AUDIT REPORT

VANCE COUNTY, NORTH CAROLINA

JUNE 30, 2011

BOARD OF COUNTY COMMISSIONERS

Eddie Wright, Chairman

Terry E. Garrison, Vice Chairman	Dan Brummitt
Deborah Brown	Gordon Wilder
J. Timothy Pegram	Thomas Hester

COUNTY OFFICIALS

Jerry Ayscue	County Manager
Steve Stanton	Director of Finance
Jonathan Care	County Attorney
Carolyn R. Pecora	Register of Deeds
Porcha Brooks	Tax Administrator

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PHILLIPS, DORSEY, THOMAS, WATERS & BRAFFORD, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners
Vance County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Vance County, North Carolina, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Vance 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 Vance County ABC Board. Those financial statements were audited by other auditors whose reports thereon have been furnished to us; and our opinion on the financial statements, insofar as it relates to the amounts included for the Vance County ABC Board, is based solely on the report of the 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. 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 Vance County ABC Board were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of 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 units, each major fund, and the aggregate remaining fund information of Vance County, North Carolina as of June 30, 2011, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 30, 2011, on our consideration of Vance County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations contracts and grants. 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, and the required schedules for the Law Enforcement Officers' Special Separation Allowance and Other Postemployment Benefits are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of Vance County, North Carolina. The combining and individual non-major fund schedules, budgetary schedules, 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 Non-Profit Organizations* and the State Single Audit Implementation Act, and the statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements, budgetary schedules, other schedules and the accompanying schedule of expenditures of federal and State awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory information and the statistical tables have not been subjected to the auditing procedures applied in the audit of basic financial statements and, accordingly, we express no opinion on them.

Phillips, Dorsey, Thomas, Waters, Brafford, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

December 8, 2011

Management's Discussion and Analysis

As management of Vance County, we offer readers of Vance County's financial statements this narrative overview and analysis of the financial activities of Vance County for the fiscal year ended June 30, 2011. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

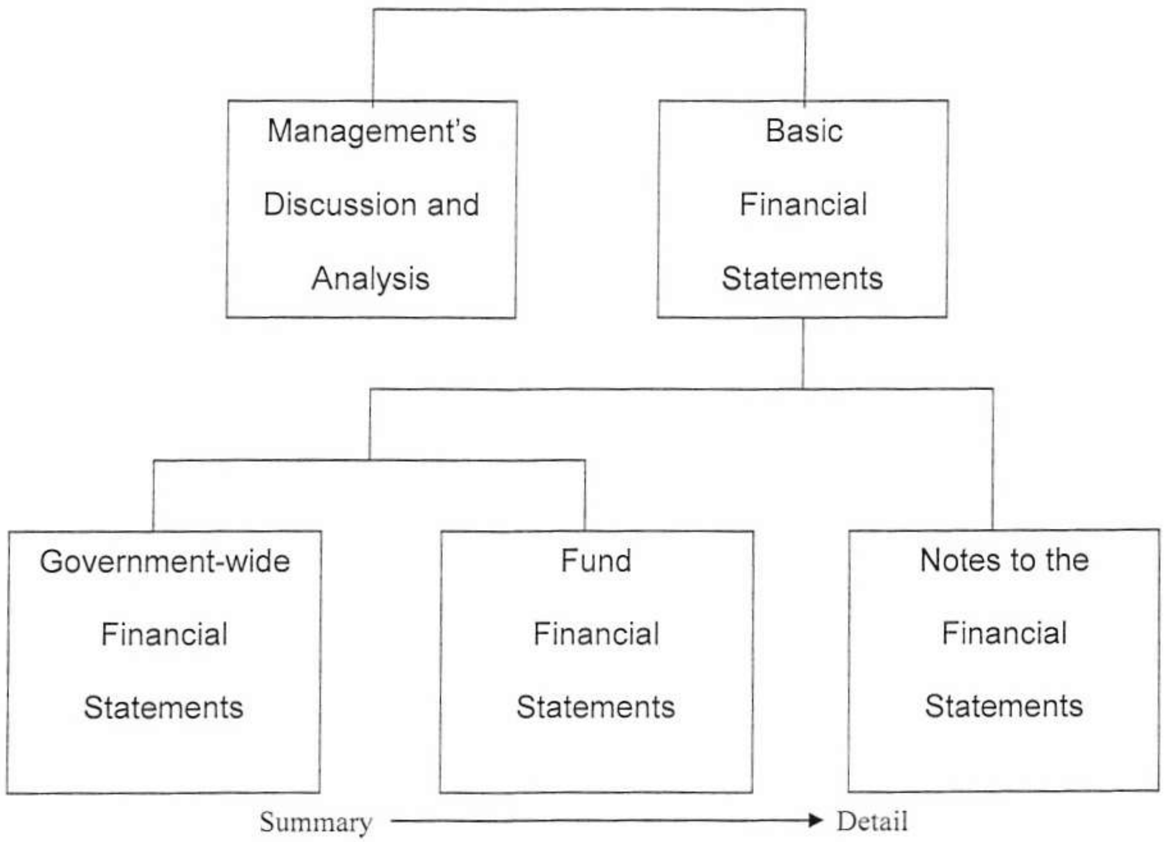
- The assets of Vance County exceeded its liabilities at the close of the fiscal year by $22,839,651 (*net assets*).
- The government's total net assets decreased by $2,086,812, primarily due to decreased in net assets in the General Fund.
- As of the close of the current fiscal year, Vance County's governmental funds reported combined ending fund balances of $19,701,416, after a net decrease in fund balance of $691,071. Approximately 61.15 percent of this total amount, or $12,047,575 is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $4,891,645, or 11.08 percent of total general fund expenditures for the fiscal year.
- Vance County's total debt increased by $2,657,463 (10.72%) during the current fiscal year. The key factor in this increase is the incurrence of $3,924,320 in an installment purchase obligation for the construction of multipurpose rooms, plumbing renovations and HVAC and mechanical repairs during the fiscal year.
- Vance County maintained a Moody's Investor Service "A3" bond rating, which it has had for the past twenty-two years. Standard and Poor's on February 16, 2010 reaffirmed it's A+ bond rating on the County.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Vance County's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) 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 Vance County.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3 through 11) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

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

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

Government-wide Financial Statements

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

The two government-wide statements report the County's net assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets is one way to gage the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as public safety, human services, and general administration. Property taxes, sales taxes, and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water and landfill services offered by Vance County. The final category is the component units. Although legally separate from the County, the 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 remaining component unit, the Vance County Tourism Development Authority, is a public authority operating under the local Government Budget and Fiscal Control Act. The Authority's purpose is to further the development of travel, tourism, and conventions in Vance County through advertising and promotions. The Authority is funded by a specific allocation of the countywide occupancy tax authorized by House Bill 765, Ratified Bill, 2001 session of the North Carolina General Assembly.

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

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Vance 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 Vance County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

Proprietary Funds – Vance County has one kind of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Vance County uses enterprise funds to account for its water activity and for its landfill operations. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Vance County has five fiduciary funds, one of which is a pension trust fund and four of which are agency funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 30 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Vance County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 66 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of Vance County exceeded liabilities by $22,839,651 as of June 30, 2011. The County's net assets decreased by $2,086,812 for the fiscal year ended June 30, 2011. One of the largest portions $25,307,845 (111%) 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. Vance County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Vance County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Vance County's net assets $12,047,575 (53%) represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance of $14,515,769 (64%) is unrestricted.

Vance County's Net Assets

Figure 2

		Governmental Activities				Business-type Activities				Total		
		2011		2010		2011		2010		2011		2010
Current and other assets	$	24,699,980	$	25,787,226	$	477,430	$	341,984	$	25,177,410	$	26,129,210
Capital assets		31,426,263		29,251,561		872,891		872,947		32,299,154		30,124,508
Total assets	$	56,126,243	$	55,038,787	$	1,350,321	$	1,214,931	$	57,476,564	$	56,253,718
Long-term liabilities outstanding	$	31,340,466	$	27,697,900	$	925,844	$	929,559	$	32,266,310	$	28,627,459
Other liabilities		2,069,767		2,440,003		300,836		259,793		2,370,603		2,699,796
Total liabilities	$	33,410,233	$	30,137,903	$	1,226,680	$	1,189,352	$	34,636,913	$	31,327,255
Net assets:												
Invested in capital assets, net of related debt	$	24,434,954	$	21,257,073	$	872,891	$	872,947	$	25,307,845	$	22,130,020
Restricted		12,047,575		4,240,611		-		-		12,047,575		4,240,611
Unrestricted		(13,766,519)		(596,800)		(749,250)		(847,368)		(14,515,769)		(1,444,168)
Total net assets	$	22,716,010	$	24,900,884	$	123,641	$	25,579	$	22,839,651	$	24,926,463

Several particular aspects of the County's financial operations both positively and negatively influenced the total unrestricted governmental net assets:

- Decline in the collection of property taxes by reducing to a collection percentage of 93.20%, which is less than the statewide average of 97.05%.
- Decreased in sales tax collections, a major source of revenue for the County.
- Continued low cost of debt due to the County's high bond rating.
- Aggressive pursuit of grants funding for County projects.
- Diligent collection of ambulance fees.
- Maintaining expenditures within budgeted amounts, however on the same spending levels as the prior year.

Vance County's Changes in Net Assets
Figure 3

	Governmental Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	$ 3,335,283	$ 3,832,099	$ 1,938,123	$ 2,040,785	$ 5,273,406	$ 5,872,884
Operating grants and contributions	10,994,973	9,594,677	-	-	10,994,973	9,594,677
Capital grants and contributions	20,300	132,833	-	-	20,300	132,833
General revenues:						
Property taxes	21,366,782	21,125,738	-	-	21,366,782	21,125,738
Other taxes	6,467,787	7,856,748	-	-	6,467,787	7,856,748
Grants and contributions not restricted to specific programs	-	-	860	-	860	-
Other	66,889	116,986	137,626	30,324	204,515	147,310
Total revenues	$ 42,252,014	$ 42,659,081	$ 2,076,609	$ 2,071,109	$ 44,328,623	$ 44,730,190
Expenses:						
General government	$ 4,552,383	$ 3,844,104	$ -	$ -	$ 4,552,383	$ 3,844,104
Public safety	12,405,958	12,047,988	-	-	12,405,958	12,047,988
Transportation	26,022	26,022	-	-	26,022	26,022
Environmetal protection	24,412	22,671	-	-	24,412	22,671
Economic and physical development	2,740,630	2,012,765	-	-	2,740,630	2,012,765
Human services	12,421,880	12,115,729	-	-	12,421,880	12,115,729
Cultural and recreation	1,141,226	1,124,445	-	-	1,141,226	1,124,445
Education	10,247,197	9,905,376	-	-	10,247,197	9,905,376
Interest on long-term debt	775,880	865,558	-	-	775,880	865,558
Landfill	-	-	1,998,785	2,023,245	1,998,785	2,023,245
Water	-	-	81,062	320,419	81,062	320,419
Total expenses	$ 44,335,588	$ 41,964,658	$ 2,079,847	$ 2,343,664	$ 46,415,435	$ 44,308,322
Decrease in net assets before transfers and special item	$ (2,083,574)	$ 694,423	$ (3,238)	$ (272,555)	$ (2,086,812)	$ 421,868
Transfers	(101,300)	(479,292)	101,300	479,292	-	-
Increase (decrease) in net assets	$ (2,184,874)	$ 215,131	$ 98,062	$ 206,737	$ (2,086,812)	$ 421,868
Net assets, beginning	24,900,884	24,685,753	25,579	(181,158)	24,926,463	24,504,595
Net assets, ending	$ 22,716,010	$ 24,900,884	$ 123,641	$ 25,579	$ 22,839,651	$ 24,926,463

Governmental activities. Governmental activities decreased the County's net assets by $2,184,874, thereby accounting for 104.7% of the total decline in the net assets of Vance County. Key elements of this decrease are as follows:

- Decline in the collection of property taxes during the year.
- Decline in sales tax collections, which is a major source of revenues.
- Spending levels at the same or greater than the prior year, especially as it relates to departments such as tax, information technology, sheriff, jail, economic development, and social services.
- Increased expenditures for schools as it relates to administrative building repairs and maintenance.

Business-type activities. Business-type activities increased Vance County's net assets by $98,062, accounting for 10.37% of the total growth in the government's net assets. Key elements of this increase are as follows:

- No increases in the disposal costs of yard waste and white goods.
- No increases in wages and benefits, transfer station fees, and the operation of convenience sites.
- Restructuring of collection methods at disposal sites such as commingling of recycling materials, cardboard segregation, etc. in order to reduce weight and related transportation costs.
- Solicitation of recycling grants.
- Transfer from general fund to offset the cost of engineering fees in water fund.

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of Vance County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Vance County's financing requirements. Specifically, fund balance available for appropriation 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 Vance County. At the end of the current fiscal year, fund balance available in the General Fund was $7,432,838, while total fund balance reached $14,764,295. The County currently has an available fund balance of 16.86% of general fund expenditures, while total fund balance represents 33.45% of that same amount.

At June 30, 2011, the governmental funds of Vance County reported a combined fund balance of $19,701,416, a 3.4 percent decrease over last year. The primary reason for this decrease is the decrease in the fund balance of the General Fund.

General Fund Budgetary Highlights. During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased all revenues by only $1,629,678.

Proprietary Funds. Vance 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 Landfill Fund at the end of the fiscal year amounted to $(923,261), and those for the Water Fund equaled $174,011. The total growth in net assets for both major and non-major funds was $58,988 and $39,074 respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of Vance County's business-type activities.

Capital Asset and Debt Administration

Capital assets. **Vance** County's capital assets for its governmental and business – type activities as of June 30, 2011, totals $32,299,154 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, and vehicles.

Major capital asset transactions during the year include:

- Purchased twelve new vehicles for the Sheriff's department.
- Purchased a new Chevy chassis for a refurbished EMS unit for the Fire and Ambulance department.
- Purchased land, building and equipment for the Fire and Ambulance department.
- Purchased new pumper truck for the Fire and Ambulance department.
- Purchased a new IBM server and TaxOne software for the tax department.
- Addition of construction in progress for the multipurpose rooms, HVAC renovations, plumbing renovation, and the new Elementary School.
- Purchased VIPER radio system for the Public Safety departments.
- Purchased vehicle for Emergency Management.
- Disposal of twelve vehicles for various departments.

Vance County's Capital Assets
(net of depreciation)

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	$577,496	$444,551	$872,857	$872,857	$1,450,353	$1,317,408
Buildings and improvements	12,329,193	12,776,186	-	-	12,329,193	12,776,186
Equipment and vehicles	1,638,185	1,388,504	34	599	1,638,219	1,389,103
Computer Software	13,245	11,908	-	-	13,245	11,908
Construction in progress	16,868,144	14,630,412	-	-	16,868,144	14,630,412
Total	$31,426,263	$29,251,561	$872,891	$873,456	$32,299,154	$30,125,017

Additional information on the County's capital assets can be found on pages 45 to 46 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2011, Vance County had total bonded debt outstanding of $10,805,595 all of which is debt backed by the full faith and credit of the County.

Vance County's Outstanding Debt

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds	$ 4,480,000	$ 5,360,000	$ -	$ -	$ 4,480,000	$ 5,360,000
Capitalized leases	1,761,268	914,608	-	-	1,761,268	914,608
Installment purchases	21,211,355	18,520,552	-	-	21,211,355	18,520,552
Total	$ 27,452,623	$ 24,795,160	$ -	$ -	$ 27,452,623	$ 24,795,160

Carolina County's total debt increased by $2,657,463 (10.72 percent) during the past fiscal year, primarily due to the County issuing Qualified School Construction Bonds in the amount of $3,924,320 the year.

As mentioned in the financial highlights section of this document, Vance County maintained for the 22nd consecutive year, its A3 bond rating from Moody's Investor Service and A+ rating from Standard and Poor's Corporation. This bond rating is a clear indication of the sound financial condition of Vance County. This achievement is 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 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Vance County is $192,576,319.

Additional information regarding Carolina County's long-term debt can be found on pages 56 through 61 of this audited financial report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the County.

- A struggling local economy reflects the loss of agricultural and textile jobs, placing the County as one of the higher ranked counties for unemployment at 14.1 percent with the state at 10.4 percent at June 30, 2011.
- Industrial parks have been developed which will target logistics, biotech, and high tech employment opportunities.
- A regional industrial hub development initiative is currently underway to attract prospective employers to the area.
- Retail sales continue to decline with little or no future growth, resulting in a decline in collection of sales taxes.

BASIC FINANCIAL STATEMENTS

Exhibit 1

Vance County, North Carolina
Statement of Net Assets
June 30, 2011

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Vance County Tourism Development Authority	Vance County ABC Board
ASSETS					
Cash and cash equivalents	$ 12,968,274	$ 293,993	$ 13,262,267	$ 185,017	$ 337,488
Receivables (net)	-	26,819	26,819	-	-
Taxes	2,849,373	-	2,849,373	-	-
Accounts	3,481,731	-	3,481,731	576	-
Inventories	-	-	-	-	193,886
Prepaid items	-	-	-	-	5,591
Restricted cash and cash equivalents	5,321,178	156,618	5,477,796	-	-
Deferred charge - issuance costs	-	-	-	-	-
Deferred charge - refunding	79,424	-	79,424	-	-
Capital assets:					
Land, improvements, and construction in progress	17,445,640	-	17,445,640	5,178	-
Other capital assets, net of depreciation	13,980,623	872,891	14,853,514	-	1,006,759
Total capital assets	31,426,263	872,891	32,299,154	5,178	1,006,759
Total assets	56,126,243	1,350,321	57,476,564	190,771	1,543,724
LIABILITIES					
Accounts payable and accrued expenses	1,111,860	144,218	1,256,078	7,197	200,130
Contract Payable	93,551	-	93,551	-	-
Unearned revenues	54,610	156,618	211,228	-	-
Due to other governments	-	-	-	-	-
Due to primary government	-	-	-	-	-
Liabilities to be paid from restricted assets	809,746	-	809,746	-	-
Long-term liabilities:					
Due within one year	2,854,505	-	2,854,505	5,111	69,254
Due in more than one year	28,485,961	925,844	29,411,805	16,265	1,068,035
Total long-term liabilities	31,340,466	925,844	32,266,310	21,376	1,137,289
Total liabilities	33,410,233	1,226,680	34,636,913	28,573	1,337,419
NET ASSETS					
Invested in capital assets, net of related debt	24,434,954	872,891	25,307,845	5,178	65,239
Restricted for:					
Public safety	398,502	-	398,502	-	-
Education	4,131,388	-	4,131,388	-	-
Register of Deeds	153,064	-	153,064	-	-
Stabilization by State Statute	4,982,860		4,982,860	576	-
Tourism	-	-	-	68,287	-
Working capital	-	-	-	-	89,754
Unrestricted (deficit)	(11,384,758)	(749,250)	(12,134,008)	88,157	51,312
Total net assets	$ 22,716,010	$ 123,641	$ 22,839,651	$ 162,198	$ 206,305

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

Vance County, North Carolina
Statement of Activities
For the Year Ended June 30, 2011

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
					Primary Government			Component Units	
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**	**Vance County Tourism Development Authority**	**Vance County ABC Board**
Primary government:									
Governmental Activities:									
General government	$ 4,552,383	$ 729,170	$ 529,044	$ -	$ (3,294,169)	$ -	$ (3,294,169)		
Public safety	12,405,958	2,507,848	1,341,963	20,300	(8,535,847)	-	(8,535,847)		
Transportation	26,022	-	-	-	(26,022)	-	(26,022)		
Environmental protection	24,412	-	-	-	(24,412)				
Economic & physical development	2,740,630	44,411	1,182,483	-	(1,513,736)	-	(1,513,736)		
Human services	12,421,880	53,854	7,906,233	-	(4,461,793)	-	(4,461,793)		
Cultural & recreation	1,141,226	-	-	-	(1,141,226)	-	(1,141,226)		
Education	10,247,197	-	35,250	-	(10,211,947)	-	(10,211,947)		
Interest on long-term debt	775,880	-	-	-	(775,880)	-	(775,880)		
Total governmental activities	44,335,588	3,335,283	10,994,973	20,300	(29,985,032)	-	(29,985,032)		
Business-type activities:									
Solid Waste	1,998,785	1,938,123	-	-	-	(60,662)	(60,662)		
Water	81,062	-	-	-	-	(81,062)	(81,062)		
Total business-type activities	2,079,847	1,938,123	-	-	-	(141,724)	(141,724)		
	$ 46,415,435	$ 5,273,406	$ 10,994,973	$ 20,300	(29,985,032)	(141,724)	(30,126,756)		
Component units:									
Tourism Development Authority	$ 276,109	$ -	$ -	$ -				$ (301,100)	$ -
ABC Board	3,024,858	3,022,371	-	-				-	(2,487)
Total component units	$ 3,300,967	$ 3,022,371	$ -	$ -				(301,100)	(2,487)
General revenues:									
Taxes:									
Property taxes, levied for general purpose					21,366,782	-	21,366,782	-	-
Local option sales tax					6,433,971	-	6,433,971	-	-
Other taxes and licenses					33,816	-	33,816	299,688	-
Grants and contributions not restricted to specific programs					-	-	-	-	-
Investment earnings, unrestricted					36,298	860	37,158	247	1,123
Miscellaneous, unrestricted					30,591	137,626	168,217	24,431	-
Total general revenues excluding transfers and special items					27,901,458	138,486	28,039,944	324,366	1,123
Transfers					(101,300)	101,300	-	-	-
Total general revenues, special items, and transfers					27,800,158	239,786	28,039,944	324,366	1,123
Change in net assets					(2,184,874)	98,062	(2,086,812)	23,266	(1,364)
Net assets, beginning					24,900,884	25,579	24,926,463	138,932	207,669
Net assets, ending					$ 22,716,010	$ 123,641	$ 22,839,651	$ 162,198	$ 206,305

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

PHILLIPS, DORSEY, THOMAS, WATERS & BRAFFORD, P.A.

Exhibit 3

Vance County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2011

	Major General	Major Capital Project Fund	Non-Major Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 10,707,784	$ 2,260,490	$ -	$ 12,968,274
Restricted cash	262,895	3,909,199	1,149,084	5,321,178
Receivables, net	-	-	-	-
Taxes	2,849,373	-	-	2,849,373
Accounts	2,845,173	69,507	567,051	3,481,731
Due from neighborhood stabilization fund	556,882			556,882
Due from cdbg julia avenue	5,956			5,956
Due from major capital projects-schools fund	1,293,478			1,293,478
Due from capital projects-jail fund	258,597			258,597
Total assets	$ 18,780,138	$ 6,239,196	$ 1,716,135	$ 26,735,469
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	$ 1,111,860	$ -	$ -	$ 1,111,860
Due to other funds	-	1,293,478	821,435	2,114,913
Contract retainage	-	93,551	-	93,551
Liabilities to be paid from restricted assets	-	720,779	88,967	809,746
Deferred revenue	2,859,763	-	-	2,859,763
Unearned revenue	44,220	-	-	44,220
Total liabilities	$ 4,015,843	$ 2,107,808	$ 910,402	$ 7,034,053
Fund balances:				
Restricted:				
Stabilization by State Statute	$ 4,949,696	$ -	$ 33,164	$ 4,982,860
Register of Deeds	153,064	-	-	153,064
Public Safety	129,985	-	194,757	324,742
Fire Protection	-	-	73,760	73,760
School Capital	-	4,131,388	-	4,131,388
Commited:				
Tax Revaluation	262,895	-	-	262,895
Assigned:				
Subsequent year's expenditures	1,995,249	-	-	1,995,249
Unassigned:	7,273,406	-	504,052	7,777,458
Total fund balances	$ 14,764,295	$ 4,131,388	$ 805,733	$ 19,701,416
Total liabilities and fund balances	$ 18,780,138	$ 6,239,196	$ 1,716,135	$ 26,735,469

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

Exhibit 3

Vance County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2011

Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:		
Total Fund Balance, Governmental Funds		19,701,416
Deferred charges related to advance refunding bond issue.		79,424
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		31,426,263
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		-
Liabilities for earned but deferred revenues in fund statements.		2,849,373
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.		(31,340,466)
Net assets of governmental activities	$	22,716,010

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

Exhibit 4

Vance County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2011

	Major	Major	Non-Major	
	General Fund	Capital Project Fund	Other Governmental Funds	Total
REVENUES				
Ad valorem taxes	$ 20,932,784	$ -	$ 450,008	$ 21,382,792
Local option sales taxes	6,433,971	-	-	6,433,971
Other taxes and licenses	33,816	-	-	33,816
Unrestricted intergovernmental	185,134	-	-	185,134
Restricted intergovernmental	9,490,925	-	1,339,214	10,830,139
Permits and fees	460,372	-	-	460,372
Sales and services	2,586,083	125,000	-	2,711,083
Investment earnings	27,445	7,416	1,437	36,298
Miscellaneous	163,829	-	-	163,829
Total revenues	$ 40,314,359	$ 132,416	$ 1,790,659	$ 42,237,434
EXPENDITURES				
Current:				
General government	$ 3,902,032	$ -	$ -	$ 3,902,032
Public safety	11,722,864	-	664,144	12,387,008
Transportation	26,022	-	-	26,022
Environmental protection	24,412	-	-	24,412
Economic and physical development	1,527,352	-	1,013,514	2,540,866
Human services	12,041,952	-	-	12,041,952
Cultural and recreational	965,806	-	-	965,806
Intergovernmental:				
Education	10,225,342	-	-	10,225,342
Capital outlay	-	2,241,253	18,334	2,259,587
Debt service:				
Principal	2,564,227	-	-	2,564,227
Interest	760,546	-	-	760,546
Reimbursement to City for debt payment	337,276	-	-	337,276
Total expenditures	$ 44,097,831	$ 2,241,253	$ 1,695,992	$ 48,035,076
Excess (deficiency) of revenues over expenditures	$ (3,783,472)	$ (2,108,837)	$ 94,667	$ (5,797,642)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	$ 2,969,004	$ 1,614,376	$ 303,085	$ 4,886,465
Transfers to other funds	(2,057,765)	(2,600,464)	(368,540)	(5,026,769)
Installment purchase obligations issued	-	3,924,320	-	3,924,320
Capital lease obligations issued	1,291,964	-	-	1,291,964
Sale of capital assets	30,591	-	-	30,591
Total other financing sources and uses	$ 2,233,794	$ 2,938,232	$ (65,455)	$ 5,106,571
Net change in fund balance	$ (1,549,678)	$ 829,395	$ 29,212	$ (691,071)
Fund balances, beginning	16,313,973	3,301,993	776,521	20,392,487
Fund balances, ending	$ 14,764,295	$ 4,131,388	$ 805,733	$ 19,701,416

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

Exhibit 5

Vance County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2011

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	$ (691,071)
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	2,350,591
Cost of capital asset disposed of during the year, not recognized on modified accrual basis	(175,396)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(16,010)
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.	(2,667,885)
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.	(985,103)
Total changes in net assets of governmental activities	$ (2,184,874)

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

Exhibit 6

Vance County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues:				
Ad valorem taxes	$ 20,359,915	$ 20,930,915	$ 20,932,784	$ 1,869
Local option sales tax	6,898,000	6,898,000	6,433,971	(464,029)
Other taxes and licenses	29,000	29,000	33,816	4,816
Unrestricted intergovernmental	240,000	240,000	185,134	(54,866)
Restricted intergovernmental	8,687,474	9,593,722	9,490,925	(102,797)
Permits and fees	455,500	468,525	460,372	(8,153)
Sales and services	2,228,370	2,292,015	2,586,083	294,068
Investment earnings	32,253	32,253	27,213	(5,040)
Miscellaneous	64,000	139,760	163,829	24,069
Total revenues	$ 38,994,512	$ 40,624,190	$ 40,314,127	$ (310,063)
Expenditures				
Current:				
General government	$ 3,742,469	$ 4,018,118	$ 3,902,032	$ 116,086
Public safety	10,881,158	11,697,739	11,722,864	(25,125)
Transportation	26,022	26,022	26,022	-
Environmental protection	24,600	24,515	24,412	103
Economic and physical development	1,201,891	1,643,619	1,527,352	116,267
Human services	11,755,852	12,217,240	12,041,952	175,288
Cultural and recreational	936,055	966,759	965,806	953
Intergovernmental:				
Education	9,773,727	10,229,027	10,225,342	3,685
Debt service:				
Principal retirement	2,151,716	2,567,728	2,564,227	3,501
Interest and other charges	690,482	761,265	760,546	719
Reimbursement to City for debt payment	338,731	338,731	337,276	1,455
Contingency:	225,000	131,853	-	131,853
Total expenditures	$ 41,747,703	$ 44,622,616	$ 44,097,831	$ 524,785
Revenues over (under) expenditures	$ (2,753,191)	$ (3,998,426)	$ (3,783,704)	$ 214,722
Other financing sources (uses):				
Transfers from other funds	$ 3,642,759	$ 2,969,004	$ 2,969,004	$ -
Transfers to other funds	(3,065,664)	(2,252,604)	(2,144,765)	107,839
Capital lease obligations issued	250,000	1,261,920	1,291,964	30,044
Sale of capital assets	20,000	30,000	30,591	591
Apprpriated Fund Balance	1,906,096	1,990,106	-	(1,990,106)
Total other financing sources (uses)	$ 2,753,191	$ 3,998,426	$ 2,146,794	$ (1,851,632)
Net change in fund balance	$ -	$ -	(1,636,910)	$ (1,636,910)
Fund balance, beginning			16,138,310	
Fund balance, ending			$ 14,501,400	
A legally budgeted Tax Revaluation Fund is consolidated into the General Fund for reporting purposes:				
Investment earnings			232	
Transfer-in from General Fund			87,000	
Expenditures			-	
Fund Balance, Beginning			175,663	
Fund Balance, Ending (Exhibit 4)			14,764,295	

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

Exhibit 7

Vance County, North Carolina
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Major	Non-Major	
	Solid Waste	Water	Totals June 30, 2011
ASSETS			
Current assets:			
Cash and cash equivalents	$ 117,482	$ 176,511	$ 293,993
Receivables, net	26,819	-	26,819
Total current assets	$ 144,301	$ 176,511	$ 320,812
Noncurrent assets:			
Restricted cash and cash equivalents	$ -	$ 156,618	$ 156,618
Capital assets:			
Other capital assets, net of depreciation	872,891	-	872,891
Total capital assets	$ 872,891	$ -	$ 872,891
Total noncurrent assets	$ 872,891	$ 156,618	$ 1,029,509
Total assets	$ 1,017,192	$ 333,129	$ 1,350,321
LIABILITIES			
Current liabilities:			
Accounts payable	$ 141,718	$ 2,500	$ 144,218
Deferred revenue	-	156,618	156,618
Total current liabilities	$ 141,718	$ 159,118	$ 300,836
Noncurrent liabilities:			
Liabilities payable from restricted assets:			
Accrued landfill closure and postclosure care costs	$ 897,384	$ -	$ 897,384
Compensated absences	7,797	-	7,797
Other postemployment benefits	20,663	-	20,663
Total noncurrent liabilities	$ 925,844	$ -	$ 925,844
Total liabilities	$ 1,067,562	$ 159,118	$ 1,226,680
NET ASSETS			
Invested in capital assets, net of related debt	$ 872,891	$ -	$ 872,891
Unrestricted	(923,261)	174,011	(749,250)
Total net assets	$ (50,370)	$ 174,011	$ 123,641

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

Exhibit 8

Vance County, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	Major	Non-Major	Totals
	Solid Waste	Water	June 30, 2011
OPERATING REVENUES			
Solid waste household fees	$ 1,904,826	$ -	$ 1,904,826
Warren County manned site	33,297	-	33,297
Total operating revenues	$ 1,938,123	$ -	$ 1,938,123
OPERATING EXPENSES			
Salaries and employee benefits	$ 97,897	$ -	$ 97,897
Contracted services	134,259	78,458	212,717
Other operating expense	1,757,473	2,604	1,760,077
Landfill closure	9,100	-	9,100
Depreciation	56	-	56
Total operating expenses	$ 1,998,785	$ 81,062	$ 2,079,847
Operating income (loss)	$ (60,662)	$ (81,062)	$ (141,724)
NONOPERATING REVENUES (EXPENSES)			
Solid waste disposal tax	$ 22,180	$ -	$ 22,180
Scrap tire disposal tax	50,993	-	50,993
White goods disposal tax	24,699	-	24,699
Leaf disposal collection	983	-	983
Downtown business solid waste reimbursement	3,027	-	3,027
Water line reimbursement - city	-	18,403	18,403
Electronics management program	3,141	-	3,141
Recycling grant	13,416	-	13,416
Scrap metal	784	-	784
Interest and investment revenue	427	433	860
Total nonoperating revenues (expenses)	$ 119,650	$ 18,836	$ 138,486
Income (loss) before contributions and transfers	$ 58,988	$ (62,226)	$ (3,238)
Transfers from other funds	-	101,300	101,300
Change in net assets	$ 58,988	$ 39,074	$ 98,062
Total net assets, beginning	(109,357)	134,936	25,579
Total net assets, ending	$ (50,369)	$ 174,010	$ 123,641

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

Exhibit 9

Vance County, North Carolina
Statement of Cash Flows
Enterprise Fund
For The Fiscal Year Ended June 30, 2011

	Major Solid Waste	Non-Major Water	Totals June 30, 2011
Cash flows from operating activities:			
Cash received from customers	$ 1,914,346	$ 66,118	$ 1,980,464
Cash paid for goods and services	(1,918,007)	(96,990)	(2,014,997)
Cash paid to employees for services	(89,136)	-	(89,136)
Net cash provided by operating activities	$ (92,797)	$ (30,872)	$ (123,669)
Cash flows from noncapital financing activities			
Transfer in	$ -	$ 101,300	$ 101,300
Solid waste disposal tax	22,180	-	22,180
Scrap tire disposal tax	50,993	-	50,993
White goods disposal tax	24,699	-	24,699
Leaf disposal collection	983	-	983
Downtown business solid waste reimbursement	3,027	-	3,027
Water line reimbursement - city	-	18,404	18,404
Electronics management program	3,141	-	3,141
Recycling grant	13,416	-	13,416
Scrap metal	784	-	784
	$ 119,223	$ 119,704	$ 238,927
Cash flows from investing activities:			
Interest on investments	$ 427	$ 433	$ 860
Net increase (decrease) in cash and cash equivalents	$ 26,853	$ 89,265	$ 116,118
Cash and cash equivalents, beginning	90,629	243,864	334,493
Cash and cash equivalents, ending	$ 117,482	$ 333,129	$ 450,611
Reconciliation of operating income to net cash provided by operating activities:			
Operating income(loss)	$ (60,662)	$ (81,062)	$ (141,724)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	56	-	56
Landfill closure	(12,475)	-	(12,475)
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(19,328)	-	(19,328)
Increase (decrease) in accounts payable	(4,700)	(15,928)	(20,628)
Increase (decrease) in prepaid connection fees	-	66,118	66,118
Increase (decreased) in accrued vacation pay	2,028	-	2,028
Increase (decrease) in OPEB payable	6,733	-	6,733
Increase (decrease) in advance tax collections	(4,448)	-	(4,448)
Total adjustments	$ (32,134)	$ 50,190	$ 18,056
Net cash provided by operating activities	$ (92,796)	$ (30,872)	$ (123,668)

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

Exhibit 10

Vance County, North Carolina
Statement of Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2011

	Pension Trust Funds	Agency Fund
Assets		
Cash and cash equivalents	$ 234,173	$ 48,462
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	$ -	$ 48,462
Net assets:		
Assets held in trust for pension benefits	$ 234,173	$ -

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

Exhibit 11

Vance County, North Carolina
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For The Fiscal Year Ended June 30, 2011

	Pension Trust Funds
Additions:	
Employer contributions	$ 39,004
Investment income:	
Interest	246
Change in net assets	$ 39,250
Net assets, beginning	194,923
Net assets, ending	$ 234,173

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

VANCE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

I. Summary of Significant Accounting Policies

The accounting policies of Vance 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 seven-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. Vance County Industrial Facility and Pollution Control Financing Authority (the *Authority*) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. The Vance County ABC Board and the Vance County Tourism Development Authority, which have a June 30 year-end, are presented as if they were separate proprietary funds of the County. The blended presentation method presents component units as a department or unit of the County, and offers no separate presentation as with the discrete method.

Component Unit	Reporting Unit	Criterial for Inclusion	Separate Financial Statements
Vance County Industrial Facility and Pollution Control Financing Authority	Discrete	The Authority is governed by a seven-member board of commisioners that is appointed by the county commissioners. The County can remove any commissioner of the Authority with or without cause.	None issued
Vance County 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.	Vance County ABC Board P.O. Box 1417 Henderson, NC 27536
Vance County Tourism Development Authority	Discrete	The members of the Tourism Authority's Board are appointed by the County.	Vance County Tourism Development Authority 943 I Andrews Ave. Henderson, NC 27536

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

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 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 non-major funds.

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

The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Tax Revaluation Fund and Facilities Fees Fund are legally budgeted funds under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54, both funds are consolidated in the General Fund.

School Capital Project Fund. This fund accounts for the construction of the new elementary school and construction of multipurpose rooms at three of the elementary schools, HVAC and mechanical renovations at Northern Vance High School and plumbing renovations at New Hope Elementary School.

The County reports the following major enterprise fund:

Solid Waste Enterprise Fund. This fund accounts for the operation, maintenance, and development of various landfills and disposal sites.

The County reports the following fund types:

Pension Trust Fund. The County maintains a Pension Trust Fund - the Special Separation Allowance Fund. Pension trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of the defined benefit pension plans, defined contribution plans, or other post-employment benefit plans. The Special separation Allowance, that accounts for the Law Enforcement Officers' Special Separation Allowance, a single-employer, public employee retirement system.

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 moneys 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 Vance County Board of Education and the three percent interest on the first month of delinquent motor vehicles taxes that the County is required to remit to the North Carolina Department of Motor Vehicles; and the Motor Vehicle Tax Fund, which accounts for registered motor vehicle property taxes that are billed and collected by the County for various municipalities and special districts within the County; and the City Ad Valorem Tax Fund, which accounts for the City of Henderson's ad valorem taxes collected by the County and remitted to the City; and the Deed of Trust Fee fund which accounts for the five dollars of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage and remitted to the State Treasurer on a monthly basis.

Non-major Funds. The County maintains eight legally budgeted funds. The Emergency Telephone System Fund, the Fire District Fund, two Community Development Funds, Neighborhood Stabilization Program Fund, and Community Development Fund Julia Avenue are reported as non-major special revenue funds. The General Capital Projects Fund is reported as a capital project fund. The Capital Reserve Fund General is consolidated into the General Capital Projects fund in accordance with GASB Statement No. 54.

Measurement Focus, Basis of Accounting

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

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

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

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

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 in incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operation 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, Vance 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 2010, through February 2011, apply to the fiscal year ended June 30, 2011. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements.

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

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

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

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Emergency Telephone, Facilities Fees Fund, Revaluation Special Revenue Funds, Fire District Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Community Development Funds, Neighborhood Stabilization Program, and Capital Projects Funds.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than $5,000. The governing board must approve all amendments. 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. Deposit and Investments

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

The County's, the Vance County ABC Board's, and the Vance County Tourism Development Authority's investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

2. Cash and Cash Equivalents

The County pools moneys 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 cash and cash equivalents of the Tourism Authority are pooled with those of the County. The ABC Board considers demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

3. Restricted Assets

The unexpended installment proceeds in the General and School Capital Project Funds are classified as restricted assets because their use is restricted to the purpose for which the loans were originally issued: renovation of the county jail, construction of a elementary school, and construction of three multipurpose rooms, HVAC and mechanical renovations at the high school, and plumbing renovations at one of the elementary school. Money in the Tax Revaluation Fund is also classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150.

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, 2010.

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 and Prepaid Items**

The inventories of the ABC Board are valued at cost (first-in, first-out), which approximates market. The inventory of the ABC Board consists of materials and supplies held for consumption or resale. The cost of the inventory carried in the ABC Board is recorded as an expense as it is consumed or sold.

7. **Capital Assets**

Purchased or constructed capital assets are reported 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 for all assets is $5,000. 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.

The County holds title to certain Vance County Board of Education 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 give the Board of Education 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, 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 statement s of the Vance County Board of Education.

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

Buildings	40
Furniture and equipment	7
Vehicles	5
Computer equipment	5
Computer software	5

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

	Years
Furniture and equipment	5-15
Land improvements	10-15
Buildings	30
Land	

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 other financing sources.

9. Compensated Absences

The vacation policies of the County, the ABC Board, and the Tourism Authority provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the County's government-wide and proprietary funds, the ABC Board, and the Tourism Authority, 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, the ABC Board, and the Tourism Authority 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 none of the entities have any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County or its component units.

10. Net Assets/Fund Balances

Net Assets

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

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – The classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally are contractually required to be maintained intact.

> Inventories-portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Restricted Fund Balance – This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors or imposed by law.

> Restricted for Stabilization of State Statute-portion of the fund balance that is restricted by State Statute (G.S. 159-8(a)).
>
> Restricted for Register of Deeds – portion of fund balance that is restricted by revenue source to pay for the computer equipment and imaging technology for the Register of Deeds office.
>
> Restricted for Fire Protection – portion of fund balance that is restricted by revenue source for fire protection expenditures.
>
> Restricted for School Capital – portion of fund balance that can be used for School Capital per G.S. 159-18-22.

Committed Fund Balance – Portion of fund balance that can only be used for specific purpose imposed by majority of Vance County's governing body (highest level of decision-making authority). Any changes or removal of specific purposes requires majority action by the governing body.

Committed for Tax Revaluation – portion of fund balance that can be used for Tax Revaluation.

Assigned Fund Balance – portion of fund balance that the Vance County governing board has budgeted.

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to $100,000.

Unassigned Fund Balance – Portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

Vance County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Director will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-city funds, and county funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balances first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Director has the authority to deviate from this policy if it's in the best interest of the County.

E. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes 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 $3,014,594 consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the fund.	$ 46,848,910
Less accumulated depreciation	(15,422,647)
Net Capital Assets	$ 31,426,263
Deferred charges related to advance refunding bond issue	79,424
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide	2,849,373
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Bonds, leases, and installment financing	(27,452,623)
Compensated absences	(755,644)
Pension obligation	(245,462)
Other post employment benefits	(2,886,737)
Total Adjustment	$ 3,014,594

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of $1,493,803 as follows:

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Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	$ 3,427,980
Cost of disposed capital assets not recorded in the fund statements.	(175,396)
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	(1,090,367)
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.	(5,216,284)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statements.	2,561,377
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. Compensated absences are accrued in the government-wide statement but not in the fund statements because they do not use current resources.	(985,103)
Reversal of deferred tax revenue recorded at 7/1/10	(2,865,383)
Recording of tax receipts deferred in the fund statements as of 6/30/11	2,849,373
Total Adjustment	$ (1,493,803)

II. Stewardship, Compliance, and Accountability

A. Excess of Expenditures over Appropriations

The following programs had expenditures in excess of appropriations.

General Fund - Public Safety – Fire and Ambulance Department

The County plans to monitor these programs closely to ensure expenditures do not exceed appropriations.

B. Deficit Fund Balance or Net Assets of Individual Funds

The following funds had deficits in fund balances or net assets at year-end.

Solid Waste Fund
Neighborhood Stabilization Program
Community Development Fund Julia Avenue
Community Development Fund Scattered Sites

The County plans to monitor these funds closely.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All of the County's, the ABC Board's, and the Tourism Authority'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, the ABC Board's, or the Tourism Authority'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, the ABC Board, and the Tourism Authority, 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 Tourism Authority or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County, the ABC Board, or the Tourism Authority under the Pooling Method, the potential exists for under-collaterization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the

Pooling Method. The County, the ABC Board, and the Tourism Authority do not have policies regarding custodial credit risk.

At June 30, 2011, the County's deposits had a carrying amount of $14,459,876 and a bank balance of $14,779,342. Of the bank balance $750,000 was covered by federal depository insurance, and $14,029,342 in interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2011, Vance County had $900 cash on hand.

At June 30, 2011, the carrying amount of deposits for Vance County ABC Board was $336,028 and the bank balance was $378,265. At June 30, 2011, $250,000 of the bank balance was covered by federal depository insurance and $128,265 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

At June 30, 2011, the carrying amount of deposits for the Vance County Tourism Development Authority was $16,573 and the bank balance was $16,573. At June 30, 2011, none of the bank balance was covered by federal depository insurance or collateral pool.

At June 30, 2011, Vance County Tourism Development Authority had $168,444 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAm by Standard and Poor's. Vance County Tourism Development Authority has no formal policy regarding credit risk of its investments.

2. Investments

As of June 30, 2011, the County had the following investments and maturities.

At June 30, 2011, Vance County had $4,562,462 invested with the North Carolina Capital Management Trust' Cash Portfolio which carried a credit rating of AAAm by Standard and Poor's. Vance County has no formal policy regarding credit risk of its investments.

Investment Type	Fair Value	Less than 6 Months	6-12 Months	1-3 Years
NC Capital Management Trust-Cash Portfolio	$4,562,462	N/A	N/A	N/A
Total:	4,562,462	0	0	0

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.

Year Levied	Tax	Interest	Total
2008	$ 405,716	$ 23,328	$ 429,044
2009	1,145,646	65,875	1,211,521
2010	1,140,749	65,594	1,206,343
2011	1,263,722	72,664	1,336,386
Total	$3,955,833	$ 227,461	$ 4,183,294

4. Receivables

Receivables at the government-wide level at June 30, 2011, were as follows:

	Accounts	Taxes and Related Accrued Interest	Total
Governmental Activities:			
General	$ 3,737,670	$ 2,849,373	$ 6,587,043
Allowance for doubtful accounts	255,939	-	255,939
Total-governmental activities	$ 3,481,731	$ 2,849,373	$ 6,331,104
Business-type Activities:			
Solid waste	$ 26,819	$ -	$ 26,819

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5. Capital Assets

Capital asset activity for the year ended June 30, 2011, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 444,551	$ 132,945	$ -	$ 577,496
Construction in progress	14,630,412	2,259,587	21,855	16,868,144
Total capital assets not being depreciated	$15,074,963	$ 2,392,532	$ 21,855	$17,445,640
Capital assets being depreciated:				
Buildings and improvements	$22,594,046	$ 100,000	$ -	$22,694,046
Equipment and vehicles	5,800,479	784,443	175,396	6,409,526
Computer software	289,749	9,949	-	299,698
Total capital assets being depreciated	$28,684,274	$ 894,392	$ 175,396	$29,403,270
Less accumulated depreciation for:				
Buildings and improvements	$ 9,817,860	$ 546,993	$ -	$10,364,853
Equipment and vehicles	4,411,975	534,762	175,396	4,771,341
Computer software	277,841	8,612	-	286,453
Total accumulated depreciation	$14,507,676	$ 1,090,367	$ 175,396	$15,422,647
Total capital assets being depreciated	$14,176,598	$ (195,975)	$ -	$13,980,623
Governmental activity capital assets, net	$29,251,561	$ 2,196,557	$ 21,855	$31,426,263

Primary Government

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

General government	$ 407,126
Public safety	597,174
Economic and physical development	3,014
Human services	83,053
Total Depreciation Expense	$ 1,090,367

VANCE COUNTY, NORTH CAROLINA
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	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Landfill				
Capital assets not being depreciated:				
Land	$872,857	$ -	$ -	$ 872,857
Capital assets being depreciated:				
Furniture and maintenance equipment and vehicles	$218,421	$ -	$ -	$ 218,421
Less accumulated depreciation for:				
Furniture and maintenance and vehicles	218,331	56	-	218,387
Total Capital Assets Being Depreciated, Net	$ 90	$ (56)	$ -	$ 34
Landfill capital assets, net	$872,947	$ (56)	$ -	$ 872,891

Construction Commitments

The government has active general and school construction projects as of June 30, 2011. At June 30, 2011, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Elementary School Construction	$ 13,774,144	$ 606,546
Jail Renovation	1,956,412	69,408
Multipurpose rooms, HVAC, plumbing	1,137,588	2,815,357
Totals	$ 16,868,144	$ 3,491,311

Discretely Presented Component Units

Activity for the ABC Board for the year ended June 30, 2011 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Building	$ 659,416	$ -	$ -	$ 659,416
Furniture and equipment	151,763	-	-	151,763
Land improvements	86,180	-	-	86,180
Land	192,898	-	-	192,898
Total Capital Assets Being Depreciated	$1,090,257	$ -	$ -	$1,090,257
Less accumulated depreciation for:				
Building	$ 18,317	$ 21,981	$ -	$ 40,298
Furniture and equipment	14,977	16,108	-	31,085
Leasehold improvements	-	-	-	-
Land improvements	5,506	6,609	-	12,115
Total Accumulated Depreciation	$ 38,800	$ 44,698	$ -	$ 83,498
ABC Board Capital Assets, Net	$1,051,457	$ (44,698)	$ -	$1,006,759

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2011, were as follows:

	Vendors	Other	Total
Governmental Activities:			
General	$ 1,111,860	$ -	$ 1,111,860
Other-Governmental	93,551	-	93,551
Total-Governmental Activities	$ 1,205,411	$ -	$ 1,205,411
Business-type Activities			
Landfill	$ 141,718	$ -	$ 141,718
Water	2,500	-	2,500
Total-Business Type Activities	$ 144,218	$ -	$ 144,218

2. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

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

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The County, the Tourism Authority, and the ABC Board are required to contribute at an actuarially determined rate. For the County and the Tourism Authority, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.46% and 6.41%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 6.35% of annual covered payroll. The contribution requirements of members and of Vance County, the Tourism Authority, and the ABC Board are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2011, 2010, and 2009 were $729,949, $545,806, and $556,388, respectively. The Tourism Authority's contributions to LGERS for the years ended June 30, 2011, 2010, and 2009 were $6,309, $4,750 and $4,760 respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2011, 2010, and 2009 were $12,476, $9,974, and $9,545, respectively. The contributions made by the County, the Tourism Authority, and the ABC Board equaled the required contributions for each year.

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description.

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

All full-time County law enforcement officers are covered by the Separation Allowance. At June 30, 2011, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Active plan members	47
Total	48

2. ***Summary of Significant Accounting Policies***:

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

Method Used to Value Investments. Funds set aside to pay benefits and administrative costs are invested in North Carolina Capital Management Cash Portfolio.

3. ***Contributions:***

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the County contributed $39,004, or 3.22% of annual covered payroll. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings.

The annual required contribution for the current year was determined as part of the December 31, 2010 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return and (b) projected salary increases of 4.5% to 12.3% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2010 was 20 years.

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	$	49,098
Interest on net pension obligation		11,276
Adjustment to annual required contribution		(12,074)
Annual pension cost	$	48,300
Employer contributions made for fiscal year ending 6/30/2011		28,357
Increase (decrease) in net pension obligation	$	19,943
Net pension obligation beginning of fiscal year		225,519
Net pension obligation end of fiscal year	$	245,462

Three Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation End of Year
6/30/2009	50,948	78.48%	209,961
6/30/2010	51,094	69.55%	225,519
6/30/2011	48,300	58.71%	245,462

4. ***Funded Status and Funding Progress.***

As of December 31, 2010, the most recent actuarial valuation date, the plan was 9.74% funded. The actuarial accrued liability for benefits was $486,539, and the actuarial value of assets was $47,375, resulting in an unfunded actuarial accrued liability (UAAL) of $439,164. The covered payroll (annual payroll of active employees covered by the plan) was $1,888,466, and the ration of the UAAL to the covered payroll was 23.26 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 the plan assets are 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.

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, 2011, were $91,556, which consisted of $91,556 from the County and $0 from the law enforcement officers.

d. Firemen's and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of Vance County, to the Firemen's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the Fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firemen's and Rescue Squad Worker's 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 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.

e. Registers of Deeds' Supplemental Pension Fund

Plan Description. Vance 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 that is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2011, the County's required and actual contributions were $2,425.

f. **Other Post Employment Benefits – Vance County**

Plan Description. According to a County resolution, the County administers a single-employer defined benefit Healthcare Benefits Plan. This plan provides benefits to retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least five years of creditable service with the County. The County pays the full cost of coverage for these benefits. Also, retirees can purchase coverage for their dependents at the County's group rates. Currently, 63 retirees are eligible for postretirement health benefits. The County obtains health care coverage through private insurers. The Board may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the plan consisted of the following at December 31, 2010, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	61	11
Terminated plan members entitled to but not yet receiving benfits	0	0
Active plan members	299	47
Total	360	58

Funding Policy. The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended by the County Commissioners. Dependent coverage cost must be paid in full by the retiree. The County has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 11.96% of annual covered payroll. The County obtains healthcare coverage through private insurers.

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

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfounded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the healthcare benefits:

Annual required contribution	$	1,336,761
Interest on net OPEB obligation		76,563
Adjustment to annual required contribution		(73,141)
Annual OPEB cost (expense)	$	1,340,183
Contributions made		(367,509)
Increase (decrease) in net OPEB obligation	$	972,674
Net OPEB obligation, beginning of year		1,914,063
Net OPEB obligation, end of year	$	2,886,737

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 were as follows:

For the Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	1,288,444	0.0%	955,899
2010	1,288,444	25.0%	1,914,063
2011	1,340,183	27.4%	2,886,737

Funded Status and Funding Progress. As of December 31, 2010, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and thus, the unfounded actuarial accrued liability (UAAL) was $14,660,933. The covered payroll (annual payroll of active employees covered by the plan) was $11,757,209, and the ratio of the UAAL to the covered payroll was 124.7 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. 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 the 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 benefits costs between the employer and plan members at that point. The actuarial methods and assumptions used included techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 10.50 to 5.00 percent annually. The investment rate included a 4.00 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2010 was 30 years.

g. **Other Employment Benefits – Vance County**

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan) a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to 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 Benefit Plan. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post employment benefit amount and the other benefit amount. The County considers these contributions to be immaterial.

3. **Closure and Postclosure Care Costs – 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 thirty years after closure. Although closure and post closure 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 post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The $897,384 reported as landfill closure and post closure care liability at June 30, 2011, represents a cumulative amount reported to-date based on the use of 100 percent of the total estimated capacity of the landfill. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County has not 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 post closure care requirements. The County plans to implement an alternative method to cover the post closure care costs not covered under the local government financial test. However, if additional post closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or by future tax revenues.

4. Deferred/Unearned Revenues

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

	Deferred Revenue	Unearned Revenue
Prepaid taxes not yet earned (General)	$ -	$ 54,610
Taxes receivable, net (General)	2,849,373	-
Sales tax refund on restricted intergovernmental revenues (Capital Projects)	-	69,953
Total	$ 2,849,373	$ 124,563

5. 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 risk-financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of $125.5 million for any one occurrence; general, auto, professional, and employment practices liability coverage of $2 million per occurrence; and workers' compensation coverage up to the statutory limits. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Two of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of $500,000 up to a $2 million limit for liability coverage, $600,000 of aggregate annual losses in excess of $50,000 per occurrence for property, auto physical damage, and crime coverage, and single occurrence losses of $350,000 for workers' compensation.

The County does not carry flood insurance. There have been no losses due to flooding in previous years and the County does not believe that flood insurance is necessary.

In accordance with G.S. 159-29, the County's employees that have access to $100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Director of Finance and the Tax Collector are each individually bonded for $100,000 and $40,000 respectively. The remaining employees that have access to funds are bonded under a blanket bond for $10,000.

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.

Vance County ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; and natural disasters. The Board has property, general liability, auto liability, workers' compensation, and employee health coverage. The Board also has liquor legal liability coverage. 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.

6. Contingent Liabilities

At June 30, 2011, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

Vance County has been named in several claims filed by former and current employees with the Equal Employment Opportunity Commission involving alleged employment discrimination. The County is represented by Counsel and intends to vigorously defend the claims. Management believes that the probability of settlements in amounts that would be material to the financial statements is unlikely.

7. Long-Term Obligations

a. Capital Leases

The County has entered into agreements to lease certain equipment and vehicles. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

An agreement was entered into on April 12, 2007 with BB&T for the lease of 12 vehicles in the Sheriff's Department. The agreement was for 16 quarterly payments of $20,444, including interest at 3.69%.

An agreement was entered into on September 13, 2007 with BB&T for the lease of a 2008 Chevrolet truck in the Animal Control Department. The agreement was for 12 quarterly payments of $1,402 including interest at 3.94%.

An agreement was entered into on June 1, 2008 with BB&T for the lease of 11 vehicles in the Sheriff's Department. The agreement was for 16 quarterly payments of $20,006, including interest at 3.19%.

An agreement was entered into on November 7, 2008 with BB&T for the lease of one Chevrolet truck in the Animal Control Department. The agreement was for 16 quarterly payments of $1,088, including interest at 3.83%.

An agreement was entered into on January 9, 2009 with BB&T for the lease of an ambulance in the Fire Department. The agreement was for 16 quarterly payments of $10,463 including interest at 3.12%.

An agreement was entered into on June 4, 2009 with BB&T for the lease of 13 vehicles in the Sheriff's Department. The agreement was for 16 quarterly payments of $22,601, including interest at 3.36%.

An agreement was entered into on March 4, 2010 with BB&T for the lease of a two Chevrolet Tahoes in the Sheriff's Department. The agreement was for 16 quarterly payments of $3,304, including interest at 3.29%.

An agreement was entered into on May 3, 2010, effective July 2, 2010 for the purchase of Kerr Lake Volunteer Fire Department's assets. The payoff of the existing mortgage as of June 30, 2010 was $235,417 with monthly payments of $1,668, including interest at 5.85%. The mortgage was refinanced on December 15, 2010.

An agreement was entered into on May 26, 2010 with BB&T for the lease of a 2010 Chevy vehicle with a refurbished EMS unit in the Fire Department, and 8 Chevy Impalas in the Sheriff's Department. The agreement was for 16 quarterly payments of $18,685, including interest at 2.60%.

An agreement was entered into on August 30, 2010 with BB&T for the lease of VIPER radio systems for public safety departments. The agreement was for five yearly payments of $85,545, including interest at 2.1%.

An agreement was entered into on September 27, 2010 with BB&T for the lease of a 2010 GMC chassis and refurbished EMS unit for the Fire and Ambulance Department. The agreement was for 16 quarterly payments of $6,942, including interest at 2.03%.

An agreement was entered into on September 27, 2010 with BB&T for the lease of a 2010 E-One Fire Tanker for the Fire and Ambulance Department. The agreement was for 10 annual payments of $27,435, including interest at 2.77%.

An agreement was entered into on December 15, 2010 with BB&T for the refinancing of the Kerr Lake Volunteer Fire Department's assets for the Fire and Ambulance Department. The refinancing agreement called for 180 monthly payments of $1,740, including interest at 4.09%.

An agreement was entered into on June 17, 2011 with BB&T for the lease of two Tahoes and nine Ford Crown Victorias for the Sheriff's Department. The agreement was for 16 quarterly payments of $19,894, including interest at 1.97%.

At June 30, 2011, the County leased vehicles and equipment valued at:

Classes of Property	Cost	Accumulated Depreciation	Net Book Value
Equipment and vehicles	$ 1,963,085	$ 726,127	$ 1,236,958

For Vance County, the future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011, were as follows:

Year Ending June 30	
2012	$ 554,514
2013	445,656
2014	325,854
2015	220,375
2016	48,309
Thereafter	333,289
Total minimum lease payments	$ 1,927,997
Less: amount representing interest	166,729
Present value of the minimum lease payments	$ 1,761,268

b.Installment Purchase

On December 17, 2003, the county entered into a building installment purchase contract with the proceeds to be used for the purchase of the Vance County Schools Administration Building. The purchase contract is to be paid in 144 monthly payments of $17,014 plus monthly interest payments 3.65% beginning on February 1, 2005. The outstanding principal balance as of June 30, 2011 was $935,760.

On March 10, 2009, the County entered into a building installment purchase contract with the proceeds to be used in the construction of a new elementary school building. The installment purchase contract is to be paid in 20 annual payments of $650,000.00 plus semi annual interest payments of 3.87% beginning on September 1, 2009. The outstanding principal balance as of June 30, 2011 was $12,350,000.

On June 17, 2009, the County entered into a jail renovation installment purchase contract with the proceeds to be used in the renovation of the County jail complex. The installment purchase contract is to be paid in 10 annual payments of $200,000.00

plus annual interest payments of 3.93% beginning on June 19, 2009. The outstanding principal balance as of June 30, 2011 was $1,600,000.

On November 12, 2003, the County entered into a QZAB installment purchase contract with proceeds to be used for property improvements by the Vance County Board of Education. The installment purchase contract is to be paid in 12 semi-annual installments of $77,487 with no interest. The outstanding principal balance as of June 30, 2011 was $910,591.

On November 15, 2005, the County entered into a QZAB installment purchase contract with proceeds to be used for property improvements by the Vance County Board of Education. The installment purchase contract is to be paid in 16 annual installments of $101,863 with no interest. The outstanding principal balance as of June 30, 2011 was $1,490,684.

On November 9, 2010, the County entered into a QSCB installment purchase contract with proceeds to be used for property improvements by the Vance County Board of Education. The installment purchase contract is to be paid in 15 annual installments of $261,621 plus annual interest payments of 5.09%. The outstanding principal balance as of June 30, 2011 was $3,924,320.

For Vance County, the future minimum payments as of June 30, 2011, including interest of $6,494,941 are:

Year Ending	Governmental Activities	
June 30	Principal	Interest
2012	$ 1,495,138	$ 754,382
2013	1,495,138	703,058
2014	1,495,138	651,174
2015	1,495,138	597,390
2016	1,410,064	544,177
2017-2021	6,190,583	2,026,234
2022-2026	5,030,156	1,017,286
2027-2030	2,600,000	201,240
	$ 21,211,355	$ 6,494,941

c. 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 County's general obligation bonds payable at June 30, 2011, are comprised of the following individual issues:

Serviced by the County's General Fund:

General obligation bonds

$4,140,000-2010 Refunded Courthouse Facility Serial Bonds due on February 1 in installments of $430,000 - $510,000 through February 1, 2019; interest at 2.0 – 3.0 percent	$ 3,630,000
$4,060,000-2003 School Facility bonds due on April 1 and October 1 in installments of $125,000-$435,000 through April 1, 2014; interest at 2.0-3.75%	850,000
Total	$4,480,000

Annual debt service requirements to maturity for the County's general obligation bonds including interest of $493,725 are as follows:

	General Long-Term Debt	
Year Ending June 30	Principle	Interest
2012	$ 850,000	$ 121,525
2013	835,000	99,963
2014	590,000	77,862
2015	455,000	63,875
2016-2020	1,750,000	130,500
Total	$ 4,480,000	$ 493,725

At June 30, 2011, Vance County had no bonds authorized and unissued and had a legal debt margin of $192,576,319.

VANCE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

e. 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, 2011:

	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011	Current Portion of Balance
Governmental activities:					
General obligation debt	$ 5,360,000	$ -	$ 880,000	$ 4,480,000	$ 850,000
Capitalized leases	914,608	1,291,964	445,304	1,761,268	509,367
Purchase obligation	18,520,552	3,924,320	1,233,517	21,211,355	1,495,138
Compensated absences	768,622	682,056	695,034	755,644	-
Pension obligation	220,055	25,407	-	245,462	-
Other post employment benefits	1,914,063	972,674	-	2,886,737	-
Total governmental activities	$ 27,697,900	$ 6,896,421	$ 3,253,855	$ 31,340,466	$ 2,854,505
Business-type activities:					
Accrued landfill closure and postclosure care costs	$ 909,860	$ -	$ 12,476	$ 897,384	$ -
Compensated absences	5,769	7,797	5,769	7,797	-
Other post employment benefits	13,930	6,733	-	20,663	-
Total business-type activities	$ 929,559	$ 14,530	$ 18,245	$ 925,844	$ -

Compensated absences typically have been liquidated in the general fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

f. Conduit Debt Obligations

Vance County Industrial Facility and Pollution Control Authority have 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, 2011, there were three series of industrial revenue bonds outstanding, with an aggregate principal amount payable of $1.48 million.

IV. Interfund Balance and Activity

Transfers to/from other funds

Transfers to/from other funds at June 30, 2011, consists of the following:

From the General Fund to the Capital Reserve Schools Fund to accumulate resources for the construction of schools.	$1,614,376
From the General Fund to the Capital Reserve General to accumulate resources for debt repayment.	297,000
From the General fund to the Revaluation Fund to accumulate resources for the octennial revaluation of real property.	87,000
From the General Fund to the Water Fund to cover costs.	101,300
From the General Fund to Pension Trust Fund for contribution to the lawmen's separate allowance	39,004
From the General Fund to the Emergency Telephone System Fund to cover costs.	6,085
From the General Fund to the Debt Service Fund to make debt payments.	813,060
From Facilities Fees to General Fund to cover costs.	183,245
From the Fire District Fund to the General Fund for administrative services.	97,800
From Capital Reserve Fund Schools to General Fund for repairs	545,050
From Capital Reserve Fund Schools to Schools Capital Project for capital outlay construction	206,418
From Capital Reserve Fund to the General Fund for debt repayments.	270,740
From Capital Reserve Schools Fund to the General Fund for debt repayment.	82,000
From the Capital Reserve Schools Fund to the General Fund for debt repayment.	1,973,414
Total	$6,316,492

V. Fund Balance

Vance County has a revenue spending policy that provides for programs with multiple revenue sources. The Finance Director will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-city funds, and city funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Director has the authority to deviate from this policy if it is in the best interest of the County.

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation:

Total fund balance - General Fund	$	14,764,295
Less:		
Stabilization by State Statute		4,949,696
Appropriated Fund Balance in 2012 budget		1,995,249
Register of Deeds		153,064
Public Safety		129,985
Tax Revaluation		262,895
Working Capital/Fund Balance Policy		-
Remaining Fund Balance		7,273,406

VI. Related Organization

The County's governing board is responsible for appointing the members of the board of the Vance County Housing Authority, but the County's accountability for this organization does not extend beyond making these appointments. The Corporation is a nonprofit organization that exists to develop and provide housing needs for county residents. It is funded primarily with federal rental housing assistance.

VII. Joint Ventures

A. Vance-Granville Community College

The County, in conjunction with Granville County, Warren County, Franklin County, the State of North Carolina, and the Boards of Education of Vance, Granville, Warren, and Franklin Counties, participates in a joint venture to operate Vance-Granville Community College. Each participant appoints members of the thirteen-member board of trustees of the Community College. No participant appoints a majority. The president of the Community College's student government serves as an ex-officio nonvoting member of the Community College's board of trustees. The Community College is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial support for the Community College's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed $968,727 to the Community College for operating purposes during the fiscal year ended June 30, 2011. 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, 2011. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at P.O. Box 918, Henderson, NC 27536.

B. Granville-Vance Health District

The Granville-Vance Health District is a district board of health established under North Carolina General Statute 130A by both Granville County and Vance County to provide public health services. The joint venture is governed by a sixteen-member Board, which is composed of one County Commissioner from each of the two counties; and seven other members appointed by each of the two respective Boards of County Commissioners. The County contributed $325,308 to the Health District during the fiscal year ended June 30, 2011. The participating governments do not have any equity interest in the joint venture; therefore no equity interest has been reflected in the financial statements at June 30, 2011. Complete financial statements for the Health District can be obtained from the Health District's administrative offices.

C. Five County Mental Health Authority

The Five County Mental Health Authority was established to provide mental health services for five counties: Vance, Warren, Granville, Franklin, and Halifax. Each county has one board member on the Five County Mental Health Authority Board, but none individually has authority to designate management. The County contributed $190,551 to the Five County Mental Health Authority during the fiscal year ended June 30, 2011. The participating governments do not have any equity interest in the joint venture; therefore no equity interest has been reflected in the financial statements at June 30, 2011. Complete financial statements for the Five County Mental Health Authority can be obtained from their administrative offices.

D. Kerr Area Rural Transit Authority

The Kerr Area Rural Transportation Authority (K.A.R.T.S.) is an association of five county governments, including Vance County. K.A.R.T.S. is a joint venture of the participating counties for the purpose of providing a safe, adequate and convenient transportation system for the jurisdictional area creating the Authority and its immediate environs. The counties served by K.A.R.T.S. in addition to Vance County are Granville, Franklin, Warren and Person. General support of K.A.R.T.S. is provided by Federal, State and local grants and users' fees. Each county appoints two members of the Authority's managing body and this governing body determines the budget and financing requirements of the Authority. The criteria in NCGA Statement 3 were applied to the

Authority and, while there were positive responses to some of the criteria, it was determined the County did not have significant influence over the Authority to justify inclusion of the Authority as part of the County reporting entity. The County contributed $116,869 to K.A.R.T.S. during the fiscal year ended June 30, 2011. The participating governments do not have any equity interest in the joint ventures; therefore no equity interest has been reflected in the financial statements at June 30, 2011. Complete financial statements for K.A.R.T.S. can be obtained from their administrative offices.

E. H. Leslie Perry Memorial Library

The H. Leslie Perry Memorial Library is supported through a joint effort by the County and the City of Henderson with various other grants comprising a majority of the operating revenues. Both the County and the City appoint six members to the Library's Board who serve in a non-authoritative capacity. The County contributed $487,000 to H. Leslie Perry Memorial Library during the fiscal year ended June 30, 2011. The participating governments do not have any equity interest in the joint ventures; therefore no equity interest has been reflected in the financial statements. Complete financial statements for H. Leslie Perry Memorial Library can be obtained at their administrative offices.

F. Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance

The County also participates in a joint venture to operate the Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance. The County appoints one member to the four-member board. None of the participating governments have any equity interest in the Authority; therefore no equity interest has been reflected in the financial statements at June 30, 2011. In accordance with the intergovernmental agreement between the participating governments, the County appropriated $26,022 to the Authority to supplement its activities. Complete financial statements for the Authority can be obtained at their administrative offices.

VIII. Jointly Governed Organization

The County, in conjunction with four other counties and fifteen municipalities, established Kerr-Tar Regional Council of Governments (Council) to coordinate various funding received from federal and State agencies. Each participating government appoints members to the Council's governing board. The County paid membership fees of $13,275 to the Council during the fiscal year ended June 30, 2011.

VANCE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

IX. Benefit Payments Issued by the State

The amounts listed below were paid directly to individual recipients by the State from federal and State moneys. 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 that do not appear in the basic financial statements because they are not revenues and expenditures of the County.

	Federal	State
Food Stamps-value of coupons	$21,197,490	$ -
Medical Assistance	58,936,161	23,271,481
Temporary Assistance for Needy Families (TANF)	690,846	-
Low-Income Home Energy Assistance Block Grant	690,411	-
SCBA Domiciliary Care	-	519,496
State Aid Foster Care	-	53,647
Child Welfare Adoptions Subsidy	-	171,005
IV-E Foster Care	210,095	60,718
IV-E Adoption Subsidy	264,812	58,180
Aid to the Blind	29,680	4,947
Total	$82,019,495	$24,139,474

X. 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 moneys 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 moneys.

VANCE COUNTY, NORTH CAROLINA
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 % of Covered Payroll ((b-a)/c)
12/31/2003	$ -	212,127	212,127	0%	1,110,311	19.11%
12/31/2008	$ 66,956	396,599	329,643	16.88%	1,899,536	17.35%
12/31/2010	$ 47,375	486,539	439,164	9.74%	1,888,466	23.26%

VANCE COUNTY, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ending June 30	Annual Required Contributions	Percentage Contributed
2005	$ 28,052	0%
2006	$ 28,052	100%
2007	$ 28,052	100%
2008	$ 28,052	125%
2009	$ 49,098	79%
2010	$ 49,098	79%
2011	$ 49,098	79%

Notes to the Required Schedules:

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

Valuation date	12/31/2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent closed
Remaining amortization period	20 Years
Asset valuation method	Market value
Actuarial assumptions	
Investment rate of return*	5.00%
Projected salary increases*	4.5-12.3%
* Includes inflation at	3.00%
Cost of living adjustments	N/A

VANCE COUNTY, NORTH CAROLINA
OTHER POSTEMPLOYMENT BENEFITS
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 % of Covered Payroll ((b-a)/c)
12/31/2008	$ -	$ 13,774,646	$ 13,774,646	0.0%	$ 10,665,744	129.10%
12/31/2010	$ -	$ 14,660,933	$ 14,660,933	0.0%	$ 11,757,209	124.70%

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

Year Ending June 30	Annual Required Contributions	Percentage Contributed
2009	$ 1,288,444	0.0%
2010	$ 1,288,444	0.0%
2011	$ 1,336,761	0.0%

Notes to the Required Schedules:

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

Valuation date	12/31/2010
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of Pay, open
Remaining amortization period	30 Years
Asset valuation method	Market value of assets
Actuarial assumptions	
Investment rate of return*	4.00%
Medical cost trend rate	
Pre-Medicare trend rate	10.50% - 5.00%
Post-Medicare trend rate	8.50% - 5.00%
Year of ultimate trend rate	2018
* Includes inflation at	3.00%

Vance County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes		$ 20,604,445	
Interest		328,339	
Total	$ 20,930,915	$ 20,932,784	$ 1,869
Local option sales taxes:			
Article 39 and 44		$ 2,896,459	
Article 40 one - half of one percent		1,938,770	
Article 42 one - half of one percent		1,598,742	
Total	$ 6,898,000	$ 6,433,971	$ (464,029)
Other taxes and licenses:			
Vehicle rental tax		$ 22,096	
Civil licenses		5,144	
Privilege licenses		6,576	
Total	$ 29,000	$ 33,816	$ 4,816
Unrestricted intergovernmental:			
ABC profit distribution		$ 65,800	
Beer and wine tax		119,334	
Total	$ 240,000	$ 185,134	$ (54,866)
Restricted intergovernmental:			
Federal, State and local grants		$ 8,674,864	
City of Henderson		657,325	
Court facility fees		102,323	
ADM funds		35,250	
ABC bottles taxes		21,163	
Total	$ 9,593,722	$ 9,490,925	$ (102,797)
Permits and fees:			
Building permits and inspection fees		$ 241,953	
Planning fees		16,084	
Register of deeds		202,335	
Total	$ 468,525	$ 460,372	$ (8,153)

Vance County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Sales and services:			
Animal shelter		$ 29,348	
4-H services		13,752	
DSS local fees		53,854	
Extension services		5,668	
Rents, concessions, and fees		115,102	
Sale of maps and ordinances		1,195	
Law enforcement fees		205,374	
Jail inmates per diem		65,760	
Jail fees		193,967	
Ambulance fees		1,739,052	
Vance County Tourism Development Auth		24,991	
CATV and utility franchise fees		138,020	
Total	$ 2,292,015	$ 2,586,083	$ 294,068
Investment earnings	$ 32,253	$ 27,213	$ (5,040)
Miscellaneous:			
Insurance reimbursements		$ 142,443	
Other		21,386	
Total	$ 139,760	$ 163,829	$ 24,069
Total revenues	$ 40,624,190	$ 40,314,127	$ (310,063)
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits		$ 102,457	
Other operating expenditures		86,754	
Total		$ 189,211	
Administration:			
Salaries and employee benefits		$ 673,023	
Other operating expenditures		79,401	
Total		$ 752,424	
Elections:			
Salaries and employee benefits		$ 142,461	
Other operating expenditures		38,517	
Total		$ 180,978	

Vance County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Taxes:			
Salaries and employee benefits		$ 391,305	
Other operating expenditures		161,140	
Capital outlay		39,891	
Total		$ 592,336	
Legal:			
Contracted services		$ 43,669	
Other operating expenditures		175	
Total		$ 43,844	
Register of deeds:			
Salaries and employee benefits		$ 191,192	
Other operating expenditures		57,478	
Total		$ 248,670	
Public buildings:			
Salaries and employee benefits		$ 239,272	
Other operating expenditures		539,186	
Total		$ 778,458	
Court facilities:			
Salaries and employee benefits		$ 4,948	
Other operating expenditures		29,694	
Total		$ 34,642	
Information technology:			
Salaries and employee benefits		$ 38,068	
Other operating expenditures		85,347	
Total		$ 123,415	
Central services:			
Other operating expenditures		$ 535,705	
Retirees benefits		367,509	
Capital outlay		54,840	
Total		$ 958,054	
Total general government	$ 4,018,118	$ 3,902,032	$ 116,086

Vance County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Public safety:			
Sheriff and LLEBG:			
Salaries and employee benefits		$ 2,878,822	
Other operating expenditures		513,831	
Capital outlay		306,647	
Total		$ 3,699,300	
Jail:			
Salaries and employee benefits		$ 2,146,059	
Other operating expenditures		961,558	
Total		$ 3,107,617	
VGFW day reporting:		$ 272,758	
911 Emergency system:			
Salaries and employee benefits		$ 1,011,055	
Other operating expenditures		76,456	
Capital outlay		40,582	
Total		$ 1,128,093	
Sheriff's Interdiction Program:			
Other operating expenditures		$ 16,885	
Total		$ 16,885	
Fire and ambulance:			
Salaries and employee benefits		$ 1,823,935	
Other operating expenditures		670,969	
Capital outlay		593,743	
Total		$ 3,088,647	
Animal control:			
Salaries and employee benefits		$ 200,158	
Other operating expenditures		118,006	
Total		$ 318,164	
Rescue Squad:			
Contribution to Vance County rescue squad		$ 45,000	
Total		$ 45,000	
Medical examiner:			
Contracted services		$ 41,800	
Total		$ 41,800	

Vance County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Medical examiner:			
Beaver management		$ 4,000	
Crimestoppers		600	
Total		$ 4,600	
Total public safety	$ 11,697,739	$ 11,722,864	$ (25,125)
Transportation:			
Contribution to regional airport		$ 26,022	
Total transportation	$ 26,022	$ 26,022	$ -
Environmental protection:			
Mobile home removal		$ 24,412	
Total environmental protection	$ 24,515	$ 24,412	$ 103
Economic and physical development:			
Planning:			
Salaries and employee benefits		$ 556,827	
Building reuse project grants		163,120	
Sewer project grants		51,683	
Other operating expenditures		64,976	
Total		$ 836,606	
Economic development:			
Salaries and employee benefits		$ 66,594	
COG membership dues		13,275	
Contributions to economic development commissions		41,000	
Other operating expenditures		175,195	
Total		$ 296,064	
Community improvement:			
Salaries and employee benefits		$ 57,280	
Other operating expenditures		2,774	
Total		$ 60,054	
Soil and water conservation:			
Salaries and employee benefits		$ 104,857	
Other operating expenditures		3,212	
Total		$ 108,069	

Vance County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Miscellaneous contributions:			
Contribution to Four Rivers RC&D		$ 500	
Contribution to Henderson Vance Chamber of Comm.		500	
Contribution to Downtown Development Com.		1,650	
Total		$ 2,650	
Extension services:			
Salaries and employee benefits		$ 53,598	
Contracted services		72,100	
Farmers market study		65,313	
Other operating expenditures		32,898	
Total		$ 223,909	
Total economic and physical development	$ 1,643,619	$ 1,527,352	$ 116,267
Human services:			
Mental health:			
Other operating expenditures		$ 190,551	
Total		$ 190,551	
Public health:			
Contribution to GVHD		$ 325,308	
Other operating expenditures		2,062	
Total		$ 327,370	
Veterans service officer:			
Salaries and employee benefits		$ 60,618	
Other operating expenditures		5,090	
Total		$ 65,708	
Social services:			
Salaries and employee benefits		$ 4,747,293	
Other operating expenditures		801,380	
Foster care		349,337	
Public assistance		518,665	
Work first		352,770	
Medical services		375,922	
Day care - State/Federal/JOBS		2,388,351	
Other public assistance programs		724,768	
Total		$ 10,258,486	

Vance County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Program on aging:			
Salaries and employee benefits		$ 404,792	
Other operating expenditures		158,394	
Total		$ 563,186	
Group Respite program:			
Other operating expenditures		$ 4,644	
Total		$ 4,644	
Nutritional meals program:			
Salaries and employee benefits		$ 10,381	
Purchased meals		84,533	
Other operating expenditures		25,073	
Total		$ 119,987	
Smart Start (Incredible Years) program:			
Salaries and employee benefits		$ 25,427	
Contracted services		21,171	
Other operating expenditures		8,047	
Total		$ 54,645	
Miscellaneous contributions:			
LIFELINE		$ 2,500	
FVW Opportunities		7,500	
K.A.R.T.S.		116,869	
Smart Start		5,000	
Central children home		16,475	
Boys and Girls Club		25,000	
Gang assessment		37,917	
JCPC administrative costs		7,870	
Community bullying		1,603	
Total		$ 220,734	
Nypum Program:			
Contracted services		$ 138,877	
Other operating expenditures		15,495	
Total		$ 154,372	
Pal - to - Pal Program:			
Contracted services		$ 42,989	
Other operating expenditures		12,474	
Total		$ 55,463	
Resolve Program:			
Contracted services		$ 24,451	

Vance County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Other operating expenditures		2,355	
Total		$ 26,806	
Total human services	12,217,240	$ 12,041,952	175,288
Cultural and recreational:			
Recreation:			
City	$ 477,809	$ 477,806	$ 3
Historic Society:			
Contribution to historic society	$ 950	$ -	$ 950
Arts Council:			
Contribution to arts council	$ 1,000	$ 1,000	$ -
Libraries:			
Contribution to regional library	$ 487,000	$ 487,000	$ -
Total culture and recreation	$ 966,759	$ 965,806	$ 953
Education:			
Public schools - current expense		$ 8,380,000	
Public schools (ADM) - current expense		35,250	
Public schools - capital outlay		425,000	
Public schools - Administrative building repairs		416,365	
Community colleges - current		950,007	
Community colleges - capital outlay		18,720	
Total education	$ 10,229,027	$ 10,225,342	$ 3,685
Debt service:			
Principal retirement	$ 2,567,728	$ 2,564,227	$ 3,501
Interest and other charges	761,265	760,546	719
Reimbursement to City for debt payment	$ 338,731	$ 337,276	$ 1,455
Total debt service	$ 3,667,724	$ 3,662,049	$ 5,675
Contingency:	$ 131,853	$ -	$ 131,853
Total expenditures	$ 44,622,616	$ 44,097,831	$ 524,785
Revenues over expenditures	$ (3,998,426)	$ (3,783,704)	$ 214,722

Vance County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Other financing sources (uses):			
Transfers from other funds:			
Fire Tax	$ 97,800	$ 97,800	$ -
School Capital Projects Fund	2,600,464	2,600,464	-
General Capital Projects Fund	270,740	270,740	-
Transfers to other funds:			
Revaluation Fund	(87,000)	(87,000)	-
School Capital Projects Fund	(1,728,300)	(1,614,376)	113,924
General Capital Projects Fund	(297,000)	(297,000)	-
Water Fund	(101,300)	(101,300)	-
Pension Trust Fund	(39,004)	(39,004)	-
ETS Wireless Fund	-	(6,085)	(6,085)
Total net transfers	$ 716,400	$ 824,239	$ 107,839
Capital lease obligations issued	1,261,920	1,291,964	30,044
Sale of capital assets	30,000	30,591	591
Appropriated Fund Balance	1,990,106	-	(1,990,106)
Total other financing sources (uses)	$ 3,998,426	$ 2,146,794	$ (1,851,632)
Net change in fund balance	$ -	(1,636,910)	$ (1,636,910)
Fund balance, beginning		16,138,310	
Fund balance, ending		$ 14,501,400	

Vance County, North Carolina
Revaluation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment earnings	$ 180	$ 232	$ 52
Expenditures:			
Current:			
General government:			
Tax listing	$ 262,825	$ -	$ 262,825
Revenues over (under) expenditures	$ (262,645)	$ 232	$ (262,773)
Other financing sources:			
Transfer in:			
General Fund	$ 87,000	$ 87,000	$ -
Revenues and other sources over (under) expenditures	$ (175,645)	$ 87,232	$ (262,773)
Appropriated fund balance	175,645	-	(175,645)
Revenues, other sources, and appropriated fund balance over (under) expenditures	$ -	87,232	$ (438,418)
Fund balance, beginning		175,663	
Fund balance, ending		$ 262,895	

Vance County, North Carolina
School Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2011

	Project Author-ization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues					
Restricted intergovernmental:					
Public School Building					
Capital Fund - lottery	$ 931,154	$ 931,154	$ -	$ 931,154	$ -
Investment earnings	-	12,125	4,350	16,475	16,475
Total revenues	931,154	943,279	4,350	947,629	16,475
Expenditures					
Intergovernmental - education:					
New Clarke Elementary School	$ 14,380,690	$ 12,670,479	$ 1,103,665	$ 13,774,144	$ 606,546
Multi Purpose Rooms, HVAC	3,952,945	-	1,137,588	1,137,588	2,815,357
Total expenditures	18,333,635	12,670,479	2,241,253	14,911,732	3,421,903
Revenues over (under) expenditures	$(17,402,481)	$(11,727,200)	$ (2,236,903)	$(13,964,103)	$ 3,438,378
Other financing sources:					
Installment purchase obligations	16,924,320	13,000,000	3,924,320	16,924,320	$ -
Transfers from					
Capital Reserve Schools	478,161	-	206,418	206,418	(271,743)
Total other financing sources	17,402,481	13,000,000	4,130,738	17,130,738	(271,743)
Revenues and other sources over expenditures	$ -	$ 1,272,800	1,893,835	$ 3,166,635	$ 3,166,635
Fund balance, beginning			1,270,542		
Fund balance, ending			$ 3,164,377		

Amounts reported for Revenue, Expenditures and Changes in Fund Balance are different from the Budget/Actual Statement due to	
Investment Earnings	$ 3,066
Rent	125,000
Transfer-In	1,614,376
Transfer-Out	(2,806,882)
Fund Balance, Beginning (Capital Reserve Fund)	2,031,451
Fund Balance, Ending (Consolidated School Capital Projects Fund)	$ 4,131,388

Vance County, North Carolina
Capital Reserve Fund - Schools
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment earnings	$ 2,400	$ 3,066	$ 666
School administration building reimbursement	125,000	125,000	-
Total Revenues	$ 127,400	$ 128,066	$ 666
Expenditures:			
Education	$ 1,694,566	$ -	$ 1,694,566
Total Expenditures	$ 1,694,566	$ -	$ 1,694,566
Revenues Over (Under) Expenditures	$ (1,567,166)	$ 128,066	$ 1,695,232
Other Financing Sources (Uses):			
Transfers in			
General Fund	$ 1,728,300	$ 1,614,376	$ (113,924)
Transfers out			
General Fund	(125,000)	(545,050)	(420,050)
Debt Service Fund	(2,055,414)	(2,055,414)	-
Capital Project Fund Schools	-	(206,418)	(206,418)
Appropriated Fund Balance	2,019,280	-	(2,019,280)
Total Other Financing Sources (Uses)	$ 1,567,166	$ (1,192,506)	$ (2,759,672)
Net change in fund balance	$ -	(1,064,440)	$ (1,064,440)
Fund balance, beginning		2,031,451	
Fund balance, ending		$ 967,011	

Vance County, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

	Special Revenue Funds							Capital Projects Funds		
	Emergency Telephone System Fund	Fire District Fund	Community Development Fund	Neighborhood Stabilization Fund	Community Development Fund Julia Avenue	Community Development Fund Scattered Sites Rehabiliation	Total Nonmajor Special Revenue Funds	Jail Renovation Project	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS										
Cash and cash equivalents	$ 613,554	$ 73,760	$ 461	$ -	$ -	$ -	$ 687,775	$ 461,309	$ 461,309	$ 1,149,084
Accounts receivable, net	33,164	-	-	533,441	-	-	566,605	446	446	567,051
Taxes receivable, net	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-
Total assets	$ 646,718	$ 73,760	$ 461	$ 533,441	$ -	$ -	$ 1,254,380	$ 461,755	$ 461,755	$ 1,716,135
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable and accrued liabilities	$ 11,757	$ -	$ -	$ 56,630	$ 2,335	$ 9,845	$ 80,567	$ 8,400	$ 8,400	$ 88,967
Contract retainage	-	-	-	-	-	-	-	-	-	-
Due to other governments	-	-	-	556,882	5,955	-	562,837	258,598	258,598	821,435
Unearned revenue	-	-	-	-	-	-	-	-	-	-
Total liabilities	$ 11,757	$ -	$ -	$ 613,512	$ 8,290	$ 9,845	$ 643,404	$ 266,998	$ 266,998	$ 910,402
Fund balances:										
Restricted:										
Stabilization by State Statute	$ 33,164	$ -	$ -	$ -	$ -	$ -	$ 33,164	$ -	$ -	$ 33,164
Fire Protection	-	73,760	-	-	-	-	73,760	-	-	73,760
Public Safety	601,797	-	-	-	-	-	601,797	194,757	194,757	796,554
Economic Development	-	-	461	-	-	-	461	-	-	461
Unassigned	-	-	-	(80,071)	(8,290)	(9,845)	(98,206)	-	-	(98,206)
Total fund balances	$ 634,961	$ 73,760	$ 461	$ (80,071)	$ (8,290)	$ (9,845)	$ 610,976	$ 194,757	$ 194,757	$ 805,733
Total liabilities and fund balances	$ 646,718	$ 73,760	$ 461	$ 533,441	$ -	$ -	$ 1,254,380	$ 461,755	$ 461,755	$ 1,716,135

Vance County, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	Special Revenue Fund							Capital Projects Funds		
	Emergency Telephone System Fund	Fire District Fund	Community Development Fund	Neighborhood Stabilization Fund	Community Development Fund Julia Avenue	Community Development Fund Scattered Sites Rehabiliation	Total Nonmajor Special Revenue Funds	Jail Renovation Project	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES										
Ad valorem taxes	$ -	$ 450,008	$ -	$ -	$ -	$ -	$ 450,008	$ -	$ -	$ 450,008
Local option sales taxes	-	-	-	-	-	-	-	-	-	-
Restricted intergovernmental	397,969	-	-	941,245	-	-	1,339,214	-	-	1,339,214
Investment earnings	754	189	-	-	-	-	943	494	494	1,437
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Total revenues	$ 398,723	$ 450,197	$ -	$ 941,245	$ -	$ -	$ 1,790,165	$ 494	$ 494	$ 1,790,659
EXPENDITURES										
Current:										
General government	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Public safety	314,040	350,104	-	-	-	-	664,144	-	-	664,144
Capital outlay	-	-	-	-	-	-	-	18,334	18,334	18,334
Economic development	-	-	-	995,379	8,290	9,845	1,013,514	-	-	1,013,514
Total expenditures	$ 314,040	$ 350,104	$ -	$ 995,379	$ 8,290	$ 9,845	$ 1,677,658	$ 18,334	$ 18,334	$ 1,695,992
Excess (deficiency) of revenues over expenditures	$ 84,683	$ 100,093	$ -	$ (54,134)	$ (8,290)	$ (9,845)	$ 112,507	$ (17,840)	$ (17,840)	$ 94,667
OTHER FINANCING SOURCES (USES)										
Transfers from other funds	$ 6,085	$ -	$ -	$ -	$ -	$ -	$ 6,085	$ 297,000	$ 297,000	$ 303,085
Transfers to other funds	-	(97,800)	-	-	-	-	(97,800)	(270,740)	(270,740)	(368,540)
Installment purchase obligations issued	-	-	-	-	-	-	-	-	-	-
Total other financing sources and uses	$ 6,085	$ (97,800)	$ -	$ -	$ -	$ -	$ (91,715)	$ 26,260	$ 26,260	$ (65,455)
Net change in fund balances	$ 90,768	$ 2,293	$ -	$ (54,134)	$ (8,290)	$ (9,845)	20,792	$ 8,420	$ 8,420	$ 29,212
Fund balances, beginning	544,193	71,467	461	(25,937)	-	-	590,184	186,337	186,337	776,521
Fund balances, ending	$ 634,961	$ 73,760	$ 461	$ (80,071)	$ (8,290)	$ (9,845)	610,976	$ 194,757	$ 194,757	$ 805,733

PHILLIPS, DORSEY, THOMAS, WATERS & BRAFFORD, P.A.

Vance County, North Carolina
Emergency Telephone System Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Restricted intergovernmental	$ 397,969	$ 397,969	$ -
Interest earned	1,100	754	(346)
Total	$ 399,069	$ 398,723	$ (346)
Expenditures			
Implemental functions	$ 124,200	$ 138,616	$ (14,416)
Telephone	19,000	3,898	15,102
Supplies	12,000	7,517	4,483
Software maintenance	23,450	18,442	5,008
Hardware maintenance	57,816	38,115	19,701
Training	7,000	4,438	2,562
Capital outlay	647,075	60,116	586,959
Transfer out	42,898	42,898	-
Total	$ 933,439	$ 314,040	$ 619,399
Revenues over (under) expenditures	$ (534,370)	$ 84,683	$ 619,053
Other financing sources:			
Transfer in	$ -	$ 6,085	$ 6,085
Appropriated fund balance	$ 534,370		$ 534,370
Revenues and other sources over (under) expenditures	$ -	$ 90,768	$ 90,768
Fund balance, beginning		544,193	
Fund balance, ending		$ 634,961	

Vance County, North Carolina
Fire District Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Fire District taxes:			
Taxes	$ 420,000	$ 450,008	$ 30,008
Total	420,000	450,008	30,008
Investment earnings	200	189	(11)
Total Revenues	$ 420,200	$ 450,197	$ 29,997
Expenditures:			
Public safety:			
Volunteer Fire Districts	$ 380,500	$ 350,104	$ 30,396
Total Expenditures	$ 380,500	$ 350,104	$ 30,396
Revenues Over (Under) Expenditures	$ 39,700	$ 100,093	$ 60,393
Other Financing Sources (Uses):			
Transfers out			
General Fund	$ (97,800)	$ (97,800)	$ -
Appropriated Fund Balance	58,100	-	(58,100)
Total Other Financing Sources (Uses)	$ (39,700)	$ (97,800)	$ (58,100)
Net change in fund balance	$ -	2,293	$ 2,293
Fund balance, beginning		71,467	
Fund balance, ending		$ 73,760	

Vance County, North Carolina
Community Development Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2011

	Project Author-ization	Actual: Prior Years	Actual: Current Year	Actual: Total to Date	Variance Positive (Negative)
Revenues					
Community Development Block Grant:					
Scattered Sites	$ 360,000	$ 333,245	$ -	$ 333,245	$ (26,755)
Urgent Repairs	40,000	39,990	-	39,990	(10)
Total	$ 400,000	$ 373,235	$ -	$ 373,235	$ (26,765)
Expenditures					
Economic Development:					
Scattered Sites	$ 360,000	$ 328,376	$ -	$ 328,376	$ 31,624
Urgent Repairs	40,000	39,604	-	39,604	396
Total	$ 400,000	$ 367,980	$ -	$ 367,980	$ 32,020
Revenues under expenditures	$ -	$ 5,255	-	$ 5,255	$ 5,255
Fund balance, beginning			461		
Fund balance, ending			$ 461		

Vance County, North Carolina
Neighborhood Stabilization Program
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2011

	Project Author-ization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues					
Neighborhood Stabilization Program:					
Program Grant	$ 2,100,000	$ -	$ 941,245	$ 941,245	$ (1,158,755)
Total	$ 2,100,000	$ -	$ 941,245	$ 941,245	$ (1,158,755)
Expenditures					
Program Expenditures:					
Economic Development:					
Administrative Fees	100,000	21,296	32,509	53,805	46,195
Construction, redevelopment	1,067,000	500	920,367	920,867	146,133
Purchase, rehabiliation	933,000	4,141	42,503	46,644	886,356
Total	$ 2,100,000	$ 25,937	$ 995,379	$ 1,021,316	$ 1,078,684
Revenues under expenditures	$ -	$ (25,937)	$ (54,134)	$ (80,071)	$ (2,237,439)
Fund balance, beginning			(25,937)		
Fund balance, ending			$ (80,071)		

Vance County, North Carolina
Community Development Fund Julia Avenue
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2011

	Project Author-ization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues					
Community Development Block Grant:					
Julia Avenue:					
Program Grant	$ 850,000	$ -	$ -	$ -	$ (850,000)
Total	$ 850,000	$ -	$ -	$ -	$ (850,000)
Expenditures					
Economic Development:					
Julia Avenue:					
Administrative Fees	68,000	-	7,371	7,371	60,629
Public Facilities and Improvements	376,000	-	-	-	376,000
Clearance Activities	5,000	-	-	-	5,000
Planning	3,500	-	-	-	3,500
Construction, Rehabilitation	397,500	-	919	919	396,581
Total	$ 850,000	$ -	$ 8,290	$ 8,290	$ 841,710
Revenues under expenditures	$ -	$ -	$ (8,290)	$ (8,290)	$ (1,691,710)
Fund balance, beginning			-		
Fund balance, ending			$ (8,290)		

Vance County, North Carolina
Community Development Fund Scattered Sites
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2011

	Project Author-ization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues					
Community Development Block Grant:					
Scattered Sites	$ 360,000	$ -	$ -	$ -	$ (360,000)
Urgent Repairs	40,000	-	-	-	(40,000)
Total	$ 400,000	$ -	$ -	$ -	$ (400,000)
Expenditures					
Economic Development:					
Administration	$ 33,770	$ -	$ 9,206	$ 9,206	$ 24,564
Planning	6,230	-	639	639	5,591
Rehabilitation	320,000	-	-	-	320,000
Urgent Repairs	40,000	-	-	-	40,000
Total	$ 400,000	$ -	$ 9,845	$ 9,845	$ 390,155
Revenues under expenditures	$ -	$ -	$ (9,845)	$ (9,845)	$ (9,845)
Fund balance, beginning			-		
Fund balance, ending			$ (9,845)		

Vance County, North Carolina
General Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2011

	Project Author-ization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues					
Restricted intergovernmental:					
Investment earnings	$ -	$ 1,306	$ 93	$ 1,399	$ 1,399
Total revenues	$ -	$ 1,306	$ 93	$ 1,399	$ 1,399
Expenditures					
Capital Projects:					
Jail Renovations:					
Legal and Fiscal Cost	$ 11,900	$ 7,502	$ -	$ 7,502	$ 4,398
Engineering	167,910	177,494	1,780	179,274	(11,364)
Construction	1,679,100	1,753,082	16,554	1,769,636	(90,536)
Contingency	166,910	-	-	-	166,910
Total expenditures	$ 2,025,820	$ 1,938,078	$ 18,334	$ 1,956,412	$ 69,408
Revenues over (under) expenditures	$ (2,025,820)	$ (1,936,772)	$ (18,241)	$ (1,955,013)	$ 70,807
Other financing sources:					
Installment purchase obligations issued	$ 2,000,000	$ 2,000,000	$ -	$ 2,000,000	$ -
Transfers from Capital Reserve General	25,820	-	-	-	(25,820)
Total other financing sources	2,025,820	2,000,000	-	2,000,000	(25,820)
Revenues and other sources over expenditures	$ -	$ 63,228	$ (18,241)	$ 44,987	$ 44,987
Fund balance, beginning			63,228		
Fund balance, ending			$ 44,987		

Amounts reported for Revenue, Expenditures and Changes in Fund Balance are different from the Budget/Actual Statement due to consolidation of the Capital Reserve Fund:	
Investment Earnings	401
Transfer-In	297,000
Transfer-Out	(270,740)
Fund Balance, Beginning (Capital Reserve Fund)	123,109
Fund Balance, Ending (Consolidated School Capital Projects Fund)	$ 194,757

Vance County, North Carolina
Capital Reserve Fund - General
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment earnings	$ 500	$ 401	$ (99)
Total Revenues	$ 500	$ 401	$ (99)
Expenditures:			
Economic development	$ 149,830	$ -	$ 149,830
Total Expenditures	$ 149,830	$ -	$ 149,830
Revenues Over (Under) Expenditures	$ (149,330)	$ 401	$ 149,731
Other Financing Sources (Uses):			
Transfers in			
General Fund	$ 297,000	$ 297,000	$ -
Transfers out			
Debt Service Fund	(270,740)	(270,740)	-
Appropriated Fund Balance	123,070	-	(123,070)
Total Other Financing Sources (Uses	$ 149,330	$ 26,260	$ (123,070)
Net change in fund balance	$ -	$ 26,661	$ 26,661
Fund balance, beginning		123,109	
Fund balance, ending		$ 149,770	

Vance County, North Carolina
Solid Waste Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services:			
Household fee		$ 1,904,826	
Warren County manned site		33,297	
Total	$ 1,912,272	$ 1,938,123	$ 25,851
Nonoperating revenues:			
Solid waste disposal tax		$ 22,180	
Scap tire disposal tax		50,993	
White goods dispoal tax		24,699	
Downtown business solid waste reimbursement		3,027	
Leaf disposal collection		983	
Electronics management program		3,141	
Recycling grant		13,416	
Scrap metal		783	
Investment earnings		427	
Total	$ 107,091	$ 119,649	$ 12,558
Total revenues	$ 2,019,363	$ 2,057,772	$ 38,409
Expenditures:			
Landfill operations:			
Salaries and employee benefits		$ 89,136	
Supplies		7,444	
Repair and maintenance		10,139	
Contracted services		1,690,165	
Other operating expenditures		205,558	
Total expenditures	$ 2,022,717	$ 2,002,442	$ 20,275
Revenues over expenditures	$ (3,354)	$ 55,330	$ 58,684
Appropriated Fund Balance	$ 3,354	$ -	$ (3,354)
Revenues over expenditures and other sources (uses)	$ -	$ 55,330	$ 55,330
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation		(56)	
Decrease in accrued landfill closure and postclosure care costs		12,475	
Increase in accrued vacation pay		(2,028)	
Increase in other postemployment benefits		(6,733)	
Total reconciling items		$ 3,658	
Change in net assets		$ 58,988	

Vance County, North Carolina
Water Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Water connection fees	$ -	$ 66,118	$ 66,118
Water line reimbursement - city	20,000	18,403	(1,597)
Total operating revenues	$ 20,000	$ 84,521	$ 64,521
Nonoperating revenues:			
Interest earnings	120	433	313
Total revenues	$ 20,120	$ 84,954	$ 64,834
Other financing sources:			
Transfers from other funds:			
General Fund	$ 101,300	$ 101,300	$ -
Total revenues and other financing sources	$ 121,420	$ 186,254	$ 64,834
Expenditures:			
Water distribution:			
Contracted services		78,458	
Supplies		1,599	
Other operating expenditures		1,005	
Total	121,420	81,062	40,358
Total expenditures	121,420	81,062	40,358
Revenues and other financing sources over expenditures	-	$ 105,192	105,192

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

Reconciling items:	
Water connection fees	(66,118)
Total reconciling items	$ (66,118)
Change in net assets	$ 39,074

Vance County, North Carolina
Statement of Fiduciary Net Assets
Pension Trust Fund
For the Year Ended June 30, 2011

	Pension Trust Fund
Assets	
Cash and cash equivalents	$ 234,173
Net Assets	
Net assets:	
Assets held in trust for pension benefits	$ 234,173

Vance County, North Carolina
Statement of Changes in Fiduciary Net Assets
Pension Trust Fund
For The Fiscal Year Ended June 30, 2011

		Pension Trust Fund
Additions:		
Employer contributions	$	39,004
Investment income:		
Interest		246
Change in net assets	$	39,250
Net assets, beginning		194,923
Net assets, ending	$	234,173

Vance County, North Carolina
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2011

	Beginning Balance	Additions	Deductions	Ending Balance
Social Services				
Assets:				
Cash and cash equivalents	$ 49,824	$ 212,615	$ 214,337	$ 48,102
Liabilities:				
Miscellaneous liabilities	$ 49,824	$ 212,615	$ 214,337	$ 48,102
Fines and Forfeitures				
Assets:				
Cash and cash equivalents	$ -	$ 359,160	$ 359,160	$ -
Liabilities:				
Intergovernmental payable-Carolina Board of Education	$ -	$ 335,993	$ 335,993	$ -
Intergovernmental payable- State of North Carolina	-	23,167	23,167	-
Total liabilities	$ -	$ 359,160	$ 359,160	$ -
City Ad Valorem and Motor Vehicle Tax				
Assets:				
Cash and cash equivalents	$ -	$ 5,433,161	$ 5,433,161	$ -
Liabilities:				
Miscellaneous liabilities	$ -	$ 5,433,161	$ 5,433,161	$ -
Deed of Trust Fund				
Assets:				
Cash and cash equivalents	$ 320	$ 3,940	$ 3,900	$ 360
Liabilities:				
Intergovernmental payable-State of North Carolina	$ 320	$ 3,940	$ 3,900	$ 360
Totals - All Agency Funds				
Assets:				
Cash and cash equivalents	$ 50,144	$ 6,008,876	$ 6,010,558	$ 48,462
Liabilities:				
Miscellaneous liabilities	$ 49,824	$ 5,645,776	$ 5,647,498	$ 48,102
Intergovernmental payable-Carolina Board of Education	-	335,993	335,993	-
Intergovernmental payable- State of North Carolina	320	27,107	27,067	$ 360
Total liabilities	$ 50,144	$ 6,008,876	$ 6,010,558	$ 48,462

Vance County, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2011

Fiscal Year	Uncollected Beginning Balance	Additions	Collections And Credits	Uncollected Ending Balance
2009-2010	$ -	$ 20,627,246 (a)	$ 19,224,938 (b)	$ 1,402,308 (c)
2008-2009	1,402,308	-	929,729	472,579
2007-2008	481,164	-	202,202	278,962
2006-2007	225,914	-	90,112	135,802
2005-2006	155,756	-	45,482	110,274
2004-2005	122,511	-	28,023	94,488
2003-2004	97,142	-	16,799	80,343
2002-2003	95,478	-	16,249	79,229
2001-2002	96,173	-	12,992	83,181
2000-2001	121,141	-	8,934	112,207
1999-2000	65,007	-	65,007	-
	2,862,594	20,627,246	20,640,467 (d)	2,849,373

Ad valorem taxes receivable - net:		
General Fund		$ 2,849,373
Reconcilement with revenues:		
Ad valorem taxes - General Fund	$ 20,604,445	
Penalties and interest	328,339	$ 20,932,784
Reconciling items:		
Interest Collected		(328,339)
Discoveries, abatements, and adjustments, net		(23,037)
Taxes written off		59,059
Total reconciling items		(292,317)
Total collections and credits		$ 20,640,467 (d)

Vance County, North Carolina
Analysis of Current Tax Levy
County - wide Levy
For the Fiscal Year Ended June 30, 2011

	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	$ 2,407,203,983	0.782	$ 18,824,335	$ 18,824,335	$ -
Motor vehicles taxed at prior year's rate	230,943,306	0.782	1,802,911	-	1,802,911
Penalties	-		-	-	-
Total property valuation	2,638,147,289		20,627,246	18,824,335	1,802,911
Net levy			20,627,246 (a)	18,824,335	1,802,911
Uncollected taxes at June 30, 2011			1,402,308 (c)	1,335,248	67,060
Current year's taxes collected			19,224,938 (b)	17,489,087	1,735,851
Current levy collection percentage			93.20%	92.91%	96.28%

Vance County, North Carolina
Analysis of Current Tax Levy
County - wide Levy
For the Fiscal Year Ended June 30, 2011

Secondary Market Disclosures:

Assessed Valuation:	
Assessment Ratio[1]	100 %
Real Property	$ 2,118,616,295
Personal Property	209,957,065
Public Service Companies[2]	78,630,623
Total Assessed Valuation	$ 2,407,203,983
Tax Rate per $100	0.782
Levy (includes discoveries, releases and abatements)[3]	$ 18,824,335

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

Fire Protection Districts	15,455,063
Total	$ 15,455,063

[1] Percentage of appraised value has been established by statute.
[2] Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.
[3] The levy includes interest and penalties.

Vance County, North Carolina
Ten Largest Taxpayers
For the Fiscal Year Ended June 30, 2011

Taxpayer	Type of Business		Assessed Valuation	Percentage of Total Assessed Valuation	
Progress Energy	Utility	$	46,654,933	1.94	%
Wal Mart Stores East, LP	Retail		40,289,725	1.67	
Iams	Manufacturing		39,675,047	1.65	
Saint Gobain Containers, Inc.	Manufacturing		27,420,534	1.14	
Variety Wholesalers	Retail		22,638,832	0.94	
W&W Properties	Property Management		17,526,708	0.73	
Carolina Telephone	Utility		16,505,804	0.69	
Carolina Sunrock	Manufacturing		10,414,526	0.43	
Pacific Coast Feather	Manufacturing		10,133,395	0.42	
Kennametal, Inc.	Manufacturing		9,670,282	0.40	
Total		$	240,929,786	10.01	%

COMPLIANCE SECTION

PHILLIPS, DORSEY, THOMAS, WATERS & BRAFFORD, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

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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
Vance County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregated remaining fund information of Vance County, North Carolina as of and for the year ended June 30, 2011, which collectively comprises Vance County, North Carolina's basic financial statements, and have issued our report thereon dated December 8, 2011. 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 the Vance County ABC Board and the Vance County Tourism Development Authority, as described in our report on Vance County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Vance County ABC Board and the Vance County Tourism Development Authority were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

Management of Vance County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Vance 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 the 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 and correct 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.

To the Board
Vance County, North Carolina
Page 2

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Vance 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 *Governmental Auditing Standard*.

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

Phillips, Dorsey, Thomas, Waters & Brafford, PA.
CERTIFIED PUBLIC ACCOUNTANTS

December 8, 2011

PHILLIPS, DORSEY, THOMAS, WATERS & BRAFFORD, P.A.
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Ronald S. Dorsey, CPA (Retired)

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

To the Board of Commissioners
Vance County, North Carolina

Compliance

We have audited Vance County, North Carolina's compliance, 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 could have a direct and material effect on each of Vance County's major federal programs for the year ended June 30, 2011. Vance County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Vance County's management. Our responsibility is to express an opinion on Vance 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 Vance 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 Vance County's compliance with those requirements.

In our opinion, Vance County complied, in all material respects, with the compliance 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, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and the State Single Audit Implementation Act, and which is described in the accompanying schedule of findings and questioned costs as item 11-01.

To the Board
Vance County, North Carolina
Page 2

Internal Control Over Compliance

The management of Vance 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 Vance 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 the 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 over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 11-01. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged in governance.

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on the response.

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

Phillips, Dorsey, Thomas, Waters & Brafford, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

December 8, 2011

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR STATE PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH APPLICABLE SECTIONS OF OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

To the Board of Commissioners
Vance County, North Carolina

Compliance

We have audited Vance County, North Carolina's compliance with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2011. Vance County's major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of Vance County's management. Our responsibility is to express an opinion on Vance County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina,* and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Vance 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 Vance County's compliance with those requirements.

In our opinion, Vance 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 State programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act and which is described in the accompanying schedule of findings and questioned costs as item 11-01.

Internal Control Over Compliance

To the Board
Vance County, North Carolina
Page 2

The management of Vance 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 Vance County's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordnace 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.

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The County's responses to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

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

Phillips, Dorsey, Thomas, Waters & Brafford, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

December 8, 2011

VANCE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

Schedule 6

A. Summary of Auditors' Results
Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

• Material weakness (es) identified?	____ yes	x no
• Significant Deficiency(s) identified that are not considered to be material weaknesses	____ yes	x no
Noncompliance material to financial statements noted	____ yes	x no

Federal Awards

Internal control over major federal programs:

• Material weakness (es) identified?	____ yes	x no
• Significant Deficiency(s) identified that are not considered to be material weaknesses	x yes	____ none reported
Noncompliance material to federal awards	____ yes	x no

Type of auditor's report issued on compliance for major federal programs: Unqualified.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133	x yes	____ no

CFDA Numbers	Name of Federal Program or Cluster
Identification of major federal programs:	
93.778	Medical Assistance

Dollar threshold used to distinguish between Type A and Type B Programs	$2,005,192	
Auditee qualified as low-risk auditee?	____ yes	x no

VANCE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

Schedule 6

State Awards

Internal Control Over State Programs:

- Material weakness (es) identified? ____yes __x__no
- Significant Deficiency (s) identified that are not considered to be material weaknesses __x__yes ____none reported

Noncompliance material to state awards ____yes __x__no

Type of auditors' report issued on compliance for major state programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act __x__yes ____no

Identification of major state programs:

Program Name

Medical Assistance
Special Assistance

B. Financial Statement Findings
None

C. Federal Award Findings and Questioned Costs

SIGNIFICANT DEFICIENCY

U.S. Department of Health and Human Services

Passed through N.C. Department of Health and Human Services-Division of Medical Assistance
Program Name: Medical Assistance Program
CFDA #: 93.778

11-01

Criteria: Medicaid case files should contain a budget based on income verification documents. They should also contain citizenship documentation and the appropriate automated income and resource matches (OLV Printout).

Condition: 1 case file was missing the wage verification budget computation. When the computation was performed by the auditor from the information contained in the file it did not match the information in the Eligibility Information System. SSA income had been overlooked by the caseworker. Also, the same case file did not contain the appropriate citizenship documentation.

Questioned Costs: $0

Context: We examined 60 case files and found 1 error.

Effect: Case files were not complete and eligibility requirements were not met.

Cause: Case files are not being properly reviewed to ensure completeness and compliance.

Recommendation: We recommend that the Medicaid Department include a checklist in each file to insure that all files contain proper documentation.

Management Response: We agree with the findings sited in this case. The client was eligible for services, although had we counted the SSA income that was overlooked by the worker, one child would have been authorized on a MIC case rather than left on the MAF case with his half-sibling.

Name of contact person: Kay Fields, Director, Department of Social Services

Corrective Action: Staff have been reminded of the need to have a completed budget form in the record. We will continue to stress in weekly unit meetings the need to have the information keyed into the Eligibility Information System to match the budget at each review. We will also continue to emphasize the need to review OLV's closely so that income is not overlooked.

Proposed Completion Date: Corrective action was completed prior to audit report release.

State Award Findings and Questioned Costs

N.C. Department of Health and Human Services-Division of Medical Assistance
Program Name: Medical Assistance

The significant deficiency at 11-01 applies to the above referenced state program.

E. Summary of Prior Audit Findings

Finding 10-01 (Vance County Toursim Development Authority Administrative Fee)

Status: The County has corrected this finding.

Finding 10-02 (Contract Error)

Status: The County has corrected this finding.

Finding 10-03 (Adoption Assistance Errors)

Status: The County has corrected this finding.

VANCE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

Finding 10-04 (Children's Health Insurance Program Errors)

Status: The County has corrected this finding.

Finding 10-05 (Medical Assistance Program Errors)

Status: The County has not corrected this finding. See Finding 11-01.

VANCE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	Federal CFDA Number	Federal TANF Number	Fed (Direct & Pass-through) Expenditures 2011	State Expenditures 2011	Local Expenditures 2011
FEDERAL AWARDS:					
U.S. Department of Agriculture					
Food and Nutrition Service					
Passed through Kerr Tar Regional Council of Governments					
Elderly Feeding Program	10.570		$ 19,567	$ -	$ -
Passed through NC Dept of Health & Human Services					
Division of Social Services:					
Administration:					
Food Stamp Cluster					
State Administration Matching Grants for the Food Stamp Program	10.561		$ 602,161	$ -	$ 523,753
Total U.S. Department of Agriculture			$ 621,728	$ -	$ 523,753
U.S. Department of Housing and Urban Development					
Pass-through the N.C. Dept. of Commerce:					
Neighborhood Stabilization Program	14.264		$ 941,245	$ -	$ -
Emergency Shelter Grant	14.231		17,073	-	-
Total U.S. Department of Justice			$ 958,318	$ -	$ -
U.S. Department of Justice					
Local Law Enforcement Block Grant	16.592		$ 11,618	$ -	$ -
Total U.S. Department of Justice			$ 11,618	$ -	$ -
U.S. Department of Homeland Security					
Passed through North Carolina Department of Crime Control and Public Safety:					
Emergency Management Performance Grants	97.042		$ 38,300	$ -	$ -
Total U.S. Department of Homeland Security			$ 38,300	$ -	$ -
U.S. Department of Health and Human Services					
Administration for Children and Families					
Passed through NC Department of Health and Human Services					
Division of Social Services:					
Foster Care and Adoption Cluster:					
TITLE IV-E Foster Care Administration	93.658		$ 2,904	$ 1,452	$ 1,452
TITLE IV-E Foster Care	93.658		122,759	26,999	26,997
TITLE IV-E Family Foster Maximum	93.658		1,376	-	623
Foster Care Direct Benefit Payments	93.658		210,095	60,718	169,924
Foster Care in Excess	93.658		19,267	3,954	3,954
Adoption Assistance-Direct Benefit Payments	93.659		264,812	58,180	58,180
Adoption Assistance-Optional Adoption	93.659		3,256	-	3,256
Total Foster Care and Adoption Cluster			$ 624,469	$ 151,303	$ 264,386
Temporary Assistance for Needy Families Cluster:					
Work First/Temporary Assistance for Needy Families (TANF)	93.558		616,155	-	680,214
ARRA-Emergency Contingency Fund for Temporary Assistance for Needy Families State Programs	93.714		178,978	-	-
Temporary Assistance for Needy Families (TANF)-Direct Benefit Payments	93.558		690,846	-	-
Total Temporary Assistance for Needy Families Cluster			$ 1,485,979	$ -	$ 680,214
N. C. Child Support Enforcement Section	93.563		521,987	19	268,883
Low-income Home Energy Assistance Block Grant	93.568		519,371	-	-
Low-income Home Energy Assistance Block Grant-Direct Benefit Payments	93.568		690,411	-	-
AFDC Payments and Penalties	93.560		(1,084)	(297)	(297)

VANCE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE				
FEDERAL AWARDS:				
Child Welfare Services-State Grants				
Adoption Subsidy-Direct Benefit Payments	93.645	$ 68,528	$ -	$ -
Child Welfare Services-State Grants				
Permanency Planning-Families for Kids	93.645	14,493	-	4,831
Family Preservation	93.556	5,047	-	-
Social Services Block Grant-Other Services and Training	93.667	257,951	25,959	96,797
Independent Living Grant	93.674	11,980	2,995	-
Independent Living Grant-Direct Benefit Payments	93.674	2,790	-	-
Family Violence Prevention Services	93.671	3,452	-	-
Total Division of Social Services		$ 4,074,263	$ 179,979	$ 1,314,814
Division of Child Development:				
Subsidized Child Care				
Child Care Development Fund Cluster				
Division of Social Services:				
Child Care Development Fund-Administration	93.596	$ 106,395	$ -	$ -
Division of Child Development:				
Child Care and Development Fund-Discretionary	93.575	697,345	-	-
Child Care and Development Fund-Mandatory	93.596	293,778	-	-
Child Care and Development Fund-Match	93.596	466,974	242,413	-
ARRA-Child Care Development Fund	93.713	1,193	-	-
Total Child Care Development Fund Cluster		$ 1,565,685	$ 242,413	$ -
Social Services Block Grant	93.667	1,479	-	-
Temporary Assistance for Needy Families	93.558	238,967	-	-
Smart Start		-	78,648	-
State Appropriations		-	26,834	-
TANF-MOE		-	225,082	-
Total Subsidized Child Care		$ 1,937,242	$ 572,977	$ -
Centers for Medicare and Medicaid Services				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Medical Assistance:				
Direct Benefit Payments:				
Medical Assistance Program	93.778	$ 58,274,124	$ 23,244,565	$ 399
Division of Social Services:				
Administration:				
Medical Assistance Program	93.778	642,010	23,809	618,201
NC Health Choice	93.767	20,027	3,107	3,453
Total Medicaid Cluster		$ 58,936,161	$ 23,271,481	$ 622,053
Division of Services for the Blind				
Direct Benefit Payments				
Aid to the Blind	93.667	$ 29,680	$ 4,947	$ 4,947

VANCE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE				
FEDERAL AWARDS:				
Administration on Aging				
Division of Aging and Adult Services				
Passed through Kerr Tar Regional Council of Governments				
Aging Cluster				
Special Programs for the Aging-Title IIIB Grants for Supportive Services and Senior Centers	93.044	$ 82,115	$ 125,244	$ -
Special Programs for the Aging-Title IIIC Nutrition Services	93.045	96,701	45,268	-
Total Aging Cluster		$ 178,816	$ 170,512	$ -
Preventive Health III-F	93.043	2,862	183	-
Family Caregiver Support	93.052	12,650	807	-
Total Passed through Kerr Tar Regional Council of Governments		$ 194,328	$ 171,502	$ -
Social Services Block Grant (SSBG)-In Home Services	93.667	$ 38,109	$ -	$ 144
Total US Department of Health & Human Services		$ 65,209,783	$ 24,200,886	$ 1,941,958
Total Federal Assistance		$ 66,839,747	$ 24,200,886	$ 2,465,711
STATE AWARDS:				
N.C. Department of Health and Human Services				
Department of Social Services				
State Aid to Counties			$ -	$ 49,953
Energy Assistance Private Grants			14,204	-
County funded programs			-	262,844
Direct Benefits Payments:				
CWS Adoption Subsidy and Vendor			171,005	46,240
SC/SA Domiciliary Care			519,496	519,496
State Foster Home			53,647	53,647
Division of Child Development:				
CF Team Non IV-3			(991)	-
Non-reimb Med CMS			-	1,003
AFDC/TANF Incentives			6,022	-
IV-D Nonreimbursable Incentives			-	9,027
DCD-Smart Start			31,992	-
Passed through Kerr Tar Regional Coiuncil of Governments				
Senior Center Development			8,164	-
Total N.C. Department of Health and Human Services			$ 803,539	$ 942,210
North Carolina Office of Juvenile Justice and Delinquency Prevention				
Division of Youth Services				
Friends of Youth			$ 25,666	$ -
Juvenile Crime Prevention Commission			9,550	-
JCPC-Community Service/Restitution			97,321	-
Conflict Management			39,785	-
Gang Assessment Grant			27,939	-
Total NC Office of Juvenile Justice			$ 200,261	$ -
N.C. Department of Administration				
Veterans Service Officer			$ 2,000	$ -

VANCE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE			
STATE AWARDS:			
N.C. Department of Environmental and Natural Resources			
Division of Soil and Water Conservation			
Soil Technician Grant		$ 3,960	$ -
Division of Pollution Prevention and Environmental Assistance			
Abandoned Mobile Home Grant		19,040	-
Community Waste Reduction and Recycling Grant		13,416	
Total NC Department of Environmental and Natural Resources		$ 36,416	$ -
N.C. Department of Transportation			
ROAP Elderly and Disabled Transportation Assistance Program		$ 66,804	$ -
ROAP Rural General Public Program		43,483	-
Total NC Department of Transportation		$ 110,287	$ -
N.C. Department of Correction			
Criminal Justice Partnership Program		$ 273,132	$ -
N.C. Department of Public Instruction			
Public School Building Capital Fund		$ 35,250	$ -
N.C. Department of Agriculture and Consumer Services			
N.C. Tobacco Trust Fund Commission Grant-Farmer's Market		$ 65,156	$ -
Total State Cash Assistance		$ 25,726,927	$ 3,407,921
Total Assistance	$ 66,839,747	$ 25,726,927	$ 3,407,921

Notes to the Schedule 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 Vance 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 Governements, 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 this schedule.

2 The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care and Foster Care and Adoption.

3 Of the federal and State expenditures presented in the schedule, Vance County, North Carolina provided federal and State awards to subrecipients as follows:

Program Title	CFDA Number	Federal Expenditures	State Expenditures
Public School Building Capital Fund		$ -	$ 35,250