

**STANLY COUNTY
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**For Fiscal Year Ended
June 30, 2005**



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

**Charles S. Mashburn
Finance Director**

**STANLY COUNTY, NORTH CAROLINA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 For the Fiscal Year Ended June 30, 2005
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COUNTY OF STANLY
FINANCE OFFICE
1000 NORTH FIRST STREET, SUITE 10B
ALBEMARLE, NORTH CAROLINA 28001



December 15, 2005

The Board of County Commissioners
Stanly County, North Carolina:

The Comprehensive Annual Financial Report (CAFR) of Stanly County for the fiscal year ended June 30, 2005 is hereby submitted. The County is responsible for the accuracy, completeness, and fairness of the presentation, including all disclosures. The data presented is materially accurate and the financial statements fairly present the County's financial position as measured by activity in the various funds. All disclosures have been included as necessary to enable a reader to understand the County's financial activities.

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

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

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

DESCRIPTION OF COUNTY

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

DESCRIPTION OF GOVERNMENT

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

EDUCATIONAL INSTITUTIONS

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

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

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

ECONOMIC CONDITION AND OUTLOOK

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

The mobile home manufacturing industry has recovered and has been hiring employees. Several small manufacturing operations have located to the county and hired local workers. Wall-Mart is opening a super store, which indicates optimism in the local economy. The current county unemployment rate has declined from about 9% in 2003, to about 5.9% at June 30, 2005. This compares to a state rate of 5.5 percent.

Gross retail sales for fiscal year 2005 were estimated at \$678,000,000, up slightly from \$644,000,000 in 2004. Declining manufacturing operations, accelerated depreciation on manufacturing equipment, and the closing of retail and commercial establishments continues to contribute to low growth in property tax values. The \$335,000,000 increase in tax value is primarily attributable to the four-year mass appraisal effective January 1, 2005.

The North Carolina Department of Transportation announced that the long anticipated improvements to Highway 24/27 are being delayed several years due to funding problems. This is a disappointment to county leaders because a four lane highway to Charlotte is expected to enhance economic development. Similarly, a proposed north-south four lane project for Highway 52 is being delayed.

MAJOR INITIATIVES

Economic Development and water and sewer expansion are two of the highest priorities for the governing body. A \$1,800,000 sewer improvement project for the Badin area, and a \$4,100,000 water line extension project will be completed in the fall of 2005. The board recently approved proceeding with a water line construction project on Highway 52 South.

Construction on a \$6,500,000 improvement and addition to the jail is expected to begin in the spring of 2006.

AIRPORT

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

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

Two large hangars capable of storing fourteen small to medium sized (cabin class) aircraft are under construction, with expected completion dates of early October, 2005. Each hangar building will have office space that can be customized to the specifications of the customer.

Another project that will begin in late summer is the installation of perimeter fencing that will address security concerns expressed by federal agencies. The Federal Aviation Administration (FAA), the Air National Guard, and Stanly County are providing funding for the project. Completion of the fencing projected is forecast for the spring of 2006.

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

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

TRANSPORTATION

Transportation within the County is very important to the board of commissioners. The board established a transportation system in 1986 to serve the entire county. SCUSA Transportation currently operates 21 vehicles which are handicapped accessible. Service is provided Monday through Friday from 5:30 am to 6:00 pm with daily trips to medical facilities, community college campuses, shopping facilities, work sites, etc. Out-of-county medical trips are provided on a pre-scheduled basis. Other services provided on a limited basis include vehicle repair and mileage reimbursement for qualified individuals. During fiscal year 2004-05, SCUSA Transportation used 27,533 service hours and drove 398,414 miles in providing 87,295 trips.

FINANCIAL INFORMATION

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

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

Budgeting Controls

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

Cash Management

Idle cash during the year was invested either in fully insured or collateralized certificates of deposit, or in demand deposits in the State authorized mutual fund whose portfolio consists of instrument types noted above, and in U.S. Government securities and banker's acceptances. Maturities ranged from 7 to 365 days.

The amount of investment earnings for the General Fund for year 2005 was \$268,531, which was an increase of 5.25% from 2004. Total investment earnings for all funds decreased by 25%. The decrease in all funds resulted primarily from a decrease in available cash. About \$3.3m was transferred for school construction and water and sewer construction projects consumed another \$2.0m. The average yield on maturing investments in 2005 was 2.25% compared to 1.09% in 2004. The General Fund investment income amounts to the equivalent of \$.0078 cents on the tax rate. For all general governmental funds, investment income was \$297,053 or \$.0087 equivalent on the tax rate.

A table of investments on June 30, 2005 is as follows:

<u>INVESTMENT</u>	<u>MARKET VALUE</u>
Certificates of Deposit	\$11,053,299
N.C. Cash Management Trust	<u>3,509,359</u>
TOTAL	<u>\$14,562,658</u>

Risk Management

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

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

OTHER INFORMATION

Independent Audit

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

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Stanly

County for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2004. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards in preparing state and local government financial reports. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Stanly County has received a Certificate of Achievement for the last fourteen (14) consecutive years. We believe the current report satisfies the Certificate of Achievement Program requirements, and it is being submitted to the GFOA.

Acknowledgments

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

Respectfully submitted,



Jerry D. Myers
County Manager



Charles S. Mashburn
Finance Officer

STANLY COUNTY, NORTH CAROLINA
LIST OF ELECTED AND APPOINTED OFFICIALS
June 30, 2005

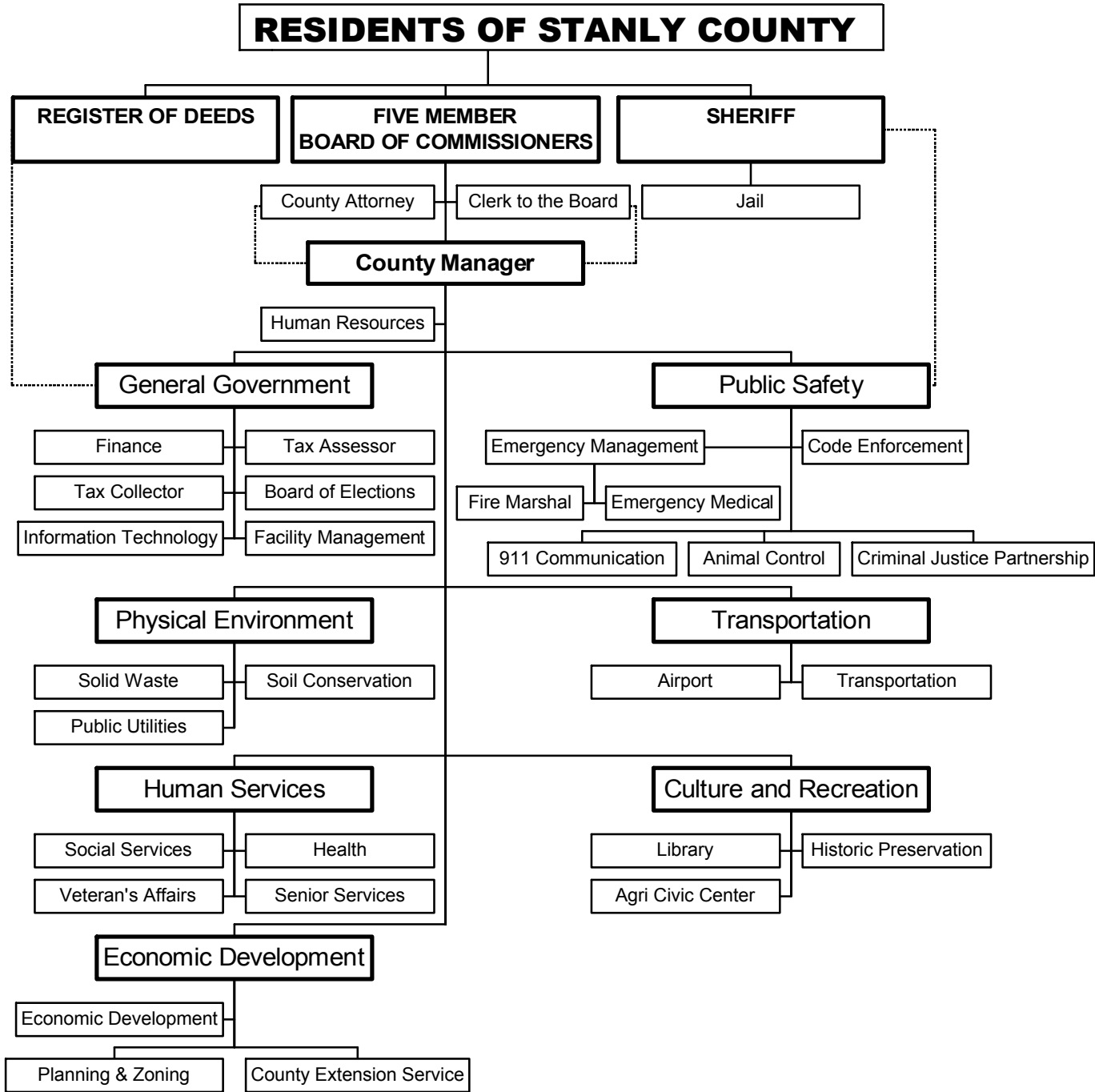
Elected Officials

Board of Commissioners – Chairman Tony Dennis
Board of Commissioners – Vice-Chairman Gene McIntyre
Board of Commissioners Gary Lowder
Board of Commissioners Sherrill Smith
Board of Commissioners Dr. Meheta
Sheriff Tony Frick
Register of Deeds Cecil I. Almond

Appointed Officials

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

**COUNTY OF STANLY
ORGANIZATIONAL CHART**



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Stanly County,
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30 2004

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.



Nancy L. Ziehl

President

Jeffrey R. Egan

Executive Director



Martin Starnes & Associates, CPAs, P.A.

A Professional Association of Certified Public Accountants and Management Consultants

INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Stanly County
Albemarle, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Stanly County, North Carolina as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Stanly County's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Stanly County, North Carolina as of June 30, 2005, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the general fund and School Construction Reserve fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2005 on our consideration of Stanly County, North Carolina's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

Martin Starnes + Associates CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
November 4, 2005

STANLY COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005

Management's Discussion and Analysis

This discussion and analysis is provided as an overview of Stanly County's financial activities for the fiscal year ended June 30, 2005. The transmittal letter that begins on *page i* provides additional highlights and explanations and should also be read in conjunction with the financial statements.

Financial Highlights

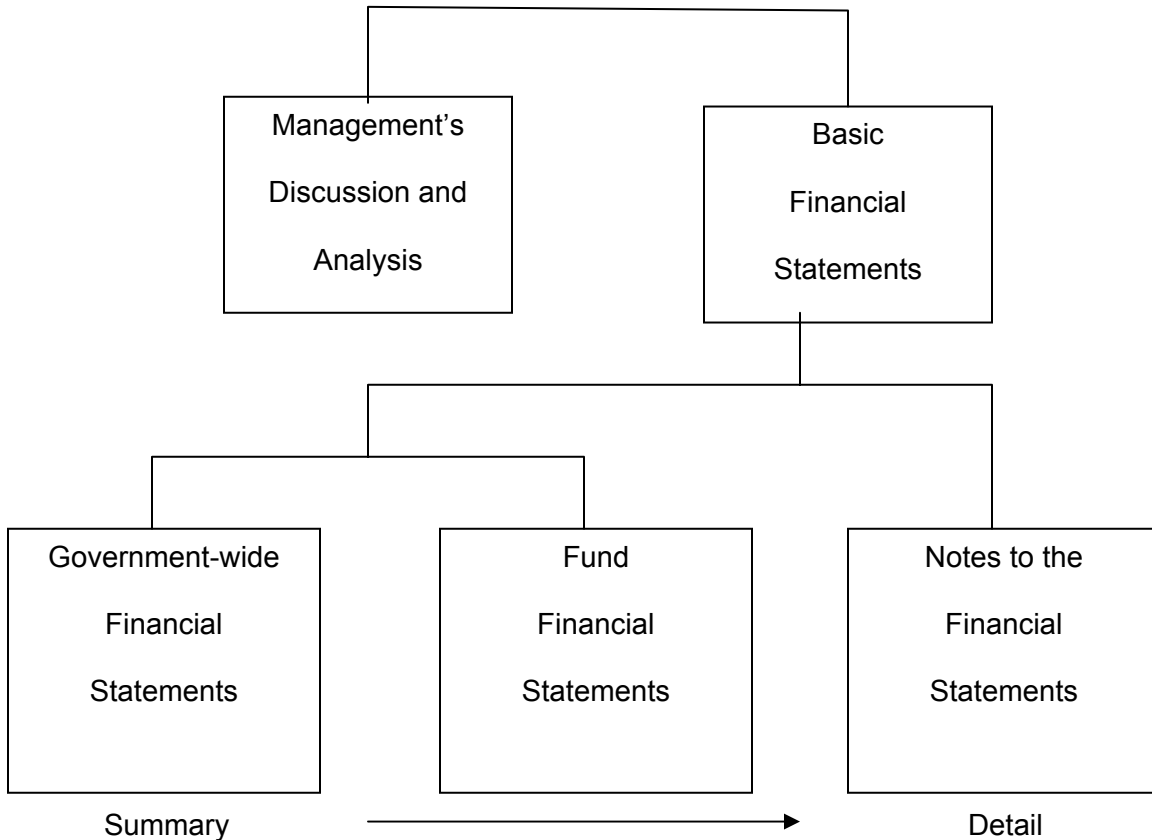
- The assets of Stanly County's governmental activities exceeded its liabilities (net assets) by \$6,467,392 at year end. Net assets would be much greater except Stanly County reports \$22,800,000 bond debt liability for the school system, and the school reports the assets.
- Net assets for governmental activities decreased by \$1,291,558.
- As of June 30, 2005 the total fund balance of the general fund was \$16,507,661. This was an increase of \$1,355,874 compared with the prior year. Approximately 66% of the fund balance, or \$10,931,952 is unreserved and available for spending at the government's discretion.
- Stanly County's total debt decreased by \$1,560,816 (5.65%) during the current fiscal year. Regular and scheduled debt payments account for the decrease.
- Stanly County maintained its Moody's A2 bond rating for the fifth consecutive year.
- The \$2,173,249 increase (4.60%) in the General Fund budget occurred primarily because of normal increases for wages, benefits, insurance, and other operating costs.

Overview of the Financial Statements

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

**STANLY COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005**

Required Components of Annual Financial Reports



Basic Financial Statements

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

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

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

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

STANLY COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005

Government-wide Financial Statements

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

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

Fund Financial Statements

Fund financial statements provide a detailed analysis of the more significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All funds can be divided into two categories, governmental and proprietary. Stanly County, like all other governmental entities in North Carolina, uses fund accounting to ensure and report compliance (or non-compliance) with finance-related legal requirements, such as general statutes or budget ordinances.

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

Stanly County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from residents, staff, and governing body regarding which services to provide and how to pay for them. It also identifies and authorizes revenue sources to finance current-period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance, and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. A reconciliation is provided at the end of the budgetary statement to account for the difference between the budgetary basis and modified accrual accounting basis.

STANLY COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005

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

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

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

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

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning funding of employee pension obligations. Required supplementary information can be found beginning on page 54 of this report.

Government-Wide Financial Analysis

Though some units implemented earlier, the government-wide financial statements being presented for the fiscal year ended June 30, 2005 are the third year of a new era in financial reporting for many governmental units across the United States. Stanly County and other governments maintained governmental, proprietary, and fiduciary fund groups as separate and very distinct accounting entities. There were no consolidated statements that accurately reflected the operations and net assets of the unit as a whole. A total column appeared on the financial statements as a memorandum calculation only. No attempt was made to present statements that reported the overall financial condition. Reports in prior years contained basically the equivalent of the fund financial statements that also appear this year, along with the long-term debt group and the general fixed asset group.

The Governmental Accounting Standards Board (GASB) Statement 34 dictated the changes you see in Stanly County's financial reports, as well as in those of many other units of government. Stanly County was required to implement these changes for the fiscal year ended June 30, 2003. This is the third year of the new reporting model and comparative data is presented where required.

**STANLY COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005**

STANLY COUNTY'S NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 21,746,899	\$ 23,435,973	\$ 1,662,451	\$ 2,143,831	\$ 23,409,350	\$ 25,579,804
Capital assets	<u>13,018,184</u>	<u>13,492,688</u>	<u>31,879,251</u>	<u>30,841,402</u>	<u>44,897,435</u>	<u>44,334,090</u>
Total assets	<u>34,765,083</u>	<u>36,928,661</u>	<u>33,541,702</u>	<u>32,985,233</u>	<u>68,306,785</u>	<u>69,913,894</u>
Long-term liabilities outstanding	25,769,279	25,937,600	1,512,475	1,675,773	27,281,754	27,613,373
Other liabilities	<u>2,528,412</u>	<u>3,232,111</u>	<u>1,008,487</u>	<u>838,386</u>	<u>3,536,899</u>	<u>4,070,497</u>
Total liabilities	<u>28,297,691</u>	<u>29,169,711</u>	<u>2,520,962</u>	<u>2,514,159</u>	<u>30,818,653</u>	<u>31,683,870</u>
Net assets:						
Invested in capital assets, net of related debt	11,200,155	10,887,087	30,444,727	27,150,259	41,644,882	38,037,346
Restricted	50,431	61,691	-	-	50,431	61,691
Unrestricted (deficit)	<u>(4,783,194)</u>	<u>(3,189,828)</u>	<u>576,013</u>	<u>3,320,815</u>	<u>(4,207,181)</u>	<u>130,987</u>
Total net assets	<u>\$ 6,467,392</u>	<u>\$ 7,758,950</u>	<u>\$ 31,020,740</u>	<u>\$ 30,471,074</u>	<u>\$ 37,488,132</u>	<u>\$ 38,230,024</u>

As noted earlier, comparing changes in net assets over time provides one useful indicator of financial condition. The assets of Stanly County exceeded liabilities by \$37,488,132 as of June 30, 2005.

The County's net assets decreased by \$741,892 for the fiscal year ended June 30, 2005. Capital assets (e.g. land, buildings, machinery and equipment) reflect the largest portion of net assets. Stanly County's investment in its capital assets is reported net of the outstanding related debt. Stanly County uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. The resources needed to repay that debt must be provided by other sources, since capital assets cannot be used to liquidate these liabilities. An additional portion of Stanly County's net assets represents resources that are subject to external restrictions on how they may be used.

There was one aspect of the County's financial operations that influenced the total unrestricted governmental net assets being a negative number. Stanly County issues and pays the debt service on bonds sold for school improvements. The Board of Education reports the assets on their books, and the county only the debt. Thus, the \$22,800,000 debt owed on the school buildings exceeded the value of other assets and caused a negative unrestricted net assets calculation for Stanly County.

**STANLY COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005**

Stanly County Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services	\$ 8,889,869	\$ 5,463,593	\$ 2,869,711	\$ 2,676,468	\$ 11,759,580	\$ 8,140,061
Operating grants and contributions	8,458,500	7,996,207	-	-	8,458,500	7,996,207
Capital grants and contributions	29,503	53,048	1,789,803	3,142,125	1,819,306	3,195,173
General revenues:						
Property taxes	25,255,507	25,024,239	-	-	25,255,507	25,024,239
Other taxes	9,931,387	9,176,891	-	-	9,931,387	9,176,891
Grants and contributions not restricted to specific programs	-	5,936	-	-	-	5,936
Other	544,603	509,083	25,319	12,749	569,922	521,832
Total revenues	53,109,369	48,228,997	4,684,833	5,831,342	57,794,202	54,060,339
Expenses:						
General government	7,211,199	3,943,999	-	-	7,211,199	3,943,999
Public safety	10,271,412	9,208,320	-	-	10,271,412	9,208,320
Transportation	722,422	627,172	-	-	722,422	627,172
Environmental protection	899,015	867,293	-	-	899,015	867,293
Economic development	1,529,470	1,282,716	-	-	1,529,470	1,282,716
Human services	14,330,481	13,402,271	-	-	14,330,481	13,402,271
Cultural and recreation	1,384,589	1,509,613	-	-	1,384,589	1,509,613
Education	16,478,097	14,665,895	-	-	16,478,097	14,665,895
Interest on long-term debt	1,136,626	1,201,997	-	-	1,136,626	1,201,997
Water and sewer	-	-	3,127,806	2,852,826	3,127,806	2,852,826
Airport	-	-	1,444,977	1,377,782	1,444,977	1,377,782
Total expenses	53,963,311	46,709,276	4,572,783	4,230,608	58,536,094	50,939,884
Increase (decrease) in net assets before transfers and special items	(853,942)	1,519,721	112,050	1,600,734	(741,892)	3,120,455
Transfers in (out)	(437,616)	(904,849)	437,616	904,849	-	-
Special items - loss on capital assets	-	-	-	-	-	-
Increase (decrease) in net assets	(1,291,558)	614,872	549,666	2,505,583	(741,892)	3,120,455
Net assets, July 1	7,758,950	7,144,078	30,471,074	27,965,491	38,230,024	35,109,569
Net assets, June 30	\$ 6,467,392	\$ 7,758,950	\$ 31,020,740	\$ 30,471,074	\$ 37,488,132	\$ 38,230,024

STANLY COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005

Governmental activities. Governmental activities decreased the County's net assets by \$1,291,558. Key elements of that decrease were as follows:

- Expenditures exceeded current-year revenues.
- Group Health Fund deficit of \$120,589 was transferred to governmental activities.

Financial Analysis of the County's Funds

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

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

The general fund is the chief operating fund. The unreserved fund balance at the end of the fiscal year was \$10,931,952, and total fund balance was \$16,507,661. As a measure of the general fund's liquidity, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 23.25% of total General Fund expenditures, while total fund balance represents 35.10% of that same amount.

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

Total amendments to the General Fund increased expenditures by \$1,057,588 and revenues by only \$412,026, with the remainder funded by fund balance. Capital projects included \$167,037 for airport hangars. Another \$90,561 was appropriated to help fund gas line construction for an industrial project.

Business-type activities: Business-type activities increased Stanly County's net assets by \$549,666. Key financial elements of business-type activities are as follows:

- Water and sewer line improvements of \$1,556,171 are construction works in progress
- Airport improvements of \$955,231 were capitalized.

Proprietary Funds. Stanly County's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net assets of the utility funds at the end of the fiscal year amounted to (\$107,870), and for the airport \$683,883. The total increase in net assets for all enterprise funds was \$549,666. Other factors concerning the finances of these two funds have already been addressed in the discussion of business-type activities.

**STANLY COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005**

Capital Asset and Debt Administration

Capital assets. Stanly County's capital assets for its governmental and business-type activities as of June 30, 2005, totaled \$44,897,435 (net of accumulated depreciation). These assets included buildings, land, machinery and equipment, and vehicles.

Major capital asset transactions during the year included:

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

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

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$ 1,370,785	\$ 1,359,785	\$ 4,208,198	\$ 4,162,698	\$ 5,578,983	\$ 5,522,483
Buildings and system	9,975,648	8,980,098	22,699,569	24,375,494	32,675,217	33,355,592
Machinery & equipment	411,453	1,385,903	34,954	123,794	446,407	1,509,697
Vehicles and motorized equipment	1,260,298	1,398,902	145,597	164,046	1,405,895	1,562,948
Constuction in progress	-	-	4,790,933	2,015,370	4,790,933	2,015,370
Total	\$ 13,018,184	\$ 13,124,688	\$ 31,879,251	\$ 30,841,402	\$ 44,897,435	\$ 43,966,090

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

Long-term Debt. As of June 30, 2005, Stanly County had total bonded debt outstanding of \$23,445,000, all of which is debt backed by the full faith and credit of the County.

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

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
General obligation bonds	\$ 22,800,000	\$ 23,700,000	\$ 645,000	\$ 760,000	\$ 23,445,000	\$ 24,460,000

**STANLY COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005**

Stanly County's total debt decreased by \$1,560,816 (5.65 %) during the past fiscal year, primarily due to regularly scheduled debt payments.

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

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Stanly County is \$262,157,574. The County has no authorized but un-issued bonds at June 30, 2005.

Additional information regarding Stanly County's long-term debt can be found in note III beginning on page 46 of this audited financial report.

Economic Factors and Next Year's Budgets and Rates

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

- The County is experiencing a moderate unemployment rate of 5.9%, which is higher than the state average of 5.5%
- Retail vacancy rates remain stable
- Manufacturing jobs have increased over the prior year

Budget Highlights for the Fiscal Year Ending June 30, 2005

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

General Fund expenditures were budgeted to rise from \$49,390,470 to \$51,234,730 which is a 3.7% increase. The largest increments are for employee compensation and benefits.

Business-type Activities: The water and sewer rates in the County were increased by 3% for 2003-04, primarily to achieve financial self-sufficiency. The rates were increased by about 1% again for 2005-06 primarily to cover increased cost of purchasing electricity from the City of Albemarle. Utility rates are scheduled for another increase during the 2005-06 fiscal year.

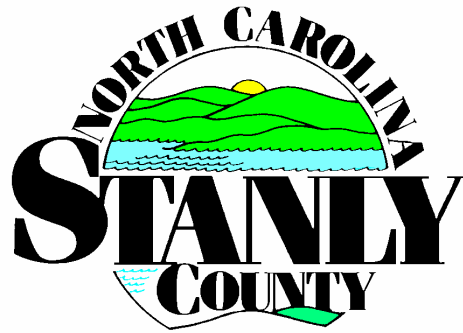
Requests for Information

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



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BASIC FINANCIAL STATEMENTS



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STANLY COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS
JUNE 30, 2005

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Assets:			
Cash and cash equivalents	\$ 14,559,739	\$ 1,095,341	\$ 15,655,080
Ad valorem taxes receivable, net	1,800,605	-	1,800,605
Other accounts receivable, net	4,355,019	1,306,038	5,661,057
Internal balances	848,359	(848,359)	-
Inventories	-	78,796	78,796
Prepaid items	183,177	-	183,177
Bond discount, net of amortization	-	30,635	30,635
Capital assets:			
Land	1,370,843	4,208,198	5,579,041
Construction in progress	-	4,790,933	4,790,933
Depreciable assets, net	11,647,341	22,880,120	34,527,461
Total assets	<u>34,765,083</u>	<u>33,541,702</u>	<u>68,306,785</u>
Liabilities:			
Accounts payable	1,672,155	910,187	2,582,342
Due to other governments	243,059	-	243,059
Interest payable	317,594	11,540	329,134
Payroll payable	-	3,820	3,820
Deposits payable	-	82,940	82,940
Unearned revenue	295,604	-	295,604
Noncurrent liabilities:			
Due within a year	1,918,100	277,589	2,195,689
Due in more than a year	23,851,179	1,234,886	25,086,065
Total liabilities	<u>28,297,691</u>	<u>2,520,962</u>	<u>30,818,653</u>
Net assets:			
Invested in capital assets, net of related debt	11,200,155	30,444,727	41,644,882
Restricted for:			
Register of deeds	50,431	-	50,431
Unrestricted (deficit)	(4,783,194)	576,013	(4,207,181)
Total net assets	<u>\$ 6,467,392</u>	<u>\$ 31,020,740</u>	<u>\$ 37,488,132</u>

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

STANLY COUNTY, NORTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 7,211,199	\$ 4,261,895	\$ 485,216	\$ 8,825
Public safety	10,271,412	1,824,146	801,399	-
Transportation	722,422	304,235	214,362	20,678
Environmental protection	899,015	769,537	-	-
Economic and physical development	1,529,470	6,625	161,215	-
Human services	14,330,481	1,698,934	6,413,649	-
Education	16,478,097	-	353,354	-
Cultural and recreation	1,384,589	24,497	29,305	-
Interest on long-term debt	1,136,626	-	-	-
Total governmental activities	<u>53,963,311</u>	<u>8,889,869</u>	<u>8,458,500</u>	<u>29,503</u>
Business-Type Activities:				
Greater Badin Water and Sewer District	662,369	390,617	-	-
Piney Point Water District	74,934	104,012	-	-
Stanly County Utility Fund	2,390,503	2,040,676	-	1,403,219
Airport Fund	1,444,977	334,406	-	386,584
Total business-type activities	<u>4,572,783</u>	<u>2,869,711</u>	<u>-</u>	<u>1,789,803</u>
Total primary government	<u>\$ 58,536,094</u>	<u>\$ 11,759,580</u>	<u>\$ 8,458,500</u>	<u>\$ 1,819,306</u>

General Revenues:

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

Total general revenues and transfers

Change in Net Assets

Net assets, beginning of year - July 1

Net assets, end of year - June 30

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

Exhibit B

<u>Net (Expense) Revenue and Changes in Net Assets</u>		
<u>Primary Government</u>		
<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
<u>Activities</u>	<u>Activities</u>	
\$ (2,455,263)	\$ -	\$ (2,455,263)
(7,645,867)	-	(7,645,867)
(183,147)	-	(183,147)
(129,478)	-	(129,478)
(1,361,630)	-	(1,361,630)
(6,217,898)	-	(6,217,898)
(16,124,743)	-	(16,124,743)
(1,330,787)	-	(1,330,787)
<u>(1,136,626)</u>	<u>-</u>	<u>(1,136,626)</u>
<u>(36,585,439)</u>	<u>-</u>	<u>(36,585,439)</u>
-	(271,752)	(271,752)
-	29,078	29,078
-	1,053,392	1,053,392
<u>-</u>	<u>(723,987)</u>	<u>(723,987)</u>
<u>-</u>	<u>86,731</u>	<u>86,731</u>
<u>(36,585,439)</u>	<u>86,731</u>	<u>(36,498,708)</u>
25,255,507	-	25,255,507
9,407,446	-	9,407,446
523,941	-	523,941
294,656	25,319	319,975
249,947	-	249,947
<u>(437,616)</u>	<u>437,616</u>	<u>-</u>
<u>35,293,881</u>	<u>462,935</u>	<u>35,756,816</u>
(1,291,558)	549,666	(741,892)
<u>7,758,950</u>	<u>30,471,074</u>	<u>38,230,024</u>
<u>\$ 6,467,392</u>	<u>\$ 31,020,740</u>	<u>\$ 37,488,132</u>

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

STANLY COUNTY, NORTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2005

	Major		Non-Major	Total
	General	School Construction Reserve	Other Governmental Funds	
Assets:				
Cash and cash equivalents	\$ 13,178,616	\$ -	\$ 885,921	\$ 14,064,537
Receivables, net	5,545,973	-	278,250	5,824,223
Due from other funds	988,579	-	-	988,579
Prepaid items	32,761	-	-	32,761
Total assets	<u>\$ 19,745,929</u>	<u>\$ -</u>	<u>\$ 1,164,171</u>	<u>\$ 20,910,100</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 898,999	\$ -	\$ 137,586	\$ 1,036,585
Due to other governments	243,059	-	-	243,059
Due to other funds	-	-	140,220	140,220
Deferred revenue	1,800,606	-	62,223	1,862,829
Unearned revenue	295,604	-	-	295,604
Total liabilities	<u>3,238,268</u>	<u>-</u>	<u>340,029</u>	<u>3,578,297</u>
Fund balances:				
Reserved/restricted for:				
Prepaid items	32,761	-	-	32,761
By state statute	5,492,517	-	24,928	5,517,445
Register of deeds	50,431	-	-	50,431
Unreserved reported in :				
General fund	10,931,952	-	-	10,931,952
Special revenue fund	-	-	590,577	590,577
Capital project fund	-	-	208,637	208,637
Total fund balances	<u>16,507,661</u>	<u>-</u>	<u>824,142</u>	<u>17,331,803</u>
Total liabilities and fund balances	<u>\$ 19,745,929</u>	<u>\$ -</u>	<u>\$ 1,164,171</u>	

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	13,018,184
The focus of governmental funds is on short-term financing; long-term assets are deferred in the funds.	2,189,931
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(26,086,874)
Internal service funds are used by management to charge the costs of certain activities to individual funds. These assets and liabilities are included in governmental activities in the statement of net assets.	14,348
Net assets of governmental activities:	<u>\$ 6,467,392</u>

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

STANLY COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	Major		Non-Major	Total
	General	School Construction Reserve	Other Governmental Funds	Governmental Funds
Revenues:				
Ad valorem taxes	\$ 23,990,896	\$ -	\$ 1,338,077	\$ 25,328,973
Local option sales taxes	9,407,446	-	-	9,407,446
Other taxes and licenses	523,941	-	-	523,941
Unrestricted intergovernmental	5,763	-	-	5,763
Restricted intergovernmental	8,089,556	-	161,215	8,250,771
Permits and fees	750,320	-	-	750,320
Sales and services	4,594,777	-	302,824	4,897,601
Investment earnings	268,531	8,905	8,781	286,217
Miscellaneous	748,556	-	-	748,556
Total revenues	<u>48,379,786</u>	<u>8,905</u>	<u>1,810,897</u>	<u>50,199,588</u>
Expenditures:				
Current:				
General government	4,126,332	-	20,070	4,146,402
Public safety	8,382,971	-	1,888,761	10,271,732
Transportation	627,756	-	-	627,756
Environmental protection	917,303	-	-	917,303
Economic and physical development	1,341,969	-	183,215	1,525,184
Human services	14,333,027	-	-	14,333,027
Education	12,900,884	3,389,398	-	16,290,282
Cultural and recreational	1,393,480	-	-	1,393,480
Debt service:				
Principal	1,319,567	-	-	1,319,567
Interest and other charges	1,152,446	-	-	1,152,446
Total expenditures	<u>46,495,735</u>	<u>3,389,398</u>	<u>2,092,046</u>	<u>51,977,179</u>
Revenues over (under) expenditures	<u>1,884,051</u>	<u>(3,380,493)</u>	<u>(281,149)</u>	<u>(1,777,591)</u>
Other financing sources (uses):				
Transfers from other funds	-	-	90,561	90,561
Transfers to other funds	<u>(528,177)</u>	<u>-</u>	<u>-</u>	<u>(528,177)</u>
Total other financing sources and uses	<u>(528,177)</u>	<u>-</u>	<u>90,561</u>	<u>(437,616)</u>
Net change in fund balances	1,355,874	(3,380,493)	(190,588)	(2,215,207)
Fund balance, beginning of year - July 1	<u>15,151,787</u>	<u>3,380,493</u>	<u>1,014,730</u>	<u>19,547,010</u>
Fund balance, end of year - June 30	<u>\$ 16,507,661</u>	<u>\$ -</u>	<u>\$ 824,142</u>	<u>\$ 17,331,803</u>

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

STANLY COUNTY, NORTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005**

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

Net changes in fund balances for governmental funds	\$ (2,215,207)
<p>Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is depreciated over their estimated useful lives.</p>	
Capital outlays \$ 1,401,209	
Depreciation <u>(1,507,713)</u>	(106,504)
<p>The issuance of long-term debt (e.g., bonds, leases) is a resource and the repayment of bond principal is an expenditure in governmental funds, but those transactions increase or reduce long-term liabilities in the statement of net assets.</p>	
Debt Retired	1,319,571
<p>Some revenues reported in the statement of activities are not yet available and, therefore, are not reported as revenues in the governmental funds.</p>	
	(78,459)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
	(90,370)
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of most of these activities is reported with governmental activities.</p>	
	<u>(120,589)</u>
Change in net assets of governmental activities	<u>\$ (1,291,558)</u>

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

STANLY COUNTY, NORTH CAROLINA

Exhibit F

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Positive (Negative)</u>
Revenues:				
Ad valorem taxes	\$ 23,804,500	\$ 23,804,500	\$ 23,990,896	\$ 186,396
Sales taxes	8,964,000	8,964,000	9,407,446	443,446
Other taxes	504,200	504,200	523,941	19,741
Unrestricted intergovernmental	8,500	8,500	5,763	(2,737)
Restricted intergovernmental	8,957,321	9,369,398	8,089,556	(1,279,842)
Licenses and permits	869,520	869,520	750,320	(119,200)
Sales and services	4,363,203	4,351,952	4,594,777	242,825
Investment earnings	200,000	200,000	268,531	68,531
Miscellaneous	544,515	576,715	748,556	171,841
Total revenues	<u>48,215,759</u>	<u>48,648,785</u>	<u>48,379,786</u>	<u>(268,999)</u>
Expenditures:				
Current:				
General government	4,287,030	4,334,030	4,126,332	207,698
Public safety	8,545,802	9,051,830	8,382,971	668,859
Transportation	744,426	744,426	627,756	116,670
Environmental protection	909,949	945,949	917,303	28,646
Economic and physical development	1,554,171	1,634,171	1,341,969	292,202
Human services	14,932,498	15,027,090	14,333,027	694,063
Education	14,097,530	14,097,530	12,900,884	1,196,646
Cultural and recreation	1,394,466	1,431,106	1,393,480	37,626
Debt service:				
Principal	1,253,005	1,253,005	1,319,567	(66,562)
Bond interest and costs	1,221,014	1,221,014	1,152,446	68,568
Total expenditures	<u>48,939,891</u>	<u>49,740,151</u>	<u>46,495,735</u>	<u>3,244,416</u>
Revenues over (under) expenditures	<u>(724,132)</u>	<u>(1,091,366)</u>	<u>1,884,051</u>	<u>2,975,417</u>
Other financing sources (uses):				
Transfers - out	(270,579)	(528,177)	(528,177)	-
Appropriated fund balance	994,711	1,619,543	-	(1,619,543)
Total other financing sources (uses)	<u>724,132</u>	<u>1,091,366</u>	<u>(528,177)</u>	<u>(1,619,543)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>1,355,874</u>	<u>\$ 1,355,874</u>
Fund balance, beginning of year - July 1			<u>15,151,787</u>	
Fund balance, end of year - June 30			<u>\$ 16,507,661</u>	

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

STANLY COUNTY, NORTH CAROLINA

SCHOOL CONSTRUCTION RESERVE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Over (Under)</u>
Revenues:				
Investment earnings	\$ 5,000	\$ 5,000	\$ 8,905	\$ 3,905
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>8,905</u>	<u>3,905</u>
Expenditures:				
To board of education	<u>3,300,000</u>	<u>3,400,000</u>	<u>3,389,398</u>	<u>10,602</u>
Total expenditures	<u>3,300,000</u>	<u>3,400,000</u>	<u>3,389,398</u>	<u>10,602</u>
Revenues over (under) expenditures	<u>(3,295,000)</u>	<u>(3,395,000)</u>	<u>(3,380,493)</u>	<u>14,507</u>
Other financing sources (uses):				
Appropriated fund balance	<u>3,295,000</u>	<u>3,395,000</u>	<u>-</u>	<u>(3,395,000)</u>
Total other financing sources (uses)	<u>3,295,000</u>	<u>3,395,000</u>	<u>-</u>	<u>(3,395,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(3,380,493)</u>	<u>\$ (3,380,493)</u>
Fund balance, beginning of year - July 1			<u>3,380,493</u>	
Fund balance, end of year - June 30			<u>\$ -</u>	

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

STANLY COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2005

	Enterprise Funds					Governmental Activities- Internal Service Group Health Fund
	Greater Badin Water & Sewer District Fund	Piney Point Water District Fund	Stanly County Utility Fund	Airport Fund	Total	
Assets:						
Current assets:						
Cash and cash equivalents	\$ 225	\$ 108,828	\$ 440	\$ 985,848	\$ 1,095,341	\$ 495,203
Accounts receivable, net	33,389	11,721	1,219,956	31,375	1,296,441	-
Interest receivable	-	954	-	8,643	9,597	4,299
Prepaid items	-	-	-	-	-	150,416
Inventories	-	-	53,032	25,764	78,796	-
Total current assets	<u>33,614</u>	<u>121,503</u>	<u>1,273,428</u>	<u>1,051,630</u>	<u>2,480,175</u>	<u>649,918</u>
Noncurrent assets:						
Bond discount, net of amortization	-	-	30,635	-	30,635	-
Total deferred debits	-	-	<u>30,635</u>	-	<u>30,635</u>	-
Capital assets:						
Land	-	-	223,784	3,984,414	4,208,198	-
Construction in progress	-	-	3,759,501	1,031,432	4,790,933	-
Capital assets, net of depreciation	<u>2,507,529</u>	<u>340,232</u>	<u>7,024,777</u>	<u>13,007,582</u>	<u>22,880,120</u>	-
Total capital assets, net	<u>2,507,529</u>	<u>340,232</u>	<u>11,008,062</u>	<u>18,023,428</u>	<u>31,879,251</u>	-
Total noncurrent assets	<u>2,507,529</u>	<u>340,232</u>	<u>11,038,697</u>	<u>18,023,428</u>	<u>31,909,886</u>	-
Total assets	<u>2,541,143</u>	<u>461,735</u>	<u>12,312,125</u>	<u>19,075,058</u>	<u>34,390,061</u>	<u>649,918</u>
Liabilities:						
Current liabilities:						
Accounts payable	3,754	5,821	548,740	351,872	910,187	-
Interest payable	5,330	1,458	4,752	-	11,540	-
Payroll payable	-	-	490	3,330	3,820	-
Interfund payable	89,788	-	758,571	-	848,359	-
Compensated absences payable	-	-	27,720	5,280	33,000	-
Current portion of long-term debt	62,731	40,713	141,145	-	244,589	-
Health and workers' comp payable	-	-	-	-	-	635,570
Total current liabilities	<u>161,603</u>	<u>47,992</u>	<u>1,481,418</u>	<u>360,482</u>	<u>2,051,495</u>	<u>635,570</u>
Noncurrent liabilities:						
Customer deposits	12,030	330	70,580	-	82,940	-
Compensated absences payable	-	-	37,686	7,265	44,951	-
Noncurrent portion of long-term debt	<u>508,235</u>	<u>130,188</u>	<u>551,512</u>	-	<u>1,189,935</u>	-
Total noncurrent liabilities	<u>520,265</u>	<u>130,518</u>	<u>659,778</u>	<u>7,265</u>	<u>1,317,826</u>	-
Total liabilities	<u>681,868</u>	<u>178,510</u>	<u>2,141,196</u>	<u>367,747</u>	<u>3,369,321</u>	<u>635,570</u>
Net assets:						
Invested in capital assets, net of related debt	1,936,563	169,331	10,315,405	18,023,428	30,444,727	-
Unrestricted (deficit)	<u>(77,288)</u>	<u>113,894</u>	<u>(144,476)</u>	<u>683,883</u>	<u>576,013</u>	<u>14,348</u>
Total net assets	<u>\$ 1,859,275</u>	<u>\$ 283,225</u>	<u>\$ 10,170,929</u>	<u>\$ 18,707,311</u>	<u>\$ 31,020,740</u>	<u>\$ 14,348</u>

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

STANLY COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	Enterprise Funds				Totals	Governmental Activities- Internal Service Group Health Fund
	Greater Badin Water & Sewer District Fund	Piney Point Water District Fund	Stanly County Utility Fund	Airport Fund		
Operating revenues:						
Sales and charges	\$ 376,027	\$ 84,497	\$ 1,861,766	\$ 334,406	\$ 2,656,696	\$ 3,021,910
Other	14,590	19,515	55,047	-	89,152	-
Total operating revenues	390,617	104,012	1,916,813	334,406	2,745,848	3,021,910
Operating expenses:						
Administration	49,213	3,291	225,739	-	278,243	-
Distribution and maintenance	155,061	1,936	948,310	-	1,105,307	-
Water purchases	158,688	28,864	565,717	-	753,269	-
Airport operations	-	-	-	549,508	549,508	-
Group health operations	-	-	-	-	-	2,701,994
Workers' compensation	-	-	-	-	-	453,937
Depreciation	272,629	34,762	487,782	895,469	1,690,642	-
Total operating expenses	635,591	68,853	2,227,548	1,444,977	4,376,969	3,155,931
Operating income (loss)	(244,974)	35,159	(310,735)	(1,110,571)	(1,631,121)	(134,021)
Nonoperating revenues (expenses):						
Interest income	-	2,570	-	22,749	25,319	13,432
Administrative charges	-	-	123,863	-	123,863	-
Interest on long-term debt	(26,778)	(6,081)	(42,813)	-	(75,672)	-
Loss on sale of capital assets	-	-	(120,142)	-	(120,142)	-
Total nonoperating revenues (expenses)	(26,778)	(3,511)	(39,092)	22,749	(46,632)	13,432
Income before contributions and transfers	(271,752)	31,648	(349,827)	(1,087,822)	(1,677,753)	(120,589)
Contributions and transfers:						
Transfers - in	-	-	-	437,616	437,616	-
Capital contributions	-	-	1,403,219	386,584	1,789,803	-
Total contributions and transfers	-	-	1,403,219	824,200	2,227,419	-
Change in net assets (deficit)	(271,752)	31,648	1,053,392	(263,622)	549,666	(120,589)
Net assets - July 1	2,131,027	251,577	9,117,537	18,970,933	30,471,074	134,937
Net assets - June 30	\$ 1,859,275	\$ 283,225	\$ 10,170,929	\$ 18,707,311	\$ 31,020,740	\$ 14,348

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

STANLY COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	Enterprise Funds				Totals	Governmental Activities- Internal Service Group Health Fund
	Greater Badin Water & Sewer District Fund	Piney Point Water District Fund	Stanly County Utility Fund	Airport Fund		
Cash flows from operating activities:						
Cash received from customers	\$ 400,213	\$ 94,529	\$ 2,033,873	\$ 575,350	\$ 3,103,965	\$ 3,021,910
Cash paid for goods and services	(321,966)	(28,270)	(1,232,714)	(333,242)	(1,916,192)	(2,954,383)
Cash paid to employees for services	-	-	(470,261)	(192,715)	(662,976)	-
Customer deposits	(220)	(30)	3,490	-	3,240	-
Net cash provided by operating activities	78,027	66,229	334,388	49,393	528,037	67,527
Cash flows from noncapital financing activities:						
Transfers from general fund	-	-	-	437,616	437,616	-
Net cash provided by noncapital financing activities	-	-	-	437,616	437,616	-
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	-	-	(1,745,689)	(962,751)	(2,708,440)	-
Principal paid on bond maturities and lease purchases	(62,731)	(39,440)	(139,078)	-	(241,249)	-
Interest paid on bond maturities and lease purchases	(26,778)	(6,418)	(43,788)	-	(76,984)	-
Capital contribution	-	-	1,527,082	386,584	1,913,666	-
Net cash used by capital and related financing activities	(89,509)	(45,858)	(401,473)	(576,167)	(1,113,007)	-
Cash flows from investing activities:						
Interest on investments	(768)	2,570	-	22,749	24,551	9,133
Net increase (decrease) in cash and cash equivalents	(12,250)	22,941	(67,085)	(66,409)	(122,803)	76,660
Cash and cash equivalents, July 1	12,475	85,887	67,525	1,052,257	1,218,144	418,543
Cash and cash equivalents, June 30	\$ 225	\$ 108,828	\$ 440	\$ 985,848	\$ 1,095,341	\$ 495,203
Reconciliation of operating income to net cash provided by operating activities:						
Operating income (loss)	\$ (244,974)	\$ 35,159	\$ (310,735)	\$ (1,110,571)	\$ (1,631,121)	\$ (134,021)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	272,629	34,762	487,782	895,469	1,690,642	-
Loss on disposal of asset	-	-	(120,142)	(20,052)	(140,194)	-
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	9,596	(9,484)	117,055	240,944	358,111	(4,299)
(Increase) decrease in inventory	-	-	(5,104)	(4,766)	(9,870)	-
Increase (decrease) in accounts payable and liabilities	40,997	5,821	155,810	46,912	249,540	205,847
Increase (decrease) in customer deposits	(221)	(29)	3,490	-	3,240	-
Increase (decrease) in compensated absences	-	-	6,232	1,457	7,689	-
Total adjustments	323,001	31,070	645,123	1,159,964	2,159,158	201,548
Net cash provided by operating activities	\$ 78,027	\$ 66,229	\$ 334,388	\$ 49,393	\$ 528,037	\$ 67,527

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

STANLY COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2005

	<u>Agency Fund</u>
Assets:	
Cash and cash equivalents	\$ 136,144
Commissary cash	<u>15,487</u>
Total assets	<u>\$ 151,631</u>
Liabilities:	
Liabilities:	
Accounts payable	\$ 120,308
Client payable	<u>31,323</u>
Total liabilities	<u>\$ 151,631</u>

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



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STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

Discretely presented component units – Stanly County Industrial Facility and Pollution Control Financing Authority exists to issue and service revenue bond debt of private businesses for economic development purposes. The county commissioners appoint a seven-member board to govern the Authority. The county commissioners can remove any Authority member with or without cause. The Authority has no financial transactions or account balances; therefore, it is not presented in the County's financial statements at June 30, 2005. The Authority does not issue separate financial statements.

B. Basis of Presentation, Basis of Accounting

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

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

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

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

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

The County reports the following major governmental funds:

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

School Construction Reserve Fund – this fund accounts for school bond proceeds and other revenues used for the purpose of constructing school buildings.

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

The County reports the following fund types:

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Government-wide and Proprietary Fund Financial Statements. The government-wide proprietary fund financial statements are reported using the economic resources measurement focus, except agency funds that have no measurement focus. The government-wide and proprietary 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

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The County considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change of the law, the County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For those motor vehicles registered under the staggered system and for vehicles newly registered under the annual system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2004 through February 2005 apply to the fiscal year ended June 30, 2005. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements. For motor vehicles that are renewed and billed under the annual system, taxes are due on May 1 of each year and the uncollected taxes are reported as a receivable on the financial statements offset by deferred revenues because the due date and the date upon which the interest begins to accrue passed prior to June 30. The taxes for renewal vehicles registered annually that have already been

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

collected as of year-end are also reflected as deferred revenues at June 30, 2005 because they are intended to finance the County's operations during the 2006 fiscal year.

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.

Fiduciary and Agency funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

C. Budgetary Data

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

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

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and investments – All deposits of the County are made in board-designated official depositories and are secured as required by G.S. 159-31. The County may designate, as an official depository, any bank or savings and loan association whose principal office is located in North Carolina. Also, the County may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit. State law (G.S. 159-30 (c)) authorizes the County to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high-quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust, a SEC-registered (2a-7) money market mutual fund.

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

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

3. Ad valorem taxes receivable – In accordance with State law [G. S. 105-347 and G. S. 159-13 (a)], the County levies ad valorem taxes on property other than certain motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1; however, penalties and interest do not accrue until the following January 6, when property taxes attach as enforceable liens. These taxes are based on the assessed values as of January 1, 2004. As allowed by state law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the General Fund, ad valorem tax revenues are reported net of such discounts. Ad valorem taxes receivable are not accrued as revenue because the amount is not considered "available" to finance the operations of the subsequent year because at June 30 the taxes are materially past due. The receivable amount is reduced by an allowance for doubtful accounts, and an amount equal to the net receivable is shown as deferred revenue on the combined balance sheet.

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

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

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

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

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

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

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

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

9. Prepaid items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

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

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

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

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

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

Fund Balances

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

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

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

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

General Fund Unreserved – Designated fund balances totaling \$1,511,332 are comprised of the following:

Designated for Home Health – Portion of fund balance designated for future home health services - \$253,029.

Designated for Medicaid Settlements – Portion of fund balance designated for future health related activities - \$438,737.

Designated for Dental Clinic – Portion of fund balance designated for future dental clinic services - \$618,467.

Designated for Library Endowment – Portion of fund balance designated for Library activities - \$42,169.

Designated for 4-H – Portion of fund balance designated for future 4-H services - \$26,814.

Designated for subsequent year's expenditures – Portion of fund balance that has been designated for the adopted 2005-2006 budget ordinance - \$130,000.

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

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

E. Reconciliation of Government-wide and Fund Financial Statements

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

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

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

Land	\$ 1,370,843	
Depreciable property	25,020,283	
Accumulated depreciation	<u>(13,372,942)</u>	<u>\$ 13,018,184</u>

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

Interest receivable	327,102	
Deferred taxes	<u>1,862,829</u>	<u>2,189,931</u>

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

Interest payable	(317,594)	
Compensated absences	(630,295)	
Due in one year	(1,333,100)	
Due in more than one year	<u>(23,805,885)</u>	<u>(26,086,874)</u>

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

14,348

Total adjustment \$ (10,864,411)

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

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

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

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

Capital outlays	\$ 1,401,209	
Depreciation	<u>(1,507,713)</u>	<u>(106,504)</u>

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

Debt retired	<u>1,319,571</u>	<u>1,319,571</u>
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Some revenues reported in the statement of activities are not yet available and, therefore, are not reported as revenues in the governmental funds.

Accrual of interest	(4,993)	
Accrual of taxes	<u>(73,466)</u>	<u>(78,459)</u>

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

Allowance for special separation	(22,209)	
Compensated absences	(83,981)	
Interest expense	<u>15,820</u>	<u>(90,370)</u>

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

	<u>(120,589)</u>	<u>(120,589)</u>
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Total adjustment		<u><u>\$ 923,649</u></u>
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STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

II. Stewardship, Compliance, and Unrestricted Net Asset Deficit

The County's unrestricted net asset deficit of \$4,783,194 is the result of issuing bonds for school construction. The obligation for the debt rests with the County but title for buildings and the property are passed to the school system, a separate reporting entity.

III. Detail Notes on All Funds

A. Assets

1. Deposits – All of the County's demand deposits and certificates of deposits are either federal depository insured or collateralized by the Pooling Method, a collateral pool, where all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by the County's agent in the County's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County does not have a policy regarding custodial credit risk for deposits.

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

At June 30, 2005 the County's demand deposits had a carrying amount of \$12,292,579 and a bank balance of \$12,658,993. Of the bank balance, \$343,867 was covered by federal depository insurance. The remaining \$12,315,126 was collateralized under the Pooling Method. At June 30, 2005, the County had \$4,773 cash on hand.

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

2. Investments

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

Investment Type	Fair Value	Less Than 6 Months	6-12 Months	1-3 Years
NC Capital Management Trust-				
Cash Portfolio	\$ 3,509,359	N/A	N/A	N/A
Total:	\$ 3,509,359	\$ -	\$ -	\$ -

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

Credit Risk. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2005. All other investments, certificates of deposits and sweep accounts are covered by financial institutions who participate in the pooling method.

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

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 1,500,833	\$ 356,448	\$ 1,857,281
2003	1,544,502	227,814	1,772,316
2004	1,581,137	90,915	1,672,052
2005	<u>2,116,377</u>	<u>-</u>	<u>2,116,377</u>
Total	<u>\$ 6,742,849</u>	<u>\$ 675,177</u>	<u>\$ 7,418,026</u>

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

4. Receivables

Receivables at the government-wide level at June 30, 2005 were as follows:

	<u>Taxes Receivable</u>	<u>Trade Accounts Receivable</u>	<u>Due from Other Governments</u>	<u>Interest and Other</u>	<u>Total</u>
Governmental Activities:					
General	\$ 3,833,899	\$ 1,010,616	\$ 1,603,725	\$ 331,401	\$ 6,779,641
Other Governmental	<u>69,756</u>	<u>216,027</u>	<u>-</u>	<u>-</u>	<u>285,783</u>
Total receivables	3,903,655	1,226,643	1,603,725	331,401	7,065,424
Allowance for doubtful accounts	<u>(291,849)</u>	<u>(617,951)</u>	<u>-</u>	<u>-</u>	<u>(909,800)</u>
Total governmental activities	<u>\$ 3,611,806</u>	<u>\$ 608,692</u>	<u>\$ 1,603,725</u>	<u>\$ 331,401</u>	<u>\$ 6,155,624</u>
Business-type Activities:					
Water and Sewer Districts	\$ -	\$ 1,310,637	\$ -	\$ 954	\$ 1,311,591
Airport	<u>-</u>	<u>40,335</u>	<u>-</u>	<u>8,643</u>	<u>48,978</u>
Total receivables	-	1,350,972	-	9,597	1,360,569
Allowance for doubtful accounts	<u>-</u>	<u>(11,579)</u>	<u>-</u>	<u>-</u>	<u>(11,579)</u>
Total business-type activities	<u>\$ -</u>	<u>\$ 1,339,393</u>	<u>\$ -</u>	<u>\$ 9,597</u>	<u>\$ 1,348,990</u>

Due from other governments for the year ended June 30, 2005, consists of the following:

Local option sales tax	\$ 1,563,064
EMS	21,000
Tires and white goods	<u>19,661</u>
Total	<u>\$ 1,603,725</u>

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

5. Capital Assets

Primary Government

Capital asset activity for the governmental activities for for the year ended June 30, 2005 was as follows:

Governmental activities:	<u>07/01/04</u>	<u>Additions</u>	<u>Retirements</u>	<u>06/30/05</u>
Capital assets not being depreciated:				
Land	\$ 1,359,785	\$ 11,058	\$ -	\$ 1,370,843
Total capital assets not being depreciated	<u>1,359,785</u>	<u>11,058</u>	<u>-</u>	<u>1,370,843</u>
Capital assets being depreciated:				
Buildings	16,354,764	461,125	-	16,815,889
Equipment and vehicles	<u>7,662,743</u>	<u>976,128</u>	<u>434,477</u>	<u>8,204,394</u>
Total capital assets being depreciated:	<u>24,017,507</u>	<u>1,437,253</u>	<u>434,477</u>	<u>25,020,283</u>
Less accumulated depreciation for:				
Buildings	6,413,047	427,194	-	6,840,241
Equipment and vehicles	<u>5,839,557</u>	<u>1,080,519</u>	<u>387,375</u>	<u>6,532,701</u>
Total accumulated depreciation	<u>12,252,604</u>	<u>\$ 1,507,713</u>	<u>\$ 387,375</u>	<u>13,372,942</u>
Total capital assets being depreciated, net	<u>11,764,903</u>	<u>(70,460)</u>	<u>(47,102)</u>	<u>11,647,341</u>
Governmental activity capital assets, net	<u>\$ 13,124,688</u>	<u>\$ (59,402)</u>	<u>\$ (47,102)</u>	<u>\$ 13,018,184</u>

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

Governmental Functions:

General government	\$ 319,404
Public safety	818,338
Transportation	94,666
Environmental protection	3,495
Economic development	4,286
Human services	79,709
Culture and recreation	<u>187,815</u>

Total depreciation expense governmental functions \$ 1,507,713

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

Business-type Activities

Capital asset activity for business-type activities for the year ended June 30, 2005 was as follows:

	07/01/04	Additions	Retirements	06/30/05
Business-type activities:				
Greater Badin Water and Sewer:				
Capital assets being depreciated:				
Plant in service	\$ 5,716,768	\$ -	\$ -	\$ 5,716,768
Equipment	97,584	-	-	97,584
Vehicles	37,470	-	-	37,470
Total capital assets being depreciated	<u>5,851,822</u>	<u>-</u>	<u>-</u>	<u>5,851,822</u>
Less accumulated depreciation for:				
Plant in service	2,936,952	269,921	-	3,206,873
Equipment	97,584	2,367	-	99,951
Vehicles	37,128	341	-	37,469
Total accumulated depreciation	<u>3,071,664</u>	<u>272,629</u>	<u>-</u>	<u>3,344,293</u>
Total Greater Badin capital assets, net	<u>2,780,158</u>	<u>(272,629)</u>	<u>-</u>	<u>2,507,529</u>
Piney Point Water:				
Capital assets being depreciated:				
Plant in service	727,984	-	-	727,984
Total capital assets being depreciated	<u>727,984</u>	<u>-</u>	<u>-</u>	<u>727,984</u>
Less accumulated depreciation for:				
Plant in service	352,990	34,762	-	387,752
Total accumulated depreciation	<u>352,990</u>	<u>34,762</u>	<u>-</u>	<u>387,752</u>
Total Piney Point capital assets, net	<u>374,994</u>	<u>(34,762)</u>	<u>-</u>	<u>340,232</u>
Stanly Utility Operating:				
Capital assets not being depreciated:				
Land	178,285	45,499	-	223,784
Construction in progress	1,939,168	1,820,333	-	3,759,501
Total assets not being depreciated	<u>2,117,453</u>	<u>1,865,832</u>	<u>-</u>	<u>3,983,285</u>
Capital assets being depreciated:				
Plant in service	13,841,130	-	235,572	13,605,558
Equipment	227,351	-	-	227,351
Vehicles	223,937	-	-	223,937
Total capital assets being depreciated	<u>14,292,418</u>	<u>-</u>	<u>235,572</u>	<u>14,056,846</u>
Less accumulated depreciation for:				
Plant in service	6,349,534	455,840	115,430	6,689,944
Equipment	174,088	10,756	-	184,844
Vehicles	136,093	21,187	-	157,280
Total accumulated depreciation	<u>6,659,715</u>	<u>487,783</u>	<u>115,430</u>	<u>7,032,068</u>
Total capital assets being depreciated, net	<u>7,632,703</u>	<u>-</u>	<u>-</u>	<u>7,024,778</u>
Total Utility capital assets, net	<u>9,750,156</u>	<u>1,378,049</u>	<u>120,142</u>	<u>11,008,063</u>

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

	<u>7/1/2004</u>	<u>Additions</u>	<u>Retirements</u>	<u>6/30/2005</u>
Airport Operating:				
Capital assets not being depreciated:				
Land	3,984,414	-	-	3,984,414
Construction in progress	76,201	955,231	-	1,031,432
Total capital assets not being depreciated	<u>4,060,615</u>	<u>955,231</u>	<u>-</u>	<u>5,015,846</u>
Capital assets being depreciated:				
Buildings	370,665	-	-	370,665
Improvements	19,594,709	-	-	19,594,709
Equipment	42,008	27,572	-	69,580
Vehicles	119,407	-	20,502	98,905
Total capital assets being depreciated:	<u>20,126,789</u>	<u>27,572</u>	<u>20,502</u>	<u>20,133,859</u>
Less accumulated depreciation for:				
Buildings	219,332	11,723	-	231,055
Improvements	5,941,081	859,410	-	6,800,491
Equipment	52,430	22,336	-	74,766
Vehicles	38,467	2,000	20,502	19,965
Total accumulated depreciation	<u>6,251,310</u>	<u>895,469</u>	<u>20,502</u>	<u>7,126,277</u>
Total capital assets being depreciated, net	<u>13,875,479</u>	<u>(867,897)</u>	<u>-</u>	<u>13,007,582</u>
Total Airport capital assets, net	<u>17,936,094</u>	<u>87,334</u>	<u>-</u>	<u>18,023,428</u>
Total business-type activity capital assets, net	<u>\$ 30,841,402</u>	<u>\$ 1,157,991</u>	<u>\$ 120,142</u>	<u>\$ 31,879,251</u>

Construction Commitments:

<u>Project</u>	<u>Project to Date</u>	<u>Remaining Commitment</u>
Water Improvement	\$ 301,325	\$ 1,485,675
School Water Extension	3,503,675	647,189
Airport Hanger Project	1,031,432	486,356
Jail Construction	211,363	208,637
Total	<u>\$ 5,047,795</u>	<u>\$ 2,827,857</u>

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2005 were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Other	Total
Governmental Activities:					
General	\$ 781,213	\$ 773,156	\$ 317,594	\$ 243,059	\$ 2,115,022
Other	117,786	-	-	-	117,786
Total-governmental activities	<u>\$ 898,999</u>	<u>\$ 773,156</u>	<u>\$ 317,594</u>	<u>\$ 243,059</u>	<u>\$ 2,232,808</u>
Business-type Activities:					
Water and Sewer Districts	\$ 558,315	\$ 490	\$ 11,540	\$ 82,940	\$ 653,285
Airport	351,872	3,330	-	-	355,202
Total business-type activities:	<u>\$ 910,187</u>	<u>\$ 3,820</u>	<u>\$ 11,540</u>	<u>\$ 82,940</u>	<u>\$ 1,008,487</u>

2. Pension Plan Obligations

a. North Carolina Local Governmental Employees' Retirement System

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

Funding Policy – Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement is 4.97%, and for law enforcement officers 4.78% of annual covered payroll. The contribution requirements for members and for Stanly County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2003, 2004, and 2005 were \$483,152, \$505,537, and \$492,287 respectively. The County's contributions to LEO for the years ended June 30, 2003, 2004, and 2005 were \$62,119, \$63,601, and \$66,181 respectively. The contributions made by the County equaled the required contributions for each year.

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

b. Law Enforcement Officers' Special Separation Allowance

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

The Separation Allowance covers all full-time County law enforcement officers. At December 31, 2004, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	3
Active plan members	<u>46</u>
Total	<u>49</u>

Change in Net Pension Obligation – As of December 31, 2004, the County’s Net Pension Obligation was \$269,710, an increase of \$22,209 from the previous year, mainly from an increase in eligibility of officers from forty-four as of December 31, 2004 to the current forty-six. The County’s Annual Pension Cost for June 30, 2005 was \$45,294.

Employer annual required contribution	\$ 41,234
Interest on net pension obligation	17,944
Adjustment to annual required contribution	<u>(13,884)</u>
Annual pension cost	45,294
Employer contributions made for fiscal year	<u>23,085</u>
Increase (decrease) in net pension obligation	22,209
Net pension obligation, January 1, 2004	<u>247,501</u>
 Net pension obligation, December 31, 2004	 <u><u>\$ 269,710</u></u>

Basis of Accounting – The County is required by Article 12D of G.S. Chapter 143 to provide separation allowance retirement benefits and has chosen to fund the benefit payments on a “pay-as-you-go” basis through annual appropriations made in the General Fund operating budget. The annual separation allowance costs are pro-rated and paid monthly. The County does not provide a funding schedule for the Net Pension Obligation. The County’s annual separation allowance costs for fiscal year ended June 30, 2005 was \$23,085.

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

Actuarial Method – The annual required contribution for the current year was determined as part of the December 31, 2004 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 5.9% to 9.8% per year. Item (b) included an inflation component of 3.75%. The assumptions did not include post-retirement benefit increases.

The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at December 31, 2004 was 28 years.

Trend Information			
<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation End of Year</u>
June 30, 2003	\$ 38,584	18.45%	\$ 22,698
June 30, 2004	\$ 46,162	46.27%	\$ 247,501
June 30, 2005	\$ 45,294	50.97%	\$ 269,710

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description – The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy – Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer’s salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2005 were \$86,370, which consisted of \$68,265 from the County and \$18,105 from the law enforcement officers. The County provides a Section 401K Deferred Compensation Plan for this purpose.

d. Register of Deeds’ Supplemental Pension Fund

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

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

Funding Policy – On a monthly basis, the County remits to the Department of State Treasurer an amount equal to four and one-half percent (4.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The State Treasurer in administering the Fund may use the remaining seven percent (7%) of the Fund’s assets. For the fiscal year ended June 30, 2005, the County’s required and actual contributions were \$16,285.

e. Other Post –Employment Benefits

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

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, with the benefit being no less than \$25,000 and no greater than \$50,000.

All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payrolls, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the county, the County does not determine the number of eligible participants. For the fiscal year ended June 30, 2005, the County made contributions to the State for death benefits of \$19,223. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .14 percent and .16 percent of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post employment benefit amount and the other benefit amount.

3. Deferred and Unearned Revenues

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

	Deferred Revenue	Unearned Revenue
Prepaid taxes not yet earned	\$ -	\$ 295,604
Taxes receivable, net (General)	1,800,606	-
Taxes receivable, net (Special)	62,223	-
Total	<u>\$ 1,862,829</u>	<u>\$ 295,604</u>

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

4. Risk Management

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

Medical and Dental: The County is exposed to various risks of loss related to medical and illness needs of employees. The County and employees participate in a cost-share plan for group health insurance. The County established the Group Health Fund (Internal Service Fund) to account for its self-insurance plan. The County has contracted with the North Carolina Association of County Commissioners Risk Management Agency, a third-party administrator, to account for its group health self-insurance plan that is administrated by Blue Cross Blue Shield of North Carolina. The County is responsible for claims up to \$40,000 per covered employee/dependent per policy term. Claims greater than \$40,000 per covered employee/dependent per policy term, and those in excess of the aggregate stop loss of 120% of expected net claims, are insured by the private insurance carrier. All employees of the County participate in the program and make payments to the Group Health Fund based on estimates of the amounts needed to pay claims. The claims liability of \$326,431 reported in the fund at June 30, 2005 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The \$326,431 claims liability represents total estimated claims incurred but not reported, as provided by the plan administrator's actuary.

	June 30	
	2005	2004
Unpaid claims and claim adjustment expenses at beginning of fiscal year	\$ 352,910	\$ 318,147
Incurred claims and claim adjustment expenses:		
Provision for insured events of current year	2,276,176	1,804,812
Claims and adjustment expenses attributable to insured events of current and prior year	2,302,655	1,770,049
Total Claims Liability	\$ 326,431	\$ 352,910

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

Workers Compensation: The County is self-funded for workers compensation. Through this self-funded workers compensation program, the County obtains workers' compensation coverage up to the statutory limits, with no deductible. The fund is reinsured through an insurance company for single occurrence losses of \$300,000 and aggregate excess limit for \$1,000,000. The claims liability of \$309,138 reported in the fund at June 30, 2005 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The \$309,139 claims liability represents total estimated claims incurred but not reported, as provided by the plan administrator's actuary.

	2005	2004
Unpaid claims and claim adjustment expenses at beginning of fiscal year	\$ 39,411	
Incurred claims and claim adjustment expenses:		
Provision for insured events of current year	402,498	142,679
Claims and adjustment expenses attributable to insured events of current and prior year	132,770	103,268
Total Claims Liability	\$ 309,139	\$ 39,411

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

5. Contingent Liabilities

At June 30, 2005, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

6. Long-term Obligations

a. Capital Leases

The County has entered into agreements to lease certain land, buildings and equipment. These agreements are in substance lease-purchases (capital leases) for accounting purposes and therefore have been recorded at the present value of the future minimum lease payments as of the date of their inception. Titles pass to the County at the end of the lease terms. Capital lease agreements at June 30, 2005 are comprised of the following:

General Government: Lease for the acquisition, construction and renovation of a Human Services Facility and Prison Land entered into on March 22, 1993. Agreement modified on August 15, 2003, payable in semi-annual installments of \$243,919 including interest through March 26, 2009. The interest rate was reduced from 5.47% to 3.20%.	<u>\$ 1,818,029</u>
Total General Government	<u>1,818,029</u>
Piney Point Water District Fund: Lease for the construction of water lines entered into on March 22, 1993. Agreement modified on August 15, 2003, payable in semi-annual installments of \$22,929 including interest through March 26, 2009. The interest rate was reduced from 5.47% to 3.20%.	170,901
Stanly County Utility Fund: Lease for the extension of a water line entered into on March 22, 1993. Agreement modified on August 15, 2003 payable in semi-annual installments of \$37,252 including interest through March 26, 2009. The interest rate was reduced from 5.47% to 3.20%.	<u>277,655</u>
Total Enterprise Funds	<u>448,557</u>
Total Capital Leases	<u><u>\$ 2,266,585</u></u>

b. Notes Payable

Enterprise Fund:

Greater Badin Water and Sewer District: North Carolina Clean Water Revolving Loan executed on May 1, 1999, payable in annual principal payments of \$22,731 and semi-annual interest payments at interest rate of 2.60%.	<u>\$ 340,967</u>
Total Notes Payable	<u><u>\$ 340,967</u></u>

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

c. General Obligation Indebtedness

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

The following is a schedule of general obligation debt at June 30, 2005:

General Government:

\$16,000,000 Series 2002 Bond, due on February 1, installments ranging from \$1,152,800 to \$1,514,150 through February 1, 2020, interest payable on August 1 and February 1 at 4.25% to 4.80%	\$14,000,000
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\$10,000,000 Series 2005 Bond, due on June 1, installments ranging from \$547,200 to \$1,628,800 through June 1, 2022, interest payable on December 1 and June 1 at 4.50% to 4.60%	<u>8,800,000</u>
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Total General Government for school building purposes that is excluded from County's Net Assets because title is transferred to Stanly County Board of Education.	<u>22,800,000</u>
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Enterprise Funds:

Stanly County Utility Fund:

\$1,465,000 1990 Sanitary Sewer Bonds, beginning June 1, 1991 due in annual installments of \$75,000 through December 1, 2005, interest payable on December 1 and June 1 at 6.75%	415,000
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Greater Badin Water and Sewer District:

\$750,000 1991 Sanitary Sewer Bonds, due on April 1, in installments of \$20,000 through April 1, 2011, interest payable on April 1 and October 1 at 6.6% to 6.7%	<u>230,000</u>
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Total Enterprise General Obligation Bonds	<u>645,000</u>
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Total General Obligation Bonds	<u>\$23,445,000</u>
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Total Long-term Debt	<u>\$26,052,552</u>
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STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

The following is a summary of changes in general long-term debt for the fiscal year ended June 30, 2005.

	Balances July 01, 2004	Additions	Retirements	Balances June 30, 2005	Current Portion of Balance
Governmental activities:					
General obligation debt	\$ 23,700,000	\$ -	\$ 900,000	\$ 22,800,000	\$ 900,000
Capitalized leases	2,237,600	-	419,571	1,818,029	433,100
Compensated absences	797,559	667,222	583,241	881,540	585,000
Net pension obligation	<u>247,501</u>	<u>45,294</u>	<u>23,085</u>	<u>269,710</u>	<u>-</u>
Total governmental activities	<u>\$ 26,982,660</u>	<u>\$ 712,516</u>	<u>\$ 1,925,897</u>	<u>\$ 25,769,279</u>	<u>\$ 1,918,100</u>
Business-type activities:					
General obligation debt	\$ 760,000	\$ -	\$ 115,000	\$ 645,000	\$ 115,000
Capitalized leases	552,076	-	103,519	448,557	106,858
Notes payable	363,697	-	22,731	340,966	22,731
Compensated absences	<u>70,751</u>	<u>39,760</u>	<u>32,560</u>	<u>77,951</u>	<u>33,000</u>
Total business-type activities	<u>\$ 1,746,524</u>	<u>\$ 39,760</u>	<u>\$ 273,810</u>	<u>\$ 1,512,474</u>	<u>\$ 277,589</u>

Compensated absences typically have been liquidated in the general fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned. The estimated current portion of compensated absence is \$618,000.

d. Conduit Debt Obligations – Stanly County Industrial and Pollution Control Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. The County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2005, four industrial revenue bonds were outstanding, with an aggregate principal amount payable of \$9,205,000.

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

At June 30, 2005, Stanly County had a legal debt margin of \$262,157,574. The following summarizes the annual requirements to amortize all long-term debt outstanding (excluding compensated absences and Law Enforcement Officers' Special Separation Allowance unfunded pension contribution):

	General Obligation Bonds		Capitalized Leases	
	Principal	Interest	Principal	Interest
General Long-Term Debt				
2006	\$ 900,000	\$ 1,044,925	\$ 433,100	\$ 54,738
2007	900,000	1,005,675	447,069	40,768
2008	900,000	966,425	461,490	26,348
2009	1,150,000	927,175	476,370	11,463
2010	1,350,000	877,300	-	-
2011-2015	7,300,000	3,431,250	-	-
2016-2020	7,500,000	1,706,650	-	-
2021-2022	2,800,000	188,600	-	-
	22,800,000	10,148,000	1,818,029	133,317
Proprietary Funds				
2006	115,000	43,708	106,857	13,506
2007	115,000	35,965	110,304	10,059
2008	115,000	28,185	113,862	6,501
2009	115,000	20,405	117,533	2,828
2010	115,000	12,625	-	-
2011-2015	70,000	4,770	-	-
2016-2020	-	-	-	-
	645,000	145,658	448,556	32,894
	\$ 23,445,000	\$ 10,293,658	\$ 2,266,585	\$ 166,211

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

Notes Payable		Total Debt Due	
Principal	Interest	Principal	Interest
\$ -	\$ -	\$ 1,333,100	\$ 1,099,663
-	-	1,347,069	1,046,443
-	-	1,361,490	992,773
-	-	1,626,370	938,638
-	-	1,350,000	877,300
-	-	7,300,000	3,431,250
-	-	7,500,000	1,706,650
-	-	2,800,000	188,600
-	-	24,618,029	10,281,317
22,731	8,865	244,588	66,079
22,731	8,274	248,035	54,298
22,731	7,683	251,593	42,369
22,731	7,092	255,264	30,325
22,731	6,501	137,731	19,126
113,656	23,640	183,656	28,410
113,656	8,865	113,656	8,865
340,967	70,920	1,434,523	249,472
<u>\$ 340,967</u>	<u>\$ 70,920</u>	<u>\$ 26,052,552</u>	<u>\$ 10,530,789</u>

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

C. Interfund Balances and Activity

Interfund receivable balances consist of cash deficits as of June 30, 2005. Those funds have projects in progress for which they first expend the money and are later reimbursed. The funds and the amounts are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payable</u>
General Fund	\$ 988,579	\$ -
Community Development Block Grant - Housing	-	93,808
Community Development Block Grant - Jobs	-	46,412
Greater Badin Water & Sewer District Fund	-	89,788
Stanly County Utility Fund	-	758,571
	<u>\$ 988,579</u>	<u>\$ 988,579</u>

IV. Joint Ventures

The County, in conjunction with Union, Cabarrus, and Rowan Counties, participates in the Piedmont Area Mental Health Authority. The Authority is a joint venture established to provide the participating counties with legally mandated mental health services. The County has an ongoing financial responsibility for the Authority because the Authority's continued existence depends on the participating governments' continued funding. The County contributed \$207,099 to the Authority during fiscal year ended June 30, 2005. None of the participating governments has any equity interest in the Authority, so no equity interest has been reflected in the financial statements at June 30, 2005. Complete financial statements for the Authority can be obtained from the Authority's administrative office at 245 LePhillip Court, NE, Concord, North Carolina 28025.

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

The County has the basic responsibility for providing funding for facilities and also provides some financial support for operations. The County has an ongoing statutory financial responsibility to provide funding for the community college. The County contributed \$1,175,000 for operating purposes and \$150,000 for capital, during the fiscal year ended June 30, 2005. Completed financial statements for the community college may be obtained from administrative offices at 141 College Drive, Albemarle, North Carolina 28001.

V. Jointly Governed Organization

The County, in conjunction with eight other counties and twenty municipalities, participates in the Centralina Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$20,996 to the Council during the fiscal year ended June 30, 2005.

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

VI. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

VII. Benefit Payments Issued by the State

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

	<u>Federal</u>	<u>State</u>
Medicaid	\$ 35,590,019	\$ 16,977,108
Temporary Assistance for Needy Families	436,916	-191
Food Stamp Program	4,988,183	-
Special Supplemental Food Program for Women, Infants and Children	1,016,662	-
Special Assistance to Adults	-	580,508
Low-Income Home Energy Assistance	104,075	-
State Foster Care	-	6,602
Title IV-E Foster Care	89,428	15,004
Title IV-E Adoption Subsidiary	72,130	20,992
CWS Adoption Subsidiary	<u>-</u>	<u>70,449</u>
Totals	\$ 42,297,413	\$ 17,670,472

STANLY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

VIII. Interfund Transfer Activity

Transfers to/from other funds at June 30, 2005 consist of the following:

	Transfers		Purpose
	From	To	
Operating Transfers:			
General Fund	\$ 90,561		County Match-Capital Outlay
Special Revenue-CDBG Gas Line		\$ 90,561	County Match-Capital Outlay
General Fund	\$ 270,579		Operating Support
Enterprise Fund-Airport		\$ 270,579	Operating Support
General Fund	\$ 167,037		Capital Outlay Support
Enterprise Fund-Airport Hanger		\$ 167,037	Capital Outlay Support

**REQUIRED SUPPLEMENTARY
FINANCIAL INFORMATION**

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

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

**STANLY COUNTY, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
For the Year Ended June 30, 2005**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Proj. Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll for Year Ending on Val. Date (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/1993	-	\$ 68,440	\$ 68,440	0.00%	\$ 503,056	13.60%
12/31/1994	-	97,673	97,673	0.00%	670,669	14.56%
12/31/1995	-	120,015	120,015	0.00%	754,741	15.90%
12/31/1996	-	144,538	144,538	0.00%	790,680	18.28%
12/31/1997	-	164,309	164,309	0.00%	867,510	18.94%
12/31/1998	-	176,765	176,675	0.00%	843,004	20.97%
12/31/1999	-	146,701	147,701	0.00%	861,704	17.02%
12/31/2000	-	248,087	248,087	0.00%	953,180	26.03%
12/31/2001	-	281,184	281,184	0.00%	1,056,895	26.60%
12/31/2002	-	352,552	352,552	0.00%	1,303,695	27.04%
12/31/2003	-	363,497	363,497	0.00%	1,222,822	29.73%
12/31/2004	-	407,795	407,795	0.00%	1,237,242	32.96%

**STANLY COUNTY, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
For Year Ended June 30, 2005**

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

Notes to the Required Schedules:

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

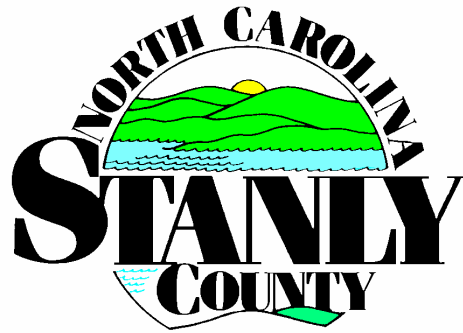
Valuation date	12/31/04
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	28 years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	5.9 - 9.8%
*Includes inflation of cost-of-living adjustments	3.75%



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GENERAL FUND

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



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STANLY COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem property taxes:			
Ad valorem taxes		\$ 23,717,451	
Penalties and interest		<u>273,445</u>	
Total ad valorem property taxes	<u>\$ 23,804,500</u>	<u>23,990,896</u>	<u>\$ 186,396</u>
Local option sales taxes:			
Sales tax article 39		3,791,336	
Sales tax article 40		1,969,263	
Sales tax article 42		1,956,158	
Sales tax article 44		<u>1,690,689</u>	
Total sales taxes	<u>8,964,000</u>	<u>9,407,446</u>	<u>443,446</u>
Other taxes:			
Real property transfer tax		185,316	
White goods and tires		-	
Cable franchise tax		138,938	
Occupancy tax		184,879	
Other taxes		<u>14,808</u>	
Total other taxes	<u>504,200</u>	<u>523,941</u>	<u>19,741</u>
Intergovernmental revenues:			
Unrestricted intergovernmental:			
ABC profits	<u>8,500</u>	<u>5,763</u>	<u>(2,737)</u>
Restricted intergovernmental:			
Public safety		801,399	
Court facilities fees		-	
Transportation		235,040	
Health		635,771	
Social services grants		5,777,878	
Senior and aging services		10,825	
Other federal and state grants		<u>628,643</u>	
Total restricted intergovernmental	<u>9,369,398</u>	<u>8,089,556</u>	<u>(1,279,842)</u>

STANLY COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Permits and fees:			
Recording fees		332,903	
Marriage license		10,783	
Building permits		395,199	
Concealed weapons permits		4,810	
Zoning and planning permits		<u>6,625</u>	
Total permits and fees	<u>869,520</u>	<u>750,320</u>	<u>(119,200)</u>
Sales and services:			
Intergovernmental charges		156,537	
Sheriff and jail fees		426,666	
Ambulance fees		1,089,846	
Transportation		290,579	
Solid waste		667,127	
Health fees		1,797,268	
Rental and other charges		<u>166,754</u>	
Total sales and services	<u>4,351,952</u>	<u>4,594,777</u>	<u>242,825</u>
Investment earnings:			
Earned interest	<u>200,000</u>	<u>268,531</u>	<u>68,531</u>
Miscellaneous:			
Fines		-	
Donations		222,644	
Rents		264,870	
Sale of assets		11,095	
Miscellaneous other		<u>249,947</u>	
Total miscellaneous	<u>576,715</u>	<u>748,556</u>	<u>171,841</u>
Total revenues	<u>48,648,785</u>	<u>48,379,786</u>	<u>(268,999)</u>
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits		41,899	
Operating expenditures		<u>149,406</u>	
Total	<u>209,621</u>	<u>191,305</u>	<u>18,316</u>

STANLY COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Administration:			
Salaries and employee benefits		383,810	
Operating expenditures		<u>29,567</u>	
Total	<u>407,320</u>	<u>413,377</u>	<u>(6,057)</u>
Finance department:			
Salaries and employee benefits		308,149	
Operating expenditures		<u>112,373</u>	
Total	<u>420,085</u>	<u>420,522</u>	<u>(437)</u>
Tax assessor:			
Salaries and employee benefits		227,620	
Operating expenditures		<u>30,044</u>	
Total	<u>274,728</u>	<u>257,664</u>	<u>17,064</u>
Tax collector:			
Salaries and employee benefits		247,792	
Operating expenditures		<u>67,808</u>	
Total	<u>306,890</u>	<u>315,600</u>	<u>(8,710)</u>
Tax revaluation:			
Salaries and employee benefits		255,012	
Operating expenditures		<u>37,164</u>	
Total	<u>317,422</u>	<u>292,176</u>	<u>25,246</u>
Tax mapping:			
Salaries and employee benefits		138,766	
Operating expenditures		<u>32,436</u>	
Total	<u>198,086</u>	<u>171,202</u>	<u>26,884</u>
County attorney:			
Salaries and employee benefits			
Contracted services	<u>50,304</u>	<u>24,604</u>	<u>25,700</u>
Total	<u>50,304</u>	<u>24,604</u>	<u>25,700</u>

STANLY COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Clerk of Court:			
Operating expenditures	<u>9,385</u>	<u>9,557</u>	<u>(172)</u>
Judge's office:			
Operating expenditures	<u>5,800</u>	<u>1,126</u>	<u>4,674</u>
Elections:			
Salaries and employee benefits		132,666	
Operating expenditures		<u>129,861</u>	
Total	<u>275,695</u>	<u>262,527</u>	<u>13,168</u>
Register of deeds:			
Salaries and employee benefits		238,240	
Operating expenditures		93,631	
Capital outlay		<u>21,195</u>	
Total	<u>361,585</u>	<u>353,066</u>	<u>8,519</u>
Information technology:			
Salaries and employee benefits		161,386	
Operating expenditures		<u>75,824</u>	
Total	<u>241,645</u>	<u>237,210</u>	<u>4,435</u>
Facilities management:			
Salaries and employee benefits		221,613	
Operating expenditures		493,658	
Capital outlay		<u>461,125</u>	
Total	<u>1,255,464</u>	<u>1,176,396</u>	<u>79,068</u>
Total general government	<u>4,334,030</u>	<u>4,126,332</u>	<u>207,698</u>

STANLY COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005**

	Final Budget	Actual	Variance Positive (Negative)
Public safety:			
Sheriff:			
Salaries and employee benefits		2,163,571	
Operating expenditures		547,234	
Capital outlay		<u>221,825</u>	
Total	<u>2,973,082</u>	<u>2,932,630</u>	<u>40,452</u>
Jail:			
Salaries and employee benefits		723,583	
Operating expenditures		<u>521,479</u>	
Total	<u>1,254,317</u>	<u>1,245,062</u>	<u>9,255</u>
Office of juvenile justice:			
Operating expenditures		9,126	
Uwharrie homes		50,000	
Daymark I-Care		122,725	
Juvenile detention		<u>110,320</u>	
Total	<u>338,578</u>	<u>292,171</u>	<u>46,407</u>
Criminal justice partnership:			
Salaries and employee benefits		33,655	
Operating expenditures		<u>28,535</u>	
Total	<u>72,127</u>	<u>62,190</u>	<u>9,937</u>
Emergency management:			
Salaries and employee benefits		1,658,033	
Operating expenditures		661,998	
Capital outlay		<u>229,137</u>	
Total	<u>3,041,994</u>	<u>2,549,168</u>	<u>492,826</u>
Code enforcement:			
Salaries and employee benefits		335,735	
Operating expenditures		<u>30,667</u>	
Total	<u>369,110</u>	<u>366,402</u>	<u>2,708</u>

STANLY COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Medical examiner: Contractual services	30,000	21,025	8,975
Animal control: Salaries and employee benefits		177,603	
Operating expenditures		61,365	
Capital outlay		14,691	
Total	<u>274,571</u>	<u>253,659</u>	<u>20,912</u>
911 communication service: Salaries and employee benefits		595,102	
Operating expenditures		39,095	
Capital outlay		26,467	
Total	<u>698,051</u>	<u>660,664</u>	<u>37,387</u>
Total public safety	<u>9,051,830</u>	<u>8,382,971</u>	<u>668,859</u>
Transportation: Salaries and employee benefits		468,256	
Operating expenditures		159,500	
Total transportation	<u>744,426</u>	<u>627,756</u>	<u>116,670</u>
Environmental protection: Solid waste operations: Salaries and employee benefits		264,286	
Operating expenditures		495,738	
Capital outlay		21,783	
Total	<u>799,214</u>	<u>781,807</u>	<u>17,407</u>
Fire forester: Contribution to other agency	71,486	57,794	13,692

STANLY COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Soil and water conservation:			
Salaries and employee benefits		72,752	
Operating expenditures		<u>4,950</u>	
Total	<u>75,249</u>	<u>77,702</u>	<u>(2,453)</u>
Total environmental protection	<u>945,949</u>	<u>917,303</u>	<u>28,646</u>
Economic development commission:			
Salaries and employee benefits		112,335	
Operating expenditures		<u>90,686</u>	
Total	<u>420,191</u>	<u>203,021</u>	<u>217,170</u>
Occupancy tax-motel/hotel:			
To other municipalities	<u>183,200</u>	<u>154,080</u>	<u>29,120</u>
Planning and zoning:			
Salaries and employee benefits		243,641	
Operating expenditures		<u>31,987</u>	
Total	<u>294,441</u>	<u>275,628</u>	<u>18,813</u>
Title V:			
Salaries and employee benefits		61,536	
Operating expenditures		<u>3,254</u>	
Total	<u>69,480</u>	<u>64,790</u>	<u>4,690</u>
Cooperative extension:			
Salaries and employee benefits		86,079	
Operating expenditures		<u>95,014</u>	
Total	<u>191,575</u>	<u>181,093</u>	<u>10,482</u>
Cooperative extension-smart start:			
Salaries and employee benefits		92,202	
Operating expenditures		<u>37,069</u>	
Total	<u>139,624</u>	<u>129,271</u>	<u>10,353</u>

STANLY COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Special appropriation for economic development:			
Contribution for economic development	335,660	334,086	1,574
Total economic and physical development	<u>1,634,171</u>	<u>1,341,969</u>	<u>292,202</u>
Human services:			
Health:			
Salaries and employee benefits		1,275,774	
Operating expenditures		<u>426,272</u>	
Total	<u>1,887,524</u>	<u>1,702,046</u>	<u>185,478</u>
Home health:			
Salaries and employee benefits		355,028	
Operating expenditures		<u>311,315</u>	
Total	<u>763,002</u>	<u>666,343</u>	<u>96,659</u>
Health - smart start:			
Salaries and employee benefits		109,501	
Operating expenditures		<u>15,375</u>	
Total	<u>117,354</u>	<u>124,876</u>	<u>(7,522)</u>
Dental clinic:			
Salaries and employee benefits		359,727	
Operating expenditures		73,026	
Capital outlay		<u>13,134</u>	
Total	<u>556,925</u>	<u>445,887</u>	<u>111,038</u>
Environmental health:			
Salaries and employee benefits		303,000	
Operating expenditures		29,661	
Capital outlay		<u>12,282</u>	
Total	<u>366,465</u>	<u>344,943</u>	<u>21,522</u>

STANLY COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Mental health:			
Contributions to other agencies:			
Bottle surcharge		9,099	
Piedmont area mental health		<u>198,000</u>	
Total	<u>205,500</u>	<u>207,099</u>	<u>(1,599)</u>
Social services:			
Salaries and employee benefits		2,940,706	
Operating expenditures		4,451,897	
Day care and resident services		<u>2,452,484</u>	
Total	<u>10,047,310</u>	<u>9,845,087</u>	<u>202,223</u>
Aging services:			
Salaries and employee benefits		369,105	
Operating expenditures		<u>336,810</u>	
Total	<u>731,590</u>	<u>705,915</u>	<u>25,675</u>
Senior services:			
Salaries and employee benefits		110,104	
Operating expenditures		<u>129,123</u>	
Total	<u>298,407</u>	<u>239,227</u>	<u>59,180</u>
Veterans services:			
Salaries and employee benefits		45,288	
Operating expenditures		4,316	
Veteran's Association		<u>2,000</u>	
Total	<u>53,013</u>	<u>51,604</u>	<u>1,409</u>
Total human services	<u>15,027,090</u>	<u>14,333,027</u>	<u>694,063</u>
Education:			
Stanly County Public Schools:			
Current expenditures		9,272,530	
Capital outlay		<u>2,303,354</u>	
Total	<u>12,772,530</u>	<u>11,575,884</u>	<u>1,196,646</u>

STANLY COUNTY, NORTH CAROLINA

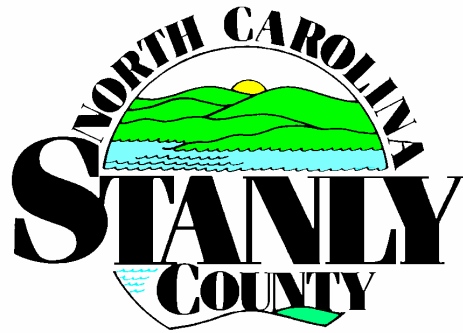
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Stanly Community College:			
Current expenditures		1,175,000	
Capital outlay		<u>150,000</u>	
Total	<u>1,325,000</u>	<u>1,325,000</u>	-
Total education	<u>14,097,530</u>	<u>12,900,884</u>	<u>1,196,646</u>
Culture and recreation:			
Library:			
Salaries and employee benefits		716,029	
Operating expenditures		<u>335,198</u>	
Total	<u>1,052,172</u>	<u>1,051,227</u>	<u>945</u>
Historic Preservation Commission:			
Salaries and employee benefits		70,793	
Operating expenditures		<u>35,185</u>	
Total	<u>118,107</u>	<u>105,978</u>	<u>12,129</u>
Agri Civic Center:			
Salaries and employee benefits		104,664	
Operating expenditures		<u>131,611</u>	
Total	<u>260,827</u>	<u>236,275</u>	<u>24,552</u>
Total cultural and recreation	<u>1,431,106</u>	<u>1,393,480</u>	<u>37,626</u>
Debt Service:			
Principal		1,319,567	
Interest		<u>1,152,446</u>	
Total debt service	<u>2,474,019</u>	<u>2,472,013</u>	<u>2,006</u>
Total expenditures	<u>49,740,151</u>	<u>46,495,735</u>	<u>3,244,416</u>
Revenues over (under) expenditures	<u>(1,091,366)</u>	<u>1,884,051</u>	<u>2,975,417</u>

STANLY COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other financing sources (uses):			
Transfers to:			
Enterprise fund	(437,616)	(437,616)	-
Special revenue fund	(90,561)	(90,561)	-
Capital project fund	-	-	-
Appropriated fund balance	<u>1,619,543</u>	<u>-</u>	<u>(1,619,543)</u>
Total other financing sources (uses)	<u>1,091,366</u>	<u>(528,177)</u>	<u>(1,619,543)</u>
Revenues and other financing sources over (under) expenditures and other uses	<u>\$ -</u>	1,355,874	<u>\$ 1,355,874</u>
Fund balance, beginning of year - July 1		<u>15,151,787</u>	
Fund balance, end of year - June 30		<u>\$ 16,507,661</u>	



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NONMAJOR GOVERNMENTAL FUNDS

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

Individual Fund Descriptions:

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

STANLY COUNTY, NORTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2005**

	Special Revenue Funds				
	Community Development Block Grant (Housing)	Community Development Block Grant (Jobs)	Community Development Block Grant Gas Line	Emergency Telephone System	Fire Districts
Assets:					
Cash and cash equivalents	\$ -	\$ -	\$ 85,561	\$ 527,310	\$ 15,097
Taxes receivable, net	-	-	-	-	62,223
Accounts receivable	<u>137,676</u>	<u>53,423</u>	<u>-</u>	<u>24,928</u>	<u>-</u>
Total assets	<u>\$ 137,676</u>	<u>\$ 53,423</u>	<u>\$ 85,561</u>	<u>\$ 552,238</u>	<u>\$ 77,320</u>
Liabilities and Fund Equity:					
Liabilities:					
Accounts payable	\$ 43,868	\$ 7,011	\$ 15,000	\$ 7,294	\$ 15,097
Interfund payables	93,808	46,412	-	-	-
Deferred revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,223</u>
Total liabilities	<u>137,676</u>	<u>53,423</u>	<u>15,000</u>	<u>7,294</u>	<u>77,320</u>
Fund Equity:					
Reserved by state statute	-	-	-	24,928	-
Unreserved	<u>-</u>	<u>-</u>	<u>70,561</u>	<u>520,016</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>70,561</u>	<u>544,944</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 137,676</u>	<u>\$ 53,423</u>	<u>\$ 85,561</u>	<u>\$ 552,238</u>	<u>\$ 77,320</u>

Schedule 2

<u>Capital Project Fund</u>			
<u>Jail Construction</u>		<u>Total Nonmajor Governmental Funds</u>	
\$	257,953	\$	885,921
	-		62,223
	-		<u>216,027</u>
<u>\$</u>	<u>257,953</u>	<u>\$</u>	<u>1,164,171</u>
\$	49,316	\$	137,586
	-		140,220
	-		<u>62,223</u>
	<u>49,316</u>		<u>340,029</u>
	-		24,928
	<u>208,637</u>		<u>799,214</u>
	<u>208,637</u>		<u>824,142</u>
<u>\$</u>	<u>257,953</u>	<u>\$</u>	<u>1,164,171</u>

STANLY COUNTY, NORTH CAROLINA

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2005**

	Special Revenue Funds				
	Community Development Block Grant (Housing)	Community Development Block Grant (Jobs)	Community Development Block Grant Gas Line	Emergency Telephone System	Fire Districts
Revenues:					
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,338,077
Restricted intergovernmental	107,791	53,424	-	-	-
Sales and services	-	-	-	302,824	-
Investment earnings	-	-	-	8,781	-
Total revenues	<u>107,791</u>	<u>53,424</u>	<u>-</u>	<u>311,605</u>	<u>1,338,077</u>
Expenditures:					
Current					
General government	-	-	-	-	20,070
Public safety	-	-	-	378,733	1,318,007
Economic and physical development	107,791	55,424	20,000	-	-
Total expenditures	<u>107,791</u>	<u>55,424</u>	<u>20,000</u>	<u>378,733</u>	<u>1,338,077</u>
Revenues over (under) expenditures	<u>-</u>	<u>(2,000)</u>	<u>(20,000)</u>	<u>(67,128)</u>	<u>-</u>
Other financing sources (uses):					
Transfers in	-	-	90,561	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>90,561</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	(2,000)	70,561	(67,128)	-
Fund balance, beginning of year - July 1	-	2,000	-	612,072	-
Fund balance, end of year - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,561</u>	<u>\$ 544,944</u>	<u>\$ -</u>

Schedule 3

Capital Project Fund	Total
Jail Construction	Nonmajor Governmental Funds
\$ -	\$ 1,338,077
-	161,215
-	302,824
-	8,781
<u>-</u>	<u>1,810,897</u>
-	20,070
192,021	1,888,761
<u>-</u>	<u>183,215</u>
<u>192,021</u>	<u>2,092,046</u>
<u>(192,021)</u>	<u>(281,149)</u>
-	90,561
-	90,561
(192,021)	(190,588)
<u>400,658</u>	<u>1,014,730</u>
<u>\$ 208,637</u>	<u>\$ 824,142</u>

BUDGETARY INFORMATION - GOVERNMENTAL FUNDS

Special revenue budget and actual results for fiscal June 30, 2005.

Individual Fund Descriptions:

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

STANLY COUNTY, NORTH CAROLINA

COMMUNITY DEVELOPMENT BLOCK GRANT SCATTER SITE HOUSING
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2005

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Postive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted intergovernmental:					
Community Development	\$ 400,000	\$ 40,644	\$ 107,791	\$ 148,435	\$ (251,565)
Total revenues	<u>400,000</u>	<u>40,644</u>	<u>107,791</u>	<u>148,435</u>	<u>(251,565)</u>
Expenditures:					
Professional services	40,000	40,644	2,529	43,173	(3,173)
Contract services	<u>360,000</u>	<u>-</u>	<u>105,262</u>	<u>105,262</u>	<u>254,738</u>
Total expenditures	<u>400,000</u>	<u>40,644</u>	<u>107,791</u>	<u>148,435</u>	<u>251,565</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance:					
Fund balance - July 1			<u>-</u>		
Fund balance - June 30			<u>\$ -</u>		

STANLY COUNTY, NORTH CAROLINA

**COMMUNITY DEVELOPMENT BLOCK GRANT FUND-JOBS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted intergovernmental:					
Community Development	\$ 120,000	\$ -	\$ 53,424	\$ 53,424	\$ (66,576)
Donation	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>-</u>
Total revenues	<u>122,000</u>	<u>2,000</u>	<u>53,424</u>	<u>55,424</u>	<u>(66,576)</u>
Expenditures:					
Professional services	112,000	-	54,943	54,943	57,057
Contract services	<u>10,000</u>	<u>-</u>	<u>481</u>	<u>481</u>	<u>9,519</u>
Total expenditures	<u>122,000</u>	<u>-</u>	<u>55,424</u>	<u>55,424</u>	<u>66,576</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 2,000</u>	(2,000)	<u>\$ -</u>	<u>\$ -</u>
Fund balance:					
Fund balance - July 1			<u>2,000</u>		
Fund balance - June 30			<u>\$ -</u>		

STANLY COUNTY, NORTH CAROLINA

COMMUNITY DEVELOPMENT BLOCK GRANT FUND-GAS LINE
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2005

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted intergovernmental: Community Development	\$ 271,681	\$ -	\$ -	\$ -	\$ (271,681)
Total revenues	<u>271,681</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(271,681)</u>
Expenditures:					
Professional services	31,500	-	20,000	20,000	11,500
Contract services	<u>330,742</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>330,742</u>
Total expenditures	<u>362,242</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>	<u>342,242</u>
Revenues over (under) expenditures	(90,561)	-	(20,000)	(20,000)	70,561
Other financing sources:					
Transfer in	<u>90,561</u>	<u>-</u>	<u>90,561</u>	<u>90,561</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	70,561	<u>\$ 70,561</u>	<u>\$ 70,561</u>
Fund balance:					
Fund balance - July 1			<u>-</u>		
Fund balance - June 30			<u>\$ 70,561</u>		

STANLY COUNTY, NORTH CAROLINA

EMERGENCY TELEPHONE SYSTEM FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges - surcharge	\$ 180,000	\$ 168,245	\$ (11,755)
Charges - wireless	110,000	134,579	24,579
Investment earnings	4,000	8,781	4,781
	<u>294,000</u>	<u>311,605</u>	<u>17,605</u>
Expenditures:			
Salaries and employee benefits	80,257	75,770	4,487
Operating expenditures	242,830	198,403	44,427
Capital outlay	108,000	104,560	3,440
	<u>431,087</u>	<u>378,733</u>	<u>52,354</u>
Revenues over (under) expenditures	(137,087)	(67,128)	69,959
Other financing sources (uses):			
Appropriated fund balance	<u>137,087</u>	-	<u>(137,087)</u>
Net change in fund balance	<u>-</u>	(67,128)	<u>\$ (67,128)</u>
Fund balance:			
Fund balance - July 1		<u>612,072</u>	
Fund balance - June 30		<u>\$ 544,944</u>	

STANLY COUNTY, NORTH CAROLINA

FIRE DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Current year	\$ 1,349,000	\$ 1,289,157	\$ (59,843)
Prior years	50,000	48,920	(1,080)
	<u>1,399,000</u>	<u>1,338,077</u>	<u>(60,923)</u>
Total revenues			
	<u>1,399,000</u>	<u>1,338,077</u>	<u>(60,923)</u>
Expenditures:			
Administration fees:			
Tax collection fees	23,000	20,070	2,930
Public safety:			
Locust Fire District #11	208,000	208,399	(399)
Center Fire District #12	138,000	114,049	23,951
Endy Fire District #13	65,000	63,550	1,450
Ridgecrest Fire District #14	95,000	93,271	1,729
Aquadale Fire District #15	61,000	59,694	1,306
Eastside Fire District #16	116,000	113,376	2,624
Oakoro Fire District #17	63,000	59,468	3,532
New London Fire District #18	108,000	106,703	1,297
Southside Fire District #19	90,000	87,282	2,718
Rocky River Fire District #20	101,000	99,163	1,837
Bethany Fire District #21	46,000	44,482	1,518
Richfield Fire District #22	100,000	97,852	2,148
Millingport Fire District #23	81,500	80,048	1,452
Badin-Yakin Fire District#24	103,500	90,670	12,830
	<u>1,399,000</u>	<u>1,338,077</u>	<u>60,923</u>
Total expenditures			
	<u>1,399,000</u>	<u>1,338,077</u>	<u>60,923</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance:			
Fund balance - July 1		<u>-</u>	
Fund balance - June 30		<u>\$ -</u>	

STANLY COUNTY, NORTH CAROLINA

JAIL CONSTRUCTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2005

	<u>Actual</u>			Variance Postive (Negative)	
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>		<u>Total to Date</u>
Expenditures:					
Professional services	\$ 420,000	\$ 19,342	\$ 192,021	\$ 211,363	\$ 208,637
Total expenditures	<u>420,000</u>	<u>19,342</u>	<u>192,021</u>	<u>211,363</u>	<u>208,637</u>
Other financing sources:					
Transfer from General Fund	<u>420,000</u>	<u>420,000</u>	<u>-</u>	<u>420,000</u>	<u>-</u>
Total other financing sources	<u>420,000</u>	<u>420,000</u>	<u>-</u>	<u>420,000</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 400,658</u>	<u>(192,021)</u>	<u>\$ 208,637</u>	<u>\$ 208,637</u>
Fund balance:					
Fund balance - July 1			<u>400,658</u>		
Fund balance - June 30			<u>\$ 208,637</u>		

BUDGETARY INFORMATION - ENTERPRISE FUNDS

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

Individual Fund Descriptions:

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

STANLY COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND
GREATER BADIN WATER AND SEWER DISTRICT FUND- SCHEDULE OF
REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Postive (Negative)</u>
Operating revenues:			
Charges for services:			
Water sales	\$ 140,000	\$ 144,882	\$ 4,882
Sewer charges	178,000	144,876	(33,124)
Industrial sewer charges	135,000	85,278	(49,722)
Taps and connection fees	1,000	991	(9)
Other operating revenues	<u>5,000</u>	<u>14,590</u>	<u>9,590</u>
Total operating revenues	<u>459,000</u>	<u>390,617</u>	<u>(68,383)</u>
Non-operating revenues:			
Interest on investments	<u>65</u>	<u>-</u>	<u>(65)</u>
Total non-operating revenues	<u>65</u>	<u>-</u>	<u>(65)</u>
 Total revenues	 <u>459,065</u>	 <u>390,617</u>	 <u>(68,448)</u>
Expenditures:			
Administration:			
Contracted services	44,000	46,317	(2,317)
Operating expenditures	<u>2,700</u>	<u>2,896</u>	<u>(196)</u>
Total administration	<u>46,700</u>	<u>49,213</u>	<u>(2,513)</u>
Debt Service:			
G.O. bond principal paid	40,000	40,000	-
State loan principal paid	22,732	22,731	1
Interest expense	27,546	26,778	768
Bond service costs	<u>800</u>	<u>808</u>	<u>(8)</u>
Total debt service	<u>91,078</u>	<u>90,317</u>	<u>761</u>
Distribution and maintenance:			
Contracted services	80,000	77,586	2,414
Operating expenditures	76,287	77,475	(1,188)
Water purchases	<u>165,000</u>	<u>158,688</u>	<u>6,312</u>
Total distribution and maintenance	<u>321,287</u>	<u>313,749</u>	<u>7,538</u>
 Total expenditures	 <u>459,065</u>	 <u>453,279</u>	 <u>5,786</u>
 Revenues over (under) expenditures	 <u>\$ -</u>	 <u>(62,662)</u>	 <u>\$ (62,662)</u>

STANLY COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND
GREATER BADIN WATER AND SEWER DISTRICT FUND- SCHEDULE OF
REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Debt principal		62,731	
Decrease in debt interest accrued		808	
Depreciation		<u>(272,629)</u>	
Total reconciling items		<u>(209,090)</u>	
Change in net assets		<u>\$ (271,752)</u>	

STANLY COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND
PINEY POINT WATER DISTRICT FUND- SCHEDULE OF
REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating revenues:			
Charges for services:			
Water sales	\$ 77,000	\$ 79,377	\$ 2,377
Taps and connection fees	3,600	5,120	1,520
Other operating revenues	100	19,515	19,415
Total operating revenues	<u>80,700</u>	<u>104,012</u>	<u>23,312</u>
Non-operating revenues:			
Interest on investments	<u>600</u>	<u>2,570</u>	<u>1,970</u>
Total non-operating revenues	<u>600</u>	<u>2,570</u>	<u>1,970</u>
Total revenues	<u>81,300</u>	<u>106,582</u>	<u>25,282</u>
Expenditures:			
Administration:			
Contracted services	2,604	2,604	-
Operating expenditures	<u>1,000</u>	<u>687</u>	<u>313</u>
Total administration	<u>3,604</u>	<u>3,291</u>	<u>313</u>
Debt Service:			
Lease principal	39,441	39,440	1
Lease interest	<u>6,418</u>	<u>6,081</u>	<u>337</u>
Total debt service	<u>45,859</u>	<u>45,521</u>	<u>338</u>
Distribution and maintenance:			
Operating expenditures	5,337	1,936	3,401
Water purchases	<u>26,500</u>	<u>28,864</u>	<u>(2,364)</u>
Total distribution and maintenance	<u>31,837</u>	<u>30,800</u>	<u>1,037</u>
Total expenditures	<u>81,300</u>	<u>79,612</u>	<u>1,688</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>26,970</u>	<u>\$ 26,970</u>

STANLY COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND
PINEY POINT WATER DISTRICT FUND- SCHEDULE OF
REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Debt principal		39,440	
Depreciation		<u>(34,762)</u>	
Total reconciling items		<u>4,678</u>	
Change in net assets		<u>\$ 31,648</u>	

STANLY COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND
STANLY COUNTY UTILITY FUND - SCHEDULE OF
REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating revenues:			
Charges for services:			
Water sales	\$ 1,458,000	\$ 1,521,017	\$ 63,017
Sewer charges	267,500	280,787	13,287
Taps and connection fees	46,500	59,962	13,462
Other operating revenues	<u>41,400</u>	<u>55,047</u>	<u>13,647</u>
Total operating revenues	<u>1,813,400</u>	<u>1,916,813</u>	<u>103,413</u>
Non-operating revenues:			
Interest on investments	2,500	-	(2,500)
Administrative charges	<u>116,104</u>	<u>123,863</u>	<u>7,759</u>
Total non-operating revenues	<u>118,604</u>	<u>123,863</u>	<u>5,259</u>
Total revenues	<u>1,932,004</u>	<u>2,040,676</u>	<u>108,672</u>
Expenditures:			
Administration:			
Salaries and employee benefits	174,006	177,867	(3,861)
Operating expenditures	47,830	47,872	(42)
Capital outlay	<u>4,500</u>	<u>-</u>	<u>4,500</u>
Total administration	<u>226,336</u>	<u>225,739</u>	<u>597</u>
Debt Service:			
G.O. bond principal paid	75,000	75,000	-
Lease payment	74,505	64,078	10,427
Interest expense	<u>33,360</u>	<u>42,813</u>	<u>(9,453)</u>
Total debt service	<u>182,865</u>	<u>181,891</u>	<u>974</u>
Distribution and maintenance:			
Salaries and employee benefits	299,488	304,858	(5,370)
Operating expenditures	645,315	643,452	1,863
Water purchases	560,500	565,717	(5,217)
Capital outlay	<u>17,500</u>	<u>-</u>	<u>17,500</u>
Total distribution and maintenance	<u>1,522,803</u>	<u>1,514,027</u>	<u>8,776</u>
Total expenditures	<u>1,932,004</u>	<u>1,921,657</u>	<u>10,347</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>119,019</u>	<u>\$ 119,019</u>

STANLY COUNTY, NORTH CAROLINA

**MAJOR ENTERPRISE FUND
STANLY COUNTY UTILITY FUND - SCHEDULE OF
REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Debt principal		139,078	
Depreciation		(487,782)	
Loss on disposal of asset		(120,142)	
Capital contribution		<u>1,403,219</u>	
Total reconciling items		<u>934,373</u>	
Change in net assets		<u>\$ 1,053,392</u>	

STANLY COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND
AIRPORT FUND - SCHEDULE OF REVENUES
AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating revenues:			
Sales and services:			
Fuel and oil sales	\$ 314,963	\$ 305,156	\$ (9,807)
Tie down fees	1,369	1,996	627
Hanger rental	16,320	15,087	(1,233)
Franchise	9,847	9,847	-
Miscellaneous	2,466	2,320	(146)
Total operating revenues	<u>344,965</u>	<u>334,406</u>	<u>(10,559)</u>
Non-operating revenues:			
Interest on investments	1,200	22,749	21,549
Capital contributions	-	511	511
Total non-operating revenues	<u>1,200</u>	<u>23,260</u>	<u>22,060</u>
Total revenues	<u>346,165</u>	<u>357,666</u>	<u>11,501</u>
Expenditures:			
Administration and operations:			
Salaries and employee benefits	193,673	194,173	(500)
Operating expenditures	153,378	137,676	15,702
Purchases for resale	242,193	217,659	24,534
Capital outlay	27,500	27,572	(72)
Total administration and operations	<u>616,744</u>	<u>577,080</u>	<u>39,664</u>
Revenues over (under) expenditures	<u>(270,579)</u>	<u>(219,414)</u>	<u>51,165</u>
Other financing sources:			
Transfer in	<u>270,579</u>	<u>270,579</u>	<u>-</u>
Total other financing sources	<u>270,579</u>	<u>270,579</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>51,165</u>	<u>\$ 51,165</u>

STANLY COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND
AIRPORT FUND - SCHEDULE OF REVENUES
AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlay		27,572	
Depreciation		(895,469)	
Capital contributions		386,073	
Interfund transfer to project		<u>167,037</u>	
Total reconciling items		<u>(314,787)</u>	
Change in net assets		<u>\$ (263,622)</u>	

BUDGETED PROJECT FUNDS

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

Individual Project Descriptions:

- **Badin Sewer Project Fund** – accounts for the revenues and expenses for the extension of water.
- **School Water and Sewer Extension Project Fund** – accounts for the revenues and expenses for the extension of water and sewer to the County's school system.
- **Airport Runway and Fuel Farm Project Fund** – accounts for the revenues and expenses of the County's airport runway improvement program and fuel farm.
- **Airport Hanger Project Fund** – accounts for the revenues and expenses of the County's hanger improvements.
- **Airport Land Acquisition Project Fund** – accounts for the revenues and expenses of the County's acquisition of land at the County's airport.

STANLY COUNTY, NORTH CAROLINA

BADIN SEWER PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2005

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
State grant-water	\$ 1,677,000	\$ -	\$ 191,325	\$ 191,325	\$ (1,485,675)
Total revenues	<u>1,677,000</u>	<u>-</u>	<u>191,325</u>	<u>191,325</u>	<u>(1,485,675)</u>
Expenditures:					
Professional services-water	247,000	-	132,637	132,637	114,363
Improvements	<u>1,540,000</u>	<u>-</u>	<u>168,688</u>	<u>168,688</u>	<u>1,371,312</u>
Total expenditures	<u>1,787,000</u>	<u>-</u>	<u>301,325</u>	<u>301,325</u>	<u>1,485,675</u>
Revenues over (under) expenditures	<u>(110,000)</u>	<u>-</u>	<u>(110,000)</u>	<u>(110,000)</u>	<u>-</u>
Other financing sources:					
Transfer from general fund	<u>110,000</u>	<u>110,000</u>	<u>-</u>	<u>110,000</u>	<u>-</u>
Total other financing sources	<u>110,000</u>	<u>110,000</u>	<u>-</u>	<u>110,000</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 110,000</u>	<u>\$ (110,000)</u>	<u>\$ -</u>	<u>\$ -</u>

STANLY COUNTY, NORTH CAROLINA

SCHOOL WATER AND SEWER EXTENSION PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2005

	Project Authorization	Actual			Variance Postive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Federal grant-EPA	\$ 629,000	\$ 508,325	\$ 120,675	\$ 629,000	\$ -
State grant-water	2,000,000	908,980	1,091,219	2,000,199	199
State grant-sewer	1,000,000	-	-	-	(1,000,000)
Total revenues	3,629,000	1,417,305	1,211,894	2,629,199	(999,801)
Expenditures:					
Professional services-water	390,000	234,471	37,414	271,885	118,115
Professional services-sewer Improvements	122,864	74,087	3,355	77,442	45,422
	3,638,000	1,630,611	1,523,737	3,154,348	483,652
Total expenditures	4,150,864	1,939,169	1,564,506	3,503,675	647,189
Revenues over (under) expenditures	(521,864)	(521,864)	(352,612)	(874,476)	(352,612)
Other financing sources:					
Transfer from General Fund	521,864	521,864	-	521,864	-
Total other financing sources	521,864	521,864	-	521,864	-
Revenues and other financing sources over (under) expenditures	\$ -	\$ -	\$ (352,612)	\$ (352,612)	\$ (352,612)

STANLY COUNTY, NORTH CAROLINA

**AIRPORT HANGER PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Actual</u>			Variance Postive (Negative)	
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>		<u>Total to Date</u>
Revenues:					
Restricted intergovernmental:					
FAA grant	\$ 850,751	\$ 5,580	\$ 386,073	\$ 391,653	\$ (459,098)
Total revenues	<u>850,751</u>	<u>5,580</u>	<u>386,073</u>	<u>391,653</u>	<u>(459,098)</u>
Expenditures:					
Engineering services	208,646	76,201	120,684	196,885	11,761
Construction	<u>1,309,142</u>	<u>-</u>	<u>834,547</u>	<u>834,547</u>	<u>474,595</u>
Total expenditures	<u>1,517,788</u>	<u>76,201</u>	<u>955,231</u>	<u>1,031,432</u>	<u>486,356</u>
Revenues over (under) expenditures	<u>(667,037)</u>	<u>(70,621)</u>	<u>(569,158)</u>	<u>(639,779)</u>	<u>27,258</u>
Other financing sources:					
Transfer from general fund	<u>667,037</u>	<u>500,000</u>	<u>167,037</u>	<u>667,037</u>	<u>-</u>
Total other financing sources	<u>667,037</u>	<u>500,000</u>	<u>167,037</u>	<u>667,037</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 429,379</u>	<u>\$ (402,121)</u>	<u>\$ 27,258</u>	<u>\$ 27,258</u>

STANLY COUNTY, NORTH CAROLINA

INTERNAL SERVICE FUND
 GROUP HEALTH FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 FINANCIAL PLAN AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2005

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues:			
Charges for sales and services	\$ 2,521,307	\$ 3,021,910	\$ 500,603
Total operating revenues	<u>2,521,307</u>	<u>3,021,910</u>	<u>500,603</u>
Operating Expenses:			
Group health operations	2,395,000	2,701,994	(306,994)
Worker's compensation claims	126,307	453,937	(327,630)
Total operating expenditures	<u>2,521,307</u>	<u>3,155,931</u>	<u>(634,624)</u>
Operating income (loss)	-	(134,021)	(134,021)
Nonoperating Revenues:			
Investment earnings	-	13,432	13,432
Change in Net Assets	<u>\$ -</u>	(120,589)	<u>\$ (120,589)</u>
Net assets - July 1		<u>134,937</u>	
Net assets - June 30		<u>\$ 14,348</u>	

AGENCY FUNDS

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

Individual Fund Descriptions:

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

STANLY COUNTY, NORTH CAROLINA

COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2005</u>
Protective Payee Fund:				
Assets:				
Cash and cash equivalents	\$ 22,269	\$ 154,025	\$ 160,458	\$ 15,836
	<u>\$ 22,269</u>	<u>\$ 154,025</u>	<u>\$ 160,458</u>	<u>\$ 15,836</u>
Liabilities:				
Client equity	\$ 22,269	\$ 154,025	\$ 160,458	\$ 15,836
	<u>\$ 22,269</u>	<u>\$ 154,025</u>	<u>\$ 160,458</u>	<u>\$ 15,836</u>
Fines and Forfeitures:				
Assets:				
Cash and cash equivalents	\$ -	\$ 585,889	\$ 585,889	\$ -
	<u>\$ -</u>	<u>\$ 585,889</u>	<u>\$ 585,889</u>	<u>\$ -</u>
Sheriff's Execution:				
Assets:				
Cash and cash equivalents	\$ 5,756	\$ 136,523	\$ 138,493	\$ 3,786
Commissary cash	13,505	1,982	-	15,487
Accounts receivable	657	-	657	-
	<u>\$ 19,918</u>	<u>\$ 138,505</u>	<u>\$ 139,150</u>	<u>\$ 19,273</u>
Liabilities:				
Accounts payable and future payments	\$ 6,413	\$ 143,586	\$ 146,213	\$ 3,786
Inmate payable	13,505	1,982	-	15,487
	<u>\$ 19,918</u>	<u>\$ 145,568</u>	<u>\$ 146,213</u>	<u>\$ 19,273</u>

STANLY COUNTY, NORTH CAROLINA

COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2005</u>
Property Tax Clearing Fund:				
Assets:				
Cash and cash equivalents	\$ 97,466	\$ 7,803,300	\$ 7,784,244	\$ 116,522
Liabilities:				
Accounts payable	\$ 97,466	\$ 7,800,449	\$ 7,781,393	\$ 116,522
Totals:				
Assets:				
Cash and cash equivalents	\$ 125,491	\$ 8,679,737	\$ 8,669,084	\$ 136,144
Commissary cash	13,505	1,982	-	15,487
Accounts receivable	657	-	657	-
Total assets	<u>\$ 139,653</u>	<u>\$ 8,681,719</u>	<u>\$ 8,669,741</u>	<u>\$ 151,631</u>
Liabilities:				
Accounts payable and future payments	\$ 103,879	\$ 7,944,035	\$ 7,927,606	\$ 120,308
Client and inmate payable	35,774	156,007	160,458	31,323
Total liabilities	<u>\$ 139,653</u>	<u>\$ 8,100,042</u>	<u>\$ 8,088,064</u>	<u>\$ 151,631</u>



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***CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS***

STANLY COUNTY, NORTH CAROLINA

SCHEDULE OF CAPITAL ASSETS - BY SOURCE
FOR THE YEAR ENDED JUNE 30, 2005**General capital assets:**

Land	\$	1,370,843
Buildings		16,815,889
Equipment		<u>8,204,394</u>

Total general capital assets \$ 26,391,126

Investment in capital asset by sources:

General fund	\$	25,255,873
E-911 surcharge fund		<u>1,135,253</u>

Total investment in capital assets \$ 26,391,126

STANLY COUNTY, NORTH CAROLINA

SCHEDULE OF CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Total</u>
General Government:				
Administration	\$ -	\$ -	\$ 14,597	\$ 14,597
Finance	-	-	13,205	13,205
Taxes	-	-	175,470	175,470
Elections	-	-	515,124	515,124
Register of deeds	-	-	46,921	46,921
Information technology	-	-	262,609	262,609
Public buildings	841,438	9,033,687	206,922	10,082,047
Total	<u>841,438</u>	<u>9,033,687</u>	<u>1,234,848</u>	<u>11,109,973</u>
Public Safety:				
Sheriff	-	405,898	1,518,794	1,924,692
Jail	171,545	1,603,821	203,681	1,979,047
Emergency management	-	-	225,879	225,879
Fire	-	-	154,810	154,810
Emergency medical services	71,391	352,631	1,272,941	1,696,963
Inspections	-	-	95,056	95,056
Animal control	2,148	222,053	83,814	308,015
E-911 operations	-	-	109,945	109,945
E-911 surcharge	-	-	1,256,102	1,256,102
Total	<u>245,084</u>	<u>2,584,403</u>	<u>4,921,022</u>	<u>7,750,509</u>
Transportation:				
Transportation	-	-	795,685	795,685
Environmental Protection:				
Solid Waste Collection	-	-	398,527	398,527
Conservation	-	-	12,447	12,447
Total	<u>-</u>	<u>-</u>	<u>410,974</u>	<u>410,974</u>
Economic and Physical Development:				
Economic development	-	-	2,097	2,097
Planning and zoning	-	-	20,214	20,214
Cooperative extension	-	-	25,980	25,980
Total	<u>-</u>	<u>-</u>	<u>48,291</u>	<u>48,291</u>
Human Services:				
Health	-	-	384,043	384,043
Social services	-	-	173,878	173,878
Senior services	41,119	454,966	24,433	520,518
Total	<u>41,119</u>	<u>454,966</u>	<u>582,354</u>	<u>1,078,439</u>
Cultural and Recreation:				
Library	62,490	788,461	169,780	1,020,731
Historic preservation	42,160	317,515	27,030	386,705
Agri civic center	138,552	3,636,857	14,410	3,789,819
Total	<u>243,202</u>	<u>4,742,833</u>	<u>211,220</u>	<u>5,197,255</u>
Total general capital assets	<u>\$ 1,370,843</u>	<u>\$ 16,815,889</u>	<u>\$ 8,204,394</u>	<u>\$ 26,391,126</u>

STANLY COUNTY, NORTH CAROLINA

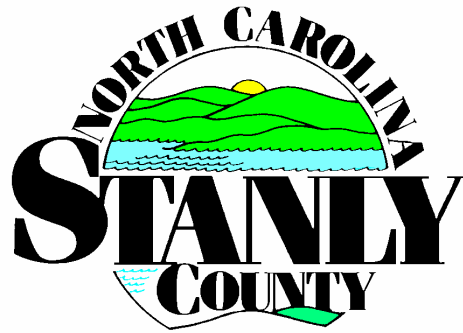
SCHEDULE OF CHANGES IN CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2005

	Capital Assets July 1, 2004	Additions	Retirements	Adjustments and Transfers	Capital Assets June 30, 2005
General government:					
Administration	\$ 14,596	\$ -	\$ -	\$ -	\$ 14,596
Finance	13,984	8,055	-	(8,834)	13,205
Taxes	162,670	-	-	12,800	175,470
Elections	512,439	2,685	-	-	515,124
Register of deeds	28,768	18,153	-	-	46,921
Information technology	239,541	4,498	-	18,570	262,609
Public buildings	9,620,922	461,125	-	-	10,082,047
Total	10,592,920	494,516	-	22,536	11,109,972
Public Safety:					
Sheriff	1,846,414	244,773	153,694	(12,800)	1,924,693
Jail	1,984,587	-	5,540	-	1,979,047
Emergency management	102,649	129,319	-	(6,089)	225,879
Fire	153,221	17,858	16,269	-	154,810
Emergency medical services	1,571,986	311,630	186,653	-	1,696,963
Inspections	95,056	-	-	-	95,056
Animal control	305,146	14,691	11,822	-	308,015
E-911 operations	85,824	18,032	-	6,089	109,945
E-911 surcharge	1,135,253	104,561	-	16,288	1,256,102
Total	7,280,136	840,864	373,978	3,488	7,750,510
Transportation:					
Transportation	818,390	-	22,705	-	795,685
Environmental Protection:					
Solid waste collection	376,744	21,783	-	-	398,527
Conservation	12,447	-	-	-	12,447
Total	389,191	21,783	-	-	410,974
Economic and Physical Development:					
Economic development	2,097	-	-	-	2,097
Planning and zoning	36,502	-	-	(16,288)	20,214
Cooperative extension	34,417	-	8,437	-	25,980
Total	73,016	-	8,437	(16,288)	48,291

STANLY COUNTY, NORTH CAROLINA

SCHEDULE OF CHANGES IN CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2005

	Capital Assets July 1, 2004	Additions	Retirements	Adjustments and Transfers	Capital Assets June 30, 2005
Human Services:					
Health	351,144	62,255	29,356	-	384,043
Social services	153,878	20,000	-	-	173,878
Senior services	520,518	-	-	-	520,518
Total	<u>1,025,540</u>	<u>82,255</u>	<u>29,356</u>	<u>-</u>	<u>1,078,439</u>
Cultural and Recreation:					
Library	1,021,576	8,891	-	(9,736)	1,020,731
Historic preservation	386,705	-	-	-	386,705
Agri civic center	3,789,819	-	-	-	3,789,819
Total	<u>5,198,100</u>	<u>8,891</u>	<u>-</u>	<u>(9,736)</u>	<u>5,197,255</u>
Total general capital assets	<u>\$ 25,377,293</u>	<u>\$ 1,448,309</u>	<u>\$ 434,476</u>	<u>\$ -</u>	<u>\$ 26,391,126</u>



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OTHER SCHEDULES

This section contains the following schedules:

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



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GENERAL FUND SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2005

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2004</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2005</u>
2004 - 2005	\$ -	\$ 23,837,624	\$ 22,937,907	\$ 899,717
2003 - 2004	987,767	34,795	663,711	358,851
2002 - 2003	414,402	34,171	208,201	240,372
2001 - 2002	242,348	24,572	107,166	159,754
2000 - 2001	128,877	-	26,673	102,204
1999 - 2000	85,523	-	13,169	72,354
1998 - 1999	65,861	-	8,928	56,933
1997 - 1998	66,124	-	7,407	58,717
1996 - 1997	51,311	-	4,854	46,457
1995 - 1996	33,071	-	4,525	28,546
1994 - 1995	21,539	-	2,616	18,923
1993 - 1994	30,346	-	30,346	-
Districts over 3 years old	40,200	2,219	326	42,093
	<u>\$ 2,167,369</u>	<u>\$ 23,933,381</u>	<u>\$ 24,015,829</u>	2,084,921
				<u>284,316</u>
				<u>\$ 1,800,605</u>
				\$ 23,990,896
				(23,227)
				23,844
				(26,715)
				(246,730)
				244,806
				(16,261)
				35,674
				<u>33,542</u>
				<u>\$ 24,015,829</u>

STANLY COUNTY, NORTH CAROLINA

**ANALYSIS OF CURRENT TAX LEVY - COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2005**

	<u>County-wide</u>			<u>Total Levy</u>	
	<u>Property Valuation</u>	<u>Rate per \$100</u>	<u>Amount of Levy</u>	<u>Property excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
ORIGINAL LEVY:					
Property taxed at current year's rate	\$ 3,559,363,417	0.6675	\$ 23,758,818	\$ 21,049,751	\$ 2,709,067
Penalties	-		10,889	10,889	-
TOTAL ORIGINAL LEVY	<u>3,559,363,417</u>		<u>23,769,707</u>	<u>21,060,640</u>	<u>2,709,067</u>
DISCOVERIES:					
Current year rate and taxes	14,764,967	0.6675	98,557	82,309	16,248
Penalties	-		3,732	3,732	-
Prior year penalties	-		7,565	7,565	-
Prior year taxes	-		48,848	48,848	-
TOTAL DISCOVERIES	<u>14,764,967</u>		<u>158,702</u>	<u>142,454</u>	<u>16,248</u>
RELEASES:					
Current year rate	(12,158,710)	0.6675	(81,160)	(34,795)	(46,365)
Penalties	-		(7,133)	(7,133)	-
Prior year taxes	-		(2,492)	(2,492)	-
TOTAL RELEASES	<u>(12,158,710)</u>		<u>(90,785)</u>	<u>(44,420)</u>	<u>(46,365)</u>
Net assessed valuation	\$ <u>3,561,969,674</u>				
Net Levy			23,837,624	21,158,674	2,678,950
Uncollected taxes , June 30			<u>899,717</u>	<u>635,154</u>	<u>264,563</u>
Current year's taxes collected			<u>\$ 22,937,907</u>	<u>\$ 20,523,520</u>	<u>\$ 2,414,387</u>
Current levy collection percentage rate			<u>96.23%</u>	<u>97.00%</u>	<u>90.12%</u>

The \$93,538 in additions on schedule 22 is the transfer of value use property (deferred taxes) to the tax roll.

Secondary Market Disclosures:

Assessed valuation:	
Assessment ratio	100%
Real property	\$ 3,060,684,052
Personal property	408,453,126
Public service	<u>92,832,496</u>
Total assessed value	\$ 3,561,969,674
Tax rate per \$100	0.6675
Levy (includes discoveries, releases, and abatements)	<u>\$ 23,837,624</u>

In addition to the County-wide rate, the following table lists the levies by the County on behalf of fire protection districts for the fiscal year ended June 30, 2005:

Fire Protection Districts	<u>\$ 1,339,109</u>
---------------------------	---------------------



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STATISTICAL SECTION

The Statistical Section contains unaudited financial history, property tax rates, and demographic information.

**STANLY COUNTY, NORTH CAROLINA
GOVERNMENT-WIDE EXPENSES BY FUNCTION
Beginning June 30, 2004**

Fiscal Year	General Government	Public Safety	Airport and Transportation	Environmental Protection	Economic and Physical Development
2004	\$ 3,943,999	\$ 9,208,320	\$ 2,004,954	\$ 867,293	\$ 1,282,716
2005	7,211,199	10,271,412	2,167,399	899,015	1,529,470

Table 1

<u>Human Services</u>	<u>Education</u>	<u>Cultural and Recreation</u>	<u>Interest on Long -term Debt</u>	<u>Water and Sewer</u>	<u>Total</u>
\$ 13,402,271	\$ 14,665,895	\$ 1,509,613	\$ 1,201,997	\$ 2,852,826	\$ 50,939,884
14,330,481	16,478,097	1,384,589	1,136,626	3,127,806	58,536,094

**STANLY COUNTY, NORTH CAROLINA
GOVERNMENT-WIDE REVENUES
Beginning June 30, 2004**

PROGRAM REVENUES

Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
2004	\$ 8,140,061	\$ 7,996,207	\$ 3,195,173
2005	11,759,580	8,458,500	1,819,306

Table 2

GENERAL REVENUES					
<u>Taxes</u>	<u>Grants and Contributions Not Restricted to Specific Programs</u>	<u>Unrestricted Investment Earnings</u>	<u>Miscellaneous Revenues</u>	<u>Total</u>	
\$ 34,201,130	\$ 5,936	\$ 259,384	\$ 262,448	\$ 54,060,339	
35,186,894	-	319,975	249,947	57,794,202	

STANLY COUNTY, NORTH CAROLINA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
For the Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Government	Public Safety	Transportation	Environmental Protection	Economic and Physical Development
1996	\$ 2,692,942	\$ 4,942,506	\$ 476,222	\$ 599,195	\$ 538,129
1997	2,742,609	5,076,018	399,668	641,187	557,123
1998	2,953,621	5,396,949	550,345	588,996	536,130
1999	3,768,832	5,925,464	403,566	724,265	623,715
2000	3,890,467	6,792,651	507,314	678,305	710,875
2001	3,427,866	7,569,088	409,873	657,843	827,255
2002	3,105,649	8,511,848	719,803	673,573	1,242,552
2003	3,713,273	9,213,944	599,909	789,005	1,157,470
2004	3,998,690	9,177,990	623,830	873,394	1,292,366
2005	4,146,402	10,271,732	627,756	917,303	1,525,184

Includes General and Special Revenue Funds

Table 3

<u>Human Services</u>	<u>Education</u>	<u>Cultural and Recreation</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
\$ 9,071,066	\$ 9,514,231	\$ 1,076,462	\$ 359,934	\$ 364,087	\$ 29,634,774
9,244,809	9,998,011	1,245,135	1,027,718	277,701	31,209,979
9,805,511	10,750,125	1,071,317	587,827	407,871	32,648,692
10,528,192	19,155,402	1,093,401	106,339	539,088	42,868,264
11,223,990	19,390,664	1,283,502	-	538,054	45,015,822
11,969,515	18,917,991	1,315,335	-	525,432	45,620,198
12,858,682	32,740,821	1,260,996	-	1,743,767	62,857,691
13,293,292	18,425,835	1,325,344	-	2,576,632	51,094,704
13,470,240	14,665,894	1,317,365	-	2,568,202	47,987,971
14,333,027	16,290,282	1,393,480	-	2,472,013	51,977,179

STANLY COUNTY, NORTH CAROLINA
GENERAL GOVERNMENTAL REVENUES BY SOURCE
For the Last Ten Fiscal Years

Fiscal Year Ended June 30,	Ad Valorem Taxes	Other Taxes	Unrestricted Inter- Governmental Revenues	Restricted Inter- Governmental Revenues	Licenses and Permits
1996	\$ 15,007,308	\$ 6,403,925	\$ 1,133,707	\$ 5,660,226	\$ 357,560
1997	15,515,474	6,677,923	1,157,474	6,126,412	398,678
1998	15,970,929	7,120,596	1,145,932	6,193,653	475,189
1999	16,218,662	7,669,126	1,256,412	14,392,869	608,231
2000	17,606,833	8,004,910	1,165,434	17,964,097	656,620
2001	19,258,393	7,975,685	990,605	8,550,201	549,700
2002	24,031,580	8,159,390	481,571	7,398,433	520,028
2003	24,644,601	7,514,166	12,226	8,301,818	468,084
2004	24,978,882	9,255,014	5,936	7,627,446	915,083
2005	25,328,973	9,931,387	5,763	8,250,771	750,320

Includes General and Special Revenue Funds

Table 4

<u>Sales and Services</u>	<u>Investment Earnings</u>	<u>Miscellaneous Revenues</u>	<u>Total</u>
\$ 2,172,719	\$ 533,334	\$ 212,929	\$ 31,481,708
2,176,970	627,672	394,334	33,074,937
2,434,069	789,884	515,645	34,645,897
2,834,104	904,542	280,912	44,164,858
2,651,863	1,036,342	416,883	49,502,982
3,242,341	1,620,068	818,285	43,005,278
3,954,830	789,563	743,730	46,079,125
4,794,619	391,940	495,751	46,623,205
4,626,431	229,301	528,194	48,166,287
4,897,601	286,217	748,556	50,199,588

STANLY COUNTY, NORTH CAROLINA
GENERAL FUND PROPERTY TAX LEVIES AND COLLECTIONS
For the Last Ten Fiscal Years

Fiscal Year Ended June 30,	Total Tax Levy	Current Year Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections
1996	\$ 13,904,941	\$ 13,435,867	96.63%	\$ 256,599	\$ 13,692,466
1997	14,523,287	13,850,363	95.37%	402,709	14,253,072
1998	15,029,109	14,455,619	96.18%	396,982	14,852,601
1999	15,584,334	15,021,386	96.37%	542,942	15,564,328
2000	17,002,740	16,394,852	96.42%	543,801	16,938,653
2001	18,880,008	18,137,223	96.07%	527,428	18,664,651
2002	23,202,760	22,217,710	95.75%	691,765	22,909,475
2003	23,570,947	22,498,389	95.45%	755,234	23,253,623
2004	23,615,122	22,627,355	95.82%	983,334	23,610,689
2005	23,837,624	22,937,907	96.23%	1,008,706	23,946,613

Table 5

<u>Percent of Total Tax Collections To Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Delinquent Taxes to Tax Levy</u>
98.47%	\$ 894,055	6.43%
98.14%	1,164,270	8.02%
98.83%	620,924	4.13%
99.87%	675,284	4.33%
99.62%	732,857	4.31%
98.86%	742,785	3.93%
98.74%	985,050	4.23%
98.65%	1,072,558	4.23%
99.98%	987,767	4.18%
100.46%	899,717	3.77%

Table 6

**STANLY COUNTY, NORTH CAROLINA
 ASSESSED VALUE OF TAXABLE PROPERTY
 For the Last Ten Fiscal Years**

<u>Fiscal Year Ended June 30</u>	<u>Tax Year Ended December 31</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Public Service Companies</u>	<u>Total Assessed Value</u>
1996	1995	\$ 1,517,970,243	\$ 534,036,544	\$ 68,021,423	\$ 2,120,028,210
1997	1996	1,525,358,612	569,751,791	70,035,575	2,165,145,978
1998	1997	1,847,245,321	341,220,721	64,166,236	2,252,632,278
1999	1998	1,909,344,899	347,356,983	67,358,055	2,324,059,937
2000	1999	1,978,788,014	381,688,373	67,965,547	2,428,441,934
2001	2000	2,032,570,115	388,721,303	61,698,313	2,482,989,731
2002	2001	2,695,264,664	666,525,776	87,892,256	3,449,682,696
2003	2002	3,037,361,258	409,079,262	87,518,634	3,533,959,154
2004	2003	3,037,540,367	402,688,314	91,453,080	3,531,681,761
2005	2004	3,060,714,031	408,423,147	92,832,496	3,561,969,674

Table 7

STANLY COUNTY, NORTH CAROLINA
RATIO OF NET BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
For the Last Ten Fiscal Years

Fiscal Year Ended June 30,	Population Estimate	Total Property Assessed Value	Debt Limit	Bonded Debt	Legal Debt Margin	Ratio of Bonded Debt to Taxable Property Assessed Value	Net Bonded Debt Per Capita
1996	54,390	\$ 2,120,028,210	\$ 169,602,257	\$ 3,754,900	\$ 165,892,162	0.18%	\$ 69.04
1997	54,588	2,165,145,978	173,211,678	3,489,900	168,243,703	0.16%	63.93
1998	54,730	2,252,332,278	180,186,582	3,216,700	175,764,673	0.14%	58.77
1999	55,606	2,324,059,937	185,924,795	2,934,600	181,530,500	0.12%	52.77
2000	57,214	2,428,441,934	194,275,355	2,692,900	190,216,919	0.11%	47.07
2001	58,100	2,482,989,731	198,639,178	18,440,700	178,639,424	0.74%	317.40
2002	59,397	3,449,682,696	215,594,909	25,500,000	190,094,909	0.74%	429.31
2003	59,397	3,533,959,154	282,142,285	25,475,000	257,542,285	0.72%	428.89
2004	59,060	3,531,681,761	282,534,541	24,460,000	258,834,541	0.67%	414.16
2005	59,078	3,561,969,674	284,954,574	23,445,000	262,157,574	0.66%	396.85

STANLY COUNTY, NORTH CAROLINA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
For the Last Ten Fiscal Years

Fiscal Year Ended June 30	Locust Fire District	Center Rural Fire District	Endy Fire District	Ridgecrest Fire District	Aquadale Fire District	Eastside Fire District	Oakboro Rural Fire District	New London Fire District
1996	0.0600	0.0500	0.0400	0.0500	0.0500	0.0800	0.0200	0.0500
1997	0.0600	0.0500	0.0400	0.0500	0.0500	0.0800	0.0200	0.0500
1998	0.0600	0.0500	0.0400	0.0500	0.0500	0.0800	0.0400	0.0500
1999	0.0600	0.0500	0.0400	0.0500	0.0500	0.0800	0.0400	0.0500
2000	0.0800	0.0500	0.0400	0.0800	0.0500	0.0800	0.0400	0.0500
2001	0.0800	0.0500	0.0400	0.0800	0.0500	0.0800	0.0400	0.0500
2002	0.0800	0.0500	0.0400	0.0800	0.0500	0.0800	0.0400	0.0500
2003	0.0800	0.0500	0.0400	0.0800	0.0500	0.0800	0.0400	0.0500
2004	0.0800	0.0500	0.0400	0.0800	0.0500	0.0800	0.0400	0.0500
2005	0.0800	0.0500	0.0400	0.0800	0.0500	0.0800	0.0400	0.0500

	Stanly County	City of Albemarle	Town of Oakboro	Town of Badin	Town of Norwood	Town of Locust	Stanfield Annex	Town of Stanfield
1996	0.6675	0.4700	0.4700	0.2100	0.4000	0.2600	N/A	0.3200
1997	0.6675	0.5400	0.4700	0.2100	0.4000	0.3200	N/A	0.3700
1998	0.6675	0.5600	0.4700	0.2400	0.4000	0.3200	N/A	0.3700
1999	0.6675	0.5600	0.4700	0.2400	0.4000	0.3200	N/A	0.3700
2000	0.6975	0.5800	0.4700	0.2400	0.4000	0.3200	N/A	0.4000
2001	0.7575	0.6100	0.4400	0.2500	0.4000	0.3700	N/A	0.4000
2002	0.6675	0.5400	0.4400	0.2300	0.4000	0.3600	N/A	0.3800
2003	0.6675	0.5400	0.4400	0.2530	0.4000	0.3600	0.3167	0.3800
2004	0.6675	0.5400	0.4400	0.3000	0.4000	0.3600	N/A	0.3800
2005	0.6675	0.5600	0.4400	0.3200	0.4000	0.3600	N/A	0.3800

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

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

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

Table 8

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

Town of New London	Town of Richfield	Town of Red Cross	Red Cross Annex	Town of Misenheimer	Municipal Service	City Schools Higher Standard	Maximum Combined County Tax Rate	Maximum Combined City Tax Rate
0.1600	0.1000	N/A	N/A	N/A	N/A	0.0800	0.7675	1.1375
0.1600	0.1000	N/A	N/A	N/A	N/A	0.0400	0.7675	1.2075
0.1600	0.1600	N/A	N/A	N/A	N/A	0.0400	0.7675	1.2275
0.1600	0.1600	N/A	N/A	N/A	0.1000	N/A	0.7675	1.2275
0.1600	0.1600	N/A	N/A	N/A	0.1000	N/A	0.7975	1.2775
0.1600	0.1600	N/A	N/A	N/A	0.1000	N/A	0.8575	1.3675
0.1600	0.1500	N/A	N/A	N/A	0.1000	N/A	0.7675	1.2075
0.1600	0.1500	0.1008	N/A	N/A	0.1000	N/A	0.7675	1.2075
0.1600	0.1500	0.1600	0.2242	0.2200	0.1000	N/A	0.7675	1.2075
0.1600	0.1500	0.1600	N/A	0.2200	0.1000	N/A	0.7675	1.2275

Table 9

**STANLY COUNTY, NORTH CAROLINA
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2005**

ASSESSED VALUE		<u>\$ 3,561,969,674</u>
DEBT LIMIT - eight percent (8%) of assessed value		284,957,574
AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT		
Total bonded debt	\$ 23,445,000	
State notes payable	340,967	
Capital lease obligations	<u>2,266,586</u>	
Total debt	26,052,553	
Less - statutory deductions	<u>3,252,553</u>	
TOTAL AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT		<u>22,800,000</u>
Legal debt margin		<u>\$ 262,157,574</u>

Table 10

STANLY COUNTY, NORTH CAROLINA
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL
BONDED DEBT TO GENERAL GOVERNMENTAL EXPENDITURES
For the Last Ten Fiscal Years

Fiscal Year Ended June 30,	Debt Service Expenditures			General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
	Principal	Interest and Fees	Total Debt Service		
1996	\$ -	\$ -	\$ -	\$ 29,634,774	N/A
1997	-	-	-	31,209,979	N/A
1998	-	-	-	32,648,692	N/A
1999	-	-	-	42,868,264	N/A
2000	-	-	-	45,015,822	N/A
2001	-	-	-	45,620,198	N/A
2002	500,000	729,810	1,229,810	62,857,691	1.96%
2003	900,000	1,162,675	2,062,675	51,094,704	4.04%
2004	900,000	1,123,425	2,023,425	47,987,971	4.22%
2005	900,000	1,084,175	1,984,175	51,977,179	3.82%

STANLY COUNTY, NORTH CAROLINA
DEMOGRAPHIC STATISTICS
For the Last Ten Fiscal Years

Fiscal Year Ended June 30,	Population Estimate (1)	Per Capita Income (2)	Unemployment Rate (3)	Median Age (4)	School Enrollment (5)
1996	54,390	\$ 18,315	6.1%	36.8	9,317
1997	54,588	18,141	5.0%	35.9	9,792
1998	54,730	19,146	3.2%	35.0	10,017
1999	55,606	19,529	3.6%	36.5	10,189
2000	57,214	20,704	4.0%	37.0	10,187
2001	58,100	22,816	7.6%	37.0	10,186
2002	58,792	23,090	8.3%	37.2	10,204
2003	58,794	22,307	9.1%	37.2	10,184
2004	59,060	22,953	7.2%	36.9	9,903
2005	59,078	23,354	5.9%	36.9	9,868

Sources:

- (1) - 2005 are projections of the NC Office of Management and Budget.
- (2) - NC Office of State Library and U.S. Bureau of Economic Analysis (BEA). The 1996 and 1997 projections are from the 1994 projections Profile of North Carolina. The 2005 project is from the Department of Commerce's Economic Development Information Services. The 2004 is from Charlotte Regional Planning.
- (3) - NC Employment Security Commission - Labor Market Information Division - Based on May 2005 percent unemployed.
- (4) - US Census Bureau
- (5) - NC Department of Public Education - Information Center. Average Daily Membership (determined by actual school records) is computed by the NC Department of Public Education on a uniform basis for all public school units in the state. The ADM used is the final ADM for each school year. Includes 85 charter school students.

Table 12

**STANLY COUNTY, NORTH CAROLINA
PROPERTY VALUE AND CONSTRUCTION
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Property Value	Commercial Construction		Residential Construction	
		Units	Value	Units	Value
1996	\$ 200,648,809	210	\$ 12,584,295	421	\$ 20,140,667
1997	2,120,028,210	198	15,559,073	448	18,728,337
1998	2,165,145,978	195	16,035,573	498	23,400,058
1999	2,252,632,278	136	16,313,593	274	24,093,346
2000	2,324,059,937	290	36,572,507	576	29,442,155
2001	2,428,441,934	282	32,758,756	650	25,062,224
2002	3,555,623,199	287	22,853,708	616	35,045,569
2003	3,533,959,154	314	15,041,483	521	29,610,717
2004	3,528,321,600	227	26,627,018	508	33,256,151
2005	3,559,363,417	232	25,996,260	447	30,509,184

Source is the Stanly County Code Enforcement Department.

Table 13

**STANLY COUNTY, NORTH CAROLINA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2005**

<u>Jurisdiction</u>	<u>Principal</u>	<u>Allocated Amount</u>	<u>Total</u>
Stanly County	\$ 23,445,000	100%	\$ 23,445,000
City of Albemarle	<u>2,650,000</u>	100%	<u>2,650,000</u>
	<u>\$ 26,095,000</u>		<u>\$ 26,095,000</u>

Table 14

**STANLY COUNTY, NORTH CAROLINA
TEN LARGEST TAXPAYERS
June 30, 2005**

Taxpayer	Type of Business	Percentage of Total Assessed Valuation	Assessed Valuation	Tax Levy
APGI	Electric Generation	1.42%	\$ 50,493,167	\$ 337,042
ALCOA	Aluminum Ingots Manufacturer	0.94%	33,380,890	222,817
Michelin Aircraft Tire Co.	Aircraft Tire Manufacturer	0.89%	31,547,907	210,582
Duke Energy	Electricity	0.76%	27,087,724	180,811
Union Electric	Electricity	0.59%	21,089,387	140,772
SPX Corp	Metals	0.46%	16,542,148	110,419
Concord Telephone	Communications	0.44%	15,566,162	103,904
Fiber Composites LLC	Fiber	0.43%	15,264,931	101,893
Preformed Line Products	Fabricated hoses and pipes	0.42%	15,120,430	100,929
Piedmont Natural Gas	Natural Gas	0.36%	12,698,501	84,762
	Total:	6.70%	\$ 238,791,247	\$ 1,593,932



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COMPLIANCE SECTION

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



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Martin Starnes & Associates, CPAs, P.A.

A Professional Association of Certified Public Accountants and Management Consultants

**Report on Internal Control Over Financial Reporting And On Compliance and Other Matters
Based On An Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Board of County Commissioners
Stanly County
Albemarle, North Carolina

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregated remaining fund information of Stanly County, North Carolina, as of and for the year ended June 30, 2005, which collectively comprises Stanly County's basic financial statements and have issued our report thereon dated November 4, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Stanly County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

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

Martin Starnes + Associates CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.

November 4, 2005



Martin Starnes & Associates, CPAs, P.A.

A Professional Association of Certified Public Accountants and Management Consultants

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

Board of County Commissioners
Stanly County
Albemarle, North Carolina

Compliance

We have audited the compliance of Stanly County, North Carolina, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2005. Stanly County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Stanly County's management. Our responsibility is to express an opinion on Stanly County's compliance based on our audit.

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

In our opinion, Stanly County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of Stanly County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Stanly County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Implementation Act.

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

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

Martin Starnes + Associates CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
November 4, 2005



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A Professional Association of Certified Public Accountants and Management Consultants

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

Board of County Commissioners
Stanly County
Albemarle, North Carolina

Compliance

We have audited the compliance of Stanly County, North Carolina, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2005. Stanly County's major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of Stanly County's management. Our responsibility is to express an opinion on Stanly County's compliance based on our audit.

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

In our opinion, Stanly County complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of Stanly County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered Stanly County's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act.

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

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

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STANLY COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2005

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?

_____ yes X no

Reportable condition(s) identified that are not considered to be material weaknesses

_____ yes X none reported

Noncompliance material to financial statements noted

_____ yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?

- Reportable condition(s) identified that are not considered to be material weaknesses

_____ yes X no

_____ yes X none reported

Noncompliance material to federal awards

_____ yes X no

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

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133

_____ yes X no

STANLY COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2005

Section I – Summary of Auditors’ Results (Continued)

Identification of major federal programs:

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

Dollar threshold used to distinguish between type A and type B Programs \$1,439,423

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

State Awards

Internal control over major state programs:

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

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

Noncompliance material to state awards _____ yes X no

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

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

STANLY COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2005

Identification of major State programs:

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

Section II – Financial Statement Findings

There were no financial statement findings for the fiscal year ended June 30, 2005.

Section III – Federal Award Findings and Questioned Costs

There were no findings related to major federal awards for the fiscal year ended June 30, 2005.

Section IV – State Award Findings and Questioned Costs

There were no findings related to major State awards for the fiscal year ended June 30, 2005.

STANLY COUNTY, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2005**

<u>Grantor / Pass-through Grantor / Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>	
		<u>Federal</u>	<u>State</u>
Federal Awards:			
U.S. Department of Health and Human Services:			
Administration for Children and Families:			
Passed-through the N.C. Department of Health and Human Services			
Division of Social Services:			
Child Support Enforcement	93.563	\$ 359,166	\$ -
Temporary Assistance for Needy Families:			
Administration	93.558	492,307	-
Direct Benefit Payment	93.558	436,916	(191)
Total Temporary Assistance for Needy Families		929,223	(191)
Foster Care and Adoption Cluster:			
Title IV-E Foster Care:			
Administration	93.658	299,923	37,393
Direct Benefit Payments	93.658	89,428	15,004
Title IV-E Adoption Assistance Program:			
Direct Benefit Payments	93.659	72,130	20,992
Total Foster Care and Adoption Cluster		461,481	73,389
Low-Income Home Energy Assistance Block Grant:			
Administration	93.568	41,086	500
Direct Benefit Payments	93.568	104,075	-
Total Low-Income Home Energy Assistance Block Grant		145,161	500
CCDF	93.596	71,641	-
LINKS	93.674	1,078	269
AFDC Payments and Penalties	93.560	(383)	(105)
Social Services Block Grant	93.667	206,165	18,303
Child Welfare Services-Permanency Planning:	93.645	34,266	15,926
Sub total		312,767	34,393
Division of Child Development:			
Subsidized Childcare Cluster:			
Social Services Block Grant	93.667	14,135	-
CCDF-Discretionary	93.575	664,582	-
CCDF-Mandatory	93.596	307,938	-
CCDF-Match	93.596	259,061	149,473
Temporary Assistance for Needy Families	93.558	194,643	-
Smart Start		-	34,619
TANF - MOE		-	546,734
More at Four State Funding		-	39,681
State Appropriations		-	81,090
Total Subsidized Childcare Cluster		1,440,359	851,597
U.S. Department of Agriculture:			
Passed-through N.C. Department of Health & Human Services			
Division of Public Health:			
Special Supplemental Nutrition Program for			
Women Infant and Children (WIC)	10.557	193,601	-
WIC - Direct Benefit Payment	10.557	1,016,662	-
Total Division of Public Health		1,210,263	-
Health Care Financing Administration:			
Passed-through the N.C. Department of Health and Human Services			
Division of Medical Assistance:			
Direct Benefit Payments:			
Medical Assistance Program	93.778	35,590,019	16,977,108

Administration:			
Medical Assistance Program	93.778	412,586	17,797
Health Choice	93.767	<u>26,429</u>	<u>2,343</u>
Total Health Care Financing Administration		<u>36,029,034</u>	<u>16,997,248</u>

U.S. Department of Agriculture:

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

Food and Consumer Service:

Division of Social Services:

Food Stamp Cluster:

Administration:

Food Stamp Training	10.561	221,990	-
Direct Benefit Payments:			
Food Stamp Program	10.551	<u>4,988,183</u>	-
Total Food Stamp Cluster		<u>5,210,173</u>	-

U.S. Department of Health and Human Services:

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

Division of Public Health:

Project Grants and Cooperative Agreement for Tuberculosis

Control Program	93.116	420	-
Family Planning Services	93.217	6,270	-
Immunization Program/Aid to County Funding	93.268	21,168	-
Bioterrorism Grant	93.283	66,878	-
Temporary Assistance for Needy Families	93.558	6,174	-
Coop Agreement for Breast and Cervical Cancer	93.919	17,974	-
Statewide Health Promotion Program	93.991	14,989	-
Maternal and Child Health Services Block Grant	93.994	<u>201,844</u>	-
Total Division of Public Health		<u>335,717</u>	-

Administration of Aging:

Passed-through Centralina Council of Governments

Division of Aging:

Aging Cluster:

Access Title III B	93.044	18,578	32,506
In-Home Services:			
Title IIIB	93.044	40,983	107,222
Congregate Nutrition	93.045	38,298	17,198
Home-Delivered Meals	93.045	42,106	36,524
Caregiver	93.052	19,805	1,001
USDA Supplement	10.570	<u>38,864</u>	-
Total Division of Aging		<u>198,634</u>	<u>194,451</u>

Division of Social Services:

Senior Center Outreach		-	735
Senior Center -General		-	5,911
Title IIID	93.043	2,442	144
Family Caregiver Title V	17.235	<u>62,368</u>	-
Total Division of Social Services		<u>64,810</u>	<u>6,790</u>

U.S. Department of Transportation:

Passed-through N.C. Department of Transportation:

Public transportation for non-urbanized area

Transportation services	20.509	925	-
Urbanization grant	20.509	143,229	8,952
WBS 39644	20.604	6,924	-
Airport land acquisition	20.106	80,617	10,078
Airport grant	20.106	<u>555,956</u>	-
Total U.S. Department of Transportation		<u>787,651</u>	<u>19,030</u>

Institute of Museum and Library Services:

Library Services and Technology Act

Total Institute of Museum and Library Services	45.310	<u>20,000</u>	<u>122,903</u>
		<u>20,000</u>	<u>122,903</u>

U.S. Department of Housing and Urban Development:

Passed-through N.C. Department of Commerce:			
Division of Community Assistance:			
	14,228	107,791	-
	14,228	<u>53,424</u>	-
Total U.S. Department of Housing and Urban Development		<u>161,215</u>	-
U.S. Department of Labor			
Passed through Centralina Council of Governments			
	17,235	<u>62,368</u>	-
Total U.S. Department of Labor		<u>62,368</u>	-
U.S Department of Justice			
Passed through N.C. Department of Crime Control and Public Safety			
Division of Emergency Management:			
	83,534	25,443	-
	97,004	<u>227,295</u>	-
Total U.S. Department of Justice		<u>252,738</u>	-
Total Federal Awards		<u>47,980,761</u>	<u>18,300,110</u>
State Awards:			
N.C. Department of Health and Human Services:			
Division of Social Services:			
		580,508	
		29,937	
		56	
		2,686	
		51,083	
		70,449	
		6,247	
		<u>6,602</u>	
Total Division of Social Services		<u>747,568</u>	
Division of Public Health:			
		5,966	
		2,732	
		500	
		26,051	
		1,800	
		2,871	
		1,034	
		<u>6,022</u>	
Total Division of Public Health		<u>46,976</u>	
Total N.C. Department of Health and Human Services		<u>794,544</u>	
N.C. Department of Environmental & Natural Resources:			
		1,211,894	
		<u>191,325</u>	
Total N.C. Department of Environmental & Natural Resources		<u>1,403,219</u>	
N.C. Department of Transportation:			
		34,799	
		50,554	
		6,947	
		18,098	
		2,682	
		<u>12,200</u>	
Total N.C. Department of Transportation		<u>125,280</u>	
N.C. Department of Administration:			
		<u>2,000</u>	

N.C. Department of Correction:		
Criminal Justice Partnership Program		60,101
N.C. Department of Crime Control and Public Safety:		
Safe Stanly		6,924
Drug seizure		19,446
Hazard mitigation grant		13,500
BJA grant		30,000
Governors Highway Safety Program		51,555
Forfeiture Property		36,920
Office of Juvenile justice		
Administrative costs		10,500
Stanly Mental Health		122,725
Uwharrie Group Homes		50,000
Total N.C. Department of Crime Control and Public Safety:		341,570
N.C. Department of Cultural Resources:		
Direct Programs		
State Allocation		122,903
NC Humanities Council Discussion Series		1,000
LSCA Title		29,305
Total N.C. Department of Cultural Resources:		153,208
N.C. Office of the Courts:		
Direct Programs		
Safe Roads Act		7,544
N.C. Cooperative Extension:		
Family Resource Services		120,846
Total State Awards		3,008,312
Total Federal and State Awards	\$ 47,980,761	\$ 21,308,421

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

1. Basis of Presentation

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