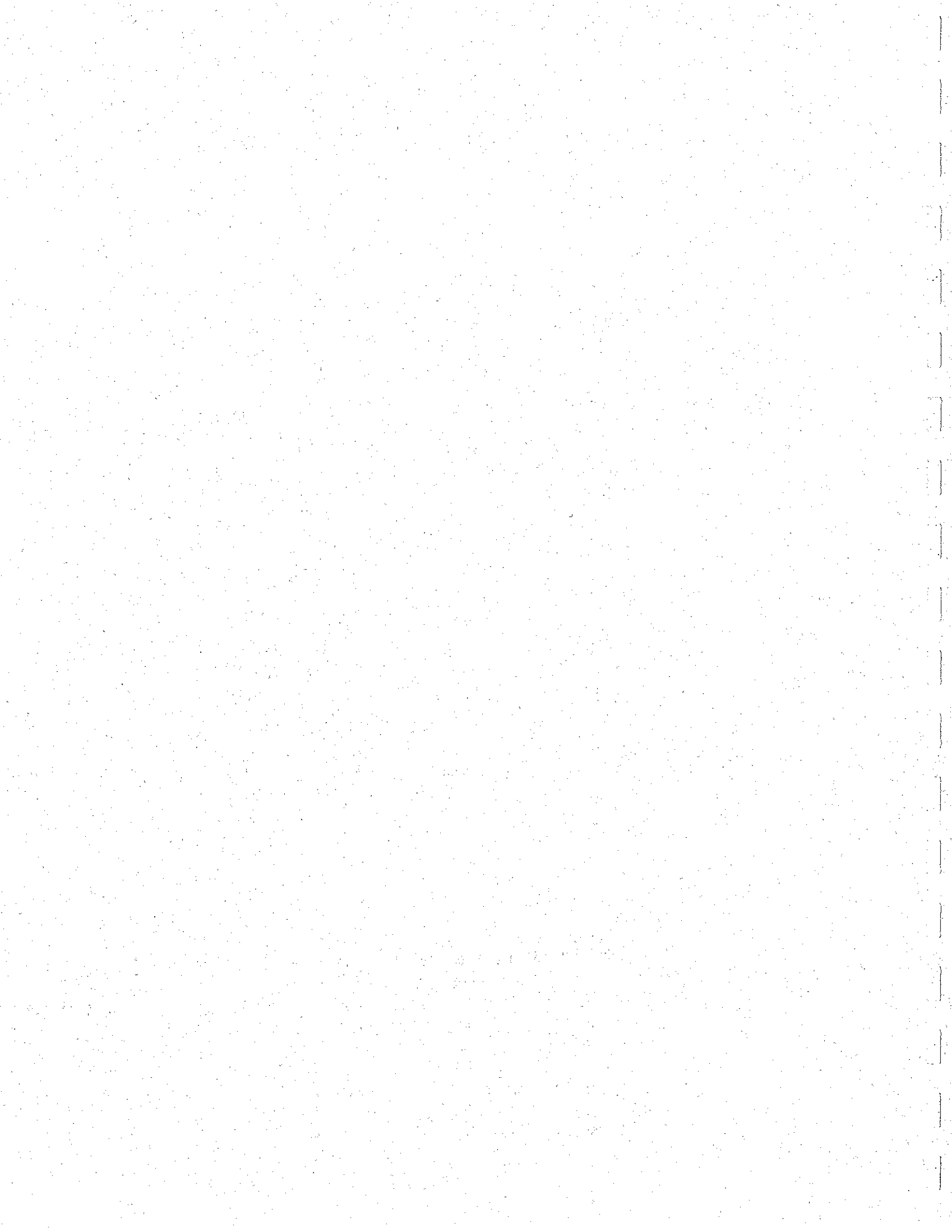


**WILSON COUNTY
NORTH CAROLINA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004**

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



Wilson County, North Carolina

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

CERTIFIED PUBLIC ACCOUNTANTS

3403 N. MAIN STREET - TARBORO, NORTH CAROLINA 27886

PHONE: 252-823-3125 FAX: 252-823-3201

CHARLES R. FLOWERS JR., CPA
MICHAEL L. STANLEY, CPA
GREGORY T. REDMAN, CPA

MEMBERS
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, 2004, 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 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, 2004, 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.

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 November 15, 2004 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 basic financial statements taken as a whole.

Flower, Stanley & Redman, LLP

Tarboro, North Carolina
November 15, 2004

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, 2004. 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 \$31,648,691.
- At the close of the current fiscal year, Wilson County's general fund reported an ending fund balance of \$23,839,085, an increase of \$1,374,020 in comparison with the prior year. Approximately \$10,454,548 of this total amount is available for spending at the government's discretion.
- The County holds the following bond ratings:

Moody's - A1

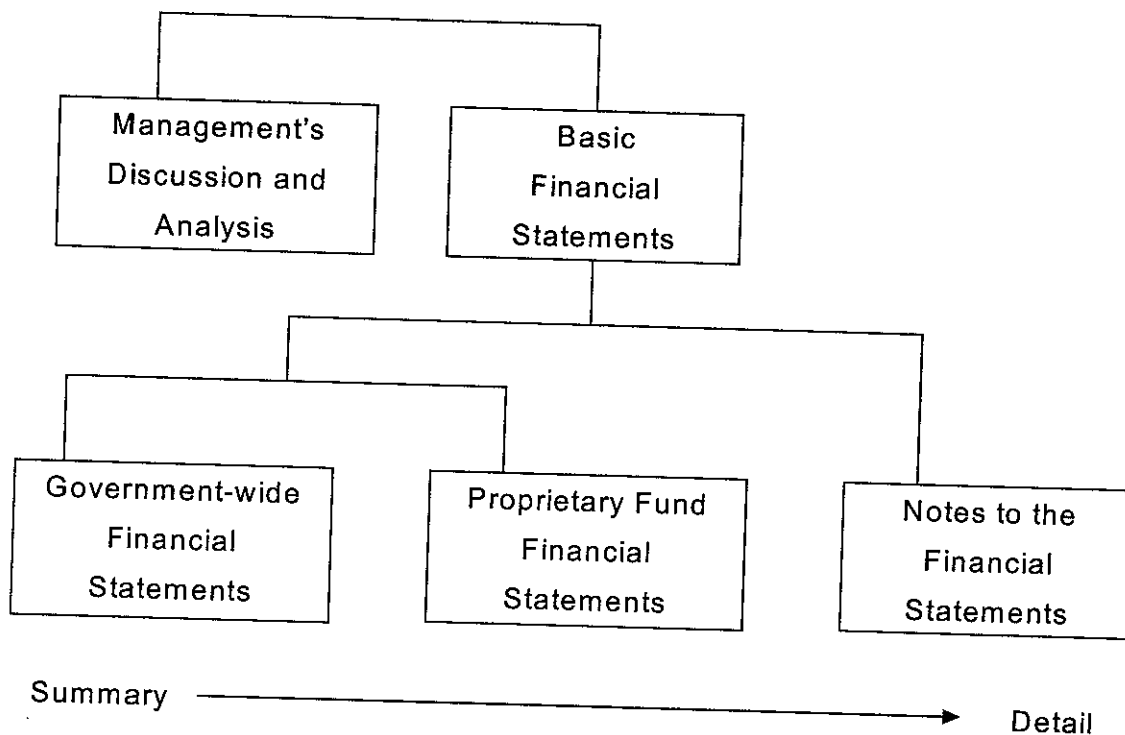
Standard & Poor's - A

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 basic 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 business-type activities of Wilson County are the solid waste (landfill) operation and the Water Department.

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 Funds.

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 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 31 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, 2004 marked the second fiscal year end of the new reporting requirements. 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 the current year.

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 \$31,648,691 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.

Wilson County's Changes in Net Assets

	Governmental Activities	Business-type Activities	Total
	2004	2004	2004
Revenues:			
Program Revenues:			
Charges for services	\$ 9,891,265	\$ 2,668,067	\$ 12,559,332
Intergovernmental	14,616,199	2,642,750	17,258,949
Capital grants & contributions	103,319	207,160	310,479
General Revenues:			
Property Taxes	35,162,109		35,162,109
Local Option sales tax	12,320,877		12,320,877
Other taxes & licenses	1,367,306		1,367,306
Investment earnings	269,418	103,332	372,750
Miscellaneous	184,933		184,933
Transfers/Distributions	124,789		124,789
Total Revenues	\$ 74,040,215	\$ 5,621,309	\$ 79,661,524
Expenditures:			
General Government	\$ 6,817,807	\$	\$ 6,817,807
Public Safety	10,831,686		10,831,686
Transportation	200,307		200,307
Environmental protection	207,065		207,065
Economic & physical development	1,493,714		1,493,714
Human services	29,069,912		29,069,912
Cultural & recreation	1,702,256		1,702,256
Education	17,090,645		17,090,645
Interest & other charges	2,295,615		2,295,615
Landfill		1,777,405	1,777,405
Water		636,434	636,434
Total Expenditures	\$ 69,709,007	\$ 2,413,839	\$ 72,122,846
Increase in net assets before transfers	\$ 4,331,208	\$ 3,207,470	\$ 7,538,678
Net assets July 1	288,462	23,821,551	24,110,013
Net assets June 30	\$ 4,619,670	\$ 27,029,021	\$ 31,648,691

Governmental activities. Of the total net assets, governmental activities accounted for \$4,619,670 (14.6%). 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. Expenditures for education decreased by \$10,846,560 (38.8%), due to the completion several projects. Operating grants funded \$14,616,199 of Wilson County's governmental activities. Only property taxes provided a higher source of revenue. Wilson County expects operating grant funding to remain similar fiscal year 2005.

Business-type activities. Business-type activities increased Wilson County's net assets by \$3,207,470. Charges for services for business-type activities increased moderately due to the new Southeast and Southwest Water Districts that began offering services during fiscal year 2004.

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 \$28,629,877, a decrease of \$2,979,602.

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 \$10,454,548, while total fund balance for the general fund reached \$23,839,085. 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 14.8 percent of total general fund expenditures, while total fund balance represents 33.76 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 \$2,364,532. 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 and Water Districts at the end for the fiscal year is \$11,844,184.

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, 2004 amounts to \$25,449,892. (net of accumulated depreciation). This investment in capital assets includes land, vehicles, buildings and improvements, machinery and equipment.

In the previous fiscal year, Wilson County delayed several capital projects 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		
	2004	2004	2004	2004	
Land	\$ 85,070	\$ 2,333,708	\$ 2,418,778		
Buildings and improvements	29,640,510	3,607,505	33,248,015		
Equipment/Plant Distribution	5,597,267	6,684,609	12,281,876		
Vehicles	2,779,460	98,404	2,877,864		
Construction in progress		11,123,902	11,123,902		
	\$ 38,102,307	\$ 23,848,128	\$ 61,950,435		
Less accumulated depreciation	(12,652,415)	(1,254,790)	(13,907,205)		
Total capital assets	\$ 25,449,892	\$ 22,593,338	\$ 48,043,230		

Additional information on Wilson County's capital assets can be found in Note 5 of this report.

Long-term Debt. At the end of the current fiscal year, Wilson County had total bonded debt outstanding of \$25,480,000, 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
	2004	2003	2004	2003	2004	2003
All Bonds	25,480,000	26,600,000	7,384,000	7,384,000	32,864,000	33,984,000

This outstanding General Obligation indebtedness is out of a legal debt limit of approximately \$332,794,268. 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 9.74%, a slight increase from fiscal year 2003 ratio of 9.19%.

The County's general obligation debt per capita is \$344.32 as of June 30, 2004 while the County's gross debt per capita is \$709.75.

During the fiscal year, Wilson County refinanced the Detention Center bond issue, which resulted in a total savings to the County of \$254,619 in interest payments

Additional information on Wilson County's long-term debt can be found in Note 7, Section B found on pages 53-59 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for Wilson County is 11.4 percent, which is an increase from a rate of only 11.0 percent a year ago. This rate has remained steady since the relocation of a large tobacco industry a few years ago.
- 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.
- Wilson County is currently involved in two tax appeals which concern the ad valorem tax valuation of two taxpayers, Firestone and Standard Commercial Tobacco Company. The County has hired a certified industrial property appraisal company, with the results to go before the property commission in early spring. Wilson County does not expect a material adjustment with either taxpayer.
- Wilson County is also experiencing a growth in the retail business, with several large retail establishments planned for the ensuing year.

All of these factors were considered in preparing Wilson County's budget for Fiscal Year 2004-2005.

BUDGET HIGHLIGHTS FOR FISCAL YEAR 2004-2005

Governmental activities. A 6.5 percent growth in the tax base is anticipated over last year, to a total increase of \$293,884,827 in property valuation. This equates to an additional \$2.1 million 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 \$6,034,327, which represents a 5.3 percent increase over last year. This increase is due to the increase in amount budgeted for the Landfill Financial Assurance.

Over the past two years, Wilson County has been installing water lines in the southeastern and southwestern sections of the county, known as the Southeast and Southwest Water districts. Fiscal year 2004 was the first year of operation for each of these districts. As of fiscal year end, the Southwest District had a total of 1,316 customers and the Southeast had a total of 1,379. The County has continued to expand these districts and the customer base grows at a steady pace.

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.

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Wilson County, North Carolina
Statement of Net Assets
June 30, 2004

Exhibit 1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Wilson County ABC Board
Assets				
Current Assets:				
Cash and cash equivalents	\$ 21,898,325	\$ 14,170,004	\$ 36,068,329	\$ 747,688
Receivable (net)	8,890,089	363,402	9,253,491	10,046
Due from other governments	2,346,872	25,553	2,372,425	-
Due from component unit	56,250	-	56,250	-
Due to/from other funds	500,000	(500,000)	-	-
Deferred charges	119,607	-	119,607	-
Inventories	-	-	-	-
Total Current Assets	<u>\$ 33,811,143</u>	<u>\$ 14,058,959</u>	<u>\$ 47,870,102</u>	<u>\$ 1,239,423</u>
Restricted Assets:				
Cash and cash equivalents	\$ 4,096,092	\$ 205,639	\$ 4,301,731	\$ -
Accounts receivable	-	159,858	159,858	-
Total Restricted Assets	<u>\$ 4,096,092</u>	<u>\$ 365,497</u>	<u>\$ 4,461,589</u>	<u>\$ -</u>
Capital assets:				
Land, improvements, and construction in progress	\$ 85,070	\$ 13,457,610	\$ 13,542,680	\$ 319,449
Other capital assets, net of depreciation	25,364,822	9,135,728	34,500,550	1,559,387
Total Capital Assets	<u>\$ 25,449,892</u>	<u>\$ 22,593,338</u>	<u>\$ 48,043,230</u>	<u>\$ 1,878,836</u>
Total Assets	<u>\$ 63,357,127</u>	<u>\$ 37,017,794</u>	<u>\$ 100,374,921</u>	<u>\$ 3,118,259</u>
Liabilities				
Accounts payable and accrued expenses	\$ 3,022,733	\$ 144,358	\$ 3,167,091	\$ 384,725
Unearned revenue	167,569	-	167,569	-
Accrued interest payable	582,237	26,758	608,995	-
Accrued landfill closure and postclosure care costs	-	2,209,102	2,209,102	-
Compensated balances	-	27,895	27,895	-
Customer deposits	-	60,730	60,730	-
Due to primary government	-	-	-	-
Liabilities to be paid from Restricted assets	-	135,921	135,921	56,250
Long-term liabilities:				
Due within one year	4,845,346	38,500	4,883,846	56,069
Due in more than one year	50,119,572	7,345,509	57,465,081	686,578
Total Liabilities	<u>\$ 58,737,457</u>	<u>\$ 9,988,773</u>	<u>\$ 68,726,230</u>	<u>\$ 1,183,622</u>

(continued)

Wilson County, North Carolina
Statement of Net Assets
June 30, 2004

Exhibit 1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Wilson County ABC Board
(continued)				
Net Assets				
Invested in capital assets, net of related debt	\$ 15,155,221	\$ 15,184,837	\$ 30,340,058	\$ 1,136,190
Restricted for:				
Public safety	733,483	-	733,483	-
Register of Deeds	47,905	-	47,905	-
Other purposes	-	229,576	229,576	150,774
Unrestricted (deficit)	(11,316,939)	11,614,608	297,669	647,673
Total Net Assets	<u>\$ 4,619,670</u>	<u>\$ 27,029,021</u>	<u>\$ 31,648,691</u>	<u>\$ 1,934,637</u>

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, 2004

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
General government	\$ 6,817,807	\$ 2,076,215	\$ 908,480	\$ -
Public safety	10,831,686	2,219,604	558,763	-
Transportation	200,307	14,197	194,739	103,319
Environmental protection	207,065	-	57,123	-
Economic and physical development	1,493,714	-	-	-
Human services	29,069,912	5,550,997	12,757,392	-
Cultural and recreation	1,702,256	30,252	139,702	-
Education	17,090,645	-	-	-
Interest on long-term debt	2,295,615	-	-	-
Total Governmental Activities	\$ 69,709,007	\$ 9,891,265	\$ 14,616,199	\$ 103,319
Business-type Activities:				
Landfill	\$ 1,777,405	\$ 2,181,138	\$ 207,160	\$ -
Water	636,434	486,929	-	2,642,750
Total Business-type Activities	\$ 2,413,839	\$ 2,668,067	\$ 207,160	\$ 2,642,750
Total Primary Government	\$ 72,122,846	\$ 12,559,332	\$ 14,823,359	\$ 2,746,069
Component Units:				
ABC Board	\$ 4,623,417	\$ 4,922,877	\$ -	\$ -

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
\$ (3,833,112)		\$ (3,833,112)	
(8,053,319)		(8,053,319)	
111,948		111,948	
(149,942)		(149,942)	
(1,493,714)		(1,493,714)	
(10,761,523)		(10,761,523)	
(1,532,302)		(1,532,302)	
(17,090,645)		(17,090,645)	
(2,295,615)		(2,295,615)	
<u>\$ (45,098,224)</u>	<u>\$ -</u>	<u>\$ (45,098,224)</u>	
\$ -	\$ 610,893	\$ 610,893	
-	2,493,245	2,493,245	
<u>\$ -</u>	<u>\$ 3,104,138</u>	<u>\$ 3,104,138</u>	
<u>\$ (45,098,224)</u>	<u>\$ 3,104,138</u>	<u>\$ (41,994,086)</u>	
			<u>\$ 299,460</u>
\$ 35,162,109	\$ -	\$ 35,162,109	\$ -
12,320,877	-	12,320,877	-
1,334,276	-	1,334,276	-
33,030	-	33,030	-
269,418	103,332	372,750	6,102
184,933	-	184,933	1,649
124,789	-	124,789	(162,289)
<u>\$ 49,429,432</u>	<u>\$ 103,332</u>	<u>\$ 49,532,764</u>	<u>\$ (154,538)</u>
\$ 4,331,208	\$ 3,207,470	\$ 7,538,678	\$ 144,922
288,462	23,821,551	24,110,013	1,789,715
<u>\$ 4,619,670</u>	<u>\$ 27,029,021</u>	<u>\$ 31,648,691</u>	<u>\$ 1,934,637</u>

Wilson County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2004

Exhibit 3

	<u>General</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 20,683,018	\$ 1,215,306	\$ 21,898,324
Restricted cash	-	4,096,092	4,096,092
Taxes receivable, net	5,030,735	117,705	5,148,440
Accounts and other receivables, net	2,579,449	343,192	2,922,641
Due from other governments	2,346,872	-	2,346,872
Due from other funds	560,464	28,578	589,042
Due from component unit	56,250	-	56,250
 Total Assets	 <u>\$ 31,256,788</u>	 <u>\$ 5,800,873</u>	 <u>\$ 37,057,661</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ 2,219,399	\$ 803,333	\$ 3,022,732
Deferred revenue	5,030,735	117,705	5,148,440
Due to other funds	-	89,043	89,043
Prepaid property taxes	167,569	-	167,569
Total Liabilities	<u>\$ 7,417,703</u>	<u>\$ 1,010,081</u>	<u>\$ 8,427,784</u>
Fund balances:			
Reserved for:			
State statute	\$ 5,543,035	\$ 42,358	\$ 5,585,393
Register of Deeds	47,905	-	47,905
Unreserved:			
Designated for subsequent year's expenditures	7,793,597	-	7,793,597
Undesignated	10,454,548	-	10,454,548
Unreserved, reported in nonmajor:			
Special revenue funds	-	591,837	591,837
Capital projects funds	-	4,156,597	4,156,597
Total Fund Balances	<u>\$ 23,839,085</u>	<u>\$ 4,790,792</u>	<u>\$ 28,629,877</u>
 Total Liabilities and Fund Balances	 <u>\$ 31,256,788</u>	 <u>\$ 5,800,873</u>	 <u>\$ 37,057,661</u>

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

**Wilson County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2004**

Exhibit 3

Reconciliation of the governmental fund balance to net assets:

Total fund balance	\$ 28,629,877
--------------------	---------------

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.	25,449,892
---	------------

Deferred changes related to advance refunding bond issue are not a current financial resource and therefore not reported in the funds.	119,607
--	---------

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	819,009
--	---------

Liabilities for earned but deferred revenues in fund statements.	5,148,440
--	-----------

Some liabilities, including bonds payable and accrued interest on long-term debt, are not due and payable in the current period and therefore are not reported in the funds (Note 4).	(55,547,155)
---	--------------

Net assets of governmental activities	\$ 4,619,670
---------------------------------------	--------------

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 Balance
Governmental Funds
For the Year Ended June 30, 2004

Exhibit 4

	<u>Major Funds General</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Ad valorem taxes	\$ 33,775,532	\$ 743,538	\$ 34,519,070
Local option sales taxes	12,320,877	220,834	12,541,711
Other taxes and licenses	595,186	518,256	1,113,442
Unrestricted intergovernmental	33,030	-	33,030
Restricted intergovernmental	14,703,789	15,729	14,719,518
Permits and fees	655,455	-	655,455
Sales and service	9,235,810	-	9,235,810
Investment earnings	204,852	64,566	269,418
Miscellaneous	184,931	-	184,931
Total Revenues	<u>\$ 71,709,462</u>	<u>\$ 1,562,923</u>	<u>\$ 73,272,385</u>
Expenditures			
Current:			
General government	\$ 6,762,042	\$ -	\$ 6,762,042
Public safety	9,230,081	1,542,988	10,773,069
Transportation	200,307	-	200,307
Environmental protection	207,065	595,666	802,731
Economic and physical development	869,869	-	869,869
Human services	29,139,537	-	29,139,537
Cultural and recreational	1,652,665	-	1,652,665
Intergovernmental:			
Education	15,667,024	-	15,667,024
Capital projects	-	4,516,850	4,516,850
Debt service:			
Principal	4,599,716	-	4,599,716
Interest and other charges	2,284,863	-	2,284,863
Total Expenditures	<u>\$ 70,613,169</u>	<u>\$ 6,655,504</u>	<u>\$ 77,268,673</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,096,293</u>	<u>\$ (5,092,581)</u>	<u>\$ (3,996,288)</u>

(continued)

Wilson County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2004

Exhibit 4

	<u>Major Funds General</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
(continued)			
Other Financing Sources (Uses):			
Transfers from other funds	\$ (738,959)	\$ 738,959	\$ -
Capital lease obligation issued	891,897	-	891,897
Operating transfer from component unit	124,789	-	124,789
Installment purchase obligations issued	-	-	-
Total Other Financing Sources (Uses)	<u>\$ 277,727</u>	<u>\$ 738,959</u>	<u>\$ 1,016,686</u>
Net Change in Fund Balance	\$ 1,374,020	\$ (4,353,622)	\$ (2,979,602)
Fund Balances - beginning	22,465,065	9,144,414	31,609,479
Fund Balances - ending	<u><u>\$ 23,839,085</u></u>	<u><u>\$ 4,790,792</u></u>	<u><u>\$ 28,629,877</u></u>

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 Balance
Governmental Funds
For the Year Ended June 30, 2004

Exhibit 4

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

Net changes in fund balances - total governmental funds	\$ (2,979,602)
---	----------------

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	2,802,364
---	-----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	643,039
--	---------

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.	3,966,947
--	-----------

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.	(101,540)
---	-----------

Total changes in net assets of governmental activities	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 4,331,208</td> </tr> </table>	\$ 4,331,208
\$ 4,331,208		

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 Balances - Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2004

Exhibit 5

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Ad valorem taxes	\$ 33,504,040	\$ 33,529,040	\$ 33,775,532	\$ 246,492
Local option sales tax	11,580,000	11,924,000	12,320,877	396,877
Other taxes and licenses	449,000	449,000	595,186	146,186
Unrestricted intergovernmental	44,000	44,000	33,030	(10,970)
Restricted intergovernmental	13,434,463	14,896,397	14,703,789	(192,608)
Permits and fees	485,000	485,400	655,455	170,055
Sales and services	8,231,264	8,765,462	9,235,810	470,348
Investment earnings	401,000	401,000	204,852	(196,148)
Miscellaneous	64,000	63,000	184,931	121,931
 Total Revenues	 <u>\$ 68,192,767</u>	 <u>\$ 70,557,299</u>	 <u>\$ 71,709,462</u>	 <u>\$ 1,152,163</u>
Expenditures:				
Current:				
General government	\$ 6,050,515	\$ 7,083,747	\$ 6,762,042	\$ 321,705
Public safety	9,724,312	10,100,682	9,230,081	870,601
Transportation	231,912	235,292	200,307	34,985
Environmental protection	226,808	236,348	207,065	29,283
Economic and physical development	738,035	944,649	869,869	74,780
Human services	31,541,640	32,668,962	29,139,537	3,529,425
Cultural and recreational	1,698,320	1,722,151	1,652,665	69,486
Intergovernmental:				
Education	15,667,024	15,667,024	15,667,024	-
Debt service:				
Principal retirement	4,469,730	4,469,730	4,599,716	(129,986)
Interest and other charges	2,483,943	2,483,943	2,284,863	199,080
Contingency	100,000	-	-	-
 Total Expenditures	 <u>\$ 72,932,239</u>	 <u>\$ 75,612,528</u>	 <u>\$ 70,613,169</u>	 <u>\$ 4,999,359</u>

(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, 2004

Exhibit 5

	<u>General Fund</u>			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
(continued)				
Revenues Over (Under) Expenditures	<u>\$ (4,739,472)</u>	<u>\$ (5,055,229)</u>	<u>\$ 1,096,293</u>	<u>\$ 6,151,522</u>
Other Financing Sources (Uses):				
Transfers (to) from other funds	\$ (593,202)	\$ (738,959)	\$ (738,959)	\$ -
Capital lease obligation issued	-	-	891,897	891,897
Operating transfer from component unit	125,000	125,000	124,789	(211)
Fund balance appropriated	<u>5,207,674</u>	<u>5,669,188</u>	<u>-</u>	<u>(5,669,188)</u>
Total Other Financing Sources (Uses)	<u>\$ 4,739,472</u>	<u>\$ 5,055,229</u>	<u>\$ 277,727</u>	<u>\$ (4,777,502)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,374,020</u>	<u>\$ 1,374,020</u>
Fund balances:				
Beginning of year, July 1			22,465,065	
End of year, June 30			<u>\$ 23,839,085</u>	

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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, 2004

Exhibit 6

	Major Enterprise Funds			Total
	Solid Waste Fund	Water Distribution Fund Southeast District	Water Distribution Fund Southwest District	
Assets				
Current Assets:				
Cash and cash equivalents	\$ 14,033,791	\$ 70,507	\$ 65,706	\$ 14,170,004
Receivables, net	310,907	28,763	23,732	363,402
Due from other governments	25,553	-	-	25,553
Total Current Assets	\$ 14,370,251	\$ 99,270	\$ 89,438	\$ 14,558,959
Non-current Assets:				
Restricted Assets:				
Cash and cash equivalents	\$ -	\$ 205,639	\$ -	\$ 205,639
Accounts receivable	-	-	159,858	159,858
Total Restricted Assets	\$ -	\$ 205,639	\$ 159,858	\$ 365,497
Capital Assets:				
Land and constuction in progress	\$ 2,261,648	\$ 6,360,135	\$ 4,835,827	\$ 13,457,610
Other capital assets, net of depreciation	470,479	3,287,762	5,377,487	9,135,728
Capital Assets, Net	\$ 2,732,127	\$ 9,647,897	\$ 10,213,314	\$ 22,593,338
Total Non-current Assets	\$ 2,732,127	\$ 9,853,536	\$ 10,373,172	\$ 22,958,835
Total Assets	\$ 17,102,378	\$ 9,952,806	\$ 10,462,610	\$ 37,517,794

(continued)

Wilson County, North Carolina
Statement of Net Assets
Proprietary Funds
June 30, 2004

Exhibit 6

	Major Enterprise Funds			Total
	Solid Waste Fund	Water Distribution Fund Southeast District	Water Distribution Fund Southwest District	
(continued)				
Liabilities				
Current Liabilities:				
Accounts payable	\$ 138,964	\$ 95	\$ 5,299	\$ 144,358
Customer deposits	-	34,870	25,860	60,730
Due to other funds	-	324,650	175,350	500,000
Liabilities to be paid from Restricted Assets	-	61,899	74,022	135,921
Current portion of bonds	-	38,500	-	38,500
Accrued interest	-	13,229	13,529	26,758
Total Current Liabilities	\$ 138,964	\$ 473,243	\$ 294,060	\$ 906,267
Non-current Liabilities:				
Accrued landfill closure and postclosure care costs	\$ 2,209,102	\$ -	\$ -	\$ 2,209,102
Compensated absences	21,941	3,866	2,088	27,895
Bonds	-	3,561,500	3,784,009	7,345,509
Total Non-current Liabilities	\$ 2,231,043	\$ 3,565,366	\$ 3,786,097	\$ 9,582,506
Total Liabilities	\$ 2,370,007	\$ 4,038,609	\$ 4,080,157	\$ 10,488,773
Net Assets				
Invested in capital assets, net of related debt	\$ 2,732,127	\$ 6,023,405	\$ 6,429,305	\$ 15,184,837
Unrestricted	12,000,244	(252,948)	(132,688)	11,614,608
Restricted	-	143,740	85,836	229,576
Total Net Assets	\$ 14,732,371	\$ 5,914,197	\$ 6,382,453	\$ 27,029,021

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, 2004

Exhibit 7

	Major Enterprise Funds			Total
	Solid Waste Fund	Water Distribution Fund Southeast	Water Distribution Fund Southwest	
Operating Revenues				
Charges for services	\$ 2,181,138	\$ 215,675	\$ 271,254	\$ 2,668,067
Operating Expenses				
Administration	\$ -	\$ 159,166	\$ 91,129	\$ 250,295
Salaries and employee benefits	699,547	-	-	699,547
Operating expense	943,065	-	-	943,065
Landfill closure	27,992	-	-	27,992
Depreciation	90,852	119,353	74,128	284,333
Water purchase	-	36,064	52,932	88,996
Total Operating Expenses	<u>\$ 1,761,456</u>	<u>\$ 314,583</u>	<u>\$ 218,189</u>	<u>\$ 2,294,228</u>
Operating Income (Loss)	<u>\$ 419,682</u>	<u>\$ (98,908)</u>	<u>\$ 53,065</u>	<u>\$ 373,839</u>
Non-Operating Revenues (Expenses)				
Intergovernmental - restricted	\$ 207,160	\$ 1,595,328	\$ 1,047,422	\$ 2,849,910
Interest/investment revenue	103,131	-	201	103,332
Bad debt	(15,949)	(937)	-	(16,886)
Interest expense	-	(30,879)	(71,846)	(102,725)
Total Non-Operating Revenue (Expenses)	<u>\$ 294,342</u>	<u>\$ 1,563,512</u>	<u>\$ 975,777</u>	<u>\$ 2,833,631</u>
Change in Net Assets	\$ 714,024	\$ 1,464,604	\$ 1,028,842	\$ 3,207,470
Total Net Assets - beginning	14,018,347	4,449,593	5,353,611	23,821,551
Total Net Assets - ending	<u><u>\$ 14,732,371</u></u>	<u><u>\$ 5,914,197</u></u>	<u><u>\$ 6,382,453</u></u>	<u><u>\$ 27,029,021</u></u>

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

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Wilson County, North Carolina
Statement of Cash Flows
Proprietary Fund
For The Fiscal Year Ended June 30, 2004

	Solid Waste Fund
Cash Flows from Operating Activities:	
Cash received from customers	\$ 2,193,060
Cash paid for goods and services	(944,386)
Cash paid to employees for services	(703,803)
Customer deposits received	-
Net Cash Provided by Operating Activities	\$ 544,871
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	\$ (24,577)
Interest paid on debt	-
Grant revenue	206,019
Interfund loan	-
Net Cash Used by Capital and Related Financing Activities	\$ 181,442
Cash Flows from Investing Activities:	
Interest on investments	\$ 103,131
Net increase (decrease) in cash and cash equivalents	\$ 829,444
Cash and cash equivalents, July 1	13,204,347
Cash and cash equivalents, June 30	\$ 14,033,791

Exhibit 8

Water Distribution Fund Southeast District	Water Distribution Fund Southwest District	Total
\$ 218,085 (191,308) -	\$ 247,522 (136,664) - 3,480	\$ 2,658,667 (1,272,358) (703,803) 3,480
<u>\$ 26,777</u>	<u>\$ 114,338</u>	<u>\$ 685,986</u>
\$ (1,259,592) (17,650) 1,795,186 (268,575)	\$ (3,551,282) (58,317) 951,681 453,475	\$ (4,835,451) (75,967) 2,952,886 184,900
<u>\$ 249,369</u>	<u>\$ (2,204,443)</u>	<u>\$ (1,773,632)</u>
<u>\$ -</u>	<u>\$ 201</u>	<u>\$ 103,332</u>
\$ 276,146	\$ (2,089,904)	\$ (984,314)
<u>-</u>	<u>2,155,610</u>	<u>15,359,957</u>
<u>\$ 276,146</u>	<u>\$ 65,706</u>	<u>\$ 14,375,643</u>

(continued)

Wilson County, North Carolina
Statement of Cash Flows
Proprietary Fund
For The Fiscal Year Ended June 30, 2004

**Solid
Waste
Fund**

(continued)

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating income	\$	<u>419,682</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation (net)	\$	90,852
Provision for uncollectible accounts		(15,949)
Changes in assets and liabilities:		
(Increase) Decrease in accounts receivable		27,871
Decrease in accrued landfill closure costs		8,320
Increase (decrease) in accounts payable		18,351
(Decrease) in customer deposits		-
Increase in accrued vacation pay		(4,256)
Total adjustments	\$	<u>125,189</u>
Net cash provided by operating activities	\$	<u><u>544,871</u></u>

Exhibit 8

Water Distribution Fund Southeast District	Water Distribution Fund Southwest District	Total
<u>\$ (98,908)</u>	<u>\$ 53,065</u>	<u>\$ 373,839</u>
\$ 119,353	\$ 74,128	\$ 284,333
(937)	-	(16,886)
(28,763)	(23,732)	(24,624)
-	-	8,320
3,922	7,397	29,670
32,110	3,480	35,590
-	-	(4,256)
<u>\$ 125,685</u>	<u>\$ 61,273</u>	<u>\$ 312,147</u>
<u>\$ 26,777</u>	<u>\$ 114,338</u>	<u>\$ 685,986</u>

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Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2004

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 is 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, 2004

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 fund:

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

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2004

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, 2004

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, 2004

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 2003 through February 2004 apply to the fiscal year ended June 30, 2004. 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, 2004 because they are intended to finance the County's operations during the 2005 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, 2004

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, 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, 2004

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, 2003. 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, 2004

6. Inventories and Prepaid Items

The inventories of the ABC Board are valued at cost (first-in, first-out), which approximates market. The inventory of the ABC Board consists of materials and supplies held for consumption or resale. The cost of the inventory carried 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
Infrastructure	50
Furniture and equipment	3-20
Vehicles	3-5
Computer Equipment	3-5

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2004

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

	<u>Years</u>
Buildings	40-50
Furniture and equipment	3-10
Vehicles	3-5
Leasehold improvements	5-10

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, 2004

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 2004 - 2005 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, 2004

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 \$(24,010,207) 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)	\$ 38,287,533
Less Accumulated Depreciation	12,837,641
Net capital assets	\$ 25,449,892
Deferred charges related to advance refunding bond issue are not a current financial resource and therefore not reported in the funds	119,607
Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not in the government-wide.	5,967,449
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	(53,474,979)
Compensated absences	(1,191,420)
Accrued interest payable	(582,237)
Unfunded Separation Allowance	(298,519)
Total adjustment	\$ (24,010,207)

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2004

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 \$7,310,810 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 4,571,395
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	(1,769,031)
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	(891,897)
Principal payments along with issuance costs and premiums 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	4,803,616
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)	55,228
Compensated absences and certain pension costs are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(101,540)
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.	643,039
Total adjustment	\$ 7,310,810

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2004

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, 2004.

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.

At June 30, 2004, the County's deposits had a carrying amount of \$15,832,215 and a bank balance of \$15,823,730. Of the bank balance, \$182,677 was covered by federal depository insurance, \$82,677 in non-interest bearing deposits and \$15,741,053 in interest-bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2004, the carrying amount of deposits for Wilson County ABC Board was \$742,088 and the bank balance was \$727,142. Of the bank balance \$142,632 was covered by federal depository insurance and \$584,827 in interest-bearing deposits was insured under the Pooling Method.

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2004

1. 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, 2004, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Reported (Approximately) Fair Value</u>	<u>6-12 Months</u>
U.S. Government Agencies	\$ 2,498,298	\$ 2,498,298
N.C. Capital Management Term Portfolio	12,912	12,912
N.C. Capital Management Cash Portfolio	22,026,736	N/A
Total	<u>\$ 24,537,946</u>	<u>\$ 2,511,210</u>

At June 30, 2004, 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, 2004

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2000	\$ 1,325,004	\$ 433,939	\$ 1,758,943
2001	1,305,713	310,107	1,615,820
2002	1,368,289	201,823	1,570,112
2003	1,362,880	102,216	1,465,096
 Total	 <u>\$ 5,361,886</u> =====	 <u>\$ 1,048,085</u> =====	 <u>\$ 6,409,971</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	\$ 480,721 =====
 Enterprise Funds	 \$ 34,057 =====
 Special Revenue Fund	 \$ 10,885 =====

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

Local option sales tax	\$ 2,346,872
White goods disposal tax	7,118
Scrap tire tax	18,435
 Total	 <u>\$ 2,372,425</u> =====

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2004

5. Capital Assets

Capital asset activity for the year ended June 30, 2004, 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	\$ 85,070	\$ -	\$ -	\$ 85,070
Capital assets being depreciated:				
Buildings	\$ 26,191,215	\$ -	\$ -	\$ 26,191,215
Other improvements	782,380	2,666,915	-	3,449,295
Furniture & Equipment	4,268,521	1,531,662	202,916	5,597,267
Vehicles and motor equipment	2,670,975	372,818	264,333	2,779,460
Total	<u>\$ 33,913,091</u>	<u>\$ 4,571,395</u>	<u>\$ 467,249</u>	<u>\$ 38,017,237</u>
Less accumulated depreciation for:				
Buildings	\$ 6,383,956	\$ 497,018	\$ -	\$ 6,880,974
Other improvements	271,032	44,194	-	315,226
Equipment	2,865,732	874,653	202,916	3,537,469
Vehicles and motor equipment	1,829,913	353,166	264,333	1,918,746
Total	<u>\$ 11,350,633</u>	<u>\$ 1,769,031</u>	<u>\$ 467,249</u>	<u>\$ 12,652,415</u>
Total capital assets being depreciated, net	<u>\$ 22,562,458</u>			<u>\$ 25,364,822</u>
Governmental Activities Capital Assets, Net	<u>\$ 22,647,528</u>			<u>\$ 25,449,892</u>

Primary Government

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

General government	\$ 746,673
Public safety	652,188
Economic and physical development	52,541
Human services	267,415
Cultural and recreational	50,214
Total depreciation expense	<u>\$ 1,769,031</u>

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2004

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities:				
Solid Waste:				
Capital assets not being depreciated:				
Land	\$ 2,261,648	\$ -	\$ -	\$ 2,261,648
Capital assets being depreciated:				
Furniture & maintenance equipment	\$ 1,470,070	\$ 25,241	\$ 664	\$ 1,494,647
Vehicles	37,141	-	-	37,141
Total	\$ 1,507,211	\$ 25,241	\$ 664	\$ 1,531,788
Less accumulated depreciation for:				
Furniture & maintenance equipment	\$ 949,319	\$ 83,424	\$ -	\$ 1,032,743
Vehicles	21,138	7,428	-	28,566
Total	\$ 970,457	\$ 90,852	\$ -	\$ 1,061,309
Total capital assets being depreciated, net	\$ 536,754			\$ 470,479
Solid Waste Capital Assets, Net	\$ 2,798,402			\$ 2,732,127
Wilson County Water District:				
Capital assets not being depreciated:				
Land	\$ -	\$ 72,060	\$ -	\$ 72,060
Construction in progress	15,828,843	-	4,704,941	11,123,902
Total	\$ 15,828,843	\$ 72,060	\$ 4,704,941	\$ 11,195,962
Capital assets being depreciated:				
Plant & distribution system	\$ -	\$ 6,684,609	\$ -	\$ 6,684,609
Office & maintenance equipment	-	2,112,858	-	2,112,858
Vehicles	-	61,263	-	61,263
Total	\$ -	\$ 8,858,730	\$ -	\$ 8,858,730
Less accumulated depreciation for:				
Plant & distribution system	\$ -	\$ 85,315	\$ -	\$ 85,315
Office & maintenance equipment	-	78,350	-	78,350
Vehicles	-	29,816	-	29,816
Total	\$ -	\$ 193,481	\$ -	\$ 193,481
Total capital assets being depreciated, net	\$ -	\$ 8,665,249	\$ -	\$ 8,665,249
Wilson County Water District Capital Assets, Net	\$ 15,828,843			\$ 19,861,211
Business-type Activities				
Capital Assets, Net	\$ 18,627,245			\$ 22,593,338
	=====			=====

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2004

Construction Commitments

The government has active construction projects as of June 30, 2004. The projects include Water System, Library Construction/Improvements and School Capital Improvements. At year-end, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Original Contracts</u>	<u>Remaining Commitment</u>
Water System	\$ 15,608,284	\$ 1,315,040
Library Construction/Improvements	4,063,230	1,264,568
School Capital Improvements	18,303,319	1,495,979
Total	<u>\$ 37,974,833</u>	<u>\$ 4,075,587</u>

Discretely Presented Component Units

Activity for the ABC Board for the year ended June 30, 2004, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 314,616	\$ 4,833	\$ -	\$ 319,449
Construction in progress	<u>267,861</u>	<u>-</u>	<u>267,861</u>	<u>-</u>
Total capital assets not being depreciated	<u>\$ 582,477</u>	<u>\$ 4,833</u>	<u>\$ 267,861</u>	<u>\$ 319,449</u>
Capital assets being depreciated:				
Buildings	\$ 484,536	\$ 994,296	\$ -	\$ 1,478,832
Furniture & equipment	267,116	93,251	17,902	342,465
Vehicles	23,876	-	-	23,876
Leasehold improvements	<u>36,155</u>	<u>285</u>	<u>31,812</u>	<u>4,628</u>
Total capital assets being depreciated	<u>\$ 811,683</u>	<u>\$ 1,087,832</u>	<u>\$ 49,714</u>	<u>\$ 1,849,801</u>
Less accumulated depreciation for:				
Buildings	\$ 65,700	\$ 21,390	\$ -	\$ 87,090
Furniture & equipment	163,648	34,983	18,118	180,513
Vehicles	18,035	2,262	-	20,297
Computer equipment	<u>32,686</u>	<u>449</u>	<u>30,621</u>	<u>2,514</u>
Total	<u>\$ 280,069</u>	<u>\$ 59,084</u>	<u>\$ 48,739</u>	<u>\$ 290,414</u>
Total capital assets being depreciated, net	<u>\$ 531,614</u>			<u>\$ 1,559,387</u>
Capital assets, net	<u>\$ 1,114,091</u>			<u>\$ 1,878,836</u>

Depreciation expense was charged to functions as follows:

Warehouse and delivery	\$ 6,642
Administrative	6,723
Store expenses	45,719
Total depreciation expense	<u>\$ 59,084</u>

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2004

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2004, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental Activities:				
General	\$ 2,503,379	\$ 65,030	\$ 582,237	\$ 3,150,646
Other Governmental	454,324	-	-	454,324
Total	<u>\$ 2,957,703</u>	<u>\$ 65,030</u>	<u>\$ 582,237</u>	<u>\$ 3,604,970</u>
Business-type Activities:				
Solid Waste	\$ 133,010	\$ -	\$ -	\$ 133,010
Water Distribution Funds:				
Southeast District	3,961	-	13,229	17,190
Southwest District	7,387	-	13,529	20,916
Total	<u>\$ 144,358</u>	<u>\$ -</u>	<u>\$ 26,758</u>	<u>\$ 171,116</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, 2004**

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 4.89% 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, 2004, 2003, and 2002 were \$914,600, \$879,142, and \$889,657, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2004, 2003, and 2002 were \$46,666, \$45,457, and \$45,998, 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, 2003, the Separation Allowance's membership consisted of:

Retirees receiving benefits	5
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	71
Total	<u>76</u>
	=====

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2004

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, 2003 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, 2003 was 27 years.

For Year Ended June 30	3 Year Trend Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2002	\$ 81,236	46.17%	\$ 240,720
2003	90,988	50.97%	285,336
2004	93,417	49.94%	332,103

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, 2004

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, 2004 were \$150,674, which consisted of \$118,713 from the County and \$31,961 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, 2004, the County's required and actual contributions were \$21,958.

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 56 retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2004, the County made payments for post-retirement health benefit premiums of \$219,340. 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, 2004

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. Effective July 1, 2004, the death benefit payments to beneficiaries must be between \$25,000 and 450,000. 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, 2004, the County made contributions to the State for death benefits of \$16,457. 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 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 and subsequent postclosure costs is \$2,235,622. Based on the use of approximately 98% of the estimated capacity of the construction and demolition area, the estimated closure liability at June 30, 2004 is \$1,299,480. The County will recognize the remaining estimated cost of closure and postclosure care of \$26,520 as the remaining estimated capacity is filled.

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2004

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, 2004, those funds are held in investments with a cost and market value of \$3,596,230.

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)	\$ 167,569
Taxes receivable (net) (General)	5,030,735
Taxes receivable (net) (Special Revenue)	117,705
Total	\$ 5,316,009 =====

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, 2004

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, 2004, 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.

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2004

There were seven new capital lease agreements for the fiscal year ended June 30, 2004.

1. Lease executed on July 1, 2003 for imaging equipment requiring sixty monthly installments of \$550.
2. Lease executed on July 23, 2003 for a telephone system requiring forty-eight monthly installments of \$10,063.
3. Lease executed on August 10, 2003 for telephone networking equipment requiring forty-eight monthly installments of \$1,832.
4. Lease executed on August 23, 2003 for telephone networking equipment requiring forty-eight monthly installments of \$1,231.
5. Lease executed on September 9, 2003 for telephone networking equipment requiring forty-eight monthly installments of \$1,649.
6. Lease executed on September 20, 2003 for telephone networking equipment requiring forty-eight monthly installments of \$1,049.
7. Lease executed on December 1, 2003 for 60 laptops requiring thirty-six monthly installments of \$4,293.

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>2004</u>
Equipment	\$ 1,405,819
	=====

For Wilson County, the future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2004 were as follows:

<u>Year Ending</u> <u>June 30</u>	<u>General</u> <u>Long-Term</u> <u>Debt</u>
2005	\$ 282,168
2006	277,875
2007	233,810
2008	14,986
Total minimum lease payments	\$ 808,839
Less: amount representing interest	33,618
Present value of the minimum lease payments	\$ 775,221
	=====

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2004

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, 2004 is comprised of the following individual issues:

General Obligation Bonds:	<u>Balance 6-30-04</u>
\$8,000,000 Detention Center Bond Issue - February 1, 1993: due in annual principal installments ranging from \$380,000 to \$450,000 through June 2014; interest at 2.0% to 3.25%; payable on June 1 and December 1	\$ 4,130,000
\$17,400,000 School Series 2003 - April 9, 2003; 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	16,400,000
\$5,300,000 Library Bonds Series 2003 - February 2, 2003; due in annual principal installments of \$350,000 through February 2018; interest at 3.25% to 3.6%; payable on February 1 and August 1	4,950,000
Total	<u>\$ 25,480,000</u> =====

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

The County's financing debt at June 30, 2004 are comprised of the following notes payable:

Notes Payable:	<u>Balance 6-30-04</u>
\$8,500,000 Financing Agreement - December 19, 1996; due in semi-annual principal and interest payments of \$389,391 through January 1, 2012; interest at 4.01% payable on July 1 and January 1	\$ 5,284,943

(continued)

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2004

	Balance <u>6-30-04</u>
(continued)	
\$5,600,000 Financing Agreement - July 31, 2001; due in semi-annual fixed principal payments of \$192,323 plus interest at 4.16% through October 27, 2015, payable on October 27 and April 27	4,423,426
\$5,000,000 Financing Agreement - April 2, 2002; due in semi-annual fixed principal payments of \$163,945 plus interest at 4.23% through October, 2016; payable on July 1 and January 1	4,098,616
\$8,500,000 Financing Agreement - January 15, 1997; due in semi-annual principal and interest payments of \$391,392 through January 1, 2006; interest at 4.01%; payable on July 1 and January 1	5,312,099
\$3,500,000 Notes Payable - December 22, 1992; due in semi-annual principal and interest payments of \$162,381 through January 2008; interest at 3.49%; payable on January 10 and July 10; collateralized by a deed of trust on a building	1,202,699
\$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	861,922
\$5,000,000 Financing Agreement - August 30, 1999; due in semi-annual principal payments of \$170,167 through August 30, 2014; interest at 5.06%; payable on February 28 and August 30	3,570,350
\$3,000,000 Notes Payable - November 12, 1999; due in semi-annual principal payments of \$300,000 through November 12, 2004; interest at 3.89%; payable on May 12 and November 12; collateralized by a deed of trust on a building	300,000
\$2,850,000 Notes Payable - August 22, 1997; County's share of a joint loan with the City of Wilson for 1/2 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 \$9,959 through December 2010; interest at prime payable monthly	767,887

(continued)

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2004

Balance
6-30-04

(continued)

\$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 \$7,933 through January 2009; interest at 6.5% payable monthly 370,861

Installment Purchases:

\$903,313 School Renovations Qualified Zone Academy Bond - July 2, 2002; due in annual payments of \$54,209 through July 2019; non-interest bearing 849,110

Total \$ 27,041,913
=====

Serviced by the Southwest Water District:
 2004 USDA/Rural Development Water Bonds
 \$3,784,000 due in annual installments of \$41,000 to \$164,000 (beginning 2006) plus interest at 4.5% through June 2043. \$ 3,784,000

Serviced by the Southeast Water District;
 2003 USDA/Rural Development Water Bonds
 \$3,600,000 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 \$ 7,384,000
=====

The annual requirements to amortize general obligation bonds outstanding as of June 30, 2004, including interest payments, are as follows:

June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2005	\$ 1,500,000	\$ 1,033,675	\$ 38,500	\$ 336,780
2006	1,595,000	984,425	81,000	334,999
2007	1,580,000	929,275	84,500	331,304
2008	1,570,000	873,350	89,000	327,450
2009	1,665,000	817,125	92,500	323,390
Next 5 years	10,420,000	3,066,400	527,000	1,549,848
Thereafter	7,150,000	673,200	6,471,500	5,093,993
Total	<u>\$25,480,000</u> =====	<u>\$ 8,377,450</u> =====	<u>\$ 7,384,000</u> =====	<u>\$ 8,297,764</u> =====

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2004

The annual requirements to amortize notes payable outstanding as of June 30, 2004, including interest payments, are as follows:

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 3,082,362	\$ 1,047,529	\$ 4,129,891
2006	2,851,769	928,270	3,780,039
2007	2,924,131	811,902	3,736,033
2008	2,999,543	692,463	3,692,006
2009	2,702,784	573,289	3,276,073
Next 5 years	10,607,592	1,300,420	11,908,012
Thereafter	1,873,732	79,549	1,953,281
 Total	 <u>\$27,041,913</u>	 <u>\$ 5,433,422</u>	 <u>\$ 32,475,335</u>

At June 30, 2004, the County had a legal debt margin of \$332,794,268.

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, 2004:

	<u>Balance July 1, 2003</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2004</u>	<u>Current Portion of Balance</u>
Governmental Activities:					
General					
Obligation					
debt	\$ 26,600,000	\$ -	\$ 1,120,000	\$ 25,480,000	\$ 1,500,000
Capitalized					
leases	112,614	891,897	229,290	775,221	262,984
Notes payable	30,553,915	-	3,334,716	27,219,199	3,082,362
Compensated					
absences	1,142,664	49,315	-	1,191,979	-
Unfunded					
Special					
Separation					
Allowance	246,294	52,225	-	298,519	-
Accrued					
Interest	637,465	-	55,228	582,237	582,237
 Total					
Governmental					
Activities	<u>\$ 59,292,952</u>	<u>\$ 993,437</u>	<u>\$ 4,739,234</u>	<u>\$ 55,547,155</u>	<u>\$ 5,427,583</u>

(continued)

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2004

	Balance July 1, 2003	<u>Increases</u>	<u>Decreases</u>	Balance June 30, 2004	Current Portion of Balance
Business-type Activities:					
General					
Obligation debt	\$ 7,384,000	\$ -	\$ -	\$ 7,384,000	\$ 38,500
Accrued landfill closure & postclosure care costs	2,200,782	8,320	-	2,209,102	-
Compensated absences	26,197	1,698	-	27,895	-
Total Business-type Activities	\$ 9,610,979	\$ 10,018	\$ -	\$ 9,620,997	\$ 38,500
Discretely presented component					
Units long-term liabilities:					
Installment purchase	\$ 50,177	\$ 805,152	\$ 112,682	\$ 742,647	\$ 56,069

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.

E. Interfund Transfers

	<u>From</u>	<u>To</u>
General Fund:		
Revaluation (Annual transfer)	\$ -	\$ 50,000
Economic Development Reserve	-	613,312
Public Buildings	-	250,343
Water and Sewer Reserve	174,696	-
General Fund (to consolidate resources)	738,959	-
Total	\$ 913,655	\$ 913,655

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2004

IV. 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.

V. 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, 2004. 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, 2004. 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 \$41,784 to the Airport during the fiscal year ended June 30, 2004. 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, 2004. 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, 2004

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 \$1,102,251 and \$41,700 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2004. 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, 2004. 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-Greene 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, 2004, the County contributed \$337,559 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, 2004. Complete financial statements for the Board may be obtained from the Board's offices at 1709 South Tarboro Street, Wilson, North Carolina 27893.

**Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2004**

VI. 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 \$26,285 to the Council during the fiscal year ended June 30, 2004.

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.

VII Benefit Payments Issued by the State

The amounts listed below were paid directly to individual recipients by the State from federal and State monies. County personnel are involved with certain functions, primarily eligibility determinations, 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	\$ 52,304,049	\$ 22,817,132
IV - E Adoption	368,311	109,292
IV - E Foster Care	129,378	56,589
Temporary Assistance for Needy Families	1,048,654	574
Low Income Home Energy		
Assistance Block Grant	141,222	-
WIC	1,781,519	-
Special Assistance for Adults		1,029,508
Food Stamp Program	7,856,361	-
CWS Adoption		148,861
State Foster Home		59,328
 Total	 <u>\$ 63,629,494</u>	 <u>\$ 24,221,284</u>

Wilson County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2004

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 \$248 to \$1,002 through July, 2007. Lease expenditures for the fiscal year ended June 30, 2004 totaled \$100,461. Under these leases, minimum lease payments for the fiscal year ending June 30, 2005 total \$51,404.

**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%
12/31/03	-	854,938	854,938	0.00%	2,238,943	38.18%

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

Exhibit A-2

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
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%
2004	90,553	58.17%

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	12/31/03
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay
Remaining amortization period	27 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, 2004

Exhibit B-1

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad Valorem Taxes:			
Taxes	\$ 33,279,040	\$ 33,357,587	\$ 78,547
Penalties and interest	250,000	417,945	167,945
Total	<u>\$ 33,529,040</u>	<u>\$ 33,775,532</u>	<u>\$ 246,492</u>
Local Option Sales Taxes:			
Article 39 one percent	\$ 4,800,000	\$ 4,946,149	\$ 146,149
Article 40 one - half of one percent	2,524,000	2,432,938	(91,062)
Article 42 one - half of one percent	2,500,000	2,426,489	(73,511)
Article 44 one - half of one percent	2,100,000	2,515,301	415,301
Total	<u>\$ 11,924,000</u>	<u>\$ 12,320,877</u>	<u>\$ 396,877</u>
Other Taxes and Licenses:			
Franchise tax	\$ 60,000	\$ 57,900	\$ (2,100)
Privilege and civil licenses	24,000	25,246	1,246
Beer and wine tax	5,000	110,304	105,304
Excise tax	360,000	401,736	41,736
Total	<u>\$ 449,000</u>	<u>\$ 595,186</u>	<u>\$ 146,186</u>
Unrestricted Intergovernmental:			
Housing Authority	\$ 35,000	\$ 23,758	\$ (11,242)
Tourism Authority	9,000	9,272	272
Total	<u>\$ 44,000</u>	<u>\$ 33,030</u>	<u>\$ (10,970)</u>
Restricted Intergovernmental:			
General Fund	\$ 2,418,316	\$ 1,958,998	\$ (459,318)
Health services	599,438	1,100,887	501,449
Social services	11,858,643	11,621,952	(236,691)
ABC Board rehabilitation	20,000	21,952	1,952
Total	<u>\$ 14,896,397</u>	<u>\$ 14,703,789</u>	<u>\$ (192,608)</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, 2004

Exhibit B-1

	Budget	Actual	Variance Positive (Negative)
Revenues (continued):			
Permits and Fees:			
Building permits and inspection fees	\$ 142,400	\$ 167,496	\$ 25,096
Register of deeds	343,000	487,959	144,959
Total	\$ 485,400	\$ 655,455	\$ 170,055
Sales and Services:			
Rents, concessions, and fees	\$ 6,705,462	\$ 6,855,297	\$ 149,835
Jail fees	755,000	715,525	(39,475)
Ambulance service fees	530,000	894,168	364,168
Court facility fees	175,000	210,000	35,000
Communication Center	600,000	560,820	(39,180)
Total	\$ 8,765,462	\$ 9,235,810	\$ 470,348
Investment Earnings	\$ 401,000	\$ 204,852	\$ (196,148)
Miscellaneous:			
Sale of fixed assets	\$ -	\$ 14,872	\$ 14,872
Other	63,000	170,059	107,059
Total	\$ 63,000	\$ 184,931	\$ 121,931
Total Revenues	\$ 70,557,299	\$ 71,709,462	\$ 1,152,163
Expenditures:			
General Government:			
Board of Commissioners:			
Salaries and employee benefits	\$ 43,276	\$ 42,791	\$ 485
Other operating expenditures	27,000	29,211	(2,211)
Total	\$ 70,276	\$ 72,002	\$ (1,726)

(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, 2004

Exhibit B-1

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued):			
General Government (continued):			
Administration:			
Salaries and employee benefits	\$ 240,439	\$ 236,830	\$ 3,609
Other operating expenditures	11,867	11,228	639
Total	<u>\$ 252,306</u>	<u>\$ 248,058</u>	<u>\$ 4,248</u>
Human Resources:			
Salaries and employee benefits	\$ 53,884	\$ 52,768	\$ 1,116
Other operating expenditures	12,650	11,999	651
Capital outlay	-	-	-
Total	<u>\$ 66,534</u>	<u>\$ 64,767</u>	<u>\$ 1,767</u>
Board of Elections:			
Salaries and employee benefits	\$ 205,107	\$ 143,960	\$ 61,147
Other operating expenditures	57,673	45,841	11,832
Data Processing charges	7,656	7,601	55
Capital outlay	7,500	7,066	434
Total	<u>\$ 277,936</u>	<u>\$ 204,468</u>	<u>\$ 73,468</u>
Finance:			
Salaries and employee benefits	\$ 292,318	\$ 288,164	\$ 4,154
Other operating expenditures	28,242	26,311	1,931
Data Processing charges	15,450	15,323	127
Total	<u>\$ 336,010</u>	<u>\$ 329,798</u>	<u>\$ 6,212</u>
Office of Tax Supervisor:			
Salaries and employee benefits	\$ 587,727	\$ 564,838	\$ 22,889
Other operating expenditures	193,000	171,543	21,457
Data processing charges	57,000	46,674	10,326
Capital outlay	5,700	5,495	205
Total	<u>\$ 843,427</u>	<u>\$ 788,550</u>	<u>\$ 54,877</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, 2004

Exhibit B-1

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued):			
General Government (continued):			
Mapping:			
Salaries and employee benefits	\$ 143,594	\$ 141,930	\$ 1,664
Other operating expenditures	7,550	6,853	697
Data processing charges	9,025	9,015	10
Capital outlay	10,125	9,754	371
Total	<u>\$ 170,294</u>	<u>\$ 167,552</u>	<u>\$ 2,742</u>
Technology Services:			
Salaries and employee benefits	\$ 143,875	\$ 131,528	\$ 12,347
Other operating expenditures	77,757	74,602	3,155
Total	<u>\$ 221,632</u>	<u>\$ 206,130</u>	<u>\$ 15,502</u>
Agriculture Building:			
Other operating expenditures	\$ 38,970	\$ 37,983	\$ 987
Capital outlay	4,530	4,530	-
Total	<u>\$ 43,500</u>	<u>\$ 42,513</u>	<u>\$ 987</u>
Register of Deeds:			
Salaries and employee benefits	\$ 293,300	\$ 285,731	\$ 7,569
Other operating expenditures	86,530	83,383	3,147
Capital outlay	-	-	-
Total	<u>\$ 379,830</u>	<u>\$ 369,114</u>	<u>\$ 10,716</u>
Public Buildings:			
Other operating expenditures	\$ 381,568	\$ 373,509	\$ 8,059
Capital outlay	8,000	5,713	2,287
Total	<u>\$ 389,568</u>	<u>\$ 379,222</u>	<u>\$ 10,346</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, 2004

Exhibit B-1

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued):			
General Government (continued):			
Court Facilities:			
Salaries and employee benefits	\$ 199,421	\$ 182,302	\$ 17,119
Other operating expenditures	197,115	115,362	81,753
Capital outlay	-	63,315	(63,315)
Total	<u>\$ 396,536</u>	<u>\$ 360,979</u>	<u>\$ 35,557</u>
Central Service:			
Other operating expenditures	\$ 1,856,218	\$ 1,247,630	\$ 608,588
Capital outlay	-	717,394	(717,394)
Total	<u>\$ 1,856,218</u>	<u>\$ 1,965,024</u>	<u>\$ (108,806)</u>
Other:			
Industrial Council	\$ 204,086	\$ 204,086	\$ -
Upper Coastal Plain COG	26,160	26,285	(125)
Block Grant Aging	507,179	456,266	50,913
Other area projects	1,042,255	877,228	165,027
Total	<u>\$ 1,779,680</u>	<u>\$ 1,563,865</u>	<u>\$ 215,815</u>
Total General Government	<u>\$ 7,083,747</u>	<u>\$ 6,762,042</u>	<u>\$ 321,705</u>
Public Safety:			
Sheriff:			
Salaries and employee benefits	\$ 2,773,367	\$ 2,801,342	\$ (27,975)
Other operating expenditures	654,036	494,852	159,184
Capital outlay	292,027	284,330	7,697
Total	<u>\$ 3,719,430</u>	<u>\$ 3,580,524</u>	<u>\$ 138,906</u>
County Jail:			
Salaries and employee benefits	\$ 1,779,617	\$ 1,451,057	\$ 328,560
Other operating expenditures	706,084	656,534	49,550
Capital outlay	30,895	30,895	-
Total	<u>\$ 2,516,596</u>	<u>\$ 2,138,486</u>	<u>\$ 378,110</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, 2004

Exhibit B-1

Variance
Positive
(Negative)

Expenditures (continued):

Public Safety (continued):

Emergency Communications:

	Budget	Actual	Variance Positive (Negative)
Salaries and employee benefits	\$ 985,481	\$ 997,541	\$ (12,060)
Other operating expenditures	117,840	93,476	24,364
Total	\$ 1,103,321	\$ 1,091,017	\$ 12,304

Emergency Management:

Salaries and employee benefits	\$ 60,442	\$ 60,140	\$ 302
Other operating expenditures	50,480	28,739	21,741
Total	\$ 110,922	\$ 88,879	\$ 22,043

Home Land Security:

Other operating expenditures	\$ 343,147	\$ 145,730	\$ 197,417
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Emergency Medical Servicing:

Salaries and employee benefits	\$ 1,158,599	\$ 1,155,726	\$ 2,873
Other operating expenditures	423,192	319,723	103,469
Capital outlay	80,255	77,401	2,854
Total	\$ 1,662,046	\$ 1,552,850	\$ 109,196

Old Jail:

Salaries and employee benefits	\$ 483,789	\$ 489,851	\$ (6,062)
Other operating expenditures	111,431	107,244	4,187
Capital outlay	-	-	-
Total	\$ 595,220	\$ 597,095	\$ (1,875)

Medical Examiner

	\$ 50,000	\$ 35,500	\$ 14,500
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Total Public Safety

	\$ 10,100,682	\$ 9,230,081	\$ 870,601
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(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, 2004

Exhibit B-1

	Budget	Actual	Variance Positive (Negative)
Expenditures (continued):			
Transportation:			
Streets and Highways:			
Salaries and employee benefits	\$ 36,028	\$ 35,180	\$ 848
Other operating expenditures	10,830	9,595	1,235
Capital outlay	146,650	113,748	32,902
Total	\$ 193,508	\$ 158,523	\$ 34,985
Rocky Mount/Wilson Airport	\$ 41,784	\$ 41,784	\$ -
Total Transportation	\$ 235,292	\$ 200,307	\$ 34,985
Environmental Protection:			
Forestry Program:			
Salaries and employee benefits	\$ -	\$ -	\$ -
Other operating expenditures	65,210	48,780	16,430
Total	\$ 65,210	\$ 48,780	\$ 16,430
Soil Conservation:			
Salaries and employee benefits	\$ 146,678	\$ 137,669	\$ 9,009
Other operating expenditures	24,460	20,616	3,844
Total	\$ 171,138	\$ 158,285	\$ 12,853
Total Environmental Protection	\$ 236,348	\$ 207,065	\$ 29,283
Economic and Physical Development:			
Agricultural Extension and 4-H:			
Salaries and employee benefits	\$ 343,713	\$ 295,054	\$ 48,659
Other operating expenditures	231,064	228,250	2,814
Capital outlay	2,100	2,200	(100)
Total	\$ 576,877	\$ 525,504	\$ 51,373

(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, 2004**

Exhibit B-1

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued):			
Economic and Physical Development: (continued)			
Planning and Zoning:			
Salaries and employee benefits	\$ 303,138	\$ 280,130	\$ 23,008
Other operating expenditures	40,143	39,508	635
Capital outlay	24,491	24,727	(236)
Total	<u>\$ 367,772</u>	<u>\$ 344,365</u>	<u>\$ 23,407</u>
Total Economic and Physical Development	<u>\$ 944,649</u>	<u>\$ 869,869</u>	<u>\$ 74,780</u>
Human Services:			
Mental Health	<u>\$ 337,559</u>	<u>\$ 337,559</u>	<u>\$ -</u>
Diversified opportunities	<u>\$ 38,000</u>	<u>\$ 38,000</u>	<u>\$ -</u>
Breastfeeding and Nutrition:			
Salaries and employee benefits	\$ 35,000	\$ 18,420	\$ 16,580
Other operating expenditures	18,517	67	18,450
Total	<u>\$ 53,517</u>	<u>\$ 18,487</u>	<u>\$ 35,030</u>
Health:			
Administration:			
Salaries and employee benefits	\$ 19,100	\$ 1,520	\$ 17,580
Other operating expenditures	295,256	224,101	71,155
Capital outlay	120,144	84,851	35,293
Total	<u>\$ 434,500</u>	<u>\$ 310,472</u>	<u>\$ 124,028</u>
Health Promotion:			
Salaries and employee benefits	\$ 247,850	\$ 228,541	\$ 19,309
Other operating expenditures	88,177	75,641	12,536
Capital outlay	894	892	2
Total	<u>\$ 336,921</u>	<u>\$ 305,074</u>	<u>\$ 31,847</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, 2004**

Exhibit B-1

	Budget	Actual	Variance Positive (Negative)
Expenditures (continued):			
Human Services (continued):			
Health (continued):			
Tuberculosis Control:			
Salaries and employee benefits	\$ 145,375	\$ 110,876	\$ 34,499
Other operating expenditures	21,810	11,560	10,250
Total	\$ 167,185	\$ 122,436	\$ 44,749
Home Health:			
Salaries and employee benefits	\$ 1,977,501	\$ 2,072,113	\$ (94,612)
Other operating expenditures	1,497,526	1,467,722	29,804
Capital outlay	178,381	283,669	(105,288)
Total	\$ 3,653,408	\$ 3,823,504	\$ (170,096)
Family Planning:			
Salaries and employee benefits	\$ 537,810	\$ 472,275	\$ 65,535
Other operating expenditures	213,405	169,578	43,827
Capital outlay	24,036	23,716	320
Total	\$ 775,251	\$ 665,569	\$ 109,682
Maternal Health:			
Salaries and employee benefits	\$ 688,365	\$ 686,178	\$ 2,187
Other operating expenditures	145,540	117,615	27,925
Capital outlay	6,600	6,484	116
Total	\$ 840,505	\$ 810,277	\$ 30,228
Tuberculosis Center:			
Salaries and employee benefits	\$ 49,978	\$ 47,704	\$ 2,274
Other operating expenditures	2,600	1,864	736
Total	\$ 52,578	\$ 49,568	\$ 3,010

(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, 2004**

Exhibit B-1

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued):			
Human Services (continued):			
Health (continued):			
Environmental Health:			
Salaries and employee benefits	\$ 389,674	\$ 379,407	\$ 10,267
Other operating expenditures	33,478	16,707	16,771
Total	<u>\$ 423,152</u>	<u>\$ 396,114</u>	<u>\$ 27,038</u>
Immunization:			
Other operating expenditures	\$ 24,578	\$ 24,497	\$ 81
Capital outlay	2,259	1,933	326
Total	<u>\$ 26,837</u>	<u>\$ 26,430</u>	<u>\$ 407</u>
Breast Feeding Promotion:			
Salaries and employee benefits	\$ 4,988	\$ 4,986	\$ 2
Other operating expenditures	8,358	6,815	1,543
Total	<u>\$ 13,346</u>	<u>\$ 11,801</u>	<u>\$ 1,545</u>
Communicable Diseases:			
Salaries and employee benefits	\$ 320,971	\$ 286,332	\$ 34,639
Other operating expenditures	29,093	20,940	8,153
Total	<u>\$ 350,064</u>	<u>\$ 307,272</u>	<u>\$ 42,792</u>
Comprehensive Breast Cancer Prevention:			
Salaries and employee benefits	\$ 17,641	\$ 6,660	\$ 10,981
Other operating expenditures	6,900	3,092	3,808
Total	<u>\$ 24,541</u>	<u>\$ 9,752</u>	<u>\$ 14,789</u>
Child Health:			
Salaries and employee benefits	\$ 558,945	\$ 544,975	\$ 13,970
Other operating expenditures	100,451	85,497	14,954
Total	<u>\$ 659,396</u>	<u>\$ 630,472</u>	<u>\$ 28,924</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, 2004

Exhibit B-1

	Budget	Actual	Variance Positive (Negative)
Expenditures (continued):			
Human Services (continued):			
Health (continued):			
Smart Start - Breastfeeding:			
Salaries and employee benefits	\$ 8,060	\$ 7,875	\$ 185
Other operating expenditures	3,170	2,661	509
Total	\$ 11,230	\$ 10,536	\$ 694
Child Service Coordinator:			
Salaries and employee benefits	\$ 291,198	\$ 244,666	\$ 46,532
Other operating expenditures	63,637	47,455	16,182
Capital outlay	6,600	6,486	114
Total	\$ 361,435	\$ 298,607	\$ 62,828
WIC Clinic Administration:			
Salaries and employee benefits	\$ 77,787	\$ 55,489	\$ 22,298
Other operating expenditures	11,723	4,653	7,070
Capital outlay	2,500	1,394	1,106
Total	\$ 92,010	\$ 61,536	\$ 30,474
WIC Nutrition Education:			
Salaries and employee benefits	\$ 115,042	\$ 101,384	\$ 13,658
Other operating expenditures	15,900	5,556	10,344
Capital outlay	-	-	-
Total	\$ 130,942	\$ 106,940	\$ 24,002
Animal Control:			
Salaries and employee benefits	\$ 231,002	\$ 233,896	\$ (2,894)
Other operating expenditures	49,130	40,194	8,936
Total	\$ 280,132	\$ 274,090	\$ 6,042

(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, 2004**

Exhibit B-1

	Budget	Actual	Variance Positive (Negative)
Expenditures (continued):			
Human Services (continued):			
Health (continued):			
AIDS Control:			
Salaries and employee benefits	\$ 50,701	\$ 17,236	\$ 33,465
Other operating expenditures	7,525	4,865	2,660
Total	\$ 58,226	\$ 22,101	\$ 36,125
Bioterrorism:			
Other operating expenditures	\$ 49,086	\$ 43,129	\$ 5,957
Capital outlay	40,194	39,037	1,157
Total	\$ 89,280	\$ 82,166	\$ 7,114
Child Lead Poisoning:			
Other operating expenditures	\$ 8,436	\$ 8,412	\$ 24
Capital outlay	1,364	1,363	1
Total	\$ 9,800	\$ 9,775	\$ 25
WIC Client Services:			
Salaries and employee benefits	\$ 326,123	\$ 307,928	\$ 18,195
Other operating expenditures	21,817	17,236	4,581
Capital outlay	7,525	7,150	375
Total	\$ 355,465	\$ 332,314	\$ 23,151
Step Project:			
Other operating expenditures	\$ -	\$ -	\$ -
Total Health	\$ 9,146,204	\$ 8,666,806	\$ 479,398

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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, 2004

Exhibit B-1

Variance
Positive
(Negative)

Expenditures (continued):

Human Services (continued):

Social Services:

Administration:

	Budget	Actual	Variance Positive (Negative)
Salaries and employee benefits	\$ 7,839,135	\$ 7,500,617	\$ 338,518
Other operating expenditures	1,391,692	1,166,117	225,575
Capital outlay	69,889	102,517	(32,628)
Total	\$ 9,300,716	\$ 8,769,251	\$ 531,465

4D Child Support:

Salaries and employee benefits	\$ 77,837	\$ 77,198	\$ 639
Other operating expenditures	62,409	32,014	30,395
Capital outlay	-	-	-
Total	\$ 140,246	\$ 109,212	\$ 31,034

Income Maintenance Programs:

AFDC program - County participation	\$ 100,000	\$ 61,682	\$ 38,318
AFDC Foster Care	921,799	228,819	692,980
Special assistance - Adults	1,148,238	944,737	203,501
Medicaid - County participation	5,182,200	4,033,342	1,148,858
Total	\$ 7,352,237	\$ 5,268,580	\$ 2,083,657

Other Services:

Other operating expenditures	\$ 6,264,619	\$ 5,896,325	\$ 368,294
Total Social Services	\$ 23,057,818	\$ 20,043,368	\$ 3,014,450

Veterans Affairs:

Salaries and employee benefits	\$ 35,514	\$ 35,212	\$ 302
Other operating expenditures	350	105	245
Total	\$ 35,864	\$ 35,317	\$ 547

Total Human Services	\$ 32,668,962	\$ 29,139,537	\$ 3,529,425
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(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, 2004**

Exhibit B-1

	Budget	Actual	Variance Positive (Negative)
Expenditures (continued):			
Cultural and Recreational:			
Recreation:			
Salaries and employee benefits	\$ 69,376	\$ 62,675	\$ 6,701
Other operating expenditures	382,450	405,381	(22,931)
Total	\$ 451,826	\$ 468,056	\$ (16,230)
Libraries:			
Salaries and employee benefits	\$ 916,285	\$ 903,298	\$ 12,987
Other operating expenditures	342,988	272,936	70,052
Capital outlay	11,052	8,375	2,677
Total	\$ 1,270,325	\$ 1,184,609	\$ 85,716
Total Cultural and Recreational	\$ 1,722,151	\$ 1,652,665	\$ 69,486
Education:			
Public schools - current	\$ 13,273,073	\$ 13,273,073	\$ -
Public schools - capital outlay	1,250,000	1,250,000	-
Community colleges - current	1,102,251	1,102,251	-
Community colleges - capital outlay	41,700	41,700	-
Total Education	\$ 15,667,024	\$ 15,667,024	\$ -
Debt Service:			
Principal retirement	\$ 4,469,730	\$ 4,599,716	\$ (129,986)
Interest and other charges	2,483,943	2,284,863	199,080
Total Debt Service	\$ 6,953,673	\$ 6,884,579	\$ 69,094
Total Expenditures	\$ 75,612,528	\$ 70,613,169	\$ 4,999,359

(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, 2004**

Exhibit B-1

	Budget	Actual	Variance Positive (Negative)
(continued):			
Revenues Over Expenditures	\$ (5,055,229)	\$ 1,096,293	\$ 6,151,522
Other Financing Sources (Uses):			
Transfers (to) from other funds	\$ (738,959)	\$ (738,959)	\$ -
Capital lease obligation issued	-	891,897	891,897
Fund balance appropriated	5,669,188	-	(5,669,188)
Transfer from component unit:			
Wilson County ABC Board:			
Profit Distribution	125,000	124,789	(211)
Total Other Financing Sources (Uses)	\$ 5,055,229	\$ 277,727	\$ (4,777,502)
Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ -	\$ 1,374,020	\$ 1,374,020
Fund Balances:			
Beginning of year, July 1		22,465,065	
Increase in inventory		-	
End of year, June 30		\$ 23,839,085	

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**Wilson County, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2004**

	Special Revenue Funds				
	Revaluation Fund	Fire Districts Fund	Enhanced 911 Service	Total Non-major Special Revenue Funds	Economic Development Reserve Fund
Assets					
Cash and cash equivalents	\$ 197,894	\$ 13,659	\$ 835,780	\$ 1,047,333	\$ 51,086
Restricted cash	-	-	-	-	-
Taxes receivable, net	-	117,705	-	117,705	-
Accounts receivable, net	-	220,834	42,358	263,192	-
Due from other funds	-	-	-	-	-
Total Assets	\$ 197,894	\$ 352,198	\$ 878,138	\$ 1,428,230	\$ 51,086
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ 234,493	\$ 190,878	\$ 425,371	\$ -
Due to other funds	-	-	-	-	-
Deferred revenue	-	117,705	-	117,705	-
Total Liabilities	\$ -	\$ 352,198	\$ 190,878	\$ 543,076	\$ -
Fund balances:					
Reserved by state statute	\$ -	\$ -	\$ 42,358	\$ 42,358	\$ -
Unreserved	197,894	-	644,902	842,796	51,086
Total Fund Balances	\$ 197,894	\$ -	\$ 687,260	\$ 885,154	\$ 51,086
Total Liabilities and Fund Balances	\$ 197,894	\$ 352,198	\$ 878,138	\$ 1,428,230	\$ 51,086

Capital Projects Funds							
Public Buildings Fund	Water and Sewer Reserve	Hurricane Floyd Disaster Recovery Projects	Regional Wastewater Facility	School Improvement Capital Project Fund	Library Construction Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
\$ 43,458	\$ 7,033	\$ 63,116	\$ 3,280	\$ -	\$ -	\$ 167,973	\$ 1,215,306
-	-	-	-	1,725,121	2,370,971	4,096,092	4,096,092
-	-	-	-	-	-	-	117,705
-	-	-	80,000	-	-	80,000	343,192
28,578	-	-	-	-	-	28,578	28,578
<u>\$ 72,036</u>	<u>\$ 7,033</u>	<u>\$ 63,116</u>	<u>\$ 83,280</u>	<u>\$ 1,725,121</u>	<u>\$ 2,370,971</u>	<u>\$ 4,372,643</u>	<u>\$ 5,800,873</u>
\$ 14,070	\$ -	\$ 14,883	\$ -	\$ 72,834	\$ 276,175	\$ 377,962	\$ 803,333
-	7,033	-	82,010	-	-	89,043	89,043
-	-	-	-	-	-	-	117,705
<u>\$ 14,070</u>	<u>\$ 7,033</u>	<u>\$ 14,883</u>	<u>\$ 82,010</u>	<u>\$ 72,834</u>	<u>\$ 276,175</u>	<u>\$ 467,005</u>	<u>\$ 1,010,081</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,358
57,966	-	48,233	1,270	1,652,287	2,094,796	3,905,638	4,748,434
<u>\$ 57,966</u>	<u>\$ -</u>	<u>\$ 48,233</u>	<u>\$ 1,270</u>	<u>\$ 1,652,287</u>	<u>\$ 2,094,796</u>	<u>\$ 3,905,638</u>	<u>\$ 4,790,792</u>
<u>\$ 72,036</u>	<u>\$ 7,033</u>	<u>\$ 63,116</u>	<u>\$ 83,280</u>	<u>\$ 1,725,121</u>	<u>\$ 2,370,971</u>	<u>\$ 4,372,643</u>	<u>\$ 5,800,873</u>

Wilson County, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2004

	Special Revenue Funds				
	Revaluation Fund	Fire Districts Fund	Enhanced 911 Service	Total Non-major Special Revenue Funds	Economic Development Reserve Fund
Revenues					
Ad valorem taxes	\$ -	\$ 743,538	\$ -	\$ 743,538	\$ -
Local option sales tax	-	220,834	-	220,834	-
Other taxes	-	-	518,256	518,256	-
Restricted intergovernmental	-	-	-	-	-
Investment earnings	1,855	-	6,442	8,297	474
Total Revenues	\$ 1,855	\$ 964,372	\$ 524,698	\$ 1,490,925	\$ 474
Expenditures					
Water Project - economic incentives	\$ -	\$ -	\$ -	\$ -	\$ 562,700
Public safety	-	964,372	578,616	1,542,988	-
Capital projects	-	-	-	-	-
Total Expenditures	\$ -	\$ 964,372	\$ 578,616	\$ 1,542,988	\$ 562,700
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,855	\$ -	\$ (53,918)	\$ (52,063)	\$ (562,226)
Other Financing Sources (Uses)					
Transfers (to) from other funds	50,000	-	-	50,000	613,312
Net Change in Fund Balances	\$ 51,855	\$ -	\$ (53,918)	\$ (2,063)	\$ 51,086
Fund Balances:					
Beginning of year, July 1	146,039	-	741,178	887,217	-
End of year, June 30	\$ 197,894	\$ -	\$ 687,260	\$ 885,154	\$ 51,086

Capital Projects Funds

Public Buildings Fund	Water and Sewer Reserve	Hurricane Floyd Disaster Recovery Projects	Regional Wastewater Facility	School Improvement Capital Project Fund	Library Construction Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 743,538
-	-	-	-	-	-	-	220,834
-	-	-	-	-	-	-	518,256
-	-	12,229	3,500	-	-	15,729	15,729
-	-	-	-	17,803	37,992	56,269	64,566
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,229</u>	<u>\$ 3,500</u>	<u>\$ 17,803</u>	<u>\$ 37,992</u>	<u>\$ 71,998</u>	<u>\$ 1,562,923</u>
\$ -	\$ 32,966	\$ -	\$ -	\$ -	\$ -	\$ 595,666	\$ 595,666
-	-	-	-	-	-	-	1,542,988
192,377	-	60,750	77,500	1,423,621	2,762,602	4,516,850	4,516,850
<u>\$ 192,377</u>	<u>\$ 32,966</u>	<u>\$ 60,750</u>	<u>\$ 77,500</u>	<u>\$ 1,423,621</u>	<u>\$ 2,762,602</u>	<u>\$ 5,112,516</u>	<u>\$ 6,655,504</u>
\$ (192,377)	\$ (32,966)	\$ (48,521)	\$ (74,000)	\$ (1,405,818)	\$ (2,724,610)	\$ (5,040,518)	\$ (5,092,581)
250,343	(174,696)	-	-	-	-	688,959	738,959
<u>\$ 57,966</u>	<u>\$ (207,662)</u>	<u>\$ (48,521)</u>	<u>\$ (74,000)</u>	<u>\$ (1,405,818)</u>	<u>\$ (2,724,610)</u>	<u>\$ (4,351,559)</u>	<u>\$ (4,353,622)</u>
-	207,662	96,754	75,270	3,058,105	4,819,406	8,257,197	9,144,414
<u>\$ 57,966</u>	<u>\$ -</u>	<u>\$ 48,233</u>	<u>\$ 1,270</u>	<u>\$ 1,652,287</u>	<u>\$ 2,094,796</u>	<u>\$ 3,905,638</u>	<u>\$ 4,790,792</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, 2004

Exhibit C-3

	2004		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Investment earnings	\$ 500	\$ 1,855	\$ 1,355
Expenditures:			
Revaluation expense	195,636	-	195,636
Revenues Over (Under) Expenditures	<u>\$ (195,136)</u>	<u>\$ 1,855</u>	<u>\$ 196,991</u>
Other Financing Sources:			
Operating transfer in:			
General Fund	50,000	50,000	-
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ (145,136)</u>	<u>\$ 51,855</u>	<u>\$ 196,991</u>
Appropriated fund balance	<u>145,136</u>	<u>-</u>	<u>(145,136)</u>
Revenues, Other Sources, and Appropriated Fund Balance Over (Under) Expenditures	<u><u>\$ -</u></u>	<u><u>\$ 51,855</u></u>	<u><u>\$ 51,855</u></u>
Fund Balances:			
Beginning of year, July 1		146,039	
End of year, June 30		<u><u>\$ 197,894</u></u>	

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, 2004

Exhibit C-4

	2004		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Ad Valorem Taxes:			
Current year	\$ 681,000	\$ 705,122	\$ 24,122
Prior year	-	38,416	38,416
Total	\$ 681,000	\$ 743,538	\$ 62,538
Other taxes	153,135	220,834	67,699
Total Revenues	\$ 834,135	\$ 964,372	\$ 130,237
Expenditures:			
Revaluation expense	834,135	964,372	(130,237)
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, 2004

Exhibit C-5

	2004		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Other taxes	\$ 485,623	\$ 518,256	\$ 32,633
Investment earnings	-	6,442	6,442
Other	-	-	-
Total Revenues	\$ 485,623	\$ 524,698	\$ 39,075
Expenditures:			
Salaries and employee benefits	\$ 142,643	\$ 117,270	\$ 25,373
Operating expenses	293,070	231,460	61,610
Capital outlay	255,693	229,886	25,807
Total Expenditures	\$ 691,406	\$ 578,616	\$ 112,790
Revenues Over (Under) Expenditures	\$ (205,783)	\$ (53,918)	\$ 151,865
Other Financing Sources:			
Fund balance appropriated	205,783	-	(205,783)
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (53,918)</u>	<u>\$ (53,918)</u>
Fund Balances:			
Beginning of year, July 1		741,178	
End of year, June 30		<u>\$ 687,260</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, 2004

Exhibit C-6

	2004		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Investment earnings	\$ 29,750	\$ 474	\$ (29,276)
Expenditures:			
Economic incentives	663,573	562,700	100,873
Revenues Over (Under) Expenditures	\$ (633,823)	\$ (562,226)	\$ 71,597
Other Financing Sources (Uses):			
Operating transfers in (out)	\$ 613,312	\$ 613,312	\$ -
Fund balance appropriated	20,511	-	(20,511)
Total Other Financing Sources (Uses)	\$ 633,823	\$ 613,312	\$ (20,511)
Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	\$ -	\$ 51,086	\$ 51,086
Fund Balances:			
Beginning of year, July 1		-	
End of year, June 30		\$ 51,086	

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, 2004

Exhibit C-7

	2004		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Investment earnings	\$ 500	\$ -	\$ (500)
Miscellaneous	-	-	-
Total Revenues	\$ 500	\$ -	\$ (500)
Expenditures:			
Buildings	\$ 157,343	\$ 99,757	\$ 57,586
Other	-	-	-
Capital outlay	93,500	92,620	880
Total Expenditures	\$ 250,843	\$ 192,377	\$ 58,466
Revenues Over (Under) Expenditures	\$ (250,343)	\$ (192,377)	\$ 57,966
Other Financing Sources (Uses):			
Operating transfers in (out)	\$ 250,343	\$ 250,343	\$ -
Fund balance appropriated	-	-	-
Total Other Financing Source (Uses)	\$ 250,343	\$ 250,343	\$ -
Revenues and Other Financing Sources Over (Under) Expenditures	\$ -	\$ 57,966	\$ 57,966
Fund Balances:			
Beginning of year, July 1		-	
End of year, June 30		\$ 57,966	

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, 2004

Exhibit C-8

	2004		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Investment earnings	\$ 2,000	\$ -	\$ (2,000)
Expenditures:			
Contentnea Project	\$ -	\$ -	\$ -
Economic incentives	40,000	32,966	7,034
Total Expenditures	\$ 40,000	\$ 32,966	\$ 7,034
Revenues Over (Under) Expenditures	\$ (38,000)	\$ (32,966)	\$ 5,034
Other Financing Sources (Uses):			
Operating transfers in (out)	\$ (174,696)	\$ (174,696)	\$ -
Fund balance appropriated	212,696	-	(212,696)
Total Other Financing Source (Uses)	\$ 38,000	\$ (174,696)	\$ (212,696)
Revenues and Other Financing Sources Over (Under) Expenditures	\$ -	\$ (207,662)	\$ (207,662)
Fund Balances:			
Beginning of year, July 1		207,662	
End of year, June 30		\$ -	

**Wilson County, North Carolina
Hurricane Floyd Disaster Recovery Programs
Schedule of Revenues, Expenditures, and
Changes in Fund Balances (Uses) - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2004**

	Project Authorization
Revenues	
Scattered Sites	\$ 500,300
Hazard mitigation	-
Total Revenues	\$ 500,300
Expenditures	
Scattered Sites:	
Administration	\$ 439,000
Rehabilitation	61,300
Total	\$ 500,300
Revenues Over (Under) Expenditures	\$ -
Fund Balance, beginning of year	
Fund Balance, end of year	

Exhibit C-9

Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
\$ -	\$ 50,473	\$ 50,473	\$ (449,827)
-	(38,244)	(38,244)	(38,244)
<u>\$ -</u>	<u>\$ 12,229</u>	<u>\$ 12,229</u>	<u>\$ (488,071)</u>
\$ -	\$ 46,844	\$ 46,844	\$ 392,156
-	13,906	13,906	47,394
<u>\$ -</u>	<u>\$ 60,750</u>	<u>\$ 60,750</u>	<u>\$ 439,550</u>
<u><u>\$ -</u></u>	<u><u>\$ (48,521)</u></u>	<u><u>\$ (48,521)</u></u>	<u><u>\$ (48,521)</u></u>
	96,754		
	<u><u>\$ 48,233</u></u>		

**Wilson County, North Carolina
Regional Wastewater Facility
Schedule of Revenues, Expenditures, and
Changes in Fund Balances (Uses) - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2004**

	Project Authorization
Revenues	
Rural Center grant	\$ 80,000
Local units match	22,400
Total Revenues	\$ 102,400
Expenditures	
Engineering	\$ 88,500
Environmental assessment	8,900
Administration costs	5,000
Total Expenditures	\$ 102,400
Revenues Over (Under) Expenditures	\$ -
Fund Balance, beginning of year	
Fund Balance, end of year	

Exhibit C-10

<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
\$ 80,000	\$ -	\$ 80,000	\$ -
15,050	3,500	18,550	(3,850)
<u>\$ 95,050</u>	<u>\$ 3,500</u>	<u>\$ 98,550</u>	<u>\$ (3,850)</u>
\$ 19,780	\$ 77,500	\$ 97,280	\$ (8,780)
-	-	-	8,900
-	-	-	5,000
<u>\$ 19,780</u>	<u>\$ 77,500</u>	<u>\$ 97,280</u>	<u>\$ 5,120</u>
<u>\$ 75,270</u>	\$ (74,000)	<u>\$ 1,270</u>	<u>\$ 1,270</u>
	75,270		
	<u>\$ 1,270</u>		

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, 2004

	<u>Project Authorization</u>
Revenues	
Installment Financing Project:	
Investment earnings	\$ 369,369
Expenditures	
Installment Financing Project:	
School Improvements:	
Miscellaneous renovations	\$ 946,721
Fike	503,831
Rock Ridge	5,255,938
Margaret Hearne School	218,000
Elm City Middle School	6,390,002
Speight Middle School	1,327,515
MM Daniels Center	108,848
Springfield Middle School	2,290,750
Darden Vick Middle School	9,378,794
Lucama School	7,040,253
Other costs	65,286
Sales tax refund	(156,569)
Total	<u>\$ 33,369,369</u>
Qualified Zone Academy Bonds	
Construction	903,319
Total Expenditures	<u>\$ 34,272,688</u>
Revenues Over (Under) Expenditures	<u>\$ (33,903,319)</u>
Other Financing Sources:	
Installment financing agreement	\$ 33,000,000
Qualified Zone Academy bonds	903,319
Fund balance appropriated	-
Total Other Financing Sources	<u>\$ 33,903,319</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>
Fund Balance, beginning of year	
Fund Balance, end of year	

Exhibit C-11

<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
\$ 610,057	\$ 17,803	\$ 627,860	\$ 258,491
\$ -	\$ 139,553	\$ 139,553	\$ 807,168
54,400	449,431	503,831	-
5,255,578	-	5,255,578	360
217,844	-	217,844	156
6,390,001	-	6,390,001	1
1,327,515	-	1,327,515	-
108,848	-	108,848	-
2,290,699	-	2,290,699	51
9,141,722	237,072	9,378,794	-
6,189,862	850,391	7,040,253	-
65,182	104	65,286	-
(427,121)	(303,988)	(731,109)	574,540
<u>\$ 30,614,530</u>	<u>\$ 1,372,563</u>	<u>\$ 31,987,093</u>	<u>\$ 1,382,276</u>
840,741	51,058	891,799	11,520
<u>\$ 31,455,271</u>	<u>\$ 1,423,621</u>	<u>\$ 32,878,892</u>	<u>\$ 1,393,796</u>
<u>\$ (30,845,214)</u>	<u>\$ (1,405,818)</u>	<u>\$ (32,251,032)</u>	<u>\$ 1,652,287</u>
\$ 33,000,000	\$ -	\$ 33,000,000	\$ -
903,319	-	903,319	-
-	-	-	-
<u>\$ 33,903,319</u>	<u>\$ -</u>	<u>\$ 33,903,319</u>	<u>\$ -</u>
<u>\$ 3,058,105</u>	<u>\$ (1,405,818)</u>	<u>\$ 1,652,287</u>	<u>\$ 1,652,287</u>
	3,058,105		
	<u>\$ 1,652,287</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, 2004

	<u>Project Authorization</u>
Revenues	
Bond proceeds	\$ 5,300,000
Investment earnings	-
Total Revenues	<u>\$ 5,300,000</u>
Expenditures	
Legal services	\$ 10,000
Professional service	530,000
Capital outlay	4,760,000
Total Expenditures	<u>\$ 5,300,000</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>
Fund Balance, beginning of year	
Fund Balance, end of year	

Exhibit C-12

<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
\$ 5,300,000 32,069	\$ - 37,992	\$ 5,300,000 70,061	\$ - 70,061
<u>\$ 5,332,069</u>	<u>\$ 37,992</u>	<u>\$ 5,370,061</u>	<u>\$ 70,061</u>
\$ - 282,745 229,918	\$ - 42,731 2,719,871	\$ - 325,476 2,949,789	\$ 10,000 204,524 1,810,211
<u>\$ 512,663</u>	<u>\$ 2,762,602</u>	<u>\$ 3,275,265</u>	<u>\$ 2,024,735</u>
<u>\$ 4,819,406</u>	\$ (2,724,610) 4,819,406	<u>\$ 2,094,796</u>	<u>\$ 2,094,796</u>
	<u>\$ 2,094,796</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, 2004

Exhibit D-1

	2004		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services	\$ 1,831,765	\$ 2,181,108	\$ 349,343
Other operating revenues	201,027	207,160	6,133
Total Revenues	\$ 2,032,792	\$ 2,388,268	\$ 355,476
Expenditures:			
Operating expenses	5,706,114	1,744,041	3,962,073
Revenues Over Expenditures	\$ (3,673,322)	\$ 644,227	\$ 4,317,549
Other Financing Sources (Uses):			
Investment earnings	\$ 64,270	\$ 103,131	\$ 38,861
Fund balance appropriated	3,438,572	-	(3,438,572)
Transfer from other funds	170,480	-	(170,480)
Total Other Financing Sources (Uses)	\$ 3,673,322	\$ 103,131	\$ (3,570,191)
Revenues over Expenditures and Other Financing Sources (Uses)	\$ -	\$ 747,358	\$ 747,358
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlays		\$ 25,241	
Depreciation		(90,852)	
Landfill closure and costs		27,992	
Compensated absences accrued		4,256	
Total Reconciling Items		\$ (33,363)	
Change in Net Assets		\$ 713,995	

Wilson County, North Carolina
Southeast Water District
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2004

Exhibit D-2

	2004		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services	\$ 641,208	\$ 206,080	\$ (435,128)
Other operating revenues	49,794	9,596	(40,198)
Total Revenues	\$ 691,002	\$ 215,676	\$ (475,326)
Expenditures:			
Operating expenses	\$ 545,952	\$ 173,888	\$ 372,064
Water purchases	145,050	36,064	108,986
Total Expenditures	\$ 691,002	\$ 209,952	\$ 481,050
Revenues Over Expenditures	\$ -	\$ 5,724	\$ 5,724

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

Reconciling items:	
Depreciation	\$ (119,353)
Compensated absences accrued	(3,866)
Capital Grants	1,595,328
Increase in bond interest accrued	(13,229)
Total Reconciling Items	\$ 1,458,880
Change in Net Assets	\$ 1,464,604

Wilson County, North Carolina
Southwest Water District
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2004

Exhibit D-3

	2004		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Operating revenues:			
Charges for services	\$ 883,417	\$ 233,634	\$ (649,783)
Other operating revenues	50,206	37,621	(12,585)
Total Revenues	\$ 933,623	\$ 271,255	\$ (662,368)
Expenditures:			
Operating expenses	\$ 839,624	\$ 147,359	\$ 692,265
Water purchases	93,999	52,932	41,067
Total Expenditures	\$ 933,623	\$ 200,291	\$ 733,332
Revenues Over Expenditures	\$ -	\$ 70,964	\$ 70,964

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

Reconciling items:	
Depreciation	\$ (74,128)
Interest from Southwest Water District Capital Project	201
Compensated absences accrued	(2,088)
Capital Grants	1,047,422
Increase in bond interest accrued	(13,529)
Total Reconciling Items	\$ 957,878
Change in Net Assets	\$ 1,028,842

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Wilson County, North Carolina
Water District Capital Project Fund - Southeast
Schedule of Revenues and Expenditures
- Budget and Actual - (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2004

	<u>Project Authorization</u>
Revenues	
Restricted intergovernmental	\$ 6,012,460
Investment earnings	-
Total Revenues	<u>\$ 6,012,460</u>
Expenditures	
Construction	\$ 9,390,451
Engineering	913,585
Land	105,641
Administrative	10,527
Contingency	531,287
Capitalized interest	160,000
System acquisition	-
Total Expenditures	<u>\$ 11,111,491</u>
Revenues Over (Under) Expenditures	<u>\$ (5,099,031)</u>
Other Financing Sources:	
Proceeds from debt	\$ 4,600,000
Local capital contributions	499,031
Total Other Financing Sources	<u>\$ 5,099,031</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>

Exhibit D-4

<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
\$ 4,403,589	\$ 1,595,328	\$ 5,998,917	\$ (13,543)
46,004	-	46,004	46,004
<u>\$ 4,449,593</u>	<u>\$ 1,595,328</u>	<u>\$ 6,044,921</u>	<u>\$ 32,461</u>
\$ 7,687,981	\$ 543,000	\$ 8,230,981	\$ 1,159,470
492,521	456,913	949,434	(35,849)
49,041	2,600	51,641	54,000
24,374	(1,536)	22,838	(12,311)
-	-	-	531,287
-	148,849	148,849	11,151
16,000	94,667	110,667	(110,667)
<u>\$ 8,269,917</u>	<u>\$ 1,244,493</u>	<u>\$ 9,514,410</u>	<u>\$ 1,597,081</u>
<u>\$ (3,820,324)</u>	<u>\$ 350,835</u>	<u>\$ (3,469,489)</u>	<u>\$ 1,629,542</u>
\$ 3,600,000	\$ -	\$ 3,600,000	\$ (1,000,000)
-	-	-	(499,031)
<u>\$ 3,600,000</u>	<u>\$ -</u>	<u>\$ 3,600,000</u>	<u>\$ (1,499,031)</u>
<u>\$ (220,324)</u>	<u>\$ 350,835</u>	<u>\$ 130,511</u>	<u>\$ 130,511</u>

Wilson County, North Carolina
Water District Capital Project Fund - Southwest
Schedule of Revenues and Expenditures
- Budget and Actual - (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2004

	<u>Project Authorization</u>
Revenues	
Restricted intergovernmental Investment earnings	\$ 7,249,271
	-
Total Revenues	<u>\$ 7,249,271</u>
Expenditures	
Construction	\$ 9,630,717
Engineering	1,167,789
Land	78,669
Administrative	30,507
Contingency	49,781
Capitalized interest	189,200
System acquisition	86,608
Water system	-
	-
Total Expenditures	<u>\$ 11,233,271</u>
Revenues Over (Under) Expenditures	<u>\$ (3,984,000)</u>
Other Financing Sources:	
Proceeds from debt	\$ 3,784,000
Local capital contributions	200,000
	-
Total Other Financing Sources	<u>\$ 3,984,000</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>

Exhibit D-5

Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
\$ 5,350,243	\$ 1,047,422	\$ 6,397,665	\$ (851,606)
3,368	9,657	13,025	13,025
<u>\$ 5,353,611</u>	<u>\$ 1,057,079</u>	<u>\$ 6,410,690</u>	<u>\$ (838,581)</u>
\$ 6,076,515	\$ 2,558,571	\$ 8,635,086	\$ 995,631
734,388	628,343	1,362,731	(194,942)
52,667	32,777	85,444	(6,775)
4,753	5,647	10,400	20,107
-	-	-	49,781
-	13,529	13,529	175,671
69,667	10,666	80,333	6,275
285,162	(285,162)	-	-
<u>\$ 7,223,152</u>	<u>\$ 2,964,371</u>	<u>\$ 10,187,523</u>	<u>\$ 1,045,748</u>
<u>\$ (1,869,541)</u>	<u>\$ (1,907,292)</u>	<u>\$ (3,776,833)</u>	<u>\$ 207,167</u>
\$ 3,784,000	\$ -	\$ 3,784,000	\$ -
-	-	-	(200,000)
<u>\$ 3,784,000</u>	<u>\$ -</u>	<u>\$ 3,784,000</u>	<u>\$ (200,000)</u>
<u>\$ 1,914,459</u>	<u>\$ (1,907,292)</u>	<u>\$ 7,167</u>	<u>\$ 7,167</u>

Wilson County, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2004

Exhibit E-1

Fiscal Year	Uncollected Balance June 30, 2003	Additions	Collections And Credits	Uncollected Balance June 30, 2004
2003-2004	\$ -	\$ 34,662,180	\$ 31,973,905	\$ 2,688,275
2002-2003	3,054,502	-	1,389,977	1,664,525
2001-2002	598,485	-	237,766	360,719
2000-2001	456,885	-	251,768	205,117
1999-2000	222,939	-	57,751	165,188
1998-1999	141,415	-	31,234	110,181
1997-1998	142,589	-	24,013	118,576
1996-1997	106,431	-	13,344	93,087
1995-1996	66,600	-	8,516	58,084
1994-1995	55,170	-	7,466	47,704
1993-1994	47,350	-	47,350	-
1992-1993	-	-	-	-
	\$ 4,892,366	\$ 34,662,180	\$ 34,043,090	\$ 5,511,456
Less: allowance for uncollectible accounts:				
General Fund				(480,721)
Ad valorem taxes receivable - net:				
General Fund				\$ 5,030,735
Reconcilement with Revenues:				
Ad valorem taxes - General Fund				\$ 33,775,532
Reconciling items:				
Interest collected				\$ (417,945)
Taxes written off				685,503
Total				\$ 267,558
Total Collections and Credits				\$ 34,043,090

**Wilson County, North Carolina
Analysis of Current Tax Levy
For the Fiscal Year Ended June 30, 2004**

Exhibit E-2

	County - Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 4,820,578,551	0.72	\$ 34,206,782	\$ 30,374,555	\$ 3,832,227
Discoveries	56,026,093		902,533	902,533	-
Abatements	(57,790,523)		(447,135)	(397,514)	(49,621)
Net levy	<u>\$ 4,818,814,121</u>		<u>\$ 34,662,180</u>	<u>\$ 30,879,574</u>	<u>\$ 3,782,606</u>
Uncollected taxes at June 30, 2004			(2,688,275)	(2,102,570)	(585,705)
Current year's taxes collected			<u>\$ 31,973,905</u>	<u>\$ 28,777,004</u>	<u>\$ 3,196,901</u>
Current levy collection percentage			<u>92.24%</u>	<u>93.19%</u>	<u>84.52%</u>

FLOWERS, STANLEY & REDMAN, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
3403 N. MAIN STREET - TARBORO, NORTH CAROLINA 27886
PHONE: 252-823-3125 FAX: 252-823-3201

CHARLES R. FLOWERS JR., CPA
MICHAEL L. STANLEY, CPA
GREGORY T. REDMAN, CPA

MEMBERS
NORTH CAROLINA ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

FRED A. TURLINGTON JR., CPA

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

To the Board of County Commissioners
Wilson County, North Carolina

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregated remaining fund information of Wilson County, North Carolina, as of and for the year ended June 30, 2004, which collectively comprises the Wilson County's basic financial statements, and have issued our report thereon dated November 15, 2004. 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.

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 opinions on the financial statements and not to provide an opinion 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 reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. We noted a certain matter that we reported to management of Wilson County, North Carolina in a separate letter dated November 15, 2004.

Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Commissioners, management, 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
November 15, 2004

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

CERTIFIED PUBLIC ACCOUNTANTS

3403 N. MAIN STREET - TARBORO, NORTH CAROLINA 27886

PHONE: 252-823-3125 FAX: 252-823-3201

CHARLES R. FLOWERS JR., CPA
MICHAEL L. STANLEY, CPA
GREGORY T. REDMAN, CPA

FRED A. TURLINGTON JR., CPA

MEMBERS
NORTH CAROLINA ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

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CERTIFIED PUBLIC ACCOUNTANTS

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, 2004. 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, 2004.

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

This report is intended solely for the information and use of the 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
November 15, 2004

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

CERTIFIED PUBLIC ACCOUNTANTS
3403 N. MAIN STREET - TARBORO, NORTH CAROLINA 27886
PHONE: 252-823-3125 FAX: 252-823-3201

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

To the Board of 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, 2004. 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, 2004.

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

This report is intended solely for the information and use of the 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
November 15, 2004

Wilson County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004

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, 2004**

Identification of major federal programs:

<u>CFDA#</u>	<u>Program Name</u>
10.551 and 10.561	Food Stamp Cluster
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
93.596	Child Care Development Fund
93.667	Social Services Block 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

\$2,277,439

Auditee qualified as low-risk auditee

yes no

State Awards

Internal control over major State programs:

• Material weakness(es) identified?

yes no

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

yes none reported

Noncompliance material to State awards

yes 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 no

Wilson County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004

Identification of major State programs:

<u>Program Name</u>	<u>CFDA #</u>
SC/SA Domiciliary Care	N/A
Clean Water Grant and Revolving Loan	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, 2004

NONE REPORTED

Wilson County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2004

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:	
Community Facilities Loans and Grants	10.766
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	

<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<u>\$ 2,127,566</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,856,361	\$ -	\$ -
582,297	-	538,744
<u>\$ 8,438,658</u>	<u>\$ -</u>	<u>\$ 538,744</u>
<u>\$ 349,590</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 1,781,519</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 12,697,333</u>	<u>\$ -</u>	<u>\$ 538,744</u>
\$ 419,365	\$ 20,063	\$ 346,576
368,311	109,292	109,292
190,021	69,516	120,054
93,240	-	-
<u>\$ 1,070,937</u>	<u>\$ 198,871</u>	<u>\$ 575,922</u>

(continued)

Wilson County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2004

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number
FEDERAL GRANTS: (continued)	
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)	
Medical Assistance Program - Medicaid Title XIX	93.778
Low Income Energy Assistance	93.568
AFDC Payments and Penalties	93.560
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
TANF	93.558
LINKS	93.674
Total Division of Social Services	
Division of Public Health:	
Tuberculosis Control Project - CDC	93.116
Preventive Health Block	93.991
Harmful Algal Blooms Program	93.283
Maternal and Child Health Services Block Grant	93.994
Temporary Assistance for Needy Families	93.558
Immunization Action Plan	93.268
Breast and Cervical Cancer Project	93.919
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>
1,152,852	100,749	909,445
242,521	-	-
(7,395)	(2,027)	(2,027)
35,788	4,446	8,186
403,974	44,647	141,541
820,835	-	421,972
22,909	5,888	1,748
152,593	-	-
1,339,600	-	1,317,104
12,207	3,052	-
<u>\$ 5,246,821</u>	<u>\$ 355,626</u>	<u>\$ 3,373,891</u>
\$ 39,719	\$ -	\$ -
16,396	-	-
54,575	-	-
330,096	-	-
14,700	-	-
28,238	-	-
10,317	-	-
<u>\$ 494,041</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,590,685	\$ -	\$ -
1,077,799	278,939	-
31,665	-	-
307,503	1,157,001	-
-	78,550	-
-	202,136	-
<u>\$ 3,007,652</u>	<u>\$ 1,716,626</u>	<u>\$ -</u>

(continued)

Wilson County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2004

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number
FEDERAL GRANTS: (continued)	
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	
U.S. Department of Homeland Security:	
Passed-through N.C. Department of Crime Control and Public Safety:	
Emergency Management Performance Grant	97.042
State and Local All Hazards Emergency Operations	97.051
Hazard Mitigation Grant	97.039
Total U.S. Department of Homeland Security	
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
Protection of Voting Rights	16.104
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>
\$ 52,304,049	\$ 22,817,132	\$ 3,851,509
1,048,654	(243)	574
141,222	-	-
<u>\$ 53,493,925</u>	<u>\$ 22,816,889</u>	<u>\$ 3,852,083</u>
<u>\$ 62,242,439</u>	<u>\$ 24,889,141</u>	<u>\$ 7,225,974</u>
\$ 23,915	\$ -	\$ -
11,130	-	-
36,935	-	-
<u>\$ 71,980</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 13,537</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 40,428	\$ -	\$ -
210,451	-	-
44,135	-	-
2,081	-	-
<u>\$ 297,095</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 562,638</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

Wilson County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2004

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number
FEDERAL GRANTS: (continued)	
U.S. Department of Transportation:	
Passed-through N.C. Department of Transportation:	
Formula Grant for Other than Urbanized Areas	20.509
STATE GRANTS:	
N.C. Department of Transportation:	
RGP State Transportation	N/A
Workfirst	N/A
Rural Operating Assistance	N/A
Transportation Capital	N/A
EDTAP Funds	N/A
Total N.C. Department of Transportation	
N.C. Department of Human and Health Services:	
Division of Social 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:	

<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
\$ 29,606	\$ 1,853	\$ -
-	43,479	-
-	35,078	-
-	20,133	-
-	102,373	-
-	58,224	-
<u>\$ -</u>	<u>\$ 259,287</u>	<u>\$ -</u>
-	1,856	-
-	-	139,058
-	-	100,742
-	148,861	30,054
-	1,029,508	1,029,508
-	59,328	59,328
-	11,085	-
-	92,810	-
-	58,334	-
-	80,086	-
-	1,774	1,048
<u>\$ -</u>	<u>\$ 1,483,642</u>	<u>\$ 1,359,738</u>

(continued)

Wilson County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2004

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number
STATE GRANTS: (continued)	
N.C. Department of Health and Human Services:	
Division of Health:	
Public Health Nurse Training	N/A
General Health	N/A
Tuberculosis Control	N/A
AIDS Control Project	N/A
Immunization	N/A
Risk Reduction/Health Promotion	N/A
Communicable Disease	N/A
Home Health	N/A
Women's Preventative Health	N/A
Diabetes Control	N/A
Breast Feeding	N/A
Total N.C. Department of Health and Human Services:	
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 basic financial statements. Benefit payments are paid directly to recipients and are not included in the County's basic financial statements. However, due to the County's involvement in determining eligibility, they are considered federal awards to the County and are included on this schedule.

<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
\$ -	\$ 2,000	\$ -
-	55,666	-
-	60,146	-
-	12,500	-
-	14,060	-
-	8,065	-
-	7,500	-
-	1,629	-
-	7,682	-
-	1,224	-
-	18,279	-
<u>\$ -</u>	<u>\$ 188,751</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ 139,702</u>	<u>\$ -</u>
\$ -	\$ 32,527	\$ -
-	414,311	-
<u>\$ -</u>	<u>\$ 446,838</u>	<u>\$ -</u>
<u>\$ 75,914,628</u>	<u>\$ 27,409,214</u>	<u>\$ 9,124,456</u>

