

**Cleveland County, North Carolina
Annual Financial and Compliance Report
For the Year Ended June 30, 2011
II: FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
D. Required Supplementary Information:**

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The Required Supplementary Information concerns, first, the County's future obligation to provide pension benefits to its law enforcement officers through the Law Enforcement Officers' Special Separation Allowance (LEOSSA); second, the County's future obligation to provide healthcare coverage to its retirees and, third, more detailed results for each individual fund, both major and non-major funds, by comparing actual results with the budgetary estimates and limitations.

Cleveland County, North Carolina
Annual Financial and Compliance Report
For the Year Ended June 30, 2011
II: FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
D. Required Supplementary Information:
1. Law Enforcement Officers' Special Separation Allowance Financial Schedules

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| b. LEOSSA Schedule of Employer Contributions | Exhibit II.D.1.b | 86 |
| c. Notes to LEOSSA Financial Schedules | Exhibit II.D.1.c | 87 |

Article 12D of Chapter 143 from the North Carolina General Statutes authorizes the Law Enforcement Officers' Special Separation Allowance (LEOSSA). The LEOSSA is administered under the North Carolina Local Governmental Employees' Retirement System (NC-LGERS). The displays here comply with the applicable provision of accounting requirements under Governmental Accounting Standards Board Statements Number 25 and 27.

Cleveland County, North Carolina
a. LEOSSA Schedule of Funding Progress

For the Year Ended June 30, 2011

| Year Ended December 31 | Actuarial Value of Assets | AAL* - Projected Unit Credit | Unfunded AAL* | Funded Ratio | Covered Payroll | Ratio of Unfunded AAL to Covered Payroll |
|--|---------------------------|------------------------------|---------------|--------------|-----------------|--|
| --- County cannot report certain information prior to first actuarial study completed for the period ended December 31, 2005 | | | | | | |
| 2010 | \$ - | \$ 1,546,105 | \$ 1,546,105 | 0.000% | \$ 3,336,824 | 46.335% |
| 2009 | - | 1,353,424 | 1,353,424 | 0.000% | 3,417,424 | 39.604% |
| 2008 | - | 1,058,407 | 1,058,407 | 0.000% | 3,296,447 | 32.108% |
| 2007 | - | 981,492 | 981,492 | 0.000% | 3,126,082 | 31.397% |
| 2006 | - | 921,555 | 921,555 | 0.000% | 2,937,458 | 31.373% |
| 2005 | - | 923,552 | 923,552 | 0.000% | 2,905,604 | 31.785% |
| 2004 | - | ?? | ?? | 0.000% | 2,797,454 | ?? |
| 2003 | - | ?? | ?? | 0.000% | 2,645,847 | ?? |
| 2002 | - | ?? | ?? | 0.000% | 2,580,566 | ?? |
| 2001 | - | ?? | ?? | 0.000% | 2,729,960 | ?? |
| 2000 | - | ?? | ?? | 0.000% | 2,390,723 | ?? |
| 1999 | - | ?? | ?? | 0.000% | 2,067,519 | ?? |

* AAL = Actuarial Accrued Liability (see Valuation Balance Sheet on next page)

?? = information not available

Cleveland County, North Carolina
b. LEOSSA Schedule of Employer Contributions

For the Year Ended June 30, 2011

| Fiscal Year Ended June 30 | Actual Contributions | Annual Required Contributions | Percentage Contributed | Annual Pension Cost | Percentage Contributed | Net Pension Obligation |
|--|----------------------|-------------------------------|------------------------|---------------------|------------------------|------------------------|
| --- County cannot report certain information prior to first actuarial study completed for the period ended December 31, 2005 | | | | | | |
| 2011 | \$ 94,007 | \$ 154,429 | 60.874% | \$ 153,076 | 61.412% | \$ 441,659 |
| 2010 | 60,798 | 122,596 | 49.592% | 125,616 | 48.400% | 382,590 |
| 2009 | 90,237 | 109,801 | 82.182% | 112,549 | 80.176% | 317,772 |
| 2008 | 96,599 | 104,088 | 92.805% | 107,236 | 90.081% | 295,460 |
| 2007 | 105,507 | 100,013 | 105.493% | 103,641 | 101.800% | 284,823 |
| 2006 | 114,758 | ?? | ?? | 104,487 | 109.830% | 286,689 |
| 2005 | 117,577 | ?? | ?? | 105,089 | 111.883% | 296,960 |
| 2004 | 97,473 | ?? | ?? | 105,537 | 92.359% | 309,448 |
| 2003 | 100,384 | ?? | ?? | ?? | ?? | ?? |
| 2002 | 67,976 | ?? | ?? | ?? | ?? | ?? |
| 2001 | 59,529 | ?? | ?? | ?? | ?? | ?? |
| 2000 | 54,169 | ?? | ?? | ?? | ?? | ?? |

?? = information not available

Cleveland County, North Carolina
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For the Year Ended June 30, 2011

II: FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
D. Required Supplementary Information:
1. Law Enforcement Officers' Special Separation Allowance Financial Schedules
c. Notes to LEOSSA Financial Schedules

INFORMATION PERTAINING TO THE FISCAL YEAR ENDED JUNE 30, 2011

The actuarial valuation for the fiscal year ended June 30, 2011 is based on the annual payroll for law enforcement officers in the calendar year ended December 31, 2009. The actuary's corresponding calculations are shown below.

ANNUAL PAYROLL FOR THE PERIOD ENDED DECEMBER 31, 2009

| | <u>Number</u> | <u>Amount</u> |
|---|---------------|---------------------|
| 1) active members - current annual compensation | 87 | \$ 3,417,424 |
| 2) retired members - current annual benefits | 4 | 41,374 |
| total annual payroll | | <u>\$ 3,458,798</u> |

VALUATION BALANCE SHEET FOR THE PERIOD ENDED DECEMBER 31, 2009

| | |
|--|---------------------|
| Present and Prospective Assets | |
| present assets | \$ - |
| present value of future (unfunded) accrued liability contributions | 1,353,424 |
| total assets, as of December 31, 2009 | <u>\$ 1,353,424</u> |
| Accrued Actuarial Liabilities = present value of benefits payable in respect of: | |
| present retired members and beneficiaries | \$ 157,023 |
| present active members | 1,196,401 |
| total liabilities, as of December 31, 2009 | <u>\$ 1,353,424</u> |

ANNUAL REQUIRED CONTRIBUTION FOR THE YEAR ENDED JUNE 30, 2011

The annual required contribution for the year ended June 30, 2011 is calculated as of December 31, 2009. The annual required contribution is comprised of 1) the value of benefits expected to be earned during the fiscal year by active employees and 2) a portion of the value of benefits earned during previous fiscal years by employees that were active in previous years. Below, both values are expressed as a percentage of the total annual payroll as calculated in the section above.

| | <u>Rate *</u> | <u>Amount</u> |
|--|---------------|-------------------|
| 1) value of benefits earned during the current year | 2.3986% | \$ 81,971 |
| 2) portion of value earned and not contributed in previous years | 2.1203% | 72,458 |
| total annual required contribution | 4.4648% | <u>\$ 154,429</u> |

NET PENSION OBLIGATION (& ANNUAL PENSION COST) FOR THE YEAR ENDED JUNE 30, 2011

| | | |
|---|-------------------|-------------------|
| Net Pension Obligation, as of June 30, 2010 | | \$ 382,590 |
| annual required contribution | \$ 154,429 | |
| adjustment to annual required contribution | (20,483) | |
| interest on net pension obligation | 19,130 | |
| annual pension cost | <u>\$ 153,076</u> | |
| contributions | (94,007) | |
| Change in net pension obligation | | 59,069 |
| Net Pension Obligation, as of June 30, 2011 | | <u>\$ 441,659</u> |

Cleveland County, North Carolina
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For the Year Ended June 30, 2011

II: FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
D. Required Supplementary Information:
1. Law Enforcement Officers' Special Separation Allowance Financial Schedules
c. Notes to LEOSSA Financial Schedules

INFORMATION PERTAINING TO THE FISCAL YEAR ENDING JUNE 30, 2012

The actuarial valuation for the fiscal year ending June 30, 2012 is based on the annual payroll for law enforcement officers in the calendar year ended December 31, 2010. The actuary's corresponding calculations are shown next, except that the calculation for the Net Pension Obligation (NPO) is based on other information not yet available. Therefore, NPO will be shown with the County's subsequent annual financial and compliance report.

ANNUAL PAYROLL FOR THE PERIOD ENDED DECEMBER 31, 2010

| | <u>Number</u> | <u>Amount</u> |
|---|---------------|---------------------|
| 1) active members - current annual compensation | 91 | \$ 3,336,824 |
| 2) retired members - current annual benefits | 7 | 100,186 |
| total annual payroll | | <u>\$ 3,437,010</u> |

VALUATION BALANCE SHEET FOR THE PERIOD ENDED DECEMBER 31, 2010

| | | |
|--|--|---------------------|
| Present and Prospective Assets | | |
| present assets | | \$ - |
| present value of future (unfunded) accrued liability contributions | | 1,546,105 |
| total assets, as of December 31, 2010 | | <u>\$ 1,546,105</u> |
| Accrued Actuarial Liabilities = present value of benefits payable in respect of: | | |
| present retired members and beneficiaries | | \$ 456,033 |
| present active members | | 1,090,072 |
| total liabilities, as of December 31, 2010 | | <u>\$ 1,546,105</u> |

ANNUAL REQUIRED CONTRIBUTION FOR THE YEAR ENDING JUNE 30, 2012

The annual required contribution for the year ending June 30, 2012 is calculated as of December 31, 2010. The annual required contribution is comprised of 1) the value of benefits expected to be earned during the fiscal year by active employees and 2) a portion of the value of benefits earned during previous fiscal years by employees that were active in previous years. Below, both values are expressed as a percentage of the annual payroll as calculated in the section above.

| | <u>Rate *</u> | <u>Amount</u> |
|--|---------------|-------------------|
| 1) value of benefits earned during the current year | 2.1154% | \$ 70,589 |
| 2) portion of value earned and not contributed in previous years | 2.7641% | 92,233 |
| total annual required contribution | 4.7373% | <u>\$ 162,822</u> |

**Cleveland County, North Carolina
Annual Financial and Compliance Report
For the Year Ended June 30, 2011**

**II: FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
D. Required Supplementary Information:
1. Law Enforcement Officers' Special Separation Allowance Financial Schedules
c. Notes to LEOSA Financial Schedules**

ADDITIONAL INFORMATION USED BY THE ACTUARY

The primary purpose of the actuarial valuation is to determine the annual required contribution for each fiscal year. In preparing the valuation, the actuary relied on data provided by Cleveland County and the NC-LGERS. To verify the data, the actuary performed tests for reasonableness and consistency. The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information used to actuarially determine the annual required contribution for the reported fiscal year and the subsequent fiscal year follows:

| | | |
|--|---------------|------------------------------------|
| Amortization Method of Unfunded Liability (for both years shown) | | Level percent of pay, closed basis |
| Actuarial Cost Method (for both years shown) ** | | Projected unit credit ** |
| Asset Valuation Method (for both years shown) | | Market value |
| For the Year Ended | June 30, 2011 | June 30, 2012 |
| Valuation Date | Dec 31, 2009 | Dec 31, 2010 |
| Remaining Amortization Period | 21 years | 20 years |
| Actuarial Assumptions (projected rates): | | |
| Projected Rate of Adjustments for Cost-of-Living | 0.00% | 0.00% |
| Projected Rate of Return on Investments * | 5.00% | 5.00% |
| Projected Rate of Salary Increases * | 4.5 to 12.3% | 4.25 to 7.85% |
| * Includes Projected Rate of Inflation | 3.75% | 3.00% |

** Under the projected unit credit method of valuing the actuarial cost, the projected benefits of each individual included in the actuarial valuation are allocated to valuation years based on service. The actuarial present value of benefits allocated to the current year is called the normal cost. The actuarial present value of benefits allocated to all periods prior to the valuation year is called the actuarial accrued liability. The excess of the actuarial accrued liability over current assets is the unfunded actuarial accrued liability. The actuarially determined contribution requirements consist of the normal cost and amortization of the unfunded actuarial accrued liability within a 25-year period, assuming inflation will grow at 3.75% annually.

The following table displays the number of plan members participating in this pension plan at June 30 of each of the last twelve fiscal years.

| Fiscal Year Ended June 30 | Retirees Receiving Benefits | Other * Plan Members | Vested Plan Members | Non-Vested Plan Members | Total Plan Members |
|----------------------------------|------------------------------------|-----------------------------|----------------------------|--------------------------------|---------------------------|
| 2011 | 10 | 0 | 75 | 14 | 99 |
| 2010 | 4 | 0 | 55 | 30 | 89 |
| 2009 | 6 | 0 | 57 | 27 | 90 |
| 2008 | 9 | 0 | 55 | 29 | 93 |
| 2007 | 9 | 0 | 48 | 35 | 92 |
| 2006 | 12 | 0 | 46 | 34 | 92 |
| 2005 | 12 | 0 | 39 | 42 | 93 |
| 2004 | 10 | 0 | 43 | 39 | 92 |
| 2003 | 9 | 0 | 41 | 37 | 87 |
| 2002 | 10 | 0 | 43 | 36 | 89 |
| 2001 | 8 | 0 | 44 | 33 | 85 |
| 2000 | 7 | 0 | 40 | 33 | 80 |

* Other Plan Members include only terminated plan members entitled to, but not yet receiving, benefits as of year-end.

**Cleveland County, North Carolina
Annual Financial and Compliance Report
For the Year Ended June 30, 2011**

II: FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

D. Required Supplementary Information:

2. Other Post-Employment Benefits-Retirees Healthcare Coverage Financial Schedules

| | <u>Identifier</u> | <u>Page No.</u> |
|--|-------------------|-----------------|
| a. OPEB-RHC Schedule of Funding Progress | Exhibit II.D.2.a | 91 |
| b. OPEB-RHC Schedule of Employer Contributions | Exhibit II.D.2.b | 91 |
| c. Notes to OPEB-RHC Financial Schedules | Exhibit II.D.2.c | 92 |

The displays here comply with the applicable provision of accounting requirements under Governmental Accounting Standards Board Statements Number 43 and 45.

Cleveland County, North Carolina
a. OPEB-RHC Schedule of Funding Progress

For the Year Ended June 30, 2011

| Year Ended December 31 | Actuarial Value of Assets | AAL* - Projected Unit Credit | Unfunded AAL* | Funded Ratio | Covered Payroll | Ratio of Unfunded AAL to Covered Payroll |
|---|---------------------------|------------------------------|---------------|--------------|-----------------|--|
| <i>--- County cannot report certain information prior to first actuarial study completed for the period ended December 31, 2008</i> | | | | | | |
| 2010 | \$ - | \$ 13,359,447 | \$ 13,359,447 | 0.000% | \$ 28,517,138 | 46.847% |
| 2009 | - | 13,359,447 | 13,359,447 | 0.000% | 28,517,138 | 46.847% |
| 2008 | - | 15,565,951 | 15,565,951 | 0.000% | 27,113,877 | 57.410% |

* AAL = Actuarial Accrued Liability (see Valuation Balance Sheet on next page)

Cleveland County, North Carolina
b. OPEB-RHC Schedule of Employer Contributions

For the Year Ended June 30, 2011

| Fiscal Year Ended June 30 | Actual Contributions | Annual Required Contributions | Percentage Contributed | Annual OPEB Cost | Percentage Contributed | Net OPEB Obligation |
|---|----------------------|-------------------------------|------------------------|------------------|------------------------|---------------------|
| <i>--- County cannot report certain information prior to first actuarial study completed for the period ended December 31, 2008</i> | | | | | | |
| 2011 | \$ 140,961 | \$ 1,377,628 | 10.232% | \$ 1,390,893 | 10.135% | \$ 3,665,901 |
| 2010 | 121,916 | 1,377,628 | 8.850% | 1,383,964 | 8.809% | 2,415,969 |
| 2009 | 223,707 | 1,377,628 | 16.239% | 1,377,628 | 16.239% | 1,153,921 |

Cleveland County, North Carolina
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For the Year Ended June 30, 2011

II: FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

D. Required Supplementary Information:

2. Other Post-Employment Benefits-Retirees Healthcare Coverage Financial Schedules
c. Notes to OPEB-RHC Financial Schedules

INFORMATION PERTAINING TO THE FISCAL YEAR ENDED JUNE 30, 2011

The actuarial valuation for the fiscal year ended June 30, 2011 is based on the annual payroll for all employees in the calendar year ended December 31, 2009. The actuary's corresponding calculations are shown below.

ANNUAL PAYROLL FOR THE PERIOD ENDED DECEMBER 31, 2009

| | <u>Number</u> | <u>Amount</u> |
|---|---------------|----------------------|
| 1) active members - current annual compensation | 703 | \$ 28,517,138 |
| 2) retired members - current annual benefits | 59 | - |
| total annual payroll | | <u>\$ 28,517,138</u> |

VALUATION BALANCE SHEET FOR THE PERIOD ENDED DECEMBER 31, 2009

| | |
|--|----------------------|
| Present and Prospective Assets | |
| present assets | \$ - |
| present value of future (unfunded) accrued liability contributions | 13,359,447 |
| total assets, as of December 31, 2009 | <u>\$ 13,359,447</u> |
| Accrued Actuarial Liabilities = present value of benefits payable in respect of: | |
| present retired members and beneficiaries | \$ 3,533,894 |
| present active members | 9,825,553 |
| total liabilities, as of December 31, 2009 | <u>\$ 13,359,447</u> |

ANNUAL REQUIRED CONTRIBUTION FOR THE YEAR ENDING JUNE 30, 2011

The annual required contribution for the year ended June 30, 2011 is calculated as of December 31, 2009. The annual required contribution is comprised of 1) the value of benefits expected to be earned during the fiscal year by active employees and 2) a portion of the value of benefits earned during previous fiscal years by employees that were active in previous years. Below, both values are expressed as a percentage of the total annual payroll as calculated in the section above.

| | <u>Rate *</u> | <u>Amount</u> |
|--|---------------|---------------------|
| 1) value of benefits earned during the current year | 2.5033% | \$ 713,861 |
| 2) portion of value earned and not contributed in previous years | 1.6167% | 461,030 |
| total annual required contribution | 4.1199% | <u>\$ 1,174,891</u> |

NET OPEB OBLIGATION (& ANNUAL OPEB COST) FOR THE YEAR ENDED JUNE 30, 2011

| | | |
|--|---------------------|---------------------|
| Net OPEB Obligation, as of June 30, 2010 | | \$ 2,415,969 |
| annual required contribution | \$ 1,377,628 | |
| adjustment to annual required contribution | (83,374) | |
| interest on net OPEB obligation | 96,639 | |
| annual OPEB cost | <u>\$ 1,390,893</u> | |
| contributions | (140,961) | |
| Change in net OPEB obligation | | 1,249,932 |
| Net OPEB Obligation, as of June 30, 2011 | | <u>\$ 3,665,901</u> |

Cleveland County, North Carolina
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For the Year Ended June 30, 2011

II: FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

D. Required Supplementary Information:

2. Other Post-Employment Benefits-Retirees Healthcare Coverage Financial Schedules

c. Notes to OPEB-RHC Financial Schedules

ADDITIONAL INFORMATION USED BY THE ACTUARY

The primary purpose of the actuarial valuation is to determine the annual required contribution for each fiscal year. In preparing the valuation, the actuary relied on data provided by Cleveland County and the NC-LGERS. To verify the data, the actuary performed tests for reasonableness and consistency. The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information used to actuarially determine the annual required contribution for the reported fiscal year and the subsequent fiscal year follows:

| | |
|--|----------------------------------|
| Amortization Method of Unfunded Liability (for both years shown) | level percent of pay, open basis |
| Actuarial Cost Method (for both years shown) ** | projected unit credit ** |
| Asset Valuation Method (for both years shown) | market value |
| For the Year Ended | June 30, 2011 |
| Valuation Date | Dec 31, 2009 |
| Remaining Amortization Period | 30 years |
| Actuarial Assumptions (projected rates): | |
| Projected Rate of Increases to Medical Costs | 5.0% to 10.5% |
| * Year of Ultimate Trend Rate | 2017 |
| Projected Rate of Return on Investments * | 4.00% |
| * Includes Projected Rate of Inflation | 3.75% |

** Under the projected unit credit method of valuing the actuarial cost, the projected benefits of each individual included in the actuarial valuation are allocated to valuation years based on service. The actuarial present value of benefits allocated to the current year is called the normal cost. The actuarial present value of benefits allocated to all periods prior to the valuation year is called the actuarial accrued liability. The excess of the actuarial accrued liability over current assets is the unfunded actuarial accrued liability. The actuarially determined contribution requirements consist of the normal cost and amortization of the unfunded actuarial accrued liability within a 30-year period, assuming inflation will grow at 3.75% annually.

The following table displays the number of plan members participating in this benefit plan at June 30 of each of the last twelve fiscal years.

| Fiscal Year Ended June 30 | Retirees Receiving Benefits | Other * Plan Members | Vested Plan Members | Non-Vested Plan Members | Total Plan Members |
|---------------------------|-----------------------------|----------------------|---------------------|-------------------------|--------------------|
| 2011 | 59 | 0 | 91 | 612 | 762 |
| 2010 | 59 | 0 | 91 | 612 | 762 |
| 2009 | 55 | 0 | 114 | 578 | 747 |

* Other Plan Members includes only terminated plan members entitled to, but not yet receiving, benefits as of year-end.

Cleveland County, North Carolina
Annual Financial and Compliance Report
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II: FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
D. Required Supplementary Information:
3. Major Governmental Funds Financial Statements

| | Identifier | Page No. |
|---|------------------|----------|
| a. General Fund: Statements of Revenues, Expenditures, and Changes in Fund Balances -- Budget to Actual (added details) | Exhibit II.D.3.a | 95 |
| b. Capital Projects Fund: Statements of Revenues, Expenditures, and Changes in Fund Balances -- Budget to Actual | Exhibit II.D.3.b | 104 |

The Major Governmental Funds Financial Statements reflect the detail level of presentation behind the individual fund columns in the Basic Financial Statements.

Cleveland County, North Carolina

a. General Fund: Statements of Revenues, Expenditures, and Changes in Fund Balances -- Budget to Actual (added details)

For the Year Ended June 30, 2011

With Comparative Totals For the Year Ended June 30, 2010

| | 2011 | | Variance - Over (Under) | 2010 |
|---|-------------------|-------------------|-------------------------------|-------------------|
| | Budget | Actual | | Actual |
| REVENUES | | | | |
| Ad Valorem Taxes | | | | |
| Current year - General Fund | \$ 36,214,950 | \$ 36,633,453 | \$ 418,503 | \$ 36,325,175 |
| Current year - Public Schools | 9,530,250 | 9,640,332 | 110,082 | 9,559,002 |
| Prior years | 1,849,713 | 1,971,679 | 121,966 | 2,394,120 |
| Penalties, interest, and advertising, net | 305,224 | 668,211 | 362,987 | 682,222 |
| Subtotal Ad Valorem Taxes | <u>47,900,137</u> | <u>48,913,675</u> | <u>1,013,538</u> | <u>48,960,519</u> |
| Other Taxes | | | | |
| Local option sales tax | 8,075,000 | 7,405,889 | (669,111) | 7,429,274 |
| Occupancy tax | 196,000 | 207,890 | 11,890 | 174,322 |
| Heavy equipment tax | 24,000 | 42,778 | 18,778 | 20,349 |
| Rental tax | 24,000 | 29,069 | 5,069 | 25,160 |
| Privilege license | - | 4,635 | 4,635 | 4,450 |
| Register of Deeds excise stamp | 200,000 | 143,701 | (56,299) | 154,626 |
| Subtotal Other Taxes | <u>8,519,000</u> | <u>7,833,962</u> | <u>(685,038)</u> | <u>7,808,181</u> |
| Intergovernmental Revenues, unrestricted | | | | |
| Video programming services | 350,000 | 331,536 | (18,464) | 353,206 |
| Payments in lieu of taxes | 11,000 | 26,880 | 15,880 | 12,535 |
| Sheriff court fees | 45,000 | 39,912 | (5,088) | 43,088 |
| Jail fees | 40,000 | 60,834 | 20,834 | 56,743 |
| Safe road taxes | 9,000 | 8,439 | (561) | 9,748 |
| Subtotal Intergovernmental Revenues, unrestricted | <u>455,000</u> | <u>467,601</u> | <u>12,601</u> | <u>475,320</u> |
| Intergovernmental Revenues, restricted | | | | |
| County program grants | 2,089,390 | 737,230 | (1,352,160) | 1,485,239 |
| Social services program grants | 17,402,268 | 15,654,247 | (1,748,021) | 15,419,278 |
| Health program grants | 2,728,048 | 2,647,144 | (80,904) | 2,904,376 |
| Court facilities fees | 193,640 | 168,230 | (25,410) | 190,573 |
| Other grants | 3,645,316 | 1,756,558 | (1,888,758) | 6,745 |
| Subtotal Intergovernmental Revenues, restricted | <u>26,058,662</u> | <u>20,963,409</u> | <u>(5,095,253)</u> | <u>20,006,211</u> |
| Subtotal Intergovernmental Revenues | <u>26,513,662</u> | <u>21,431,010</u> | <u>(5,082,652)</u> | <u>20,481,531</u> |
| Licenses, Fees, and Permits | | | | |
| Elections fees | - | 21 | 21 | 7,411 |
| Register of Deeds fees and permits | 425,000 | 357,567 | (67,433) | 374,198 |
| Marriage licenses | - | 15,225 | 15,225 | 14,575 |
| Street sign fees | - | 880 | 880 | 500 |
| Civil, pistol, and concealed weapons permits | 150,000 | 153,801 | 3,801 | 158,252 |
| Inmate fees | - | 4,436 | 4,436 | 6,062 |
| Emergency management fees | - | 1,130 | 1,130 | 480 |
| Building permit and inspection fees | 200,000 | 216,982 | 16,982 | 190,738 |
| Zoning permits and fees | 19,800 | 23,235 | 3,435 | 28,868 |
| Soil conservation signs | - | 11 | 11 | 11 |
| Environmental health permits | 100,200 | 92,405 | (7,795) | 102,690 |
| Subtotal Licenses, Fees, and Permits | <u>895,000</u> | <u>865,693</u> | <u>(29,307)</u> | <u>883,785</u> |

(continued on next page)

Cleveland County, North Carolina

a. General Fund: Statements of Revenues, Expenditures, and Changes in Fund Balances -- Budget to Actual (added details)

For the Year Ended June 30, 2011

With Comparative Totals For the Year Ended June 30, 2010

| | 2011 | | Variance - Over (Under) | 2010 |
|---|-------------------|-------------------|-------------------------------|-------------------|
| | Budget | Actual | | Actual |
| REVENUES (continued from previous page) | | | | |
| Sales and Services | | | | |
| Rents, concessions, and parking | 1,478,000 | 1,485,531 | 7,531 | 1,489,059 |
| Contracted revenues | 806,080 | 882,520 | 76,440 | 1,017,277 |
| County program fees | 1,122,767 | 1,883,256 | 760,489 | 1,448,136 |
| Social Services Department fees | 54,685 | 25,552 | (29,133) | 23,045 |
| Health Department fees | 459,380 | 455,267 | (4,113) | 518,939 |
| Medicaid / Medicare service fees | 4,637,060 | 5,747,679 | 1,110,619 | 5,212,781 |
| Subtotal Sales and Services | <u>8,557,972</u> | <u>10,479,805</u> | <u>1,921,833</u> | <u>9,709,237</u> |
| Investment Earnings | <u>780,000</u> | <u>202,277</u> | <u>(577,723)</u> | <u>546,868</u> |
| Miscellaneous | | | | |
| Insurance proceeds | 50,000 | 82,866 | 32,866 | 35,673 |
| Vending and phone commissions | 61,500 | 77,102 | 15,602 | 65,863 |
| Contributions / donations | 67,111 | 71,387 | 4,276 | 206,652 |
| ABC net revenues | 85,000 | 67,798 | (17,202) | 66,572 |
| Sale of used surplus equipment and vehicles | 25,000 | 49,413 | 24,413 | 49,454 |
| Miscellaneous State refunds to County | - | 16,041 | 16,041 | 22,669 |
| Paving assessments | - | 5,011 | 5,011 | 3,447 |
| Miscellaneous others | 630,681 | 17,103 | (613,578) | 4,078 |
| Subtotal Miscellaneous | <u>919,292</u> | <u>386,721</u> | <u>(532,571)</u> | <u>454,408</u> |
| Total Revenues | <u>94,085,063</u> | <u>90,113,143</u> | <u>(3,971,920)</u> | <u>88,844,529</u> |
| EXPENDITURES | | | | |
| General Government | | | | |
| Commissioners (including grants received and awarded) | | | | |
| Salaries / benefits | 378,657 | 367,813 | (10,844) | 367,801 |
| Other expenses | 2,681,985 | 1,914,616 | (767,369) | 1,836,046 |
| Subtotal Commissioners | <u>3,060,642</u> | <u>2,282,429</u> | <u>(778,213)</u> | <u>2,203,847</u> |
| County Manager / Administration | | | | |
| Salaries / benefits | 526,337 | 524,683 | (1,654) | 505,077 |
| Other expenses | 23,011 | 18,386 | (4,625) | 26,752 |
| Subtotal County Manager / Administration | <u>549,348</u> | <u>543,069</u> | <u>(6,279)</u> | <u>531,829</u> |
| Finance and Purchasing | | | | |
| Salaries / benefits | 549,906 | 547,800 | (2,106) | 520,766 |
| Other expenses | 76,615 | 64,483 | (12,132) | 68,663 |
| Subtotal Finance and Purchasing | <u>626,521</u> | <u>612,283</u> | <u>(14,238)</u> | <u>589,429</u> |
| Tax Administration (assessing, listing, and collection) | | | | |
| Salaries / benefits | 1,143,908 | 1,138,781 | (5,127) | 1,098,798 |
| Other expenses | 290,255 | 258,397 | (31,858) | 245,136 |
| Capital outlay | 15,356 | 15,355 | (1) | - |
| Subtotal Tax Administration | <u>1,449,519</u> | <u>1,412,533</u> | <u>(36,986)</u> | <u>1,343,934</u> |

(continued on next page)

Cleveland County, North Carolina

a. General Fund: Statements of Revenues, Expenditures, and Changes in Fund Balances -- Budget to Actual (added details)

For the Year Ended June 30, 2011

With Comparative Totals For the Year Ended June 30, 2010

| | 2011 | | Variance - Over (Under) | 2010 |
|---|------------------|------------------|-------------------------------|-----------|
| | Budget | Actual | | Actual |
| EXPENDITURES (continued from previous page) | | | | |
| Legal / County Attorney | | | | |
| Other expenses | 94,200 | 88,245 | (5,955) | 101,506 |
| Capital outlay | 27,435 | 27,435 | - | 91,207 |
| Subtotal Legal / County Attorney | 121,635 | 115,680 | (5,955) | 192,713 |
| Elections | | | | |
| Salaries / benefits | 249,922 | 242,269 | (7,653) | 313,104 |
| Other expenses | 107,294 | 81,157 | (26,137) | 197,595 |
| Subtotal Elections | 357,216 | 323,426 | (33,790) | 510,699 |
| Register of Deeds (including Automation) | | | | |
| Salaries / benefits | 330,422 | 326,964 | (3,458) | 320,864 |
| Other expenses | 60,219 | 50,361 | (9,858) | 49,545 |
| Capital outlay | 71,868 | 64,906 | (6,962) | - |
| Subtotal Register of Deeds | 462,509 | 442,231 | (20,278) | 370,409 |
| Information Technology | | | | |
| Salaries / benefits | 423,994 | 419,570 | (4,424) | 391,369 |
| Other expenses | 94,159 | 78,910 | (15,249) | 84,115 |
| Capital outlay | - | - | - | 81,095 |
| Subtotal Information Technology | 518,153 | 498,480 | (19,673) | 556,579 |
| Human Resources | | | | |
| Salaries / benefits | 317,525 | 309,320 | (8,205) | 356,077 |
| Other expenses | 21,654 | 18,232 | (3,422) | 20,908 |
| Capital outlay | - | - | - | 24,000 |
| Subtotal Human Resources | 339,179 | 327,552 | (11,627) | 400,985 |
| Facilities Maintenance | | | | |
| Salaries / benefits | 452,318 | 452,146 | (172) | 451,573 |
| Other expenses | 1,011,537 | 960,783 | (50,754) | 954,679 |
| Capital outlay | 61,642 | 46,107 | (15,535) | 28,010 |
| Subtotal Facilities Maintenance | 1,525,497 | 1,459,036 | (66,461) | 1,434,262 |
| Juvenile Crime Prevention Council Administration, other expenses | 1,776 | 1,598 | (178) | 4,088 |
| Communities in Schools, other expenses | 58,500 | 58,500 | - | 58,500 |
| Property & Liability Insurance, other expenses | 122,736 | 18,417 | (104,319) | 31,001 |
| Court Facilities | | | | |
| Salaries / benefits | 96,990 | 95,468 | (1,522) | 93,564 |
| Other expenses | 244,150 | 221,174 | (22,976) | 188,464 |
| Subtotal Court Facilities | 341,140 | 316,642 | (24,498) | 282,028 |
| Total General Government | 9,534,371 | 8,411,876 | (1,122,495) | 8,510,303 |
| Transportation | | | | |
| TACC, other expenses | 39,464 | 39,464 | - | 39,464 |
| Total Transportation | 39,464 | 39,464 | - | 39,464 |

(continued on next page)

Cleveland County, North Carolina

a. General Fund: Statements of Revenues, Expenditures, and Changes in Fund Balances -- Budget to Actual (added details)

For the Year Ended June 30, 2011

With Comparative Totals For the Year Ended June 30, 2010

| | 2011 | | Variance - Over (Under) | 2010 |
|---|-----------|-----------|-------------------------------|-----------|
| | Budget | Actual | | Actual |
| EXPENDITURES (continued from previous page) | | | | |
| Public Safety | | | | |
| Sheriff (including Schools Resource Officers) | | | | |
| Salaries / benefits | 5,104,685 | 5,035,833 | (68,852) | 5,049,000 |
| Other expenses | 917,851 | 862,797 | (55,054) | 718,839 |
| Capital outlay | 293,187 | 292,183 | (1,004) | 254,352 |
| Subtotal Sheriff | 6,315,723 | 6,190,813 | (124,910) | 6,022,191 |
| Law Enforcement and Other Public Safety Grants | | | | |
| Other expenses | 58,614 | 34,289 | (24,325) | 65,248 |
| Capital outlay | - | - | - | 41,142 |
| Subtotal Public Safety Grants | 58,614 | 34,289 | (24,325) | 106,390 |
| Criminal Justice Partnership (Day Reporting Center) | | | | |
| Salaries / benefits | 30,800 | 30,720 | (80) | 45,896 |
| Other expenses | 73,139 | 49,590 | (23,549) | 51,366 |
| Subtotal Criminal Justice Partnership | 103,939 | 80,310 | (23,629) | 97,262 |
| Federal and State Forfeited Property | | | | |
| Other expenses | 128,237 | 117,115 | (11,122) | 73,597 |
| Capital outlay | 208,127 | 195,994 | (12,133) | 183,049 |
| Subtotal Federal and State Forfeited Property | 336,364 | 313,109 | (23,255) | 256,646 |
| Detention Centers | | | | |
| Salaries / benefits | 1,818,523 | 1,792,686 | (25,837) | 1,509,710 |
| Other expenses | 1,199,324 | 1,155,300 | (44,024) | 982,478 |
| Capital outlay | 38,265 | 36,578 | (1,687) | 30,452 |
| Subtotal Detention Centers | 3,056,112 | 2,984,564 | (71,548) | 2,522,640 |
| Emergency Management | | | | |
| Salaries / benefits | 220,643 | 214,087 | (6,556) | 209,864 |
| Other expenses | 83,016 | 74,244 | (8,772) | 174,641 |
| Capital outlay | 13,285 | 13,283 | (2) | - |
| Subtotal Emergency Management | 316,944 | 301,614 | (15,330) | 384,505 |
| Emergency Medical Services | | | | |
| Salaries / benefits | 4,383,044 | 4,357,985 | (25,059) | 4,229,052 |
| Other expenses | 951,714 | 882,221 | (69,493) | 839,762 |
| Capital outlay | 346,773 | 213,625 | (133,148) | 486,665 |
| Subtotal Emergency Medical Services | 5,681,531 | 5,453,831 | (227,700) | 5,555,479 |
| Rescue Squads, Other expenses | 123,825 | 87,570 | (36,255) | 94,814 |
| E911 Communications | | | | |
| Salaries / benefits | 928,631 | 923,475 | (5,156) | 895,326 |
| Other expenses | 48,540 | 31,237 | (17,303) | 28,849 |
| Subtotal E911 Communications | 977,171 | 954,712 | (22,459) | 924,175 |
| Electronic Maintenance | | | | |
| Salaries / benefits | 255,315 | 253,653 | (1,662) | 223,319 |
| Other expenses | 168,553 | 135,472 | (33,081) | 129,471 |
| Subtotal Electronic Maintenance | 423,868 | 389,125 | (34,743) | 352,790 |
| Inspections | | | | |
| Salaries / benefits | 360,505 | 355,278 | (5,227) | 350,128 |
| Other expenses | 35,346 | 29,303 | (6,043) | 28,016 |
| Capital outlay | 15,481 | 15,481 | - | 14,713 |
| Subtotal Inspections | 411,332 | 400,062 | (11,270) | 392,857 |

(continued on next page)

Cleveland County, North Carolina

a. General Fund: Statements of Revenues, Expenditures, and Changes in Fund
Balances -- Budget to Actual (added details)

For the Year Ended June 30, 2011

With Comparative Totals For the Year Ended June 30, 2010

| | 2011 | | Variance - Over (Under) | 2010 |
|--|------------|------------|-------------------------------|------------|
| | Budget | Actual | | Actual |
| EXPENDITURES (continued from previous page) | | | | |
| Coroner | | | | |
| Salaries / benefits | 31,781 | 31,579 | (202) | 31,051 |
| Other expenses | 76,282 | 69,081 | (7,201) | 65,943 |
| Subtotal Coroner | 108,063 | 100,660 | (7,403) | 96,994 |
| Hazardous Materials, Other expenses | 20,855 | 20,080 | (775) | 20,460 |
| Animal/Rabies Control | | | | |
| Salaries / benefits | 440,588 | 433,280 | (7,308) | 429,671 |
| Other expenses | 155,028 | 152,056 | (2,972) | 148,295 |
| Capital outlay | 26,167 | 26,166 | (1) | - |
| Subtotal Animal/Rabies Control | 621,783 | 611,502 | (10,281) | 577,966 |
| Total Public Safety | 18,556,124 | 17,922,241 | (633,883) | 17,405,169 |
| Human Services | | | | |
| Miscellaneous | | | | |
| Pathways, other expenses | 1,227,938 | 1,227,934 | (4) | 891,738 |
| Veteran Services | | | | |
| Salaries / benefits | 87,516 | 84,706 | (2,810) | 66,382 |
| Other expenses | 5,028 | 3,510 | (1,518) | 5,350 |
| Subtotal Veteran Services | 92,544 | 88,216 | (4,328) | 71,732 |
| Council on Aging, Other expenses | 140,035 | 140,035 | - | 140,035 |
| Social Services: | | | | |
| Social Services Administration | | | | |
| Salaries / benefits | 1,014,292 | 999,288 | (15,004) | 963,214 |
| Other expenses | 882,005 | 686,297 | (195,708) | 669,016 |
| Capital outlay | - | - | - | 89,010 |
| Subtotal Social Services Administration | 1,896,297 | 1,685,585 | (210,712) | 1,721,240 |
| Title XX | | | | |
| Salaries / benefits | 4,319,285 | 4,148,497 | (170,788) | 3,955,833 |
| Other expenses | 735,334 | 475,159 | (260,175) | 464,005 |
| Subtotal Title XX | 5,054,619 | 4,623,656 | (430,963) | 4,419,838 |
| Outside Poor, Other expenses | 7,103,666 | 5,784,944 | (1,318,722) | 6,138,681 |
| Income Maintenance | | | | |
| Salaries / benefits | 4,113,300 | 3,993,985 | (119,315) | 3,891,598 |
| Other expenses | 984,031 | 683,441 | (300,590) | 363,474 |
| Subtotal Income Maintenance | 5,097,331 | 4,677,426 | (419,905) | 4,255,072 |
| Special Assistance, Salaries / benefits | 42,986 | 39,108 | (3,878) | 41,697 |
| Aid to Blind, Other expenses | 15,015 | 10,633 | (4,382) | 12,384 |
| IVD Child Support | | | | |
| Salaries / benefits | 1,166,311 | 1,108,476 | (57,835) | 1,106,491 |
| Other expenses | 11,356 | 4,915 | (6,441) | 8,464 |
| Subtotal IVD Child Support | 1,177,667 | 1,113,391 | (64,276) | 1,114,955 |
| Smart Start | | | | |
| Smart Start, Salaries / benefits | 84,548 | 83,935 | (613) | 81,956 |
| Public Assistance, Other expenses | 4,178,815 | 3,853,661 | (325,154) | 3,499,006 |
| Total Social Services | 24,650,944 | 21,872,339 | (2,778,605) | 21,284,829 |

(continued on next page)

Cleveland County, North Carolina

a. General Fund: Statements of Revenues, Expenditures, and Changes in Fund Balances -- Budget to Actual (added details)

For the Year Ended June 30, 2011

With Comparative Totals For the Year Ended June 30, 2010

| | 2011 | | Variance - Over (Under) | 2010 |
|--|-----------|-----------|-------------------------------|-----------|
| | Budget | Actual | | Actual |
| EXPENDITURES (continued from previous page) | | | | |
| Health services | | | | |
| Health Administration | | | | |
| Salaries / benefits | 888,037 | 796,132 | (91,905) | 912,828 |
| Other expenses | 702,422 | 598,111 | (104,311) | 598,095 |
| Subtotal Health Administration | 1,590,459 | 1,394,243 | (196,216) | 1,510,923 |
| Smart Start | | | | |
| Salaries / benefits | 62,289 | 34,216 | (28,073) | 68,438 |
| Other expenses | 13,371 | 4,469 | (8,902) | 36,374 |
| Subtotal Smart Start | 75,660 | 38,685 | (36,975) | 104,812 |
| AIDS | | | | |
| Salaries / benefits | 65,456 | 65,123 | (333) | 113,459 |
| Other expenses | 2,377 | 795 | (1,582) | 57,776 |
| Subtotal AIDS | 67,833 | 65,918 | (1,915) | 171,235 |
| Tuberculosis/Communicable Diseases | | | | |
| Salaries / benefits | 142,463 | 141,967 | (496) | 139,461 |
| Other expenses | 23,450 | 21,711 | (1,739) | 22,699 |
| Subtotal Tuberculosis/Communicable Diseases | 165,913 | 163,678 | (2,235) | 162,160 |
| Adult Health | | | | |
| Salaries / benefits | 537,313 | 457,372 | (79,941) | 539,525 |
| Other expenses | 291,824 | 213,261 | (78,563) | 323,113 |
| Capital outlay | 63,877 | 63,876 | (1) | 3,100 |
| Subtotal Adult Health | 893,014 | 734,509 | (158,505) | 865,738 |
| School Health | | | | |
| Salaries / benefits | 1,092,452 | 1,053,545 | (38,907) | 993,094 |
| Other expenses | 104,945 | 73,828 | (31,117) | 114,212 |
| Capital outlay | - | - | - | 9,910 |
| Subtotal School Health | 1,197,397 | 1,127,373 | (70,024) | 1,117,216 |
| Health Promotions | | | | |
| Salaries / benefits | 101,274 | 100,823 | (451) | 98,677 |
| Other expenses | 86,371 | 80,241 | (6,130) | 73,469 |
| Subtotal Health Promotions | 187,645 | 181,064 | (6,581) | 172,146 |
| Child Health | | | | |
| Salaries / benefits | 533,714 | 526,521 | (7,193) | 469,713 |
| Other expenses | 78,362 | 69,827 | (8,535) | 57,092 |
| Subtotal Child Health | 612,076 | 596,348 | (15,728) | 526,805 |
| Maternal Health | | | | |
| Salaries / benefits | 1,757,181 | 1,649,027 | (108,154) | 1,743,281 |
| Other expenses | 131,401 | 98,731 | (32,670) | 112,813 |
| Subtotal Maternal Health | 1,888,582 | 1,747,758 | (140,824) | 1,856,094 |
| Family Planning | | | | |
| Salaries / benefits | 636,895 | 454,275 | (182,620) | 519,202 |
| Other expenses | 283,865 | 253,289 | (30,576) | 244,944 |
| Capital outlay | - | - | - | 11,550 |
| Subtotal Family Planning | 920,760 | 707,564 | (213,196) | 775,696 |

(continued on next page)

Cleveland County, North Carolina

a. General Fund: Statements of Revenues, Expenditures, and Changes in Fund Balances -- Budget to Actual (added details)

For the Year Ended June 30, 2011

With Comparative Totals For the Year Ended June 30, 2010

| | 2011 | | Variance - Over (Under) | 2010 |
|--|-------------------|-------------------|-------------------------------|-------------------|
| | Budget | Actual | | Actual |
| EXPENDITURES (continued from previous page) | | | | |
| Women - Infants - Children | | | | |
| Salaries / benefits | 466,367 | 406,028 | (60,339) | 406,743 |
| Other expenses | 98,224 | 96,621 | (1,603) | 62,611 |
| Subtotal Women - Infants - Children | <u>564,591</u> | <u>502,649</u> | <u>(61,942)</u> | <u>469,354</u> |
| Environmental Health | | | | |
| Salaries / benefits | 638,561 | 636,398 | (2,163) | 722,252 |
| Other expenses | 47,283 | 42,124 | (5,159) | 45,521 |
| Capital outlay | 12,048 | 12,047 | (1) | - |
| Subtotal Environmental Health | <u>697,892</u> | <u>690,569</u> | <u>(7,323)</u> | <u>767,773</u> |
| Other Public Health Grants | | | | |
| Salaries / benefits | 158,026 | 155,924 | (2,102) | 184,853 |
| Other expenses | 179,494 | 130,833 | (48,661) | 180,498 |
| Capital outlay | - | - | - | 154,735 |
| Subtotal Other Public Health Grants | <u>337,520</u> | <u>286,757</u> | <u>(50,763)</u> | <u>520,086</u> |
| Dental Clinic | | | | |
| Salaries / benefits | 250,379 | 208,651 | (41,728) | 295,776 |
| Other expenses | 158,302 | 94,092 | (64,210) | 61,154 |
| Subtotal Dental Clinic | <u>408,681</u> | <u>302,743</u> | <u>(105,938)</u> | <u>356,930</u> |
| Nurse Family Partnership | | | | |
| Salaries / benefits | 340,071 | 335,567 | (4,504) | 324,954 |
| Other expenses | 409,606 | 66,471 | (343,135) | 74,698 |
| Subtotal Nurse Family Partnership | <u>749,677</u> | <u>402,038</u> | <u>(347,639)</u> | <u>399,652</u> |
| Carolina Access | | | | |
| Salaries / benefits | 1,091,313 | 869,084 | (222,229) | 713,455 |
| Other expenses | 644,642 | 598,276 | (46,366) | 405,711 |
| Subtotal Carolina Access | <u>1,735,955</u> | <u>1,467,360</u> | <u>(268,595)</u> | <u>1,119,166</u> |
| CODAP | | | | |
| Salaries / benefits | 131,779 | 103,264 | (28,515) | 165,783 |
| Other expenses | 17,150 | 9,198 | (7,952) | 11,111 |
| Subtotal CODAP | <u>148,929</u> | <u>112,462</u> | <u>(36,467)</u> | <u>176,894</u> |
| Total Health Services | <u>12,242,584</u> | <u>10,521,718</u> | <u>(1,720,866)</u> | <u>11,072,680</u> |
| Total Human Services | <u>38,354,045</u> | <u>33,850,242</u> | <u>(4,503,803)</u> | <u>33,461,014</u> |
| Debt Service | | | | |
| Principal reduction | 63,276 | 63,273 | (3) | 59,229 |
| Interest and fees | 6,586 | 6,585 | (1) | 9,135 |
| Total Debt Service | <u>69,862</u> | <u>69,858</u> | <u>(4)</u> | <u>68,364</u> |
| Education | | | | |
| Public Schools | | | | |
| Distribution of collected property taxes | 10,279,578 | 10,150,311 | (129,267) | 10,170,229 |
| Current expenses | 10,408,213 | 10,408,213 | - | 10,408,213 |
| Schools capital outlay | 4,015,000 | 3,936,014 | (78,986) | 3,400,000 |
| Subtotal Public Schools | <u>24,702,791</u> | <u>24,494,538</u> | <u>(208,253)</u> | <u>23,978,442</u> |
| Community College, other expenses | 1,415,129 | 1,415,129 | - | 1,340,129 |
| Total Education | <u>26,117,920</u> | <u>25,909,667</u> | <u>(208,253)</u> | <u>25,318,571</u> |

(continued on next page)

Cleveland County, North Carolina

a. General Fund: Statements of Revenues, Expenditures, and Changes in Fund Balances -- Budget to Actual (added details)

For the Year Ended June 30, 2011

With Comparative Totals For the Year Ended June 30, 2010

| | 2011 | | Variance - Over (Under) | 2010 |
|---|----------------------|----------------------|-------------------------------|----------------------|
| | Budget | Actual | | Actual |
| EXPENDITURES (continued from previous page) | | | | |
| Economic and Physical Development | | | | |
| Planning and Zoning | | | | |
| Salaries / benefits | 280,581 | 279,565 | (1,016) | 274,158 |
| Other expenses | 54,312 | 46,702 | (7,610) | 76,721 |
| Subtotal Planning and Zoning | <u>334,893</u> | <u>326,267</u> | <u>(8,626)</u> | <u>350,879</u> |
| Economic Development | | | | |
| Other expenses | 3,126,446 | 810,470 | (2,315,976) | 612,810 |
| Capital outlay | 1,000,000 | 996,108 | (3,892) | - |
| Subtotal Economic Development | <u>4,126,446</u> | <u>1,806,578</u> | <u>(2,319,868)</u> | <u>612,810</u> |
| Cooperative Extension | | | | |
| Salaries / benefits | 241,024 | 237,135 | (3,889) | 223,733 |
| Other expenses | 80,270 | 53,653 | (26,617) | 50,621 |
| Subtotal Cooperative Extension | <u>321,294</u> | <u>290,788</u> | <u>(30,506)</u> | <u>274,354</u> |
| Forestry, Other Expenses | | | | |
| | <u>73,804</u> | <u>64,780</u> | <u>(9,024)</u> | <u>65,396</u> |
| Soil conservation | | | | |
| Salaries / benefits | 74,271 | 73,157 | (1,114) | 74,663 |
| Other expenses | 13,535 | 8,109 | (5,426) | 9,463 |
| Subtotal Soil Conservation | <u>87,806</u> | <u>81,266</u> | <u>(6,540)</u> | <u>84,126</u> |
| Waterline and Sewer Maintenance | | | | |
| Other expenses | 668,349 | 483,723 | (184,626) | (40,939) |
| Capital outlay | 25,000 | 25,000 | - | 263,426 |
| Subtotal Waterline and Sewer Maintenance | <u>693,349</u> | <u>508,723</u> | <u>(184,626)</u> | <u>222,487</u> |
| Total Economic and Physical Development | <u>5,637,592</u> | <u>3,078,402</u> | <u>(2,559,190)</u> | <u>1,610,052</u> |
| Cultural | | | | |
| Library System | | | | |
| Salaries / benefits | 677,470 | 668,335 | (9,135) | 687,724 |
| Other expenses | 484,708 | 383,825 | (100,883) | 351,310 |
| Capital outlay | 11,466 | 11,466 | - | - |
| Subtotal Library System | <u>1,173,644</u> | <u>1,063,626</u> | <u>(110,018)</u> | <u>1,039,034</u> |
| Broad River Greenway | | | | |
| Other expenses | 74,300 | 74,171 | (129) | 60,950 |
| Capital outlay | 8,200 | 8,200 | - | - |
| Subtotal Broad River Greenway | <u>82,500</u> | <u>82,371</u> | <u>(129)</u> | <u>60,950</u> |
| Historic Courthouse, Other expenses | | | | |
| | <u>40,000</u> | <u>38,261</u> | <u>(1,739)</u> | <u>21,998</u> |
| Total Cultural | <u>1,296,144</u> | <u>1,184,258</u> | <u>(111,886)</u> | <u>1,121,982</u> |
| Total Expenditures | \$ 99,605,522 | \$ 90,466,008 | \$ (9,139,514) | \$ 87,534,919 |
| Excess of Revenues Over (Under) Expenditures | (5,520,459) | (352,865) | 5,167,594 | 1,309,610 |

(continued on next page)

Cleveland County, North Carolina

a. General Fund: Statements of Revenues, Expenditures, and Changes in Fund Balances -- Budget to Actual (added details)

For the Year Ended June 30, 2011

With Comparative Totals For the Year Ended June 30, 2010

| | 2011 | | Variance - Over (Under) | 2010 |
|--|------------------|----------------------|-------------------------------|----------------------|
| | Budget | Actual | | Actual |
| EXPENDITURES (continued from previous page) | | | | |
| Excess of Revenues Over (Under) Expenditures (repeated from prior page) | (5,520,459) | (352,865) | 5,167,594 | 1,309,610 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In: | | | | |
| From Special Revenue Fund - Revaluation | - | - | - | 15,412 |
| From Special Revenue Fund - Emergency Telephone | 69,097 | 69,097 | - | 68,316 |
| From Capital Projects Fund | 2,015,000 | 1,936,014 | (78,986) | 1,400,000 |
| From Enterprise Fund | 328,607 | 335,925 | 7,318 | 335,999 |
| Transfers Out: | | | | |
| To Special Revenue Fund - Community Development | (100,000) | (94,913) | 5,087 | - |
| To Debt Service Fund | (1,938,536) | (1,909,966) | 28,570 | (2,389,982) |
| To Capital Projects Fund | (1,678,890) | (1,283,781) | 395,109 | (1,959,081) |
| To Enterprise Fund | - | - | - | (940) |
| Installment Financing Issued | - | - | - | 81,095 |
| Fund Balance Appropriated | 6,825,181 | - | (6,825,181) | - |
| Total Other Financing Sources (Uses) | 5,520,459 | (947,624) | (6,468,083) | (2,449,181) |
| Net Change in Fund Balance | \$ - | (1,300,489) | \$ (1,300,489) | (1,139,571) |
| FUND BALANCES | | | | |
| Beginning Fund Balances, as previously reported | | 23,582,128 | | 24,721,648 |
| Change from consolidating Revaluation and Public School funds | | - | | 51 |
| Beginning Fund Balances, as restated | | <u>23,582,128</u> | | <u>24,721,699</u> |
| Ending Fund Balances | | <u>\$ 22,281,639</u> | | <u>\$ 23,582,128</u> |

(continued from previous page)

Cleveland County, North Carolina

b. Capital Projects Fund: Statements of Revenues, Expenditures, and Changes
in Fund Balances -- Budget to Actual

For the Year Ended June 30, 2011

With Comparative Totals from Project Inception to June 30, 2010

| | Project Authorization | Prior Years | Current Year | Total to Date |
|---|--------------------------|------------------|------------------|------------------|
| REVENUES | | | | |
| Intergovernmental revenues, restricted | | | | |
| Communications Equipment Project | \$ 1,084,920 | \$ 1,084,920 | \$ - | \$ 1,084,920 |
| Early College High School (5-Year Diploma/Degree) | 1,000,000 | 90,000 | - | 90,000 |
| Kings Mountain Gateway Trails | 785,000 | 450,000 | 135,000 | 585,000 |
| Historic Courthouse Renovation | 1,543,000 | - | 267,800 | 267,800 |
| Subtotal | 4,412,920 | 1,624,920 | 402,800 | 2,027,720 |
| Investment earnings | | | | |
| No assigned project | - | - | 49,928 | 49,928 |
| Miscellaneous | | | | |
| Communications Equipment Project | - | 281,877 | - | 281,877 |
| Industrial Park - US Highway 74 Business | 6,952 | 6,951 | - | 6,951 |
| No assigned project | - | - | 167,387 | 167,387 |
| Subtotal | 6,952 | 288,828 | 167,387 | 456,215 |
| Local Option Sales Taxes, restricted portions of Articles 40 and 42 | | | | |
| Other taxes-sales taxes | 3,152,400 | - | 2,439,215 | 2,439,215 |
| Investment earnings | - | - | 57,318 | 57,318 |
| Subtotal | 3,152,400 | - | 2,496,533 | 2,496,533 |
| State Corporate Income Taxes | | | | |
| Investment earnings | - | - | 86 | 86 |
| Subtotal | - | - | 86 | 86 |
| State Education Lottery Proceeds | | | | |
| Intergovernmental revenues-proceeds from state | 615,000 | 8,432 | 340,649 | 349,081 |
| Investment earnings | - | 116,679 | 70,254 | 186,933 |
| Subtotal | 615,000 | 125,111 | 410,903 | 536,014 |
| Total Revenues | 8,187,272 | 2,038,859 | 3,527,637 | 5,566,496 |
| EXPENDITURES | | | | |
| General government: | | | | |
| Computer replacement program | 421,587 | 187,884 | 194,447 | 382,331 |
| Various other projects | 241,427 | - | 113,032 | 113,032 |
| Subtotal | 663,014 | 187,884 | 307,479 | 495,363 |
| Public safety | | | | |
| Communications Equipment Project | 8,100,912 | 8,092,910 | 8,000 | 8,100,910 |
| Jail Annex Expansion | 8,107,206 | 4,627,704 | 2,449,216 | 7,076,920 |
| E911 Dispatch Equipment | 312,700 | 3,485 | - | 3,485 |
| EMS Base Station - No. 3 Township | 569,343 | 290,298 | 20,887 | 311,185 |
| Animal Shelter Building Renovations | 286,790 | 277,338 | 9,451 | 286,789 |
| Public Shooting Range | 3,000 | - | 3,000 | 3,000 |
| Subtotal | 17,379,951 | 13,291,735 | 2,490,554 | 15,782,289 |
| Education | | | | |
| Early College High School (5-Year Diploma/Degree) | 22,860,483 | 645,174 | 6,693,455 | 7,338,629 |
| Shelby Middle School | 26,694,512 | 2,141,042 | 18,222,219 | 20,363,261 |
| Community College Grant | 75,000 | - | 75,000 | 75,000 |
| Subtotal | 49,629,995 | 2,786,216 | 24,990,674 | 27,776,890 |

(continued on next page)

Cleveland County, North Carolina

b. Capital Projects Fund: Statements of Revenues, Expenditures, and Changes
in Fund Balances -- Budget to Actual

For the Year Ended June 30, 2011

With Comparative Totals from Project Inception to June 30, 2010

| | Project Authorization | Prior Years | Current Year | Total to Date |
|---|--------------------------|---------------------|---------------------|---------------------|
| EXPENDITURES (continued from previous page) | | | | |
| Economic and physical development | | | | |
| Foothills Commerce Center - West Shelby | 1,353,000 | 696,085 | 183,781 | 879,866 |
| Industrial Park - Washburn Switch Road | 1,186,794 | 1,186,792 | - | 1,186,792 |
| Industrial Park - US Highway 74 Business | 845,790 | 758,590 | 11,600 | 770,190 |
| Kings Mountain Gateway Trails | 915,000 | 643,600 | 231,713 | 875,313 |
| Industrial Park - US Highway 29 | 631,884 | 636,846 | - | 636,846 |
| American Legion World Series | 262,535 | 87,535 | 175,000 | 262,535 |
| Airport Renovations | 238,375 | 203,375 | 35,000 | 238,375 |
| Subtotal | 5,433,378 | 4,212,823 | 637,094 | 4,849,917 |
| Cultural and recreational | | | | |
| Historic Courthouse Renovation | 3,060,738 | 750,000 | 826,109 | 1,576,109 |
| Upper Cleveland Sports Facility | 534,814 | 283,935 | 15,538 | 299,473 |
| Subtotal | 3,595,552 | 1,033,935 | 841,647 | 1,875,582 |
| Total Expenditures | 76,701,890 | 21,512,593 | 29,267,448 | 50,780,041 |
| Excess of Revenues over (under) | | | | |
| Expenditures | (68,514,618) | (19,473,734) | (25,739,811) | (45,213,545) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | | | | |
| From General Fund for specific projects | 5,412,622 | 4,733,736 | 183,781 | 4,917,517 |
| From General Fund for no specific project | 1,100,000 | - | 1,100,000 | 1,100,000 |
| Subtotal | 6,512,622 | 4,733,736 | 1,283,781 | 6,017,517 |
| Installment financing issued | | | | |
| Communications Equipment Project | 6,000,000 | 6,000,000 | - | 6,000,000 |
| Jail Annex Expansion | 6,720,000 | 6,720,000 | - | 6,720,000 |
| Early College High School (5-Year Diploma/Degree) | 18,000,000 | - | 17,582,950 | 17,582,950 |
| Shelby Middle School | 22,000,000 | 22,000,000 | - | 22,000,000 |
| Subtotal | 52,720,000 | 34,720,000 | 17,582,950 | 52,302,950 |
| Fund balance appropriated | 8,354,884 | - | - | - |
| Local Option Sales Taxes, restricted portions of Articles 40 and 42 | | | | |
| Transfers out: | | | | |
| To General Fund | (1,400,000) | - | (1,400,000) | (1,400,000) |
| to Debt Service Fund | (1,752,400) | - | (1,589,689) | (1,589,689) |
| Fund balance appropriated | 4,694,512 | - | - | - |
| Subtotal | 1,542,112 | - | (2,989,689) | (2,989,689) |
| State Education Lottery Proceeds | | | | |
| Transfers out: | | | | |
| To General Fund | (615,000) | - | (536,014) | (536,014) |
| Total Other Financing Sources (Uses) | 68,514,618 | 39,453,736 | 15,341,028 | 54,794,764 |
| Net Change in Fund Balance | - | 19,980,002 | (10,398,783) | 9,581,219 |

(continued on next page)

Cleveland County, North Carolina
b. Capital Projects Fund: Statements of Revenues, Expenditures, and Changes
in Fund Balances -- Budget to Actual

For the Year Ended June 30, 2011

With Comparative Totals from Project Inception to June 30, 2010

| | Project Authorization | Prior Years | Current Year | Total to Date |
|---|--------------------------|----------------|----------------------|------------------|
| (continued from previous page) | | | | |
| Net Change in Fund Balance (repeated from prior page) | \$ - | \$ 19,980,002 | (10,398,783) | \$ 9,581,219 |
| FUND BALANCES | | | | |
| Beginning fund balances, as previously reported | | | (133,601) | |
| Change from consolidating County Capital Reserve Fund | | | 26,341,019 | |
| Change from consolidating Schools Capital Reserve Fund | | | 6,650,462 | |
| Beginning fund balances, as restated | | | <u>32,857,880</u> | |
| Ending fund balances | | | <u>22,459,097</u> | |
| Breakdown of fund balances: | | | | |
| Local Option Sales Taxes, restricted portions of Articles 40 and 42 | | | | |
| Beginning fund balances (new from Schools Capital Reserve Fund) | | | 6,524,975 | |
| Ending fund balances | | | <u>6,031,819</u> | |
| State Corporate Income Taxes | | | | |
| Beginning fund balances (new from Schools Capital Reserve Fund) | | | 376 | |
| Ending fund balances | | | <u>462</u> | |
| State Education Lottery Proceeds | | | | |
| Beginning fund balances (new from Schools Capital Reserve Fund) | | | 125,111 | |
| Ending fund balances | | | <u>-</u> | |
| All Other Capital Projects | | | | |
| Beginning fund balances, as restated | | | 26,207,418 | |
| Ending fund balances | | | <u>\$ 16,426,816</u> | |

(continued from previous page)

**Cleveland County, North Carolina
Annual Financial and Compliance Report
For the Year Ended June 30, 2011
II: FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
D. Required Supplementary Information:
4. Non-major Governmental Funds Financial Statements**

| | Identifier | Page No. |
|--|------------------|----------|
| a. Non-major Governmental Funds: Combining Balance Sheet | Exhibit II.D.4.a | 108 |
| b. Non-major Governmental Funds: Combining Statement of Revenues, Expenditures, and Changes in Fund Balances | Exhibit II.D.4.b | 110 |
| c. Emergency Telephone Fund: Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual | Exhibit II.D.4.c | 112 |
| d. County Fire Service District Fund: Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual | Exhibit II.D.4.d | 113 |
| e. Community Development Fund: Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual (since projects' inception) | Exhibit II.D.4.e | 114 |
| f. Debt Service Fund: Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual | Exhibit II.D.4.f | 115 |

The Non-Major Governmental Funds Financial Statements include the combining balance sheet and combining statement of revenues, expenditures, and changes in fund balance for non-major Special Revenue Funds, Debt Service Fund, and Capital Projects Funds that comprise the other governmental, non-major funds column in the Basic Financial Statements. The individual fund financial statements follow the combining statements.

The primary purpose of Special Revenue Funds is to account for the proceeds of designated revenue sources that are restricted by law or administrative action for specific purposes. Items c through h from the list above represent different Special Revenue Funds.

The purpose of the Capital Projects and Capital Reserve Funds is to account for the financial resources segregated for the acquisition or construction of major general capital assets and facilities. The budgets within these funds are adopted for the life of the project. Under the project accounting concept, project expenditures, and revenues are accumulated until the year in which the project is completed.

Cleveland County, North Carolina
a. Non-major Governmental Funds: Combining Balance Sheet

Page 1 of 2

June 30, 2011

With Comparative Totals as of June 30, 2010

| | Non-Major Governmental Funds | | |
|--|------------------------------|------------------------------|-----------------------|
| | Emergency Telephone | County Fire Service District | Community Development |
| ASSETS | | | |
| Cash and cash equivalents | \$ 1,508,027 | \$ 469,456 | \$ 997,283 |
| Taxes receivable, net | - | 39,869 | - |
| Accounts receivable, net | 52,186 | 61,517 | 450,327 |
| Due from other funds | 507 | 7,531 | - |
| Prepaid items | - | 832 | - |
| Total assets | \$ 1,560,720 | \$ 579,205 | \$ 1,447,610 |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable and accrued expenses | \$ 31,060 | \$ 692 | \$ 269,871 |
| Contract retainage | - | - | 86,104 |
| Unearned revenues | - | 5,702 | 803,456 |
| Deferred revenues | - | 39,869 | 162,568 |
| Due to other funds | - | - | 288,179 |
| Total liabilities | 31,060 | 46,263 | 1,610,178 |
| Fund balances: | | | |
| Non-spendable | | | |
| Prepaid items | - | 832 | - |
| Restricted | | | |
| Stabilization of State Statute | 85,458 | 69,048 | 337,715 |
| Emergency Telephone | 1,444,202 | - | - |
| County Fire Service District | - | 463,062 | - |
| Unassigned | - | - | (500,283) |
| Total fund balances | 1,529,660 | 532,942 | (162,568) |
| Total liabilities and fund balances | \$ 1,560,720 | \$ 579,205 | \$ 1,447,610 |

(continued on next page)

| Non-Major Governmental Funds | | | |
|------------------------------|---------------------|-----------|------------------|
| Debt Service | Totals | | |
| | 2011 | 2010 | |
| \$ - | \$ 2,974,766 | \$ | 2,565,857 |
| - | 39,869 | \$ | 44,494 |
| 143,087 | 707,117 | | 104,893 |
| - | 8,038 | | 7,047 |
| - | 832 | | 9,016 |
| \$ 143,087 | \$ 3,730,622 | \$ | 2,731,307 |
| | | | |
| \$ 116 | \$ 301,739 | \$ | 73 |
| - | 86,104 | | - |
| - | 809,158 | | 6,409 |
| - | 202,437 | | 44,494 |
| 142,971 | 431,150 | | 20,426 |
| 143,087 | 1,830,588 | | 71,402 |
| | | | |
| - | 832 | | 4,016 |
| 143,087 | 635,308 | | 111,940 |
| - | 1,444,202 | | 1,723,360 |
| - | 463,062 | | 820,589 |
| (143,087) | (643,370) | | - |
| - | 1,900,034 | | 2,659,905 |
| \$ 143,087 | \$ 3,730,622 | \$ | 2,731,307 |

(continued from previous page)

Cleveland County, North Carolina

b. Non-major Governmental Funds: Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances

For the Year Ended June 30, 2011

With Comparative Totals For the Year Ended June 30, 2010

| | Non-Major Governmental Funds | | |
|---|------------------------------|------------------------------|-----------------------|
| | Emergency Telephone | County Fire Service District | Community Development |
| REVENUES | | | |
| Ad valorem taxes | \$ - | \$ 871,557 | \$ - |
| Other taxes | 585,975 | 222,625 | - |
| Intergovernmental revenues, restricted | 27,013 | 27,917 | 971,427 |
| Investment earnings | 11,083 | 3,267 | - |
| Miscellaneous | (2,474) | - | - |
| Total revenues | 621,597 | 1,125,366 | 971,427 |
| EXPENDITURES | | | |
| Public safety | 801,298 | 1,473,871 | - |
| Economic and physical development | - | - | 1,228,908 |
| Debt service, principal reduction | - | - | - |
| Debt service, interest and fees | - | - | - |
| Total expenditures | 801,298 | 1,473,871 | 1,228,908 |
| Excess of revenues over (under) expenditures | (179,701) | (348,505) | (257,481) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | - | - | 94,913 |
| Transfers out | (69,097) | - | - |
| Total other financing sources (uses) | (69,097) | - | 94,913 |
| Net change in fund balance | (248,798) | (348,505) | (162,568) |
| FUND BALANCES | | | |
| Beginning fund balances | 1,778,458 | 881,447 | - |
| Ending fund balances | \$ 1,529,660 | \$ 532,942 | \$ (162,568) |

(continued on next page)

| Non-Major Governmental Funds | | | |
|------------------------------|---------------------|------------------|------------------|
| Debt Service | Totals | | |
| | 2011 | 2010 | |
| \$ - | \$ 871,557 | \$ | 873,074 |
| - | 808,600 | - | 861,791 |
| 989,085 | 2,015,442 | - | 322,602 |
| - | 14,350 | - | 39,311 |
| - | (2,474) | - | - |
| 989,085 | 3,707,475 | 2,096,778 | 2,096,778 |
| - | 2,275,169 | - | 1,631,073 |
| - | 1,228,908 | - | 107,586 |
| 2,783,775 | 2,783,775 | - | 3,191,642 |
| 1,704,965 | 1,704,965 | - | 634,854 |
| 4,488,740 | 7,992,817 | 5,565,155 | 5,565,155 |
| (3,499,655) | (4,285,342) | (3,468,377) | (3,468,377) |
| 3,499,655 | 3,594,568 | - | 3,826,496 |
| - | (69,097) | - | (83,728) |
| 3,499,655 | 3,525,471 | 3,742,768 | 3,742,768 |
| - | (759,871) | - | 274,391 |
| - | 2,659,905 | - | 2,385,514 |
| \$ - | \$ 1,900,034 | \$ | 2,659,905 |

(continued from previous page)

Cleveland County, North Carolina
c. Emergency Telephone Fund: Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget to Actual

For the Year Ended June 30, 2011

With Comparative Totals For the Year Ended June 30, 2010

| | 2011 | | Variance - Over (Under) | 2010 |
|---|------------------|---------------------|-------------------------------|---------------------|
| | Budget | Actual | | Actual |
| REVENUES | | | | |
| System subscriber/surcharge fees | \$ 351,724 | \$ 585,975 | \$ 234,251 | \$ 637,280 |
| Other intergovernmental revenues | 25,116 | 27,013 | 1,897 | 26,950 |
| Investment earnings | - | 11,083 | 11,083 | 26,462 |
| Miscellaneous | - | (2,474) | (2,474) | - |
| Total revenues | 376,840 | 621,597 | 244,757 | 690,692 |
| EXPENDITURES | | | | |
| Public safety: | | | | |
| Supplies and materials | 205,451 | 177,259 | (28,192) | - |
| Travel and training | 1,000 | - | (1,000) | - |
| Telecommunications | 149,206 | 113,667 | (35,539) | 115,344 |
| Contracted services | 35,996 | 33,856 | (2,140) | - |
| Professional services | 48,600 | 21,002 | (27,598) | 78,211 |
| Grants | 50,232 | 49,115 | (1,117) | 49,001 |
| Other | 15,275 | (782) | (16,057) | 33,421 |
| Capital outlay, equipment | 448,197 | 407,181 | (41,016) | - |
| Total public safety expenditures | 953,957 | 801,298 | (152,659) | 275,977 |
| Excess of revenues over (under) expenditures | (577,117) | (179,701) | 397,416 | 414,715 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out: | | | | |
| To General Fund | (69,097) | (69,097) | - | (68,316) |
| Fund balance appropriated | 646,214 | - | (646,214) | - |
| Total other financing sources (uses) | 577,117 | (69,097) | (646,214) | (68,316) |
| Net change in fund balance | \$ - | (248,798) | \$ (248,798) | 346,399 |
| FUND BALANCES | | | | |
| Beginning fund balances | | 1,778,458 | | 1,432,059 |
| Ending fund balances | | <u>\$ 1,529,660</u> | | <u>\$ 1,778,458</u> |

Cleveland County, North Carolina
d. County Fire Service District Fund: Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget to Actual

For the Year Ended June 30, 2011

With Comparative Totals For the Year Ended June 30, 2010

| | 2011 | | Variance - Over (Under) | 2010 |
|---|------------------|-------------------|-------------------------------|-------------------|
| | Budget | Actual | | Actual |
| REVENUES | | | | |
| Ad valorem taxes | | | | |
| Current year | \$ 829,350 | \$ 823,124 | \$ (6,226) | \$ 818,191 |
| Prior years | 25,650 | 38,817 | 13,167 | 44,624 |
| Penalties and interest | 10,000 | 9,616 | (384) | 10,259 |
| Subtotal ad valorem taxes | <u>865,000</u> | <u>871,557</u> | <u>6,557</u> | <u>873,074</u> |
| Other taxes, local option sales taxes | 260,000 | 222,625 | (37,375) | 224,511 |
| Intergovernmental revenues, restricted | 25,000 | 27,917 | 2,917 | 1,815 |
| Investment earnings | 20,000 | 3,267 | (16,733) | 12,820 |
| Total revenues | <u>1,170,000</u> | <u>1,125,366</u> | <u>(44,634)</u> | <u>1,112,220</u> |
| EXPENDITURES | | | | |
| Public safety: | | | | |
| Supplies | 4,015 | 810 | (3,205) | 788 |
| Repairs on equipment | 1,750 | - | (1,750) | - |
| Contracted and professional services | 7,200 | 1,495 | (5,705) | 1,190 |
| Insurance | 46,000 | 49,965 | 3,965 | 52,119 |
| Awards to Volunteer Fire Departments | 1,421,001 | 1,421,601 | 600 | 1,300,999 |
| Total expenditures | <u>1,479,966</u> | <u>1,473,871</u> | <u>(6,095)</u> | <u>1,355,096</u> |
| Excess of revenues over (under) expenditures | <u>(309,966)</u> | <u>(348,505)</u> | <u>(38,539)</u> | <u>(242,876)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Fund balance appropriated | 309,966 | - | (309,966) | - |
| Total other financing sources (uses) | <u>309,966</u> | <u>-</u> | <u>(309,966)</u> | <u>-</u> |
| Net change in fund balance | <u>\$ -</u> | <u>(348,505)</u> | <u>\$ (348,505)</u> | <u>(242,876)</u> |
| FUND BALANCES | | | | |
| Beginning fund balances | | 881,447 | | 1,124,323 |
| Ending fund balances | | <u>\$ 532,942</u> | | <u>\$ 881,447</u> |

Cleveland County, North Carolina

e. Community Development Fund: Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual (since projects' inception)

For the Year Ended June 30, 2011

With Comparative Totals from Project Inception to June 30, 2010

| | Project Authorization | Current Year | Total to Date | Remaining Balance |
|---|--------------------------|---------------------|---------------------|----------------------|
| REVENUES | | | | |
| Intergovernmental revenues, federal restricted | \$ 2,000,000 | \$ 538,449 | \$ 538,449 | \$ 1,461,551 |
| Intergovernmental revenues, state restricted | 500,000 | 432,978 | 432,978 | 67,022 |
| Total revenues | 2,500,000 | 971,427 | 971,427 | 1,528,573 |
| EXPENDITURES | | | | |
| Economic and physical development: | | | | |
| Community Development Block Grant - Economic Development (CDBG-ED): | | | | |
| Administration | 35,000 | 26,276 | 26,276 | 8,724 |
| Roadway/Railway expansion | 1,565,000 | 1,006,088 | 1,006,088 | 558,912 |
| Community Development Block Grant - Section 108 Loan Guarantee (CDBG-LG): | | | | |
| Shell Building | 1,000,000 | 196,544 | 196,544 | 803,456 |
| Total expenditures | 2,600,000 | 1,228,908 | 1,228,908 | 1,371,092 |
| Excess of revenues over (under) expenditures | (100,000) | (257,481) | (257,481) | 157,481.00 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in: | | | | |
| From General Fund | 100,000 | 94,913 | 94,913 | 5,087.00 |
| Total other financing sources (uses) | 100,000 | 94,913 | 94,913 | 5,087.00 |
| Net change in fund balance | \$ - | (162,568) | \$ (162,568) | \$ 162,568 |
| FUND BALANCES | | | | |
| Beginning fund balances | | - | | |
| Ending fund balances | | \$ (162,568) | | |

Cleveland County, North Carolina
 f. Debt Service Fund: Statement of Revenues, Expenditures, and Changes in
 Fund Balance - Budget to Actual

For the Year Ended June 30, 2011

With Comparative Totals For the Year Ended June 30, 2010

| | 2011 | | Variance - Over (Under) | 2010 |
|---|------------------|------------------|-------------------------------|------------------|
| | Budget | Actual | | Actual |
| REVENUES | | | | |
| Intergovernmental revenues, restricted | \$ 1,091,200 | \$ 989,085 | \$ (102,115) | \$ - |
| Total revenues | 1,091,200 | 989,085 | (102,115) | - |
| EXPENDITURES | | | | |
| Debt service: | | | | |
| Principal retirement | 2,817,677 | 2,783,775 | (33,902) | 3,191,642 |
| Interest | 1,959,459 | 1,696,913 | (262,546) | 629,854 |
| Fees | 5,000 | 8,052 | 3,052 | 5,000 |
| Total expenditures | 4,782,136 | 4,488,740 | (293,396) | 3,826,496 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | | | | |
| From General Fund | 1,938,536 | 1,909,966 | (28,570) | 2,389,982 |
| From Schools Capital Reserve Fund | 1,752,400 | 1,589,689 | (162,711) | 1,436,514 |
| Total other financing sources (uses) | 3,690,936 | 3,499,655 | (191,281) | 3,826,496 |
| Net change in fund balance | \$ - | - | \$ - | - |
| FUND BALANCES | | | | |
| Beginning fund balances | | - | | - |
| Ending fund balances | | \$ - | | \$ - |

Cleveland County, North Carolina
Annual Financial and Compliance Report
For the Year Ended June 30, 2011
II: FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
D. Required Supplementary Information:
5. Major Enterprise Fund Financial Schedule

| | Identifier | Page No. |
|---|------------------|----------|
| a. Solid Waste Fund: Schedule of Revenues and Expenditures -- Budget to Actual; non-GAAP modified accrual basis | Exhibit II.D.5.a | 117 |

The County's sole Enterprise Fund is the Solid Waste Disposal and Collection Fund. This fund is used to account for the operations in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods and services to the general public be recovered through user charges.

The following schedule presents the results of operations for the Enterprise Fund on the modified accrual basis for comparison to the legally adopted budget. In accordance with generally accepted accounting principles, the end of the schedule includes a reconciliation of the modified accrual basis to the full accrual basis.

Cleveland County, North Carolina

a. Solid Waste Fund: Schedule of Revenues and Expenditures -- Budget to Actual; non-GAAP modified accrual basis

For the Year Ended June 30, 2011

With Comparative Totals For the Year Ended June 30, 2010

| | 2011 | | Variance - Over (Under) | 2010 |
|---|-----------------------|-------------------|-------------------------------|--------------------|
| | Budget | Actual | | Actual |
| REVENUES | | | | |
| Operating revenues: | | | | |
| Household user fees | \$ 1,400,000 | \$ 1,428,027 | \$ 28,027 | \$ 1,446,245 |
| Departmental fees | 3,258,000 | 3,561,955 | 303,955 | 2,945,095 |
| Miscellaneous | 135,500 | 200,196 | 64,696 | 316,481 |
| Total operating revenues | <u>4,793,500</u> | <u>5,190,178</u> | <u>396,678</u> | <u>4,707,821</u> |
| Non-operating revenues: | | | | |
| Other taxes | 151,000 | 440,791 | 289,791 | 423,888 |
| Intergovernmental revenues | 88,967 | 130,666 | 41,699 | 48,945 |
| Interest earned | 100,000 | 44,053 | (55,947) | 14,553 |
| Total non-operating revenues | <u>339,967</u> | <u>615,510</u> | <u>275,543</u> | <u>487,386</u> |
| Total revenues | <u>5,133,467</u> | <u>5,805,688</u> | <u>672,221</u> | <u>5,195,207</u> |
| EXPENDITURES | | | | |
| Administration and operating expenditures: | | | | |
| Salaries and benefits | 1,857,336 | 1,750,698 | (106,638) | 1,775,616 |
| Supplies and materials | 104,848 | 97,024 | (7,824) | 51,889 |
| Uniforms | 8,045 | 6,159 | (1,886) | 8,083 |
| Travel and training | 7,850 | 9,465 | 1,615 | 9,827 |
| Utilities, telecommunications, and postage | 114,038 | 81,732 | (32,306) | 82,184 |
| Repairs and maintenance | 179,540 | 118,395 | (61,145) | 236,671 |
| Advertising | 5,820 | 5,181 | (639) | 3,376 |
| Laundry and dry cleaning | 18,417 | 15,965 | (2,452) | 12,582 |
| Rent | 35,350 | 27,098 | (8,252) | 20,367 |
| Contracted services | 379,613 | 335,128 | (44,485) | 300,205 |
| Insurance | 80,400 | 80,400 | - | 80,400 |
| Garbage | 1,037,640 | 922,920 | (114,720) | 900,917 |
| Professional and legal services | 550,367 | 123,350 | (427,017) | 192,950 |
| Solid waste disposal tax to State | 242,000 | 282,962 | 40,962 | 248,497 |
| Automotive fuels and supplies | 492,347 | 478,932 | (13,415) | 426,973 |
| Miscellaneous | 22,259 | 22,368 | 109 | 11,104 |
| Total administration and operating expenditures | <u>5,135,870</u> | <u>4,357,777</u> | <u>(778,093)</u> | <u>4,361,641</u> |
| Capital outlay expenditures | 4,036,610 | 1,027,093 | (3,009,517) | 874,601 |
| Total expenditures | <u>9,172,480</u> | <u>5,384,870</u> | <u>(3,787,610)</u> | <u>5,236,242</u> |
| Excess of revenues over (under) expenditures | <u>\$ (4,039,013)</u> | <u>\$ 420,818</u> | <u>\$ 4,459,831</u> | <u>\$ (41,035)</u> |

(continued on next page)

Cleveland County, North Carolina

a. Solid Waste Fund: Schedule of Revenues and Expenditures -- Budget to Actual; non-GAAP modified accrual basis

For the Year Ended June 30, 2011

With Comparative Totals For the Year Ended June 30, 2010

| | 2011 | | Variance - Over (Under) | 2010 |
|---|------------------|------------------|-------------------------------|---------------------|
| | Budget | Actual | | Actual |
| (continued from previous page) | | | | |
| Excess of revenues over (under) expenditures (repeated from prior page) | \$ (4,039,013) | \$ 420,818 | \$ 4,459,831 | \$ (41,035) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in from General Fund | - | - | - | 940 |
| Transfers out to General Fund | (328,607) | (335,925) | (7,318) | (335,999) |
| Fund balance appropriated | 4,367,620 | - | (4,367,620) | - |
| Total other financing sources (uses) | 4,039,013 | (335,925) | (4,374,938) | (335,999) |
| Net change in fund balance (modified accrual basis) | \$ - | \$ 84,893 | \$ 84,893 | \$ (377,034) |

Reconciliation of Modified Accrual Basis with Full Accrual Basis

Net change in fund balance

| | | | | |
|--|-----------|--------------------|-----------|----------------|
| (modified accrual basis) | \$ | 84,893 | \$ | (377,034) |
| Capital outlay expenditures | | 1,027,093 | | 883,101 |
| Trade-in allowance on purchase of capital asset | | 16,000 | | |
| Non-cash gain (loss) on disposals of capital assets | | (26,551) | | (501,195) |
| Acquisition of capital assets through landfill closure activity | | 1,500,710 | | - |
| Depreciation expense | | (677,696) | | (664,964) |
| Change in accrued retirement benefits | | (85,930) | | (68,968) |
| Change in accrued leave earned expense | | 8,455 | | (21,274) |
| Change in accrued landfill closure and post-closure care expense | | (3,527,692) | | 1,503,808 |
| Change in net assets (full accrual basis) | \$ | (1,680,718) | \$ | 753,474 |

Another Difference in Reporting under Modified Accrual (MA) Basis Versus Full Accrual (FA) Basis

| | | | | |
|---|-----------|------------------|-----------|------------------|
| Departmental fees (modified accrual basis) | \$ | 3,561,955 | \$ | 2,945,095 |
| Bad debt expense (reduces departmental fees revenue under MA basis) | | 21 | | 881 |
| Departmental fees (full accrual basis) | \$ | 3,561,976 | \$ | 2,945,976 |

(continued from previous page)

Cleveland County, North Carolina
Annual Financial and Compliance Report
For the Year Ended June 30, 2011
II: FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
D. Required Supplementary Information:
6. Fiduciary Funds Financial Statement

| | Identifier | Page No. |
|--|------------------|----------|
| a. Combining Statement of Changes in Assets and Liabilities -- Fiduciary Funds | Exhibit II.D.6.a | 120 |

The County's fiduciary funds are used to account for resources received and held by the County as the trustee or for which the County acts as agent. The fiduciary funds are:

Fines and Forfeitures Agency Fund

Inmate Agency Fund

Property Tax Agency Fund

Rescue Squad Agency Fund

Social Services Agency Fund

Cleveland County, North Carolina
a. Combining Statement of Changes in Assets and Liabilities -- Fiduciary Funds

For the Year Ended June 30, 2011

| | Beginning Balance 2010 | Additions | Deductions | Ending Balance 2011 |
|--|------------------------------|----------------------|------------------------|---------------------------|
| Fines and Forfeitures Agency Fund | | | | |
| Assets | | | | |
| Intergovernmental receivable * | \$ 4,775 | \$ 539,269 | \$ (539,004) | \$ 5,040 |
| Liabilities | | | | |
| Due to other taxing units - State of North Carolina * | \$ 4,775 | \$ 582,232 | \$ (581,967) | \$ 5,040 |
| Due to other taxing units - Cleveland County Board of Education | - | 534,673 | (534,673) | - |
| Total liabilities | \$ 4,775 | \$ 1,116,905 | \$ (1,116,640) | \$ 5,040 |
| Inmate Agency Fund | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 3,265 | \$ 186,139 | \$ (184,975) | \$ 4,429 |
| Intergovernmental receivable | 1,795 | 116,592 | (116,540) | 1,847 |
| Total assets | \$ 5,060 | \$ 302,731 | \$ (301,515) | \$ 6,276 |
| Liabilities | | | | |
| Accounts payable | \$ 5,060 | \$ 408,054 | \$ (406,838) | \$ 6,276 |
| Property Tax Agency Fund | | | | |
| Assets | | | | |
| Taxes receivable | \$ 37,589 | \$ 422,438 | \$ (424,824) | \$ 35,203 |
| Accounts receivable | 851,077 | 12,472,671 | (12,518,342) | 805,406 |
| Intergovernmental receivable | 223,806 | 13,015,572 | (13,020,909) | 218,469 |
| Total assets | \$ 1,112,472 | \$ 25,910,681 | \$ (25,964,075) | \$ 1,059,078 |
| Liabilities | | | | |
| Accounts payable | \$ 172,053 | \$ 15,230,587 | \$ (15,223,195) | \$ 179,445 |
| Due to other taxing units | 940,419 | 13,182,089 | (13,242,875) | 879,633 |
| Total liabilities | \$ 1,112,472 | \$ 28,412,676 | \$ (28,466,070) | \$ 1,059,078 |
| Rescue Squad Agency Fund | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 9,513 | \$ 2,919 | \$ (7,310) | \$ 5,122 |
| Accounts receivable | 942,508 | - | (942,508) | - |
| Total assets | \$ 952,021 | \$ 2,919 | \$ (949,818) | \$ 5,122 |
| Liabilities | | | | |
| Accounts payable | \$ 9,513 | \$ 2,919 | \$ (7,310) | \$ 5,122 |
| Due to other taxing units | 942,508 | - | (942,508) | - |
| Total liabilities | \$ 952,021 | \$ 2,919 | \$ (949,818) | \$ 5,122 |

(continued on next page)

Cleveland County, North Carolina
a. Combining Statement of Changes in Assets and Liabilities -- Fiduciary Funds

For the Year Ended June 30, 2011

| | Beginning Balance 2010 | Additions | Deductions | Ending Balance 2011 |
|------------------------------------|------------------------------|----------------------|------------------------|---------------------------|
| (continued from previous page) | | | | |
| Social Services Agency Fund | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 56,877 | \$ 365,167 | \$ (329,432) | \$ 92,612 |
| Liabilities | | | | |
| Accounts payable | \$ 56,877 | \$ 365,167 | \$ (329,432) | \$ 92,612 |
| TOTALS, All Agency Funds | | | | |
| Assets | | | | |
| Cash and investments | \$ 69,655 | \$ 554,225 | \$ (521,717) | \$ 102,163 |
| Taxes receivable | 37,589 | 422,438 | (424,824) | 35,203 |
| Accounts receivable | 1,793,585 | 12,472,671 | (13,460,850) | 805,406 |
| Intergovernmental receivable | 230,376 | 13,671,433 | (13,676,453) | 225,356 |
| Total assets | \$ 2,131,205 | \$ 27,120,767 | \$ (28,083,844) | \$ 1,168,128 |
| Liabilities | | | | |
| Accounts payable | \$ 243,503 | \$ 16,006,727 | \$ (15,966,775) | \$ 283,455 |
| Due to other taxing units | 1,887,702 | 14,298,994 | (15,302,023) | 884,673 |
| Total liabilities | \$ 2,131,205 | \$ 30,305,721 | \$ (31,268,798) | \$ 1,168,128 |

Note:

* These amounts in the Fines and Forfeitures Agency Fund concern the 3% late penalty on delinquent property taxes on motor vehicle

(continued from previous page)