



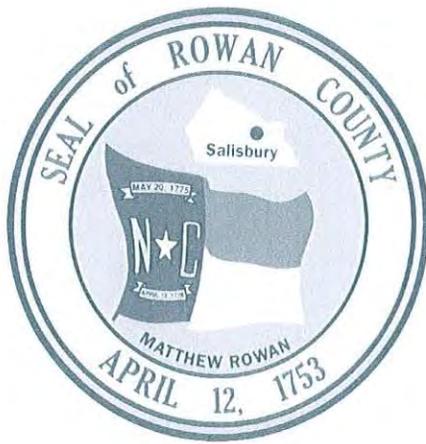
**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**Prepared By  
Finance Department**

**Leslie E. Heidrick**  
Finance Director

**ROWAN COUNTY**  
North Carolina

**Fiscal Year Ended June 30, 2010**



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**ROWAN COUNTY, NORTH CAROLINA**  
**TABLE OF CONTENTS**

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	<u>Exhibit No.</u>	<u>Page No.</u>
	<u>Table No.</u>	
<b>INTRODUCTORY SECTION</b>		
Letter of Transmittal		1-3
List of Principal Officials – Elected and Designated		1-9
Organizational Chart		1-10
GFOA Certificate of Achievement for Excellence in Financial Reporting		1-11
<b>FINANCIAL SECTION</b>		
Independent Auditors’ Report		2-3
Management’s Discussion and Analysis		2-5
Basic Financial Statements		
Government-wide Financial Statements		
Statement of Net Assets	1	2-18
Statement of Activities	2	2-20
Fund Financial Statements		
Balance Sheet – Governmental Funds	3	2-22
Reconciliation of Balance Sheet to the Statement of Net Assets	3	2-24
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	4	2-25
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	4	2-27
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	5	2-28
Statement of Net Assets – Proprietary Funds	6	2-30
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	7	2-32
Statement of Cash Flows – Proprietary Funds	8	2-34
Statement of Fiduciary Net Assets – Fiduciary Funds	9	2-36
Notes to the Financial Statements		2-37

**ROWAN COUNTY, NORTH CAROLINA**  
**TABLE OF CONTENTS**

	<u>Exhibit No.</u>	<u>Page No.</u>
	<u>Table No.</u>	
<b>FINANCIAL SECTION (Continued)</b>		
Required Supplemental Financial Data		
Law Enforcement Officers' Special Separation Allowance – Required Supplementary Information – Schedule of Funding Progress	A-1	2-91
Law Enforcement Officers' Special Separation Allowance – Required Supplementary Information – Schedule of Employer Contributions	A-2	2-92
Other Postemployment Benefits – Required Supplementary Information – Schedule of Funding Progress	A-3	2-93
Other Postemployment Benefits – Required Supplementary Information – Schedule of Employer Contributions	A-4	2-94
Combining and Individual Fund Statements and Schedules		
Major Governmental Fund		
General Fund – Balance Sheet	B-1	2-98
General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	B-2	2-99
Nonmajor Governmental Funds		
Nonmajor Governmental Funds – Combining Balance Sheet	B-3	2-108
Nonmajor Governmental Funds – Combining Statement of Revenues, Expenditures and Changes in Fund Balances	B-4	2-110
Community Development Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	B-5	2-112
Emergency Telephone System Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	B-6	2-113
Fire District Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	B-7	2-114
DSS Facility Capital Projects Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	B-8	2-116
Justice Center III Capital Projects Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	B-9	2-117
Public Schools 2002 Capital Projects Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	B-10	2-118
RCCC Building Capital Projects Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	B-11	2-119

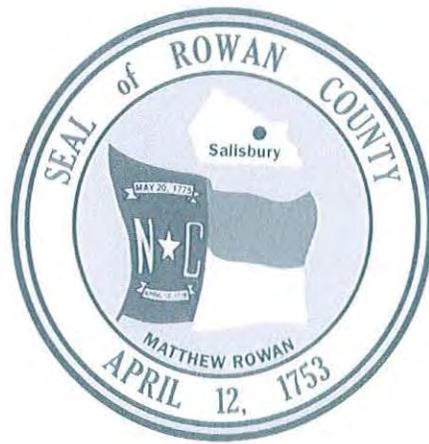
**ROWAN COUNTY, NORTH CAROLINA**  
**TABLE OF CONTENTS**

	<u>Exhibit No.</u>	<u>Page No.</u>
	<u>Table No.</u>	
<b>FINANCIAL SECTION (Continued)</b>		
Combining and Individual Fund Statements and Schedules (Continued)		
Nonmajor Governmental Funds (Continued)		
RDH Water Capital Projects Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	B-12	2-120
Satellite Jail Capital Projects Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	B-13	2-121
Town Creek Sewer Capital Projects Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	B-14	2-122
Proprietary Funds		
Airport Fund – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	B-15	2-125
Landfill Fund – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	B-16	2-126
Sports Authority Fund – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	B-17	2-128
Risk Management Fund – Schedule of Revenues and Expenditures – Financial Plan and Actual (Non-GAAP)	B-18	2-130
Fiduciary Funds		
Agency Funds – Combining Statement of Changes in Assets and Liabilities	B-19	2-132
Other Schedules		
Schedule of Ad Valorem Taxes Receivable – General Fund	C-1	2-136
Analysis of Current Tax Levy – County-wide Levy	C-2	2-138
<b>STATISTICAL SECTION</b>		
Financial Trends		
Net Assets by Component	1	3-5
Changes in Net Assets	2	3-6
Fund Balances of Governmental Funds	3	3-10
Changes in Fund Balances of Governmental Funds	4	3-11

**ROWAN COUNTY, NORTH CAROLINA**  
**TABLE OF CONTENTS**

	<u>Exhibit No.</u>	<u>Page No.</u>
	<u>Table No.</u>	
<b>STATISTICAL SECTION (Continued)</b>		
Revenue Capacity		
Assessed Value of Taxable Property	5	3-14
Direct and Overlapping Property Tax Rates	6	3-15
Principal Property Taxpayers	7	3-16
Property Tax Levies and Collections	8	3-17
Debt Capacity		
Ratios of Outstanding Debt by Type	9	3-20
Legal Debt Margin Information	10	3-21
Demographic and Economic Information		
Demographic and Economic Statistics	11	3-24
Principal Employers	12	3-25
Operating Information		
Full-time Equivalent County Government Employees by Function	13	3-29
Operating Indicators by Function	14	3-30
Capital Asset Statistics by Function	15	3-32
<b>COMPLIANCE SECTION</b>		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		4-3
Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 and the State Single Audit Implementation Act		4-5
Report on Compliance With Requirements That Could Have a Direct and Material Effect on 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		4-7
Schedule of Findings and Responses	D-1	4-9
Summary Schedule of Prior Year Findings and Responses	D-2	4-11
Schedule of Expenditures of Federal and State Awards	D-3	4-12

**INTRODUCTORY  
SECTION**





November 18, 2010

To the Board of Commissioners and the  
Citizens of Rowan County, North Carolina

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

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. Management, to provide a reasonable basis for making these representations, has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Since the cost of internal controls should not outweigh the benefits, the County's internal control

structure has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. Rowan County management asserts, to the best of its knowledge and belief, this financial report is complete and reliable in all material respects.

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

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal and State grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements. Results of the Single Audit can be found in the compliance section of this report.

The County is required to present a Management's Discussion and Analysis (MD&A) section as an introduction to the financial information. This section immediately follows the auditor's opinion and provides an overview and analysis of the County's significant transactions in fiscal year 2010. This letter of transmittal is written to complement the MD&A.

## PROFILE OF ROWAN COUNTY

Rowan County was established in 1753 and is located in the southern piedmont section of the State. It occupies 511 square miles and lies approximately fifty miles southwest of Greensboro and forty-two miles northeast of Charlotte. The County's location offers quick access to international airports in each of these Cities. The County is bounded on the west by Iredell County, on the north by Davie and Davidson Counties, and on the south by Cabarrus and Stanly Counties.



The County's population of 140,518 ranks twentieth among the State's one hundred counties. Approximately 43 percent of the population resides within the borders of ten municipalities. The largest municipality located totally within the County is the City of Salisbury, with a population of 32,263. The other municipalities are China Grove, Cleveland, East Spencer, Faith, Granite Quarry, Kannapolis, Landis, Rockwell and Spencer. A unique mix of urban and rural areas and small towns distinguishes Rowan from other counties and provides something for every lifestyle.

The County operates under the Commission-Manager form of government. Policy-making and legislative authority are vested in a governing board consisting of five commissioners. The governing board is responsible for, among other things, approving ordinances, adopting a balanced budget, appointing committees, and hiring both the County's manager and attorney. The board is elected on a partisan basis. Board members serve four-year staggered terms, with new members (two or

three) elected every two years. The County's manager serves at the pleasure of the board as the County's chief executive officer. The manager's responsibilities include carrying out the policies and ordinances of the governing board, overseeing the daily operations of the government, appointing the directors of the various departments, and submitting the annual budget to the board for consideration.

The County provides a wide range of services, such as public safety, human services, cultural and recreational activities, and general administrative services, as well as funds for education. Additionally, the County owns and operates an airport, landfill and baseball stadium. This annual report includes all funds of the County, including all activities considered to be part of (controlled by or dependent on) the County.

The budget serves as the foundation for the County's financial planning and control. As required by the North Carolina Budget and Fiscal Control Act, the County adopts an annual budget for all governmental and proprietary operating funds, except those authorized by project ordinances that are multi-year in nature. The budget is prepared by fund, function (e.g., public safety) and department (e.g., law enforcement). The County's manager may transfer amounts between objects of expenditures and revenues within a fund without limitation. However, the governing board must approve transfers between funds and appropriations that increase or decrease a fund's total budget.

## FACTORS AFFECTING FINANCIAL CONDITION

### Local Economy

Effects of the global recession continued to impact Rowan County during fiscal year 2010. However, there are signs that the local economy is recovering, especially when compared to other regions of the country. In the past year, retail sales stabilized and local unemployment, which rose from 6.3 percent to 13.1 percent during 2009, fell to 11.8 percent at June 2010. Longstanding community employers, such as W.A. Brown and Freightliner, LLC, rehired a portion of the employees they had laid-off over the previous 18 months. An existing company and a new corporate citizen, PGT Windows and Magna Composites, respectively, combined

to add more than 400 jobs. While projects such as these have added over 1,100 jobs to the local economy, this is only a small step toward recovery. There are still many Rowan County citizens that are actively looking for employment. The County will continue to aggressively pursue growth of existing businesses and new employment opportunities.

During the past year, projects by Akzo Nobel, Magna Composites and Freightliner, LLC were substantially completed. These projects added approximately \$32 million in new investment, directly support new full-time employment and have created service sector and temporary employment.

Other significant economic development projects under construction or announced during the 2010 fiscal year include the following:

- Duke Energy Carolinas – Construction of a 620-megawatt natural gas-fired, combined-cycle plant continues at Duke Energy’s Buck Steam Station. The projected \$680 million investment will be the largest in the County’s history. Hundreds of workers are currently employed during this construction phase. Full operation of the new facility is scheduled for May 2012. The Company estimates that 20 to 25 new employees will be required at the new facility.
- Henkel Corporation – Henkel has begun construction of a \$23 million expansion. The Company plans to create 103 new jobs, paying an average annual wage exceeding \$54,000. Henkel is the world market leader for adhesives, sealants and surface treatments, with a presence in more than 125 countries.
- Daimler Trucks North America – In late 2009, Daimler Trucks announced a new military truck production line at its existing Freightliner facility in Rowan County. This \$16 million expansion is near completion and production has begun. More than 500 employees are expected to return to work by January 2011. The project also stabilizes the Company’s direct suppliers located within the County, which represent an additional estimated 500 jobs.

- Altec Industries – Altec is a manufacturer of specialty equipment used by electric utility, telecommunications, and forestry industries. The Company is currently constructing a \$1.5 million facility in the Town of China Grove that will employ 15 workers. The project incorporates a wastewater infrastructure project funded by a Community Development Block Grant (CDBG) that will improve the marketing of adjoining properties located near the junction of NC Highway 152 and Interstate 85.
- Norandal Aluminum – Norandal has announced a \$25 million project that will create 25 additional jobs at its existing location in the City of Salisbury. The Company continues a successful reorganization that has revitalized the prospects of this long-standing employer. Norandal is a leading manufacturer of rolled aluminum foil and light gauge sheet products for consumer and industrial markets.

County officials believe that the success of existing businesses attest to the fact that Rowan County offers a stable and prosperous environment. The County’s unique combination of affordable land, transportation access and available infrastructure, combined with its history of innovative entrepreneurship, make Rowan County an attractive investment during these turbulent economic times.

### *Long-Term Planning*

Rowan County has experienced the ripple effect from the State of North Carolina transitioning from textile and furniture manufacturing into other employment opportunities. Diversification has been one of the County’s primary goals in the economic recruitment of industries, whereby no single industry dominates the job market and materially affects the County’s economic future if it closes or relocates.

The Salisbury-Rowan Economic Development Commission was established by the County and municipalities to coordinate the recruitment of businesses and jobs to Rowan County. To provide guidance for this effort, the County recently completed a Land Use Plan. With an availability of sites, a well-trained workforce, a community college recognized nationally for its award-winning training programs,

and local incentives, Rowan County is prepared to attract and assist industries seeking to locate in this region.

### **Capital Improvement Program**

The primary goal of the Capital Improvement Program (CIP) is to ensure that the County is investing in infrastructure for a growing community and delivering quality services to Rowan County citizens in a timely and efficient manner. The County ensures effective and efficient service delivery through investments in renovations and new capital improvements that preserve the integrity of facilities, maintain the quality of current capital assets, and provide new services when needed.

In May 2005, the Rowan County Board of Commissioners (Board) adopted an \$83.3 million CIP for fiscal years 2006 through 2015. Six million dollars of the Program is dedicated to the Rowan-Salisbury and Kannapolis School Systems. Additional school capital needs will continue to be evaluated. Other areas of capital needs approved in the CIP include the following: expansion of the County Airport (\$22.0 million), public safety improvements (\$20.7 million), consolidation of Social Services into a new facility (\$5.2 million), relocation of the County Fairgrounds (\$6.6 million), renovations to and expansion of library facilities (\$5.7 million), community college facilities (\$3.6 million), investments in parks (\$3.6 million), water and sewer projects (\$3.2 million), and a new central warehouse facility (\$1.9 million).

With two exceptions, the Board has traditionally met capital funding requirements through the use of existing revenues within the General Fund, primarily from the normal growth in the County's tax base. In North Carolina, counties are required by North Carolina General Statutes to provide adequate public school and judicial facilities. In these two areas, the Board must identify additional funds because the costs of these projects exceed the County's ability to absorb the required debt service.

In November 1993 and 2002, Rowan County citizens passed bond referenda in the amounts of \$44.0 million and \$76.9 million, respectively, to support the use of general obligation bonds for school construction. Five new schools were built and numerous renovations were completed. Citizens were informed on both occasions that passage

of the referenda would lead to property tax rate increases. The citizens responded favorably to improving public school facilities.

In November 2009, Rowan County citizens voted to support a one-quarter cent local option sales and use tax referendum. Revenue from this tax will be used to support public safety improvements listed in the CIP. Two immediate capital needs include a satellite jail facility to house 160 inmates and an upgrade of emergency radio equipment used by all public safety agencies within the County.

On November 2, 2010, Rowan County citizens passed a \$12 million general obligation bond referendum that will pay capital costs of providing facilities within the County for the Rowan-Cabarrus Community College. These capital costs will include the construction of walkways, stairways and elevators; the construction and renovation of buildings for classrooms, laboratories, utilities and office space; and the relocation, expansion and improvement of fire training grounds. The passage of this referendum authorizes Rowan County to incur the indebtedness and levy a tax for the payment of the bonds.

### **Cash Management Policies and Practices**

Effective financial planning and cash management practices have aided in the efficient use of available resources. The County continues to have an aggressive cash management program designed to assure safety of principal, sufficient liquidity for current operations and the attainment of market-average rate of return. Idle cash is invested using competitive bidding among financial institutions with investments awarded based on the highest yield. Rowan County invests primarily in government agencies, commercial paper, the North Carolina Capital Management Trust and certificates of deposit.

### **Debt Administration**

The County maintained its Aa3 and AA- general obligation bond ratings from Moody's Investor Service and Fitch Ratings, respectively, during fiscal year 2010. The County received an upgrade to AA- from Standard and Poor's Corporation during the year. The County's key financial ratios relating to debt are summarized in the following table:

**Rowan County's Debt Ratios**

	Fiscal Year				
	2006	2007	2008	2009	2010
Debt per assessed value	1.09%	1.05%	0.87%	0.84%	0.78%
Debt service per General Fund expenditures and transfers out	11.81%	11.04%	10.03%	10.68%	12.08%
Unreserved fund balance per General Fund expenditures and transfers out	25.95%	22.74%	23.95%	25.39%	24.87%
Debt per capita	\$ 794	\$ 768	\$ 722	\$ 715	\$ 655

These key ratios are monitored throughout the year and considered with each change to the Capital Improvement Program.

**MAJOR INITIATIVES**

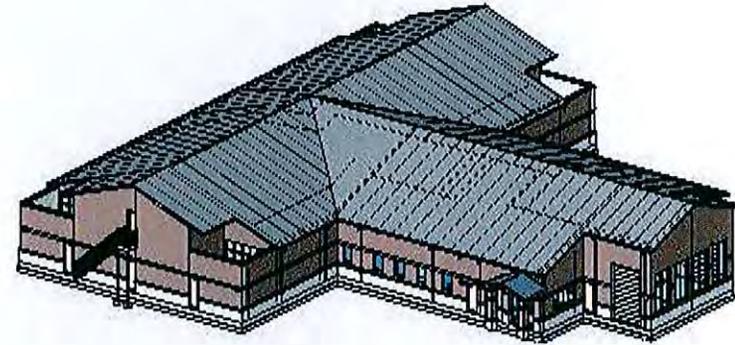
During fiscal year 2010, the County completed construction of a new facility for the Department of Social Services (DSS) at a total cost of \$5.2 million. The facility is approximately 46,000 square feet and consolidated all DSS functions into one location. Prior to the construction of this facility, DSS employees were located at four different sites within the City of Salisbury.



*Rowan County Department of Social Services Building*

Rowan County and Salisbury-Rowan Utilities, a division of the City of Salisbury, began construction of a sewer line along the Interstate 85 corridor. The new sewer line will allow for economic development opportunities in central and southern Rowan County. The total cost of the project is \$6.5 million.

Due to overcrowding in the County's jail, architects have been hired to design a satellite jail facility. The County anticipates building a 27,000 square foot minimum-security facility to house 160 inmates in dormitory-style beds. The facility will also accommodate video visitation, offices and a kitchen. The cost of the project is estimated to be \$6.7 million. Completion is tentatively scheduled for December 2011.



*Architect Drawing of Satellite Jail*

The County must upgrade its 800-megahertz trunking radio system because of new Federal Communications Commission (FCC) regulations that require all radio equipment to be converted from analog signal to digital signal by January 1, 2013. To comply with this new directive, the County plans to replace or upgrade approximately 1,400 radios for County public safety personnel. The upgrade in radio equipment will also require the erection of up to three radio towers to maximize County-wide telecommunications coverage. The estimated cost of the conversion and capital improvements is \$12 million.

## ***OTHER ACCOMPLISHMENTS***

Dan Nicholas Park topped the list of North Carolina's most popular field trip attractions for the 2009-2010 school year according to the annual survey conducted by *Carolina Field Trips* magazine. The Park, operated by the County, features a carousel, miniature train, campground and lake for paddleboats and fishing, as well as gem mining activities, playground areas and sporting facilities. Programs offered at the Park are free to the public and provide informative, educational content that meets school curriculum criteria.

In March 2010, the Rowan County Department of Social Services was one of 50 North Carolina employers, out of 2,500 nominated, to receive the North Carolina Above and Beyond Award from the U.S. Department of Defense. The recognition is bestowed on employers who have provided support to service members who serve in the National Guard and United States Reserves.

The Rowan Express, a partnership of Rowan County, the Cities of Kannapolis and Salisbury, and the Towns of China Grove and Landis, offers citizens of Rowan County a convenient and economical means of transportation. Citizens can travel throughout the region for \$1 per ride as routes connect to established public transit systems, major employers, schools, shopping centers and medical facilities. The use of Rowan Express is encouraged as the County strives to improve the air quality in the region by reducing the number of cars on the roadways.



## ***AWARDS AND ACKNOWLEDGEMENTS***

### ***Certificate of Achievement for Excellence in Financial Reporting***

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

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### ***Acknowledgements***

I appreciate the assistance and dedication of the Finance Department staff throughout the year, especially during the preparation of this report. I would like to thank the County's independent certified public accountants, Martin Starnes & Associates, CPAs, P.A., for their assistance and each County department for their cooperation as we work together to conduct the County's financial operations. I would also like to express my appreciation to the members of the Board of Commissioners and the County Manager for their continued support and guidance in planning and conducting the financial activities of the County in a responsible and progressive manner. The County's excellent financial status is a tribute to that involvement.

Respectfully submitted,

*Leslie E. Heidrick*

Leslie E. Heidrick  
Finance Director

**ROWAN COUNTY, NORTH CAROLINA**  
**LIST OF PRINCIPAL OFFICIALS**  
**ELECTED AND DESIGNATED**  
**June 30, 2010**

***Board of County Commissioners***

Chairman	Carl Ford
Vice-Chairman	Chad Mitchell
Member	Jon Barber
Member	Tina Hall
Member	Raymond Coltrain

***Other Elected Officials***

Register of Deeds	Jonathan Brindle, Appointee
Sheriff	Kevin Auten, Appointee

***County Manager***

Gary L. Page

***Clerk to the Board***

Carolyn Athey

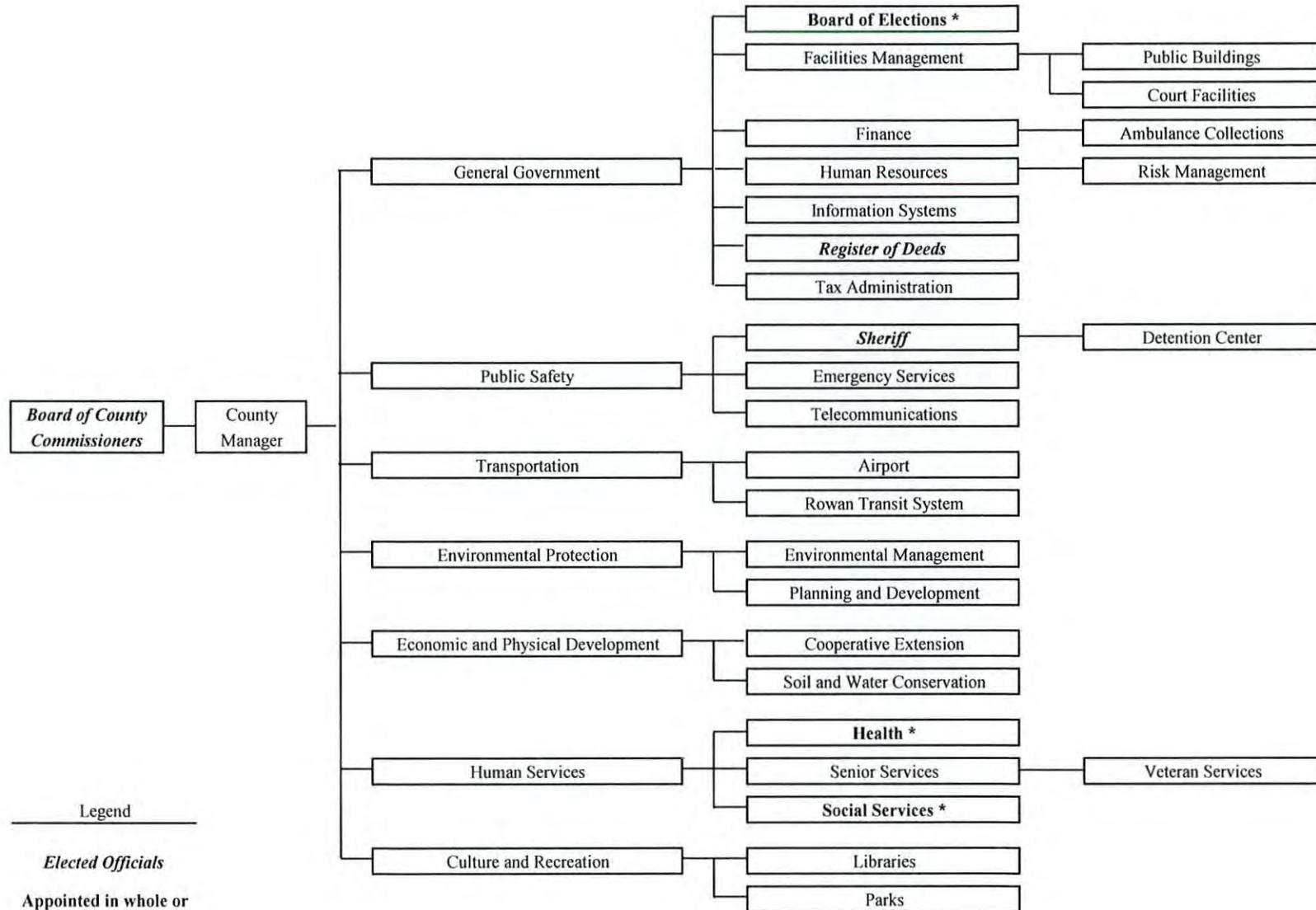
***County Attorney***

Jay Dees

***County Department Directors***

Airport	Thad Howell
Board of Elections	Nancy Evans
Cooperative Extension	Darrell Blackwelder
Emergency Services	Frank Thomason
Environmental Management	Kathryn Jolly
Facilities Management	Rick Ridenhour
Finance	Leslie Heidrick
Health	Leonard Wood
Human Resources	Darlene Boling
Information Systems	David Boling
Libraries	Jeff Hall
Parks	Don Bringle
Planning and Development	Ed Muire
Senior Services	Clyde Fahnestock
Social Services	Sandra Wilkes
Tax Administration	Robert G. Rowland
Telecommunications	Robert Robinson

**ROWAN COUNTY, NORTH CAROLINA**  
**ORGANIZATIONAL CHART**  
**(FUNDED BY COUNTY)**



Legend

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*Elected Officials*

Appointed in whole or in part by others \*

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Rowan County  
North Carolina

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

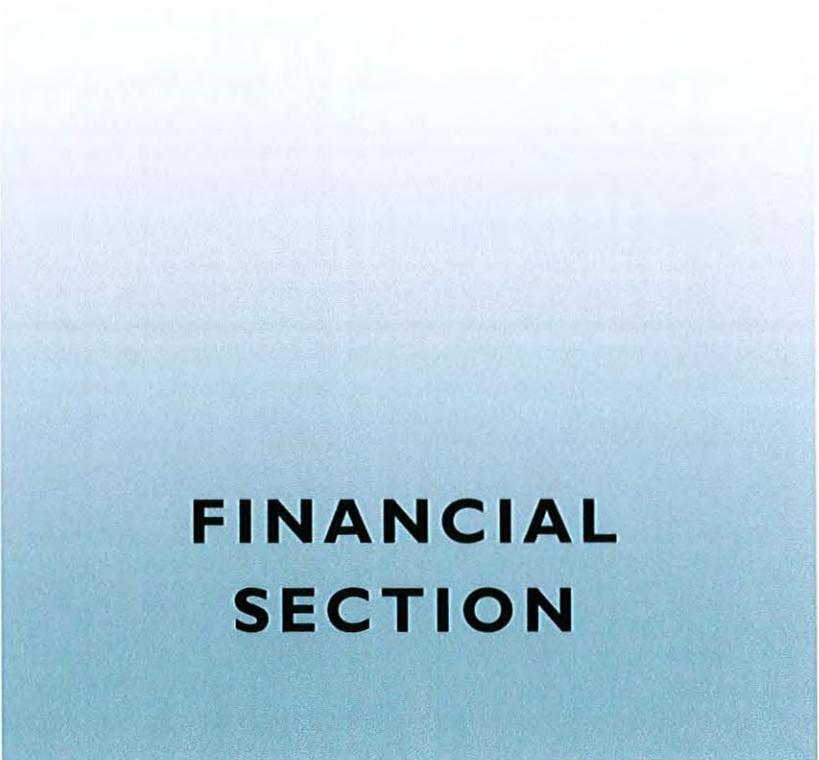
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



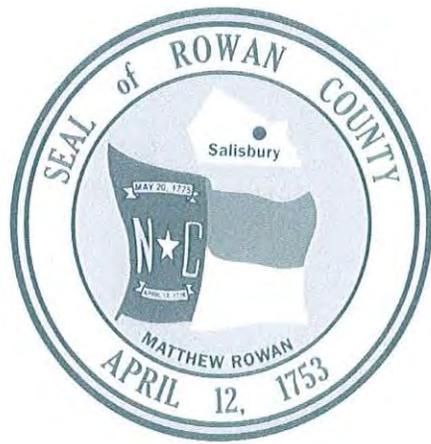
President

Executive Director





**FINANCIAL  
SECTION**



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

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

## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
Rowan County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Rowan County, North Carolina, as of and for the year ended June 30, 2010, which collectively comprise Rowan County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Rowan County's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Rowan/Kannapolis ABC Board. Those financial statements were audited by other auditors whose reports thereon have been furnished to us and, our opinion, insofar as it relates to the amounts included for the Rowan/Kannapolis ABC Board, is based solely on the reports of the auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Rowan/Kannapolis ABC Board were not audited in accordance with *Government Auditing Standard*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 and the report of the other auditors provide a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated November 18, 2010, on our consideration of Rowan County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of Rowan County, North Carolina. The introductory information, combining and individual nonmajor fund statements and schedules, budgetary schedules and other schedules, 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 Not-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. The combining and individual nonmajor fund financial statements and schedules, budgetary schedules and other schedules and the accompanying schedule of expenditures of federal and State awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit report, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory information and the statistical tables have not been subjected 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 18, 2010

## ROWAN COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

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

### Financial Highlights

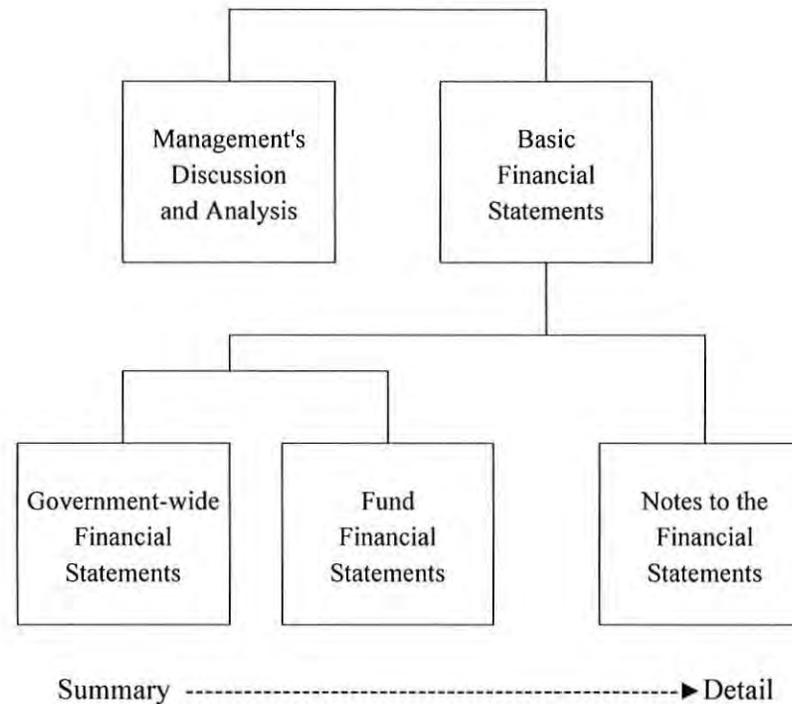
- On the government-wide statement of net assets, the assets of the County exceeded its liabilities at the close of the fiscal year by \$35.6 million (*net assets*). The County's net assets are impacted considerably by the debt the County has issued on behalf of the School Systems and Rowan-Cabarrus Community College to fund school capital outlay. Under North Carolina law, the County is responsible for providing capital funding for schools. The County has chosen to meet its legal obligation by issuing general obligation and installment purchase debt. The capital assets are funded by the County; however, they are titled to and utilized by the School Systems and Community College. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. At the end of the fiscal year, the outstanding balance of school-related debt exceeded \$79.4 million.
- The County's total net assets increased by \$2.8 million, primarily due to the retirement of general obligation bonds issued for school capital needs.
- As of the close of the 2010 fiscal year, the County's governmental funds reported combined ending fund balances of \$43.8 million, a decrease of \$6.5 million in comparison with the prior year. This decrease is primarily attributable to capital expenditures for the Department of Social Services and Rowan-Cabarrus Community College.
- At the end of the 2010 fiscal year, unreserved fund balance for the General Fund was \$30.8 million, or 24.9 percent of total General Fund expenditures and transfers out for the fiscal year. Of this amount, \$10.7 million has been designated for subsequent years' expenditures and \$1.4 million has been designated for special purposes, resulting in \$18.7 million being reported as unreserved and undesignated. This is the amount that is considered available for spending at the government's discretion.
- During the fiscal year, Standard and Poor's Ratings Services raised its underlying rating on the County's general obligation bonds outstanding to AA- from A+ based on the County's maintenance of a very strong financial position. The County also maintained its Aa3 bond rating from Moody's Investors Service for the eighth consecutive year, and its AA- rating from Fitch Ratings for the fifth consecutive year.

## Overview of the Financial Statements

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

### Required Components of Annual Financial Report

Figure 1



## Basic Financial Statements

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. The statements provide both short and long-term information about the County's financial status, using the full-accrual basis of accounting in a manner similar to a private-sector business.

The two government-wide statements report the County's net assets and how they have changed. Net assets reported on the *statement of net assets* are the difference between the County's total assets and total liabilities. Measuring net assets is one way to gauge the County's financial condition. The *statement of activities* presents information showing how the County's net assets have changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The two government-wide statements are each divided into three categories: 1) governmental activities; 2) business-type activities; and 3) the component unit. The governmental activities include most of the County's basic services such as education, human services, public safety, culture and recreation, and general government services. Property and other taxes, as well as State and federal grant funds, finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the lease of the baseball stadium and the aviation and landfill services offered by the County. The final category is the component unit. Although legally separate from the County, the Rowan/Kannapolis ABC Board is important to the County because the County is financially accountable for the Board by appointing its members and because the Board is required to distribute its profits to the County.

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

The next statements within the basic financial statements are the **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government at a more detailed level than the government-wide statements. There are four parts to the fund financial statements: 1) the governmental funds statements; 2) the budgetary comparison statement; 3) the proprietary funds statements; and 4) the fiduciary funds statement.

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

**Governmental Funds** - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. Governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a current financial resources focus. 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.

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

**Proprietary Funds** - The County has four proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its Airport activities, Landfill activities and for its stadium operations. These funds are the same as those separate activities shown in the business-type activities in the statement of net assets and the statement of activities. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the functions of the County. The County uses an internal service fund to account for its risk management activity. Because this operation benefits both governmental and business-type activities, the internal service fund has been allocated between these activities in the government-wide financial statements.

**Fiduciary Funds** - The County has one type of fiduciary funds. *Agency Funds* are used to account for assets the County holds on behalf of others. The County has three agency funds that are used to account for monies held by the Rowan County Department of Social Services on behalf of clients, property taxes collected for and remitted to municipalities within the County, and fines and forfeitures, which includes the three percent interest on the first month of delinquent motor vehicle taxes and the five dollars of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage, that are collected from citizens and disbursed to the School Systems, the North Carolina Department of Motor Vehicles or the State Treasurer as required by North Carolina law.

The fund financial statements are on Exhibits 3 through 9 of this report.

The final section of the basic financial statements is the **Notes to the Financial Statements**. The notes are essential to a full understanding of the data provided in the government-wide and fund financial statements because they explain in detail some of the data contained in those statements. The notes to the financial statements can be found on pages 2-37 through 2-88 of this report.

After the notes, this report presents certain required supplemental information concerning the County's progress in funding its obligation to provide pension benefits to law enforcement personnel and other postemployment benefits. The combining statements are then provided to show details about the County's major and non-major governmental funds, as well as enterprise, internal service and agency funds. Budgetary information required by the General Statutes also can be found in this part of the report. Finally, other schedules are provided to detail ad valorem tax information.

## Government-wide Financial Analysis

<b>Rowan County's Net Assets</b>						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 57,474,322	\$ 64,165,708	\$ 12,874,775	\$ 10,670,384	\$ 70,349,097	\$ 74,836,092
Capital assets	<u>61,792,661</u>	<u>59,383,281</u>	<u>15,098,687</u>	<u>16,091,508</u>	<u>76,891,348</u>	<u>75,474,789</u>
Total assets	<u>119,266,983</u>	<u>123,548,989</u>	<u>27,973,462</u>	<u>26,761,892</u>	<u>147,240,445</u>	<u>150,310,881</u>
Long-term liabilities outstanding	96,427,955	103,331,399	7,816,754	6,763,640	104,244,709	110,095,039
Other liabilities	<u>7,111,116</u>	<u>7,210,777</u>	<u>326,997</u>	<u>251,714</u>	<u>7,438,113</u>	<u>7,462,491</u>
Total liabilities	<u>103,539,071</u>	<u>110,542,176</u>	<u>8,143,751</u>	<u>7,015,354</u>	<u>111,682,822</u>	<u>117,557,530</u>
Net assets:						
Invested in capital assets, net of related debt	52,184,246	51,332,467	15,098,687	16,091,508	67,282,933	67,423,975
Restricted	666,418	3,267,112	-	-	666,418	3,267,112
Unrestricted	<u>(37,122,752)</u>	<u>(41,592,766)</u>	<u>4,731,024</u>	<u>3,655,030</u>	<u>(32,391,728)</u>	<u>(37,937,736)</u>
Total net assets	<u>\$ 15,727,912</u>	<u>\$ 13,006,813</u>	<u>\$ 19,829,711</u>	<u>\$ 19,746,538</u>	<u>\$ 35,557,623</u>	<u>\$ 32,753,351</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial condition. The assets of the County exceeded liabilities by \$35.6 million as of June 30, 2010. Net assets are reported in three categories: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets or deficit.

At June 30, 2010, the County's largest portion of net assets reflects the County's investment in capital assets (e.g. land, buildings, machinery and equipment), less any related debt still outstanding that was issued to acquire those items. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The amount reported as invested in capital assets decreased slightly to \$67.3 million as of June 30, 2010, as compared to \$67.4 million at the end of the prior fiscal year.

The County's second largest category of net assets is restricted net assets. This category represents resources that are subject to specific external legal restrictions that limit the County's ability to access and use these funds beyond the purpose for which they were provided. Restricted net assets decreased by \$2.6 million during fiscal year 2010 because the majority of installment purchase proceeds for school capital projects were spent at fiscal year-end.

The final category of net assets is unrestricted net assets or deficit. The balance of this category may be used to meet the government's ongoing obligation to citizens and creditors. At June 30, 2010, the unrestricted deficit of \$32.4 million is due primarily to the portion of the County's outstanding debt incurred for the Rowan-Salisbury and Kannapolis City Boards of Education and Rowan-Cabarrus Community College. Even though the debt was issued to finance school capital outlay, the Governmental Accounting Standards Board has determined that it is not capital debt of the County since it does not finance assets that are owned by the County. At June 30, 2010, \$79.4 million of the outstanding debt on the County's financial statements was related to assets included on the School Systems' and Community College's financial statements. Had this debt not been reported as a reduction of unrestricted net assets, the balance of unrestricted net assets would be \$47.0 million.

The impact of the inclusion of the School Systems' and Community College's debts, without the corresponding assets, was offset by the following positive operational initiatives and results:

- Continued diligence in the collection of property taxes by maintaining a collection percentage greater than 95.5 percent
- Continued low cost of debt due to the County's high bond ratings and the prevailing interest rate environment
- Management's implementation of measures to reduce expenditures as the County experienced a decline in revenues

<b>Rowan County's Changes in Net Assets</b>						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues:						
Program revenues:						
Charges for services	\$ 12,533,884	\$ 12,287,107	\$ 6,368,360	\$ 6,409,013	\$ 18,902,244	\$ 18,696,120
Operating grants and contributions	23,719,516	21,090,461	274,083	369,563	23,993,599	21,460,024
Capital grants and contributions	2,651,447	4,624,513	295,208	-	2,946,655	4,624,513
General revenues:						
Property taxes	70,357,300	70,229,568	-	-	70,357,300	70,229,568
Local option sales taxes	14,500,725	18,580,485	-	-	14,500,725	18,580,485
Other taxes and licenses	830,871	886,697	-	-	830,871	886,697
Grants and contributions not restricted to specific programs	412,926	735,923	-	-	412,926	735,923
Other	<u>820,631</u>	<u>1,453,274</u>	<u>163,862</u>	<u>300,838</u>	<u>984,493</u>	<u>1,754,112</u>
Total revenues	<u>125,827,300</u>	<u>129,888,028</u>	<u>7,101,513</u>	<u>7,079,414</u>	<u>132,928,813</u>	<u>136,967,442</u>

Continued on next page.

**Rowan County's Changes in Net Assets (Continued)**

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Expenses:						
General government	\$ 11,829,490	\$ 11,455,439	\$ -	\$ -	\$ 11,829,490	\$ 11,455,439
Public safety	26,470,620	26,591,685	-	-	26,470,620	26,591,685
Transportation	781,130	574,509	-	-	781,130	574,509
Economic and physical development	3,447,174	2,584,134	-	-	3,447,174	2,584,134
Human services	29,218,579	31,228,466	-	-	29,218,579	31,228,466
Culture and recreation	5,860,199	6,044,167	-	-	5,860,199	6,044,167
Education	41,333,940	42,572,400	-	-	41,333,940	42,572,400
Interest on long-term debt	4,087,919	4,128,555	-	-	4,087,919	4,128,555
Airport	-	-	1,683,354	1,732,716	1,683,354	1,732,716
Landfill	-	-	5,129,882	4,970,855	5,129,882	4,970,855
Sports Authority	-	-	282,254	355,850	282,254	355,850
Total expenses	<u>123,029,051</u>	<u>125,179,355</u>	<u>7,095,490</u>	<u>7,059,421</u>	<u>130,124,541</u>	<u>132,238,776</u>
Increase in net assets before transfers	2,798,249	4,708,673	6,023	19,993	2,804,272	4,728,666
Transfers	<u>(77,150)</u>	<u>(109,102)</u>	<u>77,150</u>	<u>109,102</u>	<u>-</u>	<u>-</u>
Increase in net assets	2,721,099	4,599,571	83,173	129,095	2,804,272	4,728,666
Net assets, beginning of year	<u>13,006,813</u>	<u>8,407,242</u>	<u>19,746,538</u>	<u>19,617,443</u>	<u>32,753,351</u>	<u>28,024,685</u>
Net assets, end of year	<u>\$ 15,727,912</u>	<u>\$ 13,006,813</u>	<u>\$ 19,829,711</u>	<u>\$ 19,746,538</u>	<u>\$ 35,557,623</u>	<u>\$ 32,753,351</u>

**Governmental activities.** Governmental activities increased the County's net assets by \$2.7 million, accounting for 97.0 percent of the total growth in the net assets of the County. Key elements of this increase are as follows:

- Solicitation of additional grant revenues for the Public Safety and Human Services functions
- Decrease in total expenditures of \$2.2 million due to management's budget cuts and the transfer of Medicaid expenditures to the State

**Business-type activities.** Business-type activities increased the County's net assets by \$83,173, thereby accounting for 3.6 percent of the total growth in the net assets of the County. This increase is primarily due to landfill fees exceeding the cost of providing landfill services.

## Financial Analysis of the County's Funds

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

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

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, total fund balance of the General Fund was \$40.1 million, unreserved fund balance was \$30.8 million, and unreserved undesignated fund balance was \$18.7 million. As a measure of the General Fund's liquidity, it may be useful to compare unreserved undesignated fund balance, unreserved fund balance and total fund balance to total fund expenditures and transfers out. Unreserved undesignated fund balance represents 15.1 percent of total General Fund expenditures and transfers out, while unreserved fund balance and total fund balance represent 24.9 percent and 32.3 percent of that same amount, respectively.

At June 30, 2010, the governmental funds of the County reported a combined fund balance of \$43.8 million, a decrease of \$6.5 million, or 13.0 percent, from the prior year. The primary reason for this decrease is capital building program expenditures in the Department of Social Services (DSS) Facility and Rowan-Cabarrus Community College (RCCC) Building Capital Projects Funds exceeded new debt issued by the County during the year, in accordance with the County's capital planning model.

### General Fund Budgetary Highlights

The County revised the budget on several occasions during the 2010 fiscal year. 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 budgeted expenditures by \$6.0 million, a 4.8 percent increase. The majority of this increase occurred in human services and public safety, and was offset primarily by a combination of restricted intergovernmental revenues and installment purchase proceeds.

Actual revenues and other financing sources were less than the amounts projected in the final budget by \$1.2 million, or 1.0 percent, during the 2010 fiscal year. The negative variance is mainly attributable to unrealized restricted intergovernmental revenues, which resulted from decreased human services' expenditures.

Actual expenditures and transfers out were \$7.9 million, or 6.0 percent, less than appropriations as of June 30, 2010. Within the human services function, unspent program funds contributed to this favorable variance.

**Proprietary Funds.** The 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 Airport, Landfill and Sports Authority Funds at the end of the fiscal year amounted to \$1,075,945, \$3,639,633 and \$383,417, respectively. The total growth in net assets for the Airport and Landfill Funds was \$73,683 and \$385,279, respectively. The Sports Authority Fund experienced a decrease in net assets of \$303,798. Other factors concerning the finances of these three funds have already been addressed in the discussion of the County's financial highlights and business-type activities.

## Capital Asset and Debt Administration

**Capital Assets.** The County's capital assets for its governmental and business-type activities as of June 30, 2010 total \$76.9 million (net of accumulated depreciation). These assets include land, buildings, other improvements, equipment, vehicles and construction in progress.

Major capital asset transactions during the year include:

- Addition of construction in progress on DSS, RCCC and Satellite Jail facilities
- Purchase of vehicles for the Rescue Units and Sheriff's Department
- Purchase of imaging equipment for DSS
- Purchase of T-Rex trash compactor for the County Landfill

	<b>Rowan County's Capital Assets (Net of Accumulated Depreciation)</b>					
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 11,796,184	\$ 11,796,184	\$ 4,193,190	\$ 4,193,190	\$ 15,989,374	\$ 15,989,374
Buildings	25,468,573	26,340,947	7,402,770	7,752,101	32,871,343	34,093,048
Other improvements	8,313,895	9,132,279	2,222,991	3,093,903	10,536,886	12,226,182
Equipment	3,261,077	3,603,673	58,525	52,269	3,319,602	3,655,942
Vehicles and motorized equipment	2,434,483	2,546,660	1,221,211	1,000,045	3,655,694	3,546,705
Construction in progress	<u>10,518,449</u>	<u>5,963,538</u>	-	-	<u>10,518,449</u>	<u>5,963,538</u>
Total	<u>\$ 61,792,661</u>	<u>\$ 59,383,281</u>	<u>\$ 15,098,687</u>	<u>\$ 16,091,508</u>	<u>\$ 76,891,348</u>	<u>\$ 75,474,789</u>

Additional information on the County's capital assets can be found in Note 3.A.5 of the Basic Financial Statements.

**Long-term Debt.** As of June 30, 2010, the County's general obligation debt, secured by the full faith and credit of the County, totaled \$72.3 million. Installment financings totaled \$19.7 million. A summary of outstanding debt is shown below.

<b>Rowan County's Outstanding Debt</b>						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
General obligation bonds	\$ 72,342,914	\$ 78,612,563	\$ -	\$ -	\$ 72,342,914	\$ 78,612,563
Installment financing	19,740,440	20,481,694	-	-	19,740,440	20,481,694
Other	<u>4,344,601</u>	<u>4,237,142</u>	<u>7,816,754</u>	<u>6,763,640</u>	<u>12,161,355</u>	<u>11,000,782</u>
Total	<u>\$ 96,427,955</u>	<u>\$103,331,399</u>	<u>\$ 7,816,754</u>	<u>\$ 6,763,640</u>	<u>\$104,244,709</u>	<u>\$110,095,039</u>

The County's total long-term debt decreased by \$5.8 million, or 5.3 percent, during the 2010 fiscal year. The decrease is primarily due to the retirement of \$6.3 million of general obligation bonds issued for school capital needs.

As mentioned in the financial highlights section of this document, Rowan County maintained its Aa3 and AA- ratings from Moody's Investors Service and Fitch Ratings, respectively. The County was upgraded during the year by Standard and Poor's (S&P) Corporation from A+ to AA- based on the County's maintenance of a very strong financial position. S&P also affirmed a stable outlook for the County. These bond ratings are a clear indication of the sound financial condition of Rowan County and are a primary factor in keeping interest costs low on the County's outstanding debt.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8.0 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the County is \$850,786,203. The County had no bonds authorized, but unissued, at June 30, 2010.

Additional information regarding the County's long-term debt can be found in Note 3.B.8 of the Basic Financial Statements.

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

- The unemployment rate in the County was 11.8 percent at June 30, 2010, compared with federal and State rates of 9.6 percent. The rate for Rowan County was 13.1 percent at end of the 2009 fiscal year.
- Retail sales during the 2010 fiscal year suffered due to high unemployment, tightening of the credit market, and public perception of the recession. This resulted in sales tax collections falling short of budget by 1.2 percent. However, a majority of citizens in the County did vote to levy a quarter cent local option sales tax effective July 1, 2010. The County plans to use this additional revenue stream of approximately \$2.0 million annually to fund construction of the new Satellite Jail and public safety communication upgrades.

- The average yield on investments was 0.9 percent for fiscal year 2010, down from 2.5 percent for fiscal year 2009. This decline in yield resulted in a 62.7 percent decrease in total investment earnings for the year. The County realized investment earnings in the General Fund of \$0.5 million for the fiscal year ended June 30, 2010, on an average portfolio balance of \$56.1 million. This compares to 2009 earnings of \$1.4 million, on an average portfolio balance of \$54.4 million.

These factors, as well as others, were considered when management prepared the County's budget ordinances for the 2011 fiscal year.

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

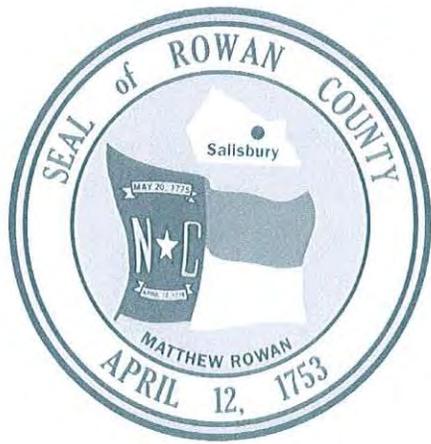
**Governmental Activities.** The County has approved a \$128.8 million General Fund budget for fiscal year 2011, which represents a \$3.0 million, or 2.4 percent, increase from the original budget adopted for the 2010 fiscal year. The property tax rate remains constant at 59.5 cents. Substantial increases in General Fund expenditures are budgeted primarily in the following areas: transportation, human services, debt service and additional capital outlay funding for the Community College.

During the 2010 fiscal year, unreserved fund balance in the General Fund decreased to \$30.8 million. The County has appropriated \$10.7 million of this amount for spending in the 2011 fiscal year budget. It is intended that the use of available fund balance will avoid the need to raise the tax rate or charges for services during the 2011 fiscal year.

**Business-type Activities.** In the Airport function, the County budgeted a 13.5 percent and 16.6 percent decrease in charges for services and operations expenditures, respectively, due primarily to the elimination of aircraft maintenance services. For the Landfill, charges for services are budgeted to increase by 5.7 percent because an increase in tonnage is anticipated. This growth in revenues will cover an increase in operating costs, mainly in design fees for a new landfill cell.

### **Requests for Information**

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report, or requests for additional information, should be directed to the Director of Finance, Rowan County, 130 West Innes Street, Salisbury, NC 28144.



# **Basic Financial Statements**

**ROWAN COUNTY, NORTH CAROLINA**  
**STATEMENT OF NET ASSETS**  
**June 30, 2010**

**EXHIBIT 1**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Rowan/ Kannapolis ABC Board
ASSETS				
Cash and cash equivalents	\$ 39,668,966	\$ 12,179,871	\$ 51,848,837	\$ 600,030
Receivables (net)	8,219,503	816,544	9,036,047	-
Due from other governments	4,219,153	75,648	4,294,801	-
Due from component unit	37,882	-	37,882	-
Inventories	50,937	170,683	221,620	793,703
Accrued interest receivable	8,352	-	8,352	-
Notes receivable	995,500	-	995,500	-
Prepaid items	-	-	-	28,645
Internal balances	367,971	(367,971)	-	-
Restricted cash and cash equivalents	3,676,829	-	3,676,829	-
Bond issuance costs	229,229	-	229,229	-
Capital assets:				
Land and construction in progress	22,314,633	4,193,190	26,507,823	207,832
Other capital assets (net of accumulated depreciation)	39,478,028	10,905,497	50,383,525	914,530
<b>Total assets</b>	<b>119,266,983</b>	<b>27,973,462</b>	<b>147,240,445</b>	<b>2,544,740</b>

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

Continued on next page.

**ROWAN COUNTY, NORTH CAROLINA**  
**STATEMENT OF NET ASSETS**  
**June 30, 2010**

**EXHIBIT 1 (Continued)**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Rowan/ Kannapolis ABC Board
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 5,895,319	\$ 326,997	\$ 6,222,316	\$ 617,421
Unearned revenue	69,900	-	69,900	-
Accrued interest payable	1,145,897	-	1,145,897	-
Due to primary government	-	-	-	37,882
Long-term liabilities:				
Due within one year	12,126,114	45,000	12,171,114	43,482
Due in more than one year	84,301,841	7,771,754	92,073,595	25,391
Total liabilities	<u>103,539,071</u>	<u>8,143,751</u>	<u>111,682,822</u>	<u>724,176</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	52,184,246	15,098,687	67,282,933	1,053,489
Restricted for:				
Education	618,424	-	618,424	-
Law enforcement	-	-	-	1,603
Register of deeds	47,994	-	47,994	-
Working capital requirements	-	-	-	278,602
Unrestricted (deficit)	<u>(37,122,752)</u>	<u>4,731,024</u>	<u>(32,391,728)</u>	<u>486,870</u>
Total net assets	<u>\$ 15,727,912</u>	<u>\$ 19,829,711</u>	<u>\$ 35,557,623</u>	<u>\$ 1,820,564</u>

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

**ROWAN COUNTY, NORTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2010**

**EXHIBIT 2**

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit Rowan/ Kannapolis ABC Board
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 11,829,490	\$ 1,427,859	\$ 2,357	\$ -	\$ (10,399,274)	\$ -	\$ (10,399,274)	
Public safety	26,470,620	8,742,000	2,105,908	-	(15,622,712)	-	(15,622,712)	
Transportation	781,130	7,031	628,900	151,447	6,248	-	6,248	
Economic and physical development	3,447,174	370,988	924,477	-	(2,151,709)	-	(2,151,709)	
Human services	29,218,579	420,959	19,672,366	-	(9,125,254)	-	(9,125,254)	
Culture and recreation	5,860,199	1,565,047	382,141	-	(3,913,011)	-	(3,913,011)	
Education	41,333,940	-	3,367	2,500,000	(38,830,573)	-	(38,830,573)	
Interest on long-term debt	4,087,919	-	-	-	(4,087,919)	-	(4,087,919)	
Total governmental activities	<u>123,029,051</u>	<u>12,533,884</u>	<u>23,719,516</u>	<u>2,651,447</u>	<u>(84,124,204)</u>	<u>-</u>	<u>(84,124,204)</u>	
Business-type activities:								
Airport	1,683,354	1,165,154	7,820	295,208	-	(215,172)	(215,172)	
Landfill	5,129,882	5,074,976	266,263	-	-	211,357	211,357	
Sports Authority	282,254	128,230	-	-	-	(154,024)	(154,024)	
Total business-type activities	<u>7,095,490</u>	<u>6,368,360</u>	<u>274,083</u>	<u>295,208</u>	<u>-</u>	<u>(157,839)</u>	<u>(157,839)</u>	
Total primary government	<u>\$130,124,541</u>	<u>\$ 18,902,244</u>	<u>\$ 23,993,599</u>	<u>\$ 2,946,655</u>	<u>(84,124,204)</u>	<u>(157,839)</u>	<u>(84,282,043)</u>	

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

Continued on next page.

**ROWAN COUNTY, NORTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2010**

**EXHIBIT 2 (Continued)**

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit Rowan/ Kannapolis ABC Board
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
<b>Component unit:</b>								
ABC Board	\$ 7,254,420	\$ 7,243,645	\$ -	\$ -				\$ (10,775)
<b>General revenues:</b>								
Taxes:								
Property taxes, levied for general purpose					\$ 70,357,300	\$ -	\$ 70,357,300	-
Local option sales taxes					14,500,725	-	14,500,725	-
Other taxes and licenses					830,871	-	830,871	-
Grants and contributions not restricted to specific programs					412,926	-	412,926	-
Investment earnings, unrestricted					484,986	163,862	648,848	2,135
Miscellaneous, unrestricted					335,645	-	335,645	8,640
Total general revenues excluding transfers					86,922,453	163,862	87,086,315	10,775
Transfers					(77,150)	77,150	-	-
Total general revenues and transfers					86,845,303	241,012	87,086,315	10,775
Change in net assets					2,721,099	83,173	2,804,272	-
Net assets, beginning of year, July 1					13,006,813	19,746,538	32,753,351	1,820,564
Net assets, end of year, June 30					\$ 15,727,912	\$ 19,829,711	\$ 35,557,623	\$ 1,820,564

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

**ROWAN COUNTY, NORTH CAROLINA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2010**

**EXHIBIT 3**

	<u>Major</u>	<u>Nonmajor</u>	
	General	Other	Total
	Fund	Governmental	Governmental
	Fund	Funds	Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 36,075,180	\$ 1,543,252	\$ 37,618,432
Receivables (net)	7,941,285	256,867	8,198,152
Due from other funds	1,132,643	-	1,132,643
Due from other governments	3,632,489	586,664	4,219,153
Due from component unit	37,882	-	37,882
Inventories	50,937	-	50,937
Notes receivable	995,500	-	995,500
Restricted cash and cash equivalents	-	3,676,829	3,676,829
	<u>-</u>	<u>3,676,829</u>	<u>3,676,829</u>
Total assets	<u>\$ 49,865,916</u>	<u>\$ 6,063,612</u>	<u>\$ 55,929,528</u>

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

Continued on next page.

**ROWAN COUNTY, NORTH CAROLINA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2010**

**EXHIBIT 3 (Continued)**

	<u>Major</u>	<u>Nonmajor</u>	
	General	Other	Total
	Fund	Governmental	Governmental
		Funds	Funds
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 4,839,661	\$ 649,171	\$ 5,488,832
Due to other funds	-	1,132,643	1,132,643
Contract retainage	-	249,962	249,962
Unearned revenue	66,229	3,671	69,900
Deferred revenue	4,897,624	256,867	5,154,491
Total liabilities	<u>9,803,514</u>	<u>2,292,314</u>	<u>12,095,828</u>
<b>Fund balances:</b>			
Reserved for inventories	50,937	-	50,937
Reserved for encumbrances	308,067	-	308,067
Reserved by State statute	8,842,175	62,464	8,904,639
Reserved for register of deeds	47,994	-	47,994
Unreserved, General Fund:			
Designated for subsequent year's expenditures	10,675,774	-	10,675,774
Designated for special purposes	1,390,126	-	1,390,126
Undesignated	18,747,329	-	18,747,329
Unreserved, reported in:			
Special revenue funds	-	1,120,962	1,120,962
Capital projects funds	-	2,587,872	2,587,872
Total fund balances	<u>40,062,402</u>	<u>3,771,298</u>	<u>43,833,700</u>
Total liabilities and fund balances	<u>\$ 49,865,916</u>	<u>\$ 6,063,612</u>	<u>\$ 55,929,528</u>

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

Continued on next page.

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS (EXHIBIT 1) ARE DIFFERENT BECAUSE:

Total fund balances - governmental funds	\$ 43,833,700
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	61,792,661
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	8,352
Liabilities for earned but deferred revenues in fund statements	5,154,491
An internal service fund is used by management to charge the costs of risk management to individual funds. The assets and liabilities of this internal service fund are included in governmental activities in the statement of net assets.	1,915,360
Internal balances due from business-type activities to governmental activities	367,971
Some liabilities, including bonds payable and other postemployment benefits, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(97,344,623)</u>
Net assets of governmental activities	<u>\$ 15,727,912</u>

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2010

	Major	Nonmajor	
	General	Other	Total
	Fund	Governmental	Governmental
		Funds	Funds
REVENUES:			
Ad valorem taxes	\$ 69,684,636	\$ 3,837,842	\$ 73,522,478
Local option sales taxes	14,500,725	-	14,500,725
Other taxes and licenses	1,151,165	-	1,151,165
Unrestricted intergovernmental	349,677	-	349,677
Restricted intergovernmental	25,812,572	1,640,179	27,452,751
Permits and fees	1,103,539	-	1,103,539
Sales and services	6,305,448	-	6,305,448
Investment earnings	486,713	13,180	499,893
Miscellaneous	799,407	-	799,407
Total revenues	<u>120,193,882</u>	<u>5,491,201</u>	<u>125,685,083</u>
EXPENDITURES:			
Current:			
General government	10,024,611	-	10,024,611
Public safety	21,727,420	4,146,862	25,874,282
Transportation	816,230	-	816,230
Economic and physical development	2,006,614	873,415	2,880,029
Human services	29,593,985	-	29,593,985
Culture and recreation	5,318,305	-	5,318,305
Intergovernmental:			
Education	38,564,779	-	38,564,779
Capital outlay	-	7,324,072	7,324,072

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

Continued on next page.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2010

	Major	Nonmajor	Total
	General	Other	Total
	Fund	Governmental	Governmental
	Fund	Funds	Funds
EXPENDITURES (Continued):			
Debt service:			
Principal retirement	\$ 10,881,254	\$ -	\$ 10,881,254
Interest and other charges	4,088,470	-	4,088,470
Total expenditures	<u>123,021,668</u>	<u>12,344,349</u>	<u>135,366,017</u>
Deficiency of revenues over expenditures	<u>(2,827,786)</u>	<u>(6,853,148)</u>	<u>(9,680,934)</u>
OTHER FINANCING SOURCES (USES):			
Transfers from other funds	1,301,116	-	1,301,116
Transfers to other funds	(855,150)	(1,148,116)	(2,003,266)
Installment purchase obligations issued	1,075,000	2,750,000	3,825,000
Sale of capital assets	26,909	-	26,909
Total other financing sources (uses)	<u>1,547,875</u>	<u>1,601,884</u>	<u>3,149,759</u>
Net change in fund balances	(1,279,911)	(5,251,264)	(6,531,175)
FUND BALANCES:			
Beginning of year, July 1	41,341,850	9,022,562	50,364,412
Increase in inventories	463	-	463
End of year, June 30	<u>\$ 40,062,402</u>	<u>\$ 3,771,298</u>	<u>\$ 43,833,700</u>

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

Continued on next page.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

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

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES (EXHIBIT 2) ARE DIFFERENT BECAUSE:

Net change in fund balances - total governmental funds	\$ (6,531,175)
Change in fund balance due to change in reserve for inventory	463
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	2,414,351
Cost of capital assets disposed of during the year, not recognized on modified accrual basis	(4,971)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	609,163
The receipt of principal payments on notes receivable provides current financial resources in the governmental funds. However, these transactions have no effect on net assets.	(494,830)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	6,979,349
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 governmental funds.	(30,003)
Net expense of internal service fund determined to be governmental-type.	<u>(221,248)</u>
Total change in net assets of governmental activities	<u>\$ 2,721,099</u>

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
REVENUES:				
Ad valorem taxes	\$ 69,234,031	\$ 69,282,771	\$ 69,684,636	\$ 401,865
Local option sales taxes	14,750,000	14,750,000	14,500,725	(249,275)
Other taxes and licenses	1,270,300	1,270,300	1,151,165	(119,135)
Unrestricted intergovernmental	430,000	321,585	349,677	28,092
Restricted intergovernmental	24,638,578	27,490,772	25,812,572	(1,678,200)
Permits and fees	1,172,000	1,172,000	1,103,539	(68,461)
Sales and services	5,597,765	5,595,725	6,305,448	709,723
Investment earnings	801,725	801,725	486,713	(315,012)
Miscellaneous	490,721	550,639	799,407	248,768
Total revenues	<u>118,385,120</u>	<u>121,235,517</u>	<u>120,193,882</u>	<u>(1,041,635)</u>
EXPENDITURES:				
Current:				
General government	11,179,060	11,599,756	10,024,611	1,575,145
Public safety	21,958,065	22,928,883	21,727,420	1,201,463
Transportation	936,067	1,079,579	816,230	263,349
Economic and physical development	2,235,355	3,111,746	2,006,614	1,105,132
Human services	29,814,279	32,348,203	29,593,985	2,754,218
Culture and recreation	5,526,407	5,701,965	5,318,305	383,660
Intergovernmental:				
Education	38,766,233	38,766,233	38,564,779	201,454

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

Continued on next page.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
EXPENDITURES (Continued):				
Debt service:				
Principal retirement	\$ 10,265,044	\$ 11,230,229	\$ 10,881,254	\$ 348,975
Interest and other charges	4,230,070	4,143,946	4,088,470	55,476
Total expenditures	<u>124,910,580</u>	<u>130,910,540</u>	<u>123,021,668</u>	<u>7,888,872</u>
Revenues under expenditures	<u>(6,525,460)</u>	<u>(9,675,023)</u>	<u>(2,827,786)</u>	<u>6,847,237</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	167,300	1,301,115	1,301,116	1
Transfers to other funds	(855,150)	(855,150)	(855,150)	-
Installment purchase obligations issued	-	1,075,000	1,075,000	-
Sale of capital assets	-	225,000	26,909	(198,091)
Total other financing sources (uses)	<u>(687,850)</u>	<u>1,745,965</u>	<u>1,547,875</u>	<u>(198,090)</u>
Revenues and other financing sources under expenditures and other financing uses	<u>(7,213,310)</u>	<u>(7,929,058)</u>	<u>(1,279,911)</u>	<u>6,649,147</u>
APPROPRIATED FUND BALANCE	<u>7,213,310</u>	<u>7,929,058</u>	<u>-</u>	<u>(7,929,058)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(1,279,911)</u>	<u>\$ (1,279,911)</u>
FUND BALANCE:				
Beginning of year, July 1			41,341,850	
Increase in inventories			<u>463</u>	
End of year, June 30			<u>\$ 40,062,402</u>	

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

**ROWAN COUNTY, NORTH CAROLINA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**June 30, 2010**

**EXHIBIT 6**

	Major Enterprise Funds			Total	Internal Service Fund Risk Management Fund
	Airport Fund	Landfill Fund	Sports Authority Fund		
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 992,595	\$ 10,839,421	\$ 347,855	\$ 12,179,871	\$ 2,050,534
Receivables (net)	6,970	761,719	47,855	816,544	21,351
Due from other governments	7,820	67,828	-	75,648	-
Inventories	170,683	-	-	170,683	-
Total current assets	1,178,068	11,668,968	395,710	13,242,746	2,071,885
Noncurrent assets:					
Capital assets (net, where applicable, of accumulated depreciation)	5,714,112	4,354,469	5,030,106	15,098,687	-
Total assets	6,892,180	16,023,437	5,425,816	28,341,433	2,071,885
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable and accrued liabilities	70,913	243,791	12,293	326,997	2,652
Claims payable	-	-	-	-	153,873
Compensated absences	5,000	40,000	-	45,000	-
Total current liabilities	75,913	283,791	12,293	371,997	156,525
Noncurrent liabilities:					
Accrued landfill closure and postclosure care costs	-	7,635,936	-	7,635,936	-
Compensated absences	14,434	36,593	-	51,027	-
Other postemployment benefits	11,776	73,015	-	84,791	-
Total noncurrent liabilities	26,210	7,745,544	-	7,771,754	-
Total liabilities	102,123	8,029,335	12,293	8,143,751	156,525

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

Continued on next page.

**ROWAN COUNTY, NORTH CAROLINA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**June 30, 2010**

**EXHIBIT 6 (Continued)**

	Major Enterprise Funds			Total	Internal
	Airport Fund	Landfill Fund	Sports Authority Fund		Service Fund Risk Management Fund
NET ASSETS					
Invested in capital assets	\$ 5,714,112	\$ 4,354,469	\$ 5,030,106	\$ 15,098,687	\$ -
Unrestricted	1,075,945	3,639,633	383,417	5,098,995	1,915,360
Total net assets	<u>\$ 6,790,057</u>	<u>\$ 7,994,102</u>	<u>\$ 5,413,523</u>	20,197,682	<u>\$ 1,915,360</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(367,971)</u>	
Net assets of business-type activities				<u>\$ 19,829,711</u>	

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2010

	Major Enterprise Funds			Total	Internal
	Airport Fund	Landfill Fund	Sports Authority Fund		Service Fund Risk Management Fund
OPERATING REVENUES:					
Charges for services	\$ 1,165,154	\$ 5,074,976	\$ 128,230	\$ 6,368,360	\$ 687,365
OPERATING EXPENSES:					
Administration	-	-	-	-	117,417
Airport operations	1,234,542	-	-	1,234,542	-
Landfill operations	-	3,104,586	-	3,104,586	-
Sports Authority operations	-	-	120,795	120,795	-
Premiums and claims	-	-	-	-	1,493,670
Landfill closure and postclosure care costs	-	1,013,651	-	1,013,651	-
Depreciation	391,573	996,893	161,459	1,549,925	-
Total operating expenses	1,626,115	5,115,130	282,254	7,023,499	1,611,087
Operating loss	(460,961)	(40,154)	(154,024)	(655,139)	(923,722)
NONOPERATING REVENUES:					
Solid waste disposal tax	-	66,182	-	66,182	-
Scrap tire disposal tax	-	155,315	-	155,315	-
White goods disposal tax	-	44,766	-	44,766	-
State grants	303,028	-	-	303,028	-
Investment earnings	1,466	159,170	651	161,287	3,126
Interest earnings on note receivable	-	-	2,575	2,575	-
Insurance settlements	-	-	-	-	2,357
Total nonoperating revenues	304,494	425,433	3,226	733,153	5,483

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

Continued on next page.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2010

	Major Enterprise Funds			Total	Internal
	Airport Fund	Landfill Fund	Sports Authority Fund		Service Fund Risk Management Fund
Income (loss) before transfers	\$ (156,467)	\$ 385,279	\$ (150,798)	\$ 78,014	\$ (918,239)
TRANSFERS:					
Transfers from other funds	230,150	-	-	230,150	625,000
Transfers to other funds	-	-	(153,000)	(153,000)	-
Total transfers	230,150	-	(153,000)	77,150	625,000
Change in net assets	73,683	385,279	(303,798)	155,164	(293,239)
TOTAL NET ASSETS:					
Beginning of year, July 1	6,716,374	7,608,823	5,717,321		2,208,599
End of year, June 30	\$ 6,790,057	\$ 7,994,102	\$ 5,413,523		\$ 1,915,360
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(71,991)	
Change in net assets - business-type activities				\$ 83,173	

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

**ROWAN COUNTY, NORTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2010**

**EXHIBIT 8**

	Major Enterprise Funds			Total	Internal
	Airport Fund	Landfill Fund	Sports Authority Fund		Service Fund Risk Management Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash received from customers	\$ 1,165,705	\$ 4,888,150	\$ 119,090	\$ 6,172,945	\$ 704,107
Cash paid for goods and services	(847,180)	(1,578,330)	(123,225)	(2,548,735)	(1,549,928)
Cash paid to employees for services	(307,271)	(1,428,037)	-	(1,735,308)	(54,019)
Net cash provided (used) by operating activities	<u>11,254</u>	<u>1,881,783</u>	<u>(4,135)</u>	<u>1,888,902</u>	<u>(899,840)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers in	230,150	-	-	230,150	625,000
Transfers out	-	-	(153,000)	(153,000)	-
Net cash provided (used) by noncapital financing activities	<u>230,150</u>	<u>-</u>	<u>(153,000)</u>	<u>77,150</u>	<u>625,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Acquisition and construction of capital assets	(48,016)	(509,088)	-	(557,104)	-
Proceeds from insurance settlements	-	-	-	-	2,357
Principal received on note receivable	-	-	150,749	150,749	-
Interest received on note receivable	-	-	8,829	8,829	-
Capital contributions - grant revenues	560,583	-	-	560,583	-
Capital contributions - tax revenues	-	275,936	-	275,936	-
Net cash provided (used) by capital and related financing activities	<u>512,567</u>	<u>(233,152)</u>	<u>159,578</u>	<u>438,993</u>	<u>2,357</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest received on investments	<u>1,466</u>	<u>159,170</u>	<u>651</u>	<u>161,287</u>	<u>3,126</u>
Net increase (decrease) in cash and investments	<u>755,437</u>	<u>1,807,801</u>	<u>3,094</u>	<u>2,566,332</u>	<u>(269,357)</u>
<b>CASH AND CASH EQUIVALENTS, July 1</b>	<u>237,158</u>	<u>9,031,620</u>	<u>344,761</u>	<u>9,613,539</u>	<u>2,319,891</u>
<b>CASH AND CASH EQUIVALENTS, June 30</b>	<u>\$ 992,595</u>	<u>\$ 10,839,421</u>	<u>\$ 347,855</u>	<u>\$ 12,179,871</u>	<u>\$ 2,050,534</u>

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

Continued on next page.

**ROWAN COUNTY, NORTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2010**

**EXHIBIT 8 (Continued)**

	Major Enterprise Funds			Total	Internal
	Airport Fund	Landfill Fund	Sports Authority Fund		Service Fund Risk Management Fund
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating loss	\$ (460,961)	\$ (40,154)	\$ (154,024)	\$ (655,139)	\$ (923,722)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:					
Depreciation	391,573	996,893	161,459	1,549,925	-
Landfill closure and postclosure care costs	-	1,013,651	-	1,013,651	-
Changes in assets and liabilities:					
Decrease (increase) in receivables (net)	551	(186,826)	(9,140)	(195,415)	16,742
Decrease in inventory	61,134	-	-	61,134	-
Increase (decrease) in accounts payable and accrued liabilities	9,564	68,149	(2,430)	75,283	751
Increase in claims payable	-	-	-	-	6,389
Increase (decrease) in compensated absences payable	3,416	(6,989)	-	(3,573)	-
Increase in other postemployment benefits payable	5,977	37,059	-	43,036	-
Total adjustments	<u>472,215</u>	<u>1,921,937</u>	<u>149,889</u>	<u>2,544,041</u>	<u>23,882</u>
Net cash provided (used) by operating activities	<u>\$ 11,254</u>	<u>\$ 1,881,783</u>	<u>\$ (4,135)</u>	<u>\$ 1,888,902</u>	<u>\$ (899,840)</u>

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

**ROWAN COUNTY, NORTH CAROLINA**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**June 30, 2010**

**EXHIBIT 9**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 270,774
Accounts receivable	<u>70,055</u>
Total assets	<u>\$ 340,829</u>
<b>LIABILITIES</b>	
Intergovernmental payables:	
Rowan-Salisbury Schools	\$ 72,390
Kannapolis City Schools	3,937
State of North Carolina	6,518
Rowan County Municipalities	220,874
Miscellaneous liabilities	<u>37,110</u>
Total liabilities	<u>\$ 340,829</u>

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

**ROWAN COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Rowan County, North Carolina (the County) and its component units 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, legally separate entities for which the County is financially accountable. The Rowan County Industrial Facilities and Pollution Control Financing Authority (the Authority) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. The Rowan/Kannapolis ABC Board (the ABC Board), which has a June 30 year-end, is presented as if it is a separate proprietary fund of the County (discrete presentation).

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
Rowan County Industrial Facilities and Pollution Control Financing Authority	Discrete	The Authority is governed by a seven-member board that is appointed by the County Commissioners. The County can remove any member with or without cause.	None issued
Rowan/Kannapolis ABC Board	Discrete	The members of the ABC Board's governing board are appointed by the County. The ABC Board is required by State statute to distribute its surpluses to the General Fund of the County.	Rowan/Kannapolis ABC Board 510 North Lee Street Salisbury, NC 28144

**B. Basis of Presentation, Basis of Accounting**

**Basis of Presentation**

*Government-wide Statements:* The statement of net assets and the statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation, Basis of Accounting (Continued)**

**Basis of Presentation (Continued)**

between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

*Fund Financial Statements:* The fund financial statements provide information about the County's funds, including its fiduciary funds. 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. Nonoperating revenues, such as subsidies, result from non-exchange transactions. Other nonoperating items such as investment earnings are ancillary activities.

The County reports the following major governmental fund:

*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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation, Basis of Accounting (Continued)**

**Basis of Presentation (Continued)**

The County reports the following major enterprise funds:

*Airport Fund.* This fund accounts for the operations, maintenance and development of the Rowan County Airport.

*Landfill Fund.* This fund accounts for the operation, maintenance and development of the County's Landfill and disposal sites.

*Sports Authority Fund.* This fund accounts for the stadium operations of the Rowan County-Kannapolis Sports Authority.

The County reports the following fund types:

*Internal Service Fund.* Internal service funds are used to account for the financing of goods or services provided by one department to other departments of the County on a cost-reimbursement basis. The County has one internal service fund, the Risk Management Fund.

*Agency Funds.* Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to Rowan-Salisbury and Kannapolis City Boards of Education, the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles, and the five dollars of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage that the County is required to remit to the State Treasurer on a monthly basis; and the Municipal Tax Fund, which accounts for property taxes that are billed and collected by the County for various municipalities within the County.

**Measurement Focus, Basis of Accounting**

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation, Basis of Accounting (Continued)**

**Measurement Focus, Basis of Accounting (Continued)**

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

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

Proprietary funds distinguish operating revenues and expenses from 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 the County enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as 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 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation, Basis of Accounting (Continued)**

**Measurement Focus, Basis of Accounting (Continued)**

due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Rowan County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2009 through February 2010 apply to the fiscal year ended June 30, 2010. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements.

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

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

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

**C. Budgetary Data**

The County's budgets are adopted as required by North Carolina General Statutes. An annual budget is adopted for the General Fund, the Emergency Telephone System and Fire District Special Revenue Funds, the Enterprise Funds and the Internal Service Fund. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Community Development Special Revenue Fund and the Capital Projects Funds. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Budgetary Data (Continued)**

appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. The County Manager is authorized by the budget ordinance to transfer appropriations within a fund; however, any revisions that alter the total appropriations of any fund must be approved by the governing board. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

**D. Assets, Liabilities and Fund Equity**

1. Deposits and Investments

All deposits of the County and Rowan/Kannapolis ABC Board are made in board-designated official depositories and are secured as required by G.S. 159-31. The County and the ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County and the ABC Board 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 and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

The County and the ABC Board's investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

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. The Rowan/Kannapolis ABC Board considers demand deposits and investments purchased with an original maturity of three months or less to be cash and cash equivalents.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Fund Equity (Continued)**

3. Restricted Assets

The unexpended installment purchase loan proceeds are classified as restricted assets within the DSS Facility, RCCC Building and Town Creek Sewer Capital Projects Funds because their use is completely restricted to the purpose for which the loans were originally issued.

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2009. 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 County's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Inventories

The inventories of the County and the ABC Board are valued at cost, which approximates market, using the first-in, first-out method. The County's General Fund inventory consists of expendable supplies that are recorded as expenditures when purchased. The inventory of the County's enterprise funds and the ABC Board consists of materials and supplies held for consumption or resale. In this case, the cost of the inventory is recorded as an expense when it is consumed or sold.

7. Capital Assets

Purchased or constructed capital assets are recorded at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The minimum capitalization cost is \$5,000 for all capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

**ROWAN COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Fund Equity (Continued)**

7. Capital Assets (Continued)

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

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

	<u>Useful Life</u>
Land improvements	10-15 years
Buildings	
Office and other	30-50 years
Airport hangars	25 years
Recycling centers	15 years
Sports Authority stadium	40 years
Machinery and equipment	5-10 years
Furniture and fixtures	7 years
Vehicles	3-7 years

Capital assets of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

	<u>Useful Life</u>
Buildings and improvements	15-25 years
Furniture and equipment	5 years
Vehicles	5 years

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Fund Equity (Continued)**

8. 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.

9. Compensated Absences

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

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

10. Net Assets

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

11. Fund Balances

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Fund Equity (Continued)**

11. Fund Balances (Continued)

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.

The governmental fund types classify fund balances as follows:

**Reserved**

Reserved for inventories - portion of fund balance *not* available for appropriation because it represents the year-end fund balance of ending inventories, which are not expendable, available resources.

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

Reserved by State statute - portion of fund balance, in addition to other reserved amounts, 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 ten percent of the fees collected and maintained by the register of deeds' office. The funds are available for appropriation but are legally restricted for computer and imaging technology in the register of deeds' office.

**Unreserved**

Designated for subsequent year's expenditures - portion of total fund balance available for appropriation that has been designated for the adopted 2010-2011 budget ordinance.

**ROWAN COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Fund Equity (Continued)**

11. Fund Balances (Continued)

**Unreserved (Continued)**

Designated for special purposes - portion of fund balance available for appropriation that represents unexpended restricted State-shared revenues, donations and grant funds.

Undesignated - portion of total fund balance available for appropriation that is uncommitted at year-end.

**E. Management Estimates**

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

**F. Reconciliation of Government-wide and Fund Financial Statements**

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

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. The net adjustment of \$28,105,788 consists of several elements as follows:

Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds.	\$100,831,798
Less accumulated depreciation	<u>(39,039,137)</u>
Net capital assets	<u>61,792,661</u>
Accrued interest receivable in the government-wide statements as these funds are not available and therefore are deferred in the fund statements	<u>8,352</u>

**ROWAN COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Reconciliation of Government-wide and Fund Financial Statements (Continued)**

1. (Continued)

Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not the government-wide	\$ 5,154,491
Net assets of the internal service fund, incorporated into the government-wide statements, are not recorded in the governmental funds statements.	<u>1,915,360</u>
Internal balances due from business-type activities to governmental activities recorded in the government-wide statements are not recorded in the body of the governmental funds statements.	<u>367,971</u>
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Bonds and installment financings	(93,105,024)
Deferred charge on refunding (to be amortized as interest expense)	1,021,670
Deferred charge for issuance costs (to be amortized over life of debt)	229,229
Accrued interest payable	(1,145,897)
Compensated absences	(2,465,723)
Unfunded pension cost	(1,236,770)
Other postemployment benefits	<u>(642,108)</u>
	<u>(97,344,623)</u>
Total adjustment	\$ <u>(28,105,788)</u>

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

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net change in fund balances - total governmental funds* and *change in net assets - governmental activities* as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$9,252,274 as follows:

**ROWAN COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Reconciliation of Government-wide and Fund Financial Statements (Continued)**

2. (Continued)

Cost of net inventories consumed during the year, recognized as a change in fund balance in the fund statements but not in the statement of activities	\$ 463
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	6,203,304
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	<u>(3,788,953)</u>
	<u>2,414,351</u>
Cost of capital assets disposed of during the year recognized on the modified accrual basis in the fund statements, but recorded using the accrual basis on the statement of activities	<u>(4,971)</u>
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Increase in deferred tax revenue for the year ended June 30, 2010	672,664
Decrease in deferred ambulance revenue for the year ended June 30, 2010	(59,373)
Decrease in accrued interest receivable for the year ended June 30, 2010	<u>(4,128)</u>
	<u>609,163</u>
Principal payments on notes receivable are recorded as a source of funds on the fund statements; they have no effect on the statement of activities - they affect only the government-wide statement of net assets.	<u>(494,830)</u>

**ROWAN COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Reconciliation of Government-wide and Fund Financial Statements (Continued)**

2. (Continued)

New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net assets.

Installment purchase obligations	\$ (3,825,000)
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Principal payments on debt owed and costs of issuing debt are recorded as uses of funds on the fund statements but again affect only the statement of net assets in the government-wide statements.

Principal repayments:

General obligation debt	6,315,000
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Installment financing	4,566,254
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Amortization of bond premium	125,668
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Amortization of deferred charge on refunding	(171,019)
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Amortization of bond issuance costs	<u>(31,554)</u>
-------------------------------------	-----------------

	<u>6,979,349</u>
--	------------------

Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.

Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	77,456
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Compensated absences	(8,396)
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Net pension obligation	(57,766)
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Other postemployment benefits	<u>(41,297)</u>
-------------------------------	-----------------

	<u>(30,003)</u>
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An internal service fund is reported in the fund statements. Only the change in net assets of the fund associated with governmental activities is recorded in the statement of activities.

	<u>(221,248)</u>
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Total adjustment	<u>\$ 9,252,274</u>
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**ROWAN COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

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**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

The Satellite Jail Capital Projects Fund had a deficit fund balance of \$726,544 on June 30, 2010. The Fund incurred expenditures for land acquisition and design costs associated with a new satellite jail facility. Proceeds from an installment financing contract will be received in October 2010, and will offset the deficit fund balance.

**NOTE 3 - DETAIL NOTES ON ALL FUNDS**

**A. Assets**

1. Deposits

All of the County's and the ABC Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's or the ABC Board's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County and the ABC Board, these deposits are considered to be held by their agents in the entities' names. 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, the ABC Board or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County or the ABC Board 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 State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The ABC Board has no formal policy regarding custodial credit risk for deposits.

**ROWAN COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)**

**A. Assets (Continued)**

1. Deposits (Continued)

At June 30, 2010, the County's deposits had a carrying amount of \$33,650,784 and a bank balance of \$33,957,975. Of the bank balance, \$1,071,035 was covered by federal depository insurance and \$32,886,940 in interest-bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2010, the County had \$7,715 cash on hand.

At June 30, 2010, the carrying amount of deposits for Rowan/Kannapolis ABC Board was \$600,030 and the bank balance was \$774,554. Of the bank balance, \$366,566 was covered by federal depository insurance and \$407,988 was covered by collateral held under the Dedicated Method.

2. Investments

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>	<u>6-12 Months</u>	<u>1-3 Years</u>
US Government Agencies	\$ 10,380,262	\$ 1,004,668	\$ 4,844,188	\$ 4,531,406
Commercial Paper	1,199,785	1,199,785	-	-
NC Capital Management Trust – Cash Portfolio	10,557,894	N/A	N/A	N/A
Total	<u>\$ 22,137,941</u>	<u>\$ 2,204,453</u>	<u>\$ 4,844,188</u>	<u>\$ 4,531,406</u>

*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 12 months. Also, the County's investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than three years.

**ROWAN COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)**

**A. Assets (Continued)**

2. Investments (Continued)

*Credit Risk.* The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2010, the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings and A1 by Moody's Investors Service. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2010. The County's investments in US Agencies are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

*Concentration of Credit Risk.* The County's Board places no limit on the amount that the County may invest in any one issuer. More than five percent of the County's investments are in Fannie Mae securities, Federal Home Loan Bank securities, Federal Farm Credit Bank securities, Freddie Mac securities and Toyota Credit Corporation's commercial paper. These investments are 20.5 percent, 11.8 percent, 7.3 percent, 7.3 percent and 5.4 percent, respectively, of the County's total investments.

The ABC Board had no investments at June 30, 2010.

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

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

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 4,197,983	\$ 997,021	\$ 5,195,004
2008	4,256,111	627,776	4,883,887
2009	4,320,625	248,436	4,569,061
2010	<u>4,336,619</u>	<u>-</u>	<u>4,336,619</u>
Total	<u>\$17,111,338</u>	<u>\$ 1,873,233</u>	<u>\$18,984,571</u>

**ROWAN COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)**

**A. Assets (Continued)**

4. Receivables

a. Government-wide Receivables

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

	<u>Accounts</u>	<u>Taxes and Related Accrued Interest</u>	<u>Total</u>
<b>Governmental activities:</b>			
General	\$ 11,379,665	\$ 5,186,971	\$ 16,566,636
Other governmental	-	256,867	256,867
Total receivables	11,379,665	5,443,838	16,823,503
Allowance for doubtful accounts	<u>(6,780,000)</u>	<u>(1,824,000)</u>	<u>(8,604,000)</u>
Total governmental activities	<u>\$ 4,599,665</u>	<u>\$ 3,619,838</u>	<u>\$ 8,219,503</u>
<b>Business-type activities:</b>			
Airport	\$ 6,970	\$ -	\$ 6,970
Landfill	810,792	-	810,792
Sports Authority	47,855	-	47,855
Total receivables	865,617	-	865,617
Allowance for doubtful accounts	<u>(49,073)</u>	<u>-</u>	<u>(49,073)</u>
Total business-type activities	<u>\$ 816,544</u>	<u>\$ -</u>	<u>\$ 816,544</u>

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**ROWAN COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

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**NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)**

**A. Assets (Continued)**

4. Receivables (Continued)

a. Government-wide Receivables (Continued)

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

**Governmental activities:**

Local option sales tax	\$ 3,501,806
Franchise fees	130,683
Community Development Block grant	54,535
Duke Home Energy Loan Pool	33,561
HOME grant	54,768
Single Family Rehabilitation Program	230,020
NC Rural Center grant	151,316
Emergency 911 fees	<u>62,464</u>
Total governmental activities	<u>\$ 4,219,153</u>

**Business-type activities:**

Aviation grants	\$ 7,820
Solid waste disposal tax	14,627
Scrap tire disposal tax	39,843
White goods disposal tax	<u>13,358</u>
Total business-type activities	<u>\$ 75,648</u>

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**ROWAN COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

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**NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)**

**A. Assets (Continued)**

4. Receivables (Continued)

b. Notes Receivable

Rowan County has entered into interlocal governmental agreements with four municipalities for water extension projects. The County acted as the principle borrower of funds for the projects, with the municipalities' concurrence to participate financially in their share of the estimated costs. One agreement, between the County and the City of Salisbury, requires payments on September 1 and March 1 in installments of \$44,104 through March 2012, including interest at 4.90%. The remaining agreements, between the County and the Town of China Grove, the City of Kannapolis and the Town of Landis, require payments on November 1 and May 1 in installments of \$44,460, \$120,555 and \$63,095, respectively, through May 2012, plus interest at 4.60%.

Additionally, the County has entered into an interlocal governmental agreement with the City of Kannapolis for the construction of a sports complex. The County acted as the principle borrower of funds and the City agreed to participate financially in its share of the costs. The final payment of \$159,578 was received by the County on October 17, 2009 and included interest at 5.86%.

The following is a summary of notes receivable at June 30, 2010:

<b>Governmental activities:</b>	
City of Salisbury	\$ 83,060
Town of China Grove	177,840
City of Kannapolis	482,220
Town of Landis	<u>252,380</u>
Total governmental activities	<u>\$ 995,500</u>

**ROWAN COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)**

**A. Assets (Continued)**

5. Capital Assets

a. Primary Government

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$11,796,184	\$ -	\$ -	\$11,796,184
Construction in progress	<u>5,963,538</u>	<u>4,554,911</u>	<u>-</u>	<u>10,518,449</u>
Total capital assets not being depreciated	<u>17,759,722</u>	<u>\$ 4,554,911</u>	<u>\$ -</u>	<u>22,314,633</u>
Capital assets being depreciated:				
Buildings	40,510,480	\$ 22,973	\$ -	40,533,453
Other improvements	18,235,350	66,614	-	18,301,964
Equipment	11,374,293	733,353	-	12,107,646
Vehicles and motorized equipment	<u>7,245,393</u>	<u>825,453</u>	<u>(496,744)</u>	<u>7,574,102</u>
Total capital assets being depreciated	<u>77,365,516</u>	<u>\$ 1,648,393</u>	<u>\$ (496,744)</u>	<u>78,517,165</u>
Less accumulated depreciation for:				
Buildings	14,169,533	\$ 895,347	\$ -	15,064,880
Other improvements	9,103,071	884,998	-	9,988,069
Equipment	7,770,620	1,075,949	-	8,846,569
Vehicles and motorized equipment	<u>4,698,733</u>	<u>932,659</u>	<u>(491,773)</u>	<u>5,139,619</u>
Total accumulated depreciation	<u>35,741,957</u>	<u>\$ 3,788,953</u>	<u>\$ (491,773)</u>	<u>39,039,137</u>
Total capital assets being depreciated, net	<u>41,623,559</u>			<u>39,478,028</u>
Governmental activity capital assets, net	<u>\$59,383,281</u>			<u>\$61,792,661</u>

**ROWAN COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)**

**A. Assets (Continued)**

5. Capital Assets (Continued)

a. Primary Government (Continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-type activities:</b>				
<b>Airport</b>				
Capital assets not being depreciated:				
Land	\$ 2,107,649	\$ _____ -	\$ _____ -	\$ 2,107,649
Capital assets being depreciated:				
Buildings	4,855,879	\$ -	\$ -	4,855,879
Other improvements	10,497,541	37,545	-	10,535,086
Equipment	72,403	10,471	-	82,874
Vehicles and motorized equipment	<u>71,413</u>	<u>-</u>	<u>-</u>	<u>71,413</u>
Total capital assets being depreciated	<u>15,497,236</u>	<u>\$ 48,016</u>	<u>\$ -</u>	<u>15,545,252</u>
Less accumulated depreciation for:				
Buildings	1,925,278	\$ 178,563	\$ -	2,103,841
Other improvements	9,507,543	205,939	-	9,713,482
Equipment	42,982	7,071	-	50,053
Vehicles and motorized equipment	<u>71,413</u>	<u>-</u>	<u>-</u>	<u>71,413</u>
Total accumulated depreciation	<u>11,547,216</u>	<u>\$ 391,573</u>	<u>\$ -</u>	<u>11,938,789</u>
Total capital assets being depreciated, net	<u>3,950,020</u>			<u>3,606,463</u>
Airport capital assets, net	<u>6,057,669</u>			<u>5,714,112</u>

**ROWAN COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)**

**A. Assets (Continued)**

5. Capital Assets (Continued)

a. Primary Government (Continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-type activities:</b>				
<b>Landfill</b>				
Capital assets not being depreciated:				
Land	\$ 1,401,797	\$ _____ -	\$ _____ -	\$ 1,401,797
Capital assets being depreciated:				
Buildings	464,193	\$ -	\$ -	464,193
Other improvements	11,911,683	-	-	11,911,683
Equipment	309,343	11,590	-	320,933
Vehicles and motorized equipment	<u>2,692,149</u>	<u>497,498</u>	-	<u>3,189,647</u>
Total capital assets being depreciated	<u>15,377,368</u>	<u>\$ 509,088</u>	<u>\$ -</u>	<u>15,886,456</u>
Less accumulated depreciation for:				
Buildings	136,832	\$ 13,079	\$ -	149,911
Other improvements	9,811,423	701,060	-	10,512,483
Equipment	296,532	6,422	-	302,954
Vehicles and motorized equipment	<u>1,692,104</u>	<u>276,332</u>	-	<u>1,968,436</u>
Total accumulated depreciation	<u>11,936,891</u>	<u>\$ 996,893</u>	<u>\$ -</u>	<u>12,933,784</u>
Total capital assets being depreciated, net	<u>3,440,477</u>			<u>2,952,672</u>
Landfill capital assets, net	<u>4,842,274</u>			<u>4,354,469</u>

**ROWAN COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)**

**A. Assets (Continued)**

5. Capital Assets (Continued)

a. Primary Government (Continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-type activities:</b>				
<b>Sports Authority</b>				
Capital assets not being depreciated:				
Land	\$ 683,744	\$ _____ -	\$ _____ -	\$ 683,744
Capital assets being depreciated:				
Buildings	6,307,562	\$ -	\$ -	6,307,562
Other improvements	433,007	-	-	433,007
Equipment	<u>60,770</u>	-	-	<u>60,770</u>
Total capital assets being depreciated	<u>6,801,339</u>	\$ _____ -	\$ _____ -	<u>6,801,339</u>
Less accumulated depreciation for:				
Buildings	1,813,423	\$ 157,689	\$ -	1,971,112
Other improvements	429,362	1,458	-	430,820
Equipment	<u>50,733</u>	<u>2,312</u>	-	<u>53,045</u>
Total accumulated depreciation	<u>2,293,518</u>	\$ 161,459	\$ _____ -	<u>2,454,977</u>
Total capital assets being depreciated, net	<u>4,507,821</u>			<u>4,346,362</u>
Sports Authority capital assets, net	<u>5,191,565</u>			<u>5,030,106</u>
Business-type activities capital assets, net	<u>\$ 16,091,508</u>			<u>\$ 15,098,687</u>

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**ROWAN COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

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**NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)**

**A. Assets (Continued)**

5. Capital Assets (Continued)

a. Primary Government (Continued)

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

**Governmental activities:**

General government	\$ 696,961
Public safety	1,520,662
Transportation	138,378
Economic and physical development	569,098
Human services	213,549
Culture and recreation	<u>650,305</u>
Total depreciation expense - governmental activities	<u>3,788,953</u>

**Business-type activities:**

Airport	391,573
Landfill	996,893
Sports Authority	<u>161,459</u>
Total depreciation expense - business-type activities	<u>1,549,925</u>

Total depreciation expense \$ 5,338,878

**ROWAN COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)**

**A. Assets (Continued)**

5. Capital Assets (Continued)

b. Construction Commitments

The County has active construction projects as of June 30, 2010. The projects include construction of a Department of Social Services (DSS) facility, renovation of jail space and construction of two courtrooms, and architectural fees for a satellite jail. At year-end, the County's commitments with architects and contractors were as follows:

<u>Project</u>	<u>Incurred-to-Date</u>	<u>Remaining Commitment</u>
DSS facility	\$ 4,530,773	\$ 314,598
Justice Center III	4,196,562	76,565
Satellite jail	<u>726,544</u>	<u>142,535</u>
Total	<u>\$ 9,453,879</u>	<u>\$ 533,698</u>

c. Discretely Presented Component Unit

Activity for the ABC Board for the year ended June 30, 2010 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 207,832	\$ -	\$ -	\$ 207,832
Capital assets being depreciated:				
Buildings and improvements	1,427,024	\$ 29,440	\$ -	1,456,464
Furniture and equipment	479,691	4,059	(49,832)	433,918
Vehicles	<u>83,166</u>	<u>-</u>	<u>-</u>	<u>83,166</u>
Total capital assets being depreciated	<u>1,989,881</u>	<u>\$ 33,499</u>	<u>\$ (49,832)</u>	<u>1,973,548</u>

**ROWAN COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)**

**A. Assets (Continued)**

5. Capital Assets (Continued)

c. Discretely Presented Component Unit (Continued)

Less accumulated depreciation for:				
Buildings and improvements	\$ 654,460	\$ 41,676	\$ -	\$ 696,136
Furniture and equipment	301,873	41,720	(48,975)	294,618
Vehicles	<u>55,685</u>	<u>12,579</u>	<u>-</u>	<u>68,264</u>
Total accumulated depreciation	<u>1,012,018</u>	<u>\$ 95,975</u>	<u>\$ (48,975)</u>	<u>1,059,018</u>
Total capital assets being depreciated, net	<u>977,863</u>			<u>914,530</u>
ABC Board capital assets, net	<u>\$ 1,185,695</u>			<u>\$ 1,122,362</u>

**B. Liabilities**

1. Payables

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

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Other</u>	<u>Total</u>
<b>Governmental activities:</b>				
General	\$ 2,305,055	\$ 1,406,540	\$ 1,534,553	\$ 5,246,148
Other governmental	<u>646,612</u>	<u>2,559</u>	<u>-</u>	<u>649,171</u>
Total governmental activities	<u>\$ 2,951,667</u>	<u>\$ 1,409,099</u>	<u>\$ 1,534,553</u>	<u>\$ 5,895,319</u>

**ROWAN COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

1. Payables (Continued)

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Other</u>	<u>Total</u>
<b>Business-type activities:</b>				
Airport	\$ 59,959	\$ 10,954	\$ -	\$ 70,913
Landfill	196,099	47,692	-	243,791
Sports Authority	<u>12,293</u>	<u>-</u>	<u>-</u>	<u>12,293</u>
Total business-type activities	<u>\$ 268,351</u>	<u>\$ 58,646</u>	<u>\$ -</u>	<u>\$ 326,997</u>

2. Pension Plan and Other Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

**ROWAN COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

2. Pension Plan and Other Postemployment Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

*Funding Policy.* Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and soil and water conservation is 4.90 percent of annual covered payroll. For law enforcement officers and employees of the Rowan Soil and Water Conservation District, the current rate is 4.86 percent and 5.84 percent, respectively, of annual covered payroll. The contribution requirements of members and of Rowan County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2010, 2009 and 2008 were \$1,407,597, \$1,415,569 and \$1,340,827, respectively. The contributions made by the County equaled the required contributions for each year.

b. Law Enforcement Officers' Special Separation Allowance

*Plan Description.* Rowan 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 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

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

Retirees receiving benefits	14
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>103</u>
Total	<u>117</u>

A separate report was not issued for the plan.

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

2. Pension Plan and Other Postemployment Obligations (Continued)

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

*Summary of Significant Accounting Policies:*

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

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

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

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

**ROWAN COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

2. Pension Plan and Other Postemployment Obligations (Continued)

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

Annual Pension Cost and Net Pension Obligation

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

Annual required contribution	\$ 222,471
Interest on net pension obligation	85,478
Adjustment to annual required contribution	<u>(74,269)</u>
Annual pension cost	233,680
Contributions made	<u>175,914</u>
Increase in net pension obligation	57,766
Net pension obligation, beginning of year	<u>1,179,004</u>
Net pension obligation, end of year	<u>\$ 1,236,770</u>

Three-Year Trend Information

<u>For Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2008	\$ 189,609	57.49%	\$ 1,079,322
June 30, 2009	213,096	53.22%	1,179,004
June 30, 2010	233,680	75.28%	1,236,770

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

2. Pension Plan and Other Postemployment Obligations (Continued)

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

*Funded Status and Funding Progress.* As of December 31, 2009, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$2,519,236. The covered payroll (annual payroll of active employees covered by the plan) was \$4,182,461, and the ratio of the UAAL to the covered payroll was 60.2 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling 919-981-5454.

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2010 were \$282,407, which consisted of \$213,341 from the County and \$69,066 from the law enforcement officers.

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

2. Pension Plan and Other Postemployment Obligations (Continued)

d. Supplemental Retirement Income Plan for Non-Law Enforcement Employees

*Plan Description.* The County contributes to the Supplemental Retirement Income Plan of North Carolina (401(k) Plan), a defined contribution pension plan sponsored by the State of North Carolina and governed by the Department of State Treasurer and a Board of Trustees. The Department and Board have contracted with Prudential Retirement to be the Plan Administrator. The Plan provides retirement benefits to benefited non-law enforcement employees of the County. The Rowan County Board of Commissioners has the authority to establish and amend benefit provisions.

*Funding Policy.* The County contributes to the Plan each month an amount equal to three percent of each eligible employee's salary, and all amounts contributed are vested immediately. County non-law enforcement employees may also make voluntary contributions to the Plan. Contributions for the year ended June 30, 2010 totaled \$1,167,419, which consisted of \$696,752 from the County and \$470,667 from non-law enforcement employees.

e. Register of Deeds' Supplemental Pension Fund

*Plan Description.* Rowan County also contributes to the Registers 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 eligible county register of deeds who 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 Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina, 27699-1410, or by calling 919-981-5454.

**ROWAN COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

2. Pension Plan and Other Postemployment Obligations (Continued)

e. Register of Deeds' Supplemental Pension Fund (Continued)

*Funding Policy.* On a monthly basis, the County remits to the Department of State Treasurer an amount equal to 1.5 percent of the monthly receipts collected pursuant to Article 1 of G.S. Chapter 161. Immediately following January 1 of each year, the Department of State Treasurer divides 93 percent of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2010, the County's required and actual contributions were \$9,754.

f. Healthcare Benefits Plan

*Plan Description.* Under the terms of a County resolution, the County administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). As of December 1, 2002, this plan provides postemployment healthcare benefits to retirees of the County, provided they participate in the North Carolina Local Governmental Employees' Retirement System (LGERS), have at least twenty years of creditable service with the County and are between 55 and 65 years of age at the time of retirement. The County pays the full cost of coverage for these benefits. Also, the County's retirees can purchase coverage for their dependents at the County's group rates. The Rowan County Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at December 31, 2009, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees and dependents receiving benefits	24	15
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	<u>649</u>	<u>103</u>
Total	<u>673</u>	<u>118</u>

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

2. Pension Plan and Other Postemployment Obligations (Continued)

f. Healthcare Benefits Plan (Continued)

*Funding Policy.* The County pays the full cost of healthcare benefits received by qualified retirees under a County resolution that can be amended by the County Board of Commissioners. The County's members pay \$210 per month for dependent coverage. The County has chosen to fund the HCB Plan on a pay-as-you-go basis.

The current annual required contribution (ARC) rate is 1.9 percent of annual covered payroll. For the current year, the County contributed \$449,811 or 1.6 percent of annual covered payroll. The County's healthcare plan is self-insured. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 1.2 percent and 3.5 percent of covered payroll, respectively. There were no contributions made by employees, except for dependent coverage in the amount of \$14,135. The County's obligation to contribute to the HCB Plan is established and may be amended by the County Board of Commissioners.

*Summary of Significant Accounting Policies:*

Basis of Accounting. Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

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

*Annual Other Postemployment Benefit (OPEB) Cost and Net OPEB Obligation.* The County's annual OPEB cost (expense) is calculated based on the ARC of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the healthcare benefits:

**ROWAN COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

2. Pension Plan and Other Postemployment Obligations (Continued)

f. Healthcare Benefits Plan (Continued)

Annual required contribution	\$ 530,616
Interest on net OPEB obligation	25,703
Adjustment to annual required contribution	<u>(22,175)</u>
Annual OPEB cost (expense)	534,144
Contributions made	<u>(449,811)</u>
Increase in net OPEB obligation	84,333
Net OPEB obligation, beginning of year	<u>642,566</u>
Net OPEB obligation, end of year	<u>\$ 726,899</u>

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

<u>For Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$ 882,662	27.2%	\$ 642,566
June 30, 2010	534,144	84.2%	726,899

*Funding Status and Funding Progress.* As of December 31, 2009, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$6,206,170. The covered payroll (annual payroll of active employees covered by the plan) was \$28,592,753 and the ratio of the UAAL to the covered payroll was 21.7 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

2. Pension Plan and Other Postemployment Obligations (Continued)

f. Healthcare Benefits Plan (Continued)

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is the expected long-term investment return on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend rate that varied between 10.5 to 5.0 percent. The investment rate included a 3.75 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2009 was 30 years.

3. Other Employment Benefits

Under the terms of a County resolution, the County provides death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (LGERS) (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 LGERS or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the LGERS at the time of death are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

3. Other Employment Benefits (Continued)

Benefit Plan. The County has no liability beyond the payment of monthly contributions. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. For the fiscal year ended June 30, 2010, the County made contributions to the State for death benefits of \$30,452. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

Under the terms of a County resolution, the County provides death and dismemberment benefits to employees through Reliastar Life Insurance Company (Reliastar). The beneficiaries of those employees who die in active service after the first day of the month following their ninetieth day of employment are eligible for death benefits. A lump-sum benefit payment of \$32,000 is paid to the employee's chosen beneficiary. Employees who sustain an accidental bodily injury resulting in certain losses of limbs and/or sight are eligible for dismemberment benefits. A lump-sum benefit payment not to exceed \$32,000 is paid to the insured employee. All benefit payments are made by Reliastar. The County has no liability beyond the payment of monthly contributions. For the fiscal year ended June 30, 2010, the County made contributions to Reliastar totaling \$44,221.

If an employee's beneficiaries receive death benefits in excess of \$50,000, the amount greater than \$50,000 is considered taxable to the employee as a fringe benefit.

4. Closure and Postclosure Care Costs - Rowan County Landfill Facility

State and federal laws and regulations require the County to place a final cover on its Landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the Landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$7,635,936 reported as landfill closure and postclosure care liability at June 30, 2010 represents a cumulative amount reported to-date, based on the use of 94 percent of the total estimated capacity of the current landfill cells. The County will recognize the remaining estimated cost of closure and postclosure care of \$487,400 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2010. The County expects to close the Landfill facility in the year 2081. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

**ROWAN COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

4. Closure and Postclosure Care Costs - Rowan County Landfill Facility (Continued)

The County has met the requirements of a local government financial test that is one option under State and federal laws and regulations that helps determine if a unit is financially able to meet closure and postclosure care requirements. The County expects that future inflation costs will be paid from investment earnings in the Landfill Fund or by charges to future landfill users.

5. Deferred / Unearned Revenues

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

	<u>Deferred Revenue</u>	<u>Unearned Revenue</u>
Prepaid taxes not yet earned (General Fund)	\$ -	\$ 66,229
Prepaid taxes not yet earned (Special Revenue Funds)	-	3,671
Taxes receivable (net) (General Fund), less penalties	3,362,971	-
Taxes receivable (net) (Special Revenue Funds)	256,867	-
Ambulance receivable (net) (General Fund)	539,153	-
Notes receivable (General Fund)	<u>995,500</u>	<u>-</u>
Total	<u>\$ 5,154,491</u>	<u>\$ 69,900</u>

6. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded liability programs. Both programs are accounted for in the Internal Service Fund. The County retains independent third-party administrators to process and verify the programs' claims. For professional and property coverage, the County operates in conjunction with Carolina Governmental Alliance,

**ROWAN COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

6. Risk Management (Continued)

Inc., a governmental corporation. The County retains the first \$350,000 in liability claims that are payable by Carolina Governmental Alliance, Inc. Excess liability insurance above the \$350,000 retention is purchased up to a total limit of \$2,000,000 per occurrence. For workers' compensation claims, the uninsured risk retention per incident is \$500,000. The County has purchased commercial insurance for claims in excess of that amount.

In accordance with G.S. 159-29, County employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Finance Director, Tax Collector, Register of Deeds and Sheriff are individually bonded for \$200,000, \$200,000, \$50,000 and \$25,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$300,000.

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.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether they are allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Changes in the balances of claims liabilities during the past two years are as follows:

	<u>Year Ended June 30</u>	
	<u>2010</u>	<u>2009</u>
Unpaid claims, beginning of fiscal year	\$ 147,484	\$ 114,542
Incurred claims (including IBNRs)	935,944	804,004
Claim payments	<u>(929,555)</u>	<u>(771,062)</u>
Unpaid claims, end of fiscal year	<u>\$ 153,873</u>	<u>\$ 147,484</u>

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**ROWAN COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

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**NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

7. Contingent Liabilities

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

8. Long-term Obligations

a. General Obligation Indebtedness

All general obligation bonds serviced by the County's General Fund are collateralized by the full faith, credit and taxing power of the County. The bonds bear interest, payable semi-annually, at rates varying from 3.0 percent to 5.0 percent. Principal and interest payments are appropriated when due.

The County's general obligation bonds payable at June 30, 2010 are comprised of the following individual issues:

\$19,800,000 2002 School Facility Refunding Serial Bonds due on May 1 in installments ranging from \$485,000 to \$1,845,000 through May 2016; interest ranging from 3.0% to 4.0%. The amount shown includes unamortized premium of \$40,630 and is net of unamortized deferred amount on refunding of \$830,477.	\$ 7,990,153
\$31,600,000 2003 School Facility Serial Bonds due on February 1 in installments ranging from \$800,000 to \$3,200,000 through February 2019; interest ranging from 3.0% to 5.0%. The amount shown includes unamortized premium of \$158,340.	24,758,340
\$6,635,000 2005 School Facility Refunding Serial Bonds due on February 1 in installments ranging from \$105,000 to \$1,130,000 through February 2016; interest ranging from 3.25% to 4.5%. The amount shown includes unamortized premium of \$37,735 and is net of unamortized deferred amount on refunding of \$191,193.	3,876,542

**ROWAN COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

8. Long-term Obligations (Continued)

a. General Obligation Indebtedness (Continued)

\$45,300,000 2005 School Facility Serial Bonds due on April 1 in installments ranging from \$2,000,000 to \$4,100,000 through April 2020; interest ranging from 3.0% to 5.0%. The amount shown includes unamortized premium of \$417,879. \$ 35,717,879

Total general obligation bonds \$ 72,342,914

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

Year Ending <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 7,270,000	\$ 3,122,183
2012	7,545,000	2,842,902
2013	7,680,000	2,543,413
2014	7,735,000	2,238,163
2015	7,800,000	1,897,749
2016-2020	<u>34,680,000</u>	<u>4,153,800</u>
Total	<u>\$ 72,710,000</u>	<u>\$ 16,798,210</u>

At June 30, 2010, Rowan County had a legal debt margin of \$850,786,203.

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**ROWAN COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

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**NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

8. Long-term Obligations (Continued)

b. Installment Purchase Agreements

As authorized by State law (G.S. 160A-20 and 153A-158.1), the County has entered into agreements to finance the acquisition and/or construction of certain assets such as land, facilities, water and sewer improvements, and equipment. All principal and interest payments are appropriated when due.

Installment purchase agreements at June 30, 2010 involve separate agreements as described below:

Serviced by the General Fund:

\$480,845 1996 installment purchase agreement for regional sewer improvement project, payable on May 1 in installments of \$24,042 through May 2016, plus interest at 3.385%, unsecured	\$ 144,254
\$7,830,213 2002 installment purchase agreement for construction of a water line, payable on November 1 and May 1 in installments of \$391,511 through May 2012, plus interest at 4.60%, secured by water line	1,566,043
\$6,000,000 2006 installment purchase agreement for construction of an elementary school, payable on February 1 and August 1 in installments of \$200,000 through August 2021, plus interest at 3.94%, secured by real property	4,013,620
\$3,800,000 2008 installment purchase agreement for renovation of Justice Center facilities, payable on September 1 and March 1 in installments of \$271,429 through March 2015, plus interest at 2.91%, secured by real property	2,714,286

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**ROWAN COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

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**NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

8. Long-term Obligations (Continued)

b. Installment Purchase Agreements (Continued)

\$5,132,000 2008 installment purchase agreement for building renovations and expansion, payable on March 1 and September 1 in installments of \$256,600 through September 2018, plus interest at 3.54%, secured by real property	\$ 4,362,200
\$722,000 2008 installment purchase agreement for the purchase of vehicles and equipment, payable on March 1 and September 1 in installments of \$125,094 through September 2011, including interest at 2.70%, secured by vehicles and equipment	365,371
\$3,400,000 2009 installment purchase agreement for construction of a classroom building at Rowan-Cabarrus Community College, payable on December 1 and June 1 in installments of 170,000 through June 2019, plus interest at 3.59%, secured by real property	3,060,000
\$1,075,000 2009 installment purchase agreement for the purchase of vehicles and equipment, payable on April 1 and October 1 in installments of \$187,627 through October 2012, including interest at 2.64%, secured by vehicles and equipment	902,166
\$2,750,000 2009 installment purchase agreement for construction of a sewer line, payable on May 1 and November 1 in installments of \$137,500 through November 2019, plus interest at 4.13%, secured by sewer line	<u>2,612,500</u>
Total installment purchase agreements	<u>\$19,740,440</u>

**ROWAN COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

8. Long-term Obligations (Continued)

b. Installment Purchase Agreements (Continued)

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

<u>Year Ending</u> <u>June 30</u>	<u>Government Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 3,473,862	\$ 688,663
2012	3,364,729	562,630
2013	2,280,287	450,092
2014	2,095,100	373,550
2015	2,095,100	299,448
2016-2020	6,417,742	584,994
2021	13,620	268
Total	<u>\$ 19,740,440</u>	<u>\$ 2,959,645</u>

The Rowan/Kannapolis ABC Board executed a note payable, secured by land and improvements, on December 14, 2006 in the amount of \$400,000. The proceeds were used to finance (1) the renovation and equipping of two new stores and (2) the consolidation of the F&M Bank note and the revolving line of credit. One hundred twenty monthly payments of \$4,146, including interest at 4.5 percent, are required. The principal balance as of June 30, 2010 was \$60,504.

The ABC Board executed a note payable on December 27, 2006 to purchase an automobile. The principal balance was \$27,895, with a zero percent interest rate, and requires payments of \$465 for 60 months. The principal balance at June 30, 2010 was \$8,369.

**ROWAN COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

8. Long-term Obligations (Continued)

b. Installment Purchase Agreements (Continued)

Annual debt service requirements to maturity for the ABC Board's installment purchase agreements are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 43,482	\$ 1,740
2012	<u>25,391</u>	<u>94</u>
Total	<u>\$ 68,873</u>	<u>\$ 1,834</u>

c. Long-term Obligation Activity

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

	<u>Balances July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances June 30, 2010</u>	<u>Current Portion of Balance</u>
<b>Governmental activities:</b>					
General obligation bonds	\$ 79,025,000	\$ -	\$ 6,315,000	\$ 72,710,000	\$ 7,270,000
Plus: Premium on issuance	780,252	-	125,668	654,584	118,024
Less: Deferred amount on refunding	<u>(1,192,689)</u>	<u>-</u>	<u>(171,019)</u>	<u>(1,021,670)</u>	<u>(175,986)</u>
Total general obligation debt	78,612,563	-	6,269,649	72,342,914	7,212,038
Installment purchase agreements	20,481,694	3,825,000	4,566,254	19,740,440	3,473,862
Compensated absences	2,457,327	1,671,022	1,662,626	2,465,723	1,440,214
Net pension obligation	1,179,004	233,680	175,914	1,236,770	-
Other postemployment benefits	<u>600,811</u>	<u>491,108</u>	<u>449,811</u>	<u>642,108</u>	<u>-</u>
Total governmental activities	<u>\$103,331,399</u>	<u>\$ 6,220,810</u>	<u>\$13,124,254</u>	<u>\$ 96,427,955</u>	<u>\$12,126,114</u>

**ROWAN COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

8. Long-term Obligations (Continued)

c. Long-term Obligation Activity (Continued)

	Balances July 1, 2009	Additions	Retirements	Balances June 30, 2010	Current Portion of Balance
<b>Business-type activities:</b>					
Accrued landfill closure and postclosure care costs	\$ 6,622,285	\$ 1,013,651	\$ -	\$ 7,635,936	\$ -
Compensated absences	99,600	55,345	58,918	96,027	45,000
Other postemployment benefits	41,755	43,036	-	84,791	-
Total business-type activities	<u>\$ 6,763,640</u>	<u>\$ 1,112,032</u>	<u>\$ 58,918</u>	<u>\$ 7,816,754</u>	<u>\$ 45,000</u>
<b>Rowan/Kannapolis ABC Board:</b>					
Installment purchase agreements	\$ 163,737	-	\$ 94,864	\$ 68,873	\$ 43,482

Compensated absences, net pension obligation and other postemployment benefits for governmental activities typically have been liquidated in the General Fund and are accounted for on a last in, first out (LIFO) basis, assuming that employees are taking leave time as it is earned.

d. Conduit Debt Obligations

Rowan County Industrial Facilities and Pollution Control Financing 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. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2010, there were five series of industrial revenue bonds outstanding, with an aggregate principal amount payable of \$21,265,000.

**ROWAN COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)**

**C. Fund Balance - Designated for Special Purposes**

The components of *fund balance - designated for special purposes* as of June 30, 2010 are as follows:

Designated for cooperative extension	\$ 63,294
Designated for emergency services	2,361
Designated for health	292,070
Designated for library	32,267
Designated for parks	416,515
Designated for senior services	12,363
Designated for sheriff's department	413,963
Designated for social services	151,561
Designated for soil and water	<u>5,732</u>
Total	<u>\$ 1,390,126</u>

**D. Interfund Balances and Activity**

1. Interfund Balances

The composition of interfund balances at June 30, 2010 is as follows:

Due to the General Fund from the Community Development Fund for rehabilitation costs for which grant reimbursements will be received	\$ 254,783
Due to General Fund from the RDH Water Capital Projects Fund for water line expenditures for which grant reimbursements will be received	151,316
Due to General Fund from the Satellite Jail Capital Projects Fund for land acquisition and design costs that will be reimbursed when installment purchase obligations are issued	<u>726,544</u>
Total	<u>\$ 1,132,643</u>

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**ROWAN COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

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**NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)**

**D. Interfund Balances and Activity (Continued)**

1. Interfund Balances (Continued)

Due to the General Fund of the Primary Government for taxes and profit distribution  
from the Component Unit \$ 37,882

2. Interfund Activity

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

From the General Fund to the Airport Fund to supplement other funding sources \$ (230,150)

From the General Fund to the Risk Management Fund for professional and property  
liability costs (625,000)

Total \$ (855,150)

From the Sports Authority Fund to the General Fund to supplement other funding sources \$ 153,000

From the Public Schools 2002 Capital Projects Fund to the General Fund to close the  
Capital Projects Fund 1,148,116

Total \$ 1,301,116

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**ROWAN COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

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**NOTE 4 - JOINT VENTURES**

The County participates in a joint venture to operate Piedmont Behavioral Healthcare (PBH) with four other local governments. Each participating government appoints four board members to the twenty-member board. The County has an ongoing financial responsibility for the joint venture because PBH's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in PBH, so no equity interest has been reflected in the financial statements at June 30, 2010. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$563,420 to PBH to supplement its activities. Complete financial statements for PBH may be obtained from their administrative offices at 245 Le Phillip Court NE, Concord, NC 28025.

The County, in conjunction with the State of North Carolina, Rowan-Cabarrus Community College and Cabarrus County, participates in a joint venture to operate the Rowan-Cabarrus Community College. Each of the four participants, except Cabarrus County who only appoints two members, appoints four members of the fifteen-member board of trustees of the community college. The president of the community college's student government association serves as a non-voting, *ex officio* member of the board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$2,693,046 and \$1,845,090 to the community college for capital and operating purposes, respectively, during the fiscal year ended June 30, 2010. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2010. Complete financial statements for the community college may be obtained from the community college's administrative offices at P.O. Box 1595, Salisbury, NC 28145.

**NOTE 5 - JOINTLY GOVERNED ORGANIZATION**

The County, in conjunction with eight other counties and forty-nine municipalities, established 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 \$34,122 to the Council during the fiscal year ended June 30, 2010. The County was the subrecipient of grants totaling \$1,114,863 from the Division of Aging of the North Carolina Department of Health and Human Services that was passed through the Council.

**ROWAN COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

**NOTE 6 - BENEFIT PAYMENTS ISSUED BY THE STATE**

The amounts listed below were paid directly to individual recipients by the State from federal and State monies. County personnel are involved with certain functions, primarily eligibility determinations, that cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients and 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	\$112,257,777	\$ 39,422,364
Supplemental Nutrition Assistance Program	30,787,690	-
Temporary Assistance to Needy Families	920,918	-
Women, Infants and Children	2,559,280	-
Domiciliary Care	-	1,112,714
Energy Assistance	832,512	-
Title IV-E Adoption Assistance	761,710	157,931
Title IV-B Adoption Assistance	-	421,241
Refugee Assistance	<u>1,652</u>	<u>-</u>
	<u>\$148,121,539</u>	<u>\$ 41,114,250</u>

**NOTE 7 - SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES**

**Federal and State Assisted Programs**

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

**NOTE 8 - COMPARATIVE DATA / RECLASSIFICATIONS**

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the County's financial position and operations. Comparative totals have not been included on the statements where their inclusion would not provide an enhanced understanding of the County's financial position or would cause the statements to be unduly complex or difficult to understand. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

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*

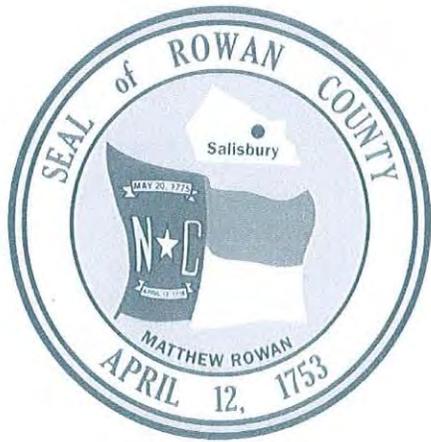
*Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance*

*Schedule of Funding Progress for Other Postemployment Benefits*

*Schedule of Employer Contributions for Other Postemployment Benefits*

*Notes to the Required Schedules for Other Postemployment Benefits*

**Required  
Supplemental  
Financial Data**



LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a ÷ b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a) ÷ c]
12/31/00	\$ -	\$ 1,114,856	\$ 1,114,856	0%	\$ 3,027,418	36.8%
12/31/01	-	1,303,937	1,303,937	0%	3,171,958	41.1%
12/31/02	-	1,403,841	1,403,841	0%	3,427,767	41.0%
12/31/03	-	1,615,002	1,615,002	0%	3,443,637	46.9%
12/31/04	-	1,614,897	1,614,897	0%	3,511,008	46.0%
12/31/05	-	1,681,462	1,681,462	0%	3,967,984	42.4%
12/31/06	-	1,679,673	1,679,673	0%	3,927,493	42.8%
12/31/07	-	1,949,165	1,949,165	0%	4,220,556	46.2%
12/31/08	-	2,108,547	2,108,547	0%	4,386,342	48.1%
12/31/09	-	2,519,236	2,519,236	0%	4,182,461	60.2%

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2001	\$ 99,758	19.8%
2002	133,360	24.5%
2003	150,458	35.9%
2004	166,383	51.6%
2005	181,948	45.9%
2006	184,128	41.4%
2007	176,877	56.3%
2008	178,571	61.0%
2009	203,058	55.9%
2010	222,471	79.1%

**Notes to the Required Schedules:**

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

Valuation date	December 31, 2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	22 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	4.5 - 12.3%
*Includes inflation at	3.75%
Cost-of-living adjustments	None

**ROWAN COUNTY, NORTH CAROLINA**  
**OTHER POSTEMPLOYMENT BENEFITS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS**

**EXHIBIT A-3**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a ÷ b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b - a) ÷ c]</u>
12/31/07	\$ -	\$ 8,349,720	\$ 8,349,720	0%	\$ 26,629,686	31.4%
12/31/09	-	6,206,170	6,206,170	0%	28,592,753	21.7%

**ROWAN COUNTY, NORTH CAROLINA**  
**OTHER POSTEMPLOYMENT BENEFITS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

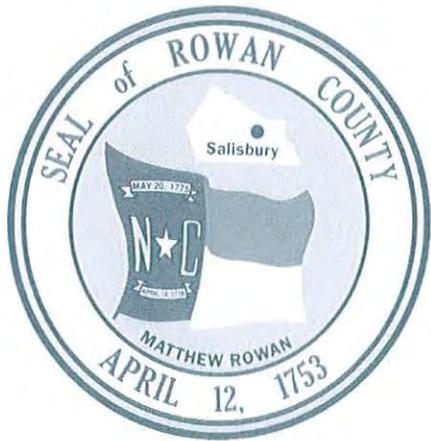
<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2009	\$ 882,662	27.2%
2010	530,616	84.7%

**Notes to the Required Schedules:**

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

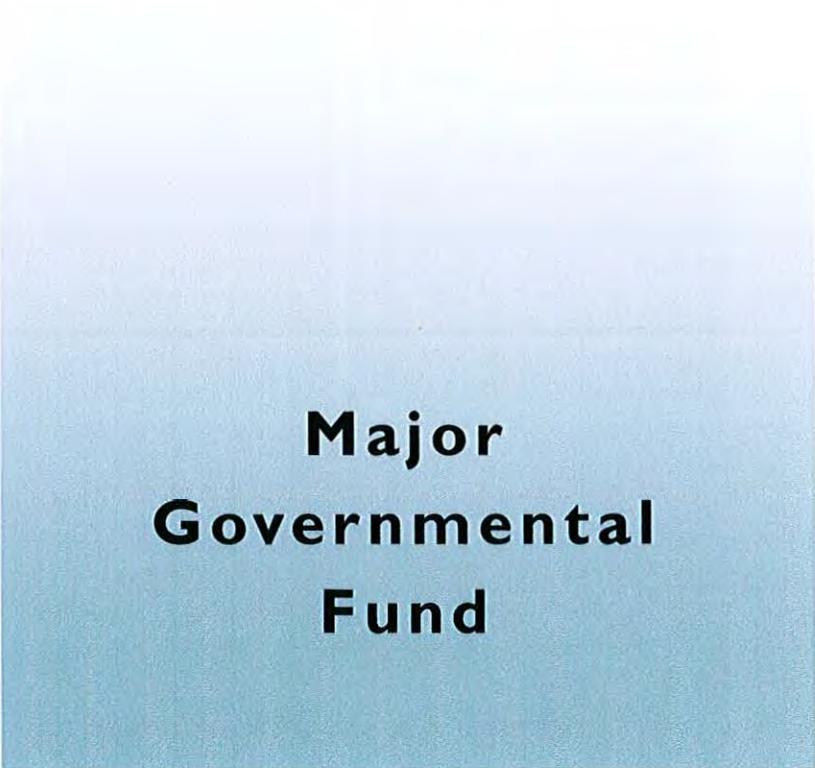
Valuation date	December 31, 2009
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend	10.50 - 5.00%
*Includes inflation at	3.75%

**Combining and  
Individual Fund  
Statements and  
Schedules**



### **General Fund**

Accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.



**Major  
Governmental  
Fund**

**ROWAN COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**BALANCE SHEET**  
**June 30, 2010**  
**With Comparative Totals at June 30, 2009**

**EXHIBIT B-1**

	June 30, 2010	June 30, 2009
<b>ASSETS</b>		
Cash and cash equivalents	\$ 36,075,180	\$ 37,416,284
Receivables (net)	7,941,285	6,994,315
Due from other funds	1,132,643	259,155
Due from other governments	3,632,489	4,439,459
Due from component unit	37,882	219,346
Inventories	50,937	50,474
Notes receivable	995,500	1,490,330
	<u>995,500</u>	<u>1,490,330</u>
Total assets	<u>\$ 49,865,916</u>	<u>\$ 50,869,363</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 4,839,661	\$ 4,688,996
Unearned revenue	66,229	32,033
Deferred revenue	4,897,624	4,806,484
Total liabilities	<u>9,803,514</u>	<u>9,527,513</u>
Fund balance:		
Reserved for inventories	50,937	50,474
Reserved for encumbrances	308,067	318,132
Reserved by State statute	8,842,175	8,596,121
Reserved for Register of deeds	47,994	50,827
Unreserved:		
Designated for subsequent year's expenditures	10,675,774	7,213,310
Designated for special purposes	1,390,126	2,925,466
Undesignated	18,747,329	22,187,520
Total fund balance	<u>40,062,402</u>	<u>41,341,850</u>
Total liabilities and fund balance	<u>\$ 49,865,916</u>	<u>\$ 50,869,363</u>

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2010

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	2010		Variance Positive (Negative)	2009
	Final Budget	Actual		Actual
<b>REVENUES:</b>				
Ad valorem taxes:				
Taxes		\$ 68,811,391		\$ 68,486,428
Interest		873,245		823,462
Total ad valorem taxes	\$ 69,282,771	69,684,636	\$ 401,865	69,309,890
Local option sales taxes:				
Article 39 and 44: 1 percent		5,961,141		8,778,782
Article 40: .5 percent		4,724,672		4,919,324
Article 42: .5 percent		3,814,912		4,882,379
Total local option sales taxes	14,750,000	14,500,725	(249,275)	18,580,485
Other taxes and licenses:				
Franchise fees		521,186		554,467
Occupancy tax		320,294		302,666
Privilege licenses		18,155		14,521
Real estate transfer tax		251,657		280,396
Rental vehicle tax		39,873		37,313
Total other taxes and licenses	1,270,300	1,151,165	(119,135)	1,189,363
Unrestricted intergovernmental:				
ABC profit distribution		216,167		281,000
Beer and wine tax		112,620		348,181
Payments in lieu of taxes - outside sources		20,890		20,682
Total unrestricted intergovernmental	321,585	349,677	28,092	649,863

Continued on next page.

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2010

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	2010		Variance Positive (Negative)	2009
	Final Budget	Actual		Actual
REVENUES (Continued):				
Restricted intergovernmental:				
Federal grants		\$ 17,416,183		\$ 15,785,569
State grants		4,593,636		6,621,923
Local contributions		995,499		693,297
Lottery proceeds		2,500,000		2,145,000
ABC bottle taxes		33,981		34,393
Court facilities fees		273,273		294,331
Total restricted intergovernmental	\$ 27,490,772	25,812,572	\$ (1,678,200)	25,574,513
Permits and fees:				
Building permits		442,922		498,132
Other permits		95,595		149,670
Register of deeds		565,022		592,852
Total permits and fees	1,172,000	1,103,539	(68,461)	1,240,654
Sales and services:				
Rents, concessions and fees		1,714,154		1,702,418
Ambulance fees		2,843,885		2,491,033
Health fees		327,781		428,236
Jail fees		299,914		275,843
Recreation fees		827,196		831,263
Tax collection fees		292,518		286,396
Total sales and services	5,595,725	6,305,448	709,723	6,015,189

Continued on next page.

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2010

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	2010		Variance Positive (Negative)	2009
	Final Budget	Actual		Actual
REVENUES (Continued):				
Investment earnings	\$ 801,725	\$ 486,713	\$ (315,012)	\$ 1,371,553
Miscellaneous:				
Sale of materials		302,996		300,688
Donations		343,756		246,893
Other		152,655		55,548
Total miscellaneous	550,639	799,407	248,768	603,129
Total revenues	121,235,517	120,193,882	(1,041,635)	124,534,639
EXPENDITURES:				
General government:				
Governing body	114,301	105,188	9,113	111,722
County manager	289,934	280,139	9,795	284,834
Finance	1,088,967	1,007,210	81,757	860,079
Human Resources	496,489	434,109	62,380	520,688
Elections	472,955	370,271	102,684	389,133
Tax assessor	1,591,281	1,558,519	32,762	1,640,034
Tax collector	627,785	596,467	31,318	564,976
Register of deeds	688,369	663,919	24,450	604,181
Public buildings	2,372,825	2,204,039	168,786	2,405,531
Court facilities	480,664	445,807	34,857	436,341
Information systems	2,053,515	1,965,448	88,067	1,917,914
Other general government	1,322,671	393,495	929,176	522,995
Total general government	11,599,756	10,024,611	1,575,145	10,258,428

Continued on next page.

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2010

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	2010		Variance Positive (Negative)	2009
	Final Budget	Actual		Actual
EXPENDITURES (Continued):				
Public safety:				
Sheriff	\$ 8,332,373	\$ 8,132,834	\$ 199,539	\$ 8,330,139
Jail	5,081,490	4,776,935	304,555	4,622,146
Emergency communications	1,471,702	1,387,078	84,624	1,591,099
Emergency management	777,508	674,150	103,358	505,018
Rescue units	3,663,609	3,599,196	64,413	4,184,439
Animal control	669,779	575,357	94,422	571,423
Medical examiner	73,000	61,500	11,500	76,100
Pre-trial services program	87,897	73,238	14,659	76,885
Codes enforcement	851,050	819,400	31,650	973,787
Other public safety	1,920,475	1,627,732	292,743	1,037,444
Total public safety	<u>22,928,883</u>	<u>21,727,420</u>	<u>1,201,463</u>	<u>21,968,480</u>
Transportation:				
Rowan Transit System	1,079,579	816,230	263,349	530,758
Total transportation	<u>1,079,579</u>	<u>816,230</u>	<u>263,349</u>	<u>530,758</u>
Economic and physical development:				
Planning	734,099	661,747	72,352	636,115
Tourism Authority	328,000	317,091	10,909	299,639
Agricultural extension	317,343	225,111	92,232	268,114
Soil and water conservation	417,562	59,284	358,278	83,183
Industrial parks	26,000	15,244	10,756	14,651
Other economic and physical development	1,288,742	728,137	560,605	582,191
Total economic and physical development	<u>3,111,746</u>	<u>2,006,614</u>	<u>1,105,132</u>	<u>1,883,893</u>

Continued on next page.

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2010

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	2010		Variance Positive (Negative)	2009
	Final Budget	Actual		Actual
EXPENDITURES (Continued):				
Human services:				
Health:				
Administration		\$ 431,573		\$ 447,073
Dental clinic		642,550		640,358
Women's preventive health (Family planning)		582,867		568,199
Child health and primary care		567,913		680,230
Maternal health		648,624		711,497
Women, infants and children		624,459		511,317
Adult health		1,354,422		1,297,823
Environmental health		777,486		817,487
Total health	\$ 6,569,292	5,629,894	\$ 939,398	5,673,984
Mental health	601,420	597,401	4,019	597,813
Senior services	1,746,306	1,627,608	118,698	1,601,505
Social services:				
Administration		1,883,057		1,523,922
Child day care		4,785,211		4,594,612
Work first		2,054,664		2,141,942
Other social service programs		3,171,185		2,545,856
Income maintenance programs		3,902,459		3,715,812
Child support enforcement		766,044		1,092,476
Foster care program		2,639,641		1,998,493
Medical assistance program		-		2,854,412
Other programs		2,359,788		2,521,021
Total social services	23,250,662	21,562,049	1,688,613	22,988,546

Continued on next page.

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2010

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	2010		Variance Positive (Negative)	2009
	Final Budget	Actual		Actual
EXPENDITURES (Continued):				
Human services (Continued):				
Veterans service officer	\$ 50,491	\$ 47,001	\$ 3,490	\$ 48,767
Other human services	130,032	130,032	-	110,032
Total human services	32,348,203	29,593,985	2,754,218	31,020,647
Culture and recreation:				
Recreation	2,598,600	2,352,264	246,336	2,471,075
Libraries	3,020,963	2,893,639	127,324	2,993,748
Other culture and recreation	82,402	72,402	10,000	69,402
Total culture and recreation	5,701,965	5,318,305	383,660	5,534,225
Education:				
Public schools	36,661,013	36,459,559	201,454	39,485,787
Community college	2,105,220	2,105,220	-	2,157,602
Total education	38,766,233	38,564,779	201,454	41,643,389
Debt service:				
Principal retirement	11,230,229	10,881,254	348,975	9,503,401
Interest and other charges	4,143,946	4,088,470	55,476	4,100,701
Total debt service	15,374,175	14,969,724	404,451	13,604,102
Total expenditures	130,910,540	123,021,668	7,888,872	126,443,922

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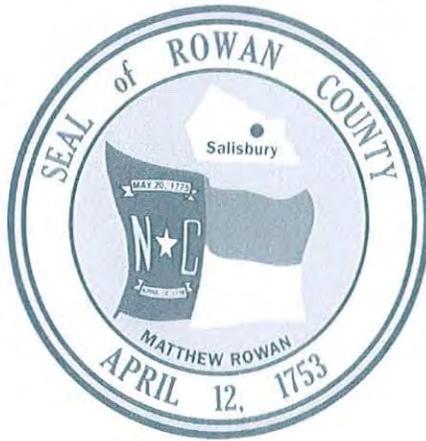
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2010

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	2010		Variance Positive (Negative)	2009
	Final Budget	Actual		Actual
Revenues under expenditures	\$ (9,675,023)	\$ (2,827,786)	\$ 6,847,237	\$ (1,909,283)
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	1,301,115	1,301,116	1	953,000
Transfers to other funds	(855,150)	(855,150)	-	(887,102)
Installment purchase obligations issued	1,075,000	1,075,000	-	722,000
Sale of capital assets	225,000	26,909	(198,091)	58,000
Total other financing sources (uses)	<u>1,745,965</u>	<u>1,547,875</u>	<u>(198,090)</u>	<u>845,898</u>
Revenues and other financing sources under expenditures and other financing uses	(7,929,058)	(1,279,911)	6,649,147	(1,063,385)
APPROPRIATED FUND BALANCE	<u>7,929,058</u>	<u>-</u>	<u>(7,929,058)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	(1,279,911)	<u>\$ (1,279,911)</u>	(1,063,385)
FUND BALANCE:				
Beginning of year, July 1		41,341,850		42,379,323
Increase in inventories		<u>463</u>		<u>25,912</u>
End of year, June 30		<u>\$ 40,062,402</u>		<u>\$ 41,341,850</u>



**Community Development Fund**

Accounts for the grant revenues received from the Community Development Block Grant and the HOME Consortium Grant to fund community development.

**Emergency Telephone System Fund**

Accounts for the 911 revenues received by the State 911 Board to enhance the State's 911 system.

**Fire District Fund**

Accounts for the tax revenues collected by the County on behalf of the various fire districts located within the County.

**DSS Facility Capital Projects Fund**

Accounts for funds used in the planning, design and construction of a new Department of Social Services facility.

**Justice Center III Capital Projects Fund**

Accounts for funds used in the planning, design and construction of new courtrooms and completion of the jail pod.

**Public Schools 2002 Capital Projects Fund**

Accounts for funds used in the planning, design, construction and renovation of Rowan-Salisbury and Kannapolis City Schools from bonds authorized in 2002.

**RCCC Building Capital Projects Fund**

Accounts for funds used in the planning, design and construction of a new classroom building on Rowan-Cabarrus Community College's North Campus.

**RDH Water Capital Projects Fund**

Accounts for funds used in the planning, design and construction of a water line to provide domestic water and fire protection to RDH Properties, LLC.

**Satellite Jail Capital Projects Fund**

Accounts for funds used in the planning, design and construction of a new satellite jail facility.

**Town Creek Sewer Capital Projects Fund**

Accounts for funds used in the planning, design and construction of a sewer line along the Interstate 85 corridor.

**Nonmajor  
Governmental  
Funds**

**ROWAN COUNTY, NORTH CAROLINA**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2010**

	Special Revenue Funds			Total Nonmajor Special Revenue Funds
	Community Development Fund	Emergency Telephone System Fund	Fire District Fund	
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 1,125,157	\$ 84,696	\$ 1,209,853
Receivables (net)	-	-	256,867	256,867
Due from other governments	372,884	62,464	-	435,348
Restricted cash and cash equivalents	-	-	-	-
<b>Total assets</b>	<b>\$ 372,884</b>	<b>\$ 1,187,621</b>	<b>\$ 341,563</b>	<b>\$ 1,902,068</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 118,101	\$ 4,195	\$ 81,025	\$ 203,321
Due to other funds	254,783	-	-	254,783
Contract retainage	-	-	-	-
Unearned revenue	-	-	3,671	3,671
Deferred revenue	-	-	256,867	256,867
<b>Total liabilities</b>	<b>372,884</b>	<b>4,195</b>	<b>341,563</b>	<b>718,642</b>
<b>Fund balances:</b>				
Reserved by State statute	-	62,464	-	62,464
Unreserved	-	1,120,962	-	1,120,962
<b>Total fund balances</b>	<b>-</b>	<b>1,183,426</b>	<b>-</b>	<b>1,183,426</b>
<b>Total liabilities and fund balances</b>	<b>\$ 372,884</b>	<b>\$ 1,187,621</b>	<b>\$ 341,563</b>	<b>\$ 1,902,068</b>

Capital Projects Funds								
DSS Facility Capital Projects Fund	Justice Center III Capital Projects Fund	Public Schools 2002 Capital Projects Fund	RCCC Building Capital Projects Fund	RDH Water Capital Projects Fund	Satellite Jail Capital Projects Fund	Town Creek Sewer Capital Projects Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
\$ -	\$ 333,399	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 333,399	\$ 1,543,252
-	-	-	-	-	-	-	-	256,867
-	-	-	-	151,316	-	-	151,316	586,664
974,461	-	-	618,424	-	-	2,083,944	3,676,829	3,676,829
<u>\$ 974,461</u>	<u>\$ 333,399</u>	<u>\$ -</u>	<u>\$ 618,424</u>	<u>\$ 151,316</u>	<u>\$ -</u>	<u>\$ 2,083,944</u>	<u>\$ 4,161,544</u>	<u>\$ 6,063,612</u>
\$ 200,654	\$ 23,978	\$ -	\$ 221,218	\$ -	\$ -	\$ -	\$ 445,850	\$ 649,171
-	-	-	-	151,316	726,544	-	877,860	1,132,643
150,619	99,343	-	-	-	-	-	249,962	249,962
-	-	-	-	-	-	-	-	3,671
-	-	-	-	-	-	-	-	256,867
351,273	123,321	-	221,218	151,316	726,544	-	1,573,672	2,292,314
-	-	-	-	-	-	-	-	62,464
623,188	210,078	-	397,206	-	(726,544)	2,083,944	2,587,872	3,708,834
623,188	210,078	-	397,206	-	(726,544)	2,083,944	2,587,872	3,771,298
<u>\$ 974,461</u>	<u>\$ 333,399</u>	<u>\$ -</u>	<u>\$ 618,424</u>	<u>\$ 151,316</u>	<u>\$ -</u>	<u>\$ 2,083,944</u>	<u>\$ 4,161,544</u>	<u>\$ 6,063,612</u>

**ROWAN COUNTY, NORTH CAROLINA**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**For the Fiscal Year Ended June 30, 2010**

	Special Revenue Funds			Total Nonmajor Special Revenue Funds
	Community Development Fund	Emergency Telephone System Fund	Fire District Fund	
REVENUES:				
Ad valorem taxes	\$ -	\$ -	\$ 3,837,842	\$ 3,837,842
Restricted intergovernmental	873,415	749,570	-	1,622,985
Investment earnings	-	1,740	-	1,740
Total revenues	<u>873,415</u>	<u>751,310</u>	<u>3,837,842</u>	<u>5,462,567</u>
EXPENDITURES:				
Current:				
Public safety	-	309,020	3,837,842	4,146,862
Economic and physical development	873,415	-	-	873,415
Capital outlay	-	-	-	-
Total expenditures	<u>873,415</u>	<u>309,020</u>	<u>3,837,842</u>	<u>5,020,277</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>442,290</u>	<u>-</u>	<u>442,290</u>
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	-	-	-	-
Installment purchase obligations issued	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	442,290	-	442,290
FUND BALANCES:				
Beginning of year, July 1	<u>-</u>	<u>741,136</u>	<u>-</u>	<u>741,136</u>
End of year, June 30	<u>\$ -</u>	<u>\$ 1,183,426</u>	<u>\$ -</u>	<u>\$ 1,183,426</u>

Capital Projects Funds								
DSS Facility Capital Projects Fund	Justice Center III Capital Projects Fund	Public Schools 2002 Capital Projects Fund	RCCC Building Capital Projects Fund	RDH Water Capital Projects Fund	Satellite Jail Capital Projects Fund	Town Creek Sewer Capital Projects Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,837,842
-	-	-	-	17,194	-	-	17,194	1,640,179
5,297	1,199	1,090	2,277	-	-	1,577	11,440	13,180
<u>5,297</u>	<u>1,199</u>	<u>1,090</u>	<u>2,277</u>	<u>17,194</u>	<u>-</u>	<u>1,577</u>	<u>28,634</u>	<u>5,491,201</u>
-	-	-	-	-	-	-	-	4,146,862
-	-	-	-	-	-	-	-	873,415
2,674,304	469,236	336,245	2,432,916	17,194	726,544	667,633	7,324,072	7,324,072
<u>2,674,304</u>	<u>469,236</u>	<u>336,245</u>	<u>2,432,916</u>	<u>17,194</u>	<u>726,544</u>	<u>667,633</u>	<u>7,324,072</u>	<u>12,344,349</u>
(2,669,007)	(468,037)	(335,155)	(2,430,639)	-	(726,544)	(666,056)	(7,295,438)	(6,853,148)
-	-	(1,148,116)	-	-	-	-	(1,148,116)	(1,148,116)
-	-	-	-	-	-	2,750,000	2,750,000	2,750,000
-	-	<u>(1,148,116)</u>	-	-	-	<u>2,750,000</u>	<u>1,601,884</u>	<u>1,601,884</u>
(2,669,007)	(468,037)	(1,483,271)	(2,430,639)	-	(726,544)	2,083,944	(5,693,554)	(5,251,264)
3,292,195	678,115	1,483,271	2,827,845	-	-	-	8,281,426	9,022,562
<u>\$ 623,188</u>	<u>\$ 210,078</u>	<u>\$ -</u>	<u>\$ 397,206</u>	<u>\$ -</u>	<u>\$ (726,544)</u>	<u>\$ 2,083,944</u>	<u>\$ 2,587,872</u>	<u>\$ 3,771,298</u>

**ROWAN COUNTY, NORTH CAROLINA  
COMMUNITY DEVELOPMENT FUND**

**EXHIBIT B-5**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
From Inception and for the Fiscal Year Ended June 30, 2010**

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
<b>REVENUES:</b>					
Restricted intergovernmental:					
Community Development Block Grant	\$ 900,000	\$ 408,243	\$ 217,188	\$ 625,431	\$ (274,569)
Duke Home Energy Loan Pool	80,000	17,682	92,470	110,152	30,152
HOME Consortium Grant	574,843	248,984	181,712	430,696	(144,147)
Lead Assistance Partnership Loan Pool	88,000	-	13,695	13,695	(74,305)
Single Family Rehabilitation Program	397,000	28,427	368,350	396,777	(223)
Miscellaneous	10,000	10,000	-	10,000	-
Total revenues	<u>2,049,843</u>	<u>713,336</u>	<u>873,415</u>	<u>1,586,751</u>	<u>(463,092)</u>
<b>EXPENDITURES:</b>					
Economic and physical development:					
Administration	206,680	79,376	98,082	177,458	29,222
Down payment assistance	20,000	10,000	-	10,000	10,000
New construction	190,676	72,447	44,992	117,439	73,237
Rehabilitation	1,657,487	576,513	730,341	1,306,854	350,633
Total expenditures	<u>2,074,843</u>	<u>738,336</u>	<u>873,415</u>	<u>1,611,751</u>	<u>463,092</u>
Revenues under expenditures	(25,000)	(25,000)	-	(25,000)	-
<b>OTHER FINANCING SOURCES:</b>					
Transfers from other funds	25,000	25,000	-	25,000	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>FUND BALANCE:</b>					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ -</u>		

EMERGENCY TELEPHONE SYSTEM FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2010

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	2010		Variance	2009
	Final Budget	Actual	Positive (Negative)	Actual
REVENUES:				
Restricted intergovernmental:				
State 911 fees	\$ 750,000	\$ 749,570	\$ (430)	\$ 835,750
Investment earnings	6,000	1,740	(4,260)	9,860
Total revenues	756,000	751,310	(4,690)	845,610
EXPENDITURES:				
Current:				
Public safety:				
Emergency communications	756,000	309,020	446,980	663,950
Net change in fund balance	\$ -	442,290	\$ 442,290	181,660
FUND BALANCE:				
Beginning of year, July 1		741,136		559,476
End of year, June 30		\$ 1,183,426		\$ 741,136

FIRE DISTRICT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2010

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	2010		Variance Positive (Negative)	2009
	Final Budget	Actual		Actual
REVENUES:				
Ad valorem taxes	\$ 3,840,203	\$ 3,837,842	\$ (2,361)	\$ 3,682,000
EXPENDITURES:				
Current:				
Public safety:				
Atwell Township Fire District	316,435	316,431	4	310,924
Bostian Heights Fire District	450,187	450,080	107	443,951
Cleveland Fire District	275,900	275,643	257	334,524
East Gold Hill Fire District	74,702	74,546	156	73,657
East Landis Fire District	10,341	10,336	5	3,797
East Rowan Fire District	13,160	13,019	141	14,156
Ellis Cross Country Fire District	79,295	79,293	2	78,942
Enochville Fire District	175,598	175,598	-	174,587
Franklin Fire District	174,925	174,921	4	169,938
Liberty Fire District	193,522	193,088	434	192,046
Locke Township Fire District	453,950	453,949	1	440,079
Miller Ferry Fire District	231,721	231,717	4	147,407
Mount Mitchell Fire District	60,282	60,280	2	66,832
Poole Town Fire District	53,115	52,936	179	58,051
Richfield-Misenheimer Fire District	7,629	7,625	4	6,817

Continued on next page.

FIRE DISTRICT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2010

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	2010		Variance Positive (Negative)	2009
	Final Budget	Actual		Actual
EXPENDITURES (Continued):				
Current (Continued):				
Public safety (Continued):				
Rockwell Rural Fire District	\$ 390,700	\$ 390,324	\$ 376	\$ 331,118
Rowan Iredell Fire District	31,405	31,018	387	31,117
Scotch Irish Fire District	48,387	48,384	3	45,119
South Rowan Fire District	18,956	18,675	281	18,249
South Salisbury Fire District	248,481	248,479	2	222,615
Union Fire District	120,816	120,813	3	120,025
West Rowan Fire District	183,455	183,450	5	180,624
Woodleaf Fire District	227,241	227,237	4	217,425
Total expenditures	<u>3,840,203</u>	<u>3,837,842</u>	<u>2,361</u>	<u>3,682,000</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
FUND BALANCE:				
Beginning of year, July 1		<u>-</u>		<u>-</u>
End of year, June 30		<u>\$ -</u>		<u>\$ -</u>

DSS FACILITY CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

From Inception and for the Fiscal Year Ended June 30, 2010

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
REVENUES:					
Investment earnings	\$ 35,000	\$ 16,664	\$ 5,297	\$ 21,961	\$ (13,039)
EXPENDITURES:					
Capital outlay:					
Human services:					
Building	<u>5,167,000</u>	<u>1,856,469</u>	<u>2,674,304</u>	<u>4,530,773</u>	<u>636,227</u>
Revenues under expenditures	<u>(5,132,000)</u>	<u>(1,839,805)</u>	<u>(2,669,007)</u>	<u>(4,508,812)</u>	<u>623,188</u>
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	800,000	800,000	-	800,000	-
Transfers to other funds	(800,000)	(800,000)	-	(800,000)	-
Installment purchase obligations issued	<u>5,132,000</u>	<u>5,132,000</u>	<u>-</u>	<u>5,132,000</u>	<u>-</u>
Total other financing sources (uses)	<u>5,132,000</u>	<u>5,132,000</u>	<u>-</u>	<u>5,132,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,292,195</u>	<u>(2,669,007)</u>	<u>\$ 623,188</u>	<u>\$ 623,188</u>
FUND BALANCE:					
Beginning of year, July 1			<u>3,292,195</u>		
End of year, June 30			<u>\$ 623,188</u>		

JUSTICE CENTER III CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

From Inception and for the Fiscal Year Ended June 30, 2010

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
REVENUES:					
Investment earnings	\$ 60,000	\$ 47,218	\$ 1,199	\$ 48,417	\$ (11,583)
EXPENDITURES:					
Capital outlay:					
Public safety:					
Building improvements	<u>4,418,223</u>	<u>3,727,326</u>	<u>469,236</u>	<u>4,196,562</u>	<u>221,661</u>
Revenues under expenditures	<u>(4,358,223)</u>	<u>(3,680,108)</u>	<u>(468,037)</u>	<u>(4,148,145)</u>	<u>210,078</u>
OTHER FINANCING SOURCES:					
Transfers from other funds	558,223	558,223	-	558,223	-
Installment purchase obligations issued	<u>3,800,000</u>	<u>3,800,000</u>	-	<u>3,800,000</u>	-
Total other financing sources	<u>4,358,223</u>	<u>4,358,223</u>	<u>-</u>	<u>4,358,223</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 678,115</u>	(468,037)	<u>\$ 210,078</u>	<u>\$ 210,078</u>
FUND BALANCE:					
Beginning of year, July 1			<u>678,115</u>		
End of year, June 30			<u>\$ 210,078</u>		

PUBLIC SCHOOLS 2002 CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

From Inception and for the Fiscal Year Ended June 30, 2010

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
REVENUES:					
Restricted intergovernmental:					
Public School Building Bond Act of 1996	\$ 472,152	\$ 472,152	\$ -	\$ 472,152	\$ -
Public School Building Capital Fund	197,000	197,000	-	197,000	-
Contributions from Rowan-Salisbury Schools	4,311,403	4,311,403	-	4,311,403	-
Investment earnings	2,380,761	2,379,671	1,090	2,380,761	-
Total revenues	<u>7,361,316</u>	<u>7,360,226</u>	<u>1,090</u>	<u>7,361,316</u>	<u>-</u>
EXPENDITURES:					
Capital outlay:					
Education:					
Rowan-Salisbury Schools	84,462,393	84,126,148	336,245	84,462,393	-
Kannapolis City Schools	4,466,670	4,466,670	-	4,466,670	-
Total expenditures	<u>88,929,063</u>	<u>88,592,818</u>	<u>336,245</u>	<u>88,929,063</u>	<u>-</u>
Revenues under expenditures	<u>(81,567,747)</u>	<u>(81,232,592)</u>	<u>(335,155)</u>	<u>(81,567,747)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):					
Transfers to other funds	(1,332,253)	(184,137)	(1,148,116)	(1,332,253)	-
Installment purchase obligations issued	6,000,000	6,000,000	-	6,000,000	-
General obligation bonds issued	76,900,000	76,900,000	-	76,900,000	-
Total other financing sources (uses)	<u>81,567,747</u>	<u>82,715,863</u>	<u>(1,148,116)</u>	<u>81,567,747</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,483,271</u>	<u>(1,483,271)</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCE:					
Beginning of year, July 1			<u>1,483,271</u>		
End of year, June 30			<u>\$ -</u>		

RCCC BUILDING CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

From Inception and for the Fiscal Year Ended June 30, 2010

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total To Date</u>	<u>Variance Positive (Negative)</u>
REVENUES:					
Investment earnings	\$ -	\$ 70	\$ 2,277	\$ 2,347	\$ 2,347
EXPENDITURES:					
Capital outlay:					
Education:					
Building	<u>3,400,000</u>	<u>572,225</u>	<u>2,432,916</u>	<u>3,005,141</u>	<u>394,859</u>
Revenues under expenditures	(3,400,000)	(572,155)	(2,430,639)	(3,002,794)	397,206
OTHER FINANCING SOURCES:					
Installment purchase obligations issued	<u>3,400,000</u>	<u>3,400,000</u>	<u>-</u>	<u>3,400,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,827,845</u>	(2,430,639)	<u>\$ 397,206</u>	<u>\$ 397,206</u>
FUND BALANCE:					
Beginning of year, July 1			<u>2,827,845</u>		
End of year, June 30			<u>\$ 397,206</u>		

RDH WATER CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

From Inception and for the Fiscal Year Ended June 30, 2010

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total To Date</u>	<u>Variance Positive (Negative)</u>
REVENUES:					
Restricted intergovernmental:					
Community Development Block Grant	\$ 384,000	\$ 193,427	\$ 17,194	\$ 210,621	\$ (173,379)
North Carolina Rural Center Grant	281,000	151,316	-	151,316	(129,684)
Miscellaneous:					
Donations	35,000	35,000	-	35,000	-
Total revenues	<u>700,000</u>	<u>379,743</u>	<u>17,194</u>	<u>396,937</u>	<u>(303,063)</u>
EXPENDITURES:					
Capital outlay:					
Economic and physical development:					
Waterline	<u>700,000</u>	<u>379,743</u>	<u>17,194</u>	<u>396,937</u>	<u>303,063</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCE:					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u>\$ -</u>		

SATELLITE JAIL CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

From Inception and for the Fiscal Year Ended June 30, 2010

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total To Date</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES:					
Capital outlay:					
Public safety:					
Building	\$ 6,700,000	\$ -	\$ 726,544	\$ 726,544	\$ 5,973,456
OTHER FINANCING SOURCES:					
Installment purchase obligations issued	<u>6,700,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,700,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(726,544)</u>	<u>\$ (726,544)</u>	<u>\$ (726,544)</u>
FUND BALANCE:					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u>\$ (726,544)</u>		

TOWN CREEK SEWER CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

From Inception and for the Fiscal Year Ended June 30, 2010

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
REVENUES:					
Investment earnings	\$ -	\$ -	\$ 1,577	\$ 1,577	\$ 1,577
EXPENDITURES:					
Capital outlay:					
Economic and physical development:					
Sewer line	<u>2,750,000</u>	-	<u>667,633</u>	<u>667,633</u>	<u>2,082,367</u>
Revenues under expenditures	(2,750,000)	-	(666,056)	(666,056)	2,083,944
OTHER FINANCING SOURCES:					
Installment purchase obligations issued	<u>2,750,000</u>	-	<u>2,750,000</u>	<u>2,750,000</u>	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	2,083,944	<u>\$ 2,083,944</u>	<u>\$ 2,083,944</u>
FUND BALANCE:					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ 2,083,944</u>		

**Airport Fund**

Accounts for the operations and development of the Rowan County Airport.

**Landfill Fund**

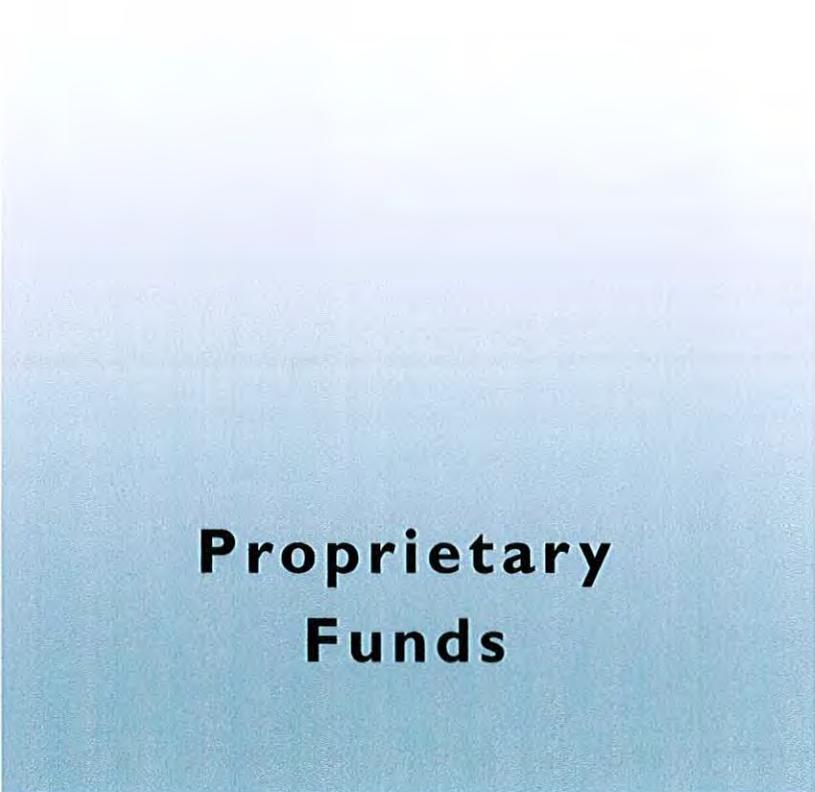
Accounts for the County's solid waste activities.

**Sports Authority Fund**

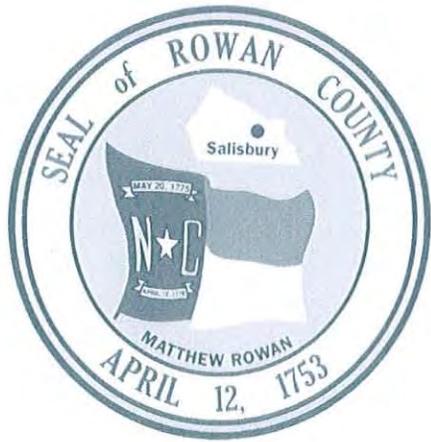
Accounts for the stadium operations of the Rowan County-Kannapolis Sports Authority.

**Risk Management Fund**

Accounts for the operations of the County's professional and property liability and workers' compensation self-funded programs.



**Proprietary  
Funds**



AIRPORT FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)

For the Fiscal Year Ended June 30, 2010

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	2010		Variance Positive (Negative)	2009
	Final Budget	Actual		Actual
REVENUES:				
Operating revenues:				
Charges for services	\$ 1,342,000	\$ 1,165,154	\$ (176,846)	\$ 1,204,022
Nonoperating revenues:				
State grants	650,000	303,028	(346,972)	96,978
Investment earnings	1,000	1,466	466	2,210
Total nonoperating revenues	<u>651,000</u>	<u>304,494</u>	<u>(346,506)</u>	<u>99,188</u>
Total revenues	1,993,000	1,469,648	(523,352)	1,303,210
EXPENDITURES:				
Airport operations	<u>2,223,150</u>	<u>1,273,165</u>	<u>949,985</u>	<u>1,259,699</u>
Revenues over (under) expenditures	(230,150)	196,483	426,633	43,511
OTHER FINANCING SOURCES:				
Transfers in	<u>230,150</u>	<u>230,150</u>	<u>-</u>	<u>262,102</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>426,633</u>	<u>\$ 426,633</u>	<u>305,613</u>
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL)				
TO FULL ACCRUAL:				
Reconciling items:				
Capital outlays		48,016		8,933
Depreciation		(391,573)		(443,515)
Increase in accrued vacation pay		(3,416)		(16,018)
Increase in other postemployment benefits		(5,977)		(5,799)
Total reconciling items		<u>(352,950)</u>		<u>(456,399)</u>
Change in net assets		<u>\$ 73,683</u>		<u>\$ (150,786)</u>

LANDFILL FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)

For the Fiscal Year Ended June 30, 2010

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	2010		Variance Positive (Negative)	2009
	Final Budget	Actual		Actual
REVENUES:				
Operating revenues:				
Charges for services	\$ 4,475,385	\$ 5,074,976	\$ 599,591	\$ 5,088,872
Nonoperating revenues:				
Solid waste disposal tax	52,000	66,182	14,182	42,833
Scrap tire disposal tax	120,000	155,315	35,315	186,845
White goods disposal tax	40,000	44,766	4,766	42,907
Investment earnings	150,000	159,170	9,170	281,097
Total nonoperating revenues	362,000	425,433	63,433	553,682
Total revenues	4,837,385	5,500,409	663,024	5,642,554
EXPENDITURES:				
Administration	228,405	218,597	9,808	295,064
Recycling operations	571,578	474,469	97,109	507,813
Sanitation operations	933,722	633,624	300,098	633,960
Solid waste operations	3,385,984	2,256,914	1,129,070	1,732,885
Total expenditures	5,119,689	3,583,604	1,536,085	3,169,722
Revenues over (under) expenditures	(282,304)	1,916,805	2,199,109	2,472,832
APPROPRIATED FUND BALANCE	282,304	-	(282,304)	-
Revenues and appropriated fund balance over expenditures	\$ -	1,916,805	\$ 1,916,805	2,472,832

Continued on next page.

LANDFILL FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)

For the Fiscal Year Ended June 30, 2010

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	2010		Variance	2009
	Final Budget	Actual	Positive (Negative)	Actual
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL)				
TO FULL ACCRUAL:				
Reconciling items:				
Capital outlays		\$ 509,088		\$ 247,194
Depreciation		(996,893)		(962,638)
Increase in accrued landfill closure and postclosure care costs		(1,013,651)		(997,110)
Decrease (increase) in accrued vacation pay		6,989		(4,769)
Increase in other postemployment benefits		(37,059)		(35,956)
Total reconciling items		<u>(1,531,526)</u>		<u>(1,753,279)</u>
Change in net assets		<u>\$ 385,279</u>		<u>\$ 719,553</u>

SPORTS AUTHORITY FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)

For the Fiscal Year Ended June 30, 2010

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	2010		Variance Positive (Negative)	2009
	Final Budget	Actual		Actual
REVENUES:				
Operating revenues:				
Charges for services	\$ 111,500	\$ 128,230	\$ 16,730	\$ 116,119
Nonoperating revenues:				
Contributions	153,000	159,578	6,578	153,000
Investment earnings	6,280	651	(5,629)	6,375
Total nonoperating revenues	159,280	160,229	949	159,375
Total revenues	270,780	288,459	17,679	275,494
EXPENDITURES:				
Sports Authority operations	222,155	120,795	101,360	194,391
Revenues over expenditures	48,625	167,664	119,039	81,103
OTHER FINANCING USES:				
Transfers out	(153,000)	(153,000)	-	(153,000)
Revenues over (under) expenditures and other financing uses	(104,375)	14,664	119,039	(71,897)
APPROPRIATED FUND BALANCE	104,375	-	(104,375)	-
Revenues and appropriated fund balance over (under) expenditures and other financing uses	\$ -	14,664	\$ 14,664	(71,897)

Continued on next page.

SPORTS AUTHORITY FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)

For the Fiscal Year Ended June 30, 2010

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	2010		Variance	2009
	Final	Actual	Positive	Actual
	Budget		(Negative)	
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL)				
TO FULL ACCRUAL:				
Reconciling items:				
Note receivable principal		\$ (150,749)		\$ (136,195)
Decrease in interest receivable		(6,254)		(5,649)
Depreciation		(161,459)		(161,459)
Total reconciling items		<u>(318,462)</u>		<u>(303,303)</u>
Change in net assets		<u>\$ (303,798)</u>		<u>\$ (375,200)</u>

RISK MANAGEMENT FUND

SCHEDULE OF REVENUES AND EXPENDITURES - FINANCIAL PLAN AND ACTUAL (NON-GAAP)

For the Fiscal Year Ended June 30, 2010

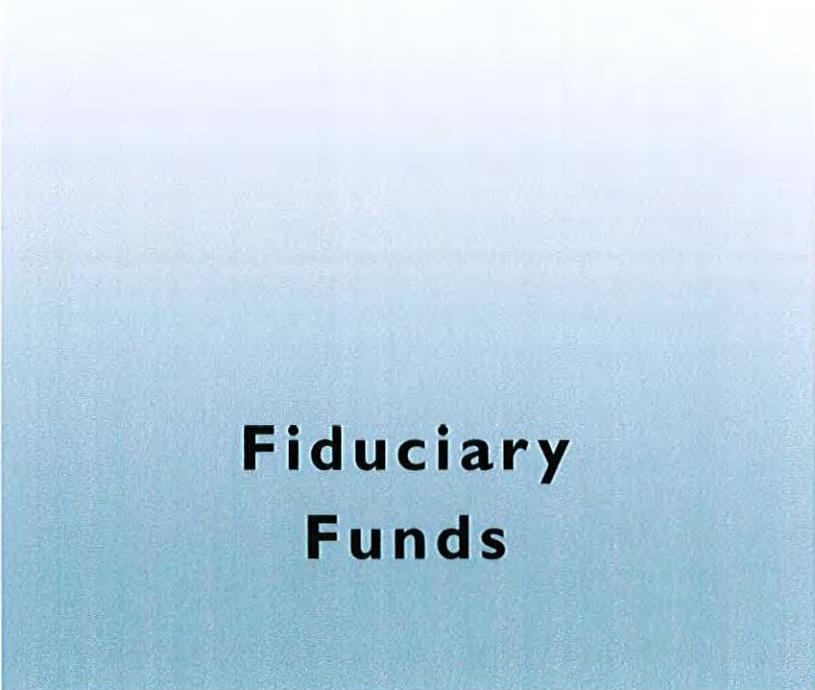
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	Final Financial Plan	2010 Actual	Variance Positive (Negative)	2009 Actual
REVENUES:				
Operating revenues:				
Charges for services	\$ 706,900	\$ 687,365	\$ (19,535)	\$ 644,103
Nonoperating revenues:				
Investment earnings	45,600	3,126	(42,474)	73,524
Insurance settlements	-	2,357	2,357	65,891
Total nonoperating revenues	45,600	5,483	(40,117)	139,415
Total revenues	752,500	692,848	(59,652)	783,518
EXPENDITURES:				
Administration	119,445	117,417	2,028	118,798
Professional and property liability	608,100	595,251	12,849	601,633
Workers' compensation	994,955	898,419	96,536	758,183
Total expenditures	1,722,500	1,611,087	111,413	1,478,614
Revenues under expenditures	(970,000)	(918,239)	51,761	(695,096)
OTHER FINANCING SOURCES:				
Transfers in	625,000	625,000	-	625,000
Revenues and other financing sources under expenditures	(345,000)	(293,239)	51,761	(70,096)
APPROPRIATED FUND BALANCE	345,000	-	(345,000)	-
Revenues, other financing sources and appropriated fund balance under expenditures	\$ -	\$ (293,239)	\$ (293,239)	\$ (70,096)

### **Agency Funds**

Accounts for assets held by the County as an agent for individuals, private organizations, other governments and/or other funds.

- Fines and Forfeitures Fund
- Municipal Tax Fund
- Social Services Fund



**Fiduciary  
Funds**

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Fiscal Year Ended June 30, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
<b>Fines and Forfeitures Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 7,167	\$ 1,084,784	\$ 1,079,161	\$ 12,790
Accounts receivable	69,213	70,055	69,213	70,055
Total assets	<u>\$ 76,380</u>	<u>\$ 1,154,839</u>	<u>\$ 1,148,374</u>	<u>\$ 82,845</u>
Liabilities:				
Intergovernmental payables:				
Rowan-Salisbury Schools	\$ 66,935	\$ 1,009,246	\$ 1,003,791	\$ 72,390
Kannapolis City Schools	3,787	55,036	54,886	3,937
State of North Carolina	5,658	90,557	89,697	6,518
Total liabilities	<u>\$ 76,380</u>	<u>\$ 1,154,839</u>	<u>\$ 1,148,374</u>	<u>\$ 82,845</u>
<b>Municipal Tax Fund</b>				
Assets:				
Cash and cash equivalents	<u>\$ 313,325</u>	<u>\$ 26,835,756</u>	<u>\$ 26,928,207</u>	<u>\$ 220,874</u>
Liabilities:				
Intergovernmental payables:				
Rowan County Municipalities	<u>\$ 313,325</u>	<u>\$ 26,835,756</u>	<u>\$ 26,928,207</u>	<u>\$ 220,874</u>
<b>Social Services Fund:</b>				
Assets:				
Cash and cash equivalents	<u>\$ 44,765</u>	<u>\$ 207,731</u>	<u>\$ 215,386</u>	<u>\$ 37,110</u>
Liabilities:				
Miscellaneous liabilities	<u>\$ 44,765</u>	<u>\$ 207,731</u>	<u>\$ 215,386</u>	<u>\$ 37,110</u>

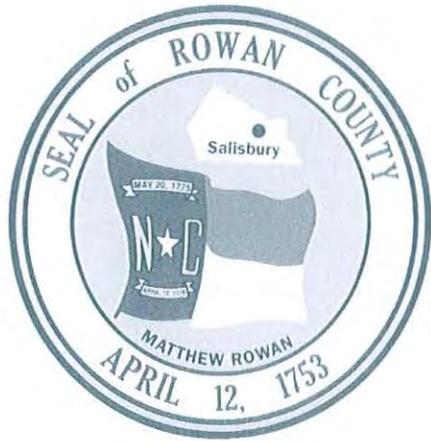
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AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Fiscal Year Ended June 30, 2010

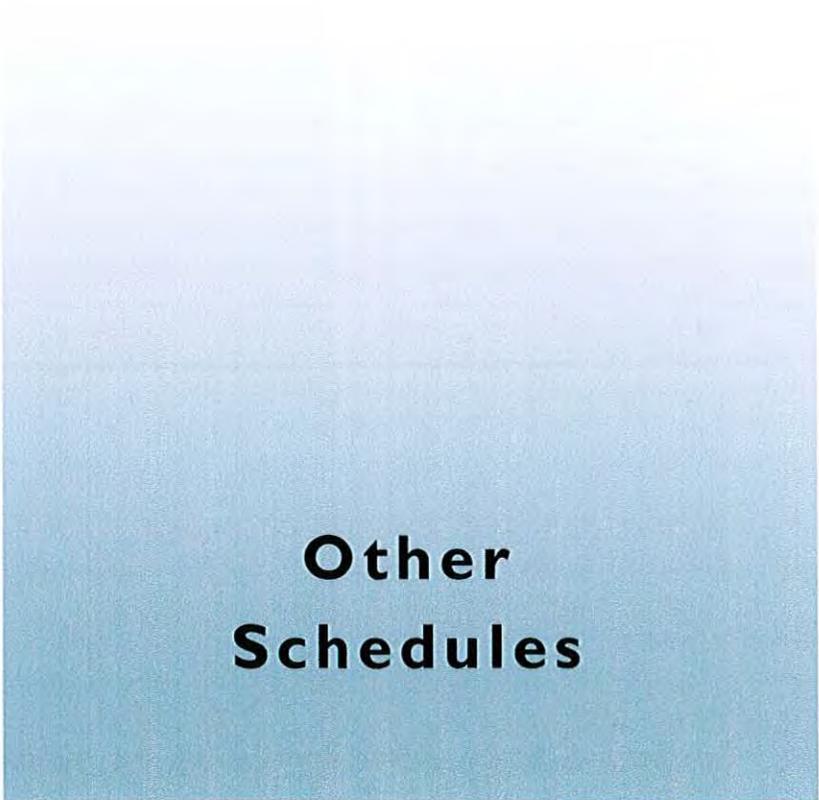
	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
Totals - All Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 365,257	\$ 28,128,271	\$ 28,222,754	\$ 270,774
Accounts receivable	69,213	70,055	69,213	70,055
Total assets	<u>\$ 434,470</u>	<u>\$ 28,198,326</u>	<u>\$ 28,291,967</u>	<u>\$ 340,829</u>
Liabilities:				
Intergovernmental payables:				
Rowan-Salisbury Schools	\$ 66,935	\$ 1,009,246	\$ 1,003,791	\$ 72,390
Kannapolis City Schools	3,787	55,036	54,886	3,937
State of North Carolina	5,658	90,557	89,697	6,518
Rowan County Municipalities	313,325	26,835,756	26,928,207	220,874
Miscellaneous liabilities	44,765	207,731	215,386	37,110
Total liabilities	<u>\$ 434,470</u>	<u>\$ 28,198,326</u>	<u>\$ 28,291,967</u>	<u>\$ 340,829</u>



This section contains additional  
information on property taxes.

*Schedule of Ad Valorem Taxes Receivable - General Fund*

*Analysis of Current Tax Levy - County-wide Levy*



**Other  
Schedules**

**ROWAN COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
**June 30, 2010**

**EXHIBIT C-1**

<u>Fiscal Year</u>	Uncollected Balance <u>June 30, 2009</u>	Additions	Collections and Credits	Uncollected Balance <u>June 30, 2010</u>
2009-2010	\$ -	\$ 70,288,925	\$ 67,356,279	\$ 2,932,646
2008-2009	2,662,933	-	1,760,718	902,215
2007-2008	672,539	-	306,473	366,066
2006-2007	273,331	-	111,394	161,937
2005-2006	223,005	-	44,656	178,349
2004-2005	189,510	-	17,685	171,825
2003-2004	126,435	-	12,439	113,996
2002-2003	145,020	-	21,190	123,830
2001-2002	121,625	-	8,586	113,039
2000-2001	129,905	-	6,837	123,068
1999-2000	110,733	-	110,733	-
	<u>\$ 4,655,036</u>	<u>\$ 70,288,925</u>	<u>\$ 69,756,990</u>	5,186,971
Less: Allowance for uncollectible accounts: General Fund				<u>(1,824,000)</u>
Ad valorem taxes receivable (net): General Fund				<u>\$ 3,362,971</u>

Continued on next page.

**ROWAN COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
**June 30, 2010**

**EXHIBIT C-1 (Continued)**

Reconciliation with revenues:	
Ad valorem taxes - General Fund	\$ 68,811,391
Penalties collected on ad valorem taxes - Agency Fund	<u>161,132</u>
Total ad valorem taxes and penalties	<u>68,972,523</u>
Reconciling items:	
Abatement of prior year taxes	251,251
Discounts allowed	520,415
Taxes written off	106,645
Taxes over ten years old collected	<u>(93,844)</u>
Total reconciling items	<u>784,467</u>
Total collections and credits	<u>\$ 69,756,990</u>

**ROWAN COUNTY, NORTH CAROLINA**  
**ANALYSIS OF CURRENT TAX LEVY**  
**COUNTY-WIDE LEVY**  
**For the Fiscal Year Ended June 30, 2010**

**EXHIBIT C-2**

	County-wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 11,525,472,499	0.595	\$ 68,576,562	\$ 65,209,728	\$ 3,366,834
Motor vehicles taxed at prior year's rate	346,604,738	0.595	2,062,298	-	2,062,298
Penalties	-		133,454	79,560	53,894
Total original levy	<u>11,872,077,237</u>		<u>70,772,314</u>	<u>65,289,288</u>	<u>5,483,026</u>
Discoveries:					
Current year taxes	46,528,029	0.595	276,842	258,197	18,645
Prior year taxes	-		1,870	-	1,870
Penalties	-		27,677	27,677	-
Total discoveries	<u>46,528,029</u>		<u>306,389</u>	<u>285,874</u>	<u>20,515</u>
Abatements	<u>(132,735,797)</u>		<u>(789,778)</u>	<u>(627,033)</u>	<u>(162,745)</u>
Total property valuation	<u>\$ 11,785,869,469</u>				
Net levy			70,288,925	64,948,129	5,340,796
Uncollected taxes at June 30, 2010			<u>2,932,646</u>	<u>2,318,343</u>	<u>614,303</u>
Current year's taxes collected			<u>\$ 67,356,279</u>	<u>\$ 62,629,786</u>	<u>\$ 4,726,493</u>
Current levy collection percentage			<u>95.83%</u>	<u>96.43%</u>	<u>88.50%</u>

Continued on next page.

**ROWAN COUNTY, NORTH CAROLINA  
ANALYSIS OF CURRENT TAX LEVY  
COUNTY-WIDE LEVY  
For the Fiscal Year Ended June 30, 2010**

**EXHIBIT C-2 (Continued)**

Secondary Market Disclosures:

Assessed valuation:

Assessment ratio <sup>1</sup>	100%
Real property	\$ 9,129,374,226
Personal property	2,227,563,309
Public service companies <sup>2</sup>	<u>428,931,933</u>
Total assessed valuation	<u>\$11,785,869,468</u>
Tax rate per \$100	0.5950
Levy (includes discoveries, releases and abatements) <sup>3</sup>	<u>\$ 70,288,925</u>

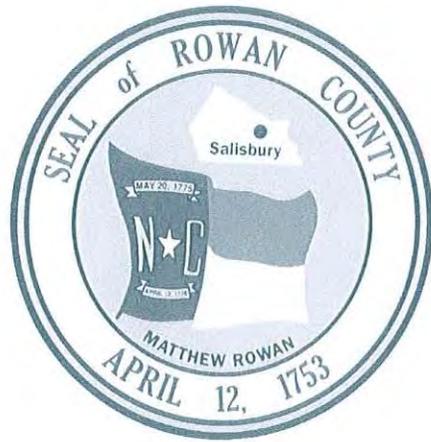
In addition to the County-wide rate, the following lists the levy by the County on behalf of fire protection districts for the fiscal year ended June 30:

Fire Protection Districts	<u>\$ 3,872,947</u>
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<sup>1</sup> Percentage of appraised value has been established by statute.

<sup>2</sup> Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.

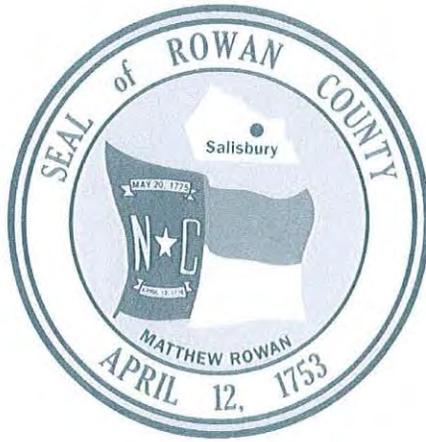
<sup>3</sup> The levy includes interest and penalties.



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

*Sources:* Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The County implemented Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

## **STATISTICAL SECTION**



*Net Assets by Component*

*Changes in Net Assets*

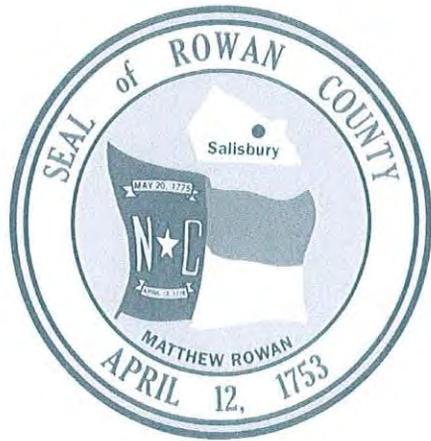
*Fund Balances of Governmental Funds*

*Changes in Fund Balances of Governmental Funds*

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.



**Financial  
Trends**



**ROWAN COUNTY, NORTH CAROLINA**  
**NET ASSETS BY COMPONENT**  
**Last Seven Fiscal Years**  
**(Accrual Basis of Accounting)**  
**(Dollars in Thousands)**

**TABLE 1**

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities:								
Invested in capital assets, net of related debt <sup>a</sup>	\$ 38,830	\$ 44,054	\$ 45,781	\$ 49,310	\$ 53,747	\$ 49,923	\$ 51,333	\$ 52,184
Restricted <sup>b</sup>	1,830	24,286	47,231	11,566	2,271	3,490	3,267	667
Unrestricted <sup>c</sup>	4,716	(19,442)	(58,878)	(53,225)	(51,838)	(45,006)	(41,593)	(37,123)
Total governmental activities net assets	<u>\$ 45,376</u>	<u>\$ 48,898</u>	<u>\$ 34,134</u>	<u>\$ 7,651</u>	<u>\$ 4,180</u>	<u>\$ 8,407</u>	<u>\$ 13,007</u>	<u>\$ 15,728</u>
Business-type activities:								
Invested in capital assets, net of related debt <sup>d</sup>	\$ 9,367	\$ 9,064	\$ 13,092	\$ 12,219	\$ 11,432	\$ 17,403	\$ 16,091	\$ 15,099
Unrestricted	2,902	3,627	(815)	16	1,289	2,215	3,655	4,731
Total business-type activities net assets	<u>\$ 12,269</u>	<u>\$ 12,691</u>	<u>\$ 12,277</u>	<u>\$ 12,235</u>	<u>\$ 12,721</u>	<u>\$ 19,618</u>	<u>\$ 19,746</u>	<u>\$ 19,830</u>
Primary government:								
Invested in capital assets, net of related debt	\$ 48,197	\$ 53,118	\$ 58,873	\$ 61,529	\$ 65,179	\$ 67,326	\$ 67,424	\$ 67,283
Restricted	1,830	24,286	47,231	11,566	2,271	3,490	3,267	667
Unrestricted	7,618	(15,815)	(59,693)	(53,209)	(50,549)	(42,791)	(37,938)	(32,392)
Total primary government net assets	<u>\$ 57,645</u>	<u>\$ 61,589</u>	<u>\$ 46,411</u>	<u>\$ 19,886</u>	<u>\$ 16,901</u>	<u>\$ 28,025</u>	<u>\$ 32,753</u>	<u>\$ 35,558</u>

**Notes:** Accrual basis financial information for the County government as a whole is only available back to 2003, the year GASB Statement 34 was implemented.

<sup>a</sup> The decrease from the prior period in 2008 was caused by the transfer of capital assets to the new Airport business-type activity.

<sup>b</sup> The fluctuations from the prior period in 2004, 2005, 2006 and 2007 were due to unexpended bond proceeds for school capital outlay on hand at fiscal year-end.

<sup>c</sup> The decreases from the prior period in 2004 and 2005 were caused by increases in the County's outstanding debt incurred for the school construction program.

<sup>d</sup> The increases from the prior period in 2005 and 2008 were caused by the construction of a new cell at the Rowan County Landfill and the transfer in of capital assets for the new Airport business-type activity.

CHANGES IN NET ASSETS

Last Seven Fiscal Years

(Accrual Basis of Accounting)

(Dollars in Thousands)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Governmental activities:</b>								
Expenses:								
General government	\$ 9,490	\$ 9,115	\$ 10,330	\$ 10,926	\$ 9,992	\$ 10,600	\$ 11,455	\$ 11,829
Public safety	17,519	18,715	20,964	20,493	21,793	25,164	26,592	26,471
Transportation <sup>a</sup>	1,300	1,272	1,794	2,167	2,187	528	575	781
Environmental protection <sup>b</sup>	244	262	276	271	277	-	-	-
Economic and physical development	2,025	4,006	3,906	3,962	4,874	3,043	2,584	3,447
Human services	26,713	28,733	30,085	31,466	31,840	31,915	31,228	29,219
Culture and recreation	4,116	4,512	4,817	5,200	5,407	5,902	6,044	5,860
Education <sup>c</sup>	28,572	39,117	54,777	67,266	49,550	45,330	42,572	41,334
Interest on long-term debt	2,716	3,183	3,352	4,569	4,416	4,253	4,129	4,088
Total expenses	<u>92,695</u>	<u>108,915</u>	<u>130,301</u>	<u>146,320</u>	<u>130,336</u>	<u>126,735</u>	<u>125,179</u>	<u>123,029</u>
Program revenues:								
Charges for services:								
General government	1,701	1,620	2,078	1,683	1,688	1,643	1,433	1,428
Public safety	6,089	7,012	7,020	6,933	7,692	7,956	8,392	8,742
Transportation <sup>d, a</sup>	131	130	732	1,165	1,370	8	5	7
Economic and physical development	429	327	349	385	409	443	372	371
Human services	393	458	446	472	514	601	508	421
Culture and recreation	827	969	1,031	1,138	1,340	1,637	1,577	1,565
Operating grants and contributions	15,693	17,640	18,710	20,395	19,418	19,858	21,090	23,720
Capital grants and contributions <sup>e</sup>	990	1,378	2,184	852	5,093	8,569	4,625	2,651
Total program revenues	<u>26,253</u>	<u>29,534</u>	<u>32,550</u>	<u>33,023</u>	<u>37,524</u>	<u>40,715</u>	<u>38,002</u>	<u>38,905</u>
Total governmental activities net program expense	<u>(66,442)</u>	<u>(79,381)</u>	<u>(97,751)</u>	<u>(113,297)</u>	<u>(92,812)</u>	<u>(86,020)</u>	<u>(87,177)</u>	<u>(84,124)</u>

Continued on next page.

**ROWAN COUNTY, NORTH CAROLINA**  
**CHANGES IN NET ASSETS**  
**Last Seven Fiscal Years**  
**(Accrual Basis of Accounting)**  
**(Dollars in Thousands)**

**TABLE 2 (Continued)**

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Governmental activities (Continued):</b>								
General revenues and other changes in net assets:								
Taxes:								
Property taxes, levied for general purpose	\$ 51,705	\$ 59,014	\$ 59,015	\$ 61,500	\$ 62,304	\$ 67,922	\$ 70,230	\$ 70,357
Local option sales taxes <sup>f</sup>	16,729	20,699	20,598	21,513	22,489	22,913	18,580	14,500
Other taxes and licenses	759	803	906	986	1,089	1,034	887	831
Unrestricted grants and contributions	658	596	587	512	511	533	736	413
Unrestricted investment earnings	598	461	983	1,621	2,612	2,935	1,440	485
Unrestricted miscellaneous <sup>g</sup>	84	1,499	454	429	182	1,254	13	336
Special item - transfer of capital assets <sup>a</sup>	-	-	-	-	-	(5,682)	-	-
Transfers	(170)	(169)	444	253	153	(661)	(109)	(77)
Total general revenues and other changes in net assets	<u>70,363</u>	<u>82,903</u>	<u>82,987</u>	<u>86,814</u>	<u>89,340</u>	<u>90,248</u>	<u>91,777</u>	<u>86,845</u>
Total governmental activities change in net assets	<u>\$ 3,921</u>	<u>\$ 3,522</u>	<u>\$(14,764)</u>	<u>\$(26,483)</u>	<u>\$ (3,472)</u>	<u>\$ 4,228</u>	<u>\$ 4,600</u>	<u>\$ 2,721</u>
<b>Business-type activities:</b>								
Expenses:								
Airport <sup>a</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,217	\$ 1,733	\$ 1,683
Landfill	2,584	2,928	3,175	3,683	3,445	3,980	4,971	5,130
Sports Authority	376	338	269	242	263	277	356	282
Total expenses	<u>2,960</u>	<u>3,266</u>	<u>3,444</u>	<u>3,925</u>	<u>3,708</u>	<u>6,474</u>	<u>7,060</u>	<u>7,095</u>
Revenues:								
Charges for services:								
Airport <sup>a</sup>	-	-	-	-	-	1,553	1,204	1,165
Landfill	2,409	2,710	3,035	3,686	3,782	3,800	5,089	5,075
Sports Authority	160	123	75	75	75	118	116	128

Continued on next page.

**ROWAN COUNTY, NORTH CAROLINA**  
**CHANGES IN NET ASSETS**  
**Last Seven Fiscal Years**  
**(Accrual Basis of Accounting)**  
**(Dollars in Thousands)**

**TABLE 2 (Continued)**

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Business-type activities (Continued):</b>								
Revenues (Continued):								
Operating grants and contributions	\$ 205	\$ 258	\$ 207	\$ 228	\$ 203	\$ 236	\$ 370	\$ 274
Capital grants and contributions <sup>a</sup>	-	-	-	-	-	1,018	-	295
Total revenues	<u>2,774</u>	<u>3,091</u>	<u>3,317</u>	<u>3,989</u>	<u>4,060</u>	<u>6,725</u>	<u>6,779</u>	<u>6,937</u>
 Total business-type activities net program expense	<u>(186)</u>	<u>(175)</u>	<u>(127)</u>	<u>64</u>	<u>352</u>	<u>251</u>	<u>(281)</u>	<u>(158)</u>
 Other changes in net assets:								
Unrestricted investment earnings	96	83	157	147	286	302	301	164
Unrestricted miscellaneous <sup>h</sup>	3	345	-	-	2	-	-	-
Special item - transfer of capital assets <sup>a</sup>	-	-	-	-	-	5,682	-	-
Transfers	<u>170</u>	<u>169</u>	<u>(444)</u>	<u>(253)</u>	<u>(153)</u>	<u>661</u>	<u>109</u>	<u>77</u>
Total other changes in net assets	<u>269</u>	<u>597</u>	<u>(287)</u>	<u>(106)</u>	<u>135</u>	<u>6,645</u>	<u>410</u>	<u>241</u>
 Total business-type activities change in net assets	<u>\$ 83</u>	<u>\$ 422</u>	<u>\$ (414)</u>	<u>\$ (42)</u>	<u>\$ 487</u>	<u>\$ 6,896</u>	<u>\$ 129</u>	<u>\$ 83</u>
 Total primary government change in net assets	<u>\$ 4,004</u>	<u>\$ 3,944</u>	<u>\$(15,178)</u>	<u>\$(26,525)</u>	<u>\$ (2,985)</u>	<u>\$ 11,124</u>	<u>\$ 4,729</u>	<u>\$ 2,804</u>

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**ROWAN COUNTY, NORTH CAROLINA**  
**CHANGES IN NET ASSETS**  
**Last Seven Fiscal Years**  
**(Accrual Basis of Accounting)**  
**(Dollars in Thousands)**

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**TABLE 2 (Continued)**

**Notes:** Accrual basis financial information for the County government as a whole is only available back to 2003, the year GASB Statement 34 was implemented.

<sup>a</sup> In 2008, the County began to account for operations of the Rowan County Airport as a business-type activity.

<sup>b</sup> In 2008, the County reorganized the environmental protection function and these expenditures moved to the Landfill business-type activity.

<sup>c</sup> The increases from the prior period in 2004, 2005 and 2006 were caused by increases in school capital outlay expenses.

<sup>d</sup> The increases from the prior period in 2005 and 2006 were caused by the County's takeover of fixed-based operations at the Rowan County Airport in October 2004.

<sup>e</sup> In 2005, the County received two one-time grants for park renovations. In 2007, the County began receiving lottery proceeds for school capital outlay. In 2008, the County received contributions from Rowan-Salisbury Schools for the school construction program.

<sup>f</sup> The decreases from the prior period in 2009 and 2010 were primarily due to the State's Medicaid Relief Swap Program.

<sup>g</sup> In 2004 and 2008, the County had gains on the sale of capital assets.

<sup>h</sup> In 2004, the County had a gain on the sale of capital assets.

**ROWAN COUNTY, NORTH CAROLINA**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**  
**(Dollars in Thousands)**

**TABLE 3**

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund:										
Reserved	\$ 10,200	\$ 8,061	\$ 9,186	\$ 11,054	\$ 9,456	\$ 10,245	\$ 13,813	\$ 11,193	\$ 9,015	\$ 9,249
Unreserved:										
Designated <sup>a</sup>	-	1,149	1,132	6,037	7,675	11,022	8,558	11,234	10,139	12,066
Undesignated	10,925	14,271	15,041	15,394	20,988	18,951	18,982	19,952	22,188	18,747
Total General Fund <sup>b</sup>	<u>\$ 21,125</u>	<u>\$ 23,481</u>	<u>\$ 25,359</u>	<u>\$ 32,485</u>	<u>\$ 38,119</u>	<u>\$ 40,218</u>	<u>\$ 41,353</u>	<u>\$ 42,379</u>	<u>\$ 41,342</u>	<u>\$ 40,062</u>
All other governmental funds:										
Reserved	\$ 45	\$ 60	\$ 57	\$ 58	\$ 51	\$ 58	\$ 133	\$ 69	\$ 62	\$ 62
Unreserved, reported in:										
Special revenue funds	910	629	565	691	815	983	639	490	679	1,121
Capital project funds	237	5,870	885	21,527	44,702	8,269	1,835	6,251	8,281	2,588
Total all other governmental funds <sup>c</sup>	<u>\$ 1,192</u>	<u>\$ 6,559</u>	<u>\$ 1,507</u>	<u>\$ 22,276</u>	<u>\$ 45,568</u>	<u>\$ 9,310</u>	<u>\$ 2,607</u>	<u>\$ 6,810</u>	<u>\$ 9,022</u>	<u>\$ 3,771</u>

**Notes:** <sup>a</sup> The amounts in this row primarily reflect the appropriation of fund balance for subsequent year's expenditures.

<sup>b</sup> The increase from the prior year in 2004 was due primarily to a greater than anticipated increase in sales tax revenues and the delay of capital expenditures until the following year.

<sup>c</sup> The increases from the prior year in 2004 and 2005 were due to unspent debt proceeds from issuances during the periods for school capital projects.

**ROWAN COUNTY, NORTH CAROLINA**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**  
**(Dollars in Thousands)**

**TABLE 4**

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues:										
Ad valorem taxes <sup>a</sup>	\$ 48,940	\$ 52,281	\$ 53,967	\$ 60,971	\$ 62,845	\$ 64,424	\$ 65,474	\$ 71,168	\$ 72,992	\$ 73,522
Sales taxes <sup>b</sup>	15,619	15,326	16,729	20,699	20,597	21,513	22,489	22,913	18,581	14,501
Other taxes and licenses	1,597	1,673	1,753	1,743	1,863	2,017	2,166	2,020	1,189	1,151
Intergovernmental revenues <sup>c</sup>	22,855	25,342	17,687	19,397	20,808	20,627	24,427	28,365	27,585	27,802
Permits and fees	1,114	1,511	1,645	1,597	1,691	1,729	1,737	1,840	1,241	1,104
Sales and services	3,708	3,833	4,141	4,610	5,066	6,283	6,813	5,860	6,015	6,305
Investment earnings	1,583	737	593	671	1,493	2,904	2,869	2,949	1,447	500
Miscellaneous	780	621	672	1,024	1,263	817	1,042	1,130	638	800
Total revenues	<u>96,196</u>	<u>101,324</u>	<u>97,187</u>	<u>110,712</u>	<u>115,626</u>	<u>120,314</u>	<u>127,017</u>	<u>136,245</u>	<u>129,688</u>	<u>125,685</u>
Expenditures:										
General government	7,117	7,507	8,668	8,091	8,878	10,197	8,640	9,695	10,258	10,025
Public safety	15,483	16,385	16,449	19,691	20,521	20,069	22,890	25,315	26,315	25,874
Transportation <sup>d</sup>	363	1,227	779	1,220	1,955	3,128	2,976	559	531	816
Environmental protection <sup>e</sup>	264	240	247	265	280	276	282	-	-	-
Economic and physical development <sup>f</sup>	1,328	1,293	1,260	4,101	3,793	3,746	4,310	2,488	2,025	2,880
Human services	24,874	26,166	26,805	28,880	30,081	31,693	31,876	31,925	31,021	29,594
Culture and recreation	4,028	4,170	3,991	4,478	4,923	5,337	5,708	5,534	5,534	5,318
Education	30,344	30,187	28,257	30,070	29,502	30,446	34,938	42,995	41,643	38,565
Capital outlay	4,769	7,505	5,564	11,684	27,854	37,442	14,626	3,041	6,186	7,324
Debt service:										
Principal	4,897	4,992	5,560	5,669	7,235	9,072	9,030	8,834	9,503	10,881
Interest	2,772	2,539	2,361	2,720	3,154	4,567	4,338	4,229	4,101	4,089
Total expenditures	<u>96,239</u>	<u>102,211</u>	<u>99,941</u>	<u>116,869</u>	<u>138,176</u>	<u>155,973</u>	<u>139,614</u>	<u>134,615</u>	<u>137,117</u>	<u>135,366</u>
Excess of revenues over (under) expenditures	<u>(43)</u>	<u>(887)</u>	<u>(2,754)</u>	<u>(6,157)</u>	<u>(22,550)</u>	<u>(35,659)</u>	<u>(12,597)</u>	<u>1,630</u>	<u>(7,429)</u>	<u>(9,681)</u>

Continued on next page.

**ROWAN COUNTY, NORTH CAROLINA**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**  
**(Dollars in Thousands)**

**TABLE 4 (Continued)**

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Other financing sources (uses):										
Transfers from other funds	\$ 1,530	\$ 1,144	\$ 285	\$ 1,378	\$ 660	\$ 842	\$ 267	\$ 1,950	\$ 153	\$ 1,301
Transfers to other funds	(810)	(1,184)	(628)	(1,908)	(577)	(1,000)	(525)	(3,122)	(887)	(2,003)
General obligation bonds issued	-	-	-	31,600	45,300	-	-	-	-	-
Installment purchase obligations issued	614	8,146	-	1,059	4,430	1,129	6,587	3,800	9,254	3,825
Refunding bonds issued	-	-	19,800	-	6,635	-	-	-	-	-
Premium on refunding bonds issued	-	-	147	-	101	-	-	-	-	-
Premium on bonds issued	-	-	-	372	821	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	(20,059)	-	(6,621)	-	-	-	-	-
Sale of capital assets	134	476	25	1,555	610	470	715	1,142	58	27
Total other financing sources (uses)	<u>1,468</u>	<u>8,582</u>	<u>(430)</u>	<u>34,056</u>	<u>51,359</u>	<u>1,441</u>	<u>7,044</u>	<u>3,770</u>	<u>8,578</u>	<u>3,150</u>
Net change in fund balances	<u>\$ 1,425</u>	<u>\$ 7,695</u>	<u>\$ (3,184)</u>	<u>\$ 27,899</u>	<u>\$ 28,809</u>	<u>\$ (34,218)</u>	<u>\$ (5,553)</u>	<u>\$ 5,400</u>	<u>\$ 1,149</u>	<u>\$ (6,531)</u>
Debt service as a percentage of noncapital expenditures	8.38%	7.95%	8.45%	7.59%	7.84%	9.00%	9.90%	10.01%	10.52%	11.59%

**Notes:** <sup>a</sup> The increases from the prior period in 2004 and 2008 were caused by County-wide property tax revaluations, with only small decreases in the tax rate.

<sup>b</sup> The increases from the prior period in 2003 and 2004 were due to the implementation of an additional one-half percent local option sales tax, effective December 1, 2002. The decreases from the prior period in 2009 and 2010 were primarily due to the State's Medicaid Relief Swap Program.

<sup>c</sup> The spike in intergovernmental revenues in 2002, 2007 and 2008 was caused by school capital expenditures, with corresponding reimbursement from the Public School Building Bond Act of 1996, lottery proceeds and/or contributions from Rowan-Salisbury Schools.

<sup>d</sup> The increases from the prior period in 2005 and 2006 were caused by the County's takeover of fixed-based operations at the Rowan County Airport in October 2004. In 2008, the County began to account for Airport operations in a proprietary fund, the Airport Fund.

<sup>e</sup> The decrease from the prior period in 2008 was due to a reorganization, with these expenditures moved to a proprietary fund, the Landfill Fund.

<sup>f</sup> The increase from 2004 through 2007 was caused by the payment of location incentive grants.

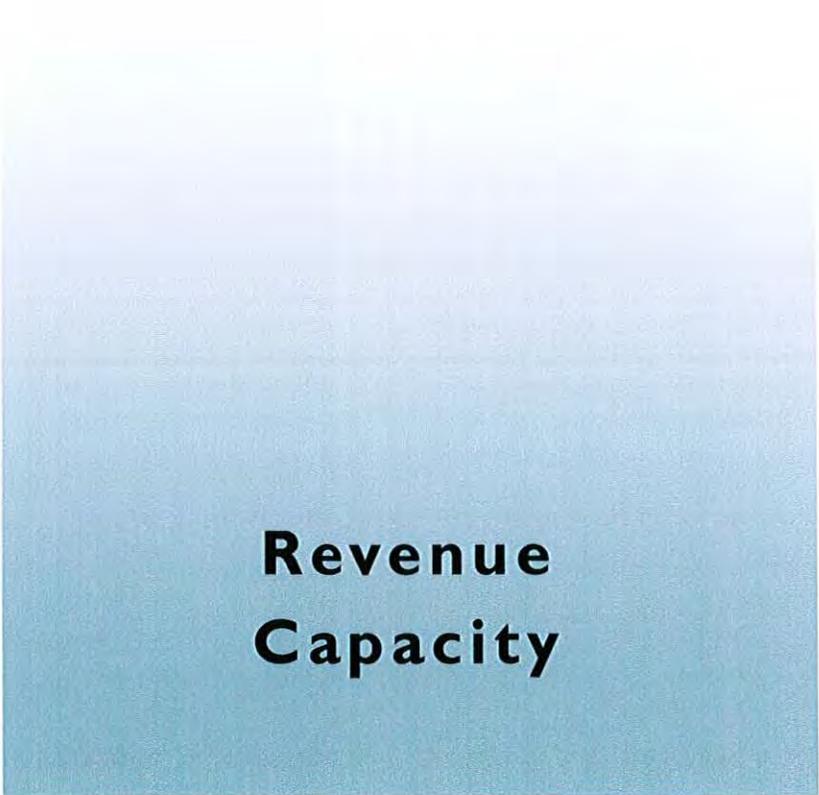
*Assessed Value of Taxable Property*

*Direct and Overlapping Property Tax Rates*

*Principal Property Taxpayers*

*Property Tax Levies and Collections*

These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.



**Revenue  
Capacity**

**ROWAN COUNTY, NORTH CAROLINA**  
**ASSESSED VALUE OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years**  
**(Dollars in Thousands)**

**TABLE 5**

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial/Industrial Property</u>	<u>Public Service Companies</u>	<u>Registered Motor Vehicles</u>	<u>Total</u>	<u>Total Direct Tax Rate</u>
2001	\$ 4,335,759	\$ 1,916,653	\$ 403,899	\$ 881,104	\$ 7,537,415	0.6350
2002	4,564,743	1,977,556	403,899	913,250	7,859,448	0.6350
2003	4,619,944	2,024,187	543,035	942,113	8,129,279	0.6350
2004	5,668,861	2,383,025	387,904	931,679	9,371,469	0.6300
2005	5,668,426	2,393,180	395,393	936,453	9,393,452	0.6300
2006	5,801,871	2,490,015	388,469	1,074,579	9,754,934	0.6300
2007	5,990,124	2,522,127	404,394	1,010,736	9,927,381	0.6300
2008	7,188,716	2,769,288	413,266	1,039,009	11,410,279	0.5950
2009	7,446,830	2,908,811	430,615	998,923	11,785,179	0.5950
2010	7,467,389	2,973,641	428,932	915,907	11,785,869	0.5950

**Source:** Rowan County Tax Administration

**Note:** Property in the County is reassessed once every four years on average. Property is assessed at actual market value. Tax rates are per \$100 of assessed value.

**ROWAN COUNTY, NORTH CAROLINA**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**Last Ten Fiscal Years**  
**(Rate Per \$100 of Assessed Value)**

**TABLE 6**

	Year Taxes are Payable									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
County direct rate:										
General	\$0.6350	\$0.6350	\$0.6350	\$0.6300	\$0.6300	\$0.6300	\$0.6300	\$0.5950	\$0.5950	\$0.5950
Municipal rates:										
China Grove	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.3800	0.3800	0.3800
Cleveland	0.1900	0.1900	0.1900	0.1900	0.1900	0.1900	0.1900	0.1900	0.2100	0.2100
East Spencer	0.6300	0.6300	0.6300	0.6300	0.6300	0.6300	0.6300	0.6300	0.6300	0.6300
Faith	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100
Granite Quarry	0.3500	0.3500	0.3500	0.3300	0.3300	0.3300	0.3300	0.3300	0.3300	0.3300
Kannapolis	0.4900	0.4900	0.5300	0.5300	0.4970	0.4970	0.4970	0.4970	0.4900	0.4900
Landis	0.2800	0.2800	0.2800	0.2800	0.2800	0.3200	0.3200	0.4000	0.4000	0.4000
Rockwell	0.2700	0.2700	0.2700	0.2500	0.2500	0.2500	0.2500	0.2500	0.2700	0.2700
Salisbury	0.6000	0.6000	0.6000	0.5800	0.6150	0.6150	0.6250	0.5900	0.5900	0.5900
Salisbury - Downtown	0.7600	0.7600	0.7600	0.7400	0.7750	0.7750	0.7850	0.7500	0.7500	0.7500
Spencer	0.5100	0.5500	0.5800	0.5800	0.5800	0.5800	0.5800	0.6000	0.6000	0.6000

**Source:** Rowan County Tax Administration

**ROWAN COUNTY, NORTH CAROLINA**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**Current Year and Nine Years Ago**

**TABLE 7**

Taxpayer	Fiscal Year 2010			Fiscal Year 2001		
	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Southern Power Company	\$ 378,862,790	1	3.21%	\$ -	-	-
Duke Energy Corp.	260,086,877	2	2.21%	259,598,225	1	3.44%
Food Lion, LLC	147,685,200	3	1.25%	103,094,129	2	1.37%
Freightliner, LLC	134,030,155	4	1.14%	101,727,469	3	1.35%
Performance Fibers	51,769,029	5	0.44%	-	-	-
Aldi, Inc.	37,885,232	6	0.32%	-	-	-
Yadkin, Inc.	32,578,348	7	0.28%	-	-	-
Norfolk Southern Railway	31,284,322	8	0.27%	26,147,178	10	0.35%
Bell South Telephone	27,221,485	9	0.23%	35,083,631	8	0.47%
Piedmont Natural Gas	26,380,247	10	0.22%	-	-	-
Arteva Specialties (KOSA)	-	-	-	100,368,148	4	1.33%
Hitachi Metals NC, Ltd.	-	-	-	61,306,777	5	0.81%
Draftex	-	-	-	58,486,915	6	0.78%
Parkdale Mills	-	-	-	47,709,633	7	0.63%
Norandal USA	-	-	-	27,920,968	9	0.37%
Total	<u>\$1,127,783,685</u>		<u>9.57%</u>	<u>\$ 821,443,073</u>		<u>10.90%</u>

Source: Rowan County Tax Administration

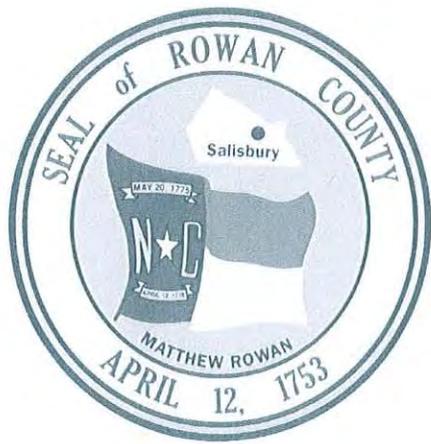
**ROWAN COUNTY, NORTH CAROLINA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Fiscal Years**

**TABLE 8**

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Adjusted Levy		Amount	Percentage of Adjusted Levy
2001	\$ 47,596,214	\$ 398,185	\$ 47,994,399	\$ 45,783,665	95.39%	\$ 2,087,666	\$ 47,871,331	99.74%
2002	50,225,832	(148,490)	50,077,342	48,093,955	96.04%	1,870,348	49,964,303	99.77%
2003	51,836,134	(115,588)	51,720,546	49,828,949	96.34%	1,767,767	51,596,716	99.76%
2004	59,021,918	91,119	59,113,037	56,623,124	95.79%	2,375,917	58,999,041	99.81%
2005	59,262,601	20,964	59,283,565	57,592,328	97.15%	1,519,412	59,111,740	99.71%
2006	61,409,200	99,528	61,508,728	59,711,235	97.08%	1,619,144	61,330,379	99.71%
2007	62,867,564	(145,250)	62,722,314	60,938,675	97.16%	1,621,702	62,560,377	99.74%
2008	68,109,653	217,590	68,327,243	66,317,476	97.06%	1,643,701	67,961,177	99.46%
2009	70,187,340	214,871	70,402,211	67,739,278	96.22%	1,760,718	69,499,996	98.72%
2010	70,772,314	(483,389)	70,288,925	67,356,279	95.83%	-	67,356,279	95.83%

**Source:** Rowan County Tax Administration

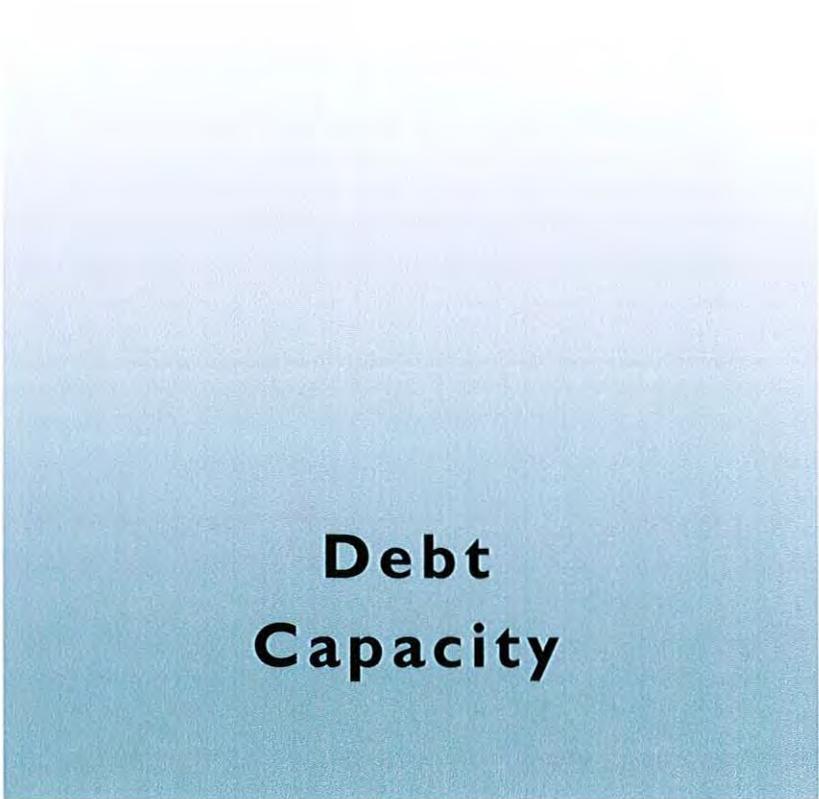
**Note:** The information in this schedule relates to the County's own property tax levies, and does not include those it collects on behalf of other governments.



*Ratios of Outstanding Debt by Type*

*Legal Debt Margin Information*

These schedules contain information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.



**Debt  
Capacity**

**ROWAN COUNTY, NORTH CAROLINA**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**

**TABLE 9**

Fiscal Year	General Bonded Debt	Percentage of Taxable Value of Property <sup>b</sup>	Per Capita <sup>c</sup>	Other Governmental Activities Debt		Business-type Activities Debt	Total Primary Government <sup>d</sup>	Percentage of Personal Income <sup>e</sup>	Per Capita <sup>e</sup>
	General Obligation Bonds <sup>a</sup>			Certificates of Participation	Installment Financing	Installment Financing			
2001	\$ 32,400,000	0.43%	\$ 246	\$ 6,115,000	\$ 7,822,205	\$ 1,229,018	\$ 47,566,223	1.51%	\$ 361
2002	30,225,000	0.38%	225	5,390,000	13,875,384	899,375	50,389,759	1.57%	375
2003	27,906,771	0.34%	207	4,620,000	11,321,224	556,916	44,404,911	1.34%	329
2004	57,448,983	0.61%	425	3,805,000	9,961,396	193,786	71,409,165	2.13%	528
2005	100,488,186	1.07%	749	2,940,000	11,261,420	-	114,689,606	3.28%	855
2006	95,165,202	0.98%	707	2,020,000	9,563,464	-	106,748,666	2.89%	794
2007	89,932,032	0.91%	662	1,040,000	13,355,446	-	104,327,478	2.66%	768
2008	84,745,444	0.74%	616	-	14,571,095	-	99,316,539	2.46%	722
2009	78,612,563	0.67%	567	-	20,481,694	-	99,094,257	2.32%	715
2010	72,342,914	0.61%	515	-	19,740,440	-	92,083,354	*	655

\* Information not yet available.

**Notes:** Details regarding the County's outstanding debt can be found in the notes to the financial statements.

<sup>a</sup> The County issued \$31.6 million and \$45.3 million of general obligation bonds in 2004 and 2005, respectively.

<sup>b</sup> See Table 5 for taxable property value data.

<sup>c</sup> See Table 11 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

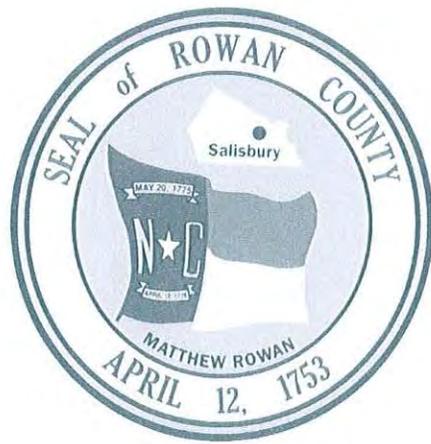
<sup>d</sup> Includes general bonded debt, other governmental activities debt and business-type activities debt.

**ROWAN COUNTY, NORTH CAROLINA**  
**LEGAL DEBT MARGIN INFORMATION**  
**Last Ten Fiscal Years**  
**(Dollars in Thousands)**

**TABLE 10**

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Assessed value of property	\$ 7,537,415	\$ 7,859,448	\$ 8,129,279	\$ 9,371,469	\$ 9,393,452	\$ 9,754,934	\$ 9,927,381	\$ 11,410,279	\$ 11,785,179	\$ 11,785,869
Debt limit, 8% of assessed value (statutory limitation)	602,993	628,756	650,342	749,718	751,476	780,395	794,190	912,822	942,814	942,869
Amount of debt applicable to limit:										
General obligation bonds	32,400	30,225	27,907	57,449	100,488	95,165	89,932	84,745	78,612	72,343
General obligation bonds authorized and unissued	-	-	-	45,300	-	-	-	-	-	-
Certificates of Participation	6,115	5,390	4,620	3,805	2,940	2,020	1,040	-	-	-
Installment Purchase Agreements	7,822	13,875	11,321	9,961	11,262	9,564	13,355	14,571	20,482	19,740
Total net debt applicable to limit	46,337	49,490	43,848	116,515	114,690	106,749	104,327	99,316	99,094	92,083
Legal debt margin	<u>\$ 556,656</u>	<u>\$ 579,266</u>	<u>\$ 606,494</u>	<u>\$ 633,203</u>	<u>\$ 636,786</u>	<u>\$ 673,646</u>	<u>\$ 689,863</u>	<u>\$ 813,506</u>	<u>\$ 843,720</u>	<u>\$ 850,786</u>
Total net debt applicable to the limit as a percentage of debt limit	7.68%	7.87%	6.74%	15.54%	15.26%	13.68%	13.14%	10.88%	10.51%	9.77%

**Note:** Section 159-55 of State Finance Law limits the County's outstanding general obligation long-term debts (less debt service reserves) to no more than eight percent of the assessed value of property. The legal debt margin is the difference between the debt limit and the County's net debt outstanding applicable to the limit, and represents the County's legal borrowing authority.



*Demographic and Economic Statistics*

*Principal Employers*

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

**Demographic  
and Economic  
Information**

**ROWAN COUNTY, NORTH CAROLINA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Fiscal Years**

**TABLE 11**

<u>Year</u>	<u>Population<sup>a</sup></u>	<u>Personal Income<sup>b</sup></u> (Dollars in Thousands)	<u>Per Capita Personal Income</u>	<u>Public School Enrollment<sup>c</sup></u>	<u>Unemployment Rate<sup>d</sup></u>
2001	131,723	\$3,156,074	\$ 23,960	21,334	6.6%
2002	134,525	3,207,573	23,844	21,597	5.6%
2003	134,836	3,312,212	24,565	21,978	5.9%
2004	135,147	3,358,830	24,853	22,106	6.5%
2005	134,094	3,501,321	26,111	22,122	5.7%
2006	134,511	3,689,822	27,431	22,080	5.5%
2007	135,931	3,929,345	28,907	22,077	6.3%
2008	137,611	4,029,907	29,285	22,119	6.3%
2009	138,545	4,278,802	30,884	22,048	13.1%
2010	140,518	*	*	21,827	11.8%

\* Information not yet available.

**Notes:** <sup>a</sup> Fiscal Year 2000 is U.S. Census figure. All other figures were estimated by the North Carolina Data Center.

<sup>b</sup> Bureau of Economic Analysis, U.S. Department of Commerce. Figures are for the prior calendar year.

<sup>c</sup> North Carolina Department of Public Instruction

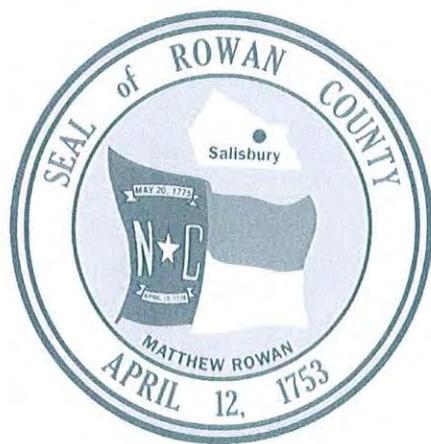
<sup>d</sup> Employment Security Commission of North Carolina

**ROWAN COUNTY, NORTH CAROLINA**  
**PRINCIPAL EMPLOYERS**  
**Current Year and Nine Years Ago**

**TABLE 12**

Employer	Fiscal Year 2010			Fiscal Year 2001		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Rowan-Salisbury School System	3,123	1	4.95%	2,500	2	4.16%
Food Lion, LLC	2,330	2	3.69%	2,350	3	3.91%
W.G. (Bill) Hefner VA Medical Center	1,795	3	2.85%	1,300	4	2.16%
Rowan Regional Medical Center	1,095	4	1.74%	1,250	5	2.08%
Freightliner, LLC	800	5	1.27%	2,500	1	4.16%
Rowan County	740	6	1.17%	650	8	1.08%
City of Salisbury	455	7	0.72%	-	-	-
Piedmont Correctional Institution - Rowan Correctional Center	450	8	0.71%	450	10	0.75%
PGT Industries	365	9	0.58%	-	-	-
Performance Fibers	360	10	0.57%	-	-	-
Arteva Specialties (KOSA)	-	-	-	1,200	6	2.00%
GDX Automotive	-	-	-	855	7	1.42%
Pillowtex	-	-	-	590	9	0.98%
<b>Total</b>	<b>11,513</b>		<b>18.25%</b>	<b>13,645</b>		<b>22.70%</b>

**Source:** Rowan County Chamber of Commerce and Employment Security Commission of North Carolina

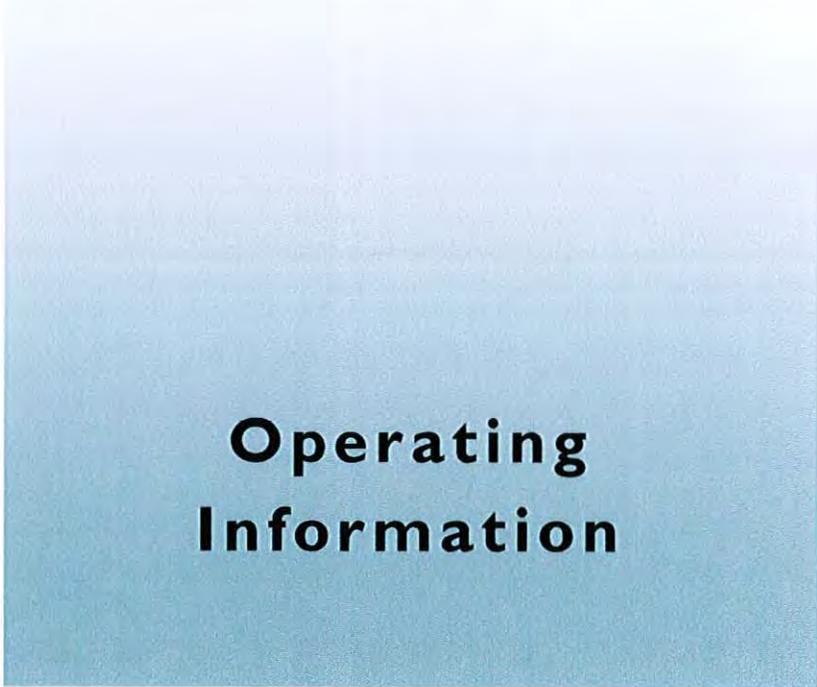


*Full-time Equivalent County Government  
Employees by Function*

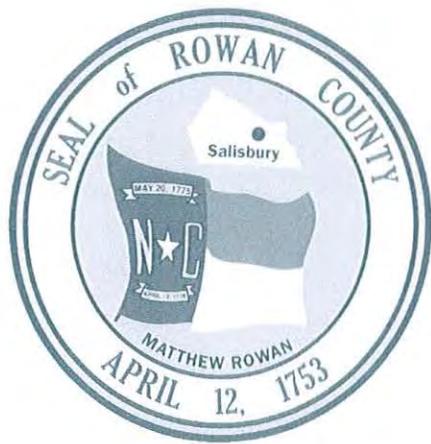
*Operating Indicators by Function*

*Capital Asset Statistics by Function*

These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.



**Operating  
Information**



**FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION**

**Last Ten Fiscal Years**

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government	90	90	90	93	96	98	101	107	109	103
Public safety	250	258	265	279	295	300	313	338	339	332
Transportation	2	2	2	2	2	2	2	2	2	2
Environmental protection	3	3	3	3	3	3	3	-	-	-
Economic and physical development	15	14	10	10	11	11	10	10	11	9
Human services	282	281	284	291	291	294	295	305	311	309
Culture and recreation	82	83	81	87	91	97	98	100	98	97
Airport	-	-	-	-	5	7	7	8	7	7
Landfill	27	28	28	29	29	28	28	30	31	31
<b>Total</b>	<b>751</b>	<b>759</b>	<b>763</b>	<b>794</b>	<b>823</b>	<b>840</b>	<b>857</b>	<b>900</b>	<b>908</b>	<b>890</b>

**Source:** Rowan County Information Systems

**Note:** A full-time employee is scheduled to work 260 days per year (approximately 365 minus two days off per week). At eight hours per day, 2,080 hours are scheduled per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

**ROWAN COUNTY, NORTH CAROLINA**  
**OPERATING INDICATORS BY FUNCTION**  
**Last Ten Fiscal Years**

**TABLE 14**

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government:										
Registered voters	82,997	80,510	80,241	79,809	82,812	84,417	82,281	86,901	89,523	89,776
Number of recorded deeds	11,506	12,478	10,189	5,797	6,107	6,650	6,369	5,584	3,931	3,964
Number of births	985	973	915	992	925	865	929	921	980	789
Number of marriages	988	970	905	869	831	818	846	802	777	727
Public safety:										
Number of arrest charges	5,097	4,772	5,445	6,125	6,408	6,146	5,525	3,832	3,675	3,412
Average daily detention population	178	206	229	202	199	223	269	275	267	277
Number of 911 calls received	113,839	119,815	129,964	123,641	127,632	130,302	135,575	138,819	98,400	100,695
Number of EMS calls answered	15,384	15,515	17,187	13,157	14,119	15,260	15,323	13,882	12,955	12,723
Transportation:										
Number of based aircraft	85	80	80	80	80	100	87	84	90	93
Number of Rowan Transit System rides <sup>a</sup>	*	78,463	73,408	69,303	70,066	65,626	65,479	74,275	72,876	81,713
Environmental protection:										
Number of building permits issued	1,890	2,002	1,734	1,805	1,702	1,861	1,586	3,842	4,712	4,586
Economic and physical development:										
Citizens reached through:										
Agricultural Extension program attendance	19,443	14,302	15,001	21,119	19,568	13,195	14,841	20,315	15,104	12,400

Continued on next page.

**ROWAN COUNTY, NORTH CAROLINA**  
**OPERATING INDICATORS BY FUNCTION**  
**Last Ten Fiscal Years**

**TABLE 14 (Continued)**

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Human services:										
Number of Health Department clients	26,091	22,588	21,470	21,953	21,699	20,016	18,450	20,051	19,862	18,884
Number of permitted restaurants	213	208	211	214	218	225	224	233	252	240
Average number of Medicaid recipients per month	13,388	14,663	15,295	16,057	16,251	16,909	17,419	18,661	20,217	22,172
Average number of Work First recipients per month	1,314	1,463	1,398	991	834	749	728	703	693	655
Number of Senior Services clients	5,113	5,595	5,836	4,089	5,452	8,835	5,282	5,665	4,932	5,372
Number of veterans served	7,806	8,692	6,952	3,871	4,193	4,827	5,287	5,759	6,012	8,567
Culture and recreation:										
Number of park campers	23,769	19,947	18,479	18,640	19,883	24,330	24,068	26,624	23,964	22,395
Library attendance	291,518	264,978	242,237	248,355	296,980	324,964	359,093	394,943	438,857	398,685
Library program attendance	33,961	31,142	35,104	34,237	33,504	33,753	40,609	57,482	87,008	62,304
Library internet users	2,447	3,679	3,879	66,692	76,212	77,295	104,196	113,080	117,813	106,722
Landfill:										
Average daily landfill trips	123	122	120	139	155	170	175	154	161	155
Average daily tonnage dumped	243	242	256	319	386	481	491	392	478	467

\* Information not available.

Sources: Various County departments.

Note: <sup>a</sup> Rowan Transit System became a County department effective July 1, 2001.

**ROWAN COUNTY, NORTH CAROLINA**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
**Last Ten Fiscal Years**

**TABLE 15**

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Public safety:</b>										
Number of patrol cars	90	90	96	98	101	105	105	109	109	109
Detention center capacity	162	162	162	162	162	162	162	162	162	162
Number of EMS stations	4	4	4	5	5	5	5	5	6	6
<b>Transportation:</b>										
Airport acreage	540	540	540	540	540	540	540	527	527	527
Number of airport hangars	52	52	52	53	53	81	81	81	81	81
Number of Rowan Transit System vans <sup>a</sup>	*	32	31	27	30	30	28	30	28	29
<b>Economic and physical development:</b>										
Industrial parks acreage	534	534	534	534	479	415	415	401	368	366
<b>Culture and recreation:</b>										
Number of County parks	3	4	4	4	4	5	5	5	5	5
Parks acreage	509	609	609	609	609	691	696	696	696	696
Number of camp sites	80	80	80	78	78	78	78	78	78	78
Number of library branches	3	3	3	3	3	3	3	3	3	3
Number of library media	215,615	224,476	210,057	213,869	240,667	250,765	260,753	281,238	291,628	291,839
<b>Landfill:</b>										
Landfill acreage	375	375	375	375	375	375	375	375	375	375
Convenience sites	9	9	9	9	9	8	8	8	8	8

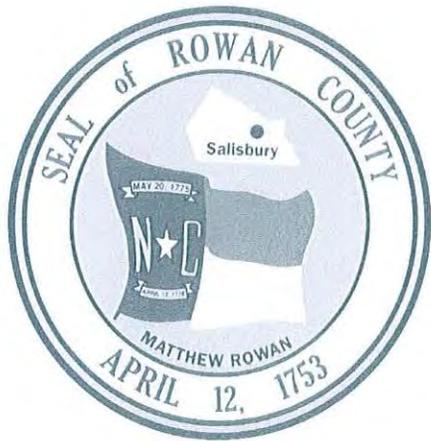
\* Information not available.

**Sources:** Various County departments.

**Notes:** No capital asset indicators are available for the general government function.

<sup>a</sup> Rowan Transit System became a County department effective July 1, 2001.

**COMPLIANCE  
SECTION**



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

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

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

To the Board of Commissioners  
Rowan County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Rowan County, North Carolina, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 18, 2010. Our report includes a reference to other auditors. 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. Other auditors audited the financial statements of Rowan/Kannapolis ABC Board as described in our report on Rowan County's financial statements. The financial statements of Rowan/Kannapolis ABC Board were not audited in accordance with Government Auditing Standards.

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

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

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

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

#### **Compliance and Other Matters**

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

This report is intended solely for the information and use of the board of commissioners, management, 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 18, 2010

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

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

To the Board of Commissioners  
Rowan County, North Carolina

### **Compliance**

We have audited the compliance of Rowan 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, 2010. Rowan County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and responses. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Rowan County's management. Our responsibility is to express an opinion on Rowan 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 Rowan 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 Rowan County's compliance with those requirements.

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

### **Internal Control Over Compliance**

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

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

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

This report is intended solely for the information and use of the board of commissioners, management, and federal 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 18, 2010

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

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## **Report On Compliance With Requirements That Could Have A Direct And Material Effect On Each Major State Program And Internal Control Over Compliance In Accordance With Applicable Sections Of OMB Circular A-133 And The State Single Audit Implementation Act**

To the Board of Commissioners  
Rowan County, North Carolina

### **Compliance**

We have audited the compliance of Rowan County, North Carolina, with the types of compliance requirements described in applicable sections of OMB Circular A-133 and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that are applicable to each of its major state programs for the year ended June 30, 2010. Rowan County's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and responses. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of Rowan County's management. Our responsibility is to express an opinion on Rowan 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 State program occurred. An audit includes examining, on a test basis, evidence about Rowan 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 Rowan County's compliance with those requirements.

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

### **Internal Control Over Compliance**

The management of Rowan 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 Rowan 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, in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

This report is intended solely for the information and use of the board of commissioners, management, 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 18, 2010

**1. Summary of Auditors' Results**

- A. An unqualified opinion was issued on the financial statements of Rowan County, North Carolina.
- B. Our audit of the basic financial statements disclosed no significant deficiencies or material weaknesses in internal controls.
- C. Our audit of the basic financial statements disclosed no instances of noncompliance with laws, regulations and the provisions of contracts and grant agreements that are material to the basic financial statements.
- D. Our audit of compliance with the types of compliance requirements applicable to the County's major programs disclosed no significant deficiencies or material weaknesses in internal controls over major programs.
- E. An unqualified opinion was issued on Rowan County, North Carolina's compliance with the types of compliance requirements applicable to its major federal programs.
- F. An unqualified opinion was issued on Rowan County, North Carolina's compliance with the types of compliance requirements applicable to its major State programs.
- G. Our audit disclosed no audit findings which related to federal and State awards.
- H. Major federal programs for Rowan County, North Carolina for the fiscal year ended June 30, 2010 are:

<u>Program Name</u>	<u>CFDA #</u>
Medical Assistance	93.778
Temporary Assistance For Needy Families	93.558
Subsidized Childcare Cluster	93.558, 93.575, 93.596, 93.667
Supplemental Nutrition Assistance Program:	
Food Stamp Program	10.551
State Administrative Matching Grants for Food Stamps	10.561
IV-E Foster Care and Adoption Cluster	93.658/93.659
Special Supplemental Nutrition Program for Women, Infants and Children	10.557

I. Major State programs for Rowan County, North Carolina for the fiscal year ended June 30, 2010 are:

**Program Name**

Medical Assistance  
Subsidized Childcare Cluster  
IV-E Foster Care and Adoption Cluster

J. The threshold for determining Type A programs for Rowan County, North Carolina is \$3,000,000.

K. Rowan County, North Carolina did not qualify as a low risk auditee under Section .530 of Circular No. A-133.

**2. Findings Related to the Audit of the Basic Financial Statements**

None

**3. Findings and Questioned Costs Related to the Audit of Federal Awards**

None

**4. Findings and Questioned Costs Related to the Audit of State Awards**

None

None

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

**EXHIBIT D-3**

Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures
<b>FEDERAL GRANTS</b>					
<b>CASH PROGRAMS</b>					
<b>U.S. DEPARTMENT OF AGRICULTURE</b>					
Food and Nutrition Services:					
Passed-through N.C. Department of Health and Human Services:					
Division of Social Services:					
Administration:					
Food Stamp Cluster (Note 3):					
State Administrative Matching Grants for Food Stamp Program	10.561	XXXX	\$ 819,735	\$ -	\$ 739,224
Division of Public Health:					
Administration:					
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	XXXX	613,289	-	-
Direct Benefit Payments:					
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	XXXX	2,559,280	-	-
Passed-through N.C. Department of Agriculture:					
Emergency Food Assistance Cluster (Note 3):					
Emergency Food Assistance Program - Administrative Cost	10.568	XXXX	20,699	-	-
Emergency Food Assistance Program - Food Commodities	10.569	XXXX	178,416	-	-
Total Emergency Food Assistance Cluster			199,115	-	-
Passed-through Centralina Council of Governments:					
Nutrition Services for the Elderly	10.570	XXXX	38,972	-	7,795
Total U.S. Department of Agriculture			4,230,391	-	747,019

Continued on next page.

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

**EXHIBIT D-3 (Continued)**

Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures
<b>U.S. DEPARTMENT OF JUSTICE</b>					
Bureau of Justice Assistance:					
SCAAP Grant		XXXX	\$ 21,270	\$ -	\$ -
Bullet Proof Vest Program		XXXX	1,628	-	163
Bryne/Justice Assistance Grant	16.579	XXXX	1,040	-	-
ARRA - Bryne/Justice Assistance Grant	16.579	XXXX	52,534	-	-
Passed-through N.C. Department of Crime Control and Public Safety:					
ARRA - Bryne/Justice Assistance Grant:					
Rowan County Youth Services:					
Gang Assessment	16.579	XXXX	6,384	-	-
Times Two Mentoring	16.579	XXXX	23,706	-	-
Community Oriented Policing Services:					
Secure Our Schools	16.200	XXXX	367,414	-	-
Total U.S. Department of Justice			<u>473,976</u>	<u>-</u>	<u>163</u>
<b>U.S. DEPARTMENT OF LABOR</b>					
Employment and Training Administration:					
Passed-through N.C. Department of Health and Human Services:					
Division of Aging:					
Passed-through Centralina Council of Governments:					
Senior Community Service Employment Program - Title V	17.235	XXXX	246,469	-	24,842
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>					
Federal Aviation Administration:					
Passed-through N.C. Department of Transportation:					
State Block Grant Program	20.106	XXXX	303,028	-	29,725
Congestion Mitigation and Air Quality	20.205	XXXX	121,447	-	30,362
Total U.S. Department of Transportation			<u>424,475</u>	<u>-</u>	<u>60,087</u>

Continued on next page.

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

**EXHIBIT D-3 (Continued)**

Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
Administration on Aging:					
Passed-through Centralina Council of Governments:					
Aging Cluster:					
Special Programs for the Aging - Title III-B					
Grants for Supportive Services and Senior Centers	93.044	XXXX	\$ 150,789	\$ 278,633	\$ 47,713
Special Programs for the Aging - Title III-C					
Nutrition Services	93.045	XXXX	330,023	19,430	38,828
Special Programs for the Aging - Title III-E					
Caregivers Support Grant	93.052	XXXX	44,266	2,951	9,443
Total Aging Cluster			<u>525,078</u>	<u>301,014</u>	<u>95,984</u>
Passed-through N.C. Department of Health and Human Services:					
Division of Public Health:					
Family Planning Services	93.218	XXXX	86,647	-	-
Immunization Program / Aid to County Funding	93.268	XXXX	42,042	-	-
Prevention Investigations and Technical Assistance	93.283	XXXX	129,784	-	-
Temporary Assistance for Needy Families	93.558	XXXX	15,857	-	-
Statewide Health Promotion Program	93.991	XXXX	22,273	-	-
Maternal and Child Health Services Block Grant	93.994	XXXX	281,283	-	-
Total Division of Public Health			<u>577,886</u>	<u>-</u>	<u>-</u>
Administration for Children and Families:					
Passed-through N.C. Department of Health and Human Services:					
Division of Social Services:					
Foster Care and Adoption Cluster (Note 3):					
Title IV-E Foster Care	93.658	XXXX	1,480,750	308,508	691,687
Adoption Assistance - Direct Benefit Payments	93.659	XXXX	761,710	157,931	157,859
Adoption / Foster Care	93.658	XXXX	390,776	344,897	-
Total Foster Care and Adoption Cluster			<u>2,633,236</u>	<u>811,336</u>	<u>849,546</u>

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

**EXHIBIT D-3 (Continued)**

Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</b>					
Administration for Children and Families (Continued):					
Passed-through N.C. Department of Health and Human Services (Continued):					
Division of Social Services (Continued):					
Family Preservation	93.556	XXXX	\$ 5,320	\$ -	\$ -
Temporary Assistance for Needy Families	93.558	XXXX	746,500	-	1,490,798
TANF - Direct Benefit Payments	93.558	XXXX	903,897	-	9,524
Special Children Adoption	93.558	XXXX	79,500	-	-
Work First Benefits - Direct Benefit Payments	93.558	XXXX	17,459	-	-
Child Support Enforcement	93.563	XXXX	1,209,437	-	623,043
Refugee Assistance - Administration	93.566	XXXX	1,652	-	-
Energy Assistance - Direct Benefit	93.568	XXXX	832,512	-	-
Crisis Intervention	93.568	XXXX	681,160	-	-
Child Welfare Services - State Grant:					
Adoption Subsidy Direct Benefit Payments	93.645	XXXX	-	421,241	144,000
Permanency Planning	93.645	XXXX	33,675	11,413	1,143
SSBG - Adult Day Care	93.667	XXXX	447,150	40,758	137,009
Independent Living Grant	93.674	XXXX	55,421	10,276	-
Total Division of Social Services			<u>7,646,919</u>	<u>1,295,024</u>	<u>3,255,063</u>
Subsidized Child Care Cluster (Note 3):					
Child Care Development Fund Cluster:					
Division of Child Development:					
Child Care Development Fund - Administration	93.596	XXXX	202,703	-	-
Child Care Development Fund - Discretionary	93.575	XXXX	2,025,442	-	-
Child Care Development Fund - Mandatory	93.596	XXXX	539,853	-	-
Child Care Development Fund - Match	93.596	XXXX	325,844	175,122	-
ARRA - Child Care and Development Block Grant	93.713	XXXX	367,914	-	-
Total Child Care Development Fund Cluster			<u>3,461,756</u>	<u>175,122</u>	<u>-</u>

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

**EXHIBIT D-3 (Continued)**

Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</b>					
Administration for Children and Families (Continued):					
Passed-through N.C. Department of Health and Human Services (Continued):					
Subsidized Child Care Cluster (Note 3) (Continued):					
Social Services Block Grant	93.667	XXXX	\$ 15,960	\$ -	\$ -
Temporary Assistance for Needy Families	93.558	XXXX	639,426	-	-
State Appropriations		XXXX	-	120,115	-
TANF-MOE		XXXX	-	401,727	-
Total Subsidized Child Care Cluster			<u>4,117,142</u>	<u>696,964</u>	<u>-</u>
Centers for Medicare and Medicaid Services:					
Passed-through N.C. Department of Health and Human Services:					
Division of Medical Assistance:					
Direct Benefit Payments:					
Medical Assistance Program	93.778	XXXX	<u>112,257,777</u>	<u>39,422,364</u>	<u>-</u>
Division of Social Services:					
Administration:					
Medical Assistance Program	93.778	XXXX	1,424,054	76,010	1,340,592
Health Choice	93.767	XXXX	61,161	5,492	14,305
Total Division of Social Services			<u>1,485,215</u>	<u>81,502</u>	<u>1,354,897</u>
Total U.S. Department of Health and Human Services			<u>126,610,017</u>	<u>41,796,868</u>	<u>4,705,944</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>					
Passed-through N.C. Department of Crime Control and Public Safety:					
Division of Emergency Management:					
Homeland Security Program	97.004	XXXX	<u>6,444</u>	<u>-</u>	<u>-</u>

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

**EXHIBIT D-3 (Continued)**

Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>					
Division of Community Planning and Development:					
HOME Investment Partnerships Program	14.239	XXXX	\$ 181,711	\$ -	\$ -
Single Family Rehabilitation Program	14.239	XXXX	<u>368,350</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>550,061</u>	<u>-</u>	<u>-</u>
TOTAL FEDERAL AWARDS			<u>132,541,833</u>	<u>41,796,868</u>	<u>5,538,055</u>
<b>STATE GRANTS</b>					
<b>CASH PROGRAMS</b>					
<b>N.C. DEPARTMENT OF CULTURAL RESOURCES</b>					
Division of State Library:					
State Aid to Libraries		XXXX	<u>-</u>	<u>189,285</u>	<u>2,443,658</u>
<b>N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
Division of Public Health:					
General		XXXX	-	180,138	-
Communicable Disease		XXXX	-	11,271	-
Tuberculosis		XXXX	-	17,128	-
AIDS		XXXX	-	12,500	-
Women's Preventative Health		XXXX	-	19,686	-
Risk Reduction / Health Promotion		XXXX	-	5,874	-
TB Medical Services		XXXX	-	1,282	-
Breast and Cervical Cancer Control		XXXX	-	7,650	-
LHD Smokefree Law		XXXX	-	2,481	-
Preparedness and Response		XXXX	-	45,611	-
Environmental Health		XXXX	<u>-</u>	<u>18,660</u>	<u>-</u>
Total Division of Public Health			<u>-</u>	<u>322,281</u>	<u>-</u>

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

**EXHIBIT D-3 (Continued)**

Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures
<b>N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</b>					
Division of Social Services:					
State / County Special Assistance for Adults - Direct Benefit Payments		XXXX	\$ -	\$ 1,112,714	\$ 1,112,714
Energy Assistance Private Grant		XXXX	-	3,274	-
Foster Care at Risk		XXXX	-	190,784	10,375
Adult Protective Services		XXXX	-	33,544	-
Program Integrity Plan		XXXX	-	10,597	-
State Foster Home		XXXX	-	504,380	498,379
Total Division of Social Services			<u>-</u>	<u>1,855,293</u>	<u>1,621,468</u>
Total N.C. Department of Health and Human Services			<u>-</u>	<u>2,177,574</u>	<u>1,621,468</u>
<b>N.C. DEPARTMENT OF COMMERCE</b>					
Division of Community Assistance:					
Community Development Block Grant:					
Scattered Site Grant		XXXX	-	217,188	-
Economic Development Grant		XXXX	-	17,194	-
Total N.C. Department of Commerce			<u>-</u>	<u>234,382</u>	<u>-</u>
<b>N.C. DEPARTMENT OF ENVIRONMENTAL AND NATURAL RESOURCES</b>					
Division of Waste Management:					
White Goods Management Program		XXXX	-	44,766	-
Scrap Tire Program		XXXX	-	155,315	-
Solid Waste Disposal		XXXX	-	66,181	-
Total Division of Waste Management			<u>-</u>	<u>266,262</u>	<u>-</u>
Soil and Water Grant		XXXX	-	18,191	18,191
Soil and Water Conservation		XXXX	-	3,800	-
Total N.C. Department of Environmental and Natural Resources			<u>-</u>	<u>288,253</u>	<u>18,191</u>

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

**EXHIBIT D-3 (Continued)**

Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures
<b>N.C. DIVISION OF VETERANS AFFAIRS</b>					
Veterans Service Grant		XXXX	\$ -	\$ 2,000	\$ 45,001
<b>N.C. DEPARTMENT OF PUBLIC INSTRUCTION</b>					
Public School Building Capital Fund: Lottery Proceeds		XXXX	-	2,500,000	-
<b>N.C. DIVISION OF MEDICAL ASSISTANCE</b>					
Southern Piedmont Community Care Network		XXXX	-	37,837	-
<b>N.C. DEPARTMENT OF TRANSPORTATION</b>					
CTP Capital Grant	20.509	XXXX	134,619	16,827	16,827
CTP Administration Grant	20.509	XXXX	127,946	7,997	23,990
CTP Facility Grant	20.509	XXXX	46,492	5,811	5,811
Rural Operating Assistance Program:					
WorkFirst / Employment Transportation		XXXX	-	22,106	-
Rural General Public Grant		XXXX	-	142,122	15,791
Elderly-Handicapped Transportation		XXXX	-	124,492	-
Total Rural Operating Assistance Program			-	288,720	15,791
Total N.C. Department of Transportation			309,057	319,355	62,419
<b>N.C. DEPARTMENT OF CORRECTIONS</b>					
Criminal Justice Partnership Program		XXXX	-	125,933	-
<b>N.C. DEPARTMENT OF INSURANCE</b>					
Division of Seniors' Health Insurance Information Program		XXXX	-	3,334	-

Continued on next page.

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

**EXHIBIT D-3 (Continued)**

Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures
<b>N.C. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY</b>					
Division of Emergency Management:					
Emergency Management Program Grant		XXXX	\$ -	\$ 49,589	\$ -
<b>N.C. HEALTH AND WELLNESS TRUST FUND COMMISSION</b>					
Teen Tobacco Use Prevention and Cessation		XXXX	-	78,651	-
<b>N.C. PARTNERSHIP FOR CHILDREN</b>					
Passed-through Rowan Partnership for Children:					
Child Health Consultant		XXXX	-	2,192	-
Health Link		XXXX	-	73,133	-
Healthy Services for Children		XXXX	-	98,409	-
Smart Start		XXXX	-	125,620	-
Smile Savers		XXXX	-	80,124	-
Total N.C. Partnership for Children			-	379,478	-
<b>N.C. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION</b>					
Juvenile Crime Prevention Programs:					
Adolescent and Family Enrichment Council:					
Strengthening Families		XXXX	-	42,046	-
Rowan County Youth Services Bureau:					
Juvenile Restitution Program		XXXX	-	41,272	-
Parent Education		XXXX	-	32,643	-
Psychological Services for Juvenile Court		XXXX	-	59,123	-
Teen Court		XXXX	-	16,766	-
YOUth Train		XXXX	-	29,478	-
Rowan County:					
JCPC Certification		XXXX	-	3,498	-

Continued on next page.

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

**EXHIBIT D-3 (Continued)**

Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures
<b>N.C. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY</b>					
<b>PREVENTION (Continued)</b>					
Juvenile Crime Prevention Programs (Continued):					
Communities in Schools:					
On Track with CIS		XXXX	\$ -	\$ 61,446	\$ -
Genesis Counseling Services:					
Juvenile Sex Offender Evaluation and Counseling		XXXX	-	22,358	-
Total N.C. Department of Juvenile Justice and Delinquency Prevention			-	308,630	-
<b>N.C. HOUSING FINANCE AGENCY</b>					
Duke Home Energy Assistance Loan Pool		XXXX	-	92,470	-
Lead Assistance Partnership Pool		XXXX	-	13,695	-
Total N.C. Housing Finance Agency			-	106,165	-
TOTAL STATE AWARDS			309,057	6,800,466	4,190,737
TOTAL FEDERAL AND STATE AWARDS			<u>\$ 132,850,890</u>	<u>\$ 48,597,334</u>	<u>\$ 9,728,792</u>

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

**EXHIBIT D-3 (Continued)**

Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures
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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 Rowan County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Benefit payments are paid directly to recipients and are not included in the 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 the schedule.

2. Subrecipients

Of the federal and State expenditures presented in the schedule, Rowan County provided State awards to subrecipients as follows:

**N.C. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY  
PREVENTION**

Adolescent and Family Enrichment Council:					
Nurturing Program		XXXX	\$ -	\$ 42,046	\$ -
Rowan County Youth Services Bureau:					
Juvenile Restitution Program		XXXX	-	41,272	-
Parent Education		XXXX	-	32,643	-
Psychological Services for Juvenile Court		XXXX	-	59,123	-
Teen Court		XXXX	-	16,766	-
YOUth Train		XXXX	-	29,478	-
Communities in Schools:					
On Track with CIS		XXXX	-	61,446	-
Genesis Counseling Services:					
Alpha (SAY) Program		XXXX	-	22,358	-
Total N.C. Department of Juvenile Justice and Delinquency Prevention			\$ -	\$ 305,132	\$ -

Continued on next page.

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

**EXHIBIT D-3 (Continued)**

Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures
Notes to the Schedule of Expenditures of Federal and State Awards (Continued):					
2. Subrecipients (Continued)					
<b>U.S. DEPARTMENT OF JUSTICE</b>					
Passed-through N.C. Department of Crime Control and Public Safety:					
ARRA - Byrne/Justice Assistance Grant:					
Rowan County Youth Services:					
Gang Assessment	16.579	XXXX	\$ 6,384	\$ -	\$ -
Times Two Mentoring	16.579	XXXX	<u>23,706</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Justice			<u>\$ 30,090</u>	<u>\$ -</u>	<u>\$ -</u>

3. The following are clustered by the N.C. Department of Health and Human Services and are treated separately for State audit requirement purposes:

- Emergency Food Assistance
- Food Stamp
- Foster Care and Adoption
- Subsidized Child Care and Foster Care and Adoption Care

