUNTY, NORTH CAROLINA
Emergency Services Training Facility Fund - Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and for the Year Ended June 30, 2010

| | Project Budget | Current Year | Actual Prior Years | Total to Date |
|--------------------------------------|-------------------|-----------------|--------------------------|------------------|
| Revenues: | | | | |
| Investment earnings | \$ 319,899 | \$ (527) | \$ 320,426 | \$ 319,899 |
| Expenditures: | | | | |
| Capital outlay: | | | | |
| Economic and physical development | 2,655,098 | - | 2,653,302 | 2,653,302 |
| Revenues over (under) expenditures | (2,335,199) | (527) | (2,332,876) | (2,333,403) |
| Other financing sources (uses): | | | | |
| Transfers in (out): | | | | |
| General Fund | (206,077) | (137,249) | (68,827) | (206,076) |
| Certificates of participation issued | 2,541,276 | - | 2,464,680 | 2,464,680 |
| Original issuances premium | - | - | 74,799 | 74,799 |
| Total other financing sources (uses) | 2,335,199 | (137,249) | 2,470,652 | 2,333,403 |
| Net change in fund balance | \$ - | (137,776) | \$ 137,776 | \$ - |
| Fund balance, beginning of year | | 137,776 | | |
| Fund balance, end of year | | \$ - | | |

LEE COUNTY, NORTH CAROLINA
Tramway Road Park Fund - Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and for the Year Ended June 30, 2010

| | Project Budget | Current Year | Actual Prior Years | Total to Date |
|--------------------------------------|-------------------|-------------------|--------------------------|-------------------|
| Revenues: | | | | |
| Restricted intergovernmental | | | | |
| PARTF grant | \$ 750,000 | \$ - | \$ 750,000 | \$ 750,000 |
| Investment earnings | - | (520) | 37,684 | 37,164 |
| Other revenues | 17,400 | - | 17,404 | 17,404 |
| Total revenues | <u>767,400</u> | <u>(520)</u> | <u>805,088</u> | <u>804,568</u> |
| Expenditures: | | | | |
| Capital outlay: | | | | |
| Cultural and recreational | <u>1,766,133</u> | <u>38,526</u> | <u>1,595,973</u> | <u>1,634,499</u> |
| Revenues over (under) expenditures | <u>(998,733)</u> | <u>(39,046)</u> | <u>(790,885)</u> | <u>(829,931)</u> |
| Other financing sources (uses): | | | | |
| Certificates of participation issued | 714,283 | - | 700,000 | 700,000 |
| Original issuance premium | - | - | 14,283 | 14,283 |
| Transfers in (out): | | | | |
| General Fund | <u>284,450</u> | <u>-</u> | <u>284,450</u> | <u>284,450</u> |
| Total other financing sources (uses) | <u>998,733</u> | <u>-</u> | <u>998,733</u> | <u>998,733</u> |
| Net change in fund balance | <u>\$ -</u> | <u>(39,046)</u> | <u>\$ 207,848</u> | <u>\$ 168,802</u> |
| Fund balance, beginning of year | | <u>207,848</u> | | |
| Fund balance, end of year | | <u>\$ 168,802</u> | | |

LEE COUNTY, NORTH CAROLINA
Makepeace Street Office Expansion - Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and for the Year Ended June 30, 2010

| | Project Budget | Current Year | Actual Prior Years | Total to Date |
|--------------------------------------|-------------------|-------------------|--------------------------|-------------------|
| Expenditures: | | | | |
| Capital outlay: | | | | |
| Economic and physical development | \$ 318,400 | \$ - | \$ 21,144 | \$ 21,144 |
| Revenues over (under) expenditures | <u>(318,400)</u> | <u>-</u> | <u>(21,144)</u> | <u>(21,144)</u> |
| Other financing sources (uses): | | | | |
| Transfers in (out): | | | | |
| General Fund | 365,800 | - | 365,800 | 365,800 |
| Capital Project Fund | <u>(47,400)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>318,400</u> | <u>-</u> | <u>365,800</u> | <u>365,800</u> |
| Net change in fund balance | <u>\$ -</u> | <u>-</u> | <u>\$ 344,656</u> | <u>\$ 344,656</u> |
| Fund balance, beginning of year | | <u>344,656</u> | | |
| Fund balance, end of year | | <u>\$ 344,656</u> | | |

LEE COUNTY, NORTH CAROLINA
Middle School Project Fund - Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and for the Year Ended June 30, 2010

| | Project Budget | Current Year | Actual Prior Years | Total to Date |
|--------------------------------------|-------------------|-----------------|--------------------------|------------------|
| Revenues: | | | | |
| Investment earnings | \$ 996,380 | \$ 1,814 | \$ 1,137,406 | \$ 1,139,220 |
| Expenditures: | | | | |
| Capital outlay: | | | | |
| Education | 23,680,403 | - | 22,877,001 | 22,877,001 |
| Revenues over (under) expenditures | (22,684,023) | 1,814 | (21,739,595) | (21,737,781) |
| Other financing sources (uses): | | | | |
| Transfers in (out): | | | | |
| General Fund | (996,380) | (996,379) | - | (996,379) |
| Certificates of participation issued | 23,680,403 | - | 22,925,000 | 22,925,000 |
| Original issuance premium | - | - | 755,403 | 755,403 |
| Total other financing sources (uses) | 22,684,023 | (996,379) | 23,680,403 | 22,684,024 |
| Net change in fund balance | \$ - | (994,565) | \$ 1,940,808 | \$ 946,243 |
| Fund balance, beginning of year | | 1,940,808 | | |
| Fund balance, end of year | | \$ 946,243 | | |

LEE COUNTY, NORTH CAROLINA
Floyd L. Knight Addition Fund - Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and for the Year Ended June 30, 2010

| | Project Budget | Current Year | Actual Prior Years | Total to Date |
|--------------------------------------|--------------------|-------------------|--------------------------|--------------------|
| Revenues: | | | | |
| Investment earnings | \$ 101,606 | \$ 85 | \$ 101,948 | \$ 102,033 |
| Other revenues | - | - | 38,800 | 38,800 |
| Total revenues | <u>101,606</u> | <u>85</u> | <u>140,748</u> | <u>140,833</u> |
| Expenditures: | | | | |
| Capital outlay: | | | | |
| Education | <u>2,209,202</u> | <u>-</u> | <u>2,107,048</u> | <u>2,107,048</u> |
| Revenues over (under) expenditures | <u>(2,107,596)</u> | <u>85</u> | <u>(1,966,300)</u> | <u>(1,966,215)</u> |
| Other financing sources (uses): | | | | |
| Transfers in (out): | | | | |
| General Fund | (118,344) | (118,343) | - | (118,343) |
| Certificates of participation issued | 2,225,940 | - | 2,185,000 | 2,185,000 |
| Original issuance premium | - | - | 40,940 | 40,940 |
| Total other financing sources (uses) | <u>2,107,596</u> | <u>(118,343)</u> | <u>2,225,940</u> | <u>2,107,597</u> |
| Net change in fund balance | <u>\$ -</u> | <u>(118,258)</u> | <u>\$ 259,640</u> | <u>\$ 141,382</u> |
| Fund balance, beginning of year | | <u>259,640</u> | | |
| Fund balance, end of year | | <u>\$ 141,382</u> | | |

LEE COUNTY, NORTH CAROLINA
CCCC 2006 COPS Capital Project Fund - Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and for the Year Ended June 30, 2010

| | Project Budget | Current Year | Actual Prior Years | Total to Date |
|--------------------------------------|-------------------|-----------------|--------------------------|------------------|
| Revenues: | | | | |
| Investment earnings | \$ 95,975 | \$ 599 | \$ 201,111 | \$ 201,710 |
| Expenditures: | | | | |
| Capital outlay: | | | | |
| Education | 2,596,688 | 119,637 | 2,474,043 | 2,593,680 |
| Revenues over (under) expenditures | (2,500,713) | (119,038) | (2,272,932) | (2,391,970) |
| Other financing sources (uses): | | | | |
| Transfers in (out): | | | | |
| General Fund | (95,975) | (95,974) | - | (95,974) |
| Certificates of participation issued | 2,596,688 | - | 2,545,000 | 2,545,000 |
| Original issuance premium | - | - | 51,688 | 51,688 |
| Total other financing sources (uses) | 2,500,713 | (95,974) | 2,596,688 | 2,500,714 |
| Net change in fund balance | \$ - | (215,012) | \$ 323,756 | \$ 108,744 |
| Fund balance, beginning of year | | 323,756 | | |
| Fund balance, end of year | | \$ 108,744 | | |

LEE COUNTY, NORTH CAROLINA
QZAB School Project Fund - Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and for the Year Ended June 30, 2010

| | Project Budget | Current Year | Actual Prior Years | Total to Date |
|-------------------------------------|-------------------|------------------|--------------------------|------------------|
| Revenues: | | | | |
| Investment earnings | \$ - | \$ 523 | \$ 14,303 | \$ 14,826 |
| Expenditures: | | | | |
| Capital outlay: | | | | |
| Education | 1,622,021 | 45,740 | 1,565,901 | 1,611,641 |
| Revenues over (under) expenditures | (1,622,021) | (45,217) | (1,551,598) | (1,596,815) |
| Other financing sources (uses): | | | | |
| Qualified Zone Academy Bonds issued | 1,622,021 | - | 1,622,021 | 1,622,021 |
| Net change in fund balance | <u>\$ -</u> | (45,217) | <u>\$ 70,423</u> | <u>\$ 25,206</u> |
| Fund balance, beginning of year | | <u>70,423</u> | | |
| Fund balance, end of year | | <u>\$ 25,206</u> | | |

LEE COUNTY, NORTH CAROLINA
San-Lee Dam Project Fund - Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and for the Year Ended June 30, 2010

| | Project Budget | Current Year | Actual Prior Years | Total to Date |
|------------------------------------|-------------------|-------------------|--------------------------|-------------------|
| Expenditures: | | | | |
| Capital outlay: | | | | |
| Economic and physical development | \$ 1,542,211 | \$ 539,601 | \$ 82,028 | \$ 621,629 |
| Revenues over (under) expenditures | (1,542,211) | (539,601) | (82,028) | (621,629) |
| Other financing sources (uses): | | | | |
| Transfers in (out): | | | | |
| General Fund | <u>1,542,211</u> | <u>1,448,716</u> | <u>93,495</u> | <u>1,542,211</u> |
| Net change in fund balance | <u>\$ -</u> | 909,115 | <u>\$ 11,467</u> | <u>\$ 920,582</u> |
| Fund balance, beginning of year | | <u>11,467</u> | | |
| Fund balance, end of year | | <u>\$ 920,582</u> | | |

LEE COUNTY, NORTH CAROLINA
FY 2008 Community Development Block Grant Fund - Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and for the Year Ended June 30, 2010

| | Project Budget | Current Year | Actual Prior Years | Total to Date |
|-----------------------------------|-------------------|-----------------|--------------------------|------------------|
| Revenues | | | | |
| Restricted intergovernmental | \$ 400,000 | \$ 236,587 | \$ 15,721 | \$ 252,308 |
| Expenditures: | | | | |
| Capital outlay: | | | | |
| Economic and physical development | 400,000 | 236,587 | 15,721 | 252,308 |
| Net change in fund balance | <u>\$ -</u> | - | <u>\$ -</u> | <u>\$ -</u> |
| Fund balance, beginning of year | | - | | |
| Fund balance, end of year | | <u>\$ -</u> | | |

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ENTERPRISE FUNDS

Enterprise Funds account for operations that are financed and operated in a manner similar to private business or where the County has decided that periodic determination of net income is appropriate for capital maintenance, management control, accountability, public policy, or other purposes.

The following comprise the County's Enterprise Funds

- *Solid Waste Management Fund* - Accounts for the operations of the County's solid waste activities.

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LEE COUNTY, NORTH CAROLINA
Solid Waste Management Fund - Schedule of Revenues and Expenditures -
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2010

| | Budget | Actual | Variance With Final Budget Over/(Under) |
|---|--------------|--------------|---|
| Revenues: | | | |
| Operating revenues: | | | |
| Solid waste charges | \$ 1,053,520 | \$ 1,069,809 | \$ 16,289 |
| Other operating revenues | 124,430 | 141,435 | 17,005 |
| Total operating revenues | 1,177,950 | 1,211,244 | 33,294 |
| Non-operating revenues: | | | |
| Investment earnings | 12,000 | 6,841 | (5,159) |
| Total revenues | 1,189,950 | 1,218,085 | 28,135 |
| Expenditures: | | | |
| Salaries and employee benefits | 551,379 | 545,456 | 5,923 |
| Other operating expenditures | 724,757 | 608,281 | 116,476 |
| Capital outlay | 51,400 | 1,323 | 50,077 |
| Total expenditures | 1,327,536 | 1,155,060 | 172,476 |
| Revenues and other financing sources over (under) expenditures and other financing uses | (137,586) | 63,025 | 200,611 |
| Appropriated fund balance | 137,586 | - | (137,586) |
| Revenues, other financing sources, and appropriated fund balance over (under) expenditures and other financing uses | \$ - | \$ 63,025 | \$ 63,025 |
| Reconciliation of modified accrual basis to full accrual basis: | | | |
| Revenues and other financing sources over (under) expenditures and other financing uses | | \$ 63,025 | |
| Depreciation | | (48,072) | |
| Change in net assets | | \$ 14,953 | |

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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.

The following comprise the County's Agency Funds:

- *Town of Broadway* - Accounts for tax revenues collected on behalf of the Town of Broadway.
- *City of Sanford* - Accounts for tax revenues collected on behalf of the City of Sanford.
- *Central Business District* - Accounts for tax revenues collected on behalf of the Central Business District.
- *Fines and Forfeitures Fund* - This fund accounts for fines and forfeitures collected by the County that are required to be remitted to the Lee County Board of Education.
- *Social Services Payee Accounts* - Accounts for monies held by Social Services Department for the benefit of certain individuals in the County.
- *Jail Inmate Trust Accounts* - Accounts for monies held by the jail for the benefit of the inmates.
- *Motor Vehicle Tax Fund* – Accounts for three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles.
- *Mental Health Insurance Funds* – Accounts for funds received from Lee-Harnett Mental Health Authority and its former employees to cover insurance costs for retirees.

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LEE COUNTY, NORTH CAROLINA
Agency Funds - Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2010

| | <u>Balance</u> <u>July 1, 2009</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>June 30, 2010</u> |
|--|---------------------------------------|----------------------|----------------------|--|
| TOWN OF BROADWAY | | | | |
| Assets: | | | | |
| Cash, cash equivalents and investments | \$ 4,578 | \$ 362,307 | \$ 363,698 | \$ 3,187 |
| Taxes receivable | <u>17,849</u> | <u>360,157</u> | <u>360,154</u> | <u>17,852</u> |
| Total assets | <u>\$ 22,427</u> | <u>\$ 722,464</u> | <u>\$ 723,852</u> | <u>\$ 21,039</u> |
| Liabilities: | | | | |
| Due to tax district | <u>\$ 22,427</u> | <u>\$ 722,464</u> | <u>\$ 723,852</u> | <u>\$ 21,039</u> |
| CITY OF SANFORD | | | | |
| Assets: | | | | |
| Cash, cash equivalents and investments | \$ 19,541 | \$ 12,706,528 | \$ 12,722,155 | \$ 3,914 |
| Taxes receivable | <u>714,682</u> | <u>12,659,160</u> | <u>12,732,786</u> | <u>641,056</u> |
| Total assets | <u>\$ 734,223</u> | <u>\$ 25,365,688</u> | <u>\$ 25,454,941</u> | <u>\$ 644,970</u> |
| Liabilities: | | | | |
| Due to tax district | <u>\$ 734,223</u> | <u>\$ 25,365,688</u> | <u>\$ 25,454,941</u> | <u>\$ 644,970</u> |
| CENTRAL BUSINESS DISTRICT | | | | |
| Assets: | | | | |
| Cash, cash equivalents and investments | \$ 929 | \$ 55,205 | \$ 55,599 | \$ 535 |
| Taxes receivable | <u>3,014</u> | <u>55,361</u> | <u>54,978</u> | <u>3,397</u> |
| Total assets | <u>\$ 3,943</u> | <u>\$ 110,566</u> | <u>\$ 110,577</u> | <u>\$ 3,932</u> |
| Liabilities: | | | | |
| Due to tax district | <u>\$ 3,943</u> | <u>\$ 110,566</u> | <u>\$ 110,577</u> | <u>\$ 3,932</u> |
| FINES AND FORFEITURES | | | | |
| Assets: | | | | |
| Intergovernmental receivable | <u>\$ 14,840</u> | <u>\$ 247,280</u> | <u>\$ 242,087</u> | <u>\$ 20,033</u> |
| Liabilities: | | | | |
| Intergovernmental payable | <u>\$ 14,840</u> | <u>\$ 247,280</u> | <u>\$ 242,087</u> | <u>\$ 20,033</u> |
| SOCIAL SERVICES PAYEE ACCOUNTS | | | | |
| Assets: | | | | |
| Cash, cash equivalents and investments | <u>\$ 38,536</u> | <u>\$ 529,492</u> | <u>\$ 541,360</u> | <u>\$ 26,668</u> |
| Liabilities: | | | | |
| Due to participants | <u>\$ 38,536</u> | <u>\$ 529,492</u> | <u>\$ 541,360</u> | <u>\$ 26,668</u> |

(Continued)

LEE COUNTY, NORTH CAROLINA
Agency Funds - Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2010

| | Balance July 1, 2009 | Additions | Deductions | Balance June 30, 2010 |
|--|-------------------------|----------------------|----------------------|--------------------------|
| JAIL INMATE TRUST ACCOUNTS | | | | |
| Assets: | | | | |
| Cash, cash equivalents and investments | \$ 36,979 | \$ 88,390 | \$ 84,257 | \$ 41,112 |
| Liabilities: | | | | |
| Due to participants | \$ 36,979 | \$ 88,390 | \$ 84,257 | \$ 41,112 |
| MOTOR VEHICLE TAX | | | | |
| Assets: | | | | |
| Cash, cash equivalents and investments | \$ 3,958 | \$ 36,804 | \$ 37,856 | \$ 2,906 |
| Liabilities: | | | | |
| Miscellaneous liabilities | \$ 3,958 | \$ 36,804 | \$ 37,856 | \$ 2,906 |
| MENTAL HEALTH INSURANCE | | | | |
| Assets: | | | | |
| Cash, cash equivalents and investments | \$ 428,565 | \$ 10,836 | \$ 65,947 | \$ 373,454 |
| Accrued interest receivable | 1,648 | 348 | 1,648 | 348 |
| Total assets | <u>\$ 430,213</u> | <u>\$ 11,184</u> | <u>\$ 67,595</u> | <u>\$ 373,802</u> |
| Liabilities: | | | | |
| Miscellaneous liabilities | \$ - | \$ 66,816 | \$ 65,947 | \$ 869 |
| Due to participants | 430,213 | 9,679 | 66,959 | 372,933 |
| Total liabilities | <u>\$ 430,213</u> | <u>\$ 76,495</u> | <u>\$ 132,906</u> | <u>\$ 373,802</u> |
| COMBINING TOTALS | | | | |
| Assets: | | | | |
| Cash and investments | \$ 533,086 | \$ 13,789,562 | \$ 13,870,872 | \$ 451,776 |
| Accounts receivable | 14,840 | 247,280 | 242,087 | 20,033 |
| Taxes receivable | 735,545 | 13,074,678 | 13,147,918 | 662,305 |
| Accrued interest receivable | 1,648 | 348 | 1,648 | 348 |
| Total assets | <u>\$ 1,285,119</u> | <u>\$ 27,111,868</u> | <u>\$ 27,262,525</u> | <u>\$ 1,134,462</u> |
| Liabilities: | | | | |
| Due to participants | \$ 505,728 | \$ 627,561 | \$ 692,576 | \$ 440,713 |
| Miscellaneous liabilities | 3,958 | 103,620 | 103,803 | 3,775 |
| Intergovernmental payable | 14,840 | 247,280 | 242,087 | 20,033 |
| Due to tax district | 760,593 | 26,198,718 | 26,289,370 | 669,941 |
| Total liabilities | <u>\$ 1,285,119</u> | <u>\$ 27,177,179</u> | <u>\$ 27,327,836</u> | <u>\$ 1,134,462</u> |

LEE COUNTY, NORTH CAROLINA
Schedule of Ad Valorem Taxes Receivable - General Fund
For the Fiscal Year Ended June 30, 2010

| Fiscal Year | Uncollected Balance June 30, 2009 | Additions | Collections and Credits | Uncollected Balance June 30, 2010 |
|---|---|----------------------|----------------------------|---|
| 2009-10 | \$ - | \$ 35,774,486 | \$ 34,900,196 | \$ 874,290 |
| 2008-09 | 838,285 | 21,099 | 643,819 | 215,565 |
| 2007-08 | 296,338 | 19,705 | 149,976 | 166,067 |
| 2006-07 | 178,490 | 13,805 | 59,564 | 132,731 |
| 2005-06 | 140,197 | - | 26,830 | 113,367 |
| 2004-05 | 96,711 | - | 13,653 | 83,058 |
| 2003-04 | 98,979 | - | 9,223 | 89,756 |
| 2002-03 | 98,964 | - | 7,031 | 91,933 |
| 2001-02 | 98,461 | - | 5,987 | 92,474 |
| 2000-01 | 84,921 | - | 5,104 | 79,817 |
| 1999-00 | 25,776 | - | 25,776 | - |
| Total | \$ 1,957,122 | \$ 35,829,095 | \$ 35,847,159 | 1,939,058 |
| Less allowance for uncollected taxes receivable | | | | <u>(419,379)</u> |
| Ad valorem taxes receivable (net) | | | | <u>\$ 1,519,679</u> |
| Reconciliation with revenues: | | | | |
| Ad valorem collections and credits | | | | \$ 35,847,159 |
| Penalties and interest | | | | 214,775 |
| Advertisement and collection fees | | | | 62,264 |
| Taxes written off | | | | (24,247) |
| Releases | | | | (90,685) |
| Adjustments | | | | <u>192</u> |
| Total ad valorem collections and credits | | | | <u>\$ 36,009,458</u> |

LEE COUNTY, NORTH CAROLINA
Analysis of Current Tax Levy - County-Wide Levy
For the Fiscal Year Ended June 30, 2010

| | County-Wide | | | Total Levy | |
|---|-------------------------|---------|----------------------|--|---------------------------------|
| | Property | Rate | Amount of Levy | Property Excluding Registered Motor Vehicles | Registered Motor Vehicles |
| | Valuation | | | | |
| Original levy: | | | | | |
| Property taxed at current year's rate | \$ 4,583,559,619 | \$ 0.75 | \$ 34,376,767 | \$ 32,648,250 | \$ 1,728,517 |
| Motor vehicles taxed at prior year's rate | 145,388,710 | | 1,090,464 | - | 1,090,464 |
| Penalties | - | | 76,448 | 76,448 | - |
| Total | <u>4,728,948,329</u> | | <u>35,543,679</u> | <u>32,724,698</u> | <u>2,818,981</u> |
| Discoveries: | | | | | |
| Current year taxes | 38,014,642 | | 382,659 | 382,659 | - |
| Penalties | - | | 65,792 | 65,792 | - |
| Total | <u>38,014,642</u> | | <u>448,451</u> | <u>448,451</u> | <u>-</u> |
| Abatements | <u>(18,978,610)</u> | | <u>(217,644)</u> | <u>(172,707)</u> | <u>(44,937)</u> |
| Total property valuation | <u>\$ 4,747,984,361</u> | | | | |
| Net levy | | | 35,774,486 | 33,000,442 | 2,774,044 |
| Less uncollected taxes at June 30, 2010 | | | <u>874,290</u> | <u>528,519</u> | <u>345,771</u> |
| Current year's taxes collected | | | <u>\$ 34,900,196</u> | <u>\$ 32,471,923</u> | <u>\$ 2,428,273</u> |
| Current levy collection percentage | | | <u>98%</u> | <u>98%</u> | <u>88%</u> |

STATISTICAL SECTION

This part of the Lee County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

Financial Trends – These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time. The following schedules fall in this category:

- Net Assets by Component
- Changes in Net Assets
- Fund Balances, Governmental Funds
- Changes in Fund Balance, Governmental Funds

Revenue Capacity – These schedules present information to help the reader assess the factors affecting the County's ability to generate its property taxes. The following schedules fall in this category:

- Assessed Value and Actual Value of Taxable Property
- Direct and Overlapping Property Tax Rates
- Principal Property Taxpayers
- Property Tax Levies and Collections

Debt Capacity – These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future. The following schedules fall in this category:

- Ratio of Outstanding Debt by Type
- Ratio of Net General Obligation Bonded Debt Outstanding
- Legal Debt Margin Information
- Direct and Overlapping Governmental Activities Debt

Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments. The following schedules fall in this category:

- Demographic and Economic Statistics
- Principal Employers

Operating Information – These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs. The following schedules fall in this category:

- Full-time Equivalent County Government Employees by Function
- Operating Indicators by Function/Program
- Capital Asset Statistics by Function/Program

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

| | Fiscal Year (1) | | | | | | | |
|--|----------------------|----------------------|-----------------------|-----------------------|------------------------|------------------------|------------------------|------------------------|
| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
| Governmental activities | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 10,748,849 | \$ 15,923,982 | \$ 12,958,415 | \$ 12,873,381 | \$ 12,814,728 | \$ 14,782,003 | \$ 15,942,735 | \$ 15,644,606 |
| Restricted | 5,128,645 | 20,795,822 | 7,201,990 | 5,188,730 | 24,159,356 | 9,520,433 | 5,861,444 | 24,602,272 |
| Unrestricted | (5,594,990) | (21,727,925) | (27,917,052) | (24,340,269) | (47,851,898) | (43,979,888) | (45,568,414) | (64,082,475) |
| Total governmental activities net assets | \$ 10,282,504 | \$ 14,991,879 | \$ (7,756,647) | \$ (6,278,158) | \$ (10,877,814) | \$ (19,677,452) | \$ (23,764,235) | \$ (23,835,597) |
| Business-type activities | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 4,821,778 | \$ 4,815,025 | \$ 859,456 | \$ 782,962 | \$ 723,230 | \$ 687,644 | \$ 603,465 | \$ 555,393 |
| Unrestricted | 2,198,086 | 1,960,265 | 873,528 | 929,153 | 896,854 | 742,773 | 717,262 | 780,287 |
| Total business-type activities net assets | \$ 7,019,864 | \$ 6,775,290 | \$ 1,732,984 | \$ 1,712,115 | \$ 1,620,084 | \$ 1,430,417 | \$ 1,320,727 | \$ 1,335,680 |
| Primary government | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 15,570,627 | \$ 20,739,007 | \$ 13,817,871 | \$ 13,656,343 | \$ 13,537,958 | \$ 15,469,647 | \$ 16,546,200 | \$ 16,199,999 |
| Restricted | 5,128,645 | 20,795,822 | 7,201,990 | 5,188,730 | 24,159,356 | 9,520,433 | 5,861,444 | 24,602,272 |
| Unrestricted | (3,396,904) | (19,767,660) | (27,043,524) | (23,411,116) | (46,955,044) | (43,237,115) | (44,851,152) | (63,302,188) |
| Total primary government net assets | \$ 17,302,368 | \$ 21,767,169 | \$ (6,023,663) | \$ (4,566,043) | \$ (9,257,730) | \$ (18,247,035) | \$ (22,443,508) | \$ (22,499,917) |

Notes:

(1) Eight years presented due to implementation of GASB Statement 34 in Fiscal Year 2003.

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

| | Fiscal Year (1) | | | | | | | |
|--|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Expenses | | | | | | | | |
| Governmental activities: | | | | | | | | |
| General government | \$ 5,524,431 | \$ 5,120,577 | \$ 5,829,053 | \$ 7,468,078 | \$ 6,831,197 | \$ 7,266,396 | \$ 7,841,687 | \$ 7,118,954 |
| Public safety | 6,997,973 | 7,698,199 | 7,483,289 | 7,690,828 | 8,247,248 | 9,837,560 | 10,404,645 | 10,362,318 |
| Economic and physical development | 1,205,936 | 1,362,255 | 15,955,571 | 2,254,367 | 2,338,709 | 2,486,334 | 3,223,747 | 2,514,333 |
| Human services | 13,208,427 | 13,705,752 | 14,541,954 | 15,611,730 | 16,751,156 | 16,711,241 | 16,220,585 | 14,919,267 |
| Cultural and recreation | 1,716,914 | 1,734,880 | 1,595,953 | 1,593,900 | 1,618,181 | 1,724,553 | 1,477,550 | 1,373,943 |
| Education | 11,868,150 | 11,738,642 | 12,385,372 | 17,237,457 | 25,806,322 | 32,346,713 | 25,315,120 | 21,757,882 |
| Interest on long-term debt | 1,400,175 | 1,737,550 | 2,405,894 | 2,079,230 | 2,750,737 | 3,148,880 | 2,392,606 | 2,895,420 |
| Total governmental activities expenses | 41,922,006 | 43,097,855 | 60,197,086 | 53,935,590 | 64,343,550 | 73,521,677 | 66,875,940 | 60,942,117 |
| Business-type activities: | | | | | | | | |
| Water & Sewer | 1,854,437 | 1,608,198 | 1,030,102 | - | - | - | - | - |
| Solid Waste Management Fund | 1,140,152 | 1,208,279 | 1,275,318 | 1,278,856 | 1,338,577 | 1,483,935 | 1,285,805 | 1,203,132 |
| Total business-type activities | 2,994,589 | 2,816,477 | 2,305,420 | 1,278,856 | 1,338,577 | 1,483,935 | 1,285,805 | 1,203,132 |
| Total primary government expenses | \$ 44,916,595 | \$ 45,914,332 | \$ 62,502,506 | \$ 55,214,446 | \$ 65,682,127 | \$ 75,005,612 | \$ 68,161,745 | \$ 62,145,249 |

| | | | | | | | | |
|-------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Program Revenues | | | | | | | | |
| Governmental activities: | | | | | | | | |
| Charges for services: | | | | | | | | |
| General government | \$ 504,444 | \$ 533,896 | \$ 472,894 | \$ 582,616 | \$ 568,023 | \$ 580,535 | \$ 520,029 | \$ 633,416 |
| Public safety | 565,676 | 507,992 | 371,883 | 394,025 | 371,425 | 470,031 | 440,824 | 357,693 |
| Economic and physical development | 5,555 | - | 3,060 | - | - | - | - | - |
| Human services | 1,098,119 | 1,035,565 | 1,173,939 | 1,100,019 | 1,709,299 | 1,850,002 | 1,765,932 | 1,444,210 |
| Culture and recreation | 236,132 | 238,197 | 238,794 | 242,311 | 239,098 | 265,482 | 282,423 | 292,032 |
| Operating grants and contributions: | | | | | | | | |
| General government | 2,000 | 2,000 | 9,584 | 34,262 | - | 48,630 | 1,167 | 27,020 |
| Public safety | 174,830 | 223,960 | 323,638 | 272,347 | 607,251 | 212,644 | 192,922 | 470,652 |
| Economic and physical development | 81,352 | 13,042 | 72,970 | 54,745 | 3,620 | 2,025 | 5,232 | 15,756 |
| Human services | 6,292,635 | 7,000,256 | 7,310,648 | 7,729,970 | 7,607,904 | 7,563,866 | 8,166,703 | 8,328,997 |
| Culture and recreation | 109,892 | 109,607 | 115,792 | 137,155 | 277,361 | 742,415 | 410,360 | 108,007 |

(Continued)

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

| | Fiscal Year (1) | | | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Program Revenues (continued) | | | | | | | | |
| Governmental activities (continued) | | | | | | | | |
| Capital grants and contributions: | | | | | | | | |
| Economic and physical development | - | 240,627 | - | - | 3,197 | 442,330 | 15,721 | 236,587 |
| Education | 18,948 | 392,758 | 413,400 | 428,283 | 732,142 | 908,204 | 1,610,205 | 1,308,937 |
| Total governmental activities program revenues | 9,089,583 | 10,297,900 | 10,506,602 | 10,975,733 | 12,119,320 | 13,086,164 | 13,411,518 | 13,223,307 |
| Business-type activities (continued) | | | | | | | | |
| Charges for services: | | | | | | | | |
| Water & Sewer | 1,349,140 | 1,587,754 | 977,923 | - | - | - | - | - |
| Solid Waste Management Fund | 933,755 | 1,014,040 | 1,069,301 | 1,103,943 | 1,151,100 | 1,213,702 | 1,189,675 | 1,211,244 |
| Operating grants and contributions: | | | | | | | | |
| Solid Waste Management Fund | 70,364 | 149,445 | 67,765 | 21,275 | 9,440 | - | - | - |
| Capital grants and contributions: | | | | | | | | |
| Water & Sewer | 1,164,797 | 465,302 | - | - | - | - | - | - |
| Solid Waste Management Fund | - | - | 48,691 | - | - | - | 23,090 | - |
| Total business-type activities program revenues | 3,518,056 | 3,216,541 | 2,163,680 | 1,125,218 | 1,160,540 | 1,213,702 | 1,212,765 | 1,211,244 |
| Total primary governmental program revenues | \$ 12,607,639 | \$ 13,514,441 | \$ 12,670,282 | \$ 12,100,951 | \$ 13,279,860 | \$ 14,299,866 | \$ 14,624,283 | \$ 14,434,551 |
| Net (expense)/revenue | | | | | | | | |
| Governmental activities | \$ (32,832,423) | \$ (32,799,955) | \$ (49,690,484) | \$ (42,959,857) | \$ (52,224,230) | \$ (60,435,513) | \$ (53,464,422) | \$ (47,718,810) |
| Business-type activities | 523,467 | 400,064 | (141,740) | (153,638) | (178,037) | (270,233) | (73,040) | 8,112 |
| Total primary governmental net (expense)/revenue | \$ (32,308,956) | \$ (32,399,891) | \$ (49,832,224) | \$ (43,113,495) | \$ (52,402,267) | \$ (60,705,746) | \$ (53,537,462) | \$ (47,710,698) |

(Continued)

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

| | Fiscal Year (1) | | | | | | | |
|---|----------------------|----------------------|------------------------|----------------------|-----------------------|-----------------------|-----------------------|----------------------|
| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
| General Revenues and Other Changes in Net Assets | | | | | | | | |
| Governmental activities: | | | | | | | | |
| Taxes | | | | | | | | |
| Ad valorem taxes | \$ 24,922,467 | \$ 25,869,230 | \$ 26,271,487 | \$ 32,669,298 | \$ 33,789,800 | \$ 36,950,111 | \$ 38,085,136 | \$ 38,461,492 |
| Sales taxes | 7,103,481 | 9,073,883 | 9,065,325 | 9,481,892 | 10,616,103 | 11,547,687 | 8,998,757 | 7,428,181 |
| Other taxes | 850,317 | 854,137 | 931,185 | 923,238 | 991,200 | 1,017,318 | 1,038,496 | 995,663 |
| Unrestricted grants and contributions | 49,549 | 272,749 | 141,921 | 52,632 | 58,482 | 61,341 | 61,237 | 19,829 |
| Investment earnings | 307,744 | 201,772 | 601,147 | 846,030 | 1,787,096 | 1,567,655 | 551,572 | 194,719 |
| Miscellaneous | 459,656 | 616,590 | 938,772 | 426,945 | 381,893 | 491,763 | 642,441 | 547,564 |
| Transfers | - | 705,242 | 342,914 | 42,165 | - | - | - | - |
| Total governmental activities | <u>33,693,214</u> | <u>37,593,603</u> | <u>38,292,751</u> | <u>44,442,200</u> | <u>47,624,574</u> | <u>51,635,875</u> | <u>49,377,639</u> | <u>47,647,448</u> |
| Business-type activities: | | | | | | | | |
| Investment earnings | 49,612 | 23,163 | 58,204 | 36,291 | 51,337 | 49,102 | 22,087 | 6,841 |
| Miscellaneous | 20,422 | 33,199 | 31,262 | 96,478 | 34,669 | 31,464 | - | - |
| Loss on disposal of capital assets | (741,274) | - | (4,648,118) | - | - | - | (58,737) | - |
| Transfers | - | (700,000) | (342,914) | - | - | - | - | - |
| Total business-type activities | <u>(671,240)</u> | <u>(643,638)</u> | <u>(4,901,566)</u> | <u>132,769</u> | <u>86,006</u> | <u>80,566</u> | <u>(36,650)</u> | <u>6,841</u> |
| Total primary government | \$ <u>33,021,974</u> | \$ <u>36,949,965</u> | \$ <u>33,391,185</u> | \$ <u>44,574,969</u> | \$ <u>47,710,580</u> | \$ <u>51,716,441</u> | \$ <u>49,340,989</u> | \$ <u>47,654,289</u> |
| Change in Net Assets | | | | | | | | |
| Governmental activities | \$ 860,791 | \$ 4,793,648 | \$ (11,397,733) | \$ 1,482,343 | \$ (4,599,656) | \$ (8,799,638) | \$ (4,086,783) | \$ (71,362) |
| Business-type activities | (147,773) | (243,574) | (5,043,306) | (20,869) | (92,031) | (189,667) | (109,690) | 14,953 |
| Total primary government | \$ <u>713,018</u> | \$ <u>4,550,074</u> | \$ <u>(16,441,039)</u> | \$ <u>1,461,474</u> | \$ <u>(4,691,687)</u> | \$ <u>(8,989,305)</u> | \$ <u>(4,196,473)</u> | \$ <u>(56,409)</u> |

Notes:
 (1) Eight years presented due to implementation of GASB Statement 34 in Fiscal Year 2003.

Lee County, North Carolina
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

| | Fiscal Year | | | | | | | | | |
|-------------------------------------|---------------------|---------------------|---------------------|----------------------|---------------------|---------------------|----------------------|----------------------|---------------------|----------------------|
| | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
| General Fund | | | | | | | | | | |
| Reserved | \$ 3,137,047 | \$ 3,381,774 | \$ 4,262,748 | \$ 4,083,915 | \$ 3,817,812 | \$ 4,383,855 | \$ 4,537,451 | \$ 4,872,074 | \$ 4,770,633 | \$ 4,065,649 |
| Unreserved | | | | | | | | | | |
| Designated | 1,422,081 | 1,603,441 | 2,799,908 | 4,558,603 | 2,811,519 | 2,449,864 | 2,104,290 | 2,903,446 | 1,625,099 | 2,692,973 |
| Undesignated | 9,582,159 | 9,323,208 | 6,980,508 | 6,330,983 | 6,872,982 | 6,258,524 | 8,000,060 | 8,053,905 | 9,327,392 | 9,412,184 |
| Total General Fund | <u>\$14,141,287</u> | <u>\$14,308,423</u> | <u>\$14,043,164</u> | <u>\$14,973,501</u> | <u>\$13,502,313</u> | <u>\$13,092,243</u> | <u>\$14,641,801</u> | <u>\$15,829,425</u> | <u>\$15,723,124</u> | <u>\$16,170,806</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | \$ 732,331 | \$ 1,011,685 | \$ 1,013,283 | \$ 16,306,086 | \$ 4,620,045 | \$ 852,476 | \$ 12,167,520 | \$ 1,349,397 | \$ 1,148,006 | \$ 20,368,705 |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 903,120 | 4,107,131 | 1,232,925 | 2,847,535 | 1,805,835 | 3,008,922 | 3,940,717 | 263,851 | 725,620 | 962,853 |
| Capital projects funds | 102,571 | 1,107,751 | 3,749,069 | 3,560,836 | 1,472,797 | 2,860,546 | 10,657,904 | 10,861,605 | 5,838,954 | 5,800,570 |
| Total all other governmental funds | <u>\$ 1,738,022</u> | <u>\$ 6,226,567</u> | <u>\$ 5,995,277</u> | <u>\$ 22,714,457</u> | <u>\$ 7,898,677</u> | <u>\$ 6,721,944</u> | <u>\$ 26,766,141</u> | <u>\$ 12,474,853</u> | <u>\$ 7,712,580</u> | <u>\$ 27,132,128</u> |

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

| | Fiscal Year | | | | | | | | | |
|--|---------------|---------------|---------------|---------------|-----------------|----------------|---------------|-----------------|----------------|---------------|
| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Revenues | | | | | | | | | | |
| Ad valorem taxes | \$ 21,911,427 | \$ 23,627,695 | \$ 24,340,309 | \$ 25,922,979 | \$ 26,336,761 | \$ 32,482,953 | \$ 33,726,758 | \$ 36,956,934 | \$ 38,378,263 | \$ 38,461,649 |
| Local option sales taxes | 6,748,754 | 6,543,194 | 7,103,481 | 9,073,883 | 9,065,325 | 9,481,892 | 10,616,103 | 11,547,687 | 8,998,757 | 7,428,181 |
| Other taxes and licenses | 854,425 | 971,832 | 952,532 | 964,597 | 1,047,268 | 1,067,196 | 1,152,882 | 1,112,829 | 1,038,496 | 995,663 |
| Unrestricted intergovernmental | 1,717,227 | 1,143,107 | 49,549 | 272,749 | 141,921 | 52,632 | 58,482 | 61,341 | 61,237 | 19,829 |
| Restricted intergovernmental | 7,523,911 | 9,981,803 | 6,607,517 | 7,790,098 | 8,102,734 | 8,409,895 | 9,311,520 | 10,046,958 | 11,070,408 | 10,888,163 |
| Permits and fees | 392,521 | 389,193 | 393,393 | 397,358 | 354,375 | 363,334 | 367,884 | 318,936 | 257,674 | 247,270 |
| Sales and services | 2,589,214 | 2,531,471 | 2,120,445 | 2,051,893 | 2,006,891 | 2,088,930 | 2,120,353 | 2,740,167 | 2,241,257 | 2,138,255 |
| Investment earnings | 872,581 | 406,118 | 307,744 | 201,772 | 601,147 | 846,030 | 1,787,096 | 1,567,654 | 551,572 | 194,719 |
| Miscellaneous | 692,383 | 342,834 | 441,430 | 669,091 | 847,498 | 499,687 | 599,192 | 472,031 | 599,013 | 499,379 |
| Total revenues | 43,302,443 | 45,937,247 | 42,316,400 | 47,344,420 | 48,503,920 | 55,292,549 | 59,740,270 | 64,824,537 | 63,196,677 | 60,873,108 |
| Expenditures | | | | | | | | | | |
| General government | 4,804,657 | 4,778,656 | 5,128,776 | 5,357,670 | 5,484,097 | 6,684,886 | 6,628,376 | 7,234,685 | 7,209,472 | 6,588,680 |
| Public safety | 5,925,730 | 5,888,615 | 6,567,226 | 7,073,903 | 7,100,827 | 7,477,227 | 7,769,698 | 9,540,060 | 9,531,085 | 9,551,377 |
| Economic and physical development | 859,259 | 915,714 | 916,921 | 1,267,088 | 1,217,939 | 1,840,574 | 1,875,938 | 1,600,880 | 1,895,074 | 1,705,337 |
| Human services | 13,123,607 | 13,306,534 | 13,069,459 | 13,821,570 | 14,357,689 | 15,501,884 | 16,738,792 | 16,820,123 | 15,557,648 | 14,110,098 |
| Education | 10,952,805 | 10,956,955 | 11,868,150 | 11,738,642 | 12,385,372 | 14,798,332 | 15,613,181 | 16,963,573 | 20,590,862 | 19,782,743 |
| Cultural and recreational | 1,766,739 | 1,663,518 | 1,643,024 | 1,636,450 | 1,667,361 | 1,776,748 | 1,849,485 | 2,413,544 | 1,879,941 | 1,767,244 |
| Capital outlay | 612,207 | 1,065,231 | 1,427,596 | 11,854,225 | 16,572,646 | 2,939,387 | 11,182,843 | 16,177,723 | 5,782,341 | 2,988,719 |
| Debt service | | | | | | | | | | |
| Principal | 3,009,333 | 3,086,840 | 3,249,663 | 3,316,151 | 3,746,506 | 3,737,359 | 3,717,087 | 3,729,142 | 4,306,705 | 4,437,974 |
| Interest and fees | 1,806,633 | 1,515,781 | 1,442,134 | 1,350,185 | 2,630,685 | 2,161,266 | 2,037,429 | 3,448,471 | 2,934,144 | 2,751,770 |
| Total expenditures | 42,860,970 | 43,177,844 | 45,312,949 | 57,415,884 | 65,163,122 | 56,917,663 | 67,412,829 | 77,928,201 | 69,687,272 | 63,683,942 |
| Excess of revenues over (under) expenditures | 441,473 | 2,759,403 | (2,996,549) | (10,071,464) | (16,659,202) | (1,625,114) | (7,672,559) | (13,103,664) | (6,490,595) | (2,810,834) |
| Other financing sources (uses) | | | | | | | | | | |
| Transfers in | 2,714,016 | 2,272,483 | 4,723,645 | 4,605,899 | 5,592,857 | 2,304,678 | 2,823,572 | 4,240,438 | 5,411,207 | 7,404,416 |
| Transfers out | (2,714,016) | (2,261,205) | (4,723,645) | (3,900,657) | (5,220,623) | (2,262,513) | (2,774,572) | (4,240,438) | (5,411,207) | (7,404,416) |
| Bonds issued | - | 1,885,000 | - | - | - | - | - | - | - | - |
| Installment purchase issued | - | - | - | - | - | - | - | - | - | - |
| Certificates of participation issued | - | - | - | 26,220,000 | - | - | 28,355,000 | - | - | - |
| Original issuance premium | - | - | - | 795,739 | - | - | 862,314 | - | - | - |
| Capital leases | - | - | 2,500,000 | - | - | - | - | - | - | - |
| Qualified Zone Academy Bonds issued | - | - | - | - | - | - | - | - | - | - |
| Qualified School Construction Bonds issued | - | - | - | - | - | - | - | - | - | - |
| Recovery Zone Economic Development Bonds issued | - | - | - | - | - | - | - | - | 1,622,021 | 4,000,000 |
| Bonds issued | - | - | - | - | - | - | - | - | - | 6,678,064 |
| Total other financing sources (uses) | - | 1,896,278 | 2,500,000 | 27,720,981 | 372,234 | 42,165 | 29,266,314 | - | 1,622,021 | 22,678,064 |
| Net change in fund balances | \$ 441,473 | \$ 4,655,681 | \$ (496,549) | \$ 17,649,517 | \$ (16,286,968) | \$ (1,582,949) | \$ 21,593,755 | \$ (13,103,664) | \$ (4,868,574) | \$ 19,867,230 |
| Debt services as a percentage of noncapital expenditures | 11.4% | 10.9% | 10.7% | 10.3% | 10.2% | 10.6% | 8.7% | 9.4% | 10.6% | 12.5% |

Lee County, North Carolina
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

| Fiscal Year | Real Property | | Personal Property | Public Service Companies (1) | Less: Tax Exempt Real Property | Taxable Assessed Value | Total Direct Tax Rate (2) | Estimated Actual Taxable Value (3) | Assessed Value as a Percentage of Actual Value |
|-------------|----------------------|---------------------|-------------------|------------------------------|--------------------------------|------------------------|---------------------------|------------------------------------|--|
| | Residential Property | Commercial Property | | | | | | | |
| 2001 | \$ 1,613,939,624 | \$ 346,740,060 | \$ 940,480,179 | \$ 77,491,104 | \$ 156,760,978 | \$ 2,821,889,989 | 0.75 | \$ 3,425,455,194 | 82.38% |
| 2002 | 1,662,357,800 | 387,816,800 | 967,218,133 | 83,696,227 | 186,151,467 | 2,914,937,493 | 0.78 | 3,562,622,211 | 81.82% |
| 2003 | 1,692,094,500 | 420,771,100 | 1,023,584,061 | 77,065,305 | 195,895,632 | 3,017,619,334 | 0.78 | 4,010,125,361 | 75.25% |
| 2004 | 2,042,744,100 | 603,641,300 | 1,052,518,849 | 96,087,790 | 172,891,586 | 3,622,100,453 | 0.67 | 3,622,100,453 | 100.00% |
| 2005 | 2,165,767,500 | 641,559,100 | 1,031,506,417 | 100,485,686 | 267,506,752 | 3,671,811,951 | 0.67 | 3,841,611,164 | 95.58% |
| 2006 | 2,096,670,300 | 659,680,800 | 1,199,743,255 | 101,758,654 | 139,581,042 | 3,918,271,967 | 0.79 | 4,414,954,329 | 88.75% |
| 2007 | 2,157,260,462 | 679,908,600 | 1,207,962,419 | 112,251,434 | 139,678,704 | 4,017,704,211 | 0.79 | 4,526,990,660 | 88.75% |
| 2008 | 2,292,577,157 | 1,033,165,900 | 1,193,221,817 | 120,626,826 | 37,898,777 | 4,601,692,923 | 0.75 | 4,601,692,923 | 100.00% |
| 2009 | 2,594,275,359 | 833,399,480 | 1,205,237,978 | 124,458,265 | 39,991,203 | 4,717,379,879 | 0.75 | 5,021,694,570 | 93.94% |
| 2010 | 2,622,808,977 | 850,781,880 | 1,195,236,050 | 123,366,900 | 44,209,446 | 4,747,984,361 | 0.75 | 4,957,694,853 | 95.77% |

Source: Lee County Tax Office

Notes:

- (1) Public service companies valuations are provided to the County by the North Carolina Department of Revenue. These amounts include both real and personal property.
- (2) Per \$100 of value.
- (3) The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the State Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year.
- (4) Property in Lee County is reassessed every four years. The last reassessment was on January 1, 2007.

Lee County, North Carolina
Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years
 (Per \$100.00 of Assessed Value)

| | 2001 | 2002 | 2003 | 2004 (1) | 2005 | 2006 | 2007 | 2008 (1) | 2009 | 2010 |
|--------------------------------------|-------|-------|-------|----------|-------|-------|-------|----------|-------|-------|
| County: | | | | | | | | | | |
| Lee | 0.750 | 0.780 | 0.780 | 0.670 | 0.670 | 0.790 | 0.790 | 0.750 | 0.750 | 0.750 |
| Municipalities: | | | | | | | | | | |
| Town of Broadway | 0.530 | 0.530 | 0.530 | 0.490 | 0.490 | 0.490 | 0.470 | 0.440 | 0.440 | 0.440 |
| City of Sanford | 0.570 | 0.570 | 0.570 | 0.560 | 0.590 | 0.590 | 0.610 | 0.540 | 0.540 | 0.540 |
| Fire Districts | | | | | | | | | | |
| Cameron | 0.086 | 0.070 | 0.066 | 0.071 | 0.068 | 0.068 | 0.067 | 0.080 | 0.085 | (4) |
| Cape Fear | 0.055 | 0.079 | 0.082 | 0.068 | 0.066 | 0.066 | 0.058 | 0.073 | 0.076 | 0.076 |
| Carolina Trace | 0.035 | 0.034 | 0.038 | 0.037 | 0.037 | 0.040 | 0.052 | 0.064 | 0.070 | 0.070 |
| Deep River | 0.081 | 0.081 | 0.085 | 0.076 | 0.076 | 0.082 | 0.068 | 0.086 | 0.100 | 0.100 |
| Lemon Springs | 0.056 | 0.056 | 0.053 | 0.070 | 0.072 | 0.072 | 0.065 | 0.067 | 0.083 | 0.083 |
| Northview | 0.065 | 0.064 | 0.061 | 0.070 | 0.077 | 0.060 | 0.064 | 0.071 | 0.081 | 0.081 |
| Northwest Pocket | 0.078 | 0.086 | 0.084 | 0.084 | 0.079 | 0.085 | 0.086 | 0.099 | 0.118 | 0.118 |
| Tramway | 0.037 | 0.041 | 0.041 | 0.038 | 0.042 | 0.049 | 0.069 | 0.075 | 0.081 | 0.081 |
| West Sanford | 0.083 | 0.087 | 0.103 | 0.088 | 0.082 | 0.082 | 0.091 | 0.086 | 0.109 | 0.109 |
| Other Districts: (3) | | | | | | | | | | |
| Central Business District | 0.100 | 0.130 | 0.130 | 0.130 | 0.130 | 0.150 | 0.150 | 0.130 | 0.130 | 0.130 |
| Lee County Water & Sewer District #1 | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |

Notes:

- (1) Property in Lee County is reassessed every four years. The last reassessment was on January 1, 2007.
- (2) The property tax rates for each of the governments listed above are based on unit-wide tax rates. For each government, certain motor vehicles were taxed at the preceding year's rate.
- (3) The Lee County Water & Sewer District # 1 has not enacted property taxes as of June 30, 2010.
- (4) The Lee County portion of the Cameron Fire District was absorbed by Lemon Springs Fire District.

Source: Lee County Tax Department.

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

| Taxpayer | Type of Business | Fiscal Year 2010 | | | Fiscal Year 2001 | | |
|---------------------------------|---------------------|------------------------|------|--|------------------------|------|--|
| | | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Wyeth | Pharmaceuticals | \$ 300,953,414 | 1 | 6.3% | \$ 29,106,797 | 5 | 1.0% |
| Coty, Inc. | Cosmetics | 77,791,530 | 2 | 1.6% | 34,634,510 | 4 | 1.2% |
| Donald R. Simpson | Real Estate | 64,522,152 | 3 | 1.4% | 20,104,685 | 10 | 0.7% |
| Progress Energy | Utility | 49,165,539 | 4 | 1.0% | 21,664,816 | 9 | 0.8% |
| Frontier Spinning Mills LLC | Textiles | 43,658,006 | 5 | 0.9% | 78,445,293 | 1 | 2.8% |
| Windstream Inc. | Utility | 38,004,854 | 6 | 0.8% | 28,882,326 | 6 | 1.0% |
| Lee Brick | Brick Manufacturing | 35,218,813 | 7 | 0.7% | - | | |
| Magneti Marelli, Inc. | Automotive Parts | 35,052,094 | 8 | 0.7% | 24,806,504 | 8 | 0.9% |
| Moen, Inc. | Plumbing fixtures | 34,021,535 | 9 | 0.7% | 37,093,641 | 3 | 1.3% |
| Static Control Components, Inc. | Printer Cartridges | 28,034,227 | 10 | 0.6% | | | |
| GKN Automotive Components, Inc. | Automotive Parts | - | | | 69,362,322 | 2 | 2.5% |
| Parkdale America LLC | Textiles | - | | | 27,593,516 | 7 | 1.0% |
| Totals | | \$ 706,422,164 | | 14.9% | \$ 371,694,410 | | 13.2% |

Source: Lee County Tax Department

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

| Fiscal Year Ended June 30 | Total Levy for Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|---------------------------------|----------------------------------|---|--------------------|------------------------------------|---------------------------|--------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2001 | \$ 21,266,214 | \$ 20,301,075 | 95.5% | \$ 858,499 | \$ 21,159,574 | 99.5% |
| 2002 | 22,784,612 | 21,820,606 | 95.8% | 843,460 | 22,664,066 | 99.5% |
| 2003 | 23,574,692 | 22,393,187 | 95.0% | 1,067,981 | 23,461,168 | 99.5% |
| 2004 | 24,499,755 | 23,471,377 | 95.8% | 905,738 | 24,377,115 | 99.5% |
| 2005 | 24,701,551 | 23,797,835 | 96.3% | 771,382 | 24,569,217 | 99.5% |
| 2006 | 30,865,687 | 29,860,345 | 96.7% | 912,752 | 30,773,097 | 99.7% |
| 2007 | 31,910,008 | 30,887,929 | 96.8% | 901,952 | 31,789,881 | 99.6% |
| 2008 | 34,701,980 | 33,618,528 | 96.9% | 866,412 | 34,484,940 | 99.4% |
| 2009 | 35,560,801 | 34,701,417 | 97.6% | 643,819 | 35,345,236 | 99.4% |
| 2010 | 35,774,486 | 34,900,196 | 97.6% | - | 34,900,196 | 97.6% |

Lee 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 (1) | Per Capita (1) |
|-------------|--------------------------|-------------------------------|-------------------|--------------------------|-------------------------|-------------------|--------------------------|-----------------------------------|----------------|
| | General Obligation Bonds | Certificates of Participation | Installment Loans | General Obligation Bonds | Bond Anticipation Notes | Installment Loans | | | |
| 2001 | \$ 28,580,000 | \$ - | \$ 2,603,608 | \$ 4,118,000 | \$ - | \$ - | \$ 35,301,608 | 2.84% | \$ 714 |
| 2002 | 27,780,000 | - | 2,257,294 | 4,035,000 | 4,166,000 | - | 38,238,294 | 3.01% | 748 |
| 2003 | 24,805,000 | - | 4,027,844 | 8,116,500 | - | - | 36,949,344 | 2.80% | 710 |
| 2004 | 21,875,000 | 26,220,000 | 3,641,693 | 8,030,000 | - | - | 59,766,693 | 4.45% | 1,119 |
| 2005 | 19,030,000 | 25,720,000 | 3,240,187 | - | - | - | 47,990,187 | 3.33% | 882 |
| 2006 | 16,210,000 | 25,220,000 | 2,822,304 | - | - | - | 44,252,304 | 2.85% | 794 |
| 2007 | 13,410,000 | 53,075,000 | 2,386,899 | - | - | - | 68,871,899 | 4.06% | 1,210 |
| 2008 | 10,635,000 | 52,575,000 | 1,932,754 | - | - | - | 65,142,754 | 3.65% | 1,124 |
| 2009 | 7,885,000 | 51,475,000 | 3,098,070 | - | - | - | 62,458,070 | 3.41% | 1,057 |
| 2010 | 5,085,000 | 50,165,000 | 25,448,160 | - | - | - | 80,698,160 | * | 1,334 |

* Information not yet available

Notes: Details regarding the County's outstanding debt can be found in the notes to the financial statements.
(1) See Schedule 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year. Calendar 2009 personal income not available to calculate fiscal year 2010.

Lee County, North Carolina
Ratios of Net General Obligation Bonded Debt Outstanding
Last Ten Fiscal Years

| Fiscal Year | Gross General Obligation Bonded Debt | Less Debt Payable from Enterprise Fund | Net General Obligation Bonded Debt | Percentage of Personal Income (1) | Percentage of Actual Taxable Value of Property (2) | Per Capita (1) |
|-------------|--------------------------------------|--|------------------------------------|-----------------------------------|--|----------------|
| 2001 | \$ 32,698,000 | \$ 4,118,000 | \$ 28,580,000 | 2.30% | 1.01% | \$ 578 |
| 2002 | 31,815,000 | 4,035,000 | 27,780,000 | 2.18% | 0.95% | 544 |
| 2003 | 32,921,500 | 8,116,500 | 24,805,000 | 1.88% | 0.82% | 476 |
| 2004 | 29,905,000 | 8,030,000 | 21,875,000 | 1.63% | 0.60% | 409 |
| 2005 | 19,030,000 | - | 19,030,000 | 1.32% | 0.52% | 350 |
| 2006 | 16,210,000 | - | 16,210,000 | 1.04% | 0.41% | 291 |
| 2007 | 13,410,000 | - | 13,410,000 | 0.79% | 0.33% | 236 |
| 2008 | 10,635,000 | - | 10,635,000 | 0.60% | 0.23% | 183 |
| 2009 | 7,885,000 | - | 7,885,000 | 0.43% | 0.17% | 133 |
| 2010 | 5,085,000 | - | 5,085,000 | * | 0.11% | 84 |

* Information not yet available

(1) See Schedule 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year. Calendar 2009 personal income not available to calculate fiscal year 2010.

(2) See Schedule 5 for property value data.

Lee County, North Carolina
 Legal Debt Margin Information
 Last Ten Fiscal Years
 (amounts expressed in thousands)

| | Fiscal Year | | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Assesses Value of Property | \$2,821,890 | \$2,914,937 | \$3,017,619 | \$3,622,100 | \$3,671,812 | \$3,918,272 | \$4,017,704 | \$4,601,693 | \$4,717,380 | \$4,747,984 |
| Debt Limit, 8% of Assessed Value Statutory Limitation | 225,751 | 233,195 | 241,410 | 289,768 | 293,745 | 313,462 | 321,416 | 368,135 | 377,390 | 379,839 |
| Amount of Debt Applicable to Limit | | | | | | | | | | |
| Gross debt | 40,602 | 43,538 | 38,083 | 60,901 | 47,990 | 44,252 | 68,872 | 65,143 | 62,458 | 80,698 |
| Less: Debt outstanding for water and sewer purposes | 9,418 | 13,501 | 9,251 | 9,164 | - | - | - | - | - | - |
| Total net debt applicable to limit | 31,184 | 30,037 | 28,833 | 51,737 | 47,990 | 44,252 | 68,872 | 65,143 | 62,458 | 80,698 |
| Legal debt margin | \$ 194,567 | \$ 203,158 | \$ 212,577 | \$ 238,031 | \$ 245,755 | \$ 269,210 | \$ 252,544 | \$ 302,992 | \$ 314,932 | \$ 299,141 |
| Total net debt applicable to the limit as a percentage of debt limit | 13.81% | 12.88% | 11.94% | 17.85% | 16.34% | 14.12% | 21.43% | 17.70% | 16.55% | 21.25% |

Note: NC Statute GS159-55 limits the County's outstanding debt to 8% of the appraised value of property subject to taxation. The following deductions are made from gross debt to arrive at net debt applicable to the limit: money held for payment of principal; debt incurred for water, sewer, gas, or electric power purposes; uncollected special assessments, funding, and refunding bonds not yet issued; and revenue bonds. The legal debt margin is the difference between the debt limit and the County's net debt outstanding applicable to the limit, and represents the County's legal borrowing authority.

Lee County, North Carolina
Direct and Overlapping Governmental Activities Debt
General Obligation Bonds
As of June 30, 2010

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable</u> | <u>Estimated Share of Direct and Underlying Debt</u> |
|--------------------------------------|-----------------------------|--|--|
| Direct: | | | |
| Lee County | \$ 5,085,000 | 100% | \$ 5,085,000 |
| Underlying Debt: | | | |
| Town of Broadway | 635,000 | 100% | 635,000 |
| Lee County Water & Sewer District #1 | 750,000 | 100% | 750,000 |
| City of Sanford | <u>1,165,000</u> | 100% | <u>1,165,000</u> |
| Total direct and overlapping debt | <u>\$ 7,635,000</u> | | <u>\$ 7,635,000</u> |

Note:

Percentage of overlap based on assessed property values.

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

| Fiscal Year | Population (1) | Personal Income (1) (amounts expressed in thousands) | Per Capita Personal Income (1) | Public School Enrollment (2) | Unemployment Rate (3) |
|--------------------|-----------------------|---|---|---|----------------------------------|
| 2001 | 49,424 | \$ 1,243,247 | \$ 25,155 | 8,725 | 6.30% |
| 2002 | 51,111 | 1,272,007 | 24,887 | 8,778 | 7.40% |
| 2003 | 52,058 | 1,320,754 | 25,371 | 8,834 | 7.60% |
| 2004 | 53,421 | 1,342,616 | 25,218 | 8,924 | 6.00% |
| 2005 | 54,417 | 1,439,609 | 26,455 | 9,056 | 5.60% |
| 2006 | 55,704 | 1,554,422 | 26,777 | 9,219 | 5.40% |
| 2007 | 56,908 | 1,695,000 | 28,975 | 9,330 | 5.50% |
| 2008 | 57,973 | 1,786,000 | 30,878 | 9,458 | 7.20% |
| 2009 | 59,091 | 1,832,000 | 30,983 | 9,592 | 14.80% |
| 2010 | 60,477 | * | * | 9,603 | 12.50% |

* Information not yet available

Notes:

(1) Bureau of Economic Analysis, U. S. Department of Commerce. Figures are for the prior calendar year.

(2) Lee County Board of Education

(3) N.C. Employment Security Commission

Lee County, North Carolina
Principal Employers
Current Year and Nine Years Ago

| Employer | Fiscal Year 2010 (1) | | | Fiscal Year 2001 | | |
|------------------------------------|---------------------------------|------|---------------------------------------|------------------|------|---------------------------------------|
| | Approximate Number of Employees | Rank | Percentage of Total County Employment | Employees | Rank | Percentage of Total County Employment |
| Lee County Schools | 1000-1500 | 1 | 5.36% | - | - | 0.00% |
| Coty, Inc. | 1000-1500 | 2 | 5.36% | 500-999 | 3 | 3.01% |
| Wyeth Vaccines | 1000-1500 | 3 | 3.22% | - | - | 0.00% |
| Pilgrims Pride Corporation | 1000-1500 | 4 | 3.22% | 1000-1500 | 1 | 5.01% |
| Static Control Components, Inc. | 500-999 | 5 | 3.22% | 500-999 | 2 | 3.01% |
| The Pantry, Inc. | 500-999 | 6 | 3.22% | - | - | 0.00% |
| Central Carolina Hospital | 500-999 | 7 | 3.22% | 500-999 | 5 | 3.01% |
| Central Carolina Community College | 500-999 | 8 | 3.22% | - | - | 0.00% |
| Pentair Pool Products, Inc. | 500-999 | 9 | 3.22% | - | - | 0.00% |
| Tyson Mexican Original Inc. | 500-999 | 10 | 3.22% | - | - | 0.00% |
| Magneti Marelli USA, Inc. | - | - | 0.00% | 500-999 | 4 | 3.01% |
| Moen, Inc. | - | - | 0.00% | 500-999 | 6 | 3.01% |
| GKN Automotive Components, Inc. | - | - | 0.00% | 500-999 | 7 | 3.01% |
| Pac-Fab, Inc. | - | - | 0.00% | 500-999 | 8 | 3.01% |
| Redman Mobile Homes, Inc. | - | - | 0.00% | 250-499 | 9 | 1.50% |
| Cherokee Sanford Group LLC | - | - | 0.00% | 250-499 | 10 | 1.50% |
| Total | | | 36.46% | | | 29.07% |

Source: NC Employment Security Commission; total county employment

Notes:

(1) Based on December 2009 employment which is most recent information provided by the NC Employment Security Commission.

Lee County, North Carolina
Full-time Equivalent County Government Employees by Function
 Last Ten Fiscal Years

| | Full-time Equivalent Employees as of June 30 | | | | | | | | | |
|-----------------------------------|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Function | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
| General government | 75 | 75 | 72 | 72 | 72 | 79 | 80 | 80 | 76 | 71 |
| Public safety | 75 | 73 | 74 | 73 | 73 | 84 | 85 | 88 | 90 | 86 |
| Economic and physical development | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Human services | 171 | 168 | 165 | 173 | 173 | 195 | 195 | 197 | 185 | 176 |
| Cultural and recreational | 24 | 24 | 23 | 23 | 23 | 38 | 38 | 38 | 36 | 32 |
| Total | 349 | 344 | 338 | 345 | 345 | 400 | 402 | 407 | 391 | 369 |

Source: Lee County Finance Department

Note: The schedule represents the number of approved permanent FTE's as of June 30, 2010

Lee County, North Carolina
Operating Indicators by Function/Program
Current and Five Prior Years (1)

| | Fiscal Year | | | | | |
|---|-------------|---------|---------|---------|---------|---------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Sheriff | | | | | | |
| Civil papers issued | 9,840 | 8,804 | 10,940 | 10,241 | 10,493 | 10,939 |
| Criminal papers issued | 5,309 | 5,251 | 4,399 | 4,455 | 4,088 | 4,498 |
| COLTS (County of Lee Transit System) | | | | | | |
| Passenger Trips | 55,003 | 56,612 | 58,535 | 64,864 | 62,454 | 61,763 |
| Senior Services | | | | | | |
| Diners club meals served | 21,877 | 19,501 | 17,585 | 19,729 | 18,551 | 16,801 |
| Home delivered meals served | 9,118 | 8,589 | 8,697 | 7,775 | 6,844 | 5,631 |
| Unduplicated persons served using Senior Center Outreach Grant | 2,625 | 1,915 | 2,205 | 800 | 3,900 | N/A |
| Unduplicated persons served using Senior Center General Purpose Grant | 2,124 | 3,517 | 2,900 | 900 | 3,750 | 3,950 |
| Library | | | | | | |
| Patron visits | 154,592 | 159,979 | 167,771 | 171,144 | 175,192 | 157,267 |
| Children participating in library programs | 13,629 | 14,509 | 10,554 | 7,620 | 8,813 | 8,292 |
| Seniors in outreach program | 2,362 | 2,474 | 2,256 | 130 | 70 | 75 |
| Books in collection | 138,835 | 142,295 | 144,931 | 146,457 | 147,798 | 146,702 |
| Book circulation | 133,113 | 128,198 | 128,745 | 128,020 | 135,817 | 125,964 |
| Parks and Recreation | | | | | | |
| Youth recreation: | | | | | | |
| Sports teams | 131 | 115 | 123 | 105 | 110 | 138 |
| Participants | 1,712 | 1,459 | 1,522 | 1,300 | 1,316 | 1,615 |
| Adult recreation: | | | | | | |
| Sports teams | 56 | 41 | 42 | 37 | 40 | 52 |
| Participants | 765 | 595 | 600 | 550 | 573 | 710 |
| Gymnastics: | | | | | | |
| Participants | 1,304 | 1,229 | 1,240 | 1,300 | 1,350 | 1,350 |
| San-Lee Park Summer Camps: | | | | | | |
| Participants | 99 | 110 | 127 | 210 | 114 | 145 |
| Solid Waste | | | | | | |
| Waste collected (tons) | 17,283 | 17,266 | 16,125 | 15,431 | 8,633 | 7,654 |
| Ratio of recyclable to total waste received | 20% | 18% | 20% | 20% | 26% | 20% |

Sources: Various County departments

Notes:

(1) Information is actually provided for current year and five prior years ago because data from previous years is not available.

**Lee County, North Carolina
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years**

| Function | Fiscal Year | | | | | | | | | |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
| Sheriff protection Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 16 | 16 | 16 | 16 | 16 | 16 | 18 | 20 | 20 | 23 |
| Jail | | | | | | | | | | |
| Correctional facility capacity | 126 | 126 | 126 | 126 | 126 | 126 | 126 | 126 | 126 | 126 |
| Cultural and recreational | | | | | | | | | | |
| Number of parks | 11 | 11 | 11 | 11 | 12 | 12 | 12 | 12 | 12 | 12 |
| Park acreage | 283 | 283 | 300 | 300 | 327 | 327 | 327 | 327 | 337 | 354 |
| Swimming pools | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Libraries (branches) | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Solid waste | | | | | | | | | | |
| Landfills | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 (closed) |
| Convenience Centers | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Education | | | | | | | | | | |
| Schools | 12 | 12 | 12 | 12 | 12 | 13 | 13 | 15 | 15 | 15 |
| Teachers | 543 | 570 | 581 | 561 | 582 | 600 | 598 | 606 | 623 | 599 |
| Students | 8,725 | 8,778 | 8,834 | 8,924 | 9,056 | 9,219 | 9,330 | 9,458 | 9,592 | 9,603 |

Sources: Various County departments. Lee County Board of Education

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