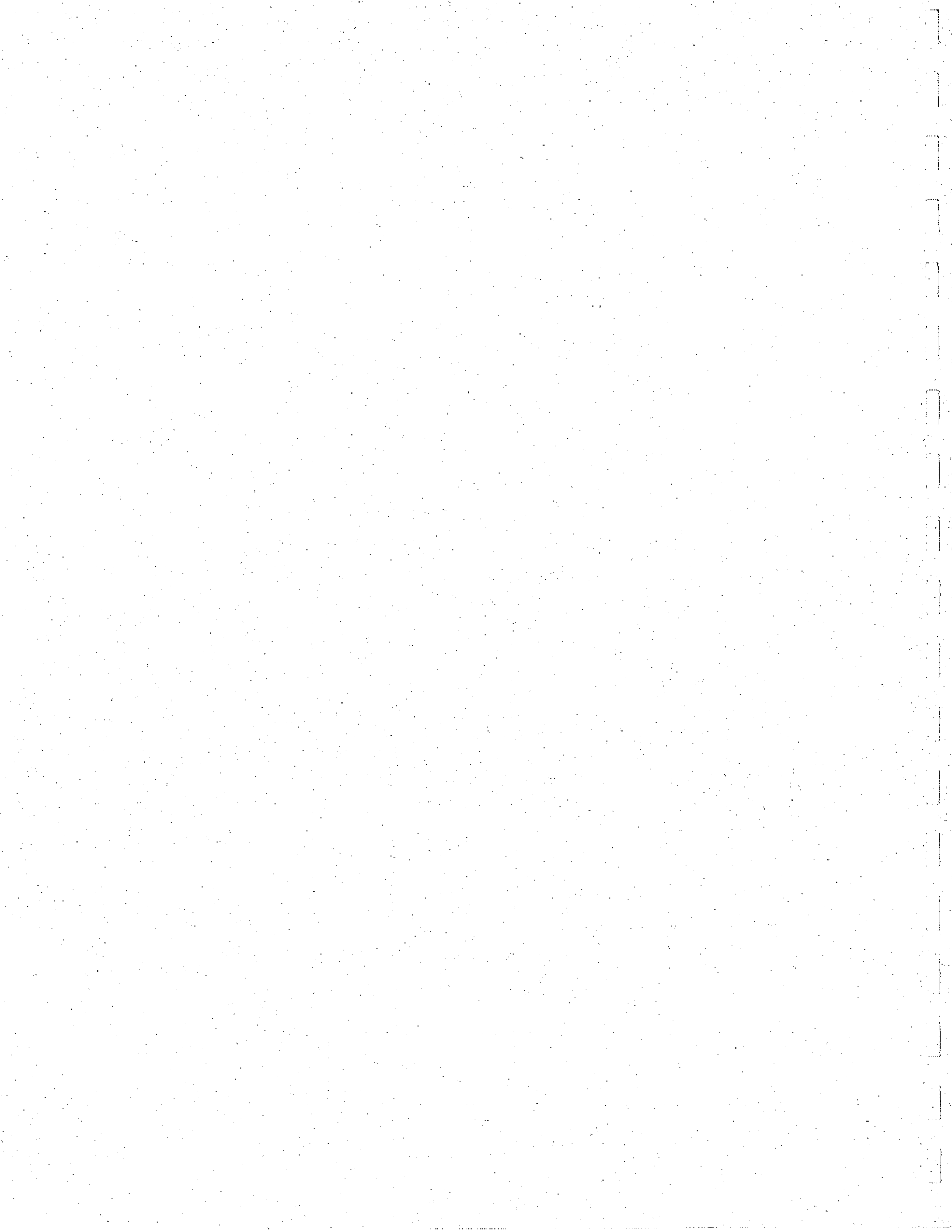


**WILSON COUNTY
NORTH CAROLINA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

FLOWERS, STANLEY & REDMAN, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
TARBORO, NORTH CAROLINA



Wilson County, North Carolina

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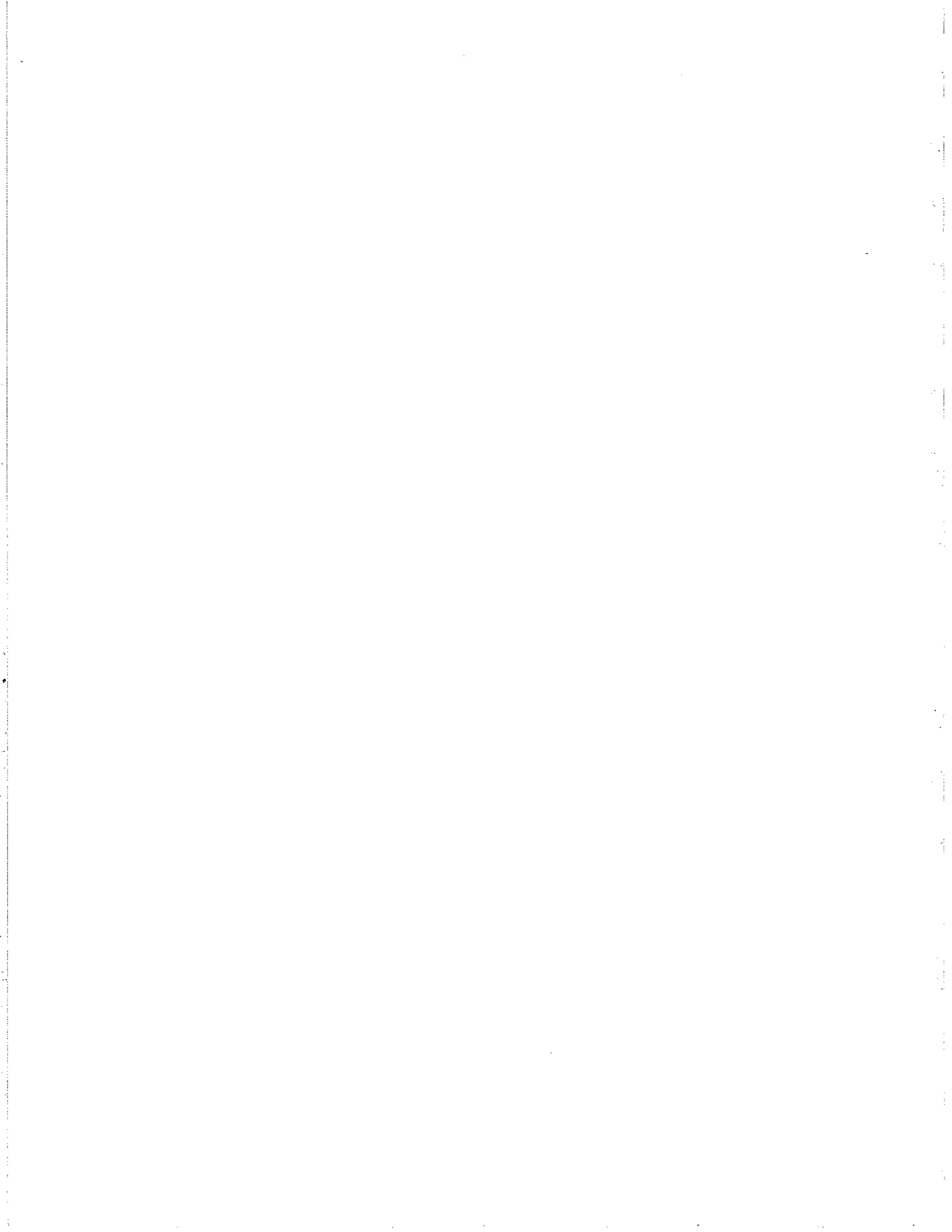


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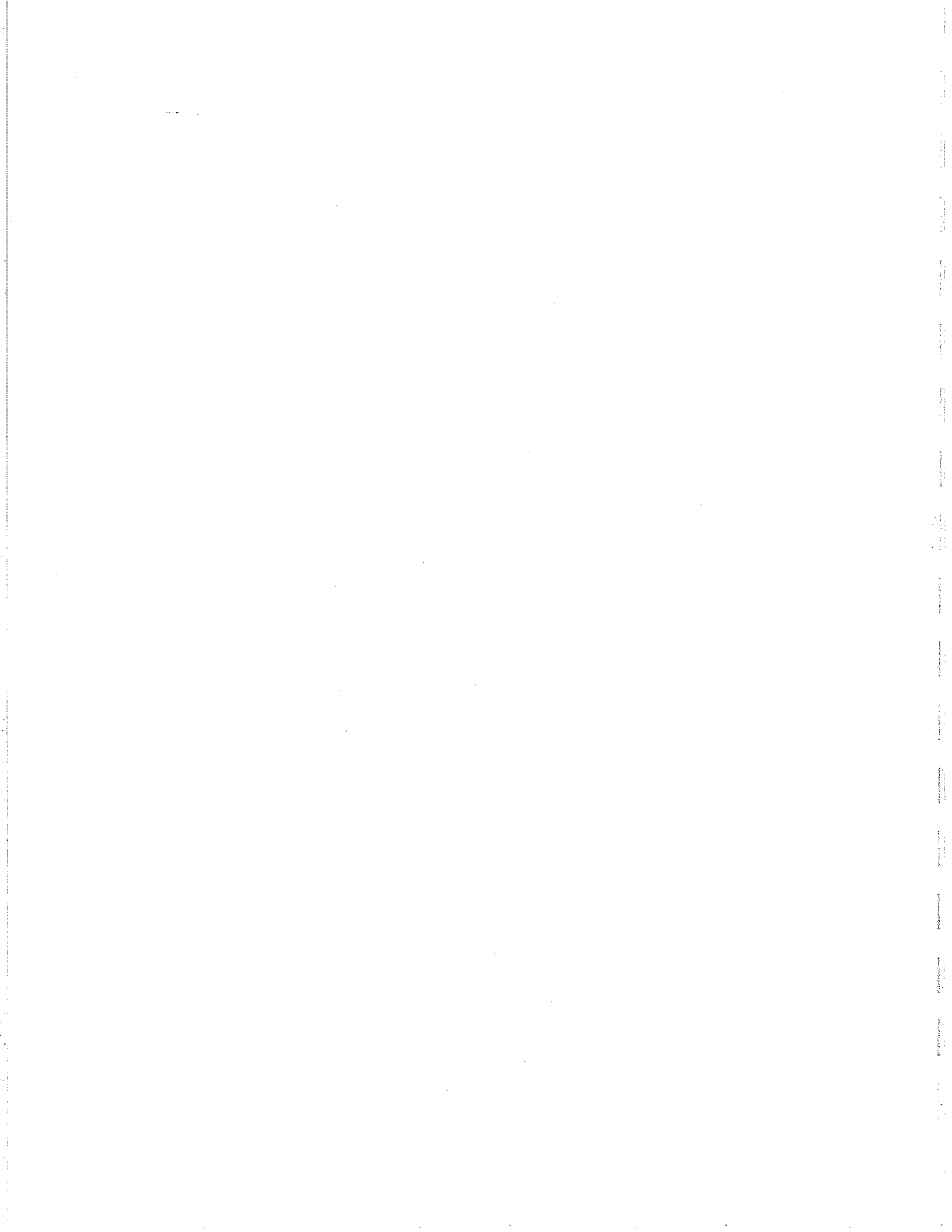


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FINANCIAL SECTION

FLOWERS, STANLEY & REDMAN, L.L.P.

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NORTH CAROLINA ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

FRED A. TURLINGTON JR., CPA

Independent Auditor's Report

To the Board of County Commissioners
Wilson County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Wilson County, North Carolina as of and for the year ended June 30, 2003, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Wilson 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 Wilson County ABC Board. Those financial statements were audited by other auditors whose reports thereon have been furnished to us; and our opinion, insofar as it relates to the amounts included for the Wilson County ABC Board is based solely on the reports 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. 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 general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of Wilson County, North Carolina as of June 30, 2003, 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.

As described in note 1 to the financial statements, the County has adopted Governmental Accounting Standards Board (GASB) Statement Number 34 during the year ended June 30, 2003.

Management's Discussion and Analysis, the schedules of funding progress, employer contributions and the notes to the required schedules for the law Enforcement Officers' Special Separation allowance are not a required part of the basic financial statements but is 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 thereon.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2003 on our consideration of Wilson County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of Wilson County, North Carolina. The combining and individual nonmajor fund 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Flowers, Stanley & Redman LLP

Tarboro, North Carolina
December 24, 2003

WILSON COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Wilson County, we offer readers of Wilson County's financial statements this narrative overview and analysis of the financial activities of Wilson County for the fiscal year ended June 30, 2003. We encourage readers to consider the information presented here in conjunction with additional information furnished in the County's financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

- The assets of Wilson County's governmental activities and business type exceeded its liabilities at the close of the most recent fiscal year by \$24,110,013.
- At the close of the current fiscal year, Wilson County's general fund reported an ending fund balance of \$22,465,067, an increase of \$3,223,594 in comparison with the prior year. Approximately \$10,962,279 of this total amount is available for spending at the government's discretion.
- The County holds the following bond ratings:

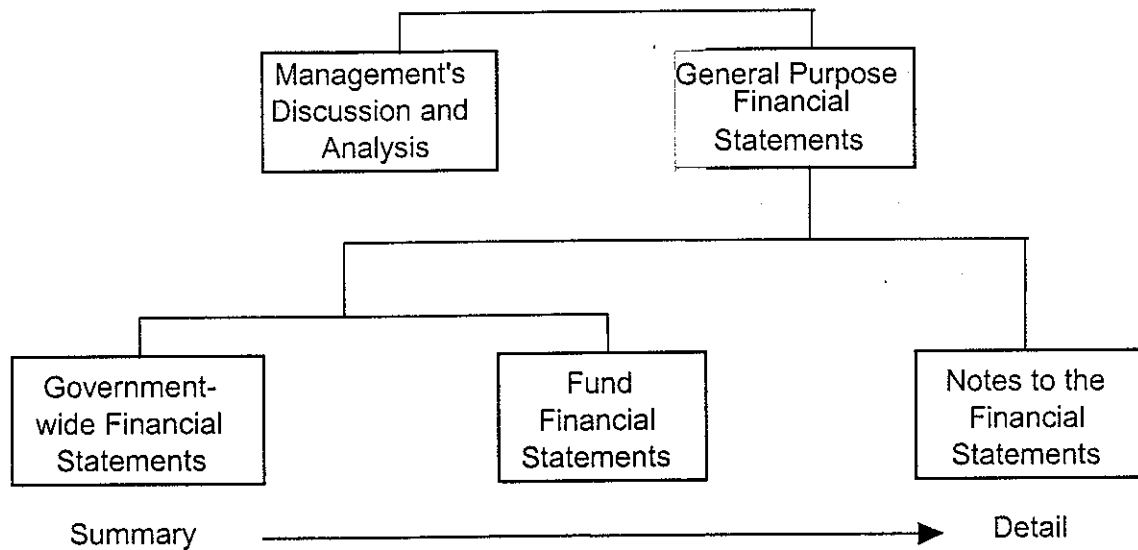
Moody's - A1
Standard & Poor's - A

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Wilson County's basic financial statements. Wilson County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (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 fiscal condition of Wilson County.

Required Components of Annual Financial Report

Figure 1



GENERAL PURPOSE FINANCIAL STATEMENTS

The first two statements, Exhibits 1 and 2, in the general purpose financial statements are the Government-wide Financial Statements. They provide both short and long-term information concerning the County's financial status.

The next statements, Exhibits 3 through 8, are the Fund Financial Statements. These statements focus on the activities of the individual parts of the County's government, providing 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, and 3) the proprietary fund.

The final section of the general purpose financial statements is the Notes to the General Purpose Financial Statements. The notes offer a detailed examination about various information contained in the statements. Following the notes, supplemental information provides details of the County's non-major governmental funds and internal service funds, which are combined in one column on the basic financial statements. Budgetary information required by the North Carolina General Statutes can also be found in this part of the statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of Wilson County's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of Wilson County's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Wilson County is improving or deteriorating.

The statement of activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Wilson County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Wilson County include general government, public safety, public education, economic development, and general administration. The sole business-type activity of Wilson County is the solid waste (landfill) operation.

The government-wide financial statements include not only Wilson County itself (known as the primary government), but also the ABC Board. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

FUND FINANCIAL STATEMENTS

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. Wilson County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of Wilson County can be divided into two categories: governmental funds and proprietary 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 which provides a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the

County's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Wilson 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. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds. Wilson County maintains one type of proprietary fund, an Enterprise fund. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements. Wilson County uses enterprise funds to account for its Solid Waste operation and Water Distribution Fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Solid Waste and Water Distribution Fund.

Notes to the General Purpose 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 can be found on pages 29 through 63.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Wilson County's progress in funding its obligation to provide pension benefits to its public safety employees. Required supplemental information can be found on page 64 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial statements for the fiscal year ended June 30, 2003 are the beginning of a new era in financial reporting for Wilson County and many other units of government across the United States. Prior to this year, Wilson County maintained governmental and proprietary fund groups as separate and very distinct types of accounting without any type of consolidated statement that accurately reflected the operations and net assets of the County as a whole. A total column appeared on the financial statements, but only as a memorandum total. No attempt was made to adjust the statements in such a way that the total column would represent the overall financial condition of Wilson County. These statements were basically the equivalent of the fund financial statements that appear in this report with fiduciary funds and two account groups, the long-term debt and the general fixed assets, added in.

The changes in the financial statement reporting model are mandated by the Government Accounting Standards Board (GASB). GASB Statement 34 dictated the changes you see in Wilson County's financial reports. Wilson County was required to implement these changes for the fiscal year ended June 30, 2003; there were other units required to implement these changes for fiscal year ended June 30, 2002 and others as late as June 30, 2004.

Comparative data for all facets of this report is not available due to the new reporting model. When comparative numbers are available, they have been included, such as with net assets. Future years' reports will include more comparative data that will allow more opportunities for analysis.

As noted earlier, net assets over time may serve as a useful indicator of a government's financial position. For Wilson County, assets exceeded liabilities by \$24,110,013 at the close of the most recent fiscal year

By far the largest portion of Wilson County's net assets reflects its investment in capital assets and construction in progress (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. Wilson County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Wilson County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to repay these liabilities.

At the end of the current fiscal year, Wilson County is able to report positive balances in all three categories of net assets for the government as a whole. The same situation held true for the prior fiscal year as detailed in the changes in net assets.

Wilson County's Changes in Net Assets

	Governmental Activities	Business-type Activities	Total
	2003	2003	2003
Revenues:			
Program Revenues:			
Charges for services contributions	9,284,385	2,130,498	11,414,883
Intergovernmental	17,298,505	280,431	17,578,936
Capital grants & contributions	75,000	5,219,364	5,294,364
General Revenues:			
Property Taxes	35,906,253		35,906,253
Local Option sales tax	11,019,159		11,019,159
Other taxes & licenses	1,354,515		1,354,515
Investment earnings	467,322	113,324	580,646
Miscellaneous	230,662		230,662
Total Revenues	75,635,801	7,743,617	83,379,418
Expenditures:			
General Government	6,307,395		6,307,395
Public Safety	12,143,486		12,143,486
Transportation	219,597		219,597
Environmental protection	217,295		217,295
Economic & physical development	1,156,616		1,156,616
Human services	28,612,948		28,612,948
Cultural & recreation	2,169,079		2,169,079
Education	27,937,205		27,937,205
Interest & other charges	2,630,171		2,630,171
Landfill		1,700,448	1,700,448
Total Expenditures	81,393,792	1,700,448	83,094,240
Increase in net assets before transfers	(5,757,991)	6,043,169	285,178
Net assets July 1	6,046,453	17,778,382	23,824,835
Net assets June 30	288,462	23,821,551	24,110,013

Governmental activities. Due to school funding, of the total net assets, governmental activities accounted for \$288,462 (less than 1.2%). As shown in the chart below, Wilson County recently embarked on an aggressive venture to upgrade its school facilities. While the debt for these projects are carried in the county's general fund, the assets are included as assets of the Board of Education. Operating grants funded \$17,298,505 of Wilson County's governmental activities. Only property taxes provided a higher source of revenue. Wilson County expects operating grants to remain at the same level in fiscal year 2004.

Recent School Capital Funding

1996	8,500,000
1997	8,500,000
1999	5,000,000
2001	5,600,000
2002	5,000,000
2002	17,400,000
2002	903,319

Total Recent School Funding 50,903,319

Business-type activities. Business-type activities increased Wilson County's net assets by \$23,821,551. Charges for services for business-type activities increased moderately.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental Funds. The focus of Wilson County's governmental funds is to provide information on near-term inflows, outflows, and balances expendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Wilson County's governmental funds reported combined ending fund balances of \$31,609,481, a decrease of \$5,391,745. Approximately 63 percent of this total amount, \$20,062,906, constitutes unreserved fund balance available for spending at the County's discretion.

The General Fund is the principal operating fund of Wilson County. At the end of the current fiscal year, unreserved fund balance in the general fund was \$10,962,279, while total fund balance for the general fund reached \$22,465,067. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 16.2 percent of total general fund expenditures, while total fund balance represents 33.2 percent of that same amount.

General Fund Budgetary Highlights. During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available, 2) amendments made to recognize new funding amounts from external sources, such as federal and State grants, and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by \$883,212. The majority of this increase was attributable to Restricted Intergovernmental Revenues.

Proprietary Funds. Wilson County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of Solid Waste at the end of the year totaled \$14,018,347.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. Wilson County's investment in capital assets for its governmental and business type activities as of June 30, 2003 amounts to \$41,274,773. (net of accumulated depreciation). This investment in capital assets includes land, vehicles, buildings and improvements, machinery and equipment.

Due to financial constraints of the County, there were no major capital asset events during the fiscal year. The building needs of the County have been forecast into the future. Areas such as additional and/or upgraded facilities have been unofficially placed on hold until increased revenues sources can be located.

Wilson County's Capital Assets

	Governmental	Business-type	Total
	Activities	Activities	
	2003	2003	2003
Land	85,070	2,261,648	2,346,718
Buildings and improvements	26,973,595	1,470,070	28,443,665
Equipment	4,268,521		4,268,521
Vehicles	2,670,975	37,141	2,708,116
Construction in progress	-	15,828,843	15,828,843
	33,998,161	19,597,702	53,595,863
Less accumulated depreciation	(11,350,633)	(970,457)	(12,321,090)
Total capital assets	22,647,528	18,627,245	41,274,773

Additional information on Wilson County's capital assets can be found in Note 6 of this report.

Long-term Debt. At the end of the current fiscal year, Wilson County had total bonded debt outstanding of \$26,600,000, which is backed by the full faith and credit of the County.

Wilson County's Outstanding GO and Revenue Bonds					
	Governmental Activities		Business-type Activities		Total
	2003	2002	2003	2002	2003
All Bonds	26,600,000	22,200,000	7,384,000		33,984,000
					22,200,000

This outstanding General Obligation indebtedness is out of a legal debt limit of approximately \$317,396,006. This legal debt limit is determined by the Municipal Finance Law of North Carolina, which limits the amount of net bonded debt a County may have outstanding to 8 percent of the appraised value subject to taxation. The ratio of debt service expenditures to total general governmental expenditures is 9.19%.

The County's general obligation debt per capita is \$359.46 as of June 30, 2003 while the County's gross debt per capita is \$772.35.

Wilson County's total debt had a net increase of \$9,803,319, 18.09 percent, during the current fiscal year. The factors in this increase were the issuance of \$5,300,000 to renovate the public library and \$3,600,000 in revenue bonds for the Southeast Water District and \$903,319 in Qualified Zone Academy Bonds. During this fiscal year, Wilson County also refinanced a portion of its existing debt to take advantage of favorable interest rates.

Additional information on Wilson County's long-term debt can be found in Note 7 on pages 60-63 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for Wilson County is 11.0 percent, which is an increase from a rate of 9.7 percent a year ago. This is attributed to the recent relocation of on of Wilson County's tobacco industries.
- Population of 74,000 has grown 11.7% percent from 1992 to 2002.
- Though several agriculture and textile businesses have succumbed due to the national economic trend, Wilson County is continuing to diversify its economy through the addition of high tech and pharmaceutical industries.

All of these factors were considered in preparing Wilson County's budget for Fiscal Year 2003-2004.

BUDGET HIGHLIGHTS FOR FISCAL YEAR 2003-2004

Governmental activities. A 4.3 percent growth in the tax base is anticipated over last year, to a total \$197,396,280 in property valuation. This equates to an additional \$1,421,253.22 in ad valorem taxes. Wilson County is very fortunate to have steady and continuous growth in its property valuation.

Budgeted expenditures in the General Fund are expected to rise only slightly with the largest increases were in medicaid costs, debt service requirements.

Business-type activities. General operating expenses will actually decrease, The budgeted expenditure for the Solid Waste fund is \$5,731,587, which represents a 1.04 percent increase over last year.

Over the past two years, Wilson County has been in the process of installing a network of water distribution lines in two areas of the County, the Southeast and Southwest Water Districts. At the close of the fiscal year, one of those districts was 99.9% complete, with the other due to be completed shortly thereafter. It is the County's belief that this infrastructure will not only provide needed services to the citizens of those districts, but also expand economic possibilities.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Wilson County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Post Office Box 1728, Wilson, North Carolina 27894.

BASIC FINANCIAL STATEMENTS

Wilson County, North Carolina
Statement of Net Assets
June 30, 2003

Exhibit 1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Wilson County ABC Board
ASSETS				
Cash and cash equivalents	\$ 19,495,486	\$ 13,204,347	\$ 32,699,833	\$ 943,021
Receivables (net)	8,475,376	338,778	8,814,154	637
Due from other governments	3,238,417	24,412	3,262,829	-
Due from component unit	56,250	-	56,250	-
Due from other funds	315,100	-	315,100	-
Deferred charges	-	205,855	205,855	-
Inventories	-	-	-	457,175
Restricted Assets:				
Cash and cash equivalents	8,311,098	2,155,610	10,466,708	-
Accounts receivable	-	263,975	263,975	-
Capital assets:				
Land, improvements, and construction in progress, net of depreciation	22,647,528	18,627,245	41,274,773	1,114,091
Total Assets	\$ 62,539,255	\$ 34,820,222	\$ 97,359,477	\$ 2,514,924
LIABILITIES				
Accounts payable and accrued expenses	\$ 2,957,841	\$ 1,047,452	\$ 4,005,293	\$ 594,403
Due to other funds	-	315,100	315,100	-
Customer deposits	-	25,140	25,140	-
Distribution payable	-	-	-	-
Due to primary government	-	-	-	56,250
Bonds	-	3,950,500	3,950,500	-
Long-term liabilities:				
Due within one year	4,945,436	26,197	4,971,633	-
Due in more than one year	54,347,516	5,634,282	59,981,798	50,177
Total Liabilities	\$ 62,250,793	\$ 10,998,671	\$ 73,249,464	\$ 700,830
NET ASSETS				
Invested in capital assets, net of related debt	\$ 12,972,219	\$ 11,243,245	\$ 24,215,464	\$ 914,666
Restricted for:				
Public safety	913,202	-	913,202	-
Education	-	-	-	-
Register of Deeds	24,165	-	24,165	-
Other purposes	-	1,358,361	1,358,361	151,430
Unrestricted (deficit)	(13,621,124)	11,219,945	(2,401,179)	747,998
Total Net Assets	\$ 288,462	\$ 23,821,551	\$ 24,110,013	\$ 1,814,094

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

Wilson County, North Carolina
Statement of Activities
For the Year Ended June 30, 2003

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
General government	\$ 6,307,395	\$ 2,074,435	\$ -	\$ -
Public safety	12,143,486	1,472,028	2,945,145	-
Transportation	219,597	165,032	137,819	-
Environmental protection	217,295	268,651	295,509	75,000
Economic and physical development	1,156,616	-	-	-
Human services	28,612,948	5,271,060	13,685,223	-
Cultural and recreation	2,169,079	33,179	141,052	-
Education	27,937,205	-	93,757	-
Interest on long-term debt	2,630,171	-	-	-
Total governmental activities	<u>\$ 81,393,792</u>	<u>\$ 9,284,385</u>	<u>\$ 17,298,505</u>	<u>\$ 75,000</u>
Business-type activities:				
Landfill	\$ 1,700,448	\$ 2,130,498	\$ 280,431	\$ -
Water	-	-	-	5,219,364
Total business-type activities	<u>\$ 1,700,448</u>	<u>\$ 2,130,498</u>	<u>\$ 280,431</u>	<u>\$ 5,219,364</u>
Total Primary Government	<u>\$ 83,094,240</u>	<u>\$ 11,414,883</u>	<u>\$ 17,578,936</u>	<u>\$ 5,294,364</u>
Component units:				
ABC Board	<u>\$ 4,598,256</u>	<u>\$ 4,945,844</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Taxes:

Property taxes, levied for general purpose

Local option sales tax

Other taxes and licenses

Grants and contributions not restricted to specific programs

Investment earnings, unrestricted

Miscellaneous, unrestricted

Transfers/Distributions

Total General Revenues and Transfers/Distribution

Change in net assets

Net assets-beginning

Net assets-ending

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Wilson County ABC Board
\$ (4,232,960)	\$ -	\$ (4,232,960)	
(7,726,313)	-	(7,726,313)	
83,254	-	83,254	
421,865	-	421,865	
(1,156,616)	-	(1,156,616)	
(9,656,665)	-	(9,656,665)	
(1,994,848)	-	(1,994,848)	
(27,843,448)	-	(27,843,448)	
(2,630,171)	-	(2,630,171)	
<u>\$ (54,735,902)</u>	<u>\$ -</u>	<u>\$ (54,735,902)</u>	
\$ -	\$ 710,481	\$ 710,481	
-	5,219,364	5,219,364	
<u>\$ -</u>	<u>\$ 5,929,845</u>	<u>\$ 5,929,845</u>	
<u>\$ (54,735,902)</u>	<u>\$ 5,929,845</u>	<u>\$ (48,806,057)</u>	
			<u>\$ 347,588</u>
\$ 35,906,253	\$ -	\$ 35,906,253	\$ -
11,019,159	-	11,019,159	-
1,314,359	-	1,314,359	-
40,156	-	40,156	-
467,322	113,324	580,646	7,622
230,662	-	230,662	1,762
-	-	-	(160,678)
<u>\$ 48,977,911</u>	<u>\$ 113,324</u>	<u>\$ 49,091,235</u>	<u>\$ (151,294)</u>
\$ (5,757,991)	\$ 6,043,169	\$ 285,178	\$ 196,294
6,046,453	17,778,382	23,824,835	1,617,800
<u>\$ 288,462</u>	<u>\$ 23,821,551</u>	<u>\$ 24,110,013</u>	<u>\$ 1,814,094</u>

Wilson County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2003

	General	Major Funds School Improvements Capital Projects Fund
Assets		
Cash and cash equivalents	\$ 18,643,771	\$ -
Restricted cash	-	3,365,925
Taxes receivable, net	4,508,337	-
Accounts and other receivables, net	2,626,896	-
Due from other governments	3,238,417	-
Due from other funds	214,914	-
Due from component unit	56,250	-
Total Assets	\$ 29,288,585	\$ 3,365,925
Liabilities and Fund Balances		
Liabilities:		
Accounts payable and accrued liabilities	\$ 2,180,709	\$ 307,820
Deferred revenue	4,642,809	-
Total Liabilities	\$ 6,823,518	\$ 307,820
Fund balances:		
Reserved for:		
State statute	\$ 6,270,949	\$ -
Register of Deeds	24,165	-
Unreserved:	-	-
Designated for subsequent year's expenditures	5,207,674	-
Undesignated	10,962,279	-
Unreserved, reported in nonmajor:		
Special revenue funds	-	-
Capital projects funds	-	3,058,105
Total Fund Balances	\$ 22,465,067	\$ 3,058,105
Total Liabilities and Fund Balances	\$ 29,288,585	\$ 3,365,925

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

Exhibit 3

Library Construction Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 851,715	\$ 19,495,486
4,945,173	-	8,311,098
-	107,709	4,616,046
-	524,073	3,150,969
-	-	3,238,417
-	100,186	315,100
-	-	56,250
<u>\$ 4,945,173</u>	<u>\$ 1,583,683</u>	<u>\$ 39,183,366</u>
\$ 125,767	\$ 209,071	\$ 2,823,367
-	107,709	4,750,518
<u>\$ 125,767</u>	<u>\$ 316,780</u>	<u>\$ 7,573,885</u>
\$ -	\$ 43,787	\$ 6,314,736
-	-	24,165
-	-	-
-	-	5,207,674
-	-	10,962,279
-	379,686	379,686
4,819,406	843,430	8,720,941
<u>\$ 4,819,406</u>	<u>\$ 1,266,903</u>	<u>\$ 31,609,481</u>
<u>\$ 4,945,173</u>	<u>\$ 1,583,683</u>	<u>\$ 39,183,366</u>

Wilson County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2003

Exhibit 3

Reconciliation of the governmental fund balance to net assets:

Total fund balance	\$ 31,609,481
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Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	22,647,528
-------------------------------------------------------------------------------------------------------------------------	------------

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	708,359
--------------------------------------------------------------------------------------------------------------------------	---------

Liabilities for earned but deferred revenues in fund statements.	4,616,046
------------------------------------------------------------------	-----------

Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note 4).	(59,292,952)
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Net assets of governmental activities	\$ 288,462
---------------------------------------	------------

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

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Wilson County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2003

	Major Funds	
	General	School Improvements Capital Projects Fund
Revenues		
Ad valorem taxes	\$ 32,655,544	\$ -
Local option sales taxes	11,019,159	-
Other taxes and licenses	601,840	-
Unrestricted intergovernmental	39,300	-
Restricted intergovernmental	15,123,955	93,757
Permits and fees	656,213	-
Sales and service	8,378,572	-
Investment earnings	302,901	123,818
Miscellaneous	105,063	-
Total Revenues	<u>\$ 68,882,547</u>	<u>\$ 217,575</u>
Expenditures		
Current:		
General government	\$ 6,039,680	\$ -
Public safety	8,227,000	-
Transportation	219,597	-
Environmental protection	197,515	-
Economic and physical development	580,270	-
Human services	28,646,147	-
Cultural and recreational	1,595,773	-
Intergovernmental:		
Education	15,667,024	-
Capital projects	-	12,270,181
Debt service:		
Principal	3,856,276	-
Interest and other charges	2,673,746	-
Total Expenditures	<u>\$ 67,703,028</u>	<u>\$ 12,270,181</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,179,519</u>	<u>\$ (12,052,606)</u>
Other Financing Sources (Uses):		
Transfers from other funds	\$ 1,920,897	\$ -
Operating transfer from component unit	123,178	-
Installment purchase obligations issued	-	903,319
Total Other Financing Sources (Uses)	<u>\$ 2,044,075</u>	<u>\$ 903,319</u>
Net Change in Fund Balance	\$ 3,223,594	\$ (11,149,287)
Fund Balances - beginning	19,241,473	14,207,392
Fund Balances - ending	<u>\$ 22,465,067</u>	<u>\$ 3,058,105</u>

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

Exhibit 4

Library Construction Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 716,814	\$ 33,372,358
-	-	11,019,159
-	712,519	1,314,359
-	-	39,300
-	2,406,249	17,623,961
-	-	656,213
-	-	8,378,572
32,069	8,536	467,324
-	2,420	107,483
<u>\$ 32,069</u>	<u>\$ 3,846,538</u>	<u>\$ 72,978,729</u>
\$ -	\$ -	\$ 6,039,680
-	1,308,602	9,535,602
-	-	219,597
-	566,012	763,527
-	-	580,270
-	-	28,646,147
-	-	1,595,773
-	-	15,667,024
512,663	2,336,485	15,119,329
-	-	3,856,276
-	-	2,673,746
<u>\$ 512,663</u>	<u>\$ 4,211,099</u>	<u>\$ 84,696,971</u>
<u>\$ (480,594)</u>	<u>\$ (364,561)</u>	<u>\$ (11,718,242)</u>
\$ -	\$ (1,920,897)	\$ -
-	-	123,178
5,300,000	-	6,203,319
<u>\$ 5,300,000</u>	<u>\$ (1,920,897)</u>	<u>\$ 6,326,497</u>
\$ 4,819,406	\$ (2,285,458)	\$ (5,391,745)
-	3,552,361	37,001,226
<u>\$ 4,819,406</u>	<u>\$ 1,266,903</u>	<u>\$ 31,609,481</u>

Wilson County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2003

Exhibit 4

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

Net changes in fund balances - total governmental funds	\$ (5,391,745)
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 depreciation exceeded capital outlays in the current period.	(597,365)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	2,533,895
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.	(2,347,043)
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.	44,267
Total changes in net assets of governmental activities	\$ (5,757,991)

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

Wilson County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2003

Exhibit 5

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Ad valorem taxes	\$ 33,238,800	\$ 33,238,800	\$ 32,655,544	\$ (583,256)
Local option sales tax	9,628,000	10,628,000	11,019,159	391,159
Other taxes and licenses	2,625,000	430,000	601,840	171,840
Unrestricted intergovernmental	49,500	49,500	39,300	(10,200)
Restricted intergovernmental	13,190,474	15,364,569	15,123,955	(240,614)
Permits and fees	369,000	383,215	656,213	272,998
Sales and services	7,385,125	7,427,232	8,378,572	951,340
Investment earnings	700,000	547,795	302,901	(244,894)
Miscellaneous	87,000	87,000	105,063	18,063
Total Revenues	\$ 67,272,899	\$ 68,156,111	\$ 68,882,547	\$ 726,436
Expenditures:				
Current:				
General government	\$ 5,477,039	\$ 6,603,757	\$ 6,039,680	\$ 564,077
Public safety	8,915,412	9,051,995	8,227,000	824,995
Transportation	84,633	230,985	219,597	11,388
Environmental protection	224,766	236,337	197,515	38,822
Economic and physical development	584,769	595,084	580,270	14,814
Human services	30,721,784	31,565,794	28,646,147	2,919,647
Cultural and recreational	1,475,431	1,620,728	1,595,773	24,955
Intergovernmental:				
Education	15,667,024	15,667,024	15,667,024	-
Debt service:				
Principal retirement	3,900,000	3,900,000	3,856,276	43,724
Interest and other charges	2,713,516	2,713,516	2,673,746	39,770
Total Expenditures	\$ 69,764,374	\$ 72,185,220	\$ 67,703,028	\$ 4,482,192
Revenues Over (Under) Expenditures	\$ (2,491,475)	\$ (4,029,109)	\$ 1,179,519	\$ 5,208,628

(continued)

Wilson County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2003

Exhibit 5

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
(continued)				
Other Financing Sources (Uses):				
Transfers (to) from other funds	\$ 410,574	\$ 1,953,265	\$ 1,920,897	\$ (32,368)
Operating transfer from component unit	125,000	125,000	123,178	(1,822)
Fund balance appropriated	1,955,901	1,950,844	-	(1,950,844)
Total Other Financing Sources (Uses)	\$ 2,491,475	\$ 4,029,109	\$ 2,044,075	\$ (1,985,034)
Revenues and other financing sources over expenditures and other financing uses	-	-	3,223,594	3,223,594
Fund balances:				
Beginning of year, July 1			19,241,473	
End of year, June 30			\$ 22,465,067	

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

Wilson County, North Carolina
Statement of Net Assets
Proprietary Funds
June 30, 2003

Exhibit 6

	Enterprise Funds		
	Solid Waste Fund	Water Distribution Fund	Total
Assets			
Current Assets:			
Cash and cash equivalents	\$ 13,204,347	\$ -	\$ 13,204,347
Receivables, net	338,778	-	338,778
Due from other governments	24,412	-	24,412
Total Current Assets	<u>\$ 13,567,537</u>	<u>\$ -</u>	<u>\$ 13,567,537</u>
Non-current Assets:			
Restricted Assets:			
Cash and cash equivalents	\$ -	\$ 2,155,610	\$ 2,155,610
Accounts receivable	-	263,975	263,975
Total Restricted Assets	<u>\$ -</u>	<u>\$ 2,419,585</u>	<u>\$ 2,419,585</u>
Deferred charges	-	205,855	205,855
Capital Assets:			
Land, improvements, and construction in progress	2,798,402	15,828,843	18,627,245
Total Non-current Assets	<u>\$ 2,798,402</u>	<u>\$ 18,454,283</u>	<u>\$ 21,252,685</u>
Total Assets	<u>\$ 16,365,939</u>	<u>\$ 18,454,283</u>	<u>\$ 34,820,222</u>
Liabilities			
Current Liabilities:			
Accounts payable	\$ 120,613	\$ 926,839	\$ 1,047,452
Customer deposits	-	25,140	25,140
Due to other funds	-	315,100	315,100
Bond anticipation notes payable and current portion of Bonds	-	3,950,500	3,950,500
Total Current Liabilities	<u>\$ 120,613</u>	<u>\$ 5,217,579</u>	<u>\$ 5,338,192</u>

(continued)

Wilson County, North Carolina
Statement of Net Assets
Proprietary Funds
June 30, 2003

Exhibit 6

	Enterprise Funds		
	Solid Waste Fund	Water Distribution Fund	Total
(continued)			
Non-current Liabilities:			
Accrued landfill closure and postclosure care costs	\$ 2,200,782	\$ -	\$ 2,200,782
Compensated absences	26,197	-	26,197
Bonds	-	3,433,500	3,433,500
Total Non-current Liabilities	\$ 2,226,979	\$ 3,433,500	\$ 5,660,479
Total Liabilities	\$ 2,347,592	\$ 8,651,079	\$ 10,998,671
Net Assets			
Invested in capital assets, net of related debt	\$ 2,798,402	\$ 8,444,843	\$ 11,243,245
Unrestricted	11,219,945	-	11,219,945
Restricted	-	1,358,361	1,358,361
Total Net Assets	\$ 14,018,347	\$ 9,803,204	\$ 23,821,551

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

Wilson County, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2003

Exhibit 7

	Enterprise Funds		
	Solid Waste Fund	Water Distribution Fund	Total
Operating Revenues			
Charges for services	\$ 2,130,498	\$ -	\$ 2,130,498
Operating Expenses			
Salaries and employee benefits	\$ 675,974	\$ -	\$ 675,974
Operating expense	806,874	-	806,874
Landfill closure	122,559	-	122,559
Depreciation	91,723	-	91,723
Total Operating Expenses	\$ 1,697,130	\$ -	\$ 1,697,130
Operating Income (Loss)	\$ 433,368	\$ -	\$ 433,368
Non-Operating Revenues (Expenses)			
Intergovernmental - restricted	\$ 280,431	\$ -	\$ 280,431
Interest and investment revenue	97,623	15,701	113,324
Bad debt	(3,318)	-	(3,318)
Total Non-Operating Revenue (Expenses)	\$ 374,736	\$ 15,701	\$ 390,437
Income (Loss) Before Contributions	\$ 808,104	\$ 15,701	\$ 823,805
Capital contributions	-	5,219,364	5,219,364
Change in Net Assets	\$ 808,104	\$ 5,235,065	\$ 6,043,169
Total Net Assets - beginning	13,210,243	4,568,139	17,778,382
Total Net Assets - ending	\$ 14,018,347	\$ 9,803,204	\$ 23,821,551

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

Wilson County, North Carolina
Statement of Cash Flows
Enterprise Fund
For The Fiscal Year Ended June 30, 2003

Exhibit 8

	Solid Waste Fund	Water Distribution Fund	Totals June 30, 2003
Cash Flows from Operating Activities:			
Cash received from customers	\$ 2,085,813	\$ -	\$ 2,085,813
Cash paid for goods and services	(775,840)	(205,855)	(981,695)
Cash paid to employees for services	(671,472)	-	(671,472)
Customer deposits received	-	25,140	25,140
Customer deposits returned	-	(78,715)	(78,715)
Net Cash Provided by Operating Activities	<u>\$ 638,501</u>	<u>\$ (259,430)</u>	<u>\$ 379,071</u>
Cash Flows from Capital and Related Financing Activities:			
Proceeds of bond anticipation notes	\$ -	\$ 3,784,000	\$ 3,784,000
Acquisition and construction of capital assets	(290,926)	(9,652,969)	(9,943,895)
Grant revenue	280,431	6,185,211	6,465,642
Repayment of interfund loan	-	(285,162)	(285,162)
Net Cash Used by Capital and Related Financing Activities	<u>\$ (10,495)</u>	<u>\$ 31,080</u>	<u>\$ 20,585</u>
Cash Flows from Investing Activities:			
Interest on investments	<u>\$ 97,623</u>	<u>\$ 15,701</u>	<u>\$ 113,324</u>
Net increase (decrease) in cash and cash equivalents	\$ 725,629	\$ (212,649)	\$ 512,980
Cash and cash equivalents, July 1	<u>12,478,718</u>	<u>2,368,259</u>	<u>14,846,977</u>
Cash and cash equivalents, June 30	<u>\$ 13,204,347</u>	<u>\$ 2,155,610</u>	<u>\$ 15,359,957</u>

(continued)

Wilson County, North Carolina
Statement of Cash Flows
Enterprise Fund
For The Fiscal Year Ended June 30, 2003

Exhibit 8

	Solid Waste Fund	Water Distribution Fund	Totals June 30, 2003

(continued)

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating income	\$ 433,368	\$ -	\$ 433,368
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation (net)	\$ 90,203	\$ -	\$ 90,203
Provision for uncollectible accounts	(3,318)	-	(3,318)
Changes in assets and liabilities:			
(Increase) in accounts receivable	(121,412)	-	(121,412)
(Increase) in deferred items	-	(205,855)	(205,855)
Decrease in accrued landfill closure costs	122,560	-	122,560
Increase (decrease) in accounts payable	35,871	-	35,871
Increase (Decrease) in deferred revenues	121,775	-	121,775
(Decrease) in deferred revenues	(45,048)	-	(45,048)
(Decrease) in customer deposits	-	(53,575)	(53,575)
Increase in accrued vacation pay	4,502	-	4,502
Total adjustments	\$ 205,133	\$ (259,430)	\$ (54,297)
Net cash provided by operating activities	\$ 638,501	\$ (259,430)	\$ 379,071

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

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Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

I. Summary of Significant Accounting Policies

The accounting policies of Wilson County and its component unit 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 unit, a legally-separate entity for which the County is financially accountable. Wilson County Water Districts (the "Districts") exist to provide and maintain a water system for the county residents within the districts. The Districts are reported as enterprise funds in the County's financial statements. Wilson 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 Wilson County ABC Board, which has a June 30 year-end, is presented as if it were a separate proprietary fund 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.

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 unit. 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.

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

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 of 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 fund, including its fiduciary funds and blended component units. Separate statements for each fund category - *governmental, proprietary, and fiduciary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

The County reports the following major governmental funds:

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

School Improvements Capital Projects Funds - This fund accounts for the resources used in the construction and renovation of the school facilities in the County. Resources include general obligation bond revenue and proceeds from installment purchases.

Library Construction Fund - This fund contains information pertaining to the revenue and expenditures for the renovation/construction of the Public Library. Adopted as a Project Ordinance, this fund will remain open until the Project is complete, estimated to be October, 2004.

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

The County reports the following major enterprise funds:

Water Distribution Fund - This fund is used to account for the operations of the Water and Sewer district within the County. The Water Capital Projects fund is consolidated with this fund for financial reporting purposes.

Landfill Fund - The Landfill Closure and Postclosure Reserve Fund is a reserve established by the County to accumulate the funds necessary to cover the closure and postclosure care costs that will be incurred by the landfill in the future. The Landfill Closure and Postclosure Reserve Fund and the Solid Waste Reserve Fund are consolidated with the landfill operating fund for financial reporting purposes. The solid Waste Reserve Fund is a fund created to accumulate resources from users for the operation of convenience disposal sites.

Measurement Focus, Basis of Accounting

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

Government-wide, Proprietary, and Fiduciary Fund Financial Statements

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

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

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

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

Governmental Fund Financial Statements

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

The County considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Wilson County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County. For motor vehicles registered under the staggered system and for vehicles newly registered under the annual system, property taxes are due the first day

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

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 2002 through February 2003 apply to the fiscal year ended June 30, 2003. Uncollected taxes which were billed during this period are shown as a receivable on these financial statements. For motor vehicles that are renewed and billed under the annual system, taxes are due on May 1 of each year and the uncollected taxes are reported as a receivable on the financial statements offset by deferred revenues because the due date and the date upon which interest begins to accrue passed prior to June 30. The taxes for renewal vehicles registered annually that have already been collected as of year-end are also reflected as deferred revenues at June 30, 2003 because they are intended to finance the County's operations during the 2004 fiscal year.

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

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

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

The County has implemented GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and related standards. These new standards provide for significant changes in terminology and presentation and for the inclusion of Management's Discussion and Analysis as required supplementary information.

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

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, Revaluation Fund, Fire District Fund, Enhanced 911 Service Fund, Economic Development Reserve Fund, Public Buildings Fund, Water and Sewer Reserve Fund, and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the School Improvements Capital Projects Fund, Library Construction Fund, Hurricane Floyd Disaster Recovery Projects, Regional Wastewater Facility and the Enterprise Capital Projects Funds, which are consolidated with the enterprise operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for the 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. Deposits and Investments

All deposits of the County and Wilson County ABC Board are made in board-designated official depositories and are secured as required by G.S. 159-31. The County and the ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County and the ABC Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

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

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

The County and the ABC Board's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earnings and Investment contracts are reported at 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 ABC Board consider 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 bond proceeds of the District's Serial Bonds are classified as restricted assets within the enterprise fund because their use is completely restricted to the purpose for which the bonds were originally issued. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. Also the unexpended bond (debt) proceeds for the Library and School Improvements Capital projects are restricted to the purpose for which they were borrowed.

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, 2002. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectable 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.

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

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 sale. The cost of the inventory carried by 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. Minimum capitalization costs are as follows: land, \$10,000; Buildings, improvements, substations, lines, and other plant and distribution systems, \$5,000; infrastructure, \$20,000; furniture and equipment, \$5,000; and vehicles, \$10,000. 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 Wilson 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 statements of the Wilson County Board of Education.

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

	<u>Years</u>
Buildings	50
Improvements,	25
Furniture and equipment	3-10
Vehicles	3-5
Computer Equipment	3-5

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

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

	<u>Years</u>
Buildings	50
Furniture and equipment	3-10
Vehicles	3-5
Leasehold improvements	10-20
Computer Equipment	3-5

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 long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as an other financing source.

9. Compensated Absences

The vacation policies of the County and the ABC Board provide for the accumulation of up to 240 hours earned vacation leave with such leave being fully vested when earned. For the County's government-wide and proprietary funds and the ABC Board, 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 and the ABC Board 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 unit.

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 externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

Fund Balances

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

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

The governmental fund types classify fund balances as follows:

RESERVED

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

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

UNRESERVED

Designated for subsequent year's expenditures - portion of total fund balance available for appropriation which has been designated for the adopted 2003 - 2004 budget ordinance.

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

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

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 asset.

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. The net adjustment of \$(31,321,019) 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 funds (total capital assets on government-wide statement in governmental activities column)	\$ 34,030,777
Less Accumulated Depreciation	11,383,249
Net capital assets	22,647,528
Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not in the government-wide.	5,324,405
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Bonds, leases, and installment financing	(57,228,047)
Compensated absences	(1,142,104)
Accrued interest payable	(637,465)
Unfunded Separation Allowance	(285,336)
Total adjustment	\$ (31,321,019)

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 \$(366,246) as follows:

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 671,104
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	(1,268,469)
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	(6,203,319)
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	3,856,276
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	43,575
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	692
Property tax and other revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	2,533,895
Total adjustment	\$ (366,246)

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

II. Stewardship, Compliance and Accountability

A. Material Violations of Finance-Related Legal and Contractual Provisions

Noncompliance with North Carolina General Statutes

There were no material violations of finance-related and contractual provisions for the year ended June 30, 2003.

III Detail Notes on All Funds

A. Assets

1. Deposits

All of the County's and the ABC Board's deposits are insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's or the ABC Board's agents in these units names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County and the ABC Board, these deposits are considered to be held by the 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 or the ABC Board, or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County or the ABC Board under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

At June 30, 2003, the County's deposits had a carrying amount of \$13,582,797 and a bank balance of \$14,179,897. Of the bank balance, \$182,120 was covered by federal depository insurance, \$82,120 in non-interest bearing deposits and \$13,400,677 in interest-bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2003, the carrying amount of deposits for Wilson County ABC Board was \$937,371 and the bank balance was \$925,174. Of the bank balance \$147,865 was covered by federal depository insurance and \$777,309 in interest-bearing deposits was insured under the Pooling Method.

2. Investments

The County's and the ABC Board's investments are categorized to give an indication of the level of custodial risk assumed by each of these entities at year-end. In the following tables, Column A includes investments that are insured or registered or for which the securities are held by the County or the ABC Board or their agents in the entity's name. Column B includes uninsured and unregistered investments for which the securities are held by the counter-party's trust department or agent in the County's or the ABC Board's name. Column C includes uninsured and unregistered investments for which the securities are held by the counter-party, or by its trust department or agent but not in the County's or ABC Board's name. The County's and the ABC Board's investments in the North Carolina Capital Management Trust are exempt from risk categorization because the County and the ABC Board do not own any identifiable securities in these mutual funds.

At June 30, 2003, the County had no category A, B, or C investments. The County's investments in the North Carolina Capital Management Trust totaled \$29,588,391.

At June 30, 2003, the ABC Board had no investments.

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.

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

Year Levied	Tax	Interest	Total
1999	\$ 1,005,804	\$ 329,400	\$ 1,335,204
2000	1,325,004	314,688	1,639,692
2001	1,305,713	192,592	1,498,305
2002	1,368,289	102,621	1,470,910
Total	<u>\$ 5,004,810</u>	<u>\$ 939,301</u>	<u>\$ 5,944,111</u>

4. **Receivables**

Accounts receivable, as shown in the County's statement of net assets and balance sheet-governmental funds, are net of the following allowances for doubtful accounts:

General Fund:	
Ad valorem taxes	\$ 384,029
	=====
Enterprise Funds	\$ 21,495
	=====
Special Revenue Fund	\$ 8,710
	=====

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

Local option sales tax	\$ 3,238,417
White goods disposal tax	7,137
Scrap tire tax	17,275
Total	<u>\$ 3,262,829</u>
	=====

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

5. Capital Assets

Capital asset activity for the year ended June 30, 2003, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 254,870	\$ -	\$ 169,800	\$ 85,070
Capital assets being depreciated:				
Buildings	\$ 26,573,275	\$ -	\$ 382,060	\$ 26,191,215
Other improvements	774,293	8,087	-	782,380
Equipment	3,902,850	398,296	32,625	4,268,521
Vehicles and motor equipment	2,544,043	264,721	137,789	2,670,975
Total	<u>\$ 33,794,461</u>	<u>\$ 671,104</u>	<u>\$ 552,474</u>	<u>\$ 33,913,091</u>
Less accumulated depreciation for:				
Buildings	\$ 6,217,470	\$ 525,546	\$ 359,060	\$ 6,383,956
Other improvements	232,283	38,749	-	271,032
Equipment	2,512,056	353,676	-	2,865,732
Vehicles and motor equipment	1,479,415	350,498	-	1,829,913
Total	<u>\$ 10,438,224</u>	<u>\$ 1,268,469</u>	<u>\$ 359,060</u>	<u>\$ 11,350,633</u>
Total capital assets being depreciated, net	<u>\$ 23,356,237</u>	<u>\$ (597,365)</u>	<u>\$ 193,414</u>	<u>\$ 22,562,458</u>
Governmental activity capital assets, net	<u>\$ 23,611,107</u>			<u>\$ 22,647,528</u>

Primary Government

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

General government	\$ 250,542
Public safety	629,505
Transportation	-
Economic and physical development	24,617
Human services	293,278
Cultural and recreational	70,527
Total depreciation expense	<u>\$ 1,268,469</u>

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities:				
Solid Waste:				
Capital assets not being depreciated:				
Land	\$ 2,131,648	\$ 130,000	\$ -	\$ 2,261,648
<hr/>				
Capital assets being depreciated:				
Furniture & maintenance equipment	\$ 1,309,144	\$ 162,776	\$ 1,850	\$ 1,470,070
Vehicles	37,141	-	-	37,141
Total	\$ 1,346,285	\$ 162,776	\$ 1,850	\$ 1,507,211
<hr/>				
Less accumulated depreciation for:				
Furniture & maintenance equipment	\$ 866,558	\$ 84,280	\$ 1,519	\$ 949,319
Vehicles	13,695	7,443	-	21,138
Total	\$ 880,253	\$ 91,723	\$ 1,519	\$ 970,457
Total capital assets being depreciated, net	\$ 466,032	\$ 71,053	\$ 331	\$ 536,754
<hr/>				
Solid Waste capital assets, net	\$ 2,597,680			\$ 2,798,402
<hr/>				
Wilson County Water District:				
Capital assets not being depreciated:				
Construction in progress	\$ 5,304,881	\$10,523,962	\$ -	\$ 15,828,843
<hr/>				
Wilson County Water District capital assets, net	\$ 5,304,881			\$ 15,828,843
<hr/>				
Business-type activities capital assets, net	\$ 7,902,561			\$ 18,627,245
<hr/>				

Construction Commitments

The government has active construction projects as of June 30, 2003. The projects include Water System, Library Construction/Improvements and School Capital Improvements. At year-end, the government's commitments with contractors are as follows:

Project	Original Contracts	Remaining Commitment
Water System	\$ 15,608,284	\$ 4,109,000
Library Construction/Improvements	4,063,230	3,833,312
School Capital Improvements	18,303,319	3,157,057
Total	\$ 37,974,833	\$ 11,099,369

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

Discretely Presented Component Units

Activity for the ABC Board for the year ended June 30, 2003, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 314,616	\$ -	\$ -	\$ 314,616
Construction in progress	-	267,861	-	267,861
Total capital assets not being depreciated	<u>\$ 314,616</u>	<u>\$ 267,861</u>	<u>\$ -</u>	<u>\$ 582,477</u>
Capital assets being depreciated:				
Buildings	\$ 484,536	\$ -	\$ -	\$ 484,536
Furniture & equipment	268,583	2,910	4,377	267,116
Vehicles	23,876	-	-	23,876
Leasehold improvements	35,530	625	-	36,155
Total capital assets being depreciated	<u>\$ 812,525</u>	<u>\$ 3,535</u>	<u>\$ 4,377</u>	<u>\$ 811,683</u>
Less accumulated depreciation for:				
Buildings	\$ 52,303	\$ 13,397	\$ -	\$ 65,700
Furniture & equipment	137,054	30,788	4,194	163,648
Vehicles	15,772	2,263	-	18,035
Computer equipment	32,216	470	-	32,686
Total	<u>\$ 237,345</u>	<u>\$ 46,918</u>	<u>\$ 4,194</u>	<u>\$ 280,069</u>
Total capital assets being depreciated, net	<u>\$ 575,180</u>	<u>\$ (43,383)</u>	<u>\$ 183</u>	<u>\$ 531,614</u>
Capital assets, net	<u>\$ 889,796</u>			<u>\$ 1,114,091</u>

Depreciation expense was charged to functions as follows:

Warehouse and delivery	\$ 2,426
Administrative	2,677
Store expenses	41,815
Total depreciation expense	<u>\$ 46,918</u>

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2003, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental Activities:				
General	\$ 1,537,210	\$ 140,508	\$ 637,465	\$ 2,315,183
Other Governmental	642,658	-	-	642,658
Total	<u>\$ 2,179,868</u>	<u>\$ 140,508</u>	<u>\$ 637,465</u>	<u>\$ 2,957,841</u>
Business-type Activities:				
Solid Waste	\$ 120,613	\$ -	\$ -	\$ 120,613
Water Distribution Fund	926,839	-	-	926,839
Total	<u>\$ 1,047,452</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,047,452</u>

2. Pension Plan Obligations

A. Local Governmental Employees' Retirement System

Plan Description

Wilson County 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.

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

Funding Policy

Plan members are required to contribute six percent of their annual covered salary. The County and the ABC Board are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.88% and 4.78%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 4.92% of annual covered payroll. The contribution requirements of members and of Wilson County 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, 2003, 2002, and 2001 were \$879,142, \$889,657, and \$837,219, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2003, 2002, and 2001 were \$45,457, \$45,998, and \$46,478, respectively. The contributions made by the County and the ABC Board equaled the required contributions for each year.

B. Law Enforcement Officers Special Separation Allowance

Plan Description

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

All full-time law enforcement officers of the County are covered by the Separation Allowance. At December 31, 2002, the Separation Allowance's membership consisted of:

Retirees receiving benefits	4
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>67</u>
Total	<u>71</u>
	=====

**Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003**

Summary of Significant Accounting Policies

Basis of Accounting

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

Method Used to Value Investments

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

Contributions

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

The annual required contribution for the current year was determined as part of the December 31, 2002 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 5.9% to 9.8% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at December 31, 2002 was 28 years.

<u>3 Year Trend Information</u>			
<u>For Year Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2001	\$ 59,626	54.46%	\$ 196,990
2002	81,236	46.17%	240,720
2003	90,988	50.97%	285,336

C. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description

Wilson 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.

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

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, 2003 were \$139,752, which consisted of \$105,896 from the County and \$33,856 from the law enforcement officers.

D. Registers of Deeds' Supplemental Pension Fund

Plan Description

The County also contributes to the Registers of Deeds' Supplemental Pension Fund (the Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local 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 four and one-half percent (4.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The 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, 2003, the County's required and actual contributions were \$24,165.

E. Other Post-Employment Benefits

According to a county ordinance, the County provides health care 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 State Retirement System. 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 42 retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2003, the County made payments for post-retirement health benefit premiums of \$142,608. The County obtains health care coverage through private insurers.

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

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 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 may not exceed \$20,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. For the fiscal year ended June 30, 2003, the County made contributions to the State for death benefits of \$15,718. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .08% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

3. Closure and Post-closure Care Costs - Wilson County Solid Waste 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. The landfill stopped accepting solid waste on January 1, 1998. The liability for postclosure cost is estimated to be \$1,180,072. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

The County is also permitted to accept construction and demolition waste on top of a closed landfill site for maximum period of five years or until maximum capacity has been reached. Based on current contracted costs to close similar sites at the landfill, the estimated future costs to close the construction and demolition area is \$1,300,000. Based on the use of approximately 78.5% of the estimated capacity of the construction and demolition area, the estimated closure liability at June 30, 2003 is \$1,020,710. The County will recognize the remaining estimated cost of closure and postclosure care of \$279,290 as the remaining estimated capacity is filled.

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

The County has met the requirements of a local government financial test that is one option under State and federal laws and regulations that helps determine if a unit is financially able to meet closure and postclosure care requirements. However, the County has also elected to establish a reserve fund that accumulates resources through annual contributions for the payment of closure and postclosure care costs. At June 30, 2003, those funds are held in investments with a cost and market value of \$3,267,042.

The County expects that future inflation costs will be paid from the interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure 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 Revenues

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

	Deferred Revenues
Prepaid taxes not yet earned (General)	\$ 134,472
Taxes receivable (net) (General)	4,508,337
Taxes receivable (net) (Special Revenue)	107,709
Total	\$ 4,750,518

5. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County 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 liability coverage of \$2 million per occurrence, and workers' compensation coverage up to the statutory limits. The pools are reinsured through commercial companies for single occurrence losses in excess of \$500,000 up to a \$2 million limit for general liability coverage, \$600,000 of aggregate annual losses in excess of \$50,000 per occurrence for property coverage, and single occurrence losses of \$350,000 for workers' compensation.

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

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.

Wilson 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, 2003, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate outcome of these legal matters will not have a materially adverse effect on the County's financial position.

7. Long-Term Obligations

A. Capital Leases

The County has entered into agreements to lease certain equipment. 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.

1. Lease executed on March 30, 2001 for a copier requiring sixty monthly installments of \$428.
2. Lease executed on December 1, 2001 for five Canon copiers requiring sixty monthly installments of \$1,996.
3. Lease executed on February 1, 2002 for a Canon copier requiring thirty-six monthly installments of \$312.
4. Lease executed on April 1, 2002 for a Canon copier requiring forty-eight monthly installments of \$248.

Under the terms of the agreements, the County at the end of the lease has a purchase option of \$1.

There were no new capital lease agreements for the fiscal year ended June 30, 2003.

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

The following is an analysis of the assets recorded under capital leases in the County's General Fixed Assets Account Group at June 30:

<u>Classes of Property</u>	<u>2003</u>
Equipment	\$ 513,923
	=====

For Wilson County, the future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2003 were as follows:

Year Ending <u>June 30</u>	General Long-Term Debt
2004	\$ 35,803
2005	34,555
2006	30,281
2007	11,975

Total minimum lease payments	\$ 112,614
Less: amount representing interest	-

Present value of the minimum lease payments	\$ 112,614
	=====

B. General Obligation Indebtedness

There are no outstanding general obligation bonds financed by the governmental funds. Wilson County Water District issues general obligation bonds to provide funds for the acquisition and construction of major water system capital improvements. These bonds, which are recorded in the Water District Fund, are collateralized by the full faith, credit, and taxing power of the District. Principal and interest payments are appropriated when due.

The County's general obligation bonds payable at June 30, 2003 is comprised of the following individual issues:

	<u>Balance 6-30-03</u>
General Obligation Bonds:	
\$8,000,000 Detention Center Bond Issue - February 1, 1993: due in annual principal Installments of \$400,000 through June 2013; interest at 4.5% to 4.75%; payable on June 1 and December 1	\$ 4,400,000
\$17,400,000 School Series 2002 - April 9, 2002; due in annual principal installments ranging from \$500,000 to \$2,000,000 through April 2017; interest at 4.0% to 5.0%; payable on October 1 and April 1	16,900,000

(continued)

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

	Balance 6-30-03
(continued)	
\$5,300,000 Library Bonds Series 2003 - February 2, 2003; due in annual principal installments of \$350,000 through February 2018; interest at 3.6%; payable on February 1 and August 1	5,300,000
Total	\$ 26,600,000

The County has financed capital improvements throughout the years with financing agreements with local banks.

The County's financing debt at June 30, 2003 are comprised of the following notes payable:

	Balance 6-30-03
Notes Payable:	
\$8,500,000 Financing Agreement - December 19, 1996; due in semi-annual principal and interest payments of \$408,868 through January 1, 2006; interest at 5.07% payable on July 1 and January 1	\$ 5,833,896
\$5,600,000 Financing Agreement - July 31, 2001; due in semi-annual fixed principal payments of \$188,533 plus interest at 4.89% through October 27, 2015, payable on October 27 and April 27	4,808,071
\$5,000,000 Financing Agreement - April 2, 2002; due in semi-annual fixed principal payments of \$166,667 plus interest at 4.89% through April 2, 2016; payable on July 1 and January 1	4,426,505
\$8,500,000 Financing Agreement - January 15, 1997; due in semi-annual principal and interest payments of \$405,000 through January 1, 2006; interest at 4.99%; payable on July 1 and January 1	5,863,873
\$3,500,000 Notes Payable - December 22, 1992; due in semi-annual principal and interest payments of \$171,374 through January 2008; interest at 5.73%; payable on January 10 and July 10; collateralized by a deed of trust on a building	1,478,253
\$1,340,875 Notes Payable - November 20, 1997; due in quarterly principal and interest payments of \$30,338 through December 2012; interest at 4.25%; payable March 1, June 1, September 1, and December 1; collateralized by a deed of trust on a building	1,045,710

(continued)

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

	Balance <u>6-30-03</u>
(continued)	
\$5,000,000 Financing Agreement - August 30, 1999; due in semi-annual principal and interest payments of \$166,667 through August 30, 2014; interest at 5.06%; payable on February 28 and August 30	3,910,383
\$3,000,000 Notes Payable - November 12, 1999; due in semi-annual principal and interest payments of \$300,000 through November 12, 2004; interest at 4.79%; payable on May 12 and November 12; collateralized by a deed of trust on a building	900,000
\$2,850,000 Notes Payable - August 22, 1997; County's share of a joint loan with the City of Wilson for ½ of a building constructed as an industrial economic incentive; currently leased so that debt service is funded by annual rents. when the debt is paid title will transfer to lessee; due in monthly principle and interest payments of \$14,455 through December 2010; interest at prime payable monthly	944,438
\$800,000 Notes Payable - October 21, 1994; County's share of a joint loan with the City of Wilson for ½ of a building constructed as an Industrial economic incentive; due in monthly principle and interest payments of \$3,966 through December 2009; interest at prime less .25% payable monthly	439,467
Installment Purchases:	
\$903,313 School Renovations Qualified Zone Academy Bond - July 2, 2002	903,319
Total	<u>\$ 30,553,915</u> =====
Serviced by the Water and Sewer Fund:	
Bond Anticipation Note:	
\$3,784,000 Southwest Water District Note - issued May 28, 2003; due on February 11, 2004; interest at 1.1%. This note will be repaid from a bond issue expected to be sold in the next fiscal year	\$ 3,784,000

(continued)

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

	Balance 6-30-03
(continued)	
Serviced by the Southeast Water District; \$3,600,000 2003 USDA/Rural Development Water Bonds due in annual installments of \$38,500 to \$154,000 (beginning 2005) plus interest at 4.625% through June 1, 2042	3,600,000
Total	\$ 7,384,900

The annual requirements to amortize general obligation bonds outstanding as of June 30, 2003, including interest payments, are as follows:

June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2004	\$ 1,250,000	\$ 1,161,475	\$ -	\$ 166,500
2005	1,450,000	1,111,700	38,500	166,500
2006	1,550,000	1,053,050	40,000	164,719
2007	1,550,000	988,400	41,500	162,869
2008	1,550,000	923,350	44,000	160,950
Next 5 years	9,350,000	3,575,400	249,500	772,537
Thereafter	9,900,000	1,123,650	3,186,500	2,592,174
Total	\$26,600,000	\$ 9,937,025	\$ 3,600,000	\$ 4,186,249

The annual requirements to amortize notes payable outstanding as of June 30, 2003, including interest payments, are as follows:

June 30	Principal	Interest	Total
2004	\$ 3,022,168	\$ 1,208,350	\$ 4,230,518
2005	3,095,095	1,086,304	4,181,399
2006	3,168,718	963,571	4,132,289
2007	2,945,813	837,360	3,783,173
2008	3,026,569	713,325	3,739,894
Next 5 years	12,315,043	1,797,666	14,112,709
Thereafter	2,980,509	175,340	3,155,849
Total	\$30,553,915	\$ 6,781,916	\$ 37,335,831

At June 30, 2003, the County had a legal debt margin of \$317,396,006.

D. 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, 2003:

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

	Balance July 1, 2002	Increases	Decreases	Balance June 30, 2003	Current Portion of Balance
Governmental Activities:					
General obligation debt	\$22,200,000	\$ 5,300,000	\$ 900,000	\$26,600,000	\$ 1,250,000
Capitalized leases	170,023	-	57,409	112,614	35,803
Notes payable	32,549,463	903,319	2,898,867	30,553,915	3,022,168
Compensated absences	1,148,932	-	6,268	1,142,664	-
Unfunded Special Separation Allowance	240,720	5,574	-	246,294	-
Accrued Interest	681,040	-	43,575	637,465	637,465
Total Governmental Activities	\$56,990,178	\$ 6,208,893	\$ 3,906,119	\$59,292,952	\$ 4,945,436
Business-type Activities:					
General obligation debt	\$ -	\$ 3,600,000	-	\$ 3,600,000	\$ 166,500
Bond anticipation notes	3,600,000	3,784,000	3,600,000	3,784,000	3,784,000
Accrued landfill closure and postclosure care costs	2,078,000	122,560	-	2,200,782	-
Compensated absences	21,695	4,502	-	26,197	-
Total business-type activities	\$ 5,699,917	\$ 7,511,062	\$ 3,600,000	\$ 9,610,979	\$ 3,950,500
Discretely presented component					
Units long-term liabilities:					
Installment purchase	\$ -	\$ 50,177	-	\$ 50,177	-

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.

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

E. Interfund Transfers

	From	To
General Fund	\$ -	\$ -
Revaluation (Annual transfer)	-	49,765
Economic Development Reserve	936,660	-
Public Buildings	242,274	-
Water and Sewer Reserve	791,726	-
General Fund (to consolidate resources)	-	1,920,895
Total	\$ 1,970,660	\$ 1,970,660

IV. Segment Information

The accompanying combined financial statements of the County include two enterprise funds which provide waste management and water and sewer services. Segment information for the fiscal year ended June 30, 2003 is as follows:

	Water Fund	Solid Waste Fund	Total
Operating revenue	\$ -	\$ 2,130,498	\$ 2,130,498
Depreciation expense	-	91,723	91,723
Operating income (loss)	-	433,368	433,368
Net income (loss)	2,535,065	808,104	6,043,169
Capital contributions	5,219,364	-	5,219,364
Plant, property, equipment: Additions	10,263,958	292,776	10,556,734
Net working capital	(5,217,579)	13,446,924	8,229,345
Total assets	18,454,283	16,365,939	34,820,222
Bonds and other long-term liabilities payable from operating source	3,433,500	2,226,979	5,660,479
Total equity	9,803,204	14,018,347	23,821,551

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

V. Related Organization

Wilson Memorial Hospital (the "Hospital") is a not-for-profit corporation and is a legally separate organization. Although the County Board of Commissioners is responsible for appointing the members of the Board of the Hospital, the County's accountability for this organization does not extend beyond making these appointments.

VI. Joint Ventures

Wilson Economic Development Council

The County is a participant with the City of Wilson (the "City") in a joint venture to promote industrial and commercial development of the County and City. The Council is managed by a nine-member board composed of four appointees from the County, four appointees from the City and a chairman from either the County or City based on election by the Board. The by-laws of the Council state that the County and City are to provide funding for the financial requirements and operations of the Council. In accordance with the joint venture agreement, the County contributed \$204,086 to the Council for the fiscal year ended June 30, 2003. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2003. Complete financial statements for the Council can be obtained from the Council's administrative offices at 126 West Nash Street, Wilson, North Carolina 27893.

Rocky Mount-Wilson Airport Authority

The County, in conjunction with the City of Wilson, City of Rocky Mount, County of Edgecombe, and County of Nash, participates in the Rocky Mount-Wilson Airport Authority (the "Airport"). Each participating city appoints two members and each participating County appoints one member to the seven member board. The Airport is a joint venture established to facilitate economic expansion within the region and improve the quality of life for its citizens. The County has an ongoing financial responsibility for the Airport because it and the other participants are legally obligated, under the intergovernmental agreement that created the Airport, to honor any deficiencies in the event that proceeds from other default remedies are insufficient. The County contributed \$41,791 to the Airport during the fiscal year ended June 30, 2003. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2003. Complete financial statements for the Airport can be obtained from the Airport's administrative offices at 250 Airport Drive, Elm City, North Carolina 27822.

**Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003**

Wilson Technical Community College

The County, in conjunction with the State of North Carolina and the Wilson County Board of Education, participates in a joint venture to operate the Wilson Technical Community College. Each of the three participants appoints four members of the thirteen member Board of Trustees of the Community College. 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. 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 \$1,103,951 and \$40,000 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2003. 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, 2003. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at 902 Herring Avenue, Wilson, North Carolina 27893.

Wilson-Green Board of Mental Health, Mental Retardation and Substance Abuse

The County, in conjunction with Greene County, participates in a joint venture to operate the Wilson-Greene Board of Mental Health, Mental Retardation and Substance Abuse (the "Board"). The Board of County Commissioners of each participating county appoints one county commissioner to the Board. The appointed commissioners then appoint the remaining thirteen members of the Board. Each participant in the joint venture makes an annual appropriation to the Board, but the majority of its funding comes from other sources. During the fiscal year ended June 30, 2003, the County contributed \$327,727 to the Board. None of the participating governments have an equity interest in the Board, so no equity interest has been reflected in the financial statements at June 30, 2003. Complete financial statements for the Board may be obtained from the Board's offices at 1709 South Tarboro Street, Wilson, North Carolina 27893.

VII. Jointly Governed Organization

Upper Coastal Plain Council of Governments

The County, in conjunction with five other counties and 35 municipalities, established the Upper Coastal Plain Council of Governments (the "Council"). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees and other costs of \$26,159 to the Council during the fiscal year ended June 30, 2003.

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

Wilson County Tourism Development Authority

The County of Wilson and the City of Wilson created the Wilson County Tourism Development Authority (the "Authority"), a public authority established to promote the growth of tourism and travel related industry. The Authority is funded by occupancy sales tax on motel and bed and breakfast rentals. The Authority receives no financial support from the County.

VIII Benefit Payments Issued by the State

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

	<u>Federal</u>	<u>State</u>
Medical Assistance Program		
Medicaid - Title XIX	\$ 46,086,022	\$ 23,526,083
IV - E Adoption	291,601	88,472
IV - E Foster Care	147,354	19,639
Temporary Assistance for Needy Families	1,133,908	1,076
Low Income Home Energy		
Assistance Block Grant	96,231	-
WIC	1,688,151	-
Special Assistance for Adults	-	1,123,146
Food Stamp Program	6,719,263	-
CWS Adoption	-	139,810
State Foster Home	-	56,820
Total	<u>\$ 56,162,530</u>	<u>\$ 24,955,046</u>

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

XII Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

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

Operating Leases

The County is obligated under operating leases to make monthly payments ranging from \$260 to \$342 through August 2006. Lease expenditures for the fiscal year ended June 30, 2003 totaled \$46,474. Under these leases, minimum lease payments for the fiscal year ending June 30, 2004 total \$59,965.

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Required Supplemental Financial Data

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

- **Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance**
- **Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance**
- **Notes to the required schedules for the Law Enforcement Officers' Special Separation Allowance**

Wilson County, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Funding Progress

Exhibit A-1

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)
12/31/94	\$ -	\$ 215,111	\$ 215,111	0.00%	\$ 1,326,932	16.21%
12/31/95	-	278,703	\$ 278,703	0.00%	1,359,862	20.49%
12/31/96	-	319,619	\$ 319,619	0.00%	1,502,886	21.27%
12/31/97	-	357,219	\$ 357,219	0.00%	1,636,804	21.82%
12/31/98	-	386,832	\$ 386,832	0.00%	1,703,087	22.71%
12/31/99	-	430,641	\$ 430,641	0.00%	1,865,945	23.08%
12/31/00	-	699,004	\$ 699,004	0.00%	1,951,257	35.82%
12/31/01	-	797,139	\$ 797,139	0.00%	2,070,144	38.51%
12/31/02	-	802,713	\$ 802,713	0.00%	2,075,538	38.67%

**Wilson County, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Allowance
Schedule of Employer Contributions**

Exhibit A-2

Year Ended June 30	Annual Required Contribution	Percentage Contributed
1997	\$ -	0.00%
1998	-	0.00%
1999	-	0.00%
2000	53,230	49.40%
2001	59,626	54.46%
2002	81,236	46.17%
2003	88,384	44.76%

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	12/31/02
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay
Remaining amortization period	28 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	5.9 to 9.8%
*Includes inflation at	3.75%
Cost-of-living adjustments	none

Wilson County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2003

Exhibit B-1

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Ad Valorem Taxes:			
Taxes	\$ 33,038,800	\$ 32,338,638	\$ (700,162)
Penalties and interest	200,000	316,906	116,906
Total	<u>\$ 33,238,800</u>	<u>\$ 32,655,544</u>	<u>\$ (583,256)</u>
Local Option Sales Taxes:			
Article 39 one percent	\$ 4,700,000	\$ 4,863,139	\$ 163,139
Article 40 one - half of one percent	2,528,000	2,501,630	(26,370)
Article 42 one - half of one percent	2,400,000	2,498,025	98,025
Article 44 one - half of one percent	1,000,000	1,156,365	156,365
Total	<u>\$ 10,628,000</u>	<u>\$ 11,019,159</u>	<u>\$ 391,159</u>
Other Taxes and Licenses:			
Franchise tax	\$ 50,000	\$ 55,272	\$ 5,272
Privilege and civil licenses	15,000	23,597	8,597
Beer and wine tax	-	108,761	108,761
Excise tax	365,000	414,210	49,210
Total	<u>\$ 430,000</u>	<u>\$ 601,840</u>	<u>\$ 171,840</u>
Unrestricted Intergovernmental:			
Housing Authority	\$ 40,000	\$ 30,044	\$ (9,956)
Tourism Authority	9,500	9,256	(244)
Total	<u>\$ 49,500</u>	<u>\$ 39,300</u>	<u>\$ (10,200)</u>
Restricted Intergovernmental:			
General Fund	\$ 2,231,668	\$ 2,237,440	\$ 5,772
Health services	1,053,899	1,046,476	(7,423)
Social services	11,899,002	11,604,600	(294,402)
Court facility fees	160,000	211,535	51,535
ABC Board rehabilitation	20,000	23,904	3,904
Total	<u>\$ 15,364,569</u>	<u>\$ 15,123,955</u>	<u>\$ (240,614)</u>

(continued)

Wilson County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2003

Exhibit B-1

	Budget	Actual	Variance Positive (Negative)
Revenues (continued):			
Permits and Fees:			
Building permits and inspection fees	\$ 78,000	\$ 96,500	\$ 18,500
Register of deeds	305,215	559,713	254,498
Total	<u>\$ 383,215</u>	<u>\$ 656,213</u>	<u>\$ 272,998</u>
Sales and Services:			
Rents, concessions, and fees	\$ 5,717,232	\$ 6,238,048	\$ 520,816
Jail fees	630,000	948,422	318,422
Ambulance service fees	550,000	662,999	112,999
Communication Center	530,000	529,103	(897)
Total	<u>\$ 7,427,232</u>	<u>\$ 8,378,572</u>	<u>\$ 951,340</u>
Investment Earnings	<u>\$ 547,795</u>	<u>\$ 302,901</u>	<u>\$ (244,894)</u>
Miscellaneous:			
Sale of fixed assets	\$ -	\$ 19,652	\$ 19,652
Other	87,000	85,411	(1,589)
Total	<u>\$ 87,000</u>	<u>\$ 105,063</u>	<u>\$ 18,063</u>
Total Revenues	<u>\$ 68,156,111</u>	<u>\$ 68,882,547</u>	<u>\$ 726,436</u>
Expenditures:			
General Government:			
Board of Commissioners:			
Salaries and employee benefits	\$ 43,276	\$ 43,276	\$ -
Other operating expenditures	27,662	25,358	2,304
Total	<u>\$ 70,938</u>	<u>\$ 68,634</u>	<u>\$ 2,304</u>
Administration:			
Salaries and employee benefits	\$ 225,862	\$ 217,654	\$ 8,208
Other operating expenditures	12,982	10,494	2,488
Total	<u>\$ 238,844</u>	<u>\$ 228,148</u>	<u>\$ 10,696</u>

(continued)

Wilson County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2003

Exhibit B-1

	Budget	Actual	Variance Positive (Negative)
Expenditures (continued):			
General Government (continued):			
Human Resources:			
Salaries and employee benefits	\$ 50,844	\$ 46,880	\$ 3,964
Other operating expenditures	12,590	10,949	1,641
Capital outlay	1,500	1,310	190
Total	<u>\$ 64,934</u>	<u>\$ 59,139</u>	<u>\$ 5,795</u>
Board of Elections:			
Salaries and employee benefits	\$ 196,822	\$ 172,978	\$ 23,844
Other operating expenditures	71,489	51,270	20,219
Capital outlay	17,400	17,346	54
Total	<u>\$ 285,711</u>	<u>\$ 241,594</u>	<u>\$ 44,117</u>
Finance:			
Salaries and employee benefits	\$ 279,212	\$ 263,752	\$ 15,460
Other operating expenditures	58,803	55,720	3,083
Total	<u>\$ 338,015</u>	<u>\$ 319,472</u>	<u>\$ 18,543</u>
Office of Tax Supervisor:			
Salaries and employee benefits	\$ 590,471	\$ 519,862	\$ 70,609
Other operating expenditures	283,300	316,228	(32,928)
Data processing charges	36,528	29,621	6,907
Capital outlay	-	-	-
Total	<u>\$ 910,299</u>	<u>\$ 865,711</u>	<u>\$ 44,588</u>
Mapping:			
Salaries and employee benefits	\$ 136,615	\$ 135,316	\$ 1,299
Other operating expenditures	14,387	13,486	901
Capital outlay	4,950	4,777	173
Total	<u>\$ 155,952</u>	<u>\$ 153,579</u>	<u>\$ 2,373</u>
Technology Services:			
Salaries and employee benefits	\$ 137,736	\$ 128,911	\$ 8,825
Other operating expenditures	71,885	63,857	8,028
Total	<u>\$ 209,621</u>	<u>\$ 192,768</u>	<u>\$ 16,853</u>

(continued)

Wilson County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2003

Exhibit B-1

	Budget	Actual	Variance Positive (Negative)
Expenditures (continued):			
General Government (continued):			
Agriculture Building:			
Other operating expenditures	\$ 34,589	\$ 34,320	\$ 269
Register of Deeds:			
Salaries and employee benefits	\$ 282,756	\$ 281,118	\$ 1,638
Other operating expenditures	81,464	79,307	2,157
Capital outlay	13,030	13,030	-
Total	<u>\$ 377,250</u>	<u>\$ 373,455</u>	<u>\$ 3,795</u>
Public Buildings:			
Other operating expenditures	\$ 388,143	\$ 376,057	\$ 12,086
Capital outlay	3,000	1,700	1,300
Total	<u>\$ 391,143</u>	<u>\$ 377,757</u>	<u>\$ 13,386</u>
Court Facilities:			
Salaries and employee benefits	\$ 172,347	\$ 172,032	\$ 315
Other operating expenditures	111,419	100,911	10,508
Total	<u>\$ 283,766</u>	<u>\$ 272,943</u>	<u>\$ 10,823</u>
Central Service:			
Other operating expenditures	\$ 1,559,661	\$ 1,190,481	\$ 369,180
Other:			
Industrial Council	\$ 204,086	\$ 204,086	\$ -
Upper Coastal Plain COG	26,160	26,159	1
Stream Restoration	233,725	233,725	-
Block Grant Aging	436,516	513,688	(77,172)
Other area projects	782,547	684,021	98,526
Total	<u>\$ 1,683,034</u>	<u>\$ 1,661,679</u>	<u>\$ 21,355</u>
Total General Government	<u>\$ 6,603,757</u>	<u>\$ 6,039,680</u>	<u>\$ 564,077</u>

(continued)

Wilson County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2003

Exhibit B-1

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued):			
Public Safety:			
Sheriff:			
Salaries and employee benefits	\$ 2,601,171	\$ 2,501,380	\$ 99,791
Other operating expenditures	486,732	443,891	42,841
Capital outlay	146,350	121,835	24,515
Total	<u>\$ 3,234,253</u>	<u>\$ 3,067,106</u>	<u>\$ 167,147</u>
County Jail:			
Salaries and employee benefits	\$ 1,879,506	\$ 1,503,636	\$ 375,870
Other operating expenditures	668,813	599,793	69,020
Capital outlay	-	-	-
Total	<u>\$ 2,548,319</u>	<u>\$ 2,103,429</u>	<u>\$ 444,890</u>
Emergency Communications:			
Salaries and employee benefits	\$ 939,609	\$ 859,721	\$ 79,888
Other operating expenditures	132,991	48,048	84,943
Total	<u>\$ 1,072,600</u>	<u>\$ 907,769</u>	<u>\$ 164,831</u>
Emergency Management:			
Salaries and employee benefits	\$ 56,071	\$ 62,760	\$ (6,689)
Other operating expenditures	11,376	10,019	1,357
Total	<u>\$ 67,447</u>	<u>\$ 72,779</u>	<u>\$ (5,332)</u>
Home Land Security:			
Other operating expenditures	<u>\$ 47,208</u>	<u>\$ 57,803</u>	<u>\$ (10,595)</u>
Emergency Medical Servicing:			
Salaries and employee benefits	\$ 1,117,304	\$ 1,096,547	\$ 20,757
Other operating expenditures	285,176	264,525	20,651
Capital outlay	67,100	65,812	1,288
Total	<u>\$ 1,469,580</u>	<u>\$ 1,426,884</u>	<u>\$ 42,696</u>

(continued)

Wilson County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2003

Exhibit B-1

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued):			
Public Safety (continued):			
Old Jail:			
Salaries and employee benefits	\$ 442,676	\$ 444,046	\$ (1,370)
Other operating expenditures	114,912	97,484	17,428
Capital outlay	-	-	-
Total	<u>\$ 557,588</u>	<u>\$ 541,530</u>	<u>\$ 16,058</u>
Medical Examiner	<u>\$ 55,000</u>	<u>\$ 49,700</u>	<u>\$ 5,300</u>
Total Public Safety	<u>\$ 9,051,995</u>	<u>\$ 8,227,000</u>	<u>\$ 824,995</u>
Transportation:			
Streets and Highways:			
Salaries and employee benefits	\$ 31,747	\$ 31,183	\$ 564
Other operating expenditures	11,280	8,804	2,476
Capital outlay	142,096	137,819	4,277
Total	<u>\$ 185,123</u>	<u>\$ 177,806</u>	<u>\$ 7,317</u>
Rocky Mount/Wilson Airport	<u>\$ 45,862</u>	<u>\$ 41,791</u>	<u>\$ 4,071</u>
Total Transportation	<u>\$ 230,985</u>	<u>\$ 219,597</u>	<u>\$ 11,388</u>
Environmental Protection:			
Forestry Program:			
Salaries and employee benefits	\$ 9,476	\$ -	\$ 9,476
Other operating expenditures	67,696	48,784	18,912
Total	<u>\$ 77,172</u>	<u>\$ 48,784</u>	<u>\$ 28,388</u>
Soil Conservation:			
Salaries and employee benefits	\$ 139,222	\$ 132,314	\$ 6,908
Other operating expenditures	19,943	16,417	3,526
Total	<u>\$ 159,165</u>	<u>\$ 148,731</u>	<u>\$ 10,434</u>
Total Environmental Protection	<u>\$ 236,337</u>	<u>\$ 197,515</u>	<u>\$ 38,822</u>

(continued)

Wilson County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2003

Exhibit B-1

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued):			
Economic and Physical Development:			
Agricultural Extension and 4-H:			
Salaries and employee benefits	\$ 305,600	\$ 300,841	\$ 4,759
Other operating expenditures	39,445	31,938	7,507
Total	<u>\$ 345,045</u>	<u>\$ 332,779</u>	<u>\$ 12,266</u>
Planning and Zoning:			
Salaries and employee benefits	\$ 205,476	\$ 204,086	\$ 1,390
Other operating expenditures	41,525	40,436	1,089
Capital outlay	3,038	2,969	69
Total	<u>\$ 250,039</u>	<u>\$ 247,491</u>	<u>\$ 2,548</u>
Total Economic and Physical Development	<u>\$ 595,084</u>	<u>\$ 580,270</u>	<u>\$ 14,814</u>
Human Services:			
Mental Health	<u>\$ 327,727</u>	<u>\$ 327,727</u>	<u>\$ -</u>
Diversified opportunities	<u>\$ 38,000</u>	<u>\$ 38,000</u>	<u>\$ -</u>
Breastfeeding and Nutrition:			
Salaries and employee benefits	\$ 32,342	\$ 34,591	\$ (2,249)
Other operating expenditures	21,175	18,636	2,539
Total	<u>\$ 53,517</u>	<u>\$ 53,227</u>	<u>\$ 290</u>
Health:			
Administration:			
Salaries and employee benefits	\$ 23,580	\$ 63,046	\$ (39,466)
Other operating expenditures	227,920	201,436	26,484
Capital outlay	94,104	76,156	17,948
Total	<u>\$ 345,604</u>	<u>\$ 340,638</u>	<u>\$ 4,966</u>

(continued)

Wilson County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2003

Exhibit B-1

	Budget	Actual	Variance Positive (Negative)
Expenditures (continued):			
Human Services (continued):			
Health (continued):			
Health Promotion:			
Salaries and employee benefits	\$ 249,569	\$ 230,844	\$ 18,725
Other operating expenditures	100,426	78,856	21,570
Total	<u>\$ 349,995</u>	<u>\$ 309,700</u>	<u>\$ 40,295</u>
Tuberculosis Control:			
Salaries and employee benefits	\$ 142,752	\$ 142,613	\$ 139
Other operating expenditures	11,913	10,299	1,614
Total	<u>\$ 154,665</u>	<u>\$ 152,912</u>	<u>\$ 1,753</u>
Home Health:			
Salaries and employee benefits	\$ 2,037,122	\$ 1,878,459	\$ 158,663
Other operating expenditures	1,305,488	1,212,531	92,957
Capital outlay	137,000	110,948	26,052
Total	<u>\$ 3,479,610</u>	<u>\$ 3,201,938</u>	<u>\$ 277,672</u>
Family Planning:			
Salaries and employee benefits	\$ 499,372	\$ 462,285	\$ 37,087
Other operating expenditures	198,273	137,791	60,482
Capital outlay	3,800	3,766	34
Total	<u>\$ 701,445</u>	<u>\$ 603,842</u>	<u>\$ 97,603</u>
Maternal Health:			
Salaries and employee benefits	\$ 662,398	\$ 652,527	\$ 9,871
Other operating expenditures	118,894	111,286	7,608
Capital outlay	7,100	6,545	555
Total	<u>\$ 788,392</u>	<u>\$ 770,358</u>	<u>\$ 18,034</u>
Tuberculosis Center:			
Salaries and employee benefits	\$ 49,828	\$ 48,823	\$ 1,005
Other operating expenditures	2,550	1,573	977
Total	<u>\$ 52,378</u>	<u>\$ 50,396</u>	<u>\$ 1,982</u>

(continued)

Wilson County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2003

Exhibit B-1

	Budget	Actual	Variance Positive (Negative)
Expenditures (continued):			
Human Services (continued):			
Health (continued):			
Environmental Health:			
Salaries and employee benefits	\$ 372,077	\$ 370,467	\$ 1,610
Other operating expenditures	33,111	21,161	11,950
Total	\$ 405,188	\$ 391,628	\$ 13,560
Immunization:			
Other operating expenditures	\$ 24,578	\$ 24,078	\$ 500
Breast Feeding Promotion:			
Salaries and employee benefits	\$ 3,837	\$ 4,877	\$ (1,040)
Other operating expenditures	2,650	2,650	-
Total	\$ 6,487	\$ 7,527	\$ (1,040)
Communicable Diseases:			
Salaries and employee benefits	\$ 319,434	\$ 299,602	\$ 19,832
Other operating expenditures	27,262	18,371	8,891
Total	\$ 346,696	\$ 317,973	\$ 28,723
Comprehensive Breast Cancer Prevention:			
Salaries and employee benefits	\$ 19,577	\$ 19,573	\$ 4
Other operating expenditures	9,260	5,193	4,067
Total	\$ 28,837	\$ 24,766	\$ 4,071
Child Health:			
Salaries and employee benefits	\$ 524,449	\$ 523,587	\$ 862
Other operating expenditures	102,970	86,508	16,462
Total	\$ 627,419	\$ 610,095	\$ 17,324

(continued)

Wilson County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2003

Exhibit B-1

	Budget	Actual	Variance Positive (Negative)
Expenditures (continued):			
Human Services (continued):			
Health (continued):			
Child Service Coordinator:			
Salaries and employee benefits	\$ 266,441	\$ 246,307	\$ 20,134
Other operating expenditures	46,308	40,178	6,130
Capital outlay	6,600	6,545	55
Total	\$ 319,349	\$ 293,030	\$ 26,319
WIC Clinic Administration:			
Salaries and employee benefits	\$ 83,886	\$ 69,333	\$ 14,553
Other operating expenditures	5,022	4,010	1,012
Capital outlay	1,500	-	1,500
Total	\$ 90,408	\$ 73,343	\$ 17,065
WIC Nutrition Education:			
Salaries and employee benefits	\$ 107,800	\$ 82,844	\$ 24,956
Other operating expenditures	7,593	4,447	3,146
Capital outlay	-	-	-
Total	\$ 115,393	\$ 87,291	\$ 28,102
Animal Control:			
Salaries and employee benefits	\$ 218,550	\$ 195,470	\$ 23,080
Other operating expenditures	49,930	43,218	6,712
Total	\$ 268,480	\$ 238,688	\$ 29,792
AIDS Control:			
Salaries and employee benefits	\$ 77,997	\$ 43,906	\$ 34,091
Other operating expenditures	7,825	4,454	3,371
Total	\$ 85,822	\$ 48,360	\$ 37,462
Bioterrorism:			
Other operating expenditures	\$ 32,192	\$ 31,772	\$ 420

(continued)

Wilson County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2003

Exhibit B-1

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued):			
Human Services (continued):			
Health (continued):			
Child Lead Poisoning:			
Other operating expenditures	\$ 15,425	\$ 14,744	\$ 681
Capital outlay	1,425	1,394	31
Total	<u>\$ 16,850</u>	<u>\$ 16,138</u>	<u>\$ 712</u>
WIC Client Services:			
Salaries and employee benefits	\$ 308,385	\$ 289,738	\$ 18,647
Other operating expenditures	11,093	10,879	214
Total	<u>\$ 319,478</u>	<u>\$ 300,617</u>	<u>\$ 18,861</u>
Step Project:			
Other operating expenditures	\$ 18,550	\$ 13,151	\$ 5,399
Total Health	<u>\$ 8,577,816</u>	<u>\$ 7,908,241</u>	<u>\$ 669,575</u>
Social Services:			
Administration:			
Salaries and employee benefits	\$ 7,577,742	\$ 7,170,960	\$ 406,782
Other operating expenditures	1,240,373	1,053,911	186,462
Capital outlay	112,008	109,752	2,256
Total	<u>\$ 8,930,123</u>	<u>\$ 8,334,623</u>	<u>\$ 595,500</u>
4D Child Support:			
Salaries and employee benefits	\$ 74,750	\$ 74,415	\$ 335
Other operating expenditures	60,769	37,667	23,102
Capital outlay	-	-	-
Total	<u>\$ 135,519</u>	<u>\$ 112,082</u>	<u>\$ 23,437</u>

(continued)

Wilson County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2003

Exhibit B-1

	Budget	Actual	Variance Positive (Negative)
Expenditures (continued):			
Human Services (continued):			
Social Services (continued):			
Income Maintenance Programs:			
AFDC program - County participation	\$ 75,000	\$ 95,009	\$ (20,009)
AFDC Foster Care	782,725	251,463	531,262
Special assistance - Adults	1,098,292	1,207,335	(109,043)
Medicaid - County participation	4,951,720	4,207,312	744,408
Total	\$ 6,907,737	\$ 5,761,119	\$ 1,146,618
Other Services:			
Other operating expenditures	\$ 6,561,164	\$ 6,076,943	\$ 484,221
Total Social Services	\$ 22,534,543	\$ 20,284,767	\$ 2,249,776
Veterans Affairs:			
Salaries and employee benefits	\$ 34,066	\$ 33,858	\$ 208
Other operating expenditures	125	327	(202)
Total	\$ 34,191	\$ 34,185	\$ 6
Total Human Services	\$ 31,565,794	\$ 28,646,147	\$ 2,919,647
Cultural and Recreational:			
Recreation:			
Salaries and employee benefits	\$ 56,620	\$ 61,617	\$ (4,997)
Other operating expenditures	382,700	384,297	(1,597)
Total	\$ 439,320	\$ 445,914	\$ (6,594)
Libraries:			
Salaries and employee benefits	\$ 889,250	\$ 873,272	\$ 15,978
Other operating expenditures	292,158	269,737	22,421
Capital outlay	-	6,850	(6,850)
Total	\$ 1,181,408	\$ 1,149,859	\$ 31,549
Total Cultural and Recreational	\$ 1,620,728	\$ 1,595,773	\$ 24,955

(continued)

**Wilson County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2003**

Exhibit B-1

	Budget	Actual	Variance Positive (Negative)
Expenditures (continued):			
Education:			
Public schools - current	\$ 13,273,073	\$ 13,273,073	\$ -
Public schools - capital outlay	1,250,000	1,250,000	-
Community colleges - current	1,103,951	1,103,951	-
Community colleges - capital outlay	40,000	40,000	-
Total Education	\$ 15,667,024	\$ 15,667,024	\$ -
Debt Service:			
Principal retirement	\$ 3,900,000	\$ 3,856,276	\$ 43,724
Interest and other charges	2,713,516	2,673,746	39,770
Total Debt Service	\$ 6,613,516	\$ 6,530,022	\$ 83,494
Total Expenditures	\$ 72,185,220	\$ 67,703,028	\$ 4,482,192
Revenues Over Expenditures	\$ (4,029,109)	\$ 1,179,519	\$ 5,208,628
Other Financing Sources (Uses):			
Transfers (to) from other funds:	\$ 1,953,265	\$ 1,920,897	\$ (32,368)
Fund balance appropriated	1,950,844	-	(1,950,844)
Transfer from component unit:			
Wilson County ABC Board:			
Profit Distribution	125,000	123,178	(1,822)
Total Other Financing Sources (Uses)	\$ 4,029,109	\$ 2,044,075	\$ (1,985,034)
Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ -	\$ 3,223,594	\$ 3,223,594
Fund Balances:			
Beginning of year, July 1		19,241,473	
Increase in inventory		-	
End of year, June 30		\$ 22,465,067	

Major Capital Projects Funds - Wilson County

Capital Projects Funds

- **School Improvements Capital Projects Funds**

This fund accounts for the resources used in the construction and renovation of the school facilities in the County. Resources include general obligation bond revenue and proceeds from installment purchases.

- **Library Construction Fund**

This fund contains information pertaining to the revenue and expenditures for the renovation/construction of the Public Library. Adopted as a Project Ordinance, this fund will remain open until the Project is complete, estimated to be October, 2004.

Wilson County, North Carolina
School Improvements Capital Projects Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances (Uses) - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2003

Exhibit B-2

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Installment Financing Project:					
Investment earnings	\$ 410,786	\$ 524,160	\$ 123,818	\$ 647,978	\$ 237,192
State Bond Project Grant	13,123,084	13,963,660	93,757	14,057,417	934,333
Total Revenues	\$ 13,533,870	\$ 14,487,820	\$ 217,575	\$ 14,705,395	\$ 1,171,525
Expenditures					
Installment Financing Project:					
School Improvements:					
Fike	\$ 60,000	\$ 54,400	\$ -	\$ 54,400	\$ 5,600
Rock Ridge	5,255,938	5,255,578	-	5,255,578	360
Margaret Hearne School	218,000	217,844	-	217,844	156
Elm City Middle School	5,729,000	6,390,001	-	6,390,001	(661,001)
Speight Middle School	1,667,000	1,327,515	-	1,327,515	339,485
MM Daniels Center	150,000	108,848	-	108,848	41,152
Springfield Middle School	2,290,750	2,290,595	104	2,290,699	51
Darden Vick Middle School	9,801,000	2,187,403	6,954,319	9,141,722	659,278
Lucama School	8,349,000	1,537,847	4,652,015	6,189,862	2,159,138
Other costs	5,250	65,040	246	65,286	(60,036)
Sales tax refund	(267,774)	(302,924)	(86,276)	(389,200)	121,426
Total	\$ 33,258,164	\$ 19,132,147	\$ 11,520,408	\$ 30,652,555	\$ 2,605,609
School Bond Project:					
School Improvements:					
Speight Bond project	\$ 8,591,969	\$ 8,584,093	\$ -	\$ 8,584,093	\$ 7,876
Fike	292,870	229,585	-	229,585	63,285
Rock Ridge	9,570	-	-	-	9,570
Springfield Middle School	5,373,688	5,149,878	-	5,149,878	223,810
Lucama School	-	-	93,757	93,757	(93,757)
Total	\$ 14,268,097	\$ 13,963,556	\$ 93,757	\$ 14,057,313	\$ 210,784
Qualified Zone Academy Bonds					
Construction	\$ 903,319	\$ 184,725	\$ 656,016	\$ 840,741	\$ 62,578
Total Expenditures	\$ 48,429,580	\$ 33,280,428	\$ 12,270,181	\$ 45,550,609	\$ 2,878,971
Revenues Over (Under)					
Expenditures	\$ (34,895,710)	\$ (18,792,608)	\$ (12,052,606)	\$ (30,845,214)	\$ 4,050,496

(continued)

Wilson County, North Carolina
School Improvements Capital Projects Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances (Uses) - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2003

Exhibit B-2

(continued)	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Other Financing Sources:					
Installment financing agreement	\$ 33,000,000	\$ 33,000,000	\$ -	\$ 33,000,000	\$ -
Qualified Zone Academy Bonds	903,319	-	903,319	903,319	-
Fund balance appropriated	992,391	-	-	-	992,391
Total Other Financing Sources	\$ 34,895,710	\$ 33,000,000	\$ 903,319	\$ 33,903,319	\$ 992,391
Revenues and Other Financing Sources Over (Under)					
Expenditures		<u>\$ 14,207,392</u>	\$ (11,149,287)	<u>\$ 3,058,105</u>	
Fund Balance, beginning of year			14,207,392		
Fund Balance, end of year			<u>\$ 3,058,105</u>		

Wilson County, North Carolina
Library Construction Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances (Uses) - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2003

Exhibit B-3

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Bond proceeds	\$ 5,300,000	\$ -	\$ 5,300,000	\$ 5,300,000	\$ -
Investment earnings	-	-	32,069	32,069	32,069
Total Revenues	\$ 5,300,000	\$ -	\$ 5,332,069	\$ 5,332,069	\$ 32,069
Expenditures					
Legal services	\$ 10,000	\$ -	\$ -	\$ -	\$ 10,000
Professional service	530,000	-	282,745	282,745	247,255
Capital outlay	4,760,000	-	229,918	229,918	4,530,082
Total expenditures	\$ 5,300,000	\$ -	\$ 512,663	\$ 512,663	\$ 4,787,337
Revenues Over (Under)					
Expenditures	<u>\$ -</u>	<u>\$ -</u>	\$ 4,819,406	<u>\$ 4,819,406</u>	<u>\$ 4,819,406</u>
Fund Balance, beginning of year			-		
Fund Balance, end of year			<u>\$ 4,819,406</u>		

Combining Statements for Non-Major Funds - Wilson County

Special Revenue Funds

- **Revaluation Fund** - This County uses this fund to set aside money each year to pay for the revaluation for tax purposes of real property every eight years.
- **Fire District Fund** - This fund accounts for the tax revenues collected by the County on behalf of the various fire district located with the County.
- **Enhanced 911 Service** - This fund accounts for the 911 revenues collected by the telephone industry to fund the 911 emergency system.

Capital Projects Funds

- **Economic Development Reserve Fund** - This fund is used to account for incentive projects designed to boost the industrial and economic base in Wilson County with the sole purpose of increasing employment.
- **Capital Projects - Public Buildings** - This fund is used to account for large capital projects involving County buildings. Projects may be in the form of acquisition, renovations or construction.
- **Water and Sewer Projects Reserve Fund** - This fund is used to account for funds appropriated to develop or enhance water and sewer projects within the County.
- **Hurricane Floyd Disaster Recovery Projects** - This fund accounts for the revenue and expenditures approved by State and federal agencies due to Hurricane Floyd in 1999. Expenditures in this fund include the renovation and buyout of hurricane damaged homes.
- **Regional Wastewater Facility** - This fund is used to account for grant funds and expenditures authorized to study the economic feasibility of building a Southern Wilson County Regional Wastewater Treatment Plant. The activities in this fund will produce a preliminary engineering report.

Wilson County, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2003

	Special Revenue Funds			Total Non-major Special Revenue Funds
	Revaluation Fund	Fire Districts Fund	Enhanced 911 Service	
Assets				
Cash and cash equivalents	\$ 146,039	\$ 8,032	\$ 697,644	\$ 851,715
Taxes receivable, net	-	107,709	-	107,709
Accounts receivable, net	-	189,551	43,787	233,338
Due from other funds	-	-	-	-
 Total Assets	<u>\$ 146,039</u>	<u>\$ 305,292</u>	<u>\$ 741,431</u>	<u>\$ 1,192,762</u>
 Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 197,583	\$ 253	\$ 197,836
Due to other funds	-	-	-	-
Deferred revenue	-	107,709	-	107,709
 Total Liabilities	<u>\$ -</u>	<u>\$ 305,292</u>	<u>\$ 253</u>	<u>\$ 305,545</u>
 Fund balances:				
Reserved by state statute	\$ -	\$ -	\$ 43,787	\$ 43,787
Unreserved	146,039	-	697,391	843,430
 Total Fund Balances	<u>\$ 146,039</u>	<u>\$ -</u>	<u>\$ 741,178</u>	<u>\$ 887,217</u>
 Total Liabilities and Fund Balances	<u>\$ 146,039</u>	<u>\$ 305,292</u>	<u>\$ 741,431</u>	<u>\$ 1,192,762</u>

Exhibit C-1

Water and Sewer Reserve	Hurricane Floyd Disaster Recovery Projects	Regional Wastewater Facility	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 851,715
-	-	-	-	107,709
-	199,535	91,200	290,735	524,073
315,100	-	-	315,100	315,100
<u>\$ 315,100</u>	<u>\$ 199,535</u>	<u>\$ 91,200</u>	<u>\$ 605,835</u>	<u>\$ 1,798,597</u>
\$ 333	\$ 10,902	\$ -	\$ 11,235	\$ 209,071
107,105	91,879	15,930	214,914	214,914
-	-	-	-	107,709
<u>\$ 107,438</u>	<u>\$ 102,781</u>	<u>\$ 15,930</u>	<u>\$ 226,149</u>	<u>\$ 531,694</u>
\$ -	\$ -	\$ -	\$ -	\$ 43,787
207,662	96,754	75,270	379,686	1,223,116
<u>\$ 207,662</u>	<u>\$ 96,754</u>	<u>\$ 75,270</u>	<u>\$ 379,686</u>	<u>\$ 1,266,903</u>
<u>\$ 315,100</u>	<u>\$ 199,535</u>	<u>\$ 91,200</u>	<u>\$ 605,835</u>	<u>\$ 1,798,597</u>

Wilson County, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2003

	Special Revenue Funds			Total Non-major Special Revenue Funds
	Revaluation Fund	Fire Districts Fund	Enhanced 911 Service	
Revenues				
Ad valorem taxes	\$ -	\$ 716,814	\$ -	\$ 716,814
Sales tax refund	-	-	-	-
Other taxes	-	189,551	522,968	712,519
Restricted intergovernmental	-	-	-	-
User fees	-	-	-	-
Miscellaneous	-	-	2,420	2,420
Investment earnings	1,403	-	6,702	8,105
Total Revenues	<u>\$ 1,403</u>	<u>\$ 906,365</u>	<u>\$ 532,090</u>	<u>\$ 1,439,858</u>
Expenditures				
Water Project - economic incentives	\$ -	\$ -	\$ -	\$ -
Public safety	-	906,365	402,237	1,308,602
Capital projects	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>\$ 906,365</u>	<u>\$ 402,237</u>	<u>\$ 1,308,602</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,403</u>	<u>\$ -</u>	<u>\$ 129,853</u>	<u>\$ 131,256</u>
Other Financing Sources (Uses)				
Transfers (to) from other funds	\$ 49,763	\$ -	\$ -	\$ 49,763
Proceeds from installment financing	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ 49,763</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,763</u>
Net Change in Fund Balances	\$ 51,166	\$ -	\$ 129,853	\$ 181,019
Fund Balances:				
Beginning of year, July 1	94,873	-	611,325	706,198
End of year, June 30	<u>\$ 146,039</u>	<u>\$ -</u>	<u>\$ 741,178</u>	<u>\$ 887,217</u>

Capital Projects Funds

Economic Development Reserve Fund	Public Buildings Fund	Water and Sewer Reserve	Hurricane Floyd Disaster Recovery Projects	Regional Wastewater Facility	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 716,814
-	-	-	-	-	-	-
-	-	-	-	-	-	712,519
-	-	-	2,311,199	95,050	2,406,249	2,406,249
-	-	-	-	-	-	-
-	-	-	-	-	-	2,420
365	66	-	-	-	431	8,536
<u>\$ 365</u>	<u>\$ 66</u>	<u>\$ -</u>	<u>\$ 2,311,199</u>	<u>\$ 95,050</u>	<u>\$ 2,406,680</u>	<u>\$ 3,846,538</u>
\$ 550,000	\$ -	\$ 16,012	\$ -	\$ -	\$ 566,012	\$ 566,012
-	-	-	-	-	-	1,308,602
-	102,260	-	2,214,445	19,780	2,336,485	2,336,485
<u>\$ 550,000</u>	<u>\$ 102,260</u>	<u>\$ 16,012</u>	<u>\$ 2,214,445</u>	<u>\$ 19,780</u>	<u>\$ 2,902,497</u>	<u>\$ 4,211,099</u>
<u>\$ (549,635)</u>	<u>\$ (102,194)</u>	<u>\$ (16,012)</u>	<u>\$ 96,754</u>	<u>\$ 75,270</u>	<u>\$ (495,817)</u>	<u>\$ (364,561)</u>
\$ (936,660)	\$ (242,274)	\$ (791,726)	\$ -	\$ -	\$ (1,970,660)	\$ (1,920,897)
-	-	-	-	-	-	-
<u>\$ (936,660)</u>	<u>\$ (242,274)</u>	<u>\$ (791,726)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,970,660)</u>	<u>\$ (1,920,897)</u>
\$ (1,486,295)	\$ (344,468)	\$ (807,738)	\$ 96,754	\$ 75,270	\$ (2,466,477)	\$ (2,285,458)
1,486,295	344,468	1,015,400	-	-	2,846,163	3,552,361
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 207,662</u>	<u>\$ 96,754</u>	<u>\$ 75,270</u>	<u>\$ 379,686</u>	<u>\$ 1,266,903</u>

Wilson County, North Carolina
Revaluation Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2003

Exhibit C-3

	2003		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Investment earnings	\$ 1,500	\$ 1,403	\$ (97)
Expenditures:			
Revaluation expense	144,956	-	144,956
Revenues Over (Under) Expenditures	\$ (143,456)	\$ 1,403	\$ 144,859
Other Financing Sources:			
Operating transfer in:			
General Fund	50,000	49,763	(237)
Revenues and Other Financing Sources Over (Under) Expenditures	\$ (93,456)	\$ 51,166	\$ 144,622
Appropriated fund balance	93,456	-	(93,456)
Revenues, Other Sources, and Appropriated Fund Balance Over (Under) Expenditures	\$ -	\$ 51,166	\$ 51,166
Fund Balances:			
Beginning of year, July 1		94,873	
End of year, June 30		\$ 146,039	

Wilson County, North Carolina
 Fire District Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2003

Exhibit C-4

	2003		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Ad Valorem Taxes:			
Current year	\$ 660,744	\$ 685,508	\$ 24,764
Prior year	-	31,306	31,306
Total	\$ 660,744	\$ 716,814	\$ 56,070
Other taxes	164,085	189,551	25,466
Total Revenues	\$ 824,829	\$ 906,365	\$ 81,536
Expenditures:			
Revaluation expense	824,829	906,365	(81,536)
Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -
Fund Balances:			
Beginning of year, July 1		-	
End of year, June 30		\$ -	

Wilson County, North Carolina
Enhanced 911 Service
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2003

Exhibit C-5

	2003		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Other taxes	\$ 440,000	\$ 522,968	\$ 82,968
Investment earnings	-	6,702	6,702
Other	-	2,420	2,420
Total Revenues	<u>\$ 440,000</u>	<u>\$ 532,090</u>	<u>\$ 92,090</u>
Expenditures:			
Salaries and employee benefits	\$ 95,758	\$ 95,061	\$ 697
Operating expenses	392,329	306,735	85,594
Capital outlay	43,344	441	42,903
Total Expenditures	<u>\$ 531,431</u>	<u>\$ 402,237</u>	<u>\$ 129,194</u>
Revenues Over (Under) Expenditures	\$ (91,431)	\$ 129,853	\$ 221,284
Other Financing Sources:			
Fund balance appropriated	91,431	-	(91,431)
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	\$ 129,853	<u>\$ 129,853</u>
Fund Balances:			
Beginning of year, July 1		611,325	
End of year, June 30		<u>\$ 741,178</u>	

Wilson County, North Carolina
Economic Development Reserve Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2003

Exhibit C-6

	2003		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Investment earnings	\$ 20,000	\$ 365	\$ (19,635)
Expenditures:			
Economic incentives	550,000	550,000	-
Revenues Over (Under) Expenditures	\$ (530,000)	\$ (549,635)	\$ (19,635)
Other Financing Sources (Uses):			
Operating transfers out	\$ (937,142)	\$ (936,660)	\$ 482
Fund balance appropriated	1,467,142	-	(1,467,142)
Total Other Financing Sources (Uses)	\$ 530,000	\$ (936,660)	\$ (1,466,660)
Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	\$ -	\$ (1,486,295)	\$ (1,486,295)
Fund Balances:			
Beginning of year, July 1		1,486,295	
End of year, June 30		\$ -	

Wilson County, North Carolina
Public Buildings Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2003

Exhibit C-7

	2003		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Investment earnings	\$ 15,000	\$ -	\$ (15,000)
Miscellaneous	-	66	66
Total Revenues	<u>\$ 15,000</u>	<u>\$ 66</u>	<u>\$ (14,934)</u>
Expenditures:			
Buildings	\$ 108,004	\$ 20,000	\$ 88,004
Other	-	-	-
Capital outlay	178,700	82,260	96,440
Total Expenditures	<u>\$ 286,704</u>	<u>\$ 102,260</u>	<u>\$ 184,444</u>
Revenues Over (Under) Expenditures	<u>\$ (271,704)</u>	<u>\$ (102,194)</u>	<u>\$ 169,510</u>
Other Financing Sources (Uses):			
Operating transfers in (out)	\$ (270,852)	\$ (242,274)	\$ 28,578
Fund balance appropriated	542,556	-	(542,556)
Total Other Financing Source (Uses)	<u>\$ 271,704</u>	<u>\$ (242,274)</u>	<u>\$ (513,978)</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (344,468)</u>	<u>\$ (344,468)</u>
Fund Balances:			
Beginning of year, July 1		344,468	
End of year, June 30		<u>\$ -</u>	

Wilson County, North Carolina
Water and Sewer Reserve
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2003

Exhibit C-8

	2003		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Investment earnings	\$ 18,000	\$ -	\$ (18,000)
Expenditures:			
Contentnea Project	\$ -	\$ -	\$ -
Economic incentives	150,000	16,012	133,988
Total Expenditures	\$ 150,000	\$ 16,012	\$ 133,988
Revenues Over (Under) Expenditures	\$ (132,000)	\$ (16,012)	\$ 115,988
Other Financing Sources (Uses):			
Operating transfers in (out)	\$ (791,726)	\$ (791,726)	\$ -
Fund balance appropriated	923,726	-	(923,726)
Total Other Financing Source (Uses)	\$ 132,000	\$ (791,726)	\$ (923,726)
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (807,738)</u>	<u>\$ (807,738)</u>
Fund Balances:			
Beginning of year, July 1		1,015,400	
End of year, June 30		<u>\$ 207,662</u>	

Wilson County, North Carolina
Hurricane Floyd Disaster Recovery Projects
Schedule of Revenues, Expenditures, and
Changes in Fund Balances (Uses) - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2003

Exhibit C-9

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Crisis Housing:					
State grants	\$ 2,797,531	\$ 902,170	\$ 445,317	\$ 1,347,487	\$ (1,450,044)
Flood Buyout:					
State grants	4,581,499	975,411	266,376	1,241,787	(3,339,712)
Hazard mitigation	-	-	1,599,506	1,599,506	1,599,506
Total Revenues	<u>\$ 7,379,030</u>	<u>\$ 1,877,581</u>	<u>\$ 2,311,199</u>	<u>\$ 4,188,780</u>	<u>\$ (3,190,250)</u>
Expenditures					
Crisis Housing:					
Salaries & employee benefits	\$ 22,452	\$ 20,475.00	\$ 21,073	\$ 41,548	\$ (19,096)
Aid to local Governments	11,775	28,554	-	28,554	(16,779)
City of Wilson grant	35,427	35,427	-	35,427	-
Owner relocation	740,740	155,477	4,400	159,877	580,863
Owner service delivery	92,593	36,957	-	36,957	55,636
Travel	1,200	38	-	38	1,162
Rehabilitation	829,639	199,090	96,881	295,971	533,668
Service delivery	103,705	40,230	40,551	80,781	22,924
Replacement	853,333	330,946	86,122	417,068	436,265
Service delivery	106,667	54,975	34,779	89,754	16,913
Total	<u>\$ 2,797,531</u>	<u>\$ 902,169</u>	<u>\$ 283,806</u>	<u>\$ 1,185,975</u>	<u>\$ 1,611,556</u>
Flood Buyout:					
Activity/acquisition	\$ 4,414,606	\$ 964,774	\$ 1,890,883	\$ 2,855,657	\$ 1,558,949
Administration	166,893	10,638	39,756	50,394	116,499
Total	<u>\$ 4,581,499</u>	<u>\$ 975,412</u>	<u>\$ 1,930,639</u>	<u>\$ 2,906,051</u>	<u>\$ 1,675,448</u>
Total Expenditures	<u>\$ 7,379,030</u>	<u>\$ 1,877,581</u>	<u>\$ 2,214,445</u>	<u>\$ 4,092,026</u>	<u>\$ 3,287,004</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,754</u>	<u>\$ 96,754</u>	<u>\$ 96,754</u>
Fund Balance, beginning of year			-		
Fund Balance, end of year			<u>\$ 96,754</u>		

Wilson County, North Carolina
Regional Wastewater Facility
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2003

Exhibit C-10

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Rural Center grant	\$ 80,000	\$ -	\$ 80,000	\$ 80,000	\$ -
Local units match	18,900	-	15,050	15,050	(3,850)
Total Revenues	<u>\$ 98,900</u>	<u>\$ -</u>	<u>\$ 95,050</u>	<u>\$ 95,050</u>	<u>\$ (3,850)</u>
Expenditures					
Engineering	\$ 85,000	\$ -	\$ 19,780	\$ 19,780	\$ 65,220
Environmental assessment	8,900	-	-	-	8,900
Administration costs	5,000	-	-	-	5,000
Total Expenditures	<u>\$ 98,900</u>	<u>\$ -</u>	<u>\$ 19,780</u>	<u>\$ 19,780</u>	<u>\$ 79,120</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,270</u>	<u>\$ 75,270</u>	<u>\$ 75,270</u>
Fund Balance, beginning of year			-		
Fund Balance, end of year			<u>\$ 75,270</u>		

**Wilson County, North Carolina
Solid Waste Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2003**

Exhibit D-1

	2003		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Operating revenues			
Charges for services	\$ 1,933,560	\$ 2,130,498	\$ 196,938
Other operating revenues	220,470	280,431	59,961
Total	<u>\$ 2,154,030</u>	<u>\$ 2,410,929</u>	<u>\$ 256,899</u>
Expenditures:			
Operating expenses	5,671,789	1,889,559	3,782,230
Revenues Over Expenditures	<u>\$ (3,517,759)</u>	<u>\$ 521,370</u>	<u>\$ 4,039,129</u>
Other Financing Sources (Uses):			
Investment earnings	\$ 52,432	\$ 97,623	\$ 45,191
Fund balance appropriated	3,465,327	-	(3,465,327)
Total Other Financing Sources (Uses)	<u>\$ 3,517,759</u>	<u>\$ 97,623</u>	<u>\$ (3,420,136)</u>
Revenues over expenditures and other uses	<u>\$ -</u>	<u>\$ 618,993</u>	<u>\$ 618,993</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlays		\$ 162,776	
Depreciation		(91,723)	
Landfill closure and costs		122,559	
Compensated absences accrued		(4,501)	
Total Reconciling Items		<u>\$ 189,111</u>	
Change in Net Assets		<u>\$ 808,104</u>	

Wilson County, North Carolina
Water District Capital Projects
Schedule of Revenues, Expenditures, and
Budget and Actual - (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2003

Exhibit D-2

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Southeast Water District Project:					
Restricted					
intergovernmental	\$ 6,012,460	\$ 228,472	\$ 4,175,117	\$ 4,403,589	\$ (1,608,871)
Investment earnings	-	33,671	12,333	46,004	46,004
Total	<u>\$ 6,012,460</u>	<u>\$ 262,143</u>	<u>\$ 4,187,450</u>	<u>\$ 4,449,593</u>	<u>\$ (1,562,867)</u>
Southwest Water District Project:					
Restricted					
intergovernmental	\$ 6,597,083	\$ 4,305,996	\$ 1,044,247	\$ 5,350,243	\$ (1,246,840)
Investment earnings	-	-	3,368	3,368	3,368
Total	<u>\$ 6,597,083</u>	<u>\$ 4,305,996</u>	<u>\$ 1,047,615</u>	<u>\$ 5,353,611</u>	<u>\$ (1,243,472)</u>
Total Revenues	<u>\$ 12,609,543</u>	<u>\$ 4,568,139</u>	<u>\$ 5,235,065</u>	<u>\$ 9,803,204</u>	<u>\$ (2,806,339)</u>
Expenditures					
Southeast Water District Project:					
Construction	\$ 9,456,887	\$ 702,567	\$ 6,985,414	\$ 7,687,981	\$ 1,768,906
Engineering	847,149	215,691	276,830	492,521	354,628
Land	105,641	49,041	-	49,041	56,600
Administrative	10,527	24,374	-	24,374	(13,847)
Contingency	531,287	-	-	-	531,287
Capitalized interest	160,000	-	-	-	160,000
System acquisition	-	16,000	-	16,000	(16,000)
Total	<u>\$ 11,111,491</u>	<u>\$ 1,007,673</u>	<u>\$ 7,262,244</u>	<u>\$ 8,269,917</u>	<u>\$ 2,841,574</u>
Southwest Water District Project:					
Construction	\$ 9,248,835	\$ 3,420,172	\$ 2,656,343	\$ 6,076,515	\$ 3,172,320
Engineering	826,920	464,787	269,601	734,388	92,532
Land	31,100	52,667	-	52,667	(21,567)
Administrative	72,107	4,753	-	4,753	67,354
Contingency	189,203	-	-	-	189,203
Capitalized interest	189,200	-	-	-	189,200
System acquisition	71,000	69,667	-	69,667	1,333
Water system	-	285,162	-	285,162	(285,162)
Total	<u>\$ 10,628,365</u>	<u>\$ 4,297,208</u>	<u>\$ 2,925,944</u>	<u>\$ 7,223,152</u>	<u>\$ 3,405,213</u>
Total Expenditures	<u>\$ 21,739,856</u>	<u>\$ 5,304,881</u>	<u>\$ 10,188,188</u>	<u>\$ 15,493,069</u>	<u>\$ 6,246,787</u>

(continued)

**Wilson County, North Carolina
Water District Capital Projects
Schedule of Revenues, Expenditures, and
Budget and Actual - (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2003**

Exhibit D-2

(continued)	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues Over (Under) Expenditures	\$ (9,130,313)	\$ (736,742)	\$ (4,953,123)	\$ (5,689,865)	\$ 3,440,448
Other Financing Sources:					
Southeast Water District Project:					
Proceeds from debt	\$ 4,600,000	\$ 3,600,000	\$ -	\$ 3,600,000	\$ (1,000,000)
Local capital contributions	499,031	-	-	-	(499,031)
Total	<u>\$ 5,099,031</u>	<u>\$ 3,600,000</u>	<u>\$ -</u>	<u>\$ 3,600,000</u>	<u>\$ (1,499,031)</u>
Southwest Water District Project:					
Proceeds from debt	\$ 3,784,000	\$ -	\$ 3,784,000	\$ 3,784,000	\$ -
Local capital contributions	247,282	-	-	-	(247,282)
Total	<u>\$ 4,031,282</u>	<u>\$ -</u>	<u>\$ 3,784,000</u>	<u>\$ 3,784,000</u>	<u>\$ (247,282)</u>
Total Other Financing Sources	<u>\$ 9,130,313</u>	<u>\$ 3,600,000</u>	<u>\$ 3,784,000</u>	<u>\$ 7,384,000</u>	<u>\$ (1,746,313)</u>
Revenues Oand Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 2,863,258</u>	<u>\$ (1,169,123)</u>	<u>\$ 1,694,135</u>	<u>\$ 1,694,135</u>

Wilson County, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2003

Exhibit E-1

Fiscal Year	Uncollected Balance June 30, 2002	Additions	Collections And Credits	Uncollected Balance June 30, 2003
2002-2003	\$ -	\$ 34,272,453	\$ 31,217,951	\$ 3,054,502
2001-2002	1,441,389	-	842,904	598,485
2000-2001	622,220	-	165,335	456,885
1999-2000	284,699	-	61,760	222,939
1998-1999	173,078	-	31,663	141,415
1997-1998	166,422	-	23,833	142,589
1996-1997	127,118	-	20,687	106,431
1995-1996	73,530	-	6,930	66,600
1994-1995	62,560	-	7,390	55,170
1993-1994	51,956	-	4,606	47,350
1992-1993	69,867	-	69,867	-
	<u>\$ 3,072,839</u>	<u>\$ 34,272,453</u>	<u>\$ 32,452,926</u>	<u>\$ 4,892,366</u>

Less: allowance for uncollectible accounts:

General Fund (384,029)

Ad valorem taxes receivable - net:

General Fund \$ 4,508,337

Reconciliation with Revenues:

Ad valorem taxes - General Fund \$ 32,655,544

Reconciling items:

Interest collected (316,906)

Discounts allowed 46,472

Taxes written off 67,816

Total reconciling items \$ (202,618)

Total Collections and Credits \$ 32,452,926

**Wilson County, North Carolina
Analysis of Current Tax Levy
For the Fiscal Year Ended June 30, 2003**

Exhibit E-2

	<u>County - Wide</u>			<u>Total Levy</u>	
	<u>Property Valuation</u>	<u>Rate</u>	<u>Amount of Levy</u>	<u>Property excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original Levy:					
Property taxed at current year's rate	\$ 4,288,091,528	0.72	\$ 32,656,729	\$ 30,424,211	\$ 2,232,518
Motor vehicles taxed at prior year's rate	225,461,287	0.68	1,533,137	-	1,533,137
Penalties	-		-	-	
Total			<u>\$ 34,189,866</u>	<u>\$ 30,424,211</u>	<u>\$ 3,765,655</u>
Discoveries	36,921,528	0.72	265,835	241,574	24,261
Abatements:					
At current year's rate	(23,854,167)	0.72	(171,750)	(141,821)	(29,929)
At at prior year's rate	(1,690,882)	0.68	(11,498)	-	(11,498)
Total property valuation	<u>\$ 4,524,929,294</u>				
Net levy			<u>\$ 34,272,453</u>	<u>\$ 30,523,964</u>	<u>\$ 3,748,489</u>
Uncollected taxes at June 30, 2003			(3,054,503)	(2,418,093)	(636,410)
Current year's taxes collected			<u>\$ 31,217,950</u>	<u>\$ 28,105,871</u>	<u>\$ 3,112,079</u>
Current levy collection percentage			<u>91.09%</u>	<u>92.08%</u>	<u>83.02%</u>

COMPLIANCE SECTION

FLOWERS, STANLEY & REDMAN, L.L.P.

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FRED A. TURLINGTON JR., CPA

MEMBERS
NORTH CAROLINA ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of County Commissioners
Wilson County, North Carolina

We have audited the general purpose financial statements of Wilson County, North Carolina, as of and for the year ended June 30, 2003, and have issued our report thereon dated December 24, 2003. We did not audit the financial statements of the Wilson County ABC Board. Those financial statements were audited by other auditors whose report thereon has been provided to us, and our opinion, insofar as it relates to the amounts included for the Wilson 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.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Wilson County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts

that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. We noted other matters involving the internal control over financial reporting that we have reported to management of Wilson County in a separate letter dated December 24, 2003.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the organization, 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.

Flower, Stanley & Redman, LLP

Tarboro, North Carolina
December 24, 2003

FLOWERS, STANLEY & REDMAN, L.L.P.

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FRED A. TURLINGTON JR., CPA

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 County Commissioners
Wilson County, North Carolina

Compliance

We have audited the compliance of Wilson County, North Carolina, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2003. Wilson County's major federal programs are identified in the Summary of Auditor's 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 Wilson County's management. Our responsibility is to express an opinion on Wilson 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 Wilson 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 Wilson County's compliance with those requirements.

In our opinion, Wilson County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of Wilson 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 Wilson County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Implementation Act.

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

This report is intended solely for the information and use of the Board of Commissioners, management, others within the organization, 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.

Flowers, Stanley & Redman, LLP

Tarboro, North Carolina
December 24, 2003

FLOWERS, STANLEY & REDMAN, L.L.P.

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FRED A. TURLINGTON JR., CPA

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 County Commissioners
Wilson County, North Carolina

Compliance

We have audited the compliance of Wilson County, North Carolina, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2003. Wilson County's major State programs are identified in the Summary of Auditor's 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 Wilson County's management. Our responsibility is to express an opinion on Wilson 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 Wilson 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 Wilson County's compliance with those requirements.

In our opinion, Wilson County complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of Wilson 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 Wilson County's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act.

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

This report is intended solely for the information and use of the Board of Commissioners, management, others within the organization, 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.

Flowers, Stanley & Redman, LLP

Tarboro, North Carolina
December 24, 2003

Wilson County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2003

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no

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

Noncompliance material to financial
statements noted yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes X no

- Reportable condition(s) identified
that are not considered to be
material weaknesses yes X 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 yes X no

**Wilson County, North Carolina
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2003**

Identification of major federal programs:

<u>CFDA#</u>	<u>Program Name</u>
93.658 and 93.659	Foster Care and Adoption Cluster
10.551 and 10.561	Food Stamp Cluster
93.568	Low Income Energy Assistance
93.778	Medical Assistance Program
93.558	Temporary Assistance for Needy Families
	Subsidized Child Care Cluster:
93.575	Child Care and Development Block Grant
93.667	Social Services Block Grant
93.558	Temporary Assistance for Needy Families
93.596	Child Care Development Fund
93.558	Workfirst
93.596	Child Care Development Fund
93.667	Social Services Block Grant
83.548	Hazard Mitigation Grant

Federal programs that did not meet the criteria for a major program using the criteria discussed in OMB Circular No. A-133 Section .520 but were tested as a major program because the State awards met the threshold for a major State program are included in the list of major federal programs.

Dollar threshold used to distinguish between Type A and Type B Programs \$2,066,452

Auditee qualified as low-risk auditee yes X no

State Awards

Internal control over major State programs:

- Material weakness(es) identified? yes X no
- Reportable condition(s) identified that are not considered to be material weaknesses yes X none reported

Noncompliance material to State awards yes X no

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

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

Wilson County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2003

Identification of major State programs:

<u>Program Name</u>	<u>CFDA #</u>
SC/SA Domiciliary Care	N/A
Smart Start	N/A
Child Care State Appropriations	N/A
Clean Water Grant and Revolving Loan	N/A
Crisis Housing	N/A

Section II - Financial Statement Findings

NONE

Section III - Federal Award Findings and Questioned Costs

NONE

Section IV - State Award Findings and Questioned Costs

NONE

Wilson County, North Carolina
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2003

NONE REPORTED

Wilson County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2003

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number
CASH PROGRAMS:	
FEDERAL GRANTS:	
U.S. Department of Agriculture:	
Passed-through N.C. Department of Health and Human Services:	
Division of Social Services:	
Administration:	
Food Stamp Cluster:	
Food Stamp Program - Noncash	10.551
Food Stamp Program	10.561
Total Food Stamp Cluster	
Division of Public Health:	
Administration:	
Special Supplemental Nutrition Program for WIC	10.557
Direct Benefit Payments:	
Special Supplemental Nutrition Program for WIC	10.557
Total U.S. Department of Agriculture	
U.S. Department of Health and Human Services:	
Passed-through N.C. Department of Health and Human Services:	
Division of Social Services:	
Foster Care and Adoption Cluster:	
Assistance Foster Care Title IV-E	93.658
Title IV-E Adoption Subsidy	93.659
Title IV-E CPS	93.658
Adoption/Foster Care	93.659
Total Foster Care and Adoption Cluster	
Medical Assistance Program - Medicaid Title XIX	93.778
Work First	93.558
Low Income Energy Assistance	93.568

<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
\$ 6,719,263	\$ -	\$ -
554,004	-	511,469
<u>\$ 7,273,267</u>	<u>\$ -</u>	<u>\$ 511,469</u>
335,853	-	-
1,688,151	-	-
<u>\$ 9,297,271</u>	<u>\$ -</u>	<u>\$ 511,469</u>
\$ 147,354	\$ 19,639	\$ 71,588
291,601	88,472	88,472
398,626	69,285	329,341
95,658	-	-
<u>\$ 933,239</u>	<u>\$ 177,396</u>	<u>\$ 489,401</u>
1,106,496	99,496	842,819
1,311,208	-	1,349,383
293,553	-	-

(continued)

Wilson County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2003

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number
U.S. Department of Health and Human Services: (continued)	
Passed-through N.C. Department of Health and Human Services: (continued)	
Division of Social Services: (continued)	
NC Health Choice	93.767
Social Services Block Grant	93.667
Child Support Enforcement	93.563
Permanency Planning	93.645
Child Care Development Fund	93.596
AFDC	
Total Division of Social Services	
Division of Public Health:	
Tuberculosis Control Project - CDC	93.116
Preventive Health Block	93.991
Bioterrorism Grant	93.283
Maternal and Child Health Services Block Grant	93.994
LINKS	93.674
Immunization Action Plan	93.268
Breast and Cervical Cancer Project	93.919
Healthy Carolinians	93.990
Total Division of Public Health	
Division of Child Development:	
Subsidized Child Care Cluster:	
Child Care Development Funds Discretionary	93.575
Child Care Development Fund	93.596
Social Services Block Grant	93.667
Temporary Assistance for Needy Families	93.558
Smart Start	N/A
State Appropriations	N/A
Total Subsidized Child Care Cluster	

<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
28,840	5,853	4,534
386,035	67,056	137,779
827,466	-	424,721
23,126	5,944	1,764
125,107	-	-
(8,677)	(2,379)	(2,379)
<u>\$ 5,026,393</u>	<u>\$ 353,366</u>	<u>\$ 3,248,022</u>
\$ 44,362	\$ -	\$ -
16,396	7,080	-
29,292	-	-
280,725	9,744	-
21,479	5,370	-
21,587	5,773	-
13,621	-	-
11,050	2,101	-
<u>\$ 438,512</u>	<u>\$ 30,068</u>	<u>\$ -</u>
\$ 1,337,190	\$ -	\$ -
1,183,614	106,109	-
16,388	-	-
318,060	-	-
-	1,064,527	-
-	751,165	-
<u>\$ 2,855,252</u>	<u>\$ 1,921,801</u>	<u>\$ -</u>

(continued)

Wilson County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2003

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number
U.S. Department of Health and Human Services: (continued)	
Passed-through N.C. Department of Health and Human Services: (continued)	
Direct Benefit Payments:	
Medical Assistance Program	93.778
Temporary Assistance for Needy Families	93.558
Energy Assistance	93.568
Total Direct Benefit Payments	
Total U.S. Department of Health and Human Services	
Federal Emergency Management Agency:	
Passed-through N.C. Department of Crime Control and Public Safety:	
Hazard Mitigation Grant	83.548
U.S. Department of Transportation:	
Passed-through N.C. Department of Transportation:	
State and Community Highway Safety	20.600
U.S. Department of Commerce:	
Passed-through N.C. Department of Commerce:	
Small Cities Community Development Block Grant	14.228
U.S. Department of Justice:	
Passed-through N.C. Department of Crime Control and Public Safety:	
U.S. Block Grant - Sheriff	16.592
Cops Grant	16.710
Criminal Justice Grant	16.579
Total U.S. Department of Justice	
U.S. Department of Labor:	
Passed-through N.C. Department of Labor:	
Workforce Investment Act Cluster	17.258 through 17.260

<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
\$ 46,086,022	\$ 23,526,083	\$ 4,032,083
1,142,587	(358)	39
96,231	-	-
<u>\$ 47,324,840</u>	<u>\$ 23,525,725</u>	<u>\$ 4,032,122</u>
<u>\$ 55,644,997</u>	<u>\$ 25,830,960</u>	<u>\$ 7,280,144</u>
<u>\$ 2,841,292</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 34,985</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 189,577</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 57,388	\$ -	\$ -
191,427	-	-
49,945	-	-
<u>\$ 298,760</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 574,844</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

Wilson County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2003

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number
(continued)	
STATE GRANTS:	
N.C. Department of Transportation:	
RGP State Transportation	N/A
Public Transportation Administration	N/A
Rural Operating Assistance	N/A
Total N.C. Department of Transportation	
N.C. Department of Human and Health Services:	
CP&L Energy Program	N/A
County Funded Programs	N/A
Special Assistance for Adults	N/A
CWS Adoption Subsidy - Direct Benefit	N/A
SC/SA Domiciliary Care - Direct Benefit	N/A
State Foster Home - Direct Benefit	N/A
TANF/AFDC Program Integrity	N/A
State Aid to Counties	N/A
State Adult Protective Service	N/A
Smart Start	N/A
F/C At Risk Maximization	N/A
Total N.C. Department of Human and Health Services:	
N.C. Department of Health and Human Services:	
Minority Health	N/A
General Health	N/A
Tuberculosis Control	N/A
AIDS Control Project	N/A
Maternal and Child Health	N/A
Child Care Coordination	N/A
Communicable Disease	N/A
Home Health	N/A
Asthma Intervention	N/A
Diabetes Control	N/A
Total N.C. Department of Health and Human Services:	

<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
\$ -	\$ 9,684	\$ -
-	137,819	-
-	120,364	-
<u>\$ -</u>	<u>\$ 267,867</u>	<u>\$ -</u>
\$ -	\$ 2,449	\$ -
-	-	75,645
-	-	103,059
-	139,810	28,680
-	1,123,082	1,123,082
-	56,821	56,821
-	11,024	-
-	92,810	-
-	58,334	-
-	76,650	-
-	1,076	674
<u>\$ -</u>	<u>\$ 1,562,056</u>	<u>\$ 1,387,961</u>
\$ -	\$ 6,235	\$ -
-	55,666	-
-	59,921	-
-	12,500	-
-	67	-
-	25,221	-
-	7,500	-
-	17,504	-
-	2,696	-
-	8,676	-
<u>\$ -</u>	<u>\$ 195,986</u>	<u>\$ -</u>

(continued)

Wilson County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2003

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number
STATE GRANTS: (continued)	
N.C. Department of Public Instruction:	
Public School Building Bond Fund	N/A
N.C. Department of Commerce:	
Crisis Housing	N/A
N.C. Department of Cultural Resources:	
State Aid to Public Libraries	N/A
N.C. Department of Environment and Natural Resources:	
Scrap Tire Program	N/A
Clean Water Grant and Revolving Loan	N/A
Total N.C. Department of Environment and Natural Resources	
Total Financial Assistance	

Note 1: The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Wilson County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirement of OMB Circular A-133, Audits of States, Local Government, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
\$ -	\$ 93,757	\$ -
\$ -	\$ 1,347,487	\$ -
\$ -	\$ 136,149	\$ -
\$ -	\$ 119,218	\$ -
\$ -	5,182,074	-
<u>\$ -</u>	<u>\$ 5,301,292</u>	<u>\$ -</u>
<u>\$ 68,881,726</u>	<u>\$ 34,735,554</u>	<u>\$ 9,179,574</u>

