



MECKLENBURG COUNTY, NORTH CAROLINA

Comprehensive Annual Financial Report

For the year ended June 30, 2010





Vision Statement

To be the best local government service provider.

Mission Statement

To serve Mecklenburg County residents by helping improve their lives and community.

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Comprehensive Annual Financial Report

For the year ended June 30, 2010

Mecklenburg County, North Carolina
Prepared by the Finance Department

Dena R. Diorio
Director of Finance



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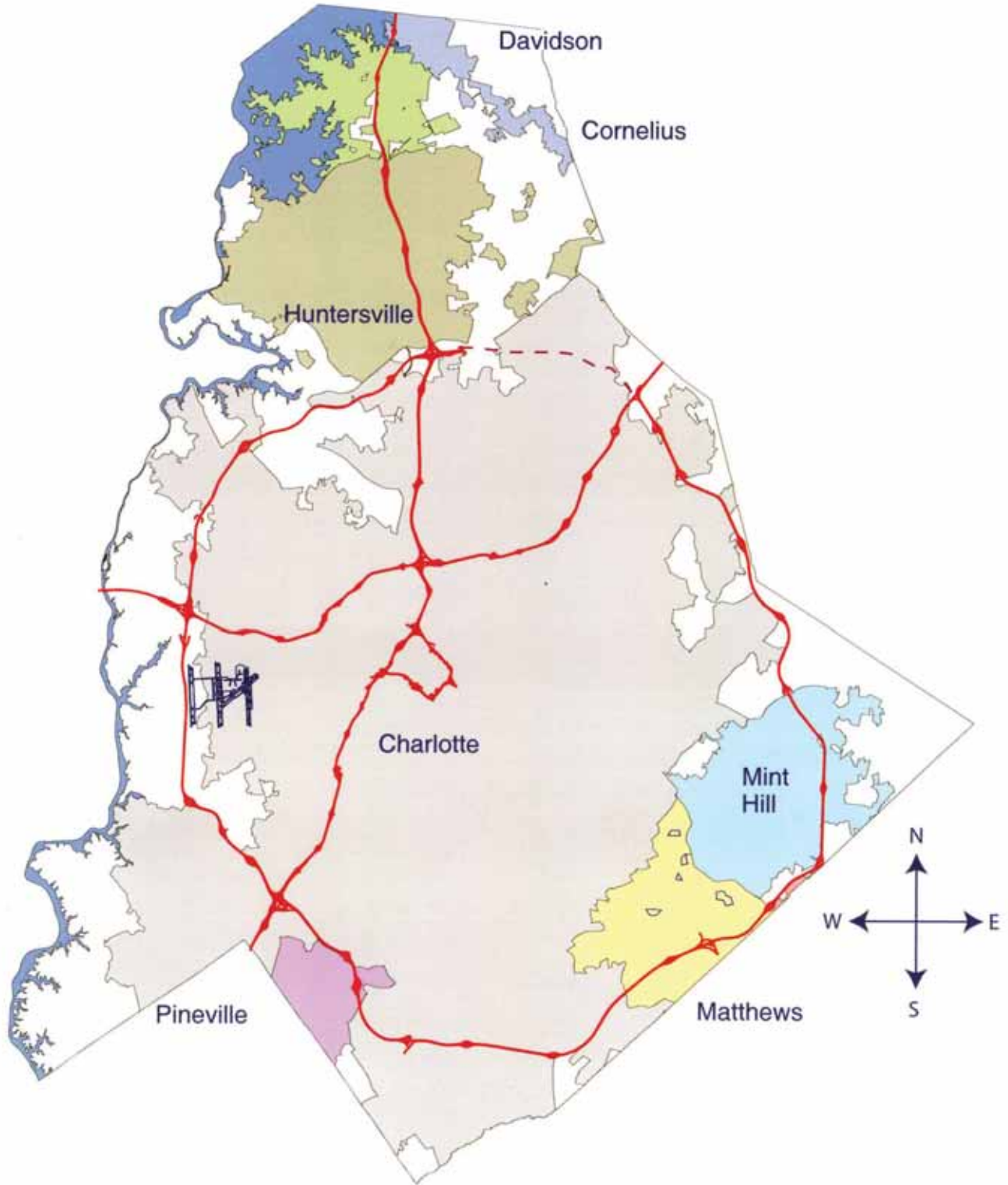
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Introduction

The Introduction provides background and general information about the County.



Mecklenburg County, NC





Mecklenburg County

Dena R. Diorio
Director of Finance

October 19, 2010

The Board of County Commissioners
and County Manager
Mecklenburg County
Charlotte, North Carolina

The Comprehensive Annual Financial Report (Report) of Mecklenburg County for the fiscal year ended June 30, 2010 is submitted herewith. The report meets the State requirement to issue audited financial statements within four months of the close of the fiscal year.

County management assumes full responsibility for the completeness and reliability of the information contained in this Report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The financial statements have been prepared in compliance with applicable General Statutes of North Carolina and accounting principles generally accepted in the United States of America for governmental entities. Cherry, Bekaert and Holland L.L.P., an independent public accounting firm, has issued an unqualified (“clean”) opinion on the financial statements. Their opinion is located at the beginning of the Financial Section of the Report. The audit was also designed to meet the requirements of the Federal Single Audit Act Amendment of 1996, as well as the State Single Audit Act, N.C.G.S.159-34. The reports required by these Acts are issued separately.

Management’s Discussion and Analysis (MD&A) immediately follows the independent auditors’ report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this Letter of Transmittal and the two should be read together.

Profile of the Government

Mecklenburg County was created from a portion of Anson County through a petition that was granted on December 11, 1762 by the Provincial Assembly, effective February 1, 1763. During the colonial period, a governor appointed by the King of England administered the County. Settlers chose the name Mecklenburg for their county in the hopes of gaining favor with King George III. His wife, Queen Charlotte, was born in the German province of Mecklenburg. When Mecklenburg was established, it was considerably larger than it is today. Portions of what are now Cabarrus, Union, Lincoln, Rutherford, Cleveland and Gaston Counties in North Carolina and part of South Carolina were all once in Mecklenburg County. The City of Charlotte was incorporated on November 7, 1768 and was chosen the county seat in 1774.

The current boundaries of the County were established in 1842. County officials continued to be appointed by the governor until 1868. The Constitution of North Carolina was rewritten in that year to allow citizens, for the first time, to elect officials to govern them at the county level. This form of government is still in practice today with the governing body known as the Board of County Commissioners (the Board). In 1963, the Board adopted the County Manager form of government and appointed a County Manager to perform the administrative duties of the County.

The Board has six district and three at-large members. Elections for Board members are held in November of even-numbered years, and candidates run for office as members of a political party. Any registered voter is eligible to run for Commissioner. Following the election, Commissioners take office at the first meeting in December. It is also at the first meeting in December each year that the Board elects a chairman and vice-chairman from among its members.



Letter of Transmittal

The Board appoints several officials to help carry out the County's business: a County Manager, who serves as chief executive officer; a County Attorney, who serves as legal advisor to the Board; a Director of Finance, who provides required financial information and guidance for planning and conducting fiscal management in operating the County; and a Clerk to the Board, who is responsible for keeping official Board records and preparing official minutes of all Board meetings.



The County provides the following services: land use, including listing and appraising all real and personal property and regulating the development of land and construction of residential, commercial and industrial facilities; recreation and cultural activities; human services, including social services, public health, mental health and environmental health; detention and court support; and general administration. The County also provides support for education, public libraries, and emergency medical service.

The County represents a primary government as defined by Governmental Accounting Standards Board Statement 14, as amended by Statement 39. In addition to the primary government, the basic financial statements include the discrete presentation of three legally separate entities, the Public Library of Charlotte and Mecklenburg County, the Mecklenburg County Alcoholic Beverage Control Board and the Mecklenburg Emergency Medical Services Agency. These entities are component units of the County as defined by the Governmental Accounting Standards Board.

State Statutes require the adoption of an annual balanced budget for all funds, except the agency fiduciary funds and those authorized by project ordinance. The final budget, which the Board of County Commissioners must approve by July 1 each year, serves as the foundation for the County's financial planning and control. The budget is prepared in accordance with the County's Strategic Business Plan that identifies the priority of County programs based on relevance, performance and efficiency and is organized by fund, function and department. During the fiscal year, the County Manager or his designee is authorized to transfer budgeted amounts within any fund; however, any revisions that alter the total budget of any fund must be approved by the Board of County Commissioners.

Local Economy

The County continues to be the second largest financial center in the United States and the center of the nation's sixth largest urban region, with Charlotte, a mid-sized city, as the largest city. The financial sector includes the headquarters for Bank of America, a branch of the Federal Reserve, and Wells Fargo/Wachovia Bank, as well as mortgage banks, commercial finance and factoring institutions, leasing companies, credit unions and 26 other banks.

The County has been affected by the economic downturn that has touched all of the United States. In terms of jobs, the County remains below the level in 2008, however the number of jobs has increased almost 10,000 from a year ago. Even though job growth began to resume in early 2010, it will take some time for the unemployment rate to fall noticeably. Losses have occurred in construction and allied manufacturing and trades, the services sector, transportation and distribution, and the financial area.

Mecklenburg County's unemployment rate in June 2010 was 10.06%. The unemployment rate for Mecklenburg County in June 2009 was 11.5%. The rate at June, 2010 was comparable to the North Carolina rate of 10.0%, but slightly higher than the national rate of 9.5%.

The downturn in the economy has significantly impacted home sales in the County which dropped 28.2% in 2010 and the average closing value of homes dropped 17% in 2010. The number of building permits decreased 28.9% in calendar year 2009 from 16,243 in 2008.



General governmental revenues have increased 44.2% over the last ten years. Taxes and assessment revenues have increased 71.03% for the same period, and the contribution to total revenue has increased from 62.8% in fiscal year 2001 to 74% in fiscal year 2010 reflecting the growth in population and demand for services. Additionally, governmental expenditures covered by tax revenues increased from 49% in fiscal year 2001 to 63.5% in fiscal year 2010. The contribution of fee based revenues, licenses and permits as well as charges for services, to total revenues has declined over the ten years from 7.8% in fiscal year 2001 to 6.7% in fiscal year 2010 as non-fee based programs of the County have increased. Intergovernmental revenues, primarily grants, contributed 22.0% to total revenues in fiscal year 2001, but the contribution to total revenue has dropped to 14% in fiscal year 2010 as the pool of available grant funds has not increased as fast as the County's budget.

General governmental expenditures have increased 24.1% in the last ten years as the cost of services has increased along with the growth in populations served. This is particularly true for Detention and Court Support Services where costs have increased 52.0% and Health and Human Services where costs have increased 14.7%. Business Partners costs have increased 17.7% over the ten year period reflecting the increased contributions for public education. Debt service has increased 91.5% over the last ten years due to the issuance of debt to fund school and community college construction, renovations or expansions, build a new jail and courthouse, purchase land for future use, add several branch libraries, as well as create new parks and build park buildings.

A more in-depth analysis of revenue and expenditure trends over the last five years appears on page xx.

Long-term Financial Planning

Providing the additional services that accompany continued growth, as well as financing the new schools, community college facilities, parks, libraries and other facilities needed to meet this growth, is a recurring challenge faced by the County. Financing capital needs in light of the continuing economic environment is particularly challenging. The County is in the process of re-examining its capital program. For FY2010, the County added no new projects and focused on completing projects under way. The Board of County Commissioners did not consider a bond referendum during fiscal year 2010 and did not propose one for fiscal year 2011.

To aid in annual budgeting, the County utilizes a three-year strategic plan to achieve short-term objectives in pursuit of long-term goals identified in the Board's Community & Corporate Scorecard. The current plan, which covers fiscal years 2008 to 2010, has four focus areas: 1) Community Health and Safety, with the goal of making the community healthier and safer, strives to reduce violence in the community, increase efficiency of criminal justice services and reduce disease and mental illness. 2) Effective and Efficient Government, with the goal to provide services in a highly effective, efficient and inclusive manner, concentrates on improving employee efficiency, reducing costs, improving customer awareness of County services, and enhancing citizen involvement. 3) Sustainable Community has the goal of maintaining/creating a vibrant and diverse economy within the county while protecting its natural resources and enhancing the quality of life and focuses on air and water quality, preservation of historic sites, access to public facilities, and economic development and job opportunities. 4) Social, Education and Economic Opportunity, with the goal of creating an environment where all County residents can become self-sufficient and have equal access to services, concentrates on literacy and workforce preparedness, increasing respect/appreciation of ethnic and cultural diversity, and increasing the ability of citizens to maintain food, clothing and housing needs. The priority for funding programs and new initiatives in the budget is determined based on these focus areas and the impact of programs on achieving the County's long term goals.





Letter of Transmittal

In accordance with State guidelines, 8% of the next year's budget is reserved as General Fund undesignated fund balance. This amount is maintained to provide the required resources to allow for unforeseen needs of an emergency nature and to permit orderly adjustments for changes resulting from fluctuations in revenue sources. Any undesignated fund balance in excess of the 8% is designated for subsequent years' expenditures to be used to fund expenditures as determined by the Board in the subsequent year's budget process. For fiscal year 2010, excess undesignated fund balance at June 30, 2009 of \$45.7 million was appropriated for general expenditures with \$22.7 million used for debt service, \$22.7 million for pay-as-you-go capital projects and \$.3 million for general expenditures. At June 30, 2010, \$22.7 million of unreserved fund balance has been appropriated for fiscal year 2011, to be used for debt service.

Major County Initiatives

Strategic planning and performance measurement continues to be a major initiative of the County as it strives to meet the goals of Mecklenburg Vision 2015: "In 2015, Mecklenburg County will be a place of pride and choice for people to live, work and recreate." The County has adopted the balanced scorecard methodology to structure and describe the Board's desired results, the corporate strategies used to achieve these results, and the performance measures that gauge the level of achievements.

The following accomplishments during fiscal year 2010 highlight some of the activities County departments have pursued toward Mecklenburg Vision 2015:

Financial:

- The Finance Department implemented an enterprise imaging system utilized in Accounts Payable. The document imaging system allows invoices to be electronically submitted to Accounts Payable for payment processing. The benefits are increased payment efficiency and reduced storage costs, plus it is a green alternative.
- The Finance department executed a bond refunding to reduce future debt service costs. The refunding will achieve \$5.6 million in savings over the life of the bonds.

Land Use and Environmental Services:

- The County's Stormwater department received several awards for excellence in communication from both the National Association of Flood & Stormwater Management Agency (NAFSMA) and also the National Association of County Information Officers (NACIO).
- Code Enforcement implemented a web based system, Electronic Plan Management (EPM), to provide a more efficient manner to submit and schedule projects for plan review. Through the EPM, electronic applications for plan reviews are submitted using a secure website thus eliminating the need to fax a paper application for review.
- The County's Metrolina Recycling Center underwent a major retrofit. This retrofit enables the processing of additional types and quantities of recyclables and allows for the co-mingling of containers and fibers. Significant curbside recyclable collection efficiencies have resulted due to the retrofit.
- Water Quality was awarded over \$7 million in state and federal funding for flood loss prevention and water quality improvement project.





Health and Human Services:

- The Department of Social Services was awarded a \$9 million dollar grant to operate a subsidized employment program funded by ARRA to place 500 TANF eligible clients in jobs.
- The Department of Social Services partnered with the County's Sheriff's department to develop and implement the adult re-entry program by providing social worker staffing to assist inmates with individualized case plans.
- The Department of Social Services partnered with the City of Charlotte and Crisis Assistance Ministry to provide social workers for Project Hope to house 83 homeless individuals and families.
- The Health Department was awarded the Gold Level Fit Community Award by the NC Health and Wellness Trust Fund Commission.
- The Health Department, during the fall of 2009, partnered with Charlotte Mecklenburg Schools to provide mass immunization of the community's school aged children. A total of 66,855 immunizations were given.
- The Health Department received the "Best Practice" award in Public Health Marketing at the annual NC Division of Public Health Communicable Disease conference.
- Area Mental Health received a Programs of Excellence Award for Public Awareness and advocacy for its "Ask Me How I Am Campaign" presented by the North Carolina Council of Community Mental Health, Developmental Disabilities and Substance Abuse. The campaign's goal was to raise awareness about the signs and symptoms of teen depression and suicide.
- Area Mental Health's Jail Diversion Program began providing substance abuse outpatient services to participants in the Work Release and Restitution program.



Detention and Court Support Services:

- The Medical Examiner's Office established a clinical teaching partnership with the Department of Physician Assistant Studies at Wingate University.
- The Sheriff's Office opened horticulture and vocational facilities offering training and skill development to positively impact recidivism.

Administrative Services:

- The County registered with Duke Energy's "Smart Saver Incentives" program which rewards participants for installing energy efficient equipment by providing cash incentives.
- Two County office renovations received Leadership in Energy and Environmental Design (LEED) ratings. The Valerie C. Woodard Office Center phase II renovation received a LEED Silver rating and the County/City Human Resources office relocation renovation received a LEED Gold rating.

Community Support Services:

- The Women's Commission Division of Community Support Services, in collaboration with United Family Services, received a National Associations of Counties Award for effective and innovative collaboration. The Women's Commission continues to enhance its public/private partnership initiatives to increase the effectiveness and efficiency of service delivery for victims of domestic violence.
- The Veterans Services Division of Community Support Services, in partnership with the Sheriff's Office, provided one-on-one meetings with inmates and a series of group educational sessions to raise awareness of veteran benefits such as disability income, healthcare and education.



Letter of Transmittal

- The Homeless Services Division of Community Support Services collaborated with the Salvation Army Women and Children's Shelter to assist with overflow requests for shelter by adding a social worker to coordinate emergency shelter beds as well as assess and link customers to services to move them toward self-sufficiency.
- Child Support Enforcement, previously operated by the State of North Carolina, transitioned to the County effective July 1, 2010.
- The Revolution Park Sports Academy, a certified LEED building, opened this year. The facility offers life development skills for youth and teens through nontraditional sports and fitness programs.
- A new nature play area, the Nature Explorer Zone, opened at Reedy Creek Nature Reserve funded by grants and donations. The nature play area is designed to promote richer play experiences in a natural setting.
- The Park and Recreation department partnered with Charlotte Mecklenburg Schools at Berewick Elementary School for a new joint-use facility, Berewick Recreation Center. The recreation center includes a full size gymnasium, multi-purpose room and a youth activity room.
- The Public Library of Charlotte and Mecklenburg County launched several new programming initiatives to increase literacy and promote education. The new initiatives included "Jump Start Reading at Home" which is a 3-year early literacy reading initiative, "Operation College Launch", to help teens prepare for college, and "World Family Festival" which celebrates and encourages understanding of diverse cultures.

Awards and Acknowledgements

The Government Finance Officer's Association (GFOA) awarded its Certificate of Achievement for Excellence in Financial Reporting for the Comprehensive Annual Financial Report of Mecklenburg County for the year ended June 30, 2009. This was the 34th consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements. The award is valid for a period of one year only. We believe the Report for fiscal year 2010 continues to substantially conform to those standards and this Report is being submitted to GFOA for the certificate program.

In addition, the County also received GFOA's Distinguished Budget Presentation Award for its Fiscal Year 2010 budget document dated June 16, 2009. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

I appreciate the cooperation of each County department as we work together to provide quality services to the residents and in conducting financial activities of the County, including preparation of this Report. I especially commend the members of the Finance Department, particularly, for their competence and diligence in the continuation of the progressive financial activities of the County and timely preparation of this Report.

I thank the Board of County Commissioners and County Manager Harry L. Jones, Sr. for their leadership in making Mecklenburg County a fiscally sound, well-governed community.

Respectfully submitted,

Dena R. Diorio
Director of Finance





County Administration and Operations

The nine-member Board of County Commissioners (the Board) holds regular business sessions on the first and third Tuesday of each month and conducts a Public Policy Workshop on the second Tuesday of each month. All meetings of the Board are open to the public. Major duties of the Board include:

- Assessing and assigning priorities to the needs of the County, and establishing programs and services to meet those needs.
- Adopting an annual balanced budget to fund County programs and services.
- Establishing the annual County property tax rate.
- Appointing officials, including members of County boards and commissions, and certain County employees.
- Regulating land use and zoning outside the jurisdiction of municipalities.
- Enacting policies concerning the operation of the County.
- Enacting local ordinances.
- Authorizing certificates of participation to fund capital projects.
- Calling bond referendums, entering into contracts and establishing new programs and departments.

Day to day operations of the County are the responsibility of the County Manager. In this capacity he is assisted by the Executive Team that includes three General Managers. Reporting directly to the Executive Team are 17 Department Directors. Major duties of the County Manager include:

- Supervising and coordinating activities of County Departments.
- Implementing all orders and policies of the Board.
- Attending all Board meetings and making recommendations on appropriate matters of business.
- Recommending an annual budget and advising the Board of the financial condition of the County.
- Presenting, with recommendations, the Capital Improvements Program.
- Appointing various employees.
- Representing the County in business with other agencies and performing other duties assigned by the Board.

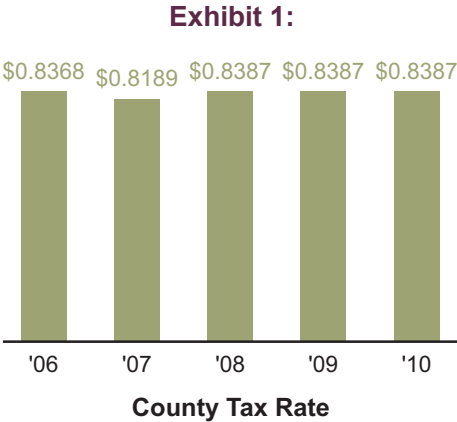
The County had 4,467 full-time equivalent employees at June 30, 2010 to provide the services mandated by State statutes and to meet the needs identified by the Board. Table 19 in the Statistical Section presents the distribution of employees between the core service areas for the current year and the prior nine years for comparison.

Fiscal Control

Once the annual budget is adopted each June by the Board, including setting the property tax rate at a level necessary to produce sufficient revenue to accommodate the budget, the Director of Finance is responsible for monitoring expenditures of the various County departments to prevent expenditures from exceeding budget appropriations. Purchase orders and contracts are not considered valid until the Director of Finance has certified that funds are available to make payment upon satisfactory completion of the contract or delivery of the items ordered.

Tax Rate

The tax rate is set each year by the Board when the budget ordinance is adopted. Exhibit 1 presents the County’s tax rates since fiscal year 2006. The N.C. General Statutes require a real property revaluation at least once every eight years; however, the County has adopted a policy to revalue every four years, although the Board can extend the date. The next revaluation is scheduled for January, 2011. The tax rate between fiscal year 2006 and fiscal year 2007 dropped slightly as increases in the county’s tax base produced revenues to meet operating needs sufficient enough to allow a decrease in the tax rate to 81.89 cents per \$100 of assessed valuation for fiscal year 2007. For fiscal year 2008, a tax rate increase of 1.98 cents to 83.87 cents per \$100 of assessed





Facts and Information

value was needed to meet funding increases to schools, provide necessary funds for debt service and continue to provide the many services to the County’s expanding population. Due to the economic changes impacting residents in the County, the Board of County Commissioners chose not to increase the tax rate for fiscal years 2009 and 2010.

Property Taxes

Real property and automobiles, boats, trailers and income-producing personal property are subject to property tax unless specifically exempted by North Carolina statutes. Major property tax exemptions granted by the statutes include governmental organizations, charities, religious institutions, educational and cultural organizations, veterans’ organizations and fraternal lodges. North Carolina statutes also exempt certain properties from listing for property taxes, including burial properties, solid waste disposal equipment, business inventory, cotton in storage (under certain conditions), and air and water pollution equipment. Reduced assessments are granted to owners of farms, historical properties, single residences of the elderly, and certain disabled veterans. For fiscal year 2010, the County’s total exempted or reduced assessments were approximately \$11.0 billion in real and personal property valuation. Exhibit 2 shows the counties in the State with an assessed valuation exceeding \$8 billion, their tax levies and rates.

Exhibit 2:

PROPERTY TAXES IN NORTH CAROLINA With Assessed Valuations over \$8 Billion

<u>County</u>	<u>Valuation</u>	<u>Levy</u>	<u>Revaluation</u>	<u>Tax Rate</u>
Alamance	\$ 12,053,229,390	\$ 63,125,667	2009	\$.5200
Brunswick	33,337,968,392	101,680,887	2007	.3050
Buncombe	28,913,950,441	151,779,170	2006	.5250
Cabarrus	21,376,585,486	134,691,225	2008	.6300
Carteret	19,218,885,365	44,203,436	2007	.2300
Catawba	14,760,754,721	78,969,999	2007	.5350
Cumberland	20,660,466,462	159,556,047	2009	.7660
Currituck	8,238,987,125	26,364,759	2005	.3200
Dare	17,540,906,095	45,608,710	2005	.2600
Davidson	12,950,818,770	69,934,422	2007	.5400
Durham	29,080,078,128	205,916,033	2008	.7081
Forsyth	34,024,666,974	229,737,004	2009	.6740
Gaston	14,690,965,927	122,669,624	2007	.8350
Guilford	44,756,489,173	330,034,301	2004	.7374
Henderson	13,131,496,405	60,667,514	2007	.4620
Iredell	20,533,846,446	91,574,106	2007	.4450
Jackson	11,152,784,345	31,227,857	2008	.2800
Johnston	11,683,906,904	91,174,990	2003	.7800
Lincoln	8,624,723,958	49,161,005	2008	.5700
Macon	9,207,420,448	24,308,531	2007	.2461
Mecklenburg	99,762,972,147	837,005,774	2003	.8387
Moore	11,687,211,319	54,422,674	2007	.4650
New Hanover	33,751,610,263	152,726,036	2007	.4525
Onslow	12,023,229,390	70,305,357	2006	.5900
Orange	15,481,216,206	133,260,795	2009	.8580
Pitt	11,554,751,000	76,839,094	2008	.6650
Randolph	10,219,845,108	56,718,454	2007	.5550
Rowan	11,805,760,656	70,244,276	2007	.5950
Union	22,971,011,926	152,757,229	2008	.6650
Wake	119,000,143,799	635,515,131	2008	.5340
Watauga	8,737,294,961	27,347,733	2006	.3130

Note: Includes valuations of classified registered motor vehicles for which tax notices were issued in accordance with G.S. 105-330.5(a) on or before December 31, 2009, net of releases made by that date.

Source: N. C. Department of Revenue, Tax Research Division



County Services

The services the County provides for its residents are categorized into the four major areas described below.

Health and Human Services

This area includes Social Services, Health and Mental Health. The Board serves as the Board of Social Services, Board of Health and Area Mental Health Authority.

The Department of Social Services (DSS) provides the services necessary to prevent or relieve economic and emotional hardship, and to rally the community to improve the quality of life for its residents. State and Federal agencies regulate the County's social services programs, and over half the DSS funding comes from these sources. DSS is charged with the countywide administration of all social services programs.

The major divisions of DSS are Economic Services, Services for Adults and Youth and Family Services. Economic and temporary assistance programs are handled through Economic Services and include Work First, Food Stamps and Medicaid. Youth and Family Services addresses the special needs of families and children, providing protective services, foster care, adoption, and emergency assistance. The Services for Adults Division provides assistance for adults and individuals with disabilities, including Medicaid, adult protective services, senior congregate nutrition, home delivered meals, transportation, community social work and monitoring of adult group care homes. All services promote independence and the highest quality of life in the least restrictive environment to delay or eliminate placement in an institutional setting at a far greater cost.

The Health Department is responsible for assessing health services in the community, mobilizing community action to address them, and protecting the health of the public by assuring that essential services are provided. Services include health promotion and education, communicable disease control, clinical preventive services, dental health, public health laboratory services, epidemiology and vital statistics. The County contracts with the Carolinas HealthCare System for an extensive range of these public health services.



The Area Mental Health, Developmental Disabilities and Substance Abuse Authority (Area Mental Health) administers, coordinates and monitors the delivery of substance abuse, mental health and developmental disabilities services and programs for County residents. A wide range of prevention, treatment and rehabilitation services are available in all three areas. Services for the severe and persistently mentally ill, including medication management and day programs, are directly provided through Area Mental Health's Case Management Services. Case management is also provided for severely and emotionally disturbed youth whose behavior brings them into conflict with their families, schools and the courts, as well as for individuals whose developmental disabilities include mental retardation and autism. Detoxification and residential rehabilitation services are provided to those residents experiencing the physical and psychological problems associated with alcohol and drug abuse, while education services aid in the prevention of substance abuse. Children's Developmental Services provides assessment, evaluation and treatment for developmentally delayed infants and toddlers through age five.

Area Mental Health oversees a wide range of services and interventions for children and adults that are contracted for by the County with numerous private agencies and practitioners, including those provided by the Carolinas HealthCare System through the Behavioral Health Center-Randolph. Inpatient and outpatient treatment and education services are available at the Behavioral Health Center-Randolph. This oversight ensures that treatment services offered deliver positive clinical outcomes cost-effectively.



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DETENTION AND COURT SUPPORT SERVICES

The Sheriff, Jails, Medical Examiner and coordination with the courts fall within this core service. The Sheriff is responsible for supervising all activities relating to the jails, providing bailiffs in courtrooms, serving court orders and papers and issuing handgun permits. The Jail North facility, a sentenced jail facility that also houses youthful offenders with a capacity of 721 inmates that is located in the northern part of the county, the Jail Annex was opened in August 2009 and is located in the northern part of the county with a capacity of 320 beds and Jail Central, located in downtown Charlotte, is a pre-trial facility with 1,904 beds. The Work Release Restitution Center, also located in downtown Charlotte, has 150 beds. The Medical Examiner provides autopsy and investigative services to the County and surrounding counties. Court coordination includes administrative and case management services supporting the Public Defender's office.

LAND USE AND ENVIRONMENTAL SERVICES

The services provided by the Land Use and Environmental Services Agency include listing and appraising all real and personal property in the County and regulating the development of land and construction of residential, commercial and industrial facilities. Other services offered are regulating solid waste disposal, regulating sanitation of food and lodging establishments, regulating groundwater ordinances, monitoring air pollution and control of hazardous substances. Some staff members serve, by law, as agents of the Federal EPA in the enforcement of air quality programs. Also included in this area are Geospatial Information Services and the Register of Deeds office that handles deed filings, land transfers and vital records.

COMMUNITY SERVICES

Included in this service area are the Public Library of Charlotte and Mecklenburg County (the Library), Park and Recreation, Elections and Community Support Services, and beginning in July, 2010, Child Support Enforcement, a new department of the County. The Library, reported as a component unit in the basic financial statements, provides research services, access to reading and audio-visual materials as well as special programs for children and senior citizens at the Main Library, ImaginOn: The Joe & Joan Martin Center, and 20 branch libraries. Park and Recreation offers a variety of educational, cultural and recreational activities. This is accomplished through the programs offered to the residents of the County at the numerous parks, greenways, recreation centers and golf courses located on 18,849 acres of park land throughout the County. The Board of Elections supervises and manages all activities relating to elections, including voter registration and the operation of voting sites and services. There are 599,651 registered voters in the County. Community Support Services provides guidance, counseling, education and vocational assistance to promote the well-being and productivity of women, and provides services to military veterans in the County.



OTHER SERVICES AREAS

The four major service areas are supported by general operating departments organized into the three areas: Customer Satisfaction and Management Services, Administrative Services and Financial Services. Additionally, Business Partners contains expenditures to the various agencies the County funds under statutory regulations or contractual agreement: Charlotte-Mecklenburg Schools, Central Piedmont Community College, Mecklenburg Emergency Medical Services Agency, and WTVI. Also included are funds to other outside agencies that receive some County support.



The County's Economic Landscape

GENERAL DESCRIPTION

Mecklenburg County is located in south central North Carolina on the South Carolina border. Situated in the gently rolling Piedmont Region of the Appalachian Highlands, the County is approximately 180 miles from the Atlantic coast, 390 miles southwest of Washington, and 250 miles northeast of Atlanta. Mecklenburg's topography varies from a mean sea level measurement of 840 feet at the northern end to 532 feet at the southern boundary. The County has a landmass of 541 square miles which excludes approximately 26.5 square miles of water resources provided by Lake Wylie, Mountain Island Lake, Lake Norman, and the Catawba River. Mountain Island Lake is the primary source of usable water for the County. The lakes, all part of the Catawba River Basin, are utilized in the production of electricity and provide recreational areas for the County.

Exhibit 3:

Mecklenburg County Population	
2010	963,363
2009	935,304
2008	902,803
2007	871,432
2006	850,178
Source: Charlotte Chamber of Commerce	

The County has experienced population growth of over 13% in the last five years, as presented in the chart at Exhibit 3 and continues to be the most populous county in the State. The County enjoys a relatively comfortable year-round climate that makes it appealing to residents and industry alike. The weather includes sunny or partly sunny skies about eight months out of the year. Extreme temperatures and severe weather are rare. Winters are mild with a January average low temperature of 32 degrees. The average high temperature in July is 90 degrees. Average rainfall is 43 inches. The combination of moderate and reasonable humidity makes the County well suited for commerce and industry.

GENERAL ECONOMIC INDICATORS

The County has been affected by the economic turmoil that has affected other areas of the country. Sales and Marketing Management's Survey of Buying Power for calendar year 2009, the most recent information available, indicates that the County's Effective Buying Income (EBI) increased 6.7% over calendar year 2008. The County remained above the national average for EBI per capita for calendar year 2009. EBI is an accepted economic indicator of income after subtracting mandatory taxes. Exhibit 4 shows the EBI per capita for the County as compared with the United States' values. Both have been adjusted to account for inflation. EBI per capita for the County decreased over calendar years 2005 through 2009 as population expanded faster than the increases occurred.

Gross Retail Sales, generally accepted as a reliable indicator as to how well an economy is progressing, are shown in Exhibit 5 for the County. The data is provided by the North Carolina Department of Revenue. Fiscal year 2005 is not comparable to the other years presented because the Streamlined Sales Tax Agreement that became effective in fiscal year 2006 changed the sales tax reporting requirements. Fiscal Year 2006 reflects the change in tax reporting as presented in Exhibit 5. From fiscal year 2006, the County experienced relatively strong consumer spending through fiscal year 2008, but the economic downturn in the past fiscal year has resulted in a 14% drop in gross sales for fiscal year 2009.

Exhibit 4:

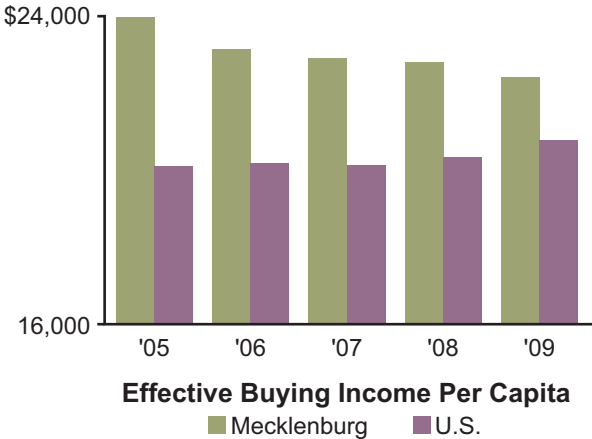
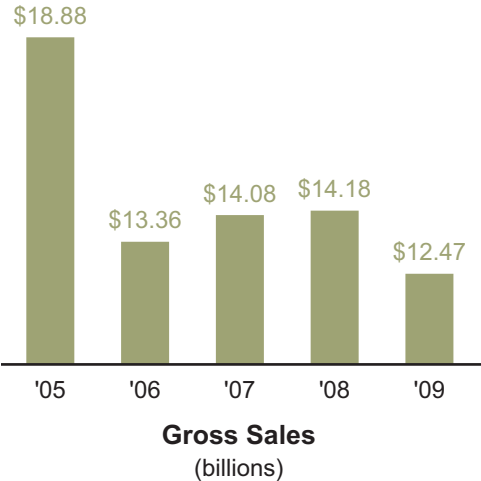


Exhibit 5:

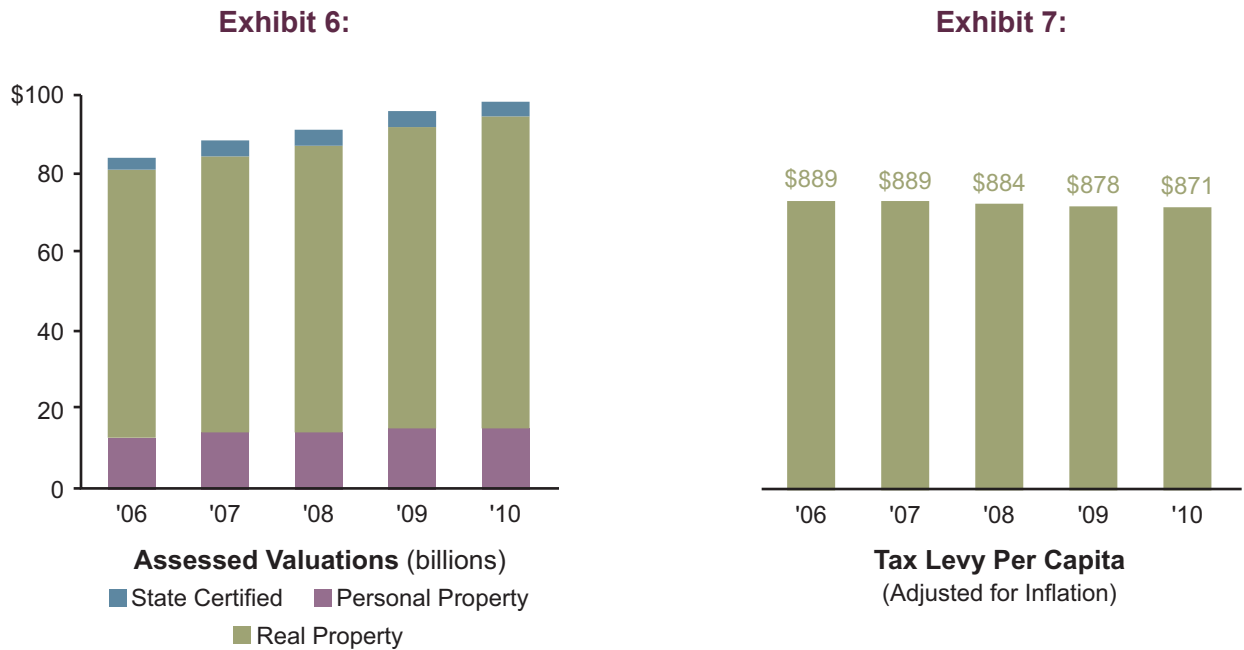




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GROWTH OF THE TAX BASE

Exhibit 6 shows the increase in the tax base over the last five years. Assessments have increased over the fiscal years 2006-2010. Assessments for fiscal year 2006 were \$88.4 billion increasing to \$99.9 billion in 2010, a 13% increase, reflecting growth in the County. Between fiscal years 2006 and 2010, the general tax levy increased 13.8% from \$737 million on 2006 to \$838.9 million in 2010. The Tax Levy Per Capita for this period is presented in Exhibit 7. This measure is achieved using the Implicit Price Deflator Index (Base year 2000) to adjust the tax levy for inflation and then applying the annual county population. The levy per capita amount has declined from fiscal years 2007 through 2010 reflected a population increase that has expanded faster than the growth in assessed valuations, since the tax rate increased by only 2.4% between fiscal years 2007 and 2008 and has remained unchanged through fiscal year 2010.



The County's ten principal taxpayers, as presented in Table 9 of the Statistical Section, contribute 7.0% of total assessed valuation and represent a wide range of industrial categories. Six of the 10 principal taxpayers in fiscal year 2010 have consistently been in this group for the past ten years.

TRANSPORTATION

Availability of transportation alternatives is a major draw for attracting businesses to the County. The County is served by Interstate Highways 77(I-277) and 85 (I-485), which intersect in Charlotte; by U.S. Highways 21, 29, 52, 74, 521 and 601; and by N.C. Highways 16, 24, 27, 49, 51, 73, 115 and 160. The final segment of the 67-mile I-485 outerbelt freeway being built around the inside perimeter of the County is underway. Major expansion, maintenance and improvements of primary and secondary highways within the County are primarily the responsibility of the State. Each municipality within the County bears the primary responsibility for its local street system, therefore the County has no financial obligation with respect to the construction and maintenance of roads.

To help reduce automobile commuting into Charlotte, the LYNX Blue Line light rail service between downtown Charlotte and I-485 at the south end of the County began service in November 2007 with an initial average daily ridership of 9,100. By June 30, 2010, the average daily ridership increased to 15,602, an increase of 71.4%.



Rail and air service provide strong support for local commercial operations. The County established an Inland Port in 1984, a worldwide gateway linking importers and exporters globally. Charlotte also offers a Foreign Trade Zone and full U.S. Customs facilities. The County is served by Norfolk Southern Railway and CSX Transportation, the country’s two major rail systems which link the County to 23 states, DC and Canada. Both main line railroads have junctions within the County and offer reciprocal switching among the lines as well as piggyback facilities that interface with trucking companies in the area. Amtrak in Charlotte provides north and south passenger lines that can connect to access most of the United States.

Charlotte-Douglas International Airport, the country’s 8th largest in operations, is served by fifteen passenger carriers, including, USAirways, Delta, United, AirCanada, American, Continental, Air Tran, Jet Blue and Lufthansa, as well as six major cargo carriers – ABX Air, Bax Global, Emery, Federal Express, DHL Worldwide Express and UPS. The airport, the largest hub of USAirways, averages over 643 daily departures and direct /nonstop flights to 136 destinations nationwide and around the world. An estimated total of 17.2 million passengers boarded flights at the airport and over 119,551 tons of domestic and international cargo were handled in calendar year 2009. The airport acquired approximately 1,500 acres of land to build its fourth runway that opened in early calendar year 2010. Financial responsibility for airport operations rests with the City of Charlotte.



EMPLOYMENT AND THE ECONOMY

Exhibit 8 highlights the economic and employment diversity in the County, and presents businesses headquartered in the County, as compiled by Dun and Bradstreet’s *Million Dollar Directory* for 2009.

Seven Fortune 500 companies are headquartered in the County – Duke Energy, Goodrich Corp., Nucor, Sonic Automotive, Family Dollar, SPX, and Bank of America. Additionally, Lowe’s, another fortune 500 company, is located in nearby Iredell County.

Exhibit 8:

Corporations Listed In Million Dollar Directory

Classification of Corporations	Number of Corporations
Services	238
Wholesale Trade	165
Manufacturing	152
Retail Trade	116
Construction	114
Finance, Insurance, Real Estate	93
Transportation, Communication, Utilities	77
Other	2
TOTAL	957

The County has had job losses in the areas of construction, manufacturing, professional services and transportation as the County experienced the downturn in the economy. The job losses contributed to the County’s unemployment rate of 10.6% by June 30, 2010, higher than the State rate of 10.0% and the national rate of 9.5%. Exhibit 9 presents the averaged monthly unemployment rates for each of the past five fiscal years, per the U. S. Department of Labor Benchmarked data.

Overall, the construction industry in the County has been impacted by the economy consistent with other parts of the nation. The number of total building permits declined in calendar year 2009 by 28.9% from the prior calendar year per Exhibit 10. Exhibit 11 presents new residential construction by type, which shows that new construction



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starts were down 62.7% from calendar year 2008. With regard to existing residential home sales, Charlotte has retained home values better than other parts of the Country. Home prices have declined 28.2% from 2009, with the average home value at \$207,762 at June 30, 2010.

Exhibit 9:

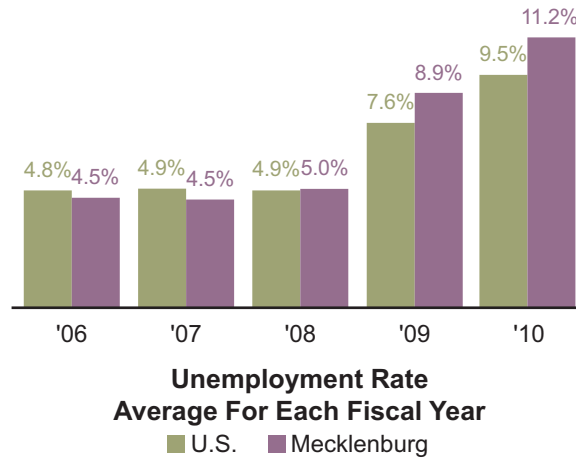


Exhibit 10:

**NUMBER AND VALUE OF BUILDING PERMITS
Mecklenburg County, North Carolina**

Value (Millions)

Calendar Year	Number of Building Permits	Residential	Non-Residential	Total
2009	11,549	\$ 669.8	\$ 715.7	\$1,385.5
2008	16,243	1,473.1	2,240.2	3,713.2
2007	21,462	2,223.7	1,823.4	4,047.1
2006	24,250	2,709.5	1,560.9	4,270.4
2005	22,037	2,063.2	1,297.6	3,056.7

Source: Land Use and Environmental Services.
Compiled by Charlotte Chamber of Commerce

Exhibit 11:

**NEW RESIDENTIAL CONSTRUCTION BY TYPE
Mecklenburg County, North Carolina**

Number of Units

Calendar Year	Single-Family	Multi-Family	Total
2009	2,224	2,302	4,526
2008	3,758	6,747	10,505
2007	7,494	6,306	13,800
2006	10,215	7,874	18,089
2005	9,775	3,827	13,602

Source: Land Use and Environmental Services.
Compiled by Charlotte Chamber of Commerce



Exhibit 12 presents the firms employing over 2,000 persons in the County, as of December 31, 2009, the most recent available information:

Exhibit 12:

Employers of 2,000 or More Persons

20,000 to 29,999 Employees	<ul style="list-style-type: none"> Carolinas Healthcare System* Wells Fargo/Wachovia Corporation
10,000 to 19,999 Employees	<ul style="list-style-type: none"> Bank of America* Wal-Mart Stores, Inc. Charlotte-Mecklenburg Schools*
5,000 to 9,999 Employees	<ul style="list-style-type: none"> Food Lion, Inc. Presbyterian Healthcare Regional Healthcare* Duke Energy Corporation* U.S. Airways State of North Carolina City of Charlotte* U.S. Postal Service Lowe's Adecco
2,000 to 4,999 Employees	<ul style="list-style-type: none"> Freightliner Corp L.L.C. Ruddick/Harris Teeter, Inc.* Mecklenburg County* Parkdale Mills Inc US Government BB&T. Compass Group* Corestaff Services UNC Charlotte Belk Inc.* Labor Ready Inc. Bi-Lo LLC CVS Corp United Parcel Service Bojangles Restaurants, Inc. Target Stores Family Dollar Stores Inc.* Carolina Restaurant Group Inc. Carowinds TIAA-CREF Central Piedmont Community College Home Depot Inc.. IBM Corp YMCA of Greater Charlotte Invista Microsoft Corp Ross Stores Inc. Time Warner Cable Windstream Communications

*Headquartered in the County. Source: Charlotte Chamber of Commerce



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EDUCATION

Public education in the County is provided by the Charlotte-Mecklenburg Schools, a nationally ranked school system and the 22nd largest school system in the nation, based on student enrollment as cited by the National Center for Education Statistics. Exhibit 13 details the enrollment in the Charlotte-Mecklenburg Schools for the last five years.

Exhibit 13:

CHARLOTTE-MECKLENBURG SCHOOL ENROLLMENT								
Year	Average Daily Memberships (ADM)					Number Enrolled	Percent ADM Enrolled	Number of Schools
	K-5	6-8	9-12	Special	Total			
2009-10	65,832	28,817	35,954	1,858	132,461	133,664	99.1	176
2008-09	65,609	29,243	33,968	2,049	130,869	134,060	97.7	172
2007-08	64,740	29,222	33,305	2,112	129,379	132,281	97.8	165
2006-07	62,881	28,056	34,621	1,842	127,400	129,011	98.8	161
2005-06	58,713	28,390	33,387	1,934	122,424	126,903	96.5	150

Source: Charlotte-Mecklenburg Board of Education

A nine-member Board of Education is the policy-making authority. Board of Education members are elected to four-year staggered terms on a non-partisan basis. Administrative responsibility is vested in an appointed superintendent who serves as chief executive officer.

The Board of Education relies upon the County for local funds needed to support public school current expense and capital outlay needs. The total fiscal year 2010 school budget was approximately \$1.1 billion: 55.7% provided by the State, 27.8% by the County (mostly through property taxes) and 14.5% by the federal government. Approximately 84% of the budget is allocated to salaries and employee benefits. Most local funds are used to supplement regular State salaries, to hire extra teachers not provided for by the State and for operation and maintenance of school buildings.

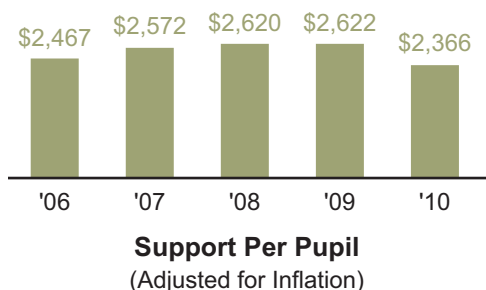
The fiscal year 2010 adopted budget included a \$317.4 million allocation from the County for operational expenses of the public school system. In accordance with the N.C. General Statutes, the Board of Education must present its current expense and capital outlay budget requests to the County by May 30 each year. Appropriations to the Board of Education are discussed in the County’s budget hearings and the approved amount for the schools is appropriated in the County’s operating budget adopted by July 1. Due to the county’s reduced revenue position, the operating funds to the Charlotte-Mecklenburg Schools were reduced to \$311.1 million before year-end.

For the 2009-2010 school year, the Board of Education operated 103 elementary schools, 33 middle schools and 29 high schools. There is also a center for students who are mentally disabled, a school for teenage parents, a school for artistically talented students, a program for the emotionally handicapped, an alternative discipline program, five pre-school programs for four-year-olds with a total enrollment 3,225, and an alternative school for students benefiting from additional attention received in a smaller classroom environment.





Exhibit 14:



The County's support per student, exclusive of debt service and based on total enrollment, is shown in Exhibit 14. The operational costs are adjusted for inflation to 2010 current dollars using the Implicit Price Deflator Index.

Charter schools in North Carolina were created through legislation passed in 1997 by the North Carolina General Assembly. Charter schools are separate entities and are not a component of the local public school system. As part of the funding for charter schools, the legislation requires a portion of the local County funds designated for education to be redirected by the Board of Education to charter schools. For the 2009-2010 school year, the portion of local education funds budgeted to be redirected to the eleven charter schools operating in the County was \$13.0 million for an enrollment totaling 5,799 students.

Over 87% of students graduating from the County's public schools continue their formal education. Colleges and universities located in the County offer a range of opportunities for further education. The area offers the opportunity to attend exceptional, small private colleges, church affiliated institutions, a community college or a large state university. Exhibit 15 presents the most recent enrollment data available for colleges and universities within the County.

Exhibit 15:

	Fall 2010 Enrollment		Fall 2009 Enrollment	
	Students	Faculty ¹	Students	Faculty ¹
University of North Carolina at Charlotte	25,064	1,322	23,000	1,410
Central Piedmont Community College	20,176	886	19,254	845
Johnson & Wales University	2,603	112	2,696	180
Queens University of Charlotte	2,300	103	2,300	103
Davidson College	1,756	177	1,756	177
Johnson C. Smith University	1,332	320	1,573	270
Pfeiffer University – Charlotte Campus	2,019	87	2,019	87
The Art Institute of Charlotte	982	69	982	69
ECPI College of Technology	620	48	982	37
Kings College	665	24	570	25
Gordon-Conwell Theological Seminary	542	56	542	56
Carolina College of Health Sciences	484	60	484	60
Montreat College	422	66	422	66
Wingate University – Metro College	1,128	35	1,128	35
Gardner-Webb University – Charlotte Center	321	24	321	24
Brookstone College of Business	235	13	200	9
Reformed Theological Seminary	214	19	174	22
Wake Forest University – Babcock Graduate School of Management	175	8	174	9
Lee University	145	14	89	12
Union-PSCE at Charlotte	77	9	77	9
New Life Theological Seminary	60	15	60	15
Charlotte School of Law	813	68		

¹Includes part-time instructors. Source: Individual Institutions



Facts and Information

The University of North Carolina at Charlotte (UNC-Charlotte), part of the State university system of colleges, is one of the State’s most progressive institutions of teaching, research and public service. UNC-Charlotte’s doctoral programs include biology, information technology, electrical engineering, mechanical engineering and applied mathematics. It also is one of only three universities in North Carolina that offer degrees in business administration at the bachelor’s, master’s and doctoral levels.



Central Piedmont Community College (CPCC) has been recognized nationally as one of the top three community colleges in America for teaching experience. Class instruction occurs at all six campus locations, the Corporate Training Center and at various other sites across the County. CPCC received \$24 million from the County in fiscal year 2010. County funding is used for operating expenses, salary supplements for professional and clerical employees and those items that are not funded by the State. The County also issues bonds and certificates of participation for CPCC projects that are included in the Capital Improvement Program and pays the debt service on those financings.

MEDICAL

The medical facilities located in the County and their respective licensed bed capacities are shown in Exhibit 16. Additionally, there are 26 long-term care facilities in the County providing 3,084 beds as of July 2010.

Exhibit 16:

Hospital	Number of Licensed Beds
Carolinas Medical Center ¹	574
Presbyterian Hospital ²	531
Levine Children’s Hospital ¹	234
Carolinas Medical – Mercy ¹	156
Presbyterian Orthopedic Hospital ²	156
Carolinas Medical –University ¹	130
Carolinas Rehabilitation ¹	119
Carolinas Medical – Pineville ¹	109
Presbyterian – Matthews ²	102
Behavioral Health Center – CMC – Randolph ¹	66
Presbyterian – Huntersville ²	60
Mercy Horizons ¹	11
¹ Part of Carolinas HealthCare System.	
² Part of Novant Health, Inc.	
Source: Individual Facilities	



CULTURAL AND RECREATIONAL ACTIVITIES

Theatre, art and music offerings abound throughout the County. Spirit Square and Discovery Place offer unique ways to discover and participate in the arts and sciences. The Mint Museum of Art, the Mint Museum of Craft and Design, the Bechtler Art Museum and the Harvey Gantt Center form the new Arts Campus in uptown Charlotte offering an array of visual arts and bringing special exhibitors to the County. The North Carolina Blumenthal Center for the Performing Arts showcases the best in opera, chorus, symphony, dance and theater in its 2,100 seat performance hall and 440 seat theater. ImaginOn, the Joe & Joan Martin Center, includes a state of the art theater for children. The County also has its share of historical sites and museums. The McIntyre Historic Site was the scene of a Revolutionary War skirmish and later a gold mining site. Latta Plantation was built around 1800 and the restored river plantation house is now included in the park on the plantation site. The old County Courthouse on East Trade Street is the site of a monument to the signers of the Mecklenburg Declaration of Independence. Collections and exhibits emphasizing the history of Mecklenburg County are housed at the Charlotte Museum of History and Hezekiah Alexander Homesite. The Museum of the New South traces the history of the area since the Civil War.

Concerts by nationally prominent groups and solo artists at the Time Warner Arena, Ovens Auditorium, Cricket Arena, Verizon Wireless Amphitheater, Memorial Stadium, Grady Cole Center and Carowinds Palladium draw thousands for musical entertainment. The Festival in the Park is an annual event featuring arts, crafts, food and music for the entire family. The Carowinds theme park is a popular destination for tourists seeking family entertainment. The diverse assortment of recreational and cultural activities helps make the County the most popular tourist destination in the State.

The County offers practically any sport or recreational endeavor one would like to pursue. Recreational pleasures can be enjoyed at any of the County's parks or one of its five public golf courses. County park facilities include tennis courts, swimming pools, spray grounds, community centers, bowling alleys, picnic areas, ball fields, fitness trails, dog parks, mountain biking, fishing, canoeing, soccer fields, disc golf courses, playground equipment, an equestrian center, a skate park, a dirt bike track and an indoor water park, Ray's Splash Planet. The County also operates a fully-equipped Aquatics Center. Located 10 minutes from downtown Charlotte, the U.S. National Whitewater Center offers water activities and is the official home of the U.S. Kayak Team.

The area also offers many opportunities for spectator sports. The Carolina Panthers, an NFL franchise, play at Bank of America Stadium, which seats 73,250. The Charlotte Bobcats, an NBA expansion team, plays at the 19,026 seat Time-Warner Cable Arena. Lowe's Motor Speedway, one of the few super speedways in the country, is host to three top NASCAR Nextel Cup events: The Nextel All-star Challenge, the Coca-Cola 600 and the Bank of America 500. The annual Race Week preceding the Coca-Cola 600 draws thousands of tourists to the County, while the race is one of the largest single-day sporting events in the country. The \$158.5 million NASCAR Hall of Fame and convention center expansion in uptown Charlotte opened May 2010. The County and surrounding areas are also home to the Charlotte Knights, a class AAA professional baseball team whose parent club is the Chicago White Sox, and the Charlotte Checkers, an East Coast Hockey League team affiliated with the National Hockey League's New York Rangers. The Wells Fargo Championship (formerly known as Quail Hollow Championship) golf tournament is held at the Quail Hollow Country Club each May.



SUMMARY

Mecklenburg County is a vibrant growing area that continues to draw new people and businesses via relocation. The climate, diversity of industries, cultural opportunities and recreational activities create a desirable environment for the residents of the County.



Five Year Trends

Exhibit 1:

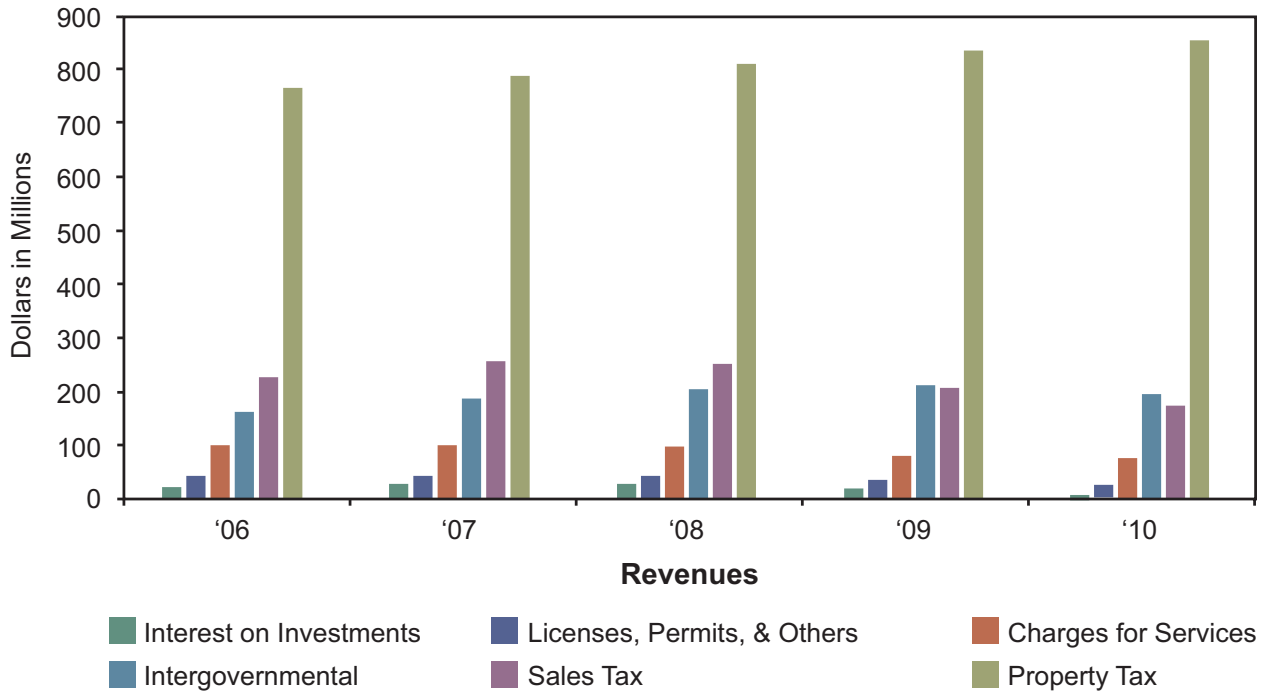
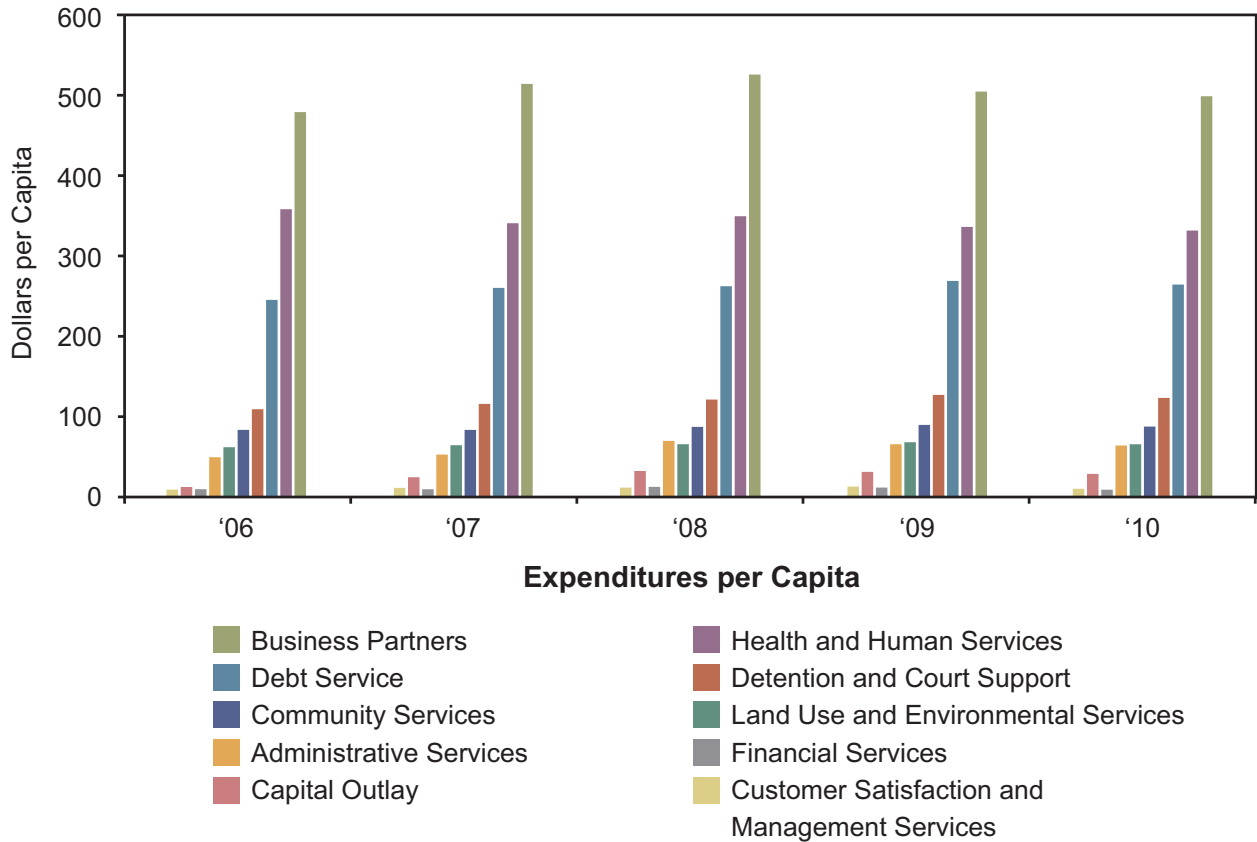


Exhibit 2:





Five-year trend analysis is provided for the County's governmental activities, excluding capital project revenues and expenditures. Exhibits 1 and 2 present revenues and expenditures, respectively for the five fiscal years 2006 through 2010. Revenues are presented as whole dollars, while the expenditures are shown on a per capita basis. To eliminate the effect of inflation and provide a better comparison of changes between years, both exhibits have been adjusted using the Implicit Price Deflator Index (base year = 2000), a nationally recognized indicator of annual economic growth, so that each dollar in any given year has the buying power of a 2010 dollar.

Revenues

Property taxes are the most significant source of revenue during the five-year period presented by Exhibit 1. Approximately 63.5% of total revenue in fiscal year 2010 came from property taxes, which is greater than the five year average contribution to total revenue of 59.2%. Property tax revenues increased 15% over the five year period from fiscal year 2006 to fiscal year 2010. Fiscal year 2006 reflected both an increased tax base and a tax rate increase. For fiscal year 2007, the tax rate was reduced by 1.79 cents per \$100 of assessed valuation to 81.89 cents, due to increased tax base, which resulted in property tax revenues adequate to meet service needs at a level comparable to the prior year. Fiscal year 2008 required raising the tax rate to 83.87 cents per \$100 of assessed valuation. The increase was needed to meet funding increases to schools, to provide the necessary funds for debt service, and to continue providing the many services to the County's expanding population. No tax increase was budgeted for fiscal year 2009 nor for fiscal year 2010. The \$22.7 million increase in property tax revenues between fiscal year 2009 and fiscal year 2010 is due to increases in assessed valuation as the tax rate remained constant.



Fiscal year 2008 required raising the tax rate to 83.87 cents per \$100 of assessed valuation. The increase was needed to meet funding increases to schools, to provide the necessary funds for debt service, and to continue providing the many services to the County's expanding population. No tax increase was budgeted for fiscal year 2009 nor for fiscal year 2010. The \$22.7 million increase in property tax revenues between fiscal year 2009 and fiscal year 2010 is due to increases in assessed valuation as the tax rate remained constant.

Intergovernmental revenues fluctuate with the level of grant awards to the County. For the five years presented, intergovernmental revenues have contributed between a low of 12.4% in fiscal year 2006 to the 15.2% of revenue in fiscal year 2009, reflecting the changes in grant awards to the County during the period and the impact of other revenue changes. In fiscal year 2010 intergovernmental revenues contributed 14.7%, only a slight reduction from the prior year. The County continues to actively seek available grant funds.

Sales tax revenues are collected by the State of North Carolina and distributed to counties based on a combination of point of delivery of the goods sold and a per capita basis. Between fiscal years 2006 and 2008, the County's governmental funds experienced continuous increases in sales tax revenues, from \$218.1 million in fiscal year 2006 to \$247.6 million in fiscal year 2008 that reflected the strong retail sales and the relatively good economy of the area. The County experienced a \$60.8 million drop in sales tax revenues from fiscal year 2008 through fiscal year 2010. This is due to the State of North Carolina retaining a one-half cent sales tax to offset the cost of Medicaid and retail sales declining as the economy slowed. The contribution to total governmental revenues was 13.9% for fiscal year 2010 as compared to 14.9% for fiscal year 2009.

The percentage of charges for services to total revenue has seen a gradual decline from 7.6% in fiscal year 2006 to 5.7% in fiscal year 2010. For fiscal years 2006 through 2008, the percent of total revenues changed due to the significance of the other revenue categories. For fiscal years 2009, the reductions resulted from reduced revenues for Land Use and Environmental Services, the Register of Deeds, and other fee based services tied to the construction and real estate industries that have suffered extreme downturns in the last two years.

Similarly licenses, permit and other revenues contributed approximately 2.8% to total revenues for fiscal years 2006 through 2008. For fiscal year 2009, the contribution to total revenue dropped to 2.4% and 1.8% in fiscal year 2010. This category includes all construction and inspection permit revenues that continue to be affected by the significant downturn in the building trades.

Interest on investments for fiscal year 2010 declined 77% from 2009 reflecting the investment interest rate decline in the nation. Over the five year period investment earnings contributed 1.4% in fiscal year 2006, 2.0% for fiscal year 2007, then declined to 1.7% in fiscal year 2008, .3% in fiscal year 2009, and contributed .4% in fiscal year 2010.



Five Year Trends

Expenditures

CUSTOMER SATISFACTION AND MANAGEMENT SERVICES

This service area includes the County Commissioners, Manager's Office, and Public Service and Information. It represents .7% of total expenditures for governmental activities for fiscal years 2006 through 2010. Inflation adjusted expenditures on a per capita basis for this service area were \$9.35 in fiscal year 2006 increasing to \$10.77 in fiscal year 2007 and remaining at that level through fiscal year 2010 reflecting a consistent level of spending in this area from year to year and minimal impact from changes in inflation and population growth.

LAND USE AND ENVIRONMENTAL SERVICES

Land Use and Environmental Services remained steady at 4.3% of expenditures for governmental activities for fiscal years 2006 through 2008 increasing to 4.5% of total expenditures in fiscal year 2009 and declining to 4.0% of governmental expenditures in fiscal year 2010. Code Enforcement, Storm Water, Property Assessment and Land Records, Environmental Protection and Environmental Health, plus the Register of Deeds comprise this service area which has been affected significantly by the downturn in the construction fields. During the last five years inflation adjusted cost per capita increased from \$56.95 for fiscal year 2006 to \$66.51 for fiscal year 2009 then fall to \$55.52 in fiscal year 2010. These expenditures reflected a strong construction industry that flourished in the County through fiscal year 2009. For fiscal year 2010, code enforcement and building inspections needs dropped and consequently these areas reduced spending.

COMMUNITY SERVICES

Community Services includes Park and Recreation, Elections, the Public Library of Charlotte and Mecklenburg County, and Community Support Services, a new service area in fiscal year 2007 combining the Women's Commission, Veterans Services and several smaller community programs, that was created to better service residents of the County. Community Services represents 5.8% of total expenditures for governmental activities in fiscal year 2010, .1% lower than the prior year. For fiscal years 2006 through 2010 cost per capita for this service area has ranged from a high of \$79.79 in fiscal year 2006 to the current year \$64.29, with an average of \$80.24 for the five year period. The decrease in per capita expenditures reflects the overall economic atmosphere that caused county departments to reduce spending in fiscal year 2010. There are fewer park and recreation programs, fewer library costs due to cut back on hours and library closings plus other community support service costs cut to meet the county's reduced spending.

HEALTH AND HUMAN SERVICES

County operations for Social Services, Public Health and Mental Health are the primary departments in this service area. The County's commitment to meet the human services needs of its residents is reflected in expenditures for this service area, as the costs for these services has grown from \$301.5 million in fiscal year 2006 to \$310.9 million in fiscal year 2009. Fiscal year 2010 spending dropped to \$304 million as all departments were required to reduce spending. As a percent of total expenditures, this functional area has dropped from 25.4% in fiscal year 2006 to 22.8% of total expenditures for governmental activities in fiscal year 2010, as other functional areas have grown more. Inflation-adjusted expenditures in Health and Human Services on a per capita basis have declined from \$355 in fiscal year 2006 to \$315.7 in fiscal year 2010, reflecting the 13.3% growth in population during the period. Exhibit 2 excludes federal and state benefit payments made directly by the State to County social services clients.





DETENTION AND COURT SUPPORT SERVICES

Detention and Court Support Services includes the Medical Examiner and Sheriff's Office, which is responsible for jail operations and coordination with the courts. This service area has increased from 7.7% of expenditures for fiscal year 2006 to 8.7% of governmental activities for fiscal year 2010, and expenditures have increased 26% during the period, resulting primarily from growth of jail operations. Detention and Court Support Services inflation-adjusted expenditures on a per capita basis have increased from \$107.84 in fiscal 2006 to \$119.88 in fiscal year 2010 as the costs of activities in this service area increased more than the increase in population of the County over the five year period.

ADMINISTRATIVE SERVICES

This service area consists of County internal and administrative activities that provide management support to other County departments and operations. Included here are Internal Audit, Human Resources, Information Services and Technology, Real Estate Services, and nondepartmental. Administrative Services represent 4.6% of expenditures for governmental activities. The cost per capita increased from \$47.97 in fiscal year 2006 to \$64.29 in fiscal year 2010. The increase is partially due to administrative services and human resources, which includes funding for the post employment health benefits annual required contribution to comply with GASB Statement 45.

FINANCIAL SERVICES

Resource management is the focus of this service area that consists of Finance and Tax Collection. Expenditures for this service area represent .6% of expenditures for governmental activities in fiscal years 2006 and 2007 then grew to 7% in fiscal years 2008 through 2010. Expenditures increased from \$6.7 million in fiscal year 2006 to \$9.2 million in fiscal year 2010, with \$1.9 million of the difference occurring between fiscal years 2007 and 2008. The difference reflects costs related to implementing a new tax billing and collection system. Expenditures per capita increased from \$7.97 in fiscal year 2006 to \$9.64 in fiscal year 2010 reflecting the effect of inflation and population growth on the increase in expenditures.

BUSINESS PARTNERS

Allocations and appropriations to other governmental entities and joint governmental activities are included in this service area that represents 32% of expenditures for governmental activities. Primary recipients of County funding are the Charlotte-Mecklenburg Schools, Central Piedmont Community College, the public television station (WTVI), the hospitals and the Mecklenburg Emergency Medical Services Agency, a component unit of the County. Funding to the Charlotte-Mecklenburg Schools is the primary Business Partner expenditure. Allocations to the Charlotte-Mecklenburg Schools for current operations and capital outlay have increased from \$300.2 million in fiscal year 2006 to \$316.3 million in fiscal year 2010 due to providing additional support to the schools for increased student enrollment. In the interim, school expenditures were increased between fiscal years 2006 and 2008 and reduced in fiscal year 2009 and again in 2010 in accordance with the increases and decreases in county revenues. Business Partners expenditures have increased from \$402.8 million in 2006 to \$427.8 million in fiscal year 2010. The per capita expenditures for the five year period have decreased from \$475 in fiscal year 2006 to \$444 in fiscal year 2010, as the expenditures are spread over an increasing population.

DEBT SERVICE

Debt Service, which consists of principal and interest payments for debt issued for County projects and debt issued for the Charlotte-Mecklenburg Schools, Central Piedmont Community College, and the Public Library, increased from \$206.3 million in fiscal year 2006 to \$258.8 million in fiscal year 2010 as new debt was added, primarily to meet the construction needs of the school system and to CPCC. Debt service as a percent of total governmental expenditures has increased from 17.4% in fiscal year 2006 to 19.4% in fiscal year 2010, reflecting the growing significance of debt service. These increases are also reflected in the debt service expenditures per capita of \$243.33 in fiscal year 2006 and \$268.62 in fiscal year 2010.



Mecklenburg County

Board of County Commissioners



Jennifer Roberts
Chairman At-Large



Harold Cogdell, Jr.
Vice- Chairman
At-Large



Dan Murrey
At-Large



Karen Bentley
District 1



Vilma Leake
District 2



George Dunlap
District 3



Dumont Clarke
District 4



Neil Cooksey
District 5



Bill James
District 6



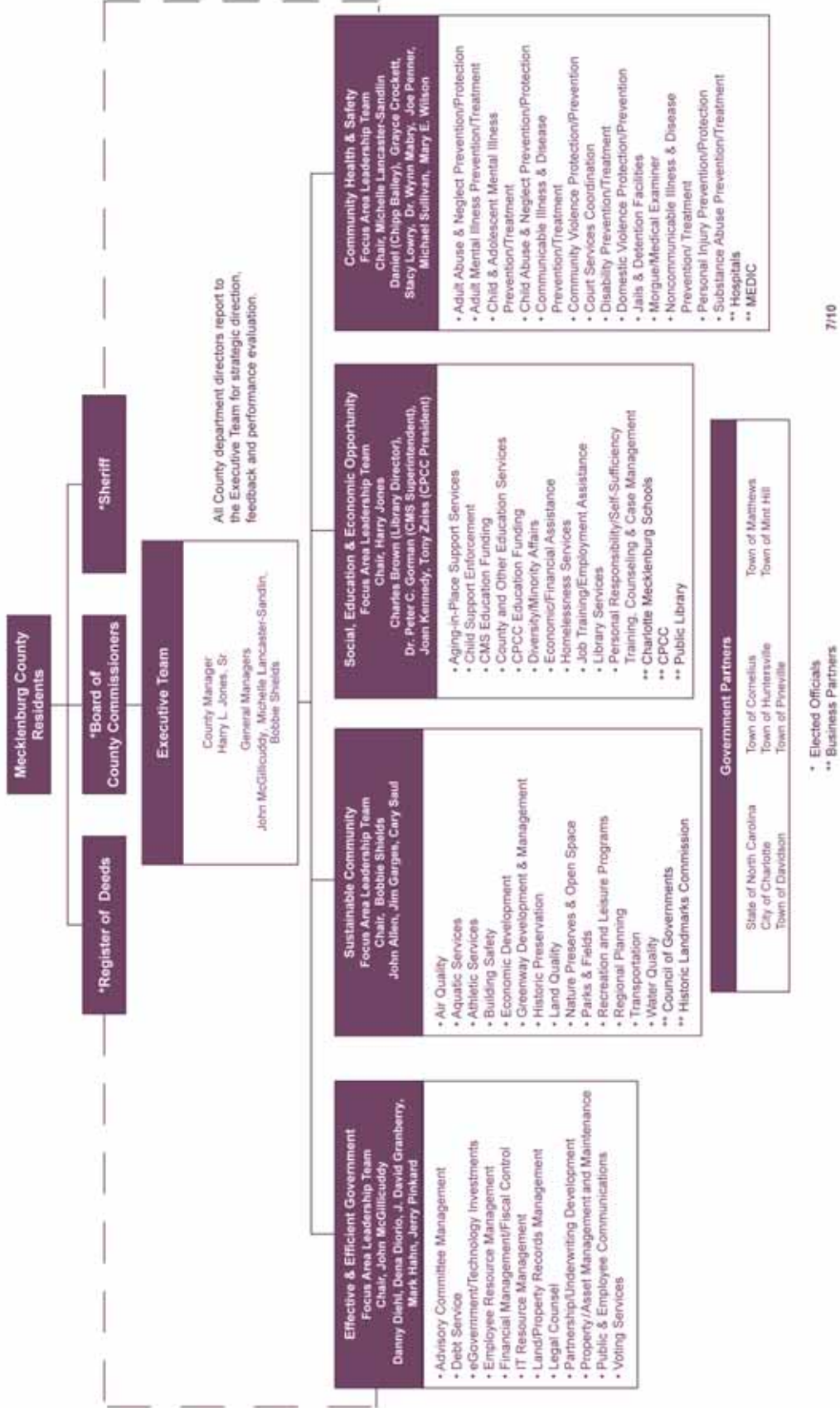
Harry L. Jones, Sr.
County Manager



Dena R. Diorio
Director of Finance



Mecklenburg County Organizational Structure 2010-2011





Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Mecklenburg County
North Carolina

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

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



President

Executive Director



Mecklenburg County Finance Department

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Financial Section

The Financial Section constitutes the core of the report. The independent auditors' report covers the basic financial statements and the notes to the statements. Management's Discussion and Analysis provides a narrative introduction, overview and analysis of the statements that follow.



INDEPENDENT AUDITORS' REPORT

The Honorable Members of the Board
of County Commissioners
Mecklenburg County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Mecklenburg County, North Carolina (the "County"), as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on the respective financial statements based on our audit. We did not audit the financial statements of Mecklenburg Emergency Medical Services Agency (the "Medic") or the Mecklenburg County Alcoholic Beverage Control Board (the "ABC Board"). Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as it relates to the amounts included for the Medic and the 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Medic and the ABC Board were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

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

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

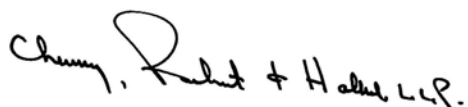
As discussed in the notes to the financial statements the County implemented *Governmental Accounting Standards Board Statement Number 51*. The implementation of this statement required that the County retroactively record intangible assets. Accordingly beginning net assets for June 30, 2009 has been restated to properly reflect the recording of intangible assets.

Management's Discussion and Analysis and the Required Supplementary Information as listed in the accompanying Table of Contents is 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 the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Combining and Individual Fund Statements and Schedules as listed in the accompanying Table of Contents 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 by us in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

CHERRY, BEKAERT & HOLLAND, L.L.P.

A handwritten signature in black ink that reads "Cherry, Bekaert & Holland L.L.P." in a cursive, slightly slanted script.

Raleigh, North Carolina
October 18, 2010

Management's Discussion and Analysis



Introduction

Management's Discussion and Analysis provides a narrative discussion of the County's financial activities as a whole for the year ended June 30, 2010 with comparisons to the prior year, where appropriate. The information complements the data presented in the basic financial statements. Its purpose, along with the material in the Transmittal Letter in the Introduction, is to enhance the reader's understanding of the County's financial performance.

Highlights of the Year

- On the Statement of Net Assets (Deficit), liabilities exceed assets reflecting the County's legal responsibility to issue and pay for debt, primarily general obligation bonds, for the Charlotte-Mecklenburg Schools, Central Piedmont Community College, the Public Library of Charlotte and Mecklenburg County, and WTVI, the local public television station as well as for Mecklenburg County. The assets acquired with the debt are owned by each of these governmental units, and therefore, the assets are not included in the County's Statement of Net Assets (Deficit).
- For the year ended June 30, 2010, the Statement of Activities reflects an increase in net assets of \$62.3 million as compared to a decrease in net assets in the prior year of \$169.6 million, resulting from a 16.7 % decrease in operating expenses which offset a decrease of 1.97% in revenues, both program and general.
- The governmental funds total fund balances decreased by \$26.5 million from the prior year total ending fund balance of \$446.8 million. The decrease is the result of lower than expected revenues, in sales tax, construction permits, charges for services, and a decrease in investment income. Of the \$420.3 million of governmental fund balances, total fund balance of \$269.3 is available for future years' spending as unreserved fund balance.
- The unreserved fund balance of the General Fund at June 30, 2010 is \$221.0 million, which represents 17.3% of fiscal year 2011 budgeted General Fund expenditures or 60.9 days of operating balances. Of the unreserved fund balance, \$118.9 million is designated for specific purposes and \$102 million is undesignated.

Overview

The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. Several schedules of required supplementary information, as well as combining and other individual fund schedules required by State statute, follow the notes to the financial statements.

Reporting the County as a Whole

Government-wide financial statements consist of the Statement of Net Assets (Deficit) and the Statement of Activities. Both of these statements provide data about the County's financial activities as a whole and present a longer-term view of the County's finances. These statements use the accrual basis of accounting, which is similar to the accounting used by most private-sector businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The Statement of Net Assets (Deficit) presents assets less liabilities equal net assets, thus presenting the County's financial position at the end of the fiscal year, while the Statement of Activities presents information showing how the County's net assets changed during the fiscal year.

The Statement of Net Assets (Deficit) and the Statement of Activities divide the County's operations into three types of activities:

- Governmental activities – those activities supported primarily by taxes and intergovernmental revenues. The following eight core service areas comprise the County's governmental activities: Customer Satisfaction and Management Services, Administrative Services, Financial Services, Land Use and Environmental Services, Community Services, Detention and Court Support Services, Health and Human Services, and Business Partners.
- Business-type activities – those activities that recover a significant portion of their costs through user fees and charges. The Solid Waste Enterprise Fund is the County's only business-type activity.



Management's Discussion and Analysis

- Component Units – these are separate organizations for which the County provides financial support and/or appoints their governing board. The Public Library of Charlotte and Mecklenburg County, the Mecklenburg County Alcoholic Beverage Control Board and the Mecklenburg Emergency Medical Services Agency are each component units of the County.

The government-wide statements follow Management's Discussion and Analysis.

Reporting the County's Significant Funds

Funds are sets of self-balancing accounts that reflect the assets, liabilities, fund balance/retained earnings, revenues and expenditures/expenses of resources that are segregated for specific activities or for compliance with legal provisions. The funds used by the County can be divided into three categories:

- Governmental funds: Most of the County's services are reported in governmental funds, which focus on the flows of money into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted to cash. Such information may be useful in evaluating the resources available to finance County programs in the near future. The Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities allows the reader to compare the information presented for governmental funds with similar information presented for the governmental activities.

The County's governmental funds are: the General Fund; nine Special Revenue Funds established under the provisions of the North Carolina General Statutes which account for revenues that are restricted for special purpose expenditures; and sixteen Capital Projects Funds, including the Certificates of Participation Fund, which account for the proceeds of bond issues and all other resources used for the purpose of constructing or purchasing all aspects of capital assets. The General Fund is presented individually on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances, because it meets the Governmental Accounting Standards Board (GASB) definition of a major fund for reporting purposes. The remaining governmental funds are combined into a single, aggregated presentation titled Nonmajor Funds. Individual fund data for each of the Nonmajor governmental funds is provided in the section, Combining and Individual Fund Financial Statements and Schedules.

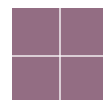
The County adopts an annual appropriated budget for the General Fund. The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual for the General Fund provides a budgetary comparison of the adopted budget, final budget and actual expenditures.

- Proprietary funds: The Solid Waste Enterprise Fund is the County's only proprietary fund and is presented in the business-type activities column of the government-wide financial statements, because it operates similar to a private business enterprise.
- Fiduciary funds: The County established the Post-employment Healthcare Benefit Fund to account for contributions and expenditures related to providing healthcare benefits to qualified retired County employees in accordance with the guidelines of Government Accounting Standards Board Statement 43. Also, the County holds certain resources for the benefit of employees and parties outside the government, which are accounted for as agency funds. Since the resources of these funds are not available to finance County programs, the funds are not included in the government-wide financial statements.

Notes to the Financial Statements

The information reported in the notes to the financial statements provides additional disclosures necessary to a complete understanding of the data presented in the government-wide and fund financial statements.

Management's Discussion and Analysis



Other Financial Information

In addition to the basic financial statements and accompanying notes, the report also presents certain required supplementary information concerning the Law Enforcement Special Separation Allowance and the Post Employment Health Benefits. Required supplementary information follows the Notes to the Financial Statements.

Following the required supplementary information are the combining schedules for the nonmajor governmental funds and the fiduciary funds. These include budget/actual schedules for the Special Revenue Funds, the Enterprise Fund, the Grants Capital Project Fund, as well as the Landfill Construction, Final Development and Postclosure Reserve Fund.

Government-Wide Financial Analysis

The following summarizes Net Assets (Deficit) at June 30, 2010 and 2009:

NET ASSETS (DEFICIT) (in thousands)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Assets						
Current and other assets	\$ 584,071	\$ 607,915	\$27,915	\$32,577	\$ 611,986	\$ 640,492
Capital assets, net	<u>991,727</u>	<u>972,846</u>	<u>52,087</u>	<u>46,390</u>	<u>1,043,814</u>	<u>1,019,266</u>
Total Assets	1,575,798	1,570,791	80,002	78,967	1,655,800	1,659,758
Liabilities						
Current and other liabilities	76,219	104,580	863	305	77,082	104,885
Long-term liabilities						
Due within one year	188,270	180,759	1,242	1,169	189,512	181,928
Due after one year	<u>2,067,563</u>	<u>2,119,973</u>	<u>10,101</u>	<u>11,206</u>	<u>2,077,664</u>	<u>2,131,179</u>
Total Liabilities	2,332,052	2,405,312	12,206	12,680	2,344,258	2,417,992
Net Assets (Deficit)						
Invested in capital assets, net of related debt	463,346	531,275	49,923	43,153	513,269	574,428
Restricted	97,771	91,392	8,375	8,618	106,146	100,010
Unrestricted (Deficit)	<u>(1,317,371)</u>	<u>(1,447,188)</u>	<u>9,498</u>	<u>14,516</u>	<u>(1,307,873)</u>	<u>(1,432,672)</u>
Total Net Assets (Deficit)	\$ (756,254)	\$(824,521)	\$67,796	\$66,287	\$ (688,458)	\$ (758,234)

While total net assets are often considered a useful indicator of a government's financial position, it does not adequately reflect the County's position. In accordance with the North Carolina General Statutes, the County is the issuer and payer of debt for capital purposes for the Charlotte-Mecklenburg Schools, Central Piedmont Community College, the Public Library of Charlotte and Mecklenburg County, and WTVI, the public television station in Mecklenburg County. This debt, which totals \$1.549 billion at June 30, 2010, is recorded in long-term liabilities with no offsetting capital assets recorded, as the assets are owned by the agencies. The agencies use the debt proceeds to acquire or construct capital assets. The effect of this accounting is to distort Net Assets of the County, creating a deficit in Net Assets. The deficit in Net Assets decreased from \$758.2 million to \$688.5 million, a change of 9.2% resulting from a total assets decrease of .24% while total liabilities decreased 3.05% and the contribution to net assets from revenues and expenditures increased from a loss of \$169.6 million at June 30, 2009 to \$62.3 million at June 30, 2010. These changes all relate to monitoring spending due to reduced revenues resulting from the downturn in the economy. Invested in capital assets, net of any related outstanding debt of those assets, relates to County only activities. This amount decreased from \$574.4 million at June 30, 2009 to \$513.3 million at June 30, 2010 as few new assets were acquired and the associated debt declined. Capital assets include land, buildings, vehicles, equipment, computer



Management's Discussion and Analysis

equipment and other machinery used in providing services to residents. Also, net assets of \$100 million at June 30, 2009 and \$106.1 million at June 30, 2010 are restricted by law for specific purposes. The decrease in the deficit unrestricted net assets is the result of the drop in assets and the increase contribution to net assets of operations. Net assets do not present the County's position regarding spending, which is presented in the governmental funds statements.

The County experienced an addition to net assets this year, as indicated in the following table of changes in net assets for the year ended June 30, 2010, with comparison to the prior year, for both governmental and business-type activities.

CHANGES IN NET ASSETS (DEFICIT)						
(in thousands)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Revenues						
Program Revenues:						
Charges for services	\$ 92,772	\$ 96,147	\$12,087	\$13,373	\$ 104,859	\$ 109,520
Operating grants and contributions	197,617	209,249	-	-	197,617	209,249
Capital grants and contributions	1,756	562	15	-	1,771	562
General Revenues:						
Property taxes	851,334	834,449	-	-	851,334	834,499
Sales taxes	186,766	199,788	-	-	186,766	199,788
Other taxes	9,379	8,989	-	-	9,379	8,989
Investment Income	4,068	18,000	305	829	4,373	18,829
Other	556	1,785	2,073	2,911	2,629	4,696
Total Revenues	1,344,248	1,368,969	14,479	17,113	1,358,728	1,386,082
Expenses						
Program Expenses:						
Customer Satisfaction and Management Services	10,391	10,140	-	-	10,391	10,140
Administrative Services	43,719	64,375	-	-	43,719	64,375
Financial Services	16,659	25,160	-	-	16,659	25,160
Land Use and Environmental Services	50,748	58,732	-	-	50,748	58,732
Community Services	81,446	88,288	-	-	81,446	88,288
Detention and Court Support Services	128,871	129,925	-	-	128,871	129,925
Health and Human Services	305,754	313,324	-	-	305,754	313,324
Business Partners	559,631	767,838	-	-	559,631	767,838
Interest Expense	86,266	84,080	-	-	86,266	84,080
Solid Waste Operations	-	-	12,971	13,811	12,971	13,811
Total Expenses	1,283,485	1,541,862	12,971	13,811	1,296,456	1,555,673
Excess (Deficit) In Net Assets	60,763	(172,893)	1,509	3,302	62,272	(169,591)
Net Assets (Deficit)						
Beginning of year, as previously reported	(824,521)	(678,367)	66,287	62,985	(758,234)	(615,382)
Prior period adjustment	7,504	26,739	-	-	7,504	26,739
End of year	\$ (756,254)	\$ (824,521)	\$67,796	\$66,287	\$ (688,458)	\$ (758,234)

Management's Discussion and Analysis



GOVERNMENTAL-TYPE ACTIVITIES

Program revenues covered 20.5% of County expenses at June 30, 2009 and 23.5% at June 30, 2010, with general revenues covering the balance of expenses. The change in net assets for the year ended June 30, 2010 results from reductions in spending that exceed reductions in revenue – primarily sales taxes, charges for services and investment income. Property tax revenues increased \$16.9 million (2%) from the prior year, primarily due to increases in the tax base as the tax rate did not change between years. Sales tax revenue decreased \$13 million (6.5%) from fiscal year 2009 reflecting a drop in retail spending. Investment income decreased \$13.9 million (77.4%) from the year ended June 30, 2009 due to the decline in rates in the investment market. Charges to users of County services generated revenues that supported 7.2% of County governmental operations for fiscal 2010 and 6.2% for fiscal year 2009. The County continued its strategy to secure a maximum amount of grant funds provided by state and federal agencies, although revenues from grants declined \$10.4 million (4.97%) in fiscal year 2010, as a result of the fluctuations in grant programs. The County covered 15.5% of expenses with grant revenues in fiscal year 2010 and 13.5% in fiscal year 2009. The prior period adjustment for fiscal year 2010 relates to recording intangible assets, primarily computer equipment, in accordance with Government Accounting Standards Board Statement Number 51.

BUSINESS-TYPE ACTIVITIES

The Solid Waste Enterprise Fund is the County's sole business-type activity and accounts for recycling programs and operation of the landfill. Revenues are generated from several sources: an annual residential solid waste disposal fee of \$15 per dwelling, land fill tipping fees for residential waste are \$26 per ton for fiscal year 2010, and a fee of \$39 per ton charge for commercial waste, disposal fees and recycling sales. The business-type activity contributed 1.1% to the primary government's total revenue for fiscal year 2010 and 1.2% for the fiscal year 2009. Change in net assets, also considered income, decreased \$1.8 million from the prior year's \$3.3 million primarily due to operating income being lower than expected and a decrease in investment income due to low rates. The \$1.5 million was retained by the activity for its future operations.

Financial Analysis of the County's Funds

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

GOVERNMENTAL FUNDS

Governmental funds focus on the inflows and outflows of current financial resources and measure the change in net spendable resources during the year. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of net resources available for spending at the end of the year. The County's governmental fund types include the General Fund, Special Revenue Funds and Capital Projects Funds.

General Fund

The General Fund, which is a major fund and the County's primary operating fund, had a fund balance of \$329.5 million, of which \$20.5 million is reserved for encumbrances, \$88.0 million is reserved by State statute, and \$221.0 million is unreserved. Of the General Fund's unreserved fund balance, \$119 million is designated for particular purposes and \$102.0 million undesignated. The General Fund total revenues were less than budget by \$51.4 million, and expenditures exceeded revenues by \$30.0 million, as explained more fully below.

Exhibit 1:

GRANT PROGRAMS ALL FUNDS		
Program Category	Number	Revenue (Millions)
Social Services	61	\$118.8
Mental Health	46	46.1
Health	42	21.0
Other	23	39.8
Total	172	\$225.7

Revenues for the General Fund decreased \$17.8 million, or 1.4% from fiscal 2009:

- Property tax revenues increased 2.02% from the prior year. For 2010, the collection rates were consistent with the prior year. Current year collections represented 97.8% of the current year levy, while total tax collections represented 97.8% of the current year's tax levy.

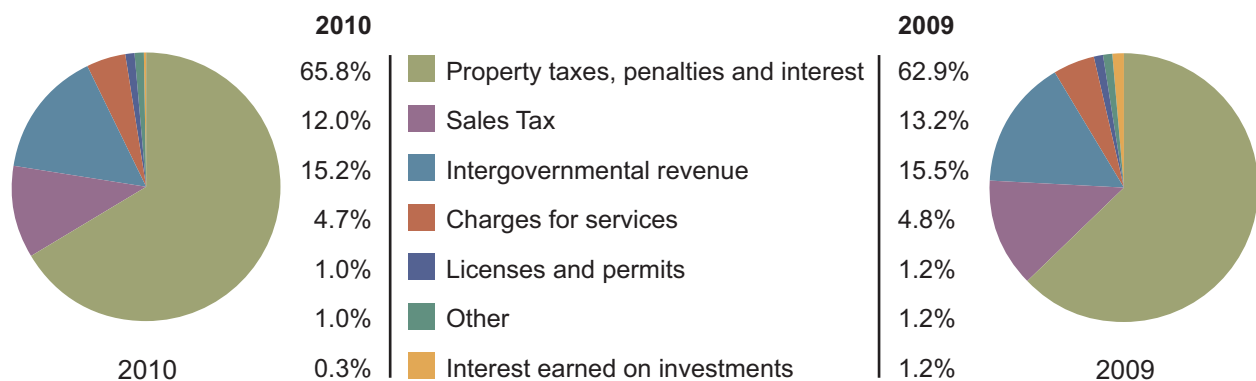


Management's Discussion and Analysis

- Sales tax revenues reported in the General Fund were \$153.1 million, a decrease of \$12.9 million from fiscal year 2009, reflecting the drop in consumer spending.
- Intergovernmental revenues totaled \$194.0 million as compared to \$202.2 million for fiscal year 2009. The change in revenue levels results from decline in grant funding. However, state and federal grant funds supported 172 service programs of varying size and complexity to help accommodate service needs of County residents while minimizing local costs. Grant programs are summarized in Exhibit 1.
- Charges for services revenue declined 2.9% from the prior year and licenses and permit fees dropped 16.5%. Fees in both categories were impacted by the slow decline in the construction industry.
- Interest earned on investments declined 75% from the amount received in fiscal year 2009, to \$3.9 million. The decline results primarily from a decline in interest rates. The County follows sound investment practices and strives to maximize invested balances and interest earnings within the parameters of allowable investment vehicles.

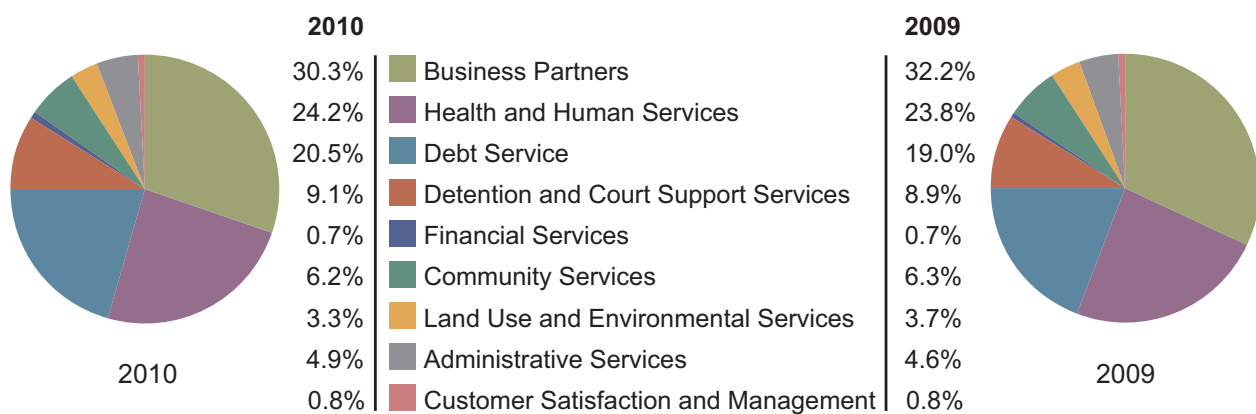
The composition of the General Fund revenue dollar for fiscal years 2010 and 2009 are illustrated in Exhibit 2.

**Exhibit 2:
Revenue Sources - Fiscal Year**



General Fund expenditures decreased \$47.5 million (3.64%) over those of last year. Exhibit 3 graphically illustrates the County's expenditure dollar for the two years.

**Exhibit 3:
Expenditures by Core Service - Fiscal Year**



Management's Discussion and Analysis



Fiscal year 2010 represents a refocus on the County's core services. In anticipation of continued lower revenue levels, the fiscal year 2010 General Fund adopted budget reflected a 4.5% reduction from the final fiscal year 2009 budget. As it became evident that revenues would not meet budget, the County consciously managed spending by looking at mandated and core service areas. For some functional areas, such as Administrative Services and Financial Services, expenditures remained comparable to the prior year. Minimal reductions occurred between years in needed service areas such as Health and Human Services (2% decrease) and Detention and Court Support Services (.7% decrease). Other functional areas, particularly Land Use and Environmental Services, that were impacted by the construction industry, had significant reductions (5%). Similarly Community Support Services, which includes Parks and Recreation and the Public Library of Charlotte and Mecklenburg County decreased 6.4% from the prior year.

Debt service, which has two components, increased \$10.2 million over fiscal year 2009. General debt service, which covers the capital needs of the County, primarily libraries, courts and parks and recreation, increased \$3.9 million from the prior year. The second component, debt service related to education, both for the Charlotte-Mecklenburg schools and Central Piedmont Community College, increased \$6.3 million, reflecting the continued debt to fund the capital needs of the schools and community college.

Current expenditures for education, both the Charlotte-Mecklenburg Schools and Central Piedmont Community College, as well as the County's contribution to the Mecklenburg Emergency Medical Services Agency and other outside agencies are included in Business Partners. Similar to County departments, each of these areas experienced reductions in fiscal year 2010. Charlotte-Mecklenburg Schools and Central Piedmont Community College expenditures comprise 63% of Business Partners expenditures. Funds for the current operations of the Charlotte-Mecklenburg Schools were \$316.3 million, \$35.3 million less than the amount allocated for fiscal year 2009. Funding to Central Piedmont Community College was \$24 million, a decrease of \$2.3 million. These changes, plus adjustments to other outside agencies resulted in an overall decrease in expenditures to Business Partners of \$33 million from fiscal year 2009.

Special Revenue Funds

Total revenues for the nine Special Revenue Funds decreased \$4.5 million (6.1%) from the prior year. The change in revenue is primarily attributable to the following: \$.8 million in Capital Reserve, \$2.2 million decrease in law enforcement service district taxes; Intergovernmental revenues related to storm water grants declining \$1.4 million due to grants ending; and a decline in other revenues of \$.1 million. These decreases were offset by a slight increase of \$.5 million in storm water charges for service, a fee based revenue.

Capital Projects Funds

More than half of each year's expenditures are for construction, renovations and improvements to school facilities. The decrease in expenditures of 5.3% between years results from the County's focus on completing projects and not adding new capital projects. Funding for capital projects is supplied by proceeds from new bonds, unexpended bond proceeds, and reimbursement by the City of Charlotte for some Park and Recreation capital expenditures, as well as pay-as-you-go annual funding appropriated in the adopted budget.

Based on the above discussion of the government-wide and fund financial statements, and considering the County's Triple A bond rating and debt capacity, which are discussed below and in the Notes to the Basic Financial Statements, the overall financial position of the County continues to be strong.

GENERAL FUND BUDGET HIGHLIGHTS

The County's annual balanced budget is prepared on the modified accrual basis of accounting in accordance with the Budget & Fiscal Control Act of the North Carolina General Statutes, and includes all appropriations required for debt service. The General Fund is the most significant fund budgeted.

Statutory provisions allow the budget to be amended during the year. The County Manager or his designee is authorized to transfer budget amounts within funds. All budget amendments that alter the total budget of a fund must be approved by the Board. The General Fund, as the primary fund supporting all major activities of the County, is monitored closely by the Director of Finance for possible revenue shortfalls or potential overspending. Purchase orders and contracts are



Management's Discussion and Analysis

not considered valid until the Director of Finance has certified the funds are available to make payment upon satisfactory completion of the contract or delivery of the items ordered.

The County revised the General Fund budget on several occasions throughout the year. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, primarily Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Amendments adopted during the year increased the overall general fund budget \$29.6 million primarily for increase to grant funded activities.

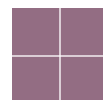
The County monitored nongrant spending by reserving portions of department budgets in light of the reduced sales tax and permit revenues. General Fund revenues were less than final budget by \$51.4 million (4.03%) reflecting increased property tax collections and interest on delinquent taxes (\$3.4 million) but lower than anticipated sales tax distributions (\$14.9 million), lower than expected inspection permits (\$3.9 million) and intergovernmental revenues less than budget (\$11.2 million). In addition, a shortfall in charges for services (\$15.7 million), resulted primarily from land use/construction related activities, reduced federal reimbursements and other fee based activities. Interest income was \$6.1 million less than budget as was miscellaneous revenues (\$2.5 million).

General Fund expenditures were under budget \$102.3 million, a variance of 8.13% from the final budget. This results from departments and business partners reduced spending as well as encumbrances remaining outstanding at June 30, 2010, as these amounts are not included in the GAAP actual numbers. Some variances, such as Health and Human Services (\$46.1 million), include varied grants where program spending did not reach expected levels; Land Use and Environmental Services expenditures varied \$10.1 million from budget as operations slowed in the light of the limited business related to the construction industry.

CAPITAL ASSETS

The County's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities at June 30, 2010 totals \$1.0 billion. Capital assets include land, land improvements, buildings and improvements, vehicles and heavy equipment, furniture, machinery, and other equipment, antiques and artifacts, computer equipment and construction in progress. Capital assets are reported in the government-wide financial statements and in the enterprise fund financial statements. Governmental funds treat capital acquisitions as expenditures in the period in which they are purchased. In accordance with Government Accounting Standards Board Statement 51, the County has recorded intangible assets, computer equipment, at net book value, \$8.9 million, at June 30, 2009, The adjustment increased capital assets net of accumulated depreciation. The investment in capital assets, net of accumulated depreciation, increased 1.0% from last year for governmental activities while the business-type activities investment in capital assets, net of accumulated depreciation, increased 12.3%. The change in governmental activities assets results from: 1) the acquisition of land for future use totaling \$10.9 million; 2) a net decrease to construction in progress totaling \$108.3 million as buildings were completed and transferred to assets; 3) an increase to buildings and improvements of \$120.9 million and an increase to land improvements of \$6.8 million. The change in vehicles and heavy equipment results from the disposal of assets, while the increase in furniture, machinery and equipment results from the net change of adding and disposing of items. The \$5.7 million increase in business-type activities (enterprise fund) is the result of increase in land improvements (\$3.9 million) as well as an increase in construction in progress (\$2.6 million) plus the effect of depreciation for activities at the landfill.

Management's Discussion and Analysis



CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION (in thousands)

Description	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$419,898	\$408,977	\$28,568	\$28,568	\$ 448,466	\$ 437,545
Construction in progress	73,568	181,855	8,200	5,593	81,768	187,448
Land Improvements	18,676	13,557	7,410	3,492	26,086	17,049
Buildings and Improvements	457,611	355,712	4,074	4,535	461,685	360,247
Vehicles and Heavy Equipment	8,998	9,501	2,410	2,913	11,408	12,414
Furniture, Machinery and Equipment	5,790	3,274	1,425	1,289	7,215	4,563
Computer Software	7,186	8,853	-	-	7,186	8,853
Total	\$991,727	\$981,729	\$52,087	\$46,390	\$1,043,814	\$1,028,119

DEBT ADMINISTRATION

The County issues general obligation bonds to fund the acquisition and construction of major capital facilities for the County, schools, community college and library. General obligation bonds are direct obligations and pledge the full faith and credit of the County. The County also issues certificates of participation to provide funding for school, library, community college, and County capital needs. At June 30, 2010 and 2009, general obligation bonds and certificates of participation consisted of:

GENERAL OBLIGATION BONDS AND INSTALLMENT FINANCING (in thousands)

Description	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Public Improvement Bonds	\$1,567,343	\$1,615,700	\$1,186	\$1,770	\$1,568,530	\$1,617,470
Installment Financing	522,085	578,240	-	-	522,085	578,240

The County debt policy provides guidelines, parameters, and procedural requirements for the issuance and management of debt. Some of the guidelines used in managing debt issuance include debt per capita, debt as a percentage of assessed valuation and debt service as a percentage of the operational budget.

Exhibit 4 shows the County's net per capita outstanding bonded debt to be \$1,627, a decrease of 5.8% from the prior year which results from a reduction in bonds payable and spreading the outstanding debt over a 3.0% increase in County population. The County's net bonded debt is 1.57% of assessed valuation, well below the 8% of assessed valuation legal debt limit of \$5.7 billion, authorized by N.C. General Statute Chapter 159. See Exhibit 5.

The County's strong financial management continues to insure a strong financial position and enables the County to maintain its Triple A bond rating for its general obligation debt. This is the highest rating given by Standard & Poor's Corporation, Moody's Investors Service and Fitch Ratings. The City of Charlotte has also maintained Triple A ratings from these agencies. This is a distinction for only a few communities in the nation. As a result of this rating, the County has obtained some of the lowest interest rates available to governmental agencies when issuing bonds and certificates of participation.

Note 8 to the Basic Financial Statements explains in detail the debt activities for the year ended June 30, 2010.



Management's Discussion and Analysis

Exhibit 4:

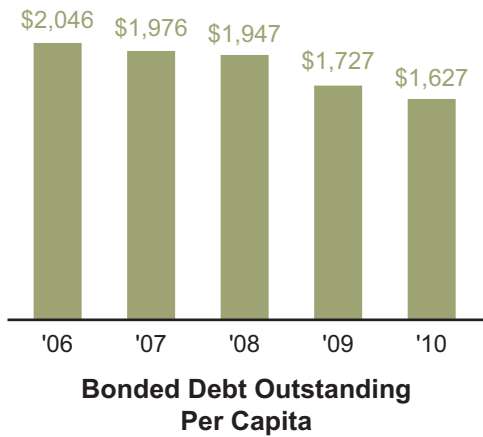
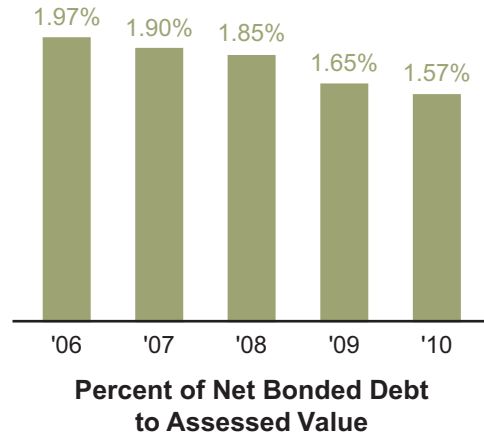


Exhibit 5:



OTHER POSTEMPLOYMENT BENEFITS

The County reports the annual cost and future obligations and commitments for other post employment benefits (OPEB) in accordance with the requirements of Governmental Accounting Standards Board Statement 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB). This standard requires governments to account for and report any OPEB obligation (asset) in the entity-wide financial statements. The County has had an actuarial study to determine the OPEB obligation and determine required plan contributions to meet this obligation for both fiscal year 2010 and 2009. The County funded \$16.0 million of the annual required contribution of \$16.7 million at June 30, 2010, resulting in an increase in the OPEB obligation in the entity-wide statements. For fiscal year 2011, the County chose to fund only the pay-as-you-go portion of the Annually Required Contribution.

OUTLOOK FOR THE NEXT YEAR

The Board approved a \$1.35 billion annual budget for fiscal year 2011 that maintains the fiscal year 2010 tax rate of 83.87 cents per \$100 of assessed valuation. The adopted budget reflects a 5% decrease (\$70.9 million) over the fiscal year 2010 as revenues are expected to continue to remain low. Budget reductions presented significant challenges that the County chose to address by adopting a multi-year perspective and approach. The strategic path is to preserve the core of county government and stimulate progress. The components of this strategic path are reduce programs, services and personnel to match available funding; maintain long-term fiscal discipline; and redesign and reshape County government.

The broad categories and levels of funding as compared to the fiscal year 2010 are:

- Debt Service, funded at a 95.9% of the fiscal year 2010 budget
- County Services, funded at 95.97% of the fiscal year 2010 budget
- Education Services funded at 98.7% of the fiscal year 2010 budget

Because of the financial challenges affecting the residents of the County, the budget avoids the additional stress of a property tax increase while maintaining services to address the needs of the community with the resources available.

Request for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should contact the Director of Finance, Mecklenburg County, P.O. Box 34486, Charlotte, North Carolina 28234.

A - 1
 MECKLENBURG COUNTY, NORTH CAROLINA
 STATEMENT OF NET ASSETS (DEFICIT)
 JUNE 30, 2010

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Public Library of Charlotte and Mecklenburg County	Mecklenburg Emergency Medical Services Agency	Mecklenburg County Alcohol Beverage Control Board	
ASSETS							
Cash and investments	\$ 397,431,345	\$ 27,031,247	\$ 424,462,592	\$ 7,474,851	\$ 12,571,102	\$ 6,899,694	
Receivables, net	133,675,846	599,003	134,274,849	626,523	9,317,734	8,172	
Due from other governmental agencies	54,669	-	54,669	253,292	90,286	-	
Advances to other government agencies	535,137	-	535,137	-	-	-	
Prepaid expenses	-	-	-	166,675	-	289,376	
Inventories	4,960	-	4,960	-	-	8,263,458	
Restricted assets	-	284,263	284,263	-	-	-	
Deferred charges	18,717,255	-	18,717,255	-	-	-	
Accumulated decrease in interest rate swaps	33,652,278	-	33,652,278	-	-	-	
Capital assets							
Land	419,898,155	28,568,428	448,466,583	13,523,473	-	4,209,135	
Construction in progress	73,568,027	8,200,180	81,768,207	1,656,533	-	131,829	
Other capital assets, net of accumulated depreciation	498,260,480	15,318,501	513,578,981	72,546,026	4,937,767	20,767,557	
TOTAL ASSETS	1,575,798,152	80,001,622	1,655,799,774	96,247,373	26,916,889	40,569,221	
LIABILITIES							
Accounts payable and other accrued liabilities	73,801,748	863,281	74,665,029	1,312,950	5,600,881	9,009,706	
Unearned revenue	2,416,962	-	2,416,962	1,055,938	-	-	
Long-term liabilities							
Due within one year	188,269,981	1,242,166	189,512,147	1,218,701	1,430,490	-	
Due in more than one year	2,067,563,323	10,100,570	2,077,663,893	9,957,612	6,063,764	-	
TOTAL LIABILITIES	2,332,052,014	12,206,017	2,344,258,031	13,545,201	13,095,135	9,009,706	
NET ASSETS/(DEFICIT)							
Invested in capital assets, net of related debt	463,345,867	49,923,326	513,269,193	86,667,592	4,937,767	25,108,521	
Restricted							
for Capital projects	46,364,459	-	46,364,459	-	-	-	
by law for specific purposes	51,406,201	8,374,290	59,780,491	1,811,846	-	2,797,062	
Unrestricted (deficit)	(1,317,370,389)	9,497,989	(1,307,872,400)	(5,777,266)	8,883,987	3,653,932	
TOTAL NET ASSETS (DEFICIT)	\$ (756,253,862)	\$ 67,795,605	\$ (688,458,257)	\$ 82,702,172	\$ 13,821,754	\$ 31,559,515	

The accompanying notes are an integral part of this statement.

A - 2
 MECKLENBURG COUNTY, NORTH CAROLINA
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2010

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets					
	Primary Government				Component Units					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Public Library of Charlotte and Mecklenburg County	Mecklenburg Emergency Medical Services Agency	Mecklenburg County Alcoholic Beverage Control Board
Primary Government										
Governmental activities										
Customer Satisfaction and Management Services	\$ 10,390,706	\$ 1,250	\$ 41,452	\$ -	\$ (10,348,004)	\$ -	\$ (10,348,004)	\$ -	\$ -	\$ -
Administrative Services	43,718,532	2,012,917	210,597	-	(41,495,018)	-	(41,495,018)	-	-	-
Financial Services	16,659,248	481,537	-	-	(16,177,711)	-	(16,177,711)	-	-	-
Land Use and Environmental Services	50,748,375	38,966,978	3,922,716	1,755,883	(6,102,798)	-	(6,102,798)	-	-	-
Community Services	81,446,000	4,821,374	3,269,140	-	(73,355,486)	-	(73,355,486)	-	-	-
Detention and Court Support Services	128,870,916	23,841,485	4,432,439	-	(100,596,992)	-	(100,596,992)	-	-	-
Health and Human Services	305,754,444	18,656,783	168,781,628	-	(118,316,033)	-	(118,316,033)	-	-	-
Business Partners	559,630,830	3,989,324	16,959,655	-	(538,681,851)	-	(538,681,851)	-	-	-
Interest on long-term debt										
General purpose	39,944,614	-	-	-	(39,944,614)	-	(39,944,614)	-	-	-
Public schools	46,320,997	-	-	-	(46,320,997)	-	(46,320,997)	-	-	-
Total Governmental Activities	1,283,484,662	92,771,648	197,617,627	1,755,883	(991,339,504)	-	(991,339,504)	-	-	-
Business-type activities										
Solid Waste Operations	12,970,552	12,086,857	15,000	-	-	(868,695)	(868,695)	-	-	-
Total Primary Government	\$ 1,296,455,214	\$ 104,858,505	\$ 197,632,627	\$ 1,755,883	(991,339,504)	(868,695)	(992,208,199)	-	-	-
Component Units										
Public Library of Charlotte and Mecklenburg County	\$ 40,021,811	\$ 3,827,809	\$ 2,370,312	\$ 6,702,563	-	-	-	(27,121,127)	-	-
Mecklenburg Emergency Medical Services Agency	43,768,754	29,471,444	-	-	-	-	-	(14,297,310)	-	-
Mecklenburg County Alcoholic Beverage Control Board	73,148,133	72,986,554	-	-	-	-	-	-	-	(161,579)
Total Component Units	\$ 156,938,698	\$ 106,285,807	\$ 2,370,312	\$ 6,702,563	-	-	-	(27,121,127)	(14,297,310)	(161,579)
General Revenues										
Property taxes, levied for general purposes					840,297,024	-	840,297,024	-	-	-
Property taxes, levied for Law Enforcement Service District					11,037,298	-	11,037,298	-	-	-
Sales taxes					186,765,702	-	186,765,702	-	-	-
Other taxes					9,379,388	-	9,379,388	-	-	-
Investment earnings					4,067,591	305,027	4,372,618	37,343	12,240	58,497
Miscellaneous					555,887	2,072,319	2,628,206	279,500	214,349	195,386
Payment from primary government:										
Library					-	-	-	29,946,431	-	-
Emergency Medical Services					-	-	-	-	14,123,025	-
Total General Revenues					1,052,102,890	2,377,346	1,054,480,236	30,263,274	14,349,614	253,883
Change in Net Assets					60,763,386	1,508,651	62,272,037	3,142,147	52,304	92,304
Net Assets (Deficit), beginning of year, as restated					(817,017,248)	66,286,954	(750,730,294)	79,560,025	13,769,450	31,467,211
Net Assets (Deficit), end of year					\$ (756,253,862)	\$ 67,795,605	\$ (688,458,257)	\$ 82,702,172	\$ 13,821,754	\$ 31,559,515

The accompanying notes are an integral part of this statement.

A - 3
 MECKLENBURG COUNTY, NORTH CAROLINA
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2010

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 302,338,278	\$ 95,093,067	\$ 397,431,345
Interest receivable	1,592,630	87,452	1,680,082
Accounts receivable	86,333,194	10,390,479	96,723,673
Accounts receivable - clinics	818,137	-	818,137
Less allowance for uncollectible claims	(793,593)	-	(793,593)
Taxes receivable	50,082,090	1,060,457	51,142,547
Less allowance for uncollectible taxes	(15,600,000)	(295,000)	(15,895,000)
Advances to other governmental agencies	59,513	475,624	535,137
Due from other governments	54,669	-	54,669
Deferred Charges	42,485	-	42,485
Inventory	4,960	-	4,960
TOTAL ASSETS	\$ 424,932,363	\$ 106,812,079	\$ 531,744,442
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	\$ 58,613,067	\$ 15,188,681	\$ 73,801,748
Deferred revenue	36,850,371	814,138	37,664,509
Total Liabilities	95,463,438	16,002,819	111,466,257
Fund Balances (Deficits)			
Reserved for encumbrances	20,538,100	31,995,899	52,533,999
Reserved by State Statute	87,950,368	10,477,931	98,428,299
Unreserved, reported in			
General Fund	220,980,457	-	220,980,457
Special Revenue Funds	-	29,267,911	29,267,911
Capital Projects Funds	-	19,067,519	19,067,519
Total Fund Balances (Deficits)	329,468,925	90,809,260	420,278,185
TOTAL LIABILITIES AND FUND BALANCES	\$ 424,932,363	\$ 106,812,079	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	991,726,662
Other long term assets are not available for current year expenditures and, therefore, deferred in the funds.	18,674,770
Certain debt related assets are not available for current year expenditures and therefore are deferred in the funds.	33,652,278
Certain bond expenditures are capitalized for future amortization over the life of the bonds.	(65,560,852)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(2,155,024,905)

Net (deficit) of governmental activities	\$ (756,253,862)
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The accompanying notes are an integral part of this statement.

A-4
 MECKLENBURG COUNTY, NORTH CAROLINA
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 JUNE 30, 2010

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 996,823,542	\$ -	\$ 996,823,542
Law Enforcement Service District Taxes	-	11,399,232	11,399,232
Transit One-Half Cent Sales Tax	-	33,658,337	33,658,337
Licenses and permits	12,440,081	-	12,440,081
Intergovernmental	193,977,052	4,545,469	198,522,521
Charges for services	60,637,111	16,513,874	77,150,985
Interest earned on investments	3,861,305	206,286	4,067,591
Administrative charges	2,744,287	-	2,744,287
Other	7,006,874	3,671,971	10,678,845
Total Revenues	<u>1,277,490,252</u>	<u>69,995,169</u>	<u>\$ 1,347,485,421</u>
EXPENDITURES			
Current			
Customer Satisfaction and Management	10,436,098	-	10,436,098
Administrative Services	61,936,299	-	61,936,299
Financial Services	9,284,883	-	9,284,883
Land Use and Environmental Services	41,387,536	12,094,740	53,482,276
Community Services	77,281,017	-	77,281,017
Detention and Court Support Services	114,936,695	547,165	115,483,860
Health and Human Services	304,143,599	-	304,143,599
Business Partners	381,590,920	46,277,655	427,868,575
Debt Service			
Principal payments	171,604,097	912,893	172,516,990
Interest and fiscal charges	86,043,667	221,946	86,265,613
Capital Outlay	-	165,138,075	165,138,075
Total Expenditures	<u>1,258,644,811</u>	<u>225,192,474</u>	<u>1,483,837,285</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES			
	<u>18,845,441</u>	<u>(155,197,305)</u>	<u>(136,351,864)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,814,507	60,567,978	62,382,485
Transfers out	(60,567,978)	(1,814,507)	(62,382,485)
Premium on bonds issued	58,708,355	-	58,708,355
Refunding bonds issued	589,310,000	-	589,310,000
Bonds Issued	-	100,000,000	100,000,000
Payment to escrow agent for refunding bonds	(638,141,957)	-	(638,141,957)
Total Other Financing Sources (Uses)	<u>(48,877,073)</u>	<u>158,753,471</u>	<u>109,876,398</u>
NET CHANGE IN FUND BALANCES			
	(30,031,632)	3,556,166	(26,475,466)
FUND BALANCES - BEGINNING OF YEAR	359,548,852	87,204,799	446,753,651
CLOSEOUT FUND	(48,295)	48,295	-
FUND BALANCES - END OF YEAR	<u>\$ 329,468,925</u>	<u>\$ 90,809,260</u>	<u>\$ 420,278,185</u>

The accompanying notes are an integral part of this statement.

A - 5
 MECKLENBURG COUNTY, NORTH CAROLINA
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2010

Net change in fund balances - total governmental funds	\$ (26,475,466)
Amounts reported for governmental activities in the Statement of	
Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is not included as the assets have been capitalized.	36,882,530
Depreciation expense is reported in the Statement of Activities, but not in the fund statements.	(24,598,761)
Loss on disposal of assets and adjustment to accumulated depreciation is reported in the Statement of Activities, but not in the fund statements.	(936,331)
Bond, Certificate of Participation and capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets, therefore, these proceeds do not appear in the Statement of Activities.	(689,310,000)
Bond premiums and deferred charges, respectively, for the governmental funds are deferred and amortized in the Statement of Activities.	(27,919,782)
Repayments of bond and capital lease principal are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the Statement of Net Assets, so the expenses do not appear in the Statement of Activities.	795,816,990
Some revenues reported in the Statement of Activities do not represent current financial resources and therefore are not reported as revenue in the governmental funds.	(3,757,728)
Other long term liabilities are reported in the Statement of Net Assets, but not in the fund statements.	1,061,934
Change in net assets of governmental activities	\$ 60,763,386

The accompanying notes are an integral part of this statement.

A - 6
 MECKLENBURG COUNTY, NORTH CAROLINA
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts	Variance from Final Budget- Positive/(Negative)
	Original	Final		
REVENUES				
Taxes				
General property - current	\$ 819,367,965	\$ 819,367,965	\$ 820,407,240	\$ 1,039,275
General property - prior	14,175,000	14,175,000	15,658,905	1,483,905
Interest on delinquent taxes	3,250,000	3,250,000	4,265,322	1,015,322
Sales	168,000,000	168,000,000	153,107,365	(14,892,635)
Room occupancy	750,000	750,000	902,852	152,852
Vehicle rental	3,250,000	3,250,000	2,178,666	(1,071,334)
Other	45,000	45,000	303,192	258,192
Total Taxes	<u>1,008,837,965</u>	<u>1,008,837,965</u>	<u>996,823,542</u>	<u>(12,014,423)</u>
Licenses and permits				
Business licenses	225,000	225,000	261,733	36,733
Inspection permits	15,975,075	15,984,375	12,057,748	(3,926,627)
Marriage licenses	130,000	130,000	120,600	(9,400)
Total Licenses and permits	<u>16,330,075</u>	<u>16,339,375</u>	<u>12,440,081</u>	<u>(3,899,294)</u>
Intergovernmental				
Federal	91,715,611	121,421,671	114,709,569	(6,712,102)
State	78,681,035	76,160,561	72,579,135	(3,581,426)
Local	7,460,707	7,556,569	6,688,348	(868,221)
Total Intergovernmental	<u>177,857,353</u>	<u>205,138,801</u>	<u>193,977,052</u>	<u>(11,161,749)</u>
Charges for services				
Customer Satisfaction and Management	5,000	5,000	1,250	(3,750)
Administrative Services	273,000	381,265	296,729	(84,536)
Financial Services	1,161,211	1,161,991	1,143,149	(18,842)
Land Use and Environmental Services	15,579,941	16,083,212	11,404,489	(4,678,723)
Community Services	2,917,078	3,382,824	2,986,653	(396,171)
Detention and Court Support Services	30,905,242	29,919,040	23,468,886	(6,450,154)
Health and Human Services	17,756,364	19,847,472	17,934,673	(1,912,799)
Business Partners	5,534,739	5,534,739	3,401,282	(2,133,457)
Total Charges for services	<u>74,132,575</u>	<u>76,315,543</u>	<u>60,637,111</u>	<u>(15,678,432)</u>
Interest earned on investments	10,000,000	10,000,300	3,861,305	(6,138,995)
Administrative charges	2,744,287	2,744,287	2,744,287	-
Other				
Rental	2,322,615	2,322,615	2,440,137	117,522
Sale of properties	1,070,677	1,070,677	1,131,285	60,608
Miscellaneous	5,997,151	6,164,204	3,435,452	(2,728,752)
Total Other	<u>9,390,443</u>	<u>9,557,496</u>	<u>7,006,874</u>	<u>(2,550,622)</u>
Total Revenues	<u>1,299,292,698</u>	<u>1,328,933,767</u>	<u>1,277,490,252</u>	<u>(51,443,515)</u>

(Continued)

The accompanying notes are an integral part of this statement.

A - 6
 MECKLENBURG COUNTY, NORTH CAROLINA
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2010
 (CONTINUED)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget- (Positive)/Negative
	Original	Final		
EXPENDITURES				
Current				
Customer Satisfaction and Management				
County Commissioners	\$ 399,624	\$ 380,894	\$ 352,048	\$ (28,846)
Manager's Office	10,723,643	12,492,334	7,908,146	(4,584,188)
Public Service and Information	2,397,988	2,265,551	2,175,904	(89,647)
Total Customer Satisfaction and Management	<u>13,521,255</u>	<u>15,138,779</u>	<u>10,436,098</u>	<u>(4,702,681)</u>
Administrative Services				
Internal Audit	506,700	505,487	504,111	(1,376)
Human Resources	4,755,976	4,766,155	4,412,655	(353,500)
Information Services and Technology	19,494,120	19,932,382	18,504,036	(1,428,346)
Real Estate Services	15,712,148	16,412,512	14,378,092	(2,034,420)
Nondepartmental	20,184,399	27,803,882	24,137,405	(3,666,477)
Total Administrative Services	<u>60,653,343</u>	<u>69,420,418</u>	<u>61,936,299</u>	<u>(7,484,119)</u>
Financial Services				
Finance	3,222,282	3,296,746	3,241,711	(55,035)
Debt Service				
Principal retirement - bonds and loans	61,835,705	63,674,596	63,674,596	-
Interest and fiscal charges	29,334,874	35,472,516	35,241,092	(231,424)
Payment to City of Charlotte	707,758	707,758	707,758	-
Tax Collection	6,981,059	7,086,370	6,043,172	(1,043,198)
Total Financial Services	<u>102,081,678</u>	<u>110,237,986</u>	<u>108,908,329</u>	<u>(1,329,657)</u>
Land Use and Environmental Services				
Geospatial Information	3,863,242	3,789,045	3,718,906	(70,139)
Code Administration	21,461,115	23,620,570	20,158,163	(3,462,407)
Property Assessment and Land Records	7,320,051	7,893,855	6,709,178	(1,184,677)
Air Quality	5,500,567	7,468,087	3,045,416	(4,422,671)
Environmental Health	4,368,394	4,213,014	3,841,590	(371,424)
Water and Land Resource	1,786,173	1,713,271	1,196,821	(516,450)
Register of Deeds	2,874,337	2,793,485	2,717,462	(76,023)
Total Land Use and Environmental Services	<u>47,173,879</u>	<u>51,491,327</u>	<u>41,387,536</u>	<u>(10,103,791)</u>
Community Services				
Child Support Enforcement	-	541,000	284,481	(256,519)
Community Support Services	5,604,622	6,166,225	5,218,416	(947,809)
Public Libraries	32,424,879	30,201,834	29,781,704	(420,130)
Park and Recreation	41,977,575	39,942,265	38,806,902	(1,135,363)
Elections	3,551,051	3,533,943	3,189,514	(344,429)
Total Community Services	<u>83,558,127</u>	<u>80,385,267</u>	<u>77,281,017</u>	<u>(3,104,250)</u>
Detention and Court Support Services				
Medical Examiner	1,409,831	1,407,951	1,399,879	(8,072)
State Justice Services	7,733,207	7,882,589	5,637,322	(2,245,267)
Sheriff and Jail	108,651,819	110,071,773	107,899,494	(2,172,279)
Total Detention and Court Support Services	<u>117,794,857</u>	<u>119,362,313</u>	<u>114,936,695</u>	<u>(4,425,618)</u>

(Continued)

The accompanying notes are an integral part of this statement.

A - 6
 MECKLENBURG COUNTY, NORTH CAROLINA
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2010
 (CONCLUDED)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget- (Positive)/Negative
	Original	Final		
Health and Human Services				
Public Health				
Public Health Services	\$ 4,483,325	\$ 5,636,554	\$ 4,216,291	\$ (1,420,263)
Public Health-CHS Contract	29,532,474	32,832,700	31,799,485	(1,033,215)
Community Health	6,462,538	12,414,714	7,247,208	(5,167,506)
Mental Health				
Infant and Toddler Preschool Services	7,104,115	7,201,933	6,380,619	(821,314)
Child and Adolescent Services	15,945,314	16,487,708	12,314,749	(4,172,959)
Adult Services	22,990,750	25,571,006	20,099,669	(5,471,337)
Centralized Services	6,036,461	6,046,426	5,254,742	(791,684)
Developmental Disabilities Services	21,320,718	20,374,825	17,276,060	(3,098,765)
Administrative Services	23,156,010	23,120,873	22,337,546	(783,327)
Grants and other	5,342,643	7,810,030	3,636,909	(4,173,121)
Social Services				
Administration and Support Services	14,495,194	17,503,506	15,658,970	(1,844,536)
Grants	6,135,867	7,300,687	7,269,780	(30,907)
Childcare Operations	51,469,430	53,463,947	52,295,104	(1,168,843)
Services for Adults	40,340,079	47,796,185	38,283,742	(9,512,443)
Economic Services	22,826,052	24,016,032	22,343,390	(1,672,642)
Youth and Family Services	43,973,782	42,704,775	37,729,335	(4,975,440)
Total Health and Human Services	<u>321,614,752</u>	<u>350,281,901</u>	<u>304,143,599</u>	<u>(46,138,302)</u>
Business Partners				
Emergency Medical Services	16,806,328	15,806,328	13,706,328	(2,100,000)
City-County Departments	2,684,653	2,684,653	2,684,653	-
Board of Education:				
Current	317,367,391	317,367,391	311,067,391	(6,300,000)
Capital Outlay	5,200,000	5,200,000	5,200,000	-
Debt Service				
Principal retirement - bonds	70,728,934	70,832,735	70,832,735	-
Principal retirement - certificates of participation	24,586,840	25,900,684	25,900,684	-
Interest	67,217,916	59,405,473	46,320,997	(13,084,476)
Central Piedmont Community College				
Current	24,492,884	24,003,028	24,003,028	-
Debt Service				
Principal retirement - bonds	11,091,525	10,882,863	9,592,882	(1,289,981)
Principal retirement - certificates of participation	1,394,538	1,603,200	1,603,200	-
Interest	5,769,153	5,769,153	3,773,818	(1,995,335)
Hospitals	17,850,000	17,925,000	17,924,452	(548)
WTVI	815,000	815,000	790,000	(25,000)
Historic Landmarks Commission	168,215	168,215	165,547	(2,668)
Outside Agencies - Other	6,405,066	6,269,476	6,049,523	(219,953)
Total Business Partners	<u>572,578,443</u>	<u>564,633,199</u>	<u>539,615,238</u>	<u>(25,017,961)</u>
Total Expenditures	<u>1,318,976,334</u>	<u>1,360,951,190</u>	<u>1,258,644,811</u>	<u>(102,306,379)</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(19,683,636)</u>	<u>(32,017,423)</u>	<u>18,845,441</u>	<u>50,862,864</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	269,090	1,814,507	1,545,417
Transfers out	(60,751,050)	(62,130,530)	(60,567,978)	1,562,552
Refunding bonds issued	-	589,310,000	589,310,000	-
Premium on bonds issued/Other debt issues	-	52,597,000	58,708,355	6,111,355
Payment to escrow agent for refunding bonds	-	(640,290,155)	(638,141,957)	2,148,198
Appropriated fund balance	80,434,686	92,262,018	-	(92,262,018)
Total other financing sources (uses)	<u>19,683,636</u>	<u>32,017,423</u>	<u>(48,877,073)</u>	<u>(80,894,496)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(30,031,632)</u>	<u>\$ (30,031,632)</u>
FUND BALANCE - BEGINNING OF YEAR			359,548,852	
CLOSEOUT FUND			(48,295)	
FUND BALANCE - END OF YEAR			<u>\$ 329,468,925</u>	

The accompanying notes are an integral part of this statement.

A - 7
 MECKLENBURG COUNTY, NORTH CAROLINA
 STATEMENT OF NET ASSETS
 PROPRIETARY FUND
 JUNE 30, 2010

	<u>Business Type Activities Solid Waste Enterprise Fund</u>
ASSETS	
Current Assets	
Cash and investments	\$ 27,031,247
Interest receivable	117,433
Accounts receivable	<u>481,570</u>
Total Current Assets	<u>27,630,250</u>
Noncurrent Assets	
Restricted cash and investments	284,263
Capital assets	
Land	28,568,428
Construction in progress	8,200,180
Land improvements	9,759,773
Buildings	10,265,965
Vehicles and heavy equipment	6,768,152
Furniture, machinery and equipment	<u>1,847,548</u>
Total Capital assets	65,410,046
Less accumulated depreciation	<u>(13,322,937)</u>
Total Capital assets, net of accumulated depreciation	<u>52,087,109</u>
Total Noncurrent assets	<u>52,371,372</u>
TOTAL ASSETS	<u>80,001,622</u>
LIABILITIES	
Current Liabilities	
Accounts payable and accrued liabilities	863,281
Compensated absences	129,598
Capital lease	532,025
Bonds payable	<u>580,543</u>
Total Current Liabilities	<u>2,105,447</u>
Long-term Liabilities	
Compensated absences	390,802
Landfill development and postclosure care costs	8,374,290
Capital Lease	930,544
Bonds payable	<u>404,934</u>
Total Long-term Liabilities	<u>10,100,570</u>
TOTAL LIABILITIES	<u>12,206,017</u>
NET ASSETS	
Invested in capital assets, net of related debt	49,923,326
Restricted net assets:	
Restricted for landfill development and postclosure care	8,374,290
Unrestricted	<u>9,497,989</u>
TOTAL NET ASSETS	<u>\$ 67,795,605</u>

The accompanying notes are an integral part of this statement.

A-8
 MECKLENBURG COUNTY, NORTH CAROLINA
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUND
 FOR THE YEAR ENDED JUNE 30, 2010

	Business Type Activities <u>Solid Waste</u> <u>Enterprise Fund</u>
OPERATING REVENUES	
Charges for services	\$ 12,086,857
Other	2,058,722
Total Operating Revenues	<u>14,145,579</u>
OPERATING EXPENSES	
Personal services and employee benefits	4,123,078
Utilities	177,089
Supplies	738,357
Depreciation	1,690,156
Maintenance and repairs	647,257
Rental and occupancy charges	569,355
Contractual services	4,696,857
Final development and postclosure costs	40,088
Total Operating Expenses	<u>12,682,237</u>
OPERATING INCOME	<u>1,463,342</u>
NON-OPERATING REVENUES (EXPENSES)	
Grant revenue	15,000
Interest income	305,027
Interest expense	(187,990)
Gain on disposal of capital assets	13,597
Amortization of refunding amount	(100,325)
Total Non-operating Revenues	<u>45,309</u>
CHANGE IN NET ASSETS	1,508,651
NET ASSETS - BEGINNING OF YEAR	<u>66,286,954</u>
NET ASSETS - END OF YEAR	<u><u>\$ 67,795,605</u></u>

The accompanying notes are an integral part of this statement.

A - 9
 MECKLENBURG COUNTY, NORTH CAROLINA
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 FOR THE YEAR ENDED JUNE 30, 2010

	Business Type Activities
	Solid Waste Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from users	\$ 14,178,406
Cash paid to suppliers	(6,422,563)
Cash paid to employees	(3,969,674)
Net cash provided by operating activities	<u>3,786,169</u>
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES	
Grant revenue	15,000
	<u>15,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments - bonds	(583,454)
Principal payments - capital leases	(590,693)
Interest paid	(187,990)
Acquisition of capital assets	(7,407,535)
Proceeds from sale of assets	34,230
Net cash used by capital and related financing activities	<u>(8,735,442)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	361,446
Net cash provided by investing activities	<u>361,446</u>
INCREASE IN CASH AND INVESTMENTS	(4,572,827)
CASH AND INVESTMENTS - BEGINNING OF YEAR	31,888,337
CASH AND INVESTMENTS - END OF YEAR	<u>\$ 27,315,510</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$ 1,463,342
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,690,156
Change in accounts receivable	32,827
Change in payroll accrual	151,663
Change in accounts payable	406,352
Change in compensated absences	1,741
Change in landfill reserve	40,088
Total adjustments	<u>2,322,827</u>
Net cash provided by operating activities	<u>\$ 3,786,169</u>
Noncash investing, capital, and financing activities	
Amortization of refunding amount	\$ 100,325

The accompanying notes are an integral part of this statement.

A - 10
 MECKLENBURG COUNTY, NORTH CAROLINA
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2010

	Post-Employment Healthcare Benefit Trust Fund	Agency Funds
ASSETS		
Cash and investments	\$ 27,903,833	\$ 26,957,396
Accounts receivable	-	11,179
Due from other governmental agencies	-	5,264
TOTAL ASSETS	\$ 27,903,833	\$ 26,973,839
LIABILITIES		
Accounts payable and accrued liabilities	\$ -	\$ 21,736,600
Due to other governmental agencies	-	5,180,978
Due to NC Department of Motor Vehicles	-	56,261
TOTAL LIABILITIES	-	\$ 26,973,839
NET ASSETS		
Held in trust for retiree healthcare benefits and related purposes	\$ 27,903,833	

The accompanying notes are an integral part of this statement.

A - 11
 MECKLENBURG COUNTY, NORTH CAROLINA
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

	Post-Employment Healthcare Benefit Trust Fund
ADDITIONS	
Employer Contributions	\$ 16,002,628
Interest	538,638
Total Additions	16,541,266
DEDUCTIONS	
Management Fee	35,905
Claims paid	6,402,628
Total Deductions	6,438,533
ADDITIONS over DEDUCTIONS	10,102,733
OTHER FINANCING SOURCES	
Unrealized Gain	542,309
CHANGE IN NET ASSETS	10,645,042
NET ASSETS - BEGINNING OF YEAR	17,258,791
NET ASSETS - END OF YEAR	\$ 27,903,833

The accompanying notes are an integral part of this statement.

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MECKLENBURG COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

1. Summary of Significant Accounting Policies

(a) Reporting Entity

Mecklenburg County, North Carolina (the County) was created from a portion of Anson County on December 11, 1762. The County has a county manager form of government with a nine-member, elected Board of Commissioners comprising the governing body. The County provides the following services which are segregated into core services in the financial statements: Customer Satisfaction and Management, Administrative Services, Financial Services, Land Use and Environmental Services, Community Services, Detention and Court Support Services, Health and Human Services, and Business Partners. Individual departments included in these core services are shown on the Organization Chart in the Introduction Section. As required by accounting principles generally accepted in the United States of America (GAAP), these financial statements present all the fund types and component units. Discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize they are legally separate from the County.

The Public Library of Charlotte and Mecklenburg County (Library) is a public library formed in 1902 by an act of the General Assembly of North Carolina. Six of the seven members of the Library Board of Trustees are appointed by the County and one is appointed by the Charlotte-Mecklenburg Board of Education. The County has budgetary approval over its annual allocation to the Library for current operating purposes. The Library is not empowered to issue long-term debt; therefore, capital assets of the Library are financed principally by general obligation bonds and certificates of participation issued at the option of the County. There is no obligation on the County to issue debt for the Library. The Library is presented as a governmental activity.

The Mecklenburg County Alcoholic Beverage Control Board (ABC Board) operates retail liquor stores and investigates violations of North Carolina Alcoholic Beverage Control laws. The ABC Board also provides financial support for various educational programs on the excessive use of alcoholic beverages and for rehabilitation of alcoholics. The ABC Board consists of five members appointed by the Board of County Commissioners and is required by State statute to distribute a portion of its surpluses to the General Fund of the County. The ABC Board is presented as a business-type activity.

The Mecklenburg Emergency Medical Services Agency (Medic Agency) was created by a joint agreement dated September 11, 1996, between Mecklenburg County and the Charlotte-Mecklenburg Hospital Authority pursuant to North Carolina General Statute 160A-462 as a separate unit of government for the purpose of providing emergency medical services in the County. The Medic Agency began operations on October 8, 1996. The Medic Agency is governed by a seven-member Board of Commissioners appointed by the County Board of Commissioners, three of whom are recommended by Carolinas Healthcare System, three by Presbyterian/Novant Health, and one by the County. The County has budgetary approval over the annual allocation to the Medic Agency for current operating purposes. The Medic Agency is presented as a governmental activity.

Complete financial statements for the individual component units may be obtained at the following addresses:

Public Library of Charlotte and Mecklenburg County
310 N. Tryon Street
Charlotte, North Carolina 28202

Mecklenburg County Alcoholic Beverage Control Board
P. O. Box 33894
Charlotte, North Carolina 28233-3894

Mecklenburg Emergency Medical Services Agency
4525 Statesville Road
Charlotte, North Carolina 28269

MECKLENBURG COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

(b) Government-wide Financial Statements

The Statement of Net Assets (Deficit) and the Statement of Activities comprise the government-wide financial statements. These statements present information on all the non-fiduciary activities of the primary government and its discretely presented component units. For the most part, the effect of interfund activity has been eliminated from the statements. The primary government consists of governmental activities, which are generally supported by taxes and intergovernmental revenues and business-type activities which charge for the services provided. Component units, which are legally separate entities for which the primary government is financially accountable, are also categorized as governmental or business-type activities and are reported separately on the government-wide financial statements.

The Statement of Net Assets (Deficit) presents the difference between assets and liabilities at the end of the fiscal year, June 30, 2010. The difference, net assets (deficit), is subdivided into three categories: amounts invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets (deficit). Net assets are reported as restricted when constraints on the use of the assets are imposed either externally by grantors, contributors, creditors, or laws or regulations of other governments, or by law through constitutional provisions or enabling legislation.

The Statement of Activities, which shows the change in net assets, presents direct expenses offset by program revenues for each core service area. Program revenues include fees and charges to customers for specific services provided and grants and contributions restricted for use in specific operations of a core service area. Tax revenues, interest and other revenue items that benefit the entire primary government are considered general revenues.

(c) Financial Presentation, Measurement Focus and Basis of Accounting

Separate financial statements are provided for governmental funds, the proprietary fund and the fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements because the funds are held by the County in a trust capacity only. The General Fund is the County's only major governmental fund.

The government-wide financial statements and the proprietary fund are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned; expenses are recognized when a liability is incurred. Property taxes are recognized as revenues in the year in which they are levied. Grants and intergovernmental revenues are recognized as revenue when the eligibility requirements imposed by the grantor or other government agency have been met. Fees and charges of the proprietary funds are recognized as revenue when the services are provided.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as the amounts become susceptible to accrual by becoming measurable and available to finance the County's operations. Available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered to be available if they are collected within 60 days, except for sales tax revenue which is considered to be available if collected within 90 days, of the end of the current fiscal year. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long-term debt and expenditures for compensated absences, which are recognized when payment is due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are typically two types of revenues. One type requires funds to be disbursed for a specific purpose or project before any amount will be reimbursed to the County; therefore, revenues are recognized as receivables based upon the expenditures recorded. The other type provides moneys that are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to meet prescribed compliance requirements. These resources are reflected at the time of receipt or earlier if the susceptible to accrual criteria are met. Other governmental revenues which are susceptible to accrual are sales taxes collected and held by the State at year-end on behalf of the County, and investment earnings. Licenses and permits, charges for services, and

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other revenues are recorded as revenues when received in cash, because they are generally not measurable until actually received.

The County reports the following major governmental fund:

General Fund – The General Fund is the primary operating fund of the County and accounts for all financial resources except those required to be accounted for in another fund.

The County reports the following major proprietary fund:

Solid Waste Enterprise Fund – This fund accounts for activities related to recycling and landfill facilities and is self-supporting through user fees and recycling sales.

Additionally, the County reports the following funds:

a. Nonmajor governmental funds are:

Special Revenue Funds – Special Revenue Funds account for the proceeds of specific revenue sources (other than special assessments or capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Funds – Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by the Proprietary Fund).

b. Fiduciary Funds:

Post-Employment Healthcare Benefit Trust Fund - This fund accounts for the contributions, claims and administrative costs of providing healthcare benefits to County retirees who have met the requirements to receive the benefit upon retirement.

Agency fiduciary funds – These funds account for assets held by the County as agent for:

- individuals – employee flex spending, social service and jail clients
- private organizations – medical and dental claim funds
- other governmental units – collections due to municipalities, food and beverage tax and other collections due to the State of North Carolina, such as the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles. The funds are custodial in nature and do not involve measurement or operating results.

The County has elected to apply only applicable Financial Accounting Standards Board Statements and Interpretations issued before November 30, 1989 in both the government-wide and proprietary fund financial statements.

The County has eliminated the effect of interfund activity from the government-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the various functions involved.

The Solid Waste Enterprise Fund, a proprietary type fund, distinguishes between operating revenues and expenses and non-operating revenues and expenses. The principal operating revenues of the Solid Waste Enterprise Fund are landfill tipping fees, charges for recycling services and proceeds from the sale of recycled items. Operating expenses consist of cost for services provided, administrative costs and depreciation of assets. All other revenues and expenses are classified as non-operating.

(d) Budgetary Control

As required by the North Carolina Budget and Fiscal Control Act (North Carolina General Statute 159), the County adopts, on a basis consistent with accounting principles generally accepted in the United States of

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America, an annual balanced budget ordinance for all funds except those authorized by project ordinance and the agency fiduciary funds. The budget ordinance is balanced when the sum of estimated net revenues and appropriated fund balance is equal to appropriations. The appropriations in the various funds are budgeted at the line item level and most are controlled at the category level. The annual budget is prepared on the modified accrual basis of accounting as required by the statutes. Budget preparations begin with the Board of County Commissioners' annual strategic planning conference in January. Department budgets are prepared and combined into a county-wide budget between February and April. Public hearings are held in May and the budget is adopted by vote of the County Commissioners prior to July 1, to comply with the North Carolina General Statutes. The County Manager or designee is authorized to transfer budgeted amounts within any fund. However, any revisions that alter the total budget of any fund must be approved by the Board of County Commissioners. Except for certain continuing grants, any remaining annual appropriations lapse at each fiscal year-end.

The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual presents the adopted and final budget and actual amounts for the General Fund. Capital lease amounts are approved by the Board of County Commissioners as needed and the amount budgeted for capital leases annually is the related debt service for the year.

Additionally, the Board of County Commissioners approves annual budgets for all the Special Revenue Funds. During the year, the Board of County Commissioners also approved amendments for these funds as follows:

	<u>Original Budget</u>	<u>Amendments</u>	<u>Final Budget June 30, 2010</u>
Special Revenue Funds	\$62,063,269	\$23,959,771	\$86,023,040

Amendments result from appropriating revenues received and new grants awarded after the original budgets were adopted.

The Capital Projects Funds are budgeted by project ordinance and the appropriations do not lapse at year-end.

Appropriated budgets are adopted for all Library funds as required by the State. The Library's Board of Trustees approves their budget, and the Board of Trustees must also approve any changes in the budget. Expenditures may not legally exceed appropriations unless approved by the Board of Trustees.

The Medic Agency Board of Commissioners adopts an annual budget on the modified accrual basis of accounting as required by the State. Appropriations are budgeted at the category level and controlled at the category level. All budget amendments must be approved by the Medic Agency Board of Commissioners.

(e) Cash and Investments

A cash and investments pool is maintained and used for all available funds except cash on hand of \$24,589 and funds held by others. A portion of the County's self-insurance funds in the amount of \$7,754,873 is held in one or more trusts administered by the City of Charlotte's Risk Management Division, \$60,808 is held by the building management company for operating needs, \$4,725 is held by the bank for solid waste operations, and interest and proceeds of \$252,135 and \$27,727,029, respectively, from certificates of participation are held by a trustee. Cash of \$26,943,833 in the Post-employment Healthcare Benefit is held by the North Carolina State Treasurer in the Other Post Employment Benefits Investment Trust, an irrevocable trust fund and \$960,000 is in the North Carolina State Treasurers Investment Fund.

Deposits

The deposits of the County are governed by North Carolina General Statute 159. The County may establish official depositories with any bank or trust company or any savings and loan institution located in North Carolina or with a national bank located in another state with written permission of the Local Government Commission, a Division of the State Treasurer's Office. The County may also establish time deposits in the form of NOW accounts, SUPERNOW and money market accounts and certificates of deposit. Primary

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banking services for the County are provided through a five-year contract, currently with Wachovia Bank, N.A. All moneys are deposited in an interest-bearing depository checking account. At year-end, the cash balance of County deposits was \$276,163,921 and the bank balance was \$288,388,171. Included in these balances is a money market account in the amount of \$25,010,254 with Fifth Third Bank; two money market accounts in the amounts of \$80,373,299 and \$136,936,914 and five certificates of deposit totaling \$33,086,333 with Branch Banking & Trust; a non-interest bearing certificate of deposit in the amount of \$2,194,199 held in lieu of compensating balances with Wachovia Bank, N.A.; one certificate of deposit totaling \$5,000,000 with Mechanics and Farmers Bancorp; and two certificates of deposit totaling \$102,500 with Bank of Granite.

County deposits are maintained with financial institutions which collateralize excess deposits by a method which allows securing uninsured deposits through the pooling of collateral method established by the depository with the State Treasurer for the benefit of the State and the local participating units permitted under North Carolina Administrative Code, Title 20, Chapter 7. Each depository establishes an escrow account in the name of the State Treasurer to secure all of its public deposits. This option shifts monitoring responsibility from the local unit to the State Treasurer. 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 escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer enforces strict standards of financial stability for each depository. The total bank balance of \$288,388,171 was covered by collateral at June 30, 2010.

North Carolina General Statute 159 also governs the deposits of the Library, ABC Board and the Medic Agency. The Medic Agency collateralizes excess deposits by the pooling of collateral method. Deposits of the Library and ABC Board are either insured or collateralized by using one of two methods. Under the dedicated method, all deposits over the federal depository insurance coverage are collateralized with securities held by the Library's or ABC Board's agent in their name or the pooling method. At June 30, 2010, the Medic Agency's deposits had a carrying value of \$5,081,527 and a bank balance of \$5,255,010 of which \$286,618 was covered by federal depository insurance and \$4,938,392 was covered by collateral under the pooling method. At June 30, 2010, the carrying amount of the Library's bank deposits was \$7,467,178 and the bank balance was \$9,066,558 of which \$250,000 was covered by federal depository insurance, \$8,441,810 was covered by collateral held under the pooling method and the remaining \$374,748 was uncollateralized. At June 30, 2010, the carrying amount of the ABC Board's bank deposits was \$6,830,758 and the bank balance was \$8,277,174. Of the bank balance at June 30, 2010, \$500,000 was covered by federal depository insurance and the remaining \$7,777,174 was covered by collateral under the pooling method.

Investments

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities</u>		
		<u>Less than 6 Months</u>	<u>6-12 Months</u>	<u>1 – 5 Years</u>
U. S. Government Agencies	\$ 99,454,812	\$10,037,500	\$12,127,813	\$77,289,500
NCSEAA Bonds	4,250,000	-	-	-
Commercial Paper	14,981,331	14,981,331	-	-
NC Capital Management Trust – Cash Portfolio	<u>18,413,668</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total	<u>\$137,099,811</u>	<u>\$25,018,831</u>	<u>\$12,127,813</u>	<u>\$77,289,500</u>

Interest Rate Risk

The County's investment policy limits investments to those with a maturity of no more than 60 months and requires staggered maturity dates as a means of managing exposure to fair value losses arising from increasing interest rates.

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At June 30, 2010 the County held \$4,250,000 of tax-exempt North Carolina State Education Assistance Agency bonds having final stated maturities of 2031 and 2033. Historically, the bonds could be redeemed at par and the interest rate reset every 7, 28 or 35 days, making the effective maturity date the next reset date. In February, 2008 the auctions began failing and the bonds became illiquid as there was no secondary market. The bonds comprise 3.1% of the total investment portfolio.

Credit Risk

The County has no formal policy regarding credit risk, but maintains internal management procedures that limit the County's investments to the provisions of North Carolina General Statute 159-30 that restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The County invests in commercial paper bearing the highest credit rating, as determined by nationally recognized statistical rating organizations (NRSROs) and banker's acceptances where the accepting bank or it's holding company are incorporated in North Carolina. As of June 30, 2010, the County's investments in commercial paper were rated A1 or A1+ by Standard & Poor's, F-1 by Fitch Ratings, and P-1 by Moody's Investors Service. The County's investments in the N.C. Capital Management Trust Cash Portfolio carried a credit rating of AAA by Standard & Poor's as of June 30, 2010. The County's investments in U.S. Government Agencies (Federal Home Loan Bank, Federal National Mortgage Association and Federal Farm Credit) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

Concentration of Credit Risk

The County's investment policy does not restrict the level of investment in federal agencies, but it restricts the combined total investment in commercial paper and bankers' acceptances to no more than fifty percent of the total portfolio, which includes money market accounts and certificates of deposit, and investment in commercial paper or bankers' acceptances of a single issuer to no more than ten million dollars or ten percent of the total portfolio at the time of investment. At June 30, 2010, investments in commercial paper comprised 3.6% of the total portfolio. No single issuer exceeded five million dollars or ten percent of the total portfolio. There were no bankers' acceptances at year end.

All securities owned by the County at June 30, 2010, were in a segregated safekeeping account in the County's name in the Trust Department of Wachovia Bank, N.A. In accordance with State law, the County invests in callable securities and the first call date was August 15, 2009. These investments are stated at fair value on the County's financial statements.

The Library's investments consist of \$1,013,308 in money market accounts held at the Bank of Commerce which is unrated and the Bank of Granite which is unrated. The Library has no policy for managing interest rate risk or credit risk.

All Medic Agency investments, \$7,488,374, were invested in the N. C. Capital Management Trust Cash Portfolio at June 30, 2010.

Medic Agency policies regarding risk are:

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, Medic Agency limits the investment portfolio to a maximum of three years.

Credit Risk: The investment in the N. C. Capital Management Trust Cash Portfolio carried a credit rating of AAAm by Standard & Poor's.

Custodial Credit Risk: Medic Agency maintains a diversified investment portfolio to reduce custodial credit risk.

During 2010, no gains from the sale of investments by the County were recognized as no investments were sold. The calculation of realized gains is independent of the calculation of the net increase in the fair value of investments. The net change in the fair value of investments during 2010 for the County was a decrease of \$229,663. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized gain on investments held at year-end for the County was \$1,311,632.

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Interest is recorded when earned and is distributed to each fund based on the fund's proportionate equity in pooled cash and investments, except that interest on investments of the Capital Projects Funds is distributed to the General Fund for debt service.

(f) Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market and consists of expendable supplies held for consumption. The cost of individual inventory items is expensed at the time of purchase. At the end of each fiscal year, inventory and applicable expense accounts are adjusted to reflect actual inventory on hand.

The ABC Board merchandise inventory is valued at cost which approximates the lower of first-in, first-out cost or market. Maintenance, office and operating supplies, except paper bags, are expensed when purchased.

(g) Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, intangible assets, vehicles and heavy equipment, and furniture, machinery and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the proprietary fund financial statements. Capital assets are defined as assets with an initial individual purchase price of \$5,000 or more except for internally generated computer software with an initial cost of \$1 million or more, all other intangible assets with an initial cost of \$250,000 or more and an estimated useful life of two years or more. Such assets are recorded at historical cost or estimated historical cost if the asset is purchased or constructed. Contributed capital assets are recorded at the estimated fair market value at the time received. The County owns only limited infrastructure assets, which are considered to be park improvements, a part of land improvements. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Depreciation, which is recorded as an expense against the operations of the governmental and business-type activities of the government-wide financial statements and for the proprietary fund financial statements, is calculated using the straight-line method over the following estimated useful lives:

Land Improvements	20 - 40 years
Building and improvements	10 - 40 years
Machinery and equipment	5 - 10 years
Vehicles	3 - 7 years
Furniture	3 - 10 years
Computer Software	2- 10 years
Other Intangible Assets	2- 10 years

For the ABC Board, buildings, equipment and motor vehicles are stated at cost and are being depreciated over their useful lives on a straight-line basis, and leasehold improvements are amortized over the term of the applicable lease. Upon disposal, the cost of an asset and the related accumulated depreciation are removed from the books. Any gain or loss on disposition is reflected in the change in net assets upon disposal. Maintenance and repairs are expensed as incurred.

Estimated useful lives for the ABC Board are as follows:

Buildings	40 years
Leasehold Improvements	5 – 15 years
Equipment	3 – 10 years
Vehicles	4 years

Library capital assets include land, buildings and improvements, and furniture and equipment. Assets which have an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year are capitalized for government-wide reporting. Purchased or constructed assets are recorded at cost or historical cost, while donated capital assets are recorded at estimated fair market value at the date of donation. The Library capitalizes all library books with a useful life greater than one year. Certain books that

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are considered historical treasures are not capitalized and are recorded as expenditures in the year of acquisition. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Library capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 years
Furniture and equipment	5 - 10 years
Books	3 years

Medic Agency capital assets consist of vehicles, furniture and various categories of equipment, and buildings and improvements. Property and equipment acquisitions are reported at cost and the minimum capitalization cost is \$5,000. Normal maintenance and repairs that do not add value to the asset or materially extend the assets' lives are expensed.

Depreciation for Medic assets is provided over the following useful lives of each asset class using the straight-line method:

Buildings	10 years
Vehicles	4 years
Furniture and equipment	3 - 10 years

(h) Compensated Absences

For the County, Library and Medic Agency, the maximum amount of vacation that can be transferred to the next calendar year is 240 hours. Accrued vacation beyond the maximum will be converted to sick leave as of the last pay period ending on or before December 31 each year. Vacation leave is earned based on years of service and is fully vested when earned. All unused accumulated vacation up to 240 hours will be paid upon termination. The County, Library and Medic Agency sick leave policies allow regular employees to accumulate an unlimited amount of sick leave. One-fourth of the unused accumulated sick leave, which is fully vested when earned, is paid upon termination, with the balance in the case of retirement being used in the determination of length of service for retirement benefits.

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for vacation/sick leave is reported in the governmental funds financial statements only if the benefit has matured, for example, as a result of employee resignations and retirements.

ABC Board employees may accumulate a maximum of 48 days earned vacation based on years of service and such leave is fully vested when earned. Employees can accumulate an unlimited amount of sick leave. Sick leave may be used in the determination of length of service for retirement benefit purposes or a portion may be taken as a distribution at retirement.

(i) Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activities or the proprietary fund Statement of Net Assets. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable premium.

(j) Governmental Fund Equity

Fund balances of the governmental funds include the following types of reservations and designations as allowed by State statute:

- Reserved for encumbrances – This represents commitments outstanding at fiscal year-end resulting from purchase orders and contracts.

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- Reserved by State statute – This represents the amount of fund balance which cannot be appropriated by the governing board. North Carolina General Statute 159 limits the amount that each local government may commit for purposes of future expenditures to an amount not to exceed the sum of cash and investments, less the sum of liabilities, encumbrances and deferred revenues arising from cash receipts at the close of the fiscal year preceding the budget year.
- Designated for customer satisfaction & management, land use and environmental services, detention and court support services, health and human services, community support services and business partners – These represent amounts approved by the Board of County Commissioners which are restricted to expenditures for the stated service areas.
- Designated for capital projects – This represents proceeds of bond and certificate of participation sales amounts accumulated in accordance with the North Carolina General Statutes, which are restricted.
- Designated for self-insurance – This represents amounts that are restricted to expenditures for self-insurance.
- Designated for subsequent years' expenditures – This represents the \$22.7 million of fund balance appropriated by the Board of County Commissioners for fiscal year 2011 and the \$92.2 million of fund balance which exceeds 8% of the subsequent fiscal year budget that is designated for future years' appropriation in accordance with Board policy.
- Undesignated – This represents the amount of fund balance available for future appropriations.

The following table presents the reservations and designations of fund balances at June 30, 2010:

	<u>Nonmajor Funds</u>		
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>
Fund Balance:			
Reserved for encumbrances	\$ 20,538,100	\$11,754,589	\$20,241,310
Reserved by State Statute	87,950,368	10,383,701	94,230
Unreserved:			
Designations:			
Customer Satisfaction & Management	112,684	-	-
Land Use and Environmental Services	1,160,112	12,617,829	-
Detention and Court Support Services	-	1,404,961	-
Health and Human Services	1,197,249	-	-
Community Support Services	9,120	-	-
Business Partners	-	598,888	-
Capital Projects	-	22,857,759	19,067,519
Self-insurance	1,607,888	-	-
Subsequent Years' Expenditures	114,857,180	-	-
Undesignated	<u>102,036,224</u>	<u>(8,211,526)</u>	<u>-</u>
	<u>\$329,468,925</u>	<u>\$51,406,201</u>	<u>\$39,403,059</u>

(k) Restricted Assets

The unexpended bond proceeds of general obligation bonds issued for solid waste facilities are classified as restricted assets for the Solid Waste Enterprise Fund because their use is restricted to that purpose.

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(l) North Carolina State Lottery

The North Carolina General Assembly adopted legislation allocating a portion of the net revenues from the North Carolina State Lottery Fund to be used to pay for school construction projects or to retire indebtedness for school construction. For the year ended June 30, 2010, the County received \$15,000,000 from the North Carolina Lottery Fund that was used to reduce outstanding school debt.

(m) Benefit Payments Issued by the State

The following amounts were paid by the State on behalf of the County directly to individual recipients. The County personnel are involved with certain functions, primarily eligibility determinations that cause benefit payments to be issued by the State. These amounts, which disclose additional aid to County recipients, do not appear in the basic financial statements because they are not revenues and expenditures of the County:

Medicaid - ARRA	\$ 577,150
Medicaid	782,449,676
Temporary Assistance to Needy Families	12,631,809
Domiciliary Care	7,353,422
Aid to the Blind	143,341
Supplemental Food Program	16,419,123
Low Income Energy Assistance	3,969,428
Refugee Assistance	286,039
Adoption Assistance	6,588,585
Foster Care	<u>5,980,191</u>
TOTAL	<u>\$ 836,398,764</u>

(n) Deferred Revenues

Revenues collected in advance of the fiscal year in which they are earned are recorded as deferred revenues in the government-wide and governmental fund financial statements. Deferred revenue in the governmental funds financial statements also includes revenues that are measurable but not available. The balances in deferred revenue at June 30, 2010 are composed of the following:

	Government-wide <u>Statements</u>	Governmental Fund <u>Statements</u>
	<u>Governmental Activities</u>	
Taxes receivable (net)	\$ -	\$ 35,247,547
Prepaid taxes not yet earned	1,066,374	1,066,374
Grants	<u>1,350,588</u>	<u>1,350,588</u>
TOTAL	<u>\$2,416,962</u>	<u>\$ 37,664,509</u>

o) Stewardship, Compliance and Accountability

A. Deficit Unreserved Fund Balance

Funding for the Scrap Tire Disposal Fund is reimbursement based; therefore the negative unreserved, undesignated fund balance of \$51,176 results from encumbrances issued prior to funds being received. The Transit One-half Cent Sales Tax Fund has a negative unreserved, undesignated fund balance of \$8,160,350 resulting from the offset of the reserve by state statute for the receivable as all funds collected are remitted to the City of Charlotte and there is no total fund balance.

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(p) Statement of Cash Flows

All cash and investments of the proprietary fund are held in a County-wide cash and investment pool. Funds are available on demand from the pool. Accordingly, all cash and investments are considered cash and cash equivalents in the Statement of Cash Flows.

2. Accounts Receivable

The following reflects the components of accounts receivable as reported in the government-wide Statement of Net Assets (Deficit) at June 30, 2010:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	<u>Total Receivables</u>
	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Solid Waste Enterprise Fund</u>	
General	\$ 23,646,572	\$ 10,355,959	\$481,570	\$ 34,484,101
State and Federal Government	62,686,622	34,520		62,721,142
Taxes	50,082,090	1,060,457	-	51,142,547
Less allowance for doubtful accounts	(15,600,000)	(295,000)	-	(15,895,000)
Clinic billings	818,137	-	-	818,137
Less allowance for doubtful accounts	(793,593)	-	-	(793,593)
Interest	<u>1,592,630</u>	<u>87,452</u>	<u>117,433</u>	<u>1,797,515</u>
Total Accounts Receivable	<u>\$122,432,458</u>	<u>\$ 11,243,388</u>	<u>\$599,003</u>	<u>\$134,274,849</u>

3. Property Tax

The County's property tax levy effective for fiscal year 2010, was based on the assessed values listed as of January 1, 2009, for real property, boats, trailers and income-producing personal property and vehicles as described below in this Note. Such assessed values were based upon current estimated market values for personal property and, for real property, estimated market values as of January 1, 2009. The property tax rate for the 2010 fiscal year was \$.8387 per \$100 valuation. A revaluation of all real property is required to be performed at least every eight years. The County's next revaluation will be in fiscal year 2012. North Carolina General Statutes require that each County make annual appropriations to accumulate the moneys estimated to be required for such purpose.

In accordance with State law, 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 September 1, the lien date; however, penalties and interest do not accrue until the following January 6. 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 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 procedures for the assessment and collection of property taxes on registered motor vehicles. Effective with this change, the County is responsible for billing and collecting property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For those motor vehicles registered under the staggered system and for vehicles newly-registered under the annual system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2009 through February 2010 apply to the fiscal year ended June 30, 2010. Uncollected taxes which were billed during this period are shown as a receivable on these financial statements. For motor vehicles which 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 the interest begins to accrue passed prior to June 30.

MECKLENBURG COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

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, 2010 because they are intended to finance the County's operations during the 2011 fiscal year.

4. Taxes Collected for Municipalities

The County acts as agent for billing and collecting property tax levies for all municipalities in the County. Such amounts are accounted for in the fiduciary Agency Funds. The County also collects room occupancy taxes, a portion of which is distributed to the City of Charlotte and Towns of Cornelius, Davidson, Huntersville, Matthews and Pineville, food and beverage taxes, which are distributed to the City of Charlotte, and vehicle rental taxes which are distributed to the City of Charlotte and Towns of Cornelius, Matthews, Mint Hill and Pineville. Additionally, the County collects vehicle taxes for the Town of Stallings and NC Department of Revenue. These amounts are accounted for in the two Agency Funds, Municipalities' Taxes and Food and Beverage Tax, respectively.

5. Capital Assets

	Adjusted Balance July 1, 2009	Primary Government		Balance June 30, 2010
		Additions	Deletions	
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$408,977,007	\$ 10,921,148	\$ -	\$ 419,898,155
Construction in progress	<u>181,855,052</u>	<u>22,860,731</u>	<u>(131,147,756)</u>	<u>73,568,027</u>
Total capital assets not being depreciated	<u>590,832,059</u>	<u>33,781,879</u>	<u>(131,147,756)</u>	<u>493,466,182</u>
<i>Capital assets being depreciated:</i>				
Land improvements	27,278,049	6,827,664	(141,363)	33,964,350
Buildings and improvements	565,443,347	120,875,635	-	686,318,982
Vehicles and Heavy Equipment	26,821,556	2,024,217	(1,741,857)	27,103,916
Furniture, Machinery and Equipment	26,851,900	3,943,986	(3,953,582)	26,842,304
Computer Software	<u>8,953,670</u>	<u>576,895</u>	<u>-</u>	<u>9,530,565</u>
Total capital assets being depreciated	<u>655,348,522</u>	<u>134,248,397</u>	<u>(5,836,802)</u>	<u>783,760,117</u>
Less accumulated depreciation:				
Land improvements	(13,721,273)	(1,708,880)	141,363	(15,288,790)
Buildings and improvements	(209,731,087)	(18,977,377)	-	(228,708,464)
Vehicles and Heavy Equipment	(17,320,662)	(2,220,362)	1,435,599	(18,105,425)
Furniture, Machinery and Equipment	(23,578,158)	(798,112)	3,323,509	(21,052,761)
Computer Software	<u>(1,450,167)</u>	<u>(894,030)</u>	<u>-</u>	<u>(2,344,197)</u>
Total accumulated depreciation	<u>(265,801,347)</u>	<u>(24,598,761)</u>	<u>4,900,471</u>	<u>(285,499,637)</u>
Total capital assets being depreciated, net	<u>389,547,175</u>	<u>109,649,636</u>	<u>936,331</u>	<u>498,260,480</u>
Governmental activities capital assets, net	<u>\$980,379,234</u>	<u>\$ 143,431,515</u>	<u>\$ (132,084,087)</u>	<u>\$ 991,726,662</u>

MECKLENBURG COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

Primary Government continued

Business-type activities

	Adjusted Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
<i>Capital assets not being depreciated:</i>				
Land	\$ 28,568,428	\$ -	\$ -	\$28,568,428
Construction in progress	<u>5,593,605</u>	<u>6,898,335</u>	<u>(4,291,760)</u>	<u>8,200,180</u>
Total capital assets not being depreciated	<u>34,162,033</u>	<u>6,898,335</u>	<u>(4,291,760)</u>	<u>36,768,608</u>
<i>Capital assets being depreciated:</i>				
Land improvements	5,492,386	4,267,387	-	9,759,773
Buildings and improvements	10,241,592	24,373	-	10,265,965
Vehicles and Heavy Equipment	6,762,158	131,383	(125,389)	6,768,152
Furniture, Machinery and Equipment	<u>1,486,166</u>	<u>377,817</u>	<u>(16,435)</u>	<u>1,847,548</u>
Total capital assets being depreciated	<u>23,982,302</u>	<u>4,800,960</u>	<u>(141,824)</u>	<u>28,641,438</u>
Less accumulated depreciation:				
Land improvements	(2,000,734)	(349,705)	-	(2,350,439)
Buildings and improvements	(5,706,672)	(485,245)	-	(6,191,917)
Vehicles and Heavy Equipment	(3,849,372)	(613,514)	104,756	(4,358,130)
Furniture, Machinery and Equipment	<u>(197,195)</u>	<u>(241,691)</u>	<u>16,435</u>	<u>(422,451)</u>
Total accumulated depreciation	<u>(11,753,973)</u>	<u>(1,690,156)</u>	<u>121,192</u>	<u>(13,322,937)</u>
Total capital assets being depreciated, net	<u>12,228,329</u>	<u>3,110,805</u>	<u>(20,633)</u>	<u>15,318,501</u>
Business-type activities capital assets, net	<u>\$ 46,390,362</u>	<u>\$10,009,140</u>	<u>\$(4,312,393)</u>	<u>\$52,087,109</u>

Governmental activities:

Customer Satisfaction and Management Services	\$ 22,032
Administrative Services	1,674,423
Financial Services	1,234,316
Land Use and Environmental Services	405,666
Community Services	4,352,771
Detention and Court Support Services	14,096,509
Health and Human Services	2,220,762
Business Partners	<u>592,282</u>
Total Governmental activities	<u>24,598,761</u>

Business-type activities:

Solid Waste Enterprise Fund	<u>1,690,156</u>
Total depreciation expense	<u>\$26,288,917</u>

Amounts expended and estimated costs to complete the County's construction-in-progress are as follows:

Project	Estimated Project Authorization	Expended to June 30, 2010	Costs to Complete
Governmental funds:			
Park and Recreational Facilities	\$ 69,880,752	\$61,777,311	\$ 8,103,441
Law Enforcement/Court Facilities	19,865,000	4,668,135	15,196,865
County Facilities	<u>28,310,475</u>	<u>7,122,581</u>	<u>21,187,894</u>
Total Governmental funds	118,056,227	73,568,027	44,488,200
Business-type activities/ Solid Waste			
Enterprise Fund	<u>27,600,000</u>	<u>8,200,180</u>	<u>19,399,820</u>
Total	<u>\$145,656,227</u>	<u>\$81,768,207</u>	<u>\$63,888,020</u>

MECKLENBURG COUNTY, NORTH CAROLINA
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FOR THE YEAR ENDED JUNE 30, 2010

Activity in the Library's Capital assets for the year ended June 30, 2010 is as follows:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
<i>Capital assets not being depreciated:</i>				
Land	\$ 11,889,993	\$ 1,633,480	\$ -	\$ 13,523,473
Construction in progress	<u>1,369,212</u>	<u>1,257,592</u>	<u>(970,271)</u>	<u>1,656,533</u>
Total capital assets not being depreciated	<u>13,259,205</u>	<u>2,891,072</u>	<u>(970,271)</u>	<u>15,180,006</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	82,299,937	4,308,550	-	86,608,487
Books	21,251,701	1,884,418	<u>(2,941,050)</u>	20,195,069
Furniture and Equipment	<u>6,319,483</u>	<u>664,945</u>	<u>(22,989)</u>	<u>6,961,439</u>
Total Capital assets being depreciated	<u>109,871,121</u>	<u>6,857,913</u>	<u>(2,964,039)</u>	<u>113,764,995</u>
Less accumulated depreciation:				
Buildings	(18,523,178)	(2,110,475)	-	(20,633,653)
Books	(16,135,622)	(2,395,164)	2,941,050	(15,589,736)
Furniture and Equipment	<u>(4,471,546)</u>	<u>(547,023)</u>	<u>22,989</u>	<u>(4,995,580)</u>
Total accumulated depreciation	<u>(39,130,346)</u>	<u>(5,052,662)</u>	<u>2,964,039</u>	<u>(41,218,969)</u>
Total Capital assets being depreciated, net	<u>70,740,775</u>	<u>(1,805,251)</u>	<u>-</u>	<u>72,546,026</u>
Total Capital assets, net	\$ <u>83,999,980</u>	\$ <u>4,696,323</u>	<u>(970,271)</u>	\$ <u>87,726,032</u>

Activity in the Medic Agency's capital assets for the year ended June 30, 2010 is as follows:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
<i>Capital assets being depreciated:</i>				
Vehicles	\$ 9,321,398	\$ 1,189,261	\$ (114,335)	\$ 10,396,324
Furniture and Equipment	2,206,560	-	-	2,206,560
Patient Equipment	2,437,249	-	-	2,437,249
Computer Equipment	3,533,492	285,719	-	3,819,211
Buildings and Improvements	<u>4,057,419</u>	<u>101,247</u>	<u>-</u>	<u>4,158,666</u>
Total Capital assets being depreciated	<u>21,556,118</u>	<u>1,576,227</u>	<u>(114,335)</u>	<u>23,018,010</u>
Less accumulated depreciation:				
Vehicles	(6,980,156)	(1,315,764)	114,335	(8,181,585)
Furniture and Equipment	(1,689,855)	(238,034)	-	(1,927,889)
Patient Equipment	(1,406,640)	(281,062)	-	(1,687,702)
Computer Equipment	(2,357,170)	(440,223)	-	(2,797,393)
Buildings and Improvements	<u>(3,332,505)</u>	<u>(153,169)</u>	<u>-</u>	<u>(3,485,674)</u>
Total accumulated depreciation	<u>(15,766,326)</u>	<u>(2,428,252)</u>	<u>114,335</u>	<u>(18,080,243)</u>
Total Capital assets, net	\$ <u>5,789,792</u>	\$ <u>(852,025)</u>	<u>\$ -</u>	\$ <u>4,937,767</u>

MECKLENBURG COUNTY, NORTH CAROLINA
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Activity in the ABC Board's capital assets for the year ended June 30, 2010 is as follows:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
<i>Capital assets not being depreciated:</i>				
Land	\$ 4,209,135	\$ -	\$ -	\$ 4,209,135
Construction in progress	<u>279,219</u>	<u>-</u>	<u>(147,390)</u>	<u>131,829</u>
Total Capital assets not being depreciated	4,488,354	-	(147,390)	4,340,964
<i>Capital assets being depreciated:</i>				
Buildings and improvements	24,285,635	1,796,612	-	26,082,247
Furniture, Machinery and Equipment	3,007,689	192,036	-	3,199,725
Motor vehicles	<u>737,927</u>	<u>98,674</u>	<u>(47,870)</u>	<u>788,731</u>
Total Capital assets being depreciated	<u>28,031,251</u>	<u>2,087,322</u>	<u>(47,870)</u>	<u>30,070,703</u>
Less accumulated depreciation:				
Buildings and Improvements	(5,240,563)	(932,745)	-	(6,173,308)
Furniture, Machinery and Equipment	(2,185,226)	(331,591)	-	(2,516,817)
Motor Vehicles	<u>(577,409)</u>	<u>(83,482)</u>	<u>47,870</u>	<u>(613,021)</u>
Total accumulated depreciation	<u>(8,003,198)</u>	<u>(1,347,818)</u>	<u>(47,870)</u>	<u>(9,303,146)</u>
Total Capital assets being depreciated, net	<u>20,028,053</u>	<u>739,504</u>	<u>-</u>	<u>20,767,557</u>
Total Capital assets, net	<u>\$ 24,516,407</u>	<u>\$ 739,504</u>	<u>\$ (147,390)</u>	<u>\$ 25,108,521</u>

6. Reclassification/Restatements

Certain amounts presented in prior year data have been reclassified to be consistent with the current year's presentation. The Intergovernmental Revenue Fund, a capital projects fund, was closed at June 30, 2010 as all projects were completed. The residual negative fund balance of \$48,295 was moved to the General Fund.

7. Accounts Payable and Accrued Liabilities

The components of accounts payable and accrued liabilities at June 30, 2010 for the governmental activities and the business-type activities as reported in the Statement of Net Assets (Deficit) are as follows:

	<u>Governmental Activities</u>		<u>Business- Type Activities</u>	<u>Total Accounts Payable and Accrued Liabilities</u>
	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Solid Waste Enterprise Fund</u>	
General payables	\$35,975,464	\$13,826,900	\$689,159	\$50,491,523
Salaries & benefits payable	11,316,279	201,118	174,122	11,691,519
Reserve for self-insurance	6,107,827	-	-	6,107,827
Other accrued liabilities	<u>5,213,497</u>	<u>1,160,663</u>	<u>-</u>	<u>6,374,160</u>
Total	<u>\$58,613,067</u>	<u>\$15,188,681</u>	<u>\$863,281</u>	<u>\$74,665,029</u>

8. Long-Term Debt

General Obligation Bonds

The County issues general obligation bonds to provide for the acquisition and construction of major capital facilities for the County, Public Library of Charlotte and Mecklenburg County, Charlotte-Mecklenburg Schools

MECKLENBURG COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

and Central Piedmont Community College. General obligation bonds are direct obligations and pledge the full faith and credit of the County. The County consolidates all debt issues, including schools, into the Public Improvement category. Repayment of general obligation bonds is funded from general property tax revenues. The general obligation bonded debt associated with the Solid Waste Enterprise Fund is reported in that fund and will be repaid from revenues generated by solid waste fees and charges.

General obligation bonds outstanding at June 30, 2010:

	Issue Date	Due Serially To	Average Interest Rate %	Original Issue	Balance June 30, 2010
Refunding Bonds 1993	October 1, 1993	2012	4.6630	\$ 272,295,000	\$ 15,115,000
Variable Rate Demand Bonds 2000 – Series C	February 1, 2000	2020	Variable	50,000,000	50,000,000
Public Improvement 2001 – Series A	May 1, 2001	2018	4.6868	105,000,000	8,000,000
Variable Rate Demand Bonds 2001 - Series B	May 1, 2001	2021	Variable	25,000,000	25,000,000
Refunding Bonds 2001 - Series C	May 1, 2001	2013	4.3714	149,455,000	43,675,000
Public Improvement 2001 – Series D	December 1, 2001	2021	4.3102	56,000,000	7,200,000
Public Improvement 2002 - Series A	August 1, 2002	2018	3.9499	14,400,000	2,000,000
Public Improvement 2002 - Series B	August 1, 2002	2020	4.2070	139,000,000	18,000,000
Public Improvement 2003 - Series A	February 1, 2003	2020	4.0699	193,000,000	43,000,000
Variable Rate Demand Bonds 2003 – Series B	February 1, 2003	2023	Variable	40,000,000	40,000,000
Refunding Bonds 2003 – Series C	February 1, 2003	2011	3.0951	12,160,000	1,055,000
Public Improvement 2004 - Series A	February 1, 2004	2020	3.4130	105,000,000	65,750,000
Variable Rate Demand Bonds 2004 – Series B	February 1, 2004	2024	Variable	100,000,000	100,000,000
Refunding Bonds 2004 - Series C	April 1, 2004	2013	3.0951	135,470,000	69,420,000
Public Improvement 2005 - Series A	February 1, 2005	2026	3.9849	32,300,000	25,840,000
Refunding Bonds 2005 – Series C	May 1, 2005	2016	3.4368	172,125,000	137,810,000
Variable Rate Demand Bonds 2006 – Series A	February 1, 2006	2026	Variable	89,000,000	71,200,000
Public Improvement 2007 - Series A	February 1, 2007	2027	4.1690	102,000,000	34,910,000
Parks and Recreation Bonds 2008 – Series A	February 1, 2008	2028	3.6115	12,000,000	10,800,000
Public Improvement 2008 – Series B	February 1, 2008	2028	3.7954	148,500,000	92,500,000
Refunding Bonds 2009 – Series A	March 10, 2009	2021	2.2523	243,965,000	243,965,000
Public-Improvement 2009 – Series B	September 1, 2009	2021	3.5372	100,000,000	100,000,000
Refunding Bonds – 2009 Series C	September 1, 2009	2021	2.6227	130,390,000	130,390,000
Variable Rate Bonds 2009 – Series D	September 1, 2009	2021	Variable	120,000,000	117,960,000
Refunding Bonds 2010 – Series A	March 16, 2010	2026	3.1098	114,940,000	114,940,000
TOTAL				<u>\$2,662,000,000</u>	<u>\$1,568,530,000</u>
The bonds are recorded as follows:					
Governmental Activities					\$1,567,343,885
Business-type Activities (Solid Waste Enterprise Fund)					<u>1,186,115</u>
TOTAL					<u>\$1,568,530,000</u>

The County has advance refunded particular public improvement bonds. These refundings achieve significant interest savings over the life of the bonds and defease the principal amount outstanding of the refunded bonds. The new proceeds were placed with an escrow agent in an irrevocable trust to provide for all future debt requirements of the refunded debt. The refunded debt is considered defeased and the applicable liabilities have been removed from the governmental activities.

In fiscal year 1994, the County refunded several public improvement bonds that have since been called. In the business-type activities Solid Waste Enterprise Fund, the new debt exceeded the amount of debt retired and will be amortized over the life of the refunding bonds. For the current year, \$100,325 was amortized. The unamortized amount remaining at June 30, 2010 was \$ 200,638.

In fiscal year 2009, the County issued \$243,965,000 General Obligation Refunding Bonds at a total interest cost of 2.25%. The purpose was to defease \$253,800,000 of the principal amounts outstanding of the Public Improvement 2001 Series A and D; 2002 Series A and B; and 2003 Series A bonds. At June 30, 2010 \$253,800,000 in outstanding bonds is considered defeased.

MECKLENBURG COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

In fiscal year 2010, the County issued \$114,940,000 General Obligation Refunding Bonds at a total interest cost of 3.11%. The purpose was to defease \$111,090,000 of the principal amount outstanding of the Public Improvements 2007 Series A bonds and 2008 Series B bonds. At June 30, 2010 \$111,090,000 in outstanding bonds is considered defeased. The refunding transaction will result in debt service savings of approximately \$6.96 million with net present value of \$5,589,062. The County also refunded the Variable Rate Series - 1996C, 1998C and 2000E Bonds to fix the interest rate, and the Variable Rate Series 2002C and 2005B Bonds to remove the standby purchase agreement obligation. The new debt exceeded the carrying amount of debt retired by \$9,560,766 and will be amortized over the life of the refunding bonds.

General obligation bonds are due serially and mature during the fiscal years 2011 to 2030 at average interest rates at date of issuance ranging from 2.25% to 4.68% for the fixed rate bonds. The effective rate of interest paid on the average principal balance of outstanding bonds during the year was 4.01%.

The County has \$404,160,000 outstanding in Variable Rate Demand Bonds. The County has Remarketing and Standby Purchase Agreements (SPA) with banks totaling \$286,200,000 of these bonds. Under these agreements, the banks will remarket any bonds for which payment is demanded. If the bonds cannot be remarketed, the banks will purchase the bonds. The County also has \$117,960,000 in Variable Rate Refunding Bonds, Series 2009D, which are remarketed and bear interest at the Windows Interest Rate, the SIFMA index plus the Windows spread of 0.10% per annum. The County is the liquidity support for the 2009D bonds. The following schedule shows the expiration dates for the SPAs, which can be renewed, fees paid in fiscal year 2010 pursuant to the standby and remarketing agreements, and the interest rate at year-end for these issues. Interest rates may change pursuant to the terms of the debt agreements based on market conditions and the London Interbank Offered Rate (LIBOR) and SIFMA. The interest rates, per the Remarketing Agreements, cannot exceed 12%. The maximum interest required for these bonds through maturity would be \$479,501,280.

<u>Issue</u>	<u>Balance June 30, 2010</u>	<u>Agreement Expiration</u>	<u>Fees Paid Fiscal Year 2010</u>	<u>Interest Rate June 30, 2010</u>
2000C	50,000,000	January 26, 2013	\$ 120,803	\$.29
2001B	25,000,000	May 15, 2012	42,506	.30
2003B	40,000,000	December 31, 2015	114,044	.30
2004B	100,000,000	December 31, 2015	406,879	.30
2006A	71,200,000	November 15, 2012	133,453	.30
2009D	117,960,000	None	\$ 220,883	.41

The following schedule shows annual requirements to amortize all bonded debt outstanding as of June 30, 2010. Interest on the variable rate bonds has been estimated using the rate in effect at June 30, 2010.

<u>Fiscal Year</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Amortization</u>	<u>Interest</u>
2011	\$ 139,459,457	\$ 53,914,185	\$ 580,543	\$100,325	\$ 70,927
2012	138,432,444	48,231,202	577,556	100,313	36,545
2013	127,916,984	41,755,533	28,016	-	2,342
2014	94,550,000	35,876,495	-	-	-
2015	114,925,000	31,983,669	-	-	-
2016-2020	502,875,000	93,045,818	-	-	-
2021-2025	358,140,000	32,861,326	-	-	-
2026-2030	<u>91,045,000</u>	<u>7,573,258</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$1,567,343,885</u>	<u>\$344,820,529</u>	<u>\$1,186,115</u>	<u>\$200,638</u>	<u>\$109,814</u>

The County is subject to the Local Government Bond Act of North Carolina, which limits the amount of net bonded debt (exclusive of funding and refunding bonds, bonds issued for water, gas, or electric power purposes, and bonds issued for certain other specified purposes) the County may have outstanding to 8% of the appraised value of property subject to taxation. At June 30, 2010, such statutory limit for the County was \$7,991,342,449 providing a legal debt margin of \$5,693,672,449.

MECKLENBURG COUNTY, NORTH CAROLINA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2010

As of June 30, 2010, \$729,140,000 of general obligation bonds were authorized but unissued.

Installment Financings

The Mecklenburg County Public Facilities Corporation (the Corporation) has issued certificates of participation and limited obligation refunding bonds to provide funds which would include the constructing, renovating and equipping of various County school facilities and improvements to certain County government facilities.

Certificates of participation and limited obligation bonds outstanding at June 30, 2010:

	<u>Issue Date</u>	Due Serially <u>To</u>	Average Interest <u>Rate%</u>	Original <u>Issue</u>	Balance <u>June 30, 2010</u>
2006 Certificates	February 1, 2006	2026	variable	\$108,000,000	\$ 86,400,000
2008A Certificates	February 1, 2008	2028	variable	124,960,000	108,990,000
2008B Certificates	February 1, 2008	2028	4.435	34,720,000	34,720,000
2009A Certificates	February 1, 2009	2029	4.224	90,765,000	86,335,000
2009 Limited Obligation Bond	September 3, 2009	2027	3.742	<u>205,640,000</u>	<u>205,640,000</u>
			Total	<u>\$564,085,000</u>	<u>\$522,085,000</u>

Certificates of participation and limited obligation bonds are due serially and mature during the fiscal years 2026 to 2029 at average interest rates at date of issuance ranging from 3.74% to 4.43% for the fixed rate obligations. The effective rate of interest paid on the average principal balance outstanding during the year was 2.96%.

The Corporation has outstanding \$195,390,000 in variable rate certificates of participation. The County has Remarketing and Standby Purchase Agreements with banks related to these certificates. Under these agreements, the banks will remarket any certificates for which payment is demanded. If the certificates cannot be remarketed, the banks will purchase the certificates. The following schedule shows the expiration dates for the SPA, which can be renewed, fees paid in fiscal year 2010 pursuant to these agreements, and the interest rate at year-end for these issues. Interest rates may change pursuant to the terms of the debt agreements based on market conditions and the LIBOR rate. The interest rates, per the Remarketing Agreements, cannot exceed 12%. The maximum interest, which cannot exceed 12%, required for these certificates through maturity would be \$191,220,756.

<u>Issue</u>	Balance <u>June 30, 2010</u>	<u>Agreement Expiration</u>	Fees Paid <u>Fiscal Year 2010</u>	Interest Rate <u>June 30, 2010</u>
2006	86,400,000	January 13, 2013	\$ 746,594	.34
2008A	108,990,000	February 21, 2013	163,494	.58

The following table shows the annual debt service requirements to maturity. Interest on the variable rate certificates has been estimated using the rate in effect at June 30, 2010.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 33,415,000	\$16,307,419	2015	\$ 31,355,000	\$ 12,406,958
2012	33,300,000	15,350,148	2016-20	155,475,000	52,580,916
2013	33,185,000	14,364,327	2021-25	144,125,000	28,281,722
2014	33,090,000	13,372,931	2026-29	58,140,000	6,900,322

In fiscal year 2010, the County issued \$223,980,000 Limited Obligation Refunding Bonds to refund Variable Rate Certificates of Participations Series 2000, 2001, 2004, 2005 and 2007 to fix the interest rate. The new debt exceeded the carrying amount of debt retired by \$1,990,008 and will be amortized over the life of the refunding bonds.

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Interest Rate Swaps

The County has entered into interest rate swap agreements intending to hedge the variable rate interest payment cash flow exposure of the related variable rate issues. The County applied the regression analysis method to evaluate effectiveness of the swaps for financial reporting purposes. The results of effectiveness testing reflected that all the County's swaps are effective hedges and, as such, hedge accounting would be applicable. The changes in the fair values of the swaps are reported as deferred outflow on the statement of net assets.

The County entered into interest rate swap agreements for the Public Improvement Series 2000C, Series 2001B and Series 2002C variable rate bonds effective September 17, 2003 with Merrill Lynch Capital Services, Bank of America N.A. and Wachovia Bank N.A. In 2009 the County refunded the Series 202C issue with a portion of the Variable Rate Refunding Bonds, Series 2009D. The synthetic fixed rate swap effectively changes these variable rate bonds to the fixed rate of 3.312%.

The bonds and the related swap agreements mature on February 1, 2022. The swap notional amount of \$100 million matches the total of the three related variable rate bond issues. Beginning in February 2011, the notional amount of the swaps and the principal amount of the associated debt decline annually. Under the swap agreements the County pays the counterparties a fixed interest payment monthly at 3.312% of the notional amount and receives a variable monthly interest payment computed at 64.7% of 1M LIBOR.

Because the LIBOR swap rates have decreased, at June 30, 2010 the swap had a current negative fair value for the County of \$10,907,621 in addition to accrued payments on the swap of \$248,863, a decline of \$3,366,329 from June 30, 2009. Valuations as of June 30, 2010 were obtained from the County's independent swap advisor and based on discounted forecasts of expected swap cash flows.

The swap exposes the County to basis risk should the relationship between 1M LIBOR and the rate the County pays on its variable rate bonds diverge, thus in effect changing the synthetic rate on the bonds. The effect of this risk can be shown by the intended synthetic rate of 3.312% and the synthetic rate as of June 30, 2010 of 3.418%. At June 30, 2010, the average rate on the County's bonds was 0.333%, whereas 64.7% of 1M LIBOR was 0.227%.

The County entered into interest rate swap agreements for the Public Improvement Series 2005B variable rate bonds effective February 9, 2005 with Bank of America N.A. and Wachovia Bank N.A. In 2009 this bond issue was refunded by a portion of the Variable Rate Refunding Bonds, Series 2009D. The synthetic fixed rate swap effectively changes these variable rate bonds to the fixed rate of 3.413%.

The bonds and the related swap agreements mature on February 1, 2026. The swap notional amount of \$100 million matches that variable rate bond issue. The notional amount of the swap and the principal amount of the associated debt decline annually. Under the swap agreements the County pays the counterparties a fixed interest payment monthly at 3.41336% of the notional amount and receives a variable monthly interest payment computed at 67% of 1M LIBOR.

Because LIBOR swap rates have decreased, at June 30, 2010 the swap had a current negative fair value for the County of \$11,400,744 in addition to accrued payments on the swap of \$235,527, a decline of \$4,032,749 from June 30, 2009. Valuations as of June 30, 2010 were obtained from the County's independent swap advisor and based on discounted forecasts of expected swap cash flows.

The swap exposes the County to basis risk should the relationship between 1M LIBOR and the rate the County pays on its variable rate bonds diverge, thus in effect changing the synthetic rate on the bonds. The effect of this risk can be shown by the intended synthetic rate of 3.41336% and the synthetic rate as of June 30, 2010 of 3.588%. At June 30, 2010, the rate on the County's bonds was .41%, whereas 67% of 1M LIBOR was 0.235%.

The County entered into interest rate swap agreements for \$67.8 million of the Public Improvement Series 2006A variable rate bonds and \$82.2 million of the 2006 variable rate Certificates of Participation effective February 9, 2006 with Merrill Lynch Capital Services, Natixis Financial Products, Bank of America N.A. and

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Wachovia Bank N.A. The synthetic fixed rate swap effectively changes these variable rate obligations to the fixed rate of 3.093%.

The obligations and the related swap agreements mature on February 1, 2026. The swap notional amount of \$150 million corresponds with the related variable rate issues. The notional amount of the swap and the principal amount of the associated debt decline annually. Under the swap agreements the County pays the counterparties a fixed interest payment monthly at 3.093% of the notional amount and receives a variable monthly interest payment computed at 67% of 1M LIBOR.

Because LIBOR swap rates have decreased, at June 30, 2010 the swap had a current negative fair value for the County of \$10,582,971 in addition to accrued payments on the swap of \$276,552, a decline of \$4,044,209 from June 30, 2009. Valuations as of June 30, 2010 were obtained from the County's independent swap advisor and based on discounted forecasts of expected swap cash flows.

The swap exposes the County to basis risk should the relationship between 1M LIBOR and the rate the County pays on its variable rate bonds diverge, thus in effect changing the synthetic rate on the bonds. The effect of this risk can be shown by the intended synthetic rate of 3.093% and the synthetic rate as of June 30, 2010 of 3.178%. At June 30, 2010, the weighted average rate on the County's bonds was .32%, whereas 67% of 1M LIBOR was 0.235%.

For the 2003, 2005 and 2006 swaps, as of June 30, 2010 the County was exposed to counterparty risk in the amount of the swaps' fair values. The swaps' counterparties were rated as follows:

<u>Counterparty</u>	<u>Moody's</u>	<u>S&P</u>	<u>Fitch</u>
Merrill Lynch Capital Services	Aa3	A+	A+
Wachovia Bank N.A.	Aa2	AA	AA-
Bank of America N.A	Aa3	A+	A+
Natixis Financial Products	Aaa	A+	NR

To mitigate the potential for credit risk, if the counterparties' credit falls to A1 by Moody's Investors Service (Moody's), A+ by Fitch Ratings (Fitch), or A+ by Standard & Poor's (S&P) and their exposure exceeds \$5,000,000, the counterparty is obligated to post collateral consisting of U.S. government securities. Collateral would be posted with a third party custodian. As of June 30, 2010, collateralization was not required. The County is not required to collateralize its obligation under the swap agreements.

The swaps may be terminated by the County or the counterparties if the other party fails to make payments when due, there is a material breach of representations and warranties, an event of illegality occurs, or failure to comply with any other provisions of the agreement after a specified notice period. An additional termination event occurs if the County's or the counterparties' ratings fall below Baa1 by Moody's or BBB+ by S&P or Fitch. The County has the option to terminate the swaps at any time. In the event a swap is terminated, a termination payment may be owed by either party. The termination amount would be based on the swap's fair value on the termination date. Based on the current market conditions, the termination payment may be owed or received by the County.

The notional amounts applicable to each swap by counterparty are as follows:

<u>Counterparty</u>	<u>2003 Swap</u>	<u>2005 Swap</u>	<u>2006 Swap</u>	<u>Total</u>
Merrill Lynch Capital Services	\$ 50,000,000	\$ -	\$ 24,000,000	\$ 74,000,000
Wachovia Bank N.A.	25,000,000	59,800,000	24,000,000	108,800,000
Bank of America N.A	25,000,000	32,200,000	24,000,000	81,200,000
Natixis Financial Products	-	-	48,000,000	48,000,000
Total	<u>\$100,000,000</u>	<u>\$92,000,000</u>	<u>\$120,000,000</u>	<u>\$312,000,000</u>

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Using rates at June 30, 2010 for the term of the bonds, debt service requirements of the variable rate debt and net swap payments for the swaps were as follows:

Fiscal Year Ending June 30	Variable Rate Debt		Interest Rate Swap Net	Total
	Principal	Interest		
2011	\$ 14,500,000	\$ 1,078,407	\$ 9,295,313	\$ 24,873,721
2012	14,500,000	1,029,541	8,863,181	24,392,722
2013	14,500,000	980,674	8,431,049	23,911,723
2014	14,500,000	931,807	7,998,917	23,430,724
2015	14,500,000	882,941	7,566,785	22,949,725
2016-2020	114,500,000	3,441,431	29,399,012	147,340,443
2021-2025	109,500,000	1,159,147	9,679,775	120,338,922
2026	<u>15,500,000</u>	<u>38,056</u>	<u>313,940</u>	<u>15,851,996</u>
	<u>\$312,000,000</u>	<u>\$ 9,542,004</u>	<u>\$81,547,971</u>	<u>\$403,089,975</u>

Changes in Long-Term Liabilities

The following presents the changes in long-term liabilities for the year ended June 30, 2010:

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Due within One Year
Governmental activities:					
General obligation bonds	\$1,615,700,430	\$465,330,000	\$(513,686,545)	\$1,567,343,885	\$139,459,457
Bond premium	71,790,482	58,708,355	(18,831,448)	111,667,389	12,161,179
Less: deferred charge – refundings	-	(11,550,774)	691,784	(10,858,990)	(691,784)
Total bonds payable	<u>1,687,490,912</u>	<u>512,487,581</u>	<u>(531,826,209)</u>	<u>1,668,152,284</u>	<u>150,928,852</u>
Capital leases	3,857,431	-	(1,995,445)	1,861,986	1,426,129
Compensated absences	27,543,574	20,239,357	(22,355,349)	25,427,582	2,500,000
Installment financings	578,240,000	223,980,000	(280,135,000)	522,085,000	33,415,000
Interest rate swap	-	33,652,278	-	33,652,278	-
Unfunded OPEB liability	606,502	709,680	-	1,316,182	-
Unfunded pension liability	<u>2,993,614</u>	<u>344,378</u>	<u>-</u>	<u>3,337,992</u>	<u>-</u>
Total Governmental Activities	<u>2,300,732,033</u>	<u>791,413,274</u>	<u>(836,312,003)</u>	<u>2,255,833,304</u>	<u>188,269,981</u>
Business-type activities:					
General obligation bonds	1,769,570.	-	(583,455)	1,186,115	580,543
Less deferred charge – refundings	<u>(300,963)</u>	<u>-</u>	<u>100,325</u>	<u>(200,638)</u>	<u>(100,325)</u>
Total bonds payable	<u>1,468,607</u>	<u>-</u>	<u>(483,130)</u>	<u>985,477</u>	<u>480,218</u>
Capital leases	2,053,262	-	(590,694)	1,462,568	-
Compensated absences	518,657	446,874	(445,131)	520,400	129,598
Landfill development and postclosure care costs	<u>8,334,202.</u>	<u>40,088</u>	<u>-</u>	<u>8,374,290</u>	<u>-</u>
Total Business-type Activities	<u>12,374,728.</u>	<u>1,995,962</u>	<u>(1,518,955)</u>	<u>11,342,735</u>	<u>1,242,166</u>
Total Government-wide	<u>\$2,313,106,761.</u>	<u>\$759,756,958</u>	<u>\$(837,830,957)</u>	<u>\$2,233,523,761</u>	<u>\$190,895,715</u>

For the governmental funds, the unfunded pension liability and compensated absences are liquidated by the General fund.

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The following presents the changes in long-term liabilities for the year ended June 30, 2010 for the Library:

	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010	Due within One Year
Governmental activities:					
Capital leases	\$ 1,238,449	\$ 35,978	\$ (215,987)	\$ 1,058,440	\$ 18,701
Compensated Absences	2,252,310	1,297,671	(1,112,039)	\$ 2,437,942	1,200,000
OPEB Liability	<u>4,940,105</u>	<u>3,113,209</u>	<u>(373,383)</u>	<u>7,679,931</u>	<u>-</u>
Total Governmental activities	\$ <u>8,430,864</u>	\$ <u>4,446,858</u>	\$ <u>(1,701,409)</u>	\$ <u>11,176,313</u>	\$ <u>1,218,701</u>

The \$1,430,490 of long-term liabilities due within one year for the Medic Agency represents compensated absences at June 30, 2010. The \$6,063,764 of long-term liabilities due in more than one year represents the unfunded liability for future post employment healthcare benefits.

9. Leases

The County leases certain equipment, primarily computer and heavy equipment, under agreements classified as capital leases according to provisions of Financial Accounting Standards Board Statement No. 13 "Accounting for Leases". Obligations of these lease agreements are accounted for in the governmental activities of the government-wide statements and in the business-type activities Enterprise Fund. The net book value of capitalized leases recorded in the governmental activities, capital assets – furniture, machinery, and equipment, of the government-wide statements is \$1,947,283 and the net book value of those assets recorded in the Enterprise Fund, capital assets – vehicles and heavy equipment, is \$1,176,329.

In addition, the County leases various types of office equipment under operating leases. Under terms of these leases, the County's obligation to continue payments is contingent upon continued annual funding by the Mecklenburg County Board of Commissioners. At June 30, 2010, future minimum lease payments due under capital leases and operating leases with initial or remaining non-cancelable lease terms in excess of one year are as follows:

<u>Year Ending June 30,</u>	<u>Capital Leases</u>		<u>Operating Leases</u>
	<u>Governmental Activities</u>	<u>Solid Waste Enterprise Fund</u>	
2011	\$1,488,908	\$ 579,729	\$ 529,755
2012	443,863	478,998	428,693
2013		332,005	268,693
2014	-	166,002	55,469
2015	-	-	-
	<u>1,932,771</u>	<u>1,556,734</u>	<u>1,282,610</u>
Less: amount representing interest	<u>(70,785)</u>	<u>(94,165)</u>	<u>-</u>
	\$ <u>1,861,986</u>	\$ <u>1,462,569</u>	\$ <u>1,282,610</u>

The Library leases certain branch facilities under lease agreements having initial terms of two to fifty years. These lease agreements include scheduled rent increases which management believes are intended to cover economic factors related to the underlying property such as property value appreciation and inflation. Certain lease agreements also provide for renewal option periods of five years. Two of the branch facility leases have been classified as capital leases. Monthly lease payments of \$6,097 and an annual rent payment of \$1,500 are required through September 2010. Beginning October 2010 through September 2045, the base annual lease

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payment is \$1,501. The second capital lease requires monthly payments, which are changed annually (ranging from \$21,152 to \$6,560), through June 2018. Beginning July 2019 through July 2051 the annual lease payment is \$1.

The following is a summary of the Library's future minimum lease payments under the capital lease together with the present value of net minimum lease payments, and approximate future minimum rental commitments under noncancelable operating leases with initial or remaining terms of one year or more as of June 30, 2010:

<u>Year Ending June 30,</u>	<u>Capital Leases</u>	<u>Operating Leases</u>
2011	\$ 22,536	\$ 385,749
2012	207,315	385,749
2013	198,999	288,116
2014	190,796	181,336
2015 - 2019	639,596	906,681
2020 - 2024	7,510	211,587
2025 - 2029	7,510	-
2030 - 2034	7,510	-
2035 - 2039	7,510	-
2040 - 2044	7,510	-
2045 - 2049	380	-
2050 - 2051	<u>2</u>	<u>-</u>
Total minimum payments	<u>1,297,174</u>	<u>\$ 2,359,218</u>
Less amounts representing interest	<u>(238,733)</u>	
Present value of net minimum capital lease payments	<u>\$ 1,058,441</u>	

Total interest costs for the year ended June 30, 2010 were \$69,904 relating to the capital lease obligations.

The Medic Agency entered into a lease agreement on November 18, 1997 with Crescent Resources, Inc. and Mecklenburg County to lease space for a Central Operations Center, which allowed the Medic Agency to consolidate its operations into one location. The 10 year lease commenced September 2, 1998. A first amendment to the lease was executed on November 23, 2004 that added additional square footage and extends the agreement to August 31, 2011. The annual obligation for the amended lease is \$497,254.

The schedule of future minimum lease payments under the lease as of June 30, 2010 follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2011	\$ 514,311
2012	<u>87,041</u>
	<u>\$ 601,352</u>

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The ABC Board's minimum annual rentals on store properties and equipment leased, with lease terms extending to July 10, 2027, at June 30, 2010 are summarized as follows:

<u>Year Ending June 30,</u>	<u>Operating Leases</u>
2011	\$ 1,477,557
2012	1,451,048
2013	1,205,027
2014	1,146,383
2015 – 2019	4,193,077
2020 – 2024	1,754,452
2025 – 2027	<u>681,370</u>
	<u>\$11,908,914</u>

For the year ended June 30, 2010 rent expense for operating leases for the County was \$860,735, for the Library was \$578,000, for the Medic Agency was \$547,991, and for the ABC Board was \$1,270,793.

10. Transfers

The General Fund transferred \$8,559,978 to the non-major Capital Reserve Special Revenue Fund and \$52,008,000 to the non-major Pay-As-You-Go Capital Projects fund, as transfers were authorized by the Board of County Commissioners to fund capital projects. The Certificates of Participation Fund transferred \$1,600,069 to the General Fund to reclassify interest in the appropriate fund. \$214,438 was transferred from the Vehicle Replacement Capital Reserve Fund to the General Fund.

11. Pension Plan Obligations

(a) North Carolina Local Governmental Employees' Retirement System

Mecklenburg County contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing, multiple-employer, defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of N.C.G.S. 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, 3512 Bush Street, Raleigh, North Carolina 27609, or by calling (919) 981-5454.

Plan members are required to contribute 6% of their annual covered salary. The County is required to contribute at an actuarially determined rate. The rate for fiscal year 2010 for employees not engaged in law enforcement and for law enforcement officers is 4.80% and 4.72%, respectively, of annual covered payroll. The contribution requirements of members and of Mecklenburg County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2010, 2009 and 2008 were \$10,396,681.34, \$10,702,705, and \$10,102,678, respectively. The contributions made by the County equaled the required contributions for the year.

The Library, Medic Agency and ABC Board also participate in the North Carolina Local Governmental Employees' Retirement System described above, which is the same plan in which the County participates. The Library's contributions to LGERS for the years ended June 30, 2010, 2009, and 2008 were \$854,824, \$931,688, and \$913,323 respectively. The rate for fiscal year 2010 for employees is 4.88% of covered payroll. The Medic Agency's contributions to LGERS for the year ended June 30, 2010, 2009, and 2008 were \$1,010,040, \$908,778, and \$823,795, respectively, and the rate for fiscal year 2010 for employees is 4.84% of covered payroll. The ABC Board's contributions to LGERS for the years ended June 30, 2010, 2009, and 2008 were \$265,501, \$277,289, and \$287,016 respectively. The ABC Board's required contributions for employees not engaged in law enforcement and for law enforcement officers are 4.94% and 4.86% of covered payroll,

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respectively. The contributions made by the Library, Medic Agency and ABC Board equaled the required contributions for the year.

(b) Law Enforcement Officers' Special Separation Allowance

The County administers a public employee retirement system ("Separation Allowance"), a agent multiple-employer, defined benefit pension plan that provides retirement benefits to qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the monthly 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 N.C.G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County law enforcement officers are covered by the Separation Allowance; however, benefit eligibility is based on qualified and creditable service for unreduced retirement benefits. At December 31, 2009, the Separation Allowance's membership consisted of:

	<u>County</u>
Retirees	24
Active plan members	<u>320</u>
Total	<u>344</u>

The County has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures by the County, for which there is no separately issued financial report, of \$450,966 for the fiscal year ended June 30, 2010, were made from the General Fund, which is maintained on a modified accrual basis of accounting.

The County is required by Article 12D of N.C.G.S. 143 to provide these retirement benefits. The County 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 County's annual required contribution for the current year was determined as part of the December 31, 2008 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions include (a) 7.25% investment rate of return and (b) projected salary increases ranging from 4.5% to 12.3% per year, as well as an inflation component of 3.75%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at December 31, 2008, was 22 years. The County's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 766,885
Interest on net pension obligation	217,037
Adjustment to annual required contribution	<u>(188,578)</u>
Annual pension cost	795,344
Contributions made	<u>(450,996)</u>
Increase in net pension obligation	344,378
Net pension obligation beginning of year	<u>2,993,614</u>
Net pension obligation end of year	<u>\$ 3,337,992</u>

Three-Year Trend Information:

Fiscal Year <u>Ended</u>	Annual Pension <u>Cost (APC)</u>	<u>Percentage of APC Contributed</u>	Net Pension Obligation <u>End of Year</u>
2010	\$795,344	56.70%	\$3,337,992
2009	710,860	64.79	2,993,614
2008	633,828	66.62	2,743,329

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As of December 31, 2009, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$9,378,607, and there was no actuarial value of assets, resulting in an unfunded accrued liability (UAAL) of \$9,378,607. The covered payroll (annual payroll of active employees covered by the plan) was \$18,435,179, and the ratio of UAAL to covered payroll was 50.87%.

(c) Supplemental Retirement Income Plan

The County and ABC Board contribute 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 and ABC Board and to non-law enforcement full time employees of the ABC Board. Article 5 of N.C.G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Article 12E of N.C.G.S. Chapter 143 requires the County and ABC Board to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. In addition, the ABC Board voluntarily contributes an additional 4% of each officer's salary. Also, law enforcement officers may make voluntary contributions to the Plan. For County officers, all contributions were provided by the County and the total amount for the year ended June 30, 2010 was \$882,999 compared to \$896,334 for the year ended June 30, 2009. Contributions for the ABC Board for the year ended June 30, 2010, were \$95,938, which consisted of \$69,089 from the ABC Board and \$28,367 from the law enforcement officers' voluntary contributions and contributions for June 30, 2009 were \$63,513, which consisted of \$26,849 from the ABC Board and \$28,367 from law enforcement officers' voluntary contributions.

For non-law enforcement full-time employees, the ABC Board voluntarily contributes each month an amount equal to 6% of each employee's salary. Non-law enforcement employees, also, may make voluntary contributions to the plan. Total contributions for the years ended June 30, 2010 and 2009 were \$447,237, and \$505,286, respectively, which consisted of \$269,227 for 2010 and \$285,502 for 2009 from the ABC Board and \$178,009 for 2010 and \$219,784 for 2009 from the non-law enforcement employee's voluntary contributions.

(d) Register of Deeds Supplemental Pension Fund

The County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Governmental Employees' Retirement System or an equivalent locally sponsored plan. Article 3 of N.C.G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

On a monthly basis, the County remits to the Department of State Treasurer an amount equal to 1.5% of the monthly receipts collected pursuant to Article 1 of North Carolina General Statute 161. Immediately following January 1 of each year, the Department of State Treasurer divides 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 7% of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2010, the County's required and actual contributions were \$54,461.

12. Supplemental Retirement Plans

The County, Library and Medic Agency offer their employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and a 401K supplemental retirement income plan through the State of North Carolina that is also in compliance with the Internal Revenue Code. All regular, full-time and part-time employees are eligible to participate in one or both of the two plans.

The deferred compensation plan permits participants to defer a portion of their salaries to future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The County, Library and Medic Agency have complied with changes in the laws which govern deferred compensation plans, requiring all assets of the plan to be held in trust for the exclusive benefit of the participants and their beneficiaries. The 401K supplemental retirement income plan allows eligible participants to contribute up to the maximum allowable under the law as a percentage of base salary.

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For part of the year, the County matched 100% of the first 5% of each participant's total annual contribution. The County discontinued the match to employee contribution as of April 10, 2010. Total contributions to the plans by the County were \$5,339,708 and \$7,015,759, respectively, for years ended June 30, 2010 and 2009. Contributions by the Medic Agency for June 30, 2010 and 2009 were \$579,380 and \$562,702, respectively. Medic agency matches 100% of the first 5% of each participants' total annual contribution. The Library discontinued matching employee contributions to their 401 (k) savings plans as of July 1, 2009.

13. Post-Employment Healthcare Benefit Plans

The County pays the full cost of the health care insurance premiums for employees retiring with twenty or more years of creditable service with the County. Employees retiring with 10 through 19 years of creditable service with the County receive 50% of the costs of their health care insurance premium. To be eligible for this benefit the retirees must be members of the North Carolina Local Governmental Employees' Retirement System (System) and must have been employed with the County on or before June 30, 2010. Also, retirees can purchase coverage for their dependents at the County's group rate. Claims are paid at 100% until the retiree reaches Medicare eligibility. The County's plan is a single-employer, defined benefit plan. Authorization to amend the benefit program rests with the Board of County Commissioners. A separate report is not issued for the benefit program.

Membership in the program as of January 1, 2010, the date of the latest actuarial valuation was:

Retired employees	910
Spouses of retired employees	140
Active employees	<u>4,296</u>
Total	<u>5,346</u>

Contributions to be paid by members are established by the Board of County Commissioners, which also has the authority to amend the program. For 2010, retiree annual contribution rates are:

	Pre-Medicare Standard	Pre-Medicare Enhanced	Medicare Eligible Indemnity
20 or more years of service:			
Retiree	\$ -	\$ 1,220	\$ -
Spouse	3,027	4,465	3,424
10 to 19 years of service:			
Retiree	3,344	4,718	2,601
Spouse	3,027	4,465	3,424

The County contributed \$16,002,628 of the actuarially calculated annual required contribution (ARC) of \$16,715,993 for fiscal year 2010. The ARC is an amount determined in accordance with the parameters of GASB Statement 45 and represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Annual required contribution	\$ 16,715,993
Interest on net pension obligation	(271)
Adjustment to annual required contribution	<u>198</u>
Annual pension cost	16,715,920
Contributions made	<u>(16,002,628)</u>
Increase in net pension obligation	713,292
Net pension obligation beginning of year	<u>602,890</u>
Net pension obligation end of year	<u>\$ 1,316,182</u>

MECKLENBURG COUNTY, NORTH CAROLINA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2010

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2010, 2009 and 2008 are as follows:

Fiscal Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 16,715,993	95.73%	\$ 709,680
2009	16,708,724	96.37	606,502
2008	14,696,388	100.00	-

The County's contribution was deposited in the North Carolina State Treasurer's Local Government Other Post-Employment Benefit Trust Fund, an irrevocable trust fund.

Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay administration costs. These expenditures are paid as they come due.

As of January 1, 2010, the most recent actuarial valuation date, the plan was funded on the pay-as-you-go basis. The actuarially accrued liability for benefits was \$383,025,283 and the actuarial value of assets was \$30,403,865 resulting in an unfunded actuarial accrued liability (UAAL) of \$352,621,418. The annual payroll of active employees covered by the plan was \$214,800,000 and the ratio of the UAAL to the covered payroll was 164.16%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

At January 1, 2010, the actuarial valuation used the projected unit credit actuarial cost method. The assumptions included a 3.5% investment rate of return, which is the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date. Healthcare cost trends varied from 4.5% to 7.9% and salary projections assumed a 3.5% inflation rate. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market of investment over a 5 year period. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at January 1, 2010 was 30 years.

The Library pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a plan funded on the pay as you go basis. Funding for these costs is included in budgeted appropriations in the annual budget. The cost of these benefits recognized as expenditure for the year ended June 30, 2009 was \$351,245 for the fifty-eight qualified retirees. The current ARC rate is 3.5% of annual covered payroll and the Library contributed \$373,383 or 2.1% of covered payroll which leaves a net OPEB obligation of \$7,679,931 recorded to liabilities in the Statement of Net Assets. Complete information regarding the Library's plan appears in the separately issued June 30, 2010 Library financial statements.

Medic Agency provides the full cost of post employment healthcare benefits to qualified retirees with 30 years of credited service and 50% of the cost of post employment healthcare benefits to qualified retirees with 20 - 30 years of credited service. Medic Agency funded \$331,180 of the \$2,425,648 ARC with the \$6,063,764 remaining OPEB obligation recorded to liabilities in the Statement of Net Assets. The ARC rate is 11% of

MECKLENBURG COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

annual covered payroll and the contribution is 1.21% of annual covered payroll. Complete information regarding Medic Agency's post employment healthcare benefits appears in Medic Agency's separately issued June 30, 2010 financial statements.

The ABC Board provides retiree health benefits under the ABC Board Retiree Benefit Plan. The Plan covers major medical benefits for the fifteen covered members up to a lifetime maximum benefit of \$1,000,000 per covered individual not eligible for Medicare and \$50,000 per covered individual who is Medicare eligible for those who have already elected to participate; however, this \$50,000 coverage plan is no longer open to those not already enrolled in it. Medicare eligible retirees retiring after November 18, 2009 do not have the option of remaining on the Board's retiree health plan, but instead are eligible to receive a reimbursement stipend for private coverage. As of June 30, 2008, the most recent valuation date, the plan was not funded. The remaining OPEB obligation of \$1,149,198 recorded as a liability in the Statement of Net Assets. Complete information regarding the ABC Board's post employment healthcare benefits appears in the ABC Board's separately issued June 30, 2010 financial statements.

14. Other Employment Benefits

Under the Consolidated Omnibus Budget and Reconciliation Act of 1985 (COBRA), the County and Medic Agency allow terminated employees to continue their enrollment in their health care insurance program for up to 18 months following termination. Continuation of coverage by the terminated employee is optional for the employee who has up to 60 days following termination to decide. There is no cost to the County or Medic Agency, and the terminated employee must pay the full premium amount plus a two percent administrative fee.

The County and the ABC Board have elected to provide death benefits to employees through the Death Trust Plan for members of the Local Governmental Employees' Retirement System (Death Trust Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. Employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest month's salary in a row during the 24 months prior to death, but the benefit may not exceed \$50,000. All death benefit payments are made from the Death Trust Plan. Neither the County nor the ABC Board has liability beyond the payment of monthly contributions. Contributions are determined as a 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 Trust Plan and not by the County, the County does not determine the number of eligible participants. For the fiscal year ended June 30, 2010, the County made contributions to the State for death benefits of \$164,186. The County's required contributions for covered employees represented .14% of covered payroll for law enforcement officers and .07% of covered payroll for employees not engaged in law enforcement. For the year ended June 30, 2010 and 2009, the ABC Board made contributions to the State for death benefits of \$7,542 and \$7,876, respectively.

15. Risk Management

The County's Risk Management Program is a self-funded, risk-financing program administered by the City of Charlotte's Risk Management Division of the City Finance Department, as trustee for the County. As of June 30, 2010, the program covered the following areas of risk: Commercial Automobile Liability, Fidelity Bonds, Inland Marine, Commercial General Liability, Public Official Liability, Law Enforcement, Medical Professional Liability, Property, and Workers' Compensation. The fidelity bonds are maintained at the system levels for all applicable employees. The County will finance its own loss exposures up to the first \$1,500,000 per occurrence per year with a separate reserve held in trust for the County and current appropriations in the County budget except for property exposures and Workers' Compensation exposures as described below. Amounts in this reserve are specifically designated by entity. The Risk Management Division accrues for claims incurred but not reported based on prior historical data. This accrual reduces cash available in the separate trust. Property exposures over \$100,000 and Workers' Compensation exposures over \$500,000 are insured. Law Enforcement exposures over \$1,500,000 are insured up to \$4,000,000 and public official liability exposures over \$250,000 are insured up to \$4,750,000. The County has purchased excess insurance to cover automobile and general liability exposures in amounts up to \$20,000,000 above the trust coverage amount. There have been no significant reductions in insurance coverage from coverage levels in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

MECKLENBURG COUNTY, NORTH CAROLINA
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A summary of amounts relating to self-insurance in the General Fund is as follows:

	<u>2010</u>	<u>2009</u>
Accounts payable and accrued liabilities - beginning of fiscal year	\$ 10,123,345	\$ 12,929,009
Additions	4,855,848	2,478,449
Payments	<u>(5,449,753)</u>	<u>(5,284,113)</u>
Accounts payable and accrued liabilities - end of fiscal year	\$ <u>9,529,439</u>	\$ <u>10,123,345</u>

The Library acquires its risk management services through the City of Charlotte's Risk Management Division. The Library has commercial general liability of \$1 million per occurrence, workers' compensation employer's liability coverage of \$500,000 and public officers' coverage of \$1 million per loss. There have been no significant reductions in insurance coverage from coverage levels in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

The insurance coverage for the Medic Agency is provided through commercial carriers and the County. Coverage includes a general insurance policy, commercial automobile policy, commercial umbrella policy and coverage for workers compensation. The general insurance policy covers commercial property, general liability, crime, portable equipment and management liability. The commercial property policy covers business and personal property up to a limit of \$5,667,121 and includes flood insurance for building and contents. The general liability covers up to \$1,000,000 per occurrence and up to \$3,000,000 for general aggregate coverage. The crime policy covers up to \$250,000 for employee dishonesty, the portable equipment policy covers the guaranteed replacement cost of the item and the management liability policy provides \$3,000,000 of aggregate coverage. The commercial automobile policy covers up to \$1,000,000 per occurrence. The commercial umbrella policy includes a limit of \$5,000,000 for each occurrence and up to \$10,000,000 for general aggregate coverage. Workers compensation is provided by the County for claims over \$500,000 for each occurrence.

The ABC Board 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 ABC Board has commercial property, general liability, auto liability, workers' compensation, and employee health coverage. The ABC Board also has liquor legal liability. There have been no significant reductions in insurance coverage from coverage levels in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

16. Closure and Postclosure Care Costs – U.S.521 Landfill

State and federal laws require the County to place a final cover on its U.S.521 Landfill Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 25 years after closure. Although closure and postclosure care costs will only be paid near or after the date the landfill stops accepting waste, the County reports a portion of these costs as an operating expense each fiscal year based on the landfill capacity used as of the balance sheet date. The accrued landfill development and postclosure care costs totals \$8,374,290 and has two components. The cumulative amount reported, based on the use of 72% of the total estimated capacity of the landfill, for closure and postclosure care costs is \$7,572,649. The County will recognize the remaining estimated cost of closure and postclosure care of \$2.9 million as the remaining estimated capacity is filled. This amount is based on the current costs to perform closure and postclosure care in fiscal year 2010. The County expects to close the U.S.521 landfill in 2025. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

The County has met the requirements of a local government financial test that is one option under state and federal laws and regulations that help 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 to accumulate the resources for the payment of future use development costs. The cumulative amount reported in the future use reserve at June 30, 2010 is \$801,641. The County will recognize the remaining estimated cost of future use development of \$1,111,650 as the remaining capacity is filled. These funds are held in investments with a cost of \$801,641 (market value, \$801,641) at year-end. 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

MECKLENBURG COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

postclosure care requirements are determined, these costs may need to be covered by charges to future landfill users.

17. Commitments and Contingencies

- (a) The County participates in a number of Federal and State of North Carolina grant programs, principally Social Services Administration, Temporary Assistance to Needy Families, Mental Health Area Matching Funds, and Medical Assistance programs. For the fiscal year ended June 30, 2010, these programs were audited in accordance with the Single Audit Amendment of 1996 and the State Single Audit Act, N.C.G.S. 159-34, which report is issued separately. Any expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.
- (b) Unexpended funds of \$19,067,519 at June 30, 2010, are committed for various projects in accordance with related Capital Projects Ordinances. These funds are included in Restricted Net Assets and are included in designated fund balance of the appropriate capital projects funds.
- (c) The County is involved in various legal actions in the normal course of its business. In addition, the County has charges pending with the Equal Employment Opportunity Commission. The charges initiated by individuals alleging discriminatory hiring, promotion or termination practices, are not in litigation and there have been no class action threats. Although the outcome of the above claims and the ultimate amount of compensation or penalties which might be awarded are not presently determinable, in the opinion of County management and the County Attorney, the results of the claims and resolution of legal actions will not have a materially adverse impact on the financial position of the County.

18. Jointly Governed Organization

The County, in conjunction with seven other counties and 50 municipalities, established the Centralina Council of Governments (COG)(Region F). The participating governments established COG to coordinate funding received from various federal and state agencies. Each participating government appoints one member to COG's 58-member governing board. The County paid membership fees of \$215,787 to COG during fiscal year 2010.

19. Joint Ventures

The County, along with the State of North Carolina, participates in a joint venture to operate Central Piedmont Community College (CPCC). The County, State of North Carolina and the Charlotte-Mecklenburg Board of Education make four appointments each to the 12-member board of trustees. CPCC is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of CPCC and also provides some financial support for operations. In addition to providing annual appropriations for facilities, the County periodically issues general obligation bonds and certificates of participation to provide financing for new and restructured facilities. The County contributed \$24,003,028 for operations and \$25,010,852 for capital purposes during fiscal year 2010, and made debt service payments of \$14,969,900 in fiscal year 2010 on general obligation bonds and certificates of participation issued for CPCC. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest is reflected in the County's financial statements. Complete financial statements for CPCC may be obtained from the following address:

Central Piedmont Community College
P.O. Box 35009
Charlotte, NC 28235

The Charlotte-Mecklenburg Public Broadcasting Authority (CMPBA) was established in 1981 by an interlocal agreement between the Charlotte-Mecklenburg Schools and the County. The CMPBA holds the FCC license to operating WTVI, a non-commercial TV station. The CMPBA exercises control over station operations and programming. The County appoints ten of the 18 members of the CMPBA Board of Directors, but the County has no authority to dictate ownership or management of the station. The County owns the land and building in which WTVI is housed, but management and maintenance of the building is the responsibility of the CMPBA. The County is paying the debt service on \$12.5 million of debt issued for CMPBA to fund the purchase of

MECKLENBURG COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

digital/HDTV equipment for WTVI. The County has entered into an interlocal agreement with the CMPBA to provide an annual operating grant to WTVI, although no specific funding level is guaranteed. For the year ended June 30, 2010, the County provided \$790,000 to WTVI. The County does not provide the majority of funding to WTVI. The County can also enter into an annual Service Contract with WTVI whereby WTVI provides production and/or programming airtime to the County in support of the County's public awareness goals in return for a specific level of funding to cover the cost of the productions. Complete financial statements of the CMPBA can be obtained from the following address:

Charlotte-Mecklenburg Public Broadcasting Authority
3232 Commonwealth Avenue
Charlotte, NC 28205

The County, in conjunction with Catawba, Iredell and Lincoln Counties participates in a joint venture to operate the Lake Norman Marine Commission (the Commission). Each participating government appoints one board member, except Catawba County which appoints two members. The Commission was established to make joint regulations for the safe operation of vessels and for safe recreational use of the water. Each County is obligated to contribute an equal amount appropriate to support the activities of the Commission. The County provided \$23,423 to the Commission in fiscal year 2010. None of the participating governments has an equity interest in the Commission, so no equity interest has been reflected in the financial statements at June 30, 2010. Complete financial statements for the Commission may be obtained from the following address:

Lake Norman Marine Commission
P.O. Box 35008
Charlotte, NC 28235

In addition, the County, in conjunction with Gaston County and York County, South Carolina, participates in a joint venture to operate the Lake Wylie Marine Commission (the Commission). The County and York County each appoint two board members, and Gaston County appoints three members. The Commission was established to make joint regulations for preserving and protecting property and wildlife and promoting public safety. Each County is obligated to contribute an equal amount appropriate to support the activities of the Commission. The County provided \$23,675 to the Commission in fiscal year 2010. None of the participating governments has an equity interest in the Commission, so no equity interest has been reflected in the financial statements at June 30, 2010. Complete financial statements for the Commission may be obtained from the following address:

Lake Wylie Marine Commission
P.O. Box 35008
Charlotte, NC 28235

In addition, the County, in conjunction with Gaston and Lincoln Counties, participates in a joint venture to operate the Mountain Island Lake Marine Commission (the Commission). The County appoints three board members, Gaston County appoints three members and Lincoln County appoints one member. The Commission was established to make joint regulations for preserving and protecting property and wildlife and promoting public safety. Each County is obligated to contribute an amount based on its shoreline lying within each county to support the activities of the Commission. The County provided \$21,884 to the Commission in fiscal year 2010. None of the participating governments has an equity interest in the Commission, so no equity interest has been reflected in the financial statements at June 30, 2010. Complete financial statements for the Commission may be obtained from the following address:

Mountain Island Marine Commission
P.O. Box 35008
Charlotte, NC 28235

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FOR THE YEAR ENDED JUNE 30, 2010

The Charlotte-Mecklenburg Historic Landmarks Commission (HLC) was established in 1973 by a resolution adopted by the City of Charlotte and the County. The fundamental purpose of the Commission is to recommend the designation of properties (real and personal) for historic landmark designation and to secure the preservation of same through exercising design review and through buying and selling endangered historic landmarks. The County appoints six of the 13 members of the HLC. The County provided \$165,547 to the HLC in fiscal year 2010 for operations for historic site preservation.

Charlotte-Mecklenburg Historic Landmarks Commission
2100 Randolph Road
Charlotte, NC 28207

20. Conduit Debt Obligation

In December 2001, the County issued \$16,480,000 Multifamily Housing Revenue Bonds on behalf of Sycamore Green, LLC for the acquisition, construction and equipping of a low and moderate income multifamily rental housing development. These bonds are secured by rents from the property and a letter of credit. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for the repayment of these bonds. Accordingly, the outstanding bonds in the amount of \$16,165,000 at June 30, 2010 are not reported as liabilities in the accompanying financial statements.

In May 2003, the County issued \$9,390,000 Multifamily Housing Revenue Bonds on behalf of LR Charlotte Limited Partnership for the acquisition, rehabilitation and equipping of a low and moderate income multifamily rental housing development. These bonds are secured by rents from the property and a letter of credit. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for the repayment of these bonds. Accordingly, the outstanding bonds in the amount of \$8,660,000 at June 30, 2010 are not reported as liabilities in the accompanying financial statements.

In September 2003, the County issued \$4,640,000 Multifamily Housing Revenue Bonds on behalf of BARRINGTON OAKS, LLC for the acquisition, rehabilitation and equipping of a low and moderate income multifamily rental housing development. These bonds are secured by rents from the property and a letter of credit. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for the repayment of these bonds. Accordingly, the outstanding bonds in the amount of \$4,340,000 at June 30, 2010 are not reported as liabilities in the accompanying financial statements.

21. Related Organization

The Mecklenburg County Industrial Facilities and Pollution Control Financing Authority (the Authority) was created in 1976. The seven-member board is appointed by the Board of County Commissioners. The purpose of the Authority is to assist corporations in financing industrial and manufacturing facilities for the purpose of providing employment or increasing below-average manufacturing wages. Any financing that occurs is an obligation of the corporation, not an obligation of either the County or this Authority. Companies pay application fees which provide operating funds for the Authority.

22. Prior Period Adjustment

In accordance with Governmental Accounting Statement Number 51, the County has capitalized intangibles assets consisting of computer software. Retroactive reporting required restatement of beginning balances. An

MECKLENBURG COUNTY, NORTH CAROLINA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2010

adjustment was made to add the capitalized costs to bring the related net assets to the correct balance at June 30, 2009. The adjustment is \$8,953,670 for computer software for fiscal year ended June 30, 2009 with an accumulated depreciation adjustment of \$1,450,167.

	Governmental <u>Activities</u>
Net Assets, beginning of year	\$(824,520,751)
Net book value of computer equipment	<u>7,503,503</u>
Net Assets, beginning of year, as restated	<u><u>\$(817,017,248)</u></u>

23. Subsequent events

The County has evaluated subsequent events from July 1, 2010 through October 18, 2010, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued. There are no subsequent events to disclose.

Required Supplementary Information

Additional required data regarding the Law Enforcement Special Separation Allowance and Other Post Employment Benefits.

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 MECKLENBURG COUNTY, NORTH CAROLINA
 SEPARATION ALLOWANCE FOR LAW ENFORCEMENT OFFICERS
 REQUIRED SUPPLEMENTARY INFORMATION
 ANALYSIS OF FUNDING PROGRESS
 LAST TEN FISCAL YEARS

Year Ended Dec. 31,	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)
2009	-	\$9,378,607	\$9,378,607	0.00 %	\$18,435,179	50.87 %
2008	-	7,055,897	7,055,897	0.00	18,091,372	39.00
2007	-	6,404,425	6,404,425	0.00	16,818,600	38.08
2006	-	5,512,805	5,512,805	0.00	15,391,588	35.82
2005	-	4,809,650	4,809,650	0.00	14,732,103	32.65
2004	-	5,024,704	5,024,704	0.00	14,288,288	35.17
2003	-	4,488,172	4,488,172	0.00	13,446,175	33.38
2002	-	4,218,231	4,218,231	0.00	13,353,602	31.59
2001	-	3,867,434	3,867,434	0.00	12,611,197	30.67
2000	-	3,652,320	3,652,320	0.00	12,211,385	29.91

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 MECKLENBURG COUNTY, NORTH CAROLINA
 SEPARATION ALLOWANCE FOR LAW ENFORCEMENT OFFICERS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Fiscal Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2010	\$ 766,885	58.80 %
2009	685,347	67.20
2008	605,848	66.70
2007	548,936	66.15
2006	576,425	42.05
2005	517,795	46.71
2004	488,383	46.16
2003	448,383	46.81
2002	419,239	50.86
2001	340,724	61.16

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	12/31/2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	22 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	4.5% - 12.3%
Cost-of-living adjustments	None

* Includes inflation at 3.75%.

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 MECKLENBURG COUNTY, NORTH CAROLINA
 POST EMPLOYMENT BENEFIT HEALTHCARE PLAN
 REQUIRED SUPPLEMENTARY INFORMATION
 ANALYSIS OF FUNDING PROGRESS
 LAST FOUR YEARS

Actuarial Valuation Date <u>January 1</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) Projected Unit Credit <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a % of Covered Payroll <u>((b-a)/c)</u>
2010	\$ 30,403,865	\$ 383,025,283	\$ 352,621,418	7.94 %	\$ 214,800,000	164.16 %
2009	20,453,803	181,646,055	161,192,252	11.26	223,100,000	72.25
2008	8,770,000	176,699,985	167,929,985	4.96	204,000,000	82.32
2007	-	141,825,529	141,825,529	-	196,700,000	72.10

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 MECKLENBURG COUNTY, NORTH CAROLINA
 POST EMPLOYMENT BENEFIT HEALTHCARE PLAN
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Annual Required</u> <u>Contribution</u>	<u>Actual</u> <u>Contribution</u>	<u>Percentage</u> <u>Contribution</u>
2010	\$ 16,715,993	\$ 16,002,628	95.73 %
2009	16,708,724	16,102,222	96.37
2008	14,696,388	14,700,000	100.00

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	01/01/2010
Actuarial cost method	Projected Unit Credit
Amortization method	Level Percent of Pay, Open
Remaining amortization period	30 years
Asset valuation method	5-Year Smooth Market
Actuarial assumptions:	
Investment rate of return*	3.50%
Projected salary increases*	3.50%
Healthcare Cost Trend Rate*	7.9% Initial
	4.5% Ultimate
Cost-of-living adjustments	None

* Includes an inflation assumption of 2.5%.

Combining Individual Fund Statements and Schedules

Provides detailed statements for the nonmajor Special Revenue and Capital Projects Funds and the Agency Fiduciary Funds, budget to actual schedules for the Special Revenue Funds having annual budgets and the Enterprise Fund, and other supporting statements and schedules.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds account for proceeds of revenue sources that are restricted to expenditures for specific purposes. These funds are established under the provisions of the North Carolina General Statutes:

CAPITAL RESERVE: Accounts for expenditures from current appropriations and certain park entrance fees for capital outlay and improvements.

STORM WATER MANAGEMENT: Accounts for fees and expenditures designated for flood control, drainage, and storm water management.

LAW ENFORCEMENT SERVICE DISTRICT: Accounts for the ad valorem taxes for the law enforcement service district which are levied in the unincorporated areas of the County.

TRANSIT ONE-HALF CENT SALES TAX: Accounts for revenue from a one-half cent sales tax levied to fund transit projects which are part of the 2025 Integrated Transit/Land Use Plan for Charlotte-Mecklenburg.

SCRAP TIRE DISPOSAL: Accounts for funds designated for the disposal of scrap tires.

DISCARDED WHITE GOODS: Accounts for funds designated for the management of discarded white goods.

SHERIFF: Accounts for funds received from concealed weapons permits and commissary revenues which are designated for use by the Sheriff.

REGISTER OF DEEDS: Accounts for the 10% of collected fees required which are required by law to be expended for computer and imaging technology for the Register of Deeds office.

EMERGENCY TELEPHONE SERVICE: Accounts for the County's share of the 911 surcharge allocated by the State to be used for the lease, purchase or maintenance of emergency telephone equipment, including necessary computer hardware, software and database provisions.

CAPITAL PROJECTS FUNDS

Capital Projects Funds account for proceeds of bond issues and all other resources used for the purpose of constructing, reconstructing or acquiring permanent or semi-permanent capital improvements. These funds are used to provide a formal mechanism to ensure that designated revenues are applied only for the purposes intended.

MANAGEMENT SERVICES

COUNTY BUILDINGS: Accounts for construction of and renovations to various County buildings.

LAND: Accounts for acquisition of land for County purposes.

LAND USE AND ENVIRONMENTAL SERVICES

FLOOD CONTROL: Accounts for flood control, storm water and detention projects.

CLEAN WATER MANAGEMENT: Accounts for funds used for watershed pollution control.

HISTORIC PRESERVATION: Accounts for acquisition and renovation of various historic facilities.

COMMUNITY SERVICES

PARK AND RECREATIONAL FACILITIES: Accounts for park projects including greenways, neighborhood parks, district parks, purchase of land, park construction, restoration and improvements to various parks.

LIBRARY FACILITIES: Accounts for construction, installation of furnishings and equipment and the acquisition of land for library facilities.

DETENTION AND COURT SUPPORT SERVICES

COURTHOUSE: Accounts for construction of court facilities.

JAIL/DETENTION FACILITIES: Accounts for construction of jail and detention facilities.

BUSINESS PARTNERS

COMMUNITY COLLEGE FACILITIES: Accounts for construction of Central Piedmont Community College facilities.

SCHOOL FACILITIES: Accounts for construction and renovation of school facilities, including acquisition and installation of furnishings and equipment and the acquisition of land.

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 MECKLENBURG COUNTY, NORTH CAROLINA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2010

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ 51,062,606	\$ 44,030,461	\$ 95,093,067
Accrued interest receivable	87,452	-	87,452
Accounts receivable	10,296,249	94,230	10,390,479
Taxes receivable	1,060,457	-	1,060,457
Less allowance for uncollectible taxes	(295,000)	-	(295,000)
Advances to other governmental agencies	-	475,624	475,624
TOTAL ASSETS	<u>\$ 62,211,764</u>	<u>\$ 44,600,315</u>	<u>\$ 106,812,079</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and other accrued liabilities	\$ 9,991,425	\$ 5,197,256	\$ 15,188,681
Deferred revenue	814,138	-	814,138
Total Liabilities	<u>10,805,563</u>	<u>5,197,256</u>	<u>16,002,819</u>
Fund Balances			
Reserved for encumbrances	11,754,589	20,241,310	31,995,899
Reserved by state statute	10,383,701	94,230	10,477,931
Unreserved:			
Designated for capital projects	22,857,759	19,067,519	41,925,278
Designated for land use and environmental services	12,617,829	-	12,617,829
Designated for detention and court support services	1,404,961	-	1,404,961
Designated for business partners	598,888	-	598,888
Undesignated	(8,211,526)	-	(8,211,526)
Total Fund Balances	<u>51,406,201</u>	<u>39,403,059</u>	<u>90,809,260</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 62,211,764</u>	<u>\$ 44,600,315</u>	<u>\$ 106,812,079</u>

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 MECKLENBURG COUNTY, NORTH CAROLINA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Law Enforcement Service District taxes	\$ 11,399,232	\$ -	\$ 11,399,232
Transit one-half cent sales tax	33,658,337	-	33,658,337
Intergovernmental	4,050,523	494,946	4,545,469
Charges for services	16,513,874	-	16,513,874
Interest earned on investments	206,286	-	206,286
Other	2,262,750	1,409,221	3,671,971
Total Revenues	<u>68,091,002</u>	<u>1,904,167</u>	<u>69,995,169</u>
EXPENDITURES			
Land Use and Environmental Services	12,094,740	-	12,094,740
Detention and Court Support Services	547,165	-	547,165
Business Partners	46,277,655	-	46,277,655
Debt Service			
Principal	912,893	-	912,893
Interest	221,946	-	221,946
Capital Outlay	13,874,503	151,263,572	165,138,075
Total Expenditures	<u>73,928,902</u>	<u>151,263,572</u>	<u>225,192,474</u>
REVENUES UNDER EXPENDITURES	(5,837,900)	(149,359,405)	(155,197,305)
OTHER FINANCING SOURCES (USES)			
Bonds Issued	-	100,000,000	100,000,000
Transfers to other funds	(214,438)	(1,600,069)	(1,814,507)
Transfers from other funds	8,559,478	52,008,500	60,567,978
NET CHANGE IN FUND BALANCE	2,507,140	1,049,026	3,556,166
FUND BALANCES - BEGINNING OF YEAR	48,899,061	38,305,738	87,204,799
Close Fund	-	48,295	48,295
FUND BALANCES - END OF YEAR	<u>\$ 51,406,201</u>	<u>\$ 39,403,059</u>	<u>\$ 90,809,260</u>

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MECKLENBURG COUNTY, NORTH CAROLINA
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2010

	Capital Reserve	Storm Water Management	Law Enforcement Service District	Transit One-Half Cent Sales Tax	Scrap Tire Disposal	Discarded White Goods	Sheriff	Register of Deeds	Emergency Telephone Fund	Total Special Revenue Funds
ASSETS										
Cash and investments	\$ 27,507,584	\$ 18,563,571	\$ 297,683	\$ -	\$ 99,624	\$ 1,623,646	\$ 1,487,015	\$ 1,057,578	\$ 425,905	\$ 51,062,606
Accrued interest receivable	375	83,470	1,300	-	437	-	-	-	1,870	87,452
Accounts receivable	41,226	2,092,624	-	8,160,350	-	-	2,049	-	-	10,296,249
Taxes receivable	-	-	1,060,457	-	-	-	-	-	-	1,060,457
Less allowance for uncollectible taxes	-	-	(295,000)	-	-	-	-	-	-	(295,000)
TOTAL ASSETS	\$ 27,549,185	\$ 20,739,665	\$ 1,064,440	\$ 8,160,350	\$ 100,061	\$ 1,623,646	\$ 1,489,064	\$ 1,057,578	\$ 427,775	\$ 62,211,764
LIABILITIES AND FUND BALANCES										
Liabilities										
Accounts payable and accrued liabilities	\$ 1,359,352	\$ 354,754	\$ -	\$ 8,160,350	\$ -	\$ 239	\$ 16,480	\$ 9,964	\$ 90,286	\$ 9,991,425
Deferred revenue - taxes	-	-	765,457	-	-	-	-	-	-	765,457
Deferred revenue - other	353	13,914	34,414	-	-	-	-	-	-	48,681
Total Liabilities	1,359,705	368,668	799,871	8,160,350	-	239	16,480	9,964	90,286	10,805,563
Fund Balances										
Reserved for encumbrances	3,290,120	8,179,990	-	-	150,800	8,174	65,574	59,931	-	11,754,589
Reserved by State Statute	41,601	2,176,094	1,300	8,160,350	437	-	2,049	-	1,870	10,383,701
Unreserved:										
Designated for capital projects	22,857,759	-	-	-	-	-	-	-	-	22,857,759
Designated for land use and environmental services	-	10,014,913	-	-	-	1,615,233	-	987,683	-	12,617,829
Designated for detention and court support services	-	-	-	-	-	-	1,404,961	-	-	1,404,961
Designated for business partners	-	-	263,269	-	-	-	-	-	335,619	598,888
Undesignated	-	-	-	(8,160,350)	(51,176)	-	-	-	-	(8,211,526)
Total Fund Balances	26,189,480	20,370,997	264,569	(8,160,350)	100,061	1,623,407	1,472,584	1,047,614	337,489	51,406,201
TOTAL LIABILITIES AND FUND BALANCES	\$ 27,549,185	\$ 20,739,665	\$ 1,064,440	\$ 8,160,350	\$ 100,061	\$ 1,623,646	\$ 1,489,064	\$ 1,057,578	\$ 427,775	\$ 62,211,764

MECKLENBURG COUNTY, NORTH CAROLINA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

	Capital Reserve	Storm Water Management	Law Enforcement Service District	Transit One-Half Cent Sales Tax	Scrap Tire Disposal	Discarded White Goods	Sheriff	Register of Deeds	Emergency Telephone Fund	Total Special Revenue Funds
REVENUES										
Law Enforcement Service District taxes	\$ -	\$ -	\$ 11,399,232	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,399,232
Transit one-half cent sales tax	-	-	-	33,658,337	-	-	-	-	-	33,658,337
Intergovernmental	736,640	2,023,916	-	-	1,030,124	259,843	-	-	-	4,050,523
Charges for services	523,306	15,173,809	-	-	-	-	292,738	524,021	-	16,513,874
Interest earned on investments	-	191,467	7,192	-	1,080	-	-	-	6,547	206,286
Other	1,216,468	171,941	-	-	279,690	148,972	445,679	-	-	2,262,750
Total Revenues	2,476,414	17,561,133	11,406,424	33,658,337	1,310,894	408,815	738,417	524,021	6,547	68,091,002
EXPENDITURES										
Land Use and Environmental Services	-	10,597,775	-	-	1,278,890	218,075	-	-	-	12,094,740
Detention and Court Support Services	-	-	-	-	-	-	547,165	-	-	547,165
Business Partners	-	-	12,202,623	33,658,337	-	-	-	-	416,695	46,277,655
Debt Service										
Principal	-	912,893	-	-	-	-	-	-	-	912,893
Interest	-	221,946	-	-	-	-	-	-	-	221,946
Capital Outlay	11,798,509	1,682,495	-	-	-	-	-	393,499	-	13,874,503
Total Expenditures	11,798,509	13,415,109	12,202,623	33,658,337	1,278,890	218,075	547,165	393,499	416,695	73,928,902
REVENUES OVER (UNDER) EXPENDITURES	(9,322,095)	4,146,024	(796,199)	-	32,004	190,740	191,252	130,522	(410,148)	(5,837,900)
OTHER FINANCING SOURCES (USES)										
Transfers to other funds	(214,438)	-	-	-	-	-	-	-	-	(214,438)
Transfers from other funds	8,559,478	-	-	-	-	-	-	-	-	8,559,478
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	(977,055)	4,146,024	(796,199)	-	32,004	190,740	191,252	130,522	(410,148)	2,507,140
FUND BALANCES - BEGINNING OF YEAR	27,166,535	16,224,973	1,060,768	-	68,057	1,432,667	1,281,332	917,092	747,637	48,899,061
FUND BALANCES - END OF YEAR	\$ 26,189,480	\$ 20,370,997	\$ 264,569	\$ -	\$ 100,061	\$ 1,623,407	\$ 1,472,584	\$ 1,047,614	\$ 337,489	\$ 51,406,201

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 MECKLENBURG COUNTY, NORTH CAROLINA
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUNDS
 JUNE 30, 2010

	2000A Public Improvement	2004B Variable Rate	2005A Public Improvement	2006A Variable Rate
ASSETS				
Cash and Investments	\$ 18,008	\$ 487	\$ 146,705	\$ 7,821
Accounts receivable	-	-	-	-
Advances to other	-	-	-	-
governmental agencies	-	-	280,576	-
TOTAL ASSETS	\$ 18,008	\$ 487	\$ 427,281	\$ 7,821
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 487	\$ -	\$ 2,280
Total Liabilities	-	487	-	2,280
Fund Balances				
Reserved for encumbrances	-	-	-	-
Reserved by State statute	-	-	-	-
Unreserved:				
Designated	18,008	-	427,281	5,541
Total Fund Balances	18,008	-	427,281	5,541
TOTAL LIABILITIES AND FUND BALANCES	\$ 18,008	\$ 487	\$ 427,281	\$ 7,821

(Continued)

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 MECKLENBURG COUNTY, NORTH CAROLINA
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUNDS
 JUNE 30, 2010

	2007A Public Improvement	2008A Park and Recreation	2008B Public Improvement	2009B Public Improvement
ASSETS				
Cash and Investments	\$ 190,501	\$ 1,071,180	\$ 1,302,854	\$ 1,464,085
Accounts receivable	-	-	-	-
Advances to other governmental agencies	-	-	-	-
TOTAL ASSETS	\$ 190,501	\$ 1,071,180	\$ 1,302,854	\$ 1,464,085
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 37,932	\$ 1,464,085
Total Liabilities	-	-	37,932	1,464,085
Fund Balances				
Reserved for encumbrances	115,463	1,071,180	1,109,423	-
Reserved by State statute	-	-	-	-
Unreserved:				
Designated	75,038	-	155,499	-
Total Fund Balances	190,501	1,071,180	1,264,922	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 190,501	\$ 1,071,180	\$ 1,302,854	\$ 1,464,085

(Continued)

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 MECKLENBURG COUNTY, NORTH CAROLINA
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUNDS
 JUNE 30, 2010
 (CONCLUDED)

	Certificates of Participation	Other Capital Funding	Total Capital Projects
ASSETS			
Cash and Investments	\$ 16,183,744	\$ 23,645,076	\$ 44,030,461
Accounts receivable	-	94,230	94,230
Advances to other governmental agencies	195,048	-	475,624
TOTAL ASSETS	\$ 16,378,792	\$ 23,739,306	\$ 44,600,315
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,198,149	\$ 2,494,323	\$ 5,197,256
Total Liabilities	1,198,149	2,494,323	5,197,256
Fund Balances			
Reserved for encumbrances	10,412,975	7,532,269	20,241,310
Reserved by State statute	-	94,230	94,230
Unreserved:			
Designated	4,767,668	13,618,484	19,067,519
Total Fund Balances	15,180,643	21,244,983	39,403,059
TOTAL LIABILITIES AND FUND BALANCE	\$ 16,378,792	\$ 23,739,306	\$ 44,600,315

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 MECKLENBURG COUNTY, NORTH CAROLINA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

	2000A Public Improvement	2004A Public Improvement	2004B Variable Rate	2005A Public Improvement
Project Authorization	\$ 34,000,000	\$ 105,000,000	\$ 100,000,000	\$ 32,300,000
Prior Years' Revenues	34,000,000	105,000,000	100,000,000	32,300,000
Prior Years' Expenditures	33,981,992	104,997,688	95,510,192	31,324,589
Fund Balances - Beginning of Year	<u>18,008</u>	<u>2,312</u>	<u>4,489,808</u>	<u>975,411</u>
REVENUES				
Intergovernmental				
Federal	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Management Services				
County Buildings	-	-	-	-
Land	-	-	-	-
Land Use and Environmental Services				
Scattered Site	-	-	-	-
Historic Preservation	-	-	-	-
Community Services				
Park and Recreational Facilities	-	-	-	-
Library Facilities	-	-	-	-
Detention and Court Support Services				
Courthouse Facilities	-	2,312	-	-
Jail/Detention Facilities	-	-	-	-
Business Partners				
Community College Facilities	-	-	-	548,130
School Facilities	-	-	4,489,808	-
Total Expenditures	<u>-</u>	<u>2,312</u>	<u>4,489,808</u>	<u>548,130</u>
REVENUES OVER (UNDER) EXPENDITURES	-	(2,312)	(4,489,808)	(548,130)
OTHER FINANCING SOURCES (USES)				
Sale of Bonds	-	-	-	-
Transfer to Other Funds	-	-	-	-
Transfer from Other Funds	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Close Fund	-	-	-	-
Total Close Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 18,008</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 427,281</u>

(Continued)

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 MECKLENBURG COUNTY, NORTH CAROLINA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010
 (CONTINUED)

	2006A Variable Rate	2007A Public Improvement	2008A Park and Recreation	2008B Public Improvement
Project Authorization	\$ 89,000,000	\$ 102,000,000	\$ 12,000,000	\$ 148,500,000
Prior Years' Revenues	89,000,000	102,000,000	12,000,000	148,500,000
Prior Years' Expenditures	88,330,766	97,958,332	8,654,320	142,457,946
Fund Balances - Beginning of Year	<u>669,234</u>	<u>4,041,668</u>	<u>3,345,680</u>	<u>6,042,054</u>
REVENUES				
Intergovernmental				
Federal	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Management Services				
County Buildings	-	-	-	-
Land	591,059	-	-	-
Land Use and Environmental Services				
Scattered Site	-	-	-	-
Historic Preservation	-	-	-	-
Community Services				
Park and Recreational Facilities	-	886,323	2,274,500	4,229,104
Library Facilities	-	-	-	-
Detention and Court Support Services				
Courthouse Facilities	-	-	-	-
Jail/Detention Facilities	72,634	844,722	-	354,448
Business Partners				
Community College Facilities	-	-	-	-
School Facilities	-	2,120,122	-	193,580
Total Expenditures	<u>663,693</u>	<u>3,851,167</u>	<u>2,274,500</u>	<u>4,777,132</u>
REVENUES OVER (UNDER) EXPENDITURES	(663,693)	(3,851,167)	(2,274,500)	(4,777,132)
OTHER FINANCING SOURCES (USES)				
Sale of Bonds	-	-	-	-
Transfer to Other Funds	-	-	-	-
Transfer from Other Funds	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Close Fund	-	-	-	-
Total Close Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 5,541</u>	<u>\$ 190,501</u>	<u>\$ 1,071,180</u>	<u>\$ 1,264,922</u>

(Continued)

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 MECKLENBURG COUNTY, NORTH CAROLINA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010
 (CONCLUDED)

	2009B Public Improvement	Certificates of Participation	Other Capital Funding	Total Capital Projects
Project Authorization	\$ 100,000,000	\$ 672,520,000	\$ 255,717,574	\$ 1,651,037,574
Prior Years' Revenues	-	671,802,311	244,663,647	1,539,265,958
Prior Years' Expenditures	33,754,869	640,773,823	223,215,703	1,500,960,220
Fund Balances - Beginning of Year	(33,754,869)	31,028,488	21,447,944	38,305,738
REVENUES				
Intergovernmental				
Federal	-	-	494,946	494,946
Other	-	-	1,409,221	1,409,221
Total Revenues	-	-	1,904,167	1,904,167
EXPENDITURES				
Management Services				
County Buildings	-	5,757,266	2,583,047	8,340,313
Land	5,234,201	-	4,964,212	10,789,472
Land Use and Environmental Services				
Scattered Site	-	-	275,848	275,848
Historic Preservation	-	-	387,396	387,396
Community Services				
Park and Recreational Facilities	-	765	3,034,249	10,424,941
Library Facilities	-	4,482,994	66,113	4,549,107
Detention and Court Support Services				
Courthouse Facilities	-	743,687	4,108,555	4,854,554
Jail/Detention Facilities	-	314,639	751,406	2,337,849
Business Partners				
Community College Facilities	-	2,358,037	21,941,904	24,848,071
School Facilities	61,010,930	590,388	16,051,193	84,456,021
Total Expenditures	66,245,131	14,247,776	54,163,923	151,263,572
REVENUES OVER (UNDER) EXPENDITURES	(66,245,131)	(14,247,776)	(52,259,756)	(149,359,405)
OTHER FINANCING SOURCES (USES)				
Sale of Bonds	100,000,000	-	-	100,000,000
Transfer to Other Funds	-	(1,600,069)	-	(1,600,069)
Transfer from Other Funds	-	-	52,008,500	52,008,500
Total Other Financing Sources (Uses)	100,000,000	(1,600,069)	52,008,500	150,408,431
Close Fund	-	-	48,295	48,295
Total Close Fund	-	-	48,295	48,295
FUND BALANCES - END OF YEAR	\$ -	\$ 15,180,643	\$ 21,244,983	\$ 39,403,059

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 MECKLENBURG COUNTY, NORTH CAROLINA
 COMBINING STATEMENT OF ASSETS AND LIABILITIES
 AGENCY FIDUCIARY FUNDS
 JUNE 30, 2010

	Municipalities' Taxes	Employees' Insurance	Fee Collection for State	Food and Beverage Tax	Other	Total
ASSETS						
Cash and investments	\$ 2,000,988	\$ 21,026,190	\$ 3,215,372	\$ 18,242	\$ 696,604	\$ 26,957,396
Accounts receivable	-	11,179	-	-	-	11,179
Due from other governmental agencies	2,637	-	-	-	2,627	5,264
TOTAL ASSETS	\$ 2,003,625	\$ 21,037,369	\$ 3,215,372	\$ 18,242	\$ 699,231	\$ 26,973,839
LIABILITIES						
Accounts payable and accrued liabilities	\$ -	\$ 21,037,369	\$ -	\$ -	\$ 699,231	\$ 21,736,600
Due to other governmental agencies	2,003,625	-	3,159,111	18,242	-	5,180,978
Due to NC Department of Motor Vehicles	-	-	56,261	-	-	56,261
TOTAL LIABILITIES	\$ 2,003,625	\$ 21,037,369	\$ 3,215,372	\$ 18,242	\$ 699,231	\$ 26,973,839

MECKLENBURG COUNTY, NORTH CAROLINA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
Municipalities' Taxes				
Assets				
Cash and investments	\$ 3,652,309	\$ 1,049,360,384	\$ 1,051,011,705	\$ 2,000,988
Due from other governmental agencies	-	2,637	-	2,637
	<u>\$ 3,652,309</u>	<u>\$ 1,049,363,021</u>	<u>\$ 1,051,011,705</u>	<u>\$ 2,003,625</u>
Liabilities				
Due to other governmental agencies	<u>\$ 3,652,307</u>	<u>\$ 501,629,793</u>	<u>\$ 503,278,475</u>	<u>\$ 2,003,625</u>
Employees' Insurance				
Assets				
Cash and investments	\$ 22,181,867	\$ 112,025,315	\$ 113,180,992	\$ 21,026,190
Accounts receivable	12,334	112,889	114,044	11,179
Total assets	<u>\$ 22,194,201</u>	<u>\$ 112,138,204</u>	<u>\$ 113,295,036</u>	<u>\$ 21,037,369</u>
Liabilities				
Accounts payable and accrued liabilities	<u>\$ 22,194,201</u>	<u>\$ 165,498,208</u>	<u>\$ 166,655,040</u>	<u>\$ 21,037,369</u>
Fee Collection for State				
Assets				
Cash and investments	<u>\$ 3,512,462</u>	<u>\$ 7,522,577</u>	<u>\$ 7,819,667</u>	<u>\$ 3,215,372</u>
Liabilities				
Due to other governmental agencies	\$ 3,447,619	\$ 17,635,062	\$ 17,923,570	\$ 3,159,111
Due to NC Department of Motor Vehicles	64,843	878,676	887,258	56,261
	<u>\$ 3,512,462</u>	<u>\$ 18,513,738</u>	<u>\$ 18,810,828</u>	<u>\$ 3,215,372</u>
Food and Beverage Tax				
Assets				
Cash and investments	<u>\$ -</u>	<u>\$ 38,889,246</u>	<u>\$ 38,871,004</u>	<u>\$ 18,242</u>
Liabilities				
Due to other governmental agencies	<u>\$ -</u>	<u>\$ 38,889,382</u>	<u>\$ 38,871,140</u>	<u>\$ 18,242</u>
Other				
Assets				
Cash and investments	\$ 667,504	\$ 1,261,820	\$ 1,232,720	\$ 696,604
Due from other governmental agencies	-	2,627	-	2,627
	<u>\$ 667,504</u>	<u>\$ 1,264,447</u>	<u>\$ 1,232,720</u>	<u>\$ 699,231</u>
Liabilities				
Accounts payable and accrued liabilities	<u>\$ 667,504</u>	<u>\$ 3,594,810</u>	<u>\$ 3,563,083</u>	<u>\$ 699,231</u>
Totals - All Agency Funds				
Assets				
Cash and investments	\$ 30,014,142	\$ 1,209,061,969	\$ 1,212,116,088	\$ 26,957,396
Accounts receivable	12,334	112,889	114,044	11,179
Due from other governmental agencies	-	2,637	-	5,264
Total assets	<u>\$ 30,026,476</u>	<u>\$ 1,209,177,495</u>	<u>\$ 1,212,230,132</u>	<u>\$ 26,973,839</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 22,861,705	\$ 169,093,018	\$ 170,218,123	\$ 21,736,600
Due to other governmental agencies	7,099,928	558,154,237	560,073,185	5,180,978
Due to NC Department of Motor Vehicles	64,843	878,676	887,258	56,261
Total liabilities	<u>\$ 30,026,476</u>	<u>\$ 728,125,931</u>	<u>\$ 731,178,566</u>	<u>\$ 26,973,839</u>

MECKLENBURG COUNTY, NORTH CAROLINA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 GRANTS PROJECT FUND
 FOR THE YEAR ENDED JUNE 30, 2010

	Project Authorization	Actual			Project Authorization Balance
		Prior Year	Current Year	Total to Date	
U.S. Department of Housing and Urban Development					
Passed through N.C. Department of Commerce					
Community Development Block Grant					
Block Grant #07-C-1664					
REVENUES					
Grant Proceeds	\$ 400,000	\$ 61,380	\$ 275,847	\$ 337,227	\$ 62,773
EXPENDITURES					
Rehabilitation	343,500	12,389	268,645	281,034	62,466
Administration	56,500	48,991	7,202	56,193	307
Total Expenditures	400,000	61,380	275,847	337,227	62,773
REVENUES OVER EXPENDITURES	\$ -	-	-	-	\$ -
North Carolina Clean Water Management Trust					
McDowell Creek Watershed BMP Construction					
Project 2005A-702					
REVENUES					
Grant Proceeds	\$ 639,000	275,481	-	275,481	\$ 363,519
Mecklenburg County	639,000	351,287	11,352	362,639	276,361
Total revenues	1,278,000	626,768	11,352	638,120	639,880
EXPENDITURES					
Construction	1,278,000	626,768	11,352	638,120	639,880
REVENUES OVER EXPENDITURES	\$ -	-	-	-	\$ -
Little Sugar Creek - Phase 9 (Midtown)					
Project 2007-404					
REVENUES					
Grant Proceeds	\$ 615,000	363,068	24,502	387,570	\$ 227,430
Mecklenburg County	662,000	375,742	31,876	407,618	254,382
Total revenues	1,277,000	738,810	56,378	795,188	481,812
EXPENDITURES					
Construction	1,277,000	738,810	56,378	795,188	481,812
REVENUES OVER EXPENDITURES	\$ -	-	-	-	\$ -

(Continued)

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 MECKLENBURG COUNTY, NORTH CAROLINA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 GRANTS PROJECT FUND
 FOR THE YEAR ENDED JUNE 30, 2010
 (CONTINUED)

	Project Authorization	Actual		Total to Date	Project Authorization Balance
		Prior Year	Current Year		
North Carolina Clean Water Management Trust					
Little Sugar Creek - Phase VIII					
Project 2006-404					
REVENUES					
Grant Proceeds	\$ 1,000,000	\$ 33,255	\$ 46,054	\$ 79,309	\$ 920,691
Mecklenburg County	300,000	133,423	(344)	133,079	166,921
Total revenues	<u>1,300,000</u>	<u>166,678</u>	<u>45,710</u>	<u>212,388</u>	<u>1,087,612</u>
EXPENDITURES					
Construction	<u>1,300,000</u>	<u>166,678</u>	<u>45,710</u>	<u>212,388</u>	<u>1,087,612</u>
REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
McDowell Creek Watershed Recycling					
Project 2006A-705					
REVENUES					
Grant Proceeds	\$ 145,000	33,486	92,871	126,357	\$ 18,643
Mecklenburg County	144,900	33,486	83,453	116,939	27,961
Total revenues	<u>289,900</u>	<u>66,972</u>	<u>176,324</u>	<u>243,296</u>	<u>46,604</u>
EXPENDITURES					
Construction	<u>289,900</u>	<u>66,972</u>	<u>176,324</u>	<u>243,296</u>	<u>46,604</u>
REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
McAlpine Creek					
Project 2006A-405					
REVENUES					
Grant Proceeds	\$ 845,000	94,640	56,316	150,956	\$ 694,044
City of Charlotte	1,350,000	180,545	79,696	260,241	1,089,759
Mecklenburg County	345,000	62,804	(24,615)	38,189	306,811
Total revenues	<u>2,540,000</u>	<u>337,989</u>	<u>111,397</u>	<u>449,386</u>	<u>2,090,614</u>
EXPENDITURES					
Construction	<u>2,540,000</u>	<u>337,989</u>	<u>111,397</u>	<u>449,386</u>	<u>2,090,614</u>
REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>

(Continued)

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 MECKLENBURG COUNTY, NORTH CAROLINA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 GRANTS PROJECT FUND
 FOR THE YEAR ENDED JUNE 30, 2010
 (CONTINUED)

	Project Authorization	Actual			Project Authorization Balance
		Prior Year	Current Year	Total to Date	
U.S. Department of Environmental Protection					
Passed through N.C. Department of Environment and Natural Resources					
Little Sugar Creek Kings Drive Restoration					
REVENUES					
Grant Proceeds	\$ 575,000	\$ 565,464	\$ 9,536	\$ 575,000	\$ -
Mecklenburg County	575,000	575,000	-	575,000	-
Total revenues	<u>1,150,000</u>	<u>1,140,464</u>	<u>9,536</u>	<u>1,150,000</u>	<u>-</u>
EXPENDITURES					
Construction	<u>1,150,000</u>	<u>1,140,464</u>	<u>9,536</u>	<u>1,150,000</u>	<u>-</u>
REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
McDowell Creek BMP Construction					
Project EW7035					
REVENUES					
Grant Proceeds	\$ 287,050	247,320	32,478	279,798	\$ 7,252
Mecklenburg County	191,366	806	-	806	190,560
Total revenues	<u>478,416</u>	<u>248,126</u>	<u>32,478</u>	<u>280,604</u>	<u>197,812</u>
EXPENDITURES					
Construction	<u>478,416</u>	<u>248,126</u>	<u>32,478</u>	<u>280,604</u>	<u>197,812</u>
REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
McDowell Creek Watershed Ange Property					
Project EW8021					
REVENUES					
Grant Proceeds	\$ 381,661	75,358	204,314	279,672	\$ 101,989
City of Charlotte	90,000	-	58,950	58,950	31,050
Mecklenburg County	223,406	34,096	134,569	168,665	54,741
Total revenues	<u>695,067</u>	<u>109,454</u>	<u>397,833</u>	<u>507,287</u>	<u>187,780</u>
EXPENDITURES					
Construction	<u>695,067</u>	<u>109,454</u>	<u>397,833</u>	<u>507,287</u>	<u>187,780</u>
REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>

(Continued)

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 MECKLENBURG COUNTY, NORTH CAROLINA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 GRANTS PROJECT FUND
 FOR THE YEAR ENDED JUNE 30, 2010
 (CONCLUDED)

	Project Authorization	Actual			Project Authorization Balance
		Prior Year	Current Year	Total to Date	
US Department of the Interior passed thru					
North Carolina Department of Energy and					
Natural Resources					
ARRA Four Mile Creek Greenway Grant					
Project PO7084					
REVENUES					
Grant Proceeds	\$ 150,000	\$ -	\$ 150,000	\$ 150,000	\$ -
Total revenues	150,000	-	150,000	150,000	-
EXPENDITURES					
Construction	150,000	-	150,000	150,000	-
REVENUES OVER EXPENDITURES	\$ -	-	-	-	\$ -
ARRA Torrence Creek					
Project 2W-370863-01					
REVENUES					
Grant Proceeds	\$ 2,576,000	\$ -	\$ 611,496	\$ 611,496	\$ 1,964,504
Total revenues	2,576,000	-	611,496	611,496	1,964,504
EXPENDITURES					
Construction	2,576,000	-	611,496	611,496	1,964,504
REVENUES OVER EXPENDITURES	\$ -	-	-	-	\$ -
US Department of Transportation					
ARRA Toby Creek Greenway					
Project EB-5120					
REVENUES					
Grant Proceeds	\$ 1,250,000	-	185,291	185,291	\$ 1,064,709
Total revenues	1,250,000	-	185,291	185,291	1,064,709
EXPENDITURES					
Construction	1,250,000	-	185,291	185,291	1,064,709
REVENUES OVER EXPENDITURES	\$ -	-	-	-	\$ -
ARRA West Branch Rocky River Greenway					
Project EB-5118JB					
REVENUES					
Grant Proceeds	\$ 1,110,000	-	65,178	65,178	\$ 1,044,822
Total revenues	1,110,000	-	65,178	65,178	1,044,822
EXPENDITURES					
Construction	1,110,000	-	65,178	65,178	1,044,822
REVENUES OVER EXPENDITURES	\$ -	-	-	-	\$ -
FUND BALANCE - END OF YEAR		\$ -	\$ -	\$ -	

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 MECKLENBURG COUNTY, NORTH CAROLINA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - CAPITAL RESERVE SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual
REVENUES		
Intergovernmental	\$ -	\$ 736,640
Charges for services	843,910	523,306
Other	2,406,866	1,216,468
Total Revenues	3,250,776	2,476,414
EXPENDITURES		
Capital outlay	12,012,947	11,798,509
Total Expenditures	12,012,947	11,798,509
REVENUES UNDER EXPENDITURES	(8,762,171)	(9,322,095)
OTHER FINANCING SOURCES (USES)		
Transfers from other funds	8,559,478	8,559,478
Transfers to other funds	-	(214,438)
Appropriated Fund Balance	202,693	-
Total Other Financing Sources	8,762,171	8,345,040
REVENUES AND OTHER FINANCING SOURCES UNDER EXPENDITURES	\$ -	(977,055)
FUND BALANCE - BEGINNING OF YEAR		27,166,535
FUND BALANCE - END OF YEAR		\$ 26,189,480

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 MECKLENBURG COUNTY, NORTH CAROLINA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - STORM WATER MANAGEMENT SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual
REVENUES		
Intergovernmental		
Federal	\$ 4,708,513	\$ 1,023,669
State	610,481	920,550
Local	25,000	79,697
Charges for services	13,660,625	15,173,809
Interest earned on investments	-	191,467
Other	506,458	171,941
Total Revenues	19,511,077	17,561,133
EXPENDITURES		
Land Use and Environmental Services		
Storm Water Services	11,755,093	10,597,775
Debt Service		
Principal retirement - bonds	913,256	912,893
Interest	222,012	221,946
Capital Outlay	6,620,716	1,682,495
Total Expenditures	19,511,077	13,415,109
 REVENUES OVER EXPENDITURES	 \$ -	 4,146,024
 FUND BALANCE - BEGINNING OF YEAR		 16,224,973
FUND BALANCE - END OF YEAR		\$ 20,370,997

MECKLENBURG COUNTY, NORTH CAROLINA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - LAW ENFORCEMENT SERVICE DISTRICT SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Law Enforcement Service District taxes	\$ 12,202,623	\$ 11,399,232
Interest earned on investments	-	7,192
Total Revenues	<u>12,202,623</u>	<u>11,406,424</u>
EXPENDITURES		
Business Partners:		
Law Enforcement Services	<u>12,202,623</u>	<u>12,202,623</u>
Total Expenditures	<u>12,202,623</u>	<u>12,202,623</u>
REVENUES UNDER EXPENDITURES	<u>\$ -</u>	(796,199)
FUND BALANCE - BEGINNING OF YEAR		<u>1,060,768</u>
FUND BALANCE - END OF YEAR		<u>\$ 264,569</u>

MECKLENBURG COUNTY, NORTH CAROLINA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - TRANSIT ONE-HALF CENT SALES TAX SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Transit one-half cent sales tax	\$ 34,100,000	\$ 33,658,337
EXPENDITURES		
Business Partners	<u>34,100,000</u>	<u>33,658,337</u>
REVENUES OVER EXPENDITURES	<u>\$ -</u>	-
FUND BALANCE - BEGINNING OF YEAR		-
FUND BALANCE - END OF YEAR		<u>\$ -</u>

MECKLENBURG COUNTY, NORTH CAROLINA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - SCRAP TIRE DISPOSAL SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Intergovernmental - State	\$ 1,150,000	\$ 1,030,124
Interest earned on investments	-	1,080
Other	<u>279,690</u>	<u>279,690</u>
Total Revenues	<u>1,429,690</u>	<u>1,310,894</u>
EXPENDITURES		
Land Use and Environmental Services	<u>1,429,690</u>	<u>1,278,890</u>
REVENUES OVER EXPENDITURES	<u>\$ -</u>	32,004
FUND BALANCE - BEGINNING OF YEAR		<u>68,057</u>
FUND BALANCE - END OF YEAR		<u>\$ 100,061</u>

MECKLENBURG COUNTY, NORTH CAROLINA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - DISCARDED WHITE GOODS SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Intergovernmental - State	\$ 317,507	\$ 259,843
Other	<u>94,593</u>	<u>148,972</u>
	412,100	408,815
 EXPENDITURES		
Land Use and Environmental Services	<u>412,100</u>	<u>218,075</u>
 REVENUES OVER EXPENDITURES	<u>\$ -</u>	190,740
 FUND BALANCE - BEGINNING OF YEAR		<u>1,432,667</u>
FUND BALANCE - END OF YEAR		<u>\$ 1,623,407</u>

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 MECKLENBURG COUNTY, NORTH CAROLINA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - SHERIFF SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual
REVENUES		
Charges for Services	\$ 748,876	\$ 292,738
Other	452,554	445,679
Total Revenues	1,201,430	738,417
EXPENDITURES		
Detention and Court Support Services	1,201,430	547,165
REVENUES OVER EXPENDITURES	\$ -	191,252
FUND BALANCE - BEGINNING OF YEAR		1,281,332
FUND BALANCE - END OF YEAR		\$ 1,472,584

MECKLENBURG COUNTY, NORTH CAROLINA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - REGISTER OF DEEDS SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Charges for services	\$ 785,000	\$ 524,021
EXPENDITURES		
Capital outlay	<u>785,000</u>	<u>393,499</u>
REVENUES OVER EXPENDITURES	<u>\$ -</u>	130,522
FUND BALANCE - BEGINNING OF YEAR		<u>917,092</u>
FUND BALANCE - END OF YEAR		<u>\$ 1,047,614</u>

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 MECKLENBURG COUNTY, NORTH CAROLINA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - EMERGENCY TELEPHONE SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual
REVENUES		
Interest	\$ -	\$ 6,547
Total Revenue	-	6,547
EXPENDITURES		
Business Partners	425,000	416,695
Total Expenditures	425,000	416,695
REVENUES UNDER EXPENDITURES	(425,000)	(410,148)
OTHER FINANACING SOURCES		
Appropriated Fund Balance	425,000	-
REVENUES UNDER EXPENDITURES	\$ -	(410,148)
FUND BALANCE - BEGINNING OF YEAR		747,637
FUND BALANCE - END OF YEAR		\$ 337,489

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 MECKLENBURG COUNTY, NORTH CAROLINA
 SCHEDULE OF REVENUES AND EXPENSES - BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
 SOLID WASTE OPERATING FUND
 FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual
Operating Revenues		
Charges for services	\$ 12,006,058	\$ 12,086,857
Other	743,850	2,061,722
Total Operating Revenues	12,749,908	14,148,579
Operating Expenses		
Personal services and employee benefits	4,264,632	4,123,078
Utilities	186,800	177,089
Supplies	765,516	738,357
Maintenance and repairs	1,068,000	1,047,782
Rental and occupancy charges	636,639	569,355
Contractual services	4,657,461	4,644,412
Postclosure reserve contribution	40,088	40,088
Total Operating Expenses	11,619,136	11,340,161
Operating Income	1,130,772	2,808,418
Non-operating Revenues (Expenses)		
Grant revenue	18,000	15,000
Interest Income	250,000	491,944
Interest expense	(187,990)	(187,990)
Capital outlay	(543,486)	-
Total Non-operating Revenues (Expenses)	(463,476)	318,954
Net income before transfer	667,296	3,127,372
Transfer to landfill postclosure fund	(490,000)	(490,000)
Net income after transfer	\$ 177,296	2,637,372
Reconciliation to full accrual basis		
Depreciation		(1,690,156)
Loss on sale of capital assets		(16,884)
Amortization of refunding amount		(100,325)
Net Income - Full Accrual Basis		\$ 830,007

G - 2
 MECKLENBURG COUNTY, NORTH CAROLINA
 LANDFILL CONSTRUCTION, FINAL DEVELOPMENT AND POSTCLOSURE RESERVE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	Project Authorization	Prior Years'	Actual Current Year	Total to Date
REVENUES				
Fees and charges	\$ 3,100,000	\$ 3,100,000	\$ -	\$ 3,100,000
EXPENDITURES				
Landfill construction	1,755,188	1,135,603	-	1,135,603
Land improvements	2,286,511	1,955,704	335,135	2,290,839
Final development and postclosure costs	10,669,587	6,995,430	-	6,995,430
Total expenditures	<u>14,711,286</u>	<u>10,086,737</u>	<u>335,135</u>	<u>10,421,872</u>
REVENUES OVER (UNDER) EXPENDITURES	(11,611,286)	(6,986,737)	(335,135)	(7,321,872)
OTHER FINANCING SOURCES				
Interest earned on investments	583,910	2,358,675	148,999	2,507,674
Operating transfer from Solid Waste Enterprise Fund	11,027,376	11,027,376	490,000	11,517,376
Total other financing sources	<u>11,611,286</u>	<u>13,386,051</u>	<u>638,999</u>	<u>14,025,050</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 6,399,314</u>	<u>\$ 303,864</u>	<u>\$ 6,703,178</u>

Statistical

The tables in this section provide additional information regarding the County's financial performance and position over time.

Statistical Section

The Statistical Section presents detailed information for the primary government in the following areas, as a context for understanding what the information in the Financial Section presents about the County's overall financial health:

FINANCIAL TRENDS – Tables 1 through 5: Information to help the reader understand how the County's financial performance and well-being have changed over time.

REVENUE CAPACITY – Tables 6 through 10: Information to help the reader assess the County's most significant local revenue sources.

DEBT CAPACITY – Tables 11 through 16: Information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC DATA – Tables 17 and 18: Indicators to help the reader understand the environment within which the County's financial activities take place.

OPERATIONAL INFORMATION – Tables 19 through 21: Service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

Where possible, the tables cover ten years of data, and any data presented that is taken from outside the County's financial records notes the source of that data.

TABLE 1

MECKLENBURG COUNTY, NORTH CAROLINA
NET ASSETS BY COMPONENT
FISCAL YEAR ENDED JUNE 30, 2010
(Accrual Basis of Accounting)

	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities								
Invested in capital assets, net of related debt	\$ 463,345,867	\$ 531,275,904	\$ 304,151,869	\$ 356,614,648	\$ 310,896,185	\$ 213,635,383	\$ 127,817,905	\$ 77,069,836
Restricted	97,770,660	91,391,765	327,384,574	231,207,128	182,178,629	236,984,909	169,123,657	80,047,571
Unrestricted	(1,317,370,389)	(1,447,188,420)	(1,309,903,323)	(1,184,345,098)	(1,136,920,390)	(1,181,459,138)	(1,002,284,082)	(805,386,293)
Total Governmental Activities	<u>(756,253,862)</u>	<u>(824,520,751)</u>	<u>(678,366,880)</u>	<u>(596,523,322)</u>	<u>(643,845,576)</u>	<u>(730,838,846)</u>	<u>(705,322,500)</u>	<u>(648,268,886)</u>
Business-type Activities								
Invested in capital assets, net of related debt	49,923,326	43,152,758	43,086,496	42,315,856	38,801,651	34,801,339	31,603,515	26,493,191
Restricted	8,374,290	8,618,465	7,887,353	7,103,682	6,136,846	4,633,253	3,633,177	2,772,021
Unrestricted	9,497,989	14,515,731	12,011,366	7,489,702	6,062,071	6,313,736	5,508,645	8,721,469
Total Business-type Activities	<u>67,795,605</u>	<u>66,286,954</u>	<u>62,985,215</u>	<u>56,909,240</u>	<u>51,000,568</u>	<u>45,748,328</u>	<u>40,745,337</u>	<u>37,986,681</u>
Primary Government								
Invested in capital assets, net of related debt	513,269,193	574,428,662	347,238,365	398,930,504	349,697,836	248,436,722	159,421,420	103,563,027
Restricted	106,144,950	100,010,230	335,271,927	238,310,810	188,315,475	241,618,162	172,756,834	82,819,592
Unrestricted	(1,307,872,400)	(1,432,672,689)	(1,297,891,957)	(1,176,855,396)	(1,130,858,319)	(1,175,145,402)	(996,755,417)	(796,664,824)
Total Primary Government	<u>\$ (688,458,257)</u>	<u>\$ (758,233,797)</u>	<u>\$ (615,381,665)</u>	<u>\$ (539,614,082)</u>	<u>\$ (592,845,008)</u>	<u>\$ (685,090,518)</u>	<u>\$ (664,577,163)</u>	<u>\$ (610,282,205)</u>

TABLE 2
MECKLENBURG COUNTY, NORTH CAROLINA
CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010
(Accrual Basis of Accounting)

	2010	2009	2008	2007	2006	2005	2004	2003
Expenses:								
Governmental Activities:								
Management Services								
Customer Satisfaction and Communication	10,390,706	10,140,258	9,432,409	9,386,599	8,036,557	5,071,173	4,713,506	4,030,103
Customer Satisfaction and Management Services	43,718,532	64,375,308	61,279,620	44,273,000	40,844,068	43,750,891	39,279,980	38,725,174
Administrative Services	16,659,248	25,160,033	7,120,138	6,326,773	5,567,668	5,180,393	3,800,229	3,256,165
Land Use and Environmental Services	50,748,375	58,732,377	57,010,773	52,666,060	48,392,098	47,169,106	44,964,169	43,001,664
Community Services	81,446,000	88,287,519	81,126,150	72,095,240	69,988,542	60,041,146	55,180,957	66,611,979
Detention and Court Support Services	128,670,916	129,925,222	121,321,357	108,416,665	100,440,768	91,010,118	90,163,414	88,348,286
Health and Human Services	305,754,444	313,323,869	316,744,954	293,701,918	302,912,035	295,466,889	284,575,085	272,484,306
Business Partners	559,630,830	767,838,393	667,379,265	617,922,536	525,688,223	544,344,802	562,530,240	562,530,240
Interest on long term debt: general purpose schools	39,944,614	38,561,238	34,635,394	34,635,394	37,554,279	27,162,389	37,554,279	34,545,455
Total Governmental Activities Expenses	46,320,997	45,518,250	51,320,375	52,334,543	47,444,414	47,180,788	39,134,034	27,373,405
Total Governmental Activities Expenses	1,283,484,662	1,541,862,467	1,407,863,008	1,291,758,728	1,183,707,874	1,166,377,695	1,134,752,901	1,140,907,777
Business-type Activities:								
Solid Waste Operations	12,970,552	13,679,582	13,504,089	12,491,152	11,840,983	10,222,626	10,137,235	10,279,190
Total Primary Government Expenses	1,296,455,214	1,555,542,049	1,421,367,097	1,304,249,880	1,195,548,857	1,176,600,321	1,144,890,136	1,151,186,967
Program Revenues:								
Governmental Activities:								
Charges for services								
Management Services								
Customer Satisfaction and Communication	1,250	400		4,425	3,000	3,288		646,439
Customer Satisfaction and Management Service	2,012,917	1,413,531	1,989,748	1,432,914	2,418,970	2,351,459	2,786,765	1,279,185
Administrative Services	481,537	482,146	7,795	9,536	25,784	322,643	801,132	512,201
Land Use and Environmental Services	38,966,978	42,341,007	57,513,158	62,589,961	52,333,602	50,768,661	48,230,572	44,582,852
Community Services	4,821,374	5,031,383	5,108,761	4,834,221	4,226,162	4,094,909	3,871,825	3,629,118
Detention and Court Support Services	23,841,485	26,829,284	34,652,378	34,443,731	31,401,913	26,582,127	21,663,604	20,577,110
Health and Human Services	18,666,783	16,423,520	17,897,027	14,392,646	30,306,153	23,087,794	25,028,178	22,600,618
Business Partners	3,989,324	3,625,969	6,497,024	4,542,827	4,549,316	5,851,361	3,547,264	2,970,368
Operating grants and contributions	197,617,627	209,249,190	202,018,874	178,316,481	161,050,616	163,656,851	157,802,215	170,004,106
Capital grants and contributions	1,755,883	562,247	2,324,217	2,599,824	625,975	152,290	1,367,318	1,330,408
Total Governmental Activities Program Revenues	292,145,158	305,958,677	328,008,982	303,166,566	286,941,491	276,891,383	265,098,873	268,132,465
Business-type Activities								
Charges for services	12,086,857	13,372,703	18,404,455	17,332,509	16,400,768	14,919,683	12,746,983	11,135,681
Operating grants and contributions	15,000					40,000		785,158 (A)
Total Business-type activities Program Revenues	12,101,857	13,372,703	18,404,455	17,332,509	16,400,768	14,959,683	12,746,983	11,920,839
Total Primary Government Program Revenues	304,247,015	319,331,380	346,413,437	320,499,075	303,342,259	291,851,066	277,845,856	280,053,244
Net Expense	(991,339,504)	(1,235,903,790)	(1,079,854,026)	(988,592,162)	(896,766,363)	(889,486,312)	(869,654,028)	(872,775,372)
Business-type activities	(688,695)	(306,679)	4,900,366	4,841,357	4,559,795	4,737,057	2,609,748	1,641,649
Total Primary Government Net Expense	(992,208,199)	(1,236,210,669)	(1,074,953,660)	(983,750,805)	(892,206,568)	(884,749,255)	(867,044,280)	(871,133,723)
General Revenues								
Governmental Activities								
Property taxes, general purpose	840,297,024	820,787,407	790,150,824	743,452,736	725,530,314	630,065,242	606,101,525	576,928,663
Property taxes, Law Enforcement Service District	11,037,298	13,660,948	12,348,157	12,585,852	12,251,561	13,441,010	12,948,398	11,390,346
Sales taxes	186,765,702	199,787,001	247,551,124	244,421,759	218,196,848	201,685,317	180,631,909	158,308,798
Other taxes	9,379,388	8,989,608	9,209,619	8,132,918	7,805,251	6,571,325	5,852,083	4,523,350 (B)
Investment earnings	4,067,591	18,000,502	29,575,757	26,466,462	17,883,110	11,109,807	5,337,180	7,054,650
Miscellaneous	555,887	1,785,466	1,108,328	854,669	2,092,569	1,047,340	1,729,319	1,510,628
Total Governmental Activities General Revenues	1,052,102,880	1,063,010,932	1,089,943,809	1,035,914,416	983,923,041	863,923,041	812,600,414	759,717,435
Business-type Activities								
Investment earnings	305,027	829,411	1,137,656	1,067,315	682,455	312,859	148,908	213,483
Miscellaneous	2,072,319	2,779,207	37,953					
Total Business-type Activities General Revenues	2,377,346	3,608,618	1,175,609	1,067,315	682,455	312,859	148,908	213,483
Total Primary Government General Revenues	1,054,480,226	1,066,619,550	1,091,119,418	1,036,981,731	984,452,108	864,235,900	812,499,322	759,930,918
Change in Net Assets	60,763,386	(172,892,858)	10,089,783	47,322,254	86,983,270	(25,563,271)	(67,053,614)	(113,057,937)
Business-type Activities	1,508,651	3,301,739	6,075,975	5,908,672	5,262,240	5,049,916	2,788,656	1,855,132
Total Primary Government Change in Net Assets	\$ 62,272,037	\$ (169,591,119)	\$ 16,165,758	\$ 53,230,926	\$ 92,245,510	\$ (20,513,355)	\$ (64,264,958)	\$ (111,202,805)

NOTES: (A) FEMA revenue from ice storm clean-up.
(B) State reimbursements were eliminated for years after 2002.

TABLE 3

MECKLENBURG COUNTY, NORTH CAROLINA
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (Modified Accrual Basis of Accounting)

June 30	General Fund			All Other Governmental Funds				All Governmental Funds Total		
	Reserved for Encumbrances	Reserved by State Statute	Unreserved	Total	Reserved for Encumbrances	Reserved by State Statute	Special Revenue Funds			
							Unreserved		Total	
2010	\$ 20,538,100	\$ 87,950,368	\$ 220,980,457	\$ 329,468,925	\$ 31,995,899	\$ 10,477,931	\$ 29,267,911	\$ 19,067,519	\$ 90,809,260	\$ 420,278,185
2009	19,427,882	79,280,685	260,840,285	359,548,852	42,929,488	7,749,028	32,950,716	3,575,567	87,204,799	446,753,651
2008	23,067,756	73,790,931	265,285,330	362,144,017	101,422,120	16,698,476	28,301,001	235,059,360	381,480,957	743,624,974
2007	21,626,933	77,459,022	244,382,297	343,468,252	36,133,168	11,083,386	34,144,388	176,601,035	257,961,977	601,430,229
2006	25,594,209	71,727,868	194,232,627	291,554,704	32,175,939	9,050,935	31,337,721	152,167,587	224,732,182	516,286,886
2005	15,868,220	75,378,590	149,048,699	240,295,509	54,824,194	10,548,021	19,046,705	168,920,112	253,339,032	493,634,541
2004	13,349,881	90,196,834	106,511,731	210,058,446	101,131,886 (A)	11,424,512	6,416,518	132,562,611	251,535,527	461,593,973
2003	11,978,650	59,731,407	94,082,288	165,792,345	19,710,606	25,993,028	20,866,532	206,889,877	273,460,043	439,252,388
2002	10,336,702	60,023,680	107,609,896	177,970,278	16,778,218	36,026,684	13,366,089	12,174,126 (B)	78,345,117	256,315,395
2001	9,048,022	61,210,113	109,589,642	179,847,777	29,319,975	19,951,579	10,849,378	208,843,117	268,964,049	448,811,826

NOTES: (A) Increase in reserve for encumbrance reflects start-up of capital projects.
 (B) Low level reflects cycle of capital projects.

TABLE 4

MECKLENBURG COUNTY, NORTH CAROLINA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenues										
Taxes	\$ 996,823,542	\$ 988,355,276	\$ 1,002,132,382	\$ 948,779,819	\$ 916,447,749	\$ 801,413,253	\$ 757,942,982	\$ 709,402,473	\$ 676,576,410	\$ 581,919,919
Law Enforcement Service District Taxes	11,399,232	13,660,948	12,348,157	12,585,852	13,441,010	12,948,398	12,948,398	11,390,346	10,667,516	4,867,709
Transit One-Half Cent Sales Tax	33,658,337	33,760,238	38,621,351	38,167,932	35,410,666	32,094,987	29,235,677	27,272,168	27,726,072	29,571,603
License and permits	12,440,081	14,896,152	23,769,577	26,667,640	25,435,596	20,810,125	20,810,125	18,202,231	18,834,892	19,246,088
Intergovernmental	198,522,521	208,268,483	202,763,758	177,779,577	158,813,796	163,916,973	159,880,651	168,436,791	191,005,441	205,805,048
Charges for Services	77,150,985	78,323,901	93,854,623	92,926,023	96,750,617	86,897,555	80,854,424	75,453,642	70,044,344	53,645,929
Interest earned on investments	4,067,591	18,000,502	29,575,757	26,466,482	17,883,110	11,109,807	5,337,180	7,054,650	13,735,418	29,140,334
Administrative charges	2,744,287	4,186,330	4,102,864	3,812,889	3,003,655	2,868,482	2,868,482	3,827,673	3,957,040	3,737,835
Other	10,678,845	12,185,718	15,791,573	11,052,022	13,503,610	8,649,858	8,035,568	11,868,431	8,344,108	6,327,552
Total Revenues	1,347,485,421	1,371,643,548	1,422,960,042	1,338,238,246	1,279,500,360	1,141,893,880	1,077,913,497	1,032,908,405	1,020,891,241	934,262,715
Expenditures										
Current										
Customer Satisfaction and Management	10,436,098	10,040,369	9,335,137	9,345,322	7,933,172	4,996,350	4,625,981	3,956,605	-	-
Management Services	-	-	-	-	-	-	-	-	41,515,761	-
Policy Development and Management Support	-	-	-	-	-	-	-	-	-	18,394,545
Corporate Support Services	-	-	-	-	-	-	-	-	-	14,222,443
Administrative Services	61,936,299	60,733,760	60,651,676	45,881,538	40,684,412	41,561,961	37,377,104	35,273,845	-	-
Financial Services	9,284,883	9,094,428	9,285,342	7,392,488	6,757,139	5,828,781	5,343,695	5,117,608	6,321,146	-
Customer Satisfaction and Communication	53,482,276	62,205,728	59,788,568	55,319,765	50,845,010	47,229,852	46,404,385	44,749,116	906,866	-
Land use and Environmental Services	77,281,017	82,584,269	78,353,413	71,197,222	67,668,009	58,294,732	53,533,773	54,995,316	50,947,149	50,048,795
Community Services	115,483,860	116,146,771	108,381,204	99,542,545	91,453,555	82,636,365	81,525,311	79,871,042	74,084,024	51,612,904
Detention and Court Support Services	304,143,599	310,877,979	315,306,697	293,423,556	301,585,511	293,523,030	283,596,456	272,272,635	269,324,679	265,241,702
Health and Human Services	-	-	-	-	-	-	-	-	-	-
Government Relations	-	-	-	-	-	-	-	-	-	-
Business Partners	427,868,575	468,609,273	478,299,087	444,142,474	402,885,075	373,999,218	367,724,761	362,949,449	358,244,788	307,661,160
Debt Service	-	-	-	-	-	-	-	-	-	-
Principal payments	172,516,990	164,288,423	148,389,990	136,698,950	124,519,648	107,184,279	92,128,738	85,933,382	75,427,084	64,884,716
Interest and fiscal charges	86,265,613	84,392,437	86,448,342	87,443,865	81,837,867	76,155,339	76,688,313	61,918,860	65,634,225	58,728,289
Capital Outlay	165,138,075	416,730,076	270,970,375	294,148,772	277,678,617	264,557,921	239,833,978	260,268,835	303,927,878	281,953,028
Total Expenditures	1,483,837,285	1,785,603,513	1,625,209,831	1,484,536,487	1,453,848,015	1,355,967,828	1,288,782,505	1,267,306,693	1,298,569,840	1,188,117,623
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(136,351,864)	(414,159,965)	(202,249,789)	(146,298,251)	(174,347,655)	(214,073,948)	(210,869,008)	(234,398,288)	(277,678,599)	(253,854,908)
OTHER FINANCING SOURCES (USES)										
Transfers in	62,382,485	57,599,303	46,085,408	29,583,692	38,992,801	7,769,837	23,980,299	3,068,095	7,452,795	8,487,318
Transfers out	(62,382,485)	(57,467,613)	(46,085,408)	(29,583,692)	(38,992,801)	(7,722,912)	(23,980,299)	(2,920,658)	(7,452,795)	(6,333,175)
Refunding bonds issued	589,310,000	-	-	-	-	172,125,000	135,470,000	12,160,000	30,531,136	148,692,780
Payment to refunded bond escrow agent	(638,141,957)	(276,841,503)	-	-	-	(188,732,416)	(148,763,086)	(13,145,339)	(30,531,136)	(148,692,780)
Bond and other debt issues	100,000,000	334,730,000	320,180,000	225,135,000	197,000,000	245,665,000	223,155,000	416,820,000	85,000,000	280,000,000
Capitalized Lease	-	2,500,000	-	-	-	-	1,426,923	104,260	246,670	5,545,928
Premium on bonds issued	58,708,355	38,993,762	13,282,440	6,306,594	-	17,010,007	1,248,923	-	-	-
Total Other Financing Sources	109,876,398	99,513,949	333,462,440	231,441,594	197,000,000	246,114,516	233,210,593	417,335,281	85,246,670	287,700,071
NET CHANGE IN FUND BALANCES	(26,475,466)	(314,648,016)	(131,212,651)	85,143,343	22,652,345	32,040,568	22,341,585	182,936,993	(192,431,929)	33,845,163
FUND BALANCES-BEGINNING OF YEAR	446,753,651	743,624,974	601,430,229	516,286,886	493,634,541	461,593,973	439,252,388	256,315,395	448,811,826	412,149,807
RESIDUAL EQUITY TRANSFER RECLASSIFICATION	-	-	-	-	-	-	-	-	-	2,816,866
FUND BALANCES-END OF YEAR	\$ 420,278,185	\$ 446,753,651	\$ 743,624,974	\$ 601,430,229	\$ 516,286,886	\$ 493,634,541	\$ 461,593,973	\$ 439,252,388	\$ 256,315,395	\$ 448,811,826
Debt Service as a percent of non-capital expenditures	19.62%	14.70%	15.24%	16.00%	15.06%	14.57%	16.15%	14.71%	14.39%	13.63%

TABLE 5
 MECKLENBURG, NORTH CAROLINA
 GOVERNMENTAL TAX REVENUE BY SOURCE
 LAST TEN FISCAL YEARS

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Tax Revenues										
General Property	\$ 840,331,467	\$ 818,740,877	\$ 789,623,586	\$ 738,775,024	\$ 729,765,134	\$ 627,924,349	\$ 602,098,773	\$ 575,430,471	\$ 555,919,512	\$ 460,936,248
Sales	153,107,365	166,020,763 (D)	208,929,773	206,253,827	182,786,182	169,590,330	151,396,232	119,021,487	115,807,548	115,997,743
Room Occupancy	902,852	927,151	669,476	993,378	1,356,706	1,162,122	1,230,086	1,174,765	1,189,818	1,333,592
Vehicle Rental	2,178,666	2,526,632	2,863,679	2,724,891	2,510,499	1,979,056	1,801,182	1,739,114	1,655,111	1,681,005 (C)
Other	303,192	139,853	45,868	32,699	29,228	27,371	45,707	21,493	72,858	68,679
	<u>\$ 996,823,542</u>	<u>\$ 988,355,276</u>	<u>\$ 1,002,132,382</u>	<u>\$ 948,779,819</u>	<u>\$ 916,447,749</u>	<u>\$ 800,683,228</u>	<u>\$ 756,571,980</u>	<u>\$ 697,387,330</u>	<u>\$ 674,644,847</u>	<u>\$ 580,017,267</u>

NOTES:

- (A) Revaluation.
- (B) Additional 1/2 cent sales tax levied.
- (C) Vehicle rental tax was adopted and collected by Tax Collector's Office.
- (D) The State reduced the distribution of a 1/4 cent sales tax and the general economy contracted.

TABLE 6

MECKLENBURG COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
FOR THE YEAR ENDED JUNE 30, 2010

	Countywide			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	\$ 92,840,666,707	\$ 0.8387	\$ 778,654,672	\$ 778,654,672	\$ -
Motor vehicles taxed at current year's rate	4,102,020,117	0.8387	34,403,642	-	34,403,642
Motor vehicles taxed at prior year's rate	<u>2,377,369,419</u>	0.8387	<u>19,938,998</u>	<u>-</u>	<u>19,938,998</u>
Total	<u>99,320,056,243</u>		<u>832,997,312</u>	<u>778,654,672</u>	<u>54,342,640</u>
Discoveries:					
Prior year taxes	571,724,364	Various	4,607,997	4,607,997	-
Penalties	<u>-</u>		<u>1,286,341</u>	<u>1,286,341</u>	<u>-</u>
Total	<u>571,724,364</u>		<u>5,894,338</u>	<u>5,894,338</u>	<u>-</u>
Total property valuation	<u><u>\$ 99,891,780,607</u></u>				
Net levy			838,891,650	784,549,010	54,342,640
Uncollected taxes at June 30, 2010			<u>(18,143,292)</u>	<u>(10,533,189)</u>	<u>(7,610,143)</u>
Current year's taxes collected			<u>\$ 820,748,358</u>	<u>\$ 774,015,821</u>	<u>\$ 46,732,497</u>
Current net levy collection percentage			<u>97.84%</u>	<u>98.66%</u>	<u>86.00%</u>

Note: The tax levy is net of rebates.

TABLE 7
 MECKLENBURG COUNTY, NORTH CAROLINA
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (1)
 LAST TEN FISCAL YEARS
 (IN MILLIONS)

Fiscal Year Ended June 30,	Real Property	Personal Property	State Certifications	Less Elderly Exemption	Total Assessed Valuation(2)	Direct Tax Rate
2010	\$ 81,628.2	\$ 14,990.3	\$ 3,273.2	\$ -	(3) \$ 99,891.8	\$ 0.8387
2009	78,995.3	15,461.7	3,356.6	-	97,813.6	0.8387
2008	76,671.4	15,312.1	3,287.1	(170.9)	95,099.7	0.8387
2007	72,755.0	14,454.9	3,676.1	(167.3)	90,718.7	0.8189
2006	71,019.8	13,965.6	3,560.0	(185.7)	88,359.7	0.8368
2005	67,762.8	13,111.9	3,595.3	(167.7)	84,302.3	0.7567
2004	67,121.9	12,880.2	3,642.7	(157.2)	83,487.6	0.7364
2003	53,292.3	12,890.8	3,434.3	(1,123.3)	68,494.1	0.8397
2002	51,009.3	12,870.0	4,063.4	(47.4)	67,895.3	0.8397
2001	48,090.1	12,341.0	3,828.0	(48.9)	64,210.2	0.7300

Notes:

- (1) Assessed valuations are established by the Board of County Commissioners at 100% of estimated market value for real property and 100% of actual value for all other property. A revaluation of real property is required by North Carolina General Statutes at least every eight years. Revaluations were completed for fiscal years 2004 and 1999.
- (2) Assessed valuations equals estimated actual value, which approximates market value.
- (3) Elderly Exemption is net of Real Property beginning FY 2009

TABLE 8

MECKLENBURG COUNTY, NORTH CAROLINA
 PROPERTY TAX RATES PER \$100 ASSESSED VALUATION
 DIRECT AND OVERLAPPING GOVERNMENTS
 LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Mecklenburg County	Charlotte	Cornelius	Davidson	Huntersville	Matthews	Mint Hill	Pineville
2010	\$.8387	\$.4586	\$.275	\$.365	\$.290	\$.3325	\$.275	\$.32
2009	.8387	.4586	.275	.365	.290	.3325	.275	.32
2008	.8387	.4586	.275	.345	.290	.3075	.275	.30
2007	.8189	.4586	.275	.345	.290	.3075	.275	.30
2006	.8368	.420	.26	.345	.280	.3075	.275	.30
2005	.7567	.420	.26	.345	.280	.3075	.275	.30
2004 (A)	.7364	.420	.26	.325	.280	.30	.275	.30
2003	.8397	.467	.29	.355	.312	.32	.29	.30
2002	.8397	.467	.26	.335	.26	.27	.25	.21
2001	.73	.467	.26	.315	.26	.23	.235	.21

NOTES: (A) Revaluation

SOURCES (other than Mecklenburg County): North Carolina Tax Research Division

TABLE 9

MECKLENBURG COUNTY, NORTH CAROLINA
PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Enterprise	2010			2001		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy	Utility	\$ 1,790,643,469	1	1.71 %	\$ 2,126,117,406	1	3.31 %
Bank of America	Financial Services	1,658,024,093	2	1.65	695,231,458	3	1.08
Wells Fargo/Wachovia	Financial Services	1,317,523,738	3	1.31	703,188,077	2	1.09
A T & T	Utilities	665,836,099	4	0.66	-	-	-
Piedmont Natural Gas Company	Utility	319,008,741	5	0.31	266,280,024	6	0.41
U S Airways, Incorporated	Transportation	317,320,296	6	0.31	503,329,130	5	0.78
Time Warner	Utility	301,212,035	7	0.30	-	-	-
Teachers Insurance	Insurance	293,940,280	8	0.29	-	-	-
South Park Mall	Retail	215,024,851	9	0.21	-	-	-
Panthers Stadium LLC/Carolina Stadium	Property Management	201,001,530	10	.020	175,740,786	9	0.27
BellSouth Telecommunication	Utility	-	-	-	604,374,796	4	0.94
CK / Childress Klein	Property Management	-	-	-	265,013,546	7	0.41
International Business Machine (IBM)	Data Processing	-	-	-	188,080,247	8	0.29
General Tire	Manufacture	-	-	-	140,624,746	10	0.22
Total		\$ 7,079,535,132		6.95 %	\$ 5,667,980,216		8.82 %

TABLE 10

MECKLENBURG COUNTY, NORTH CAROLINA
PROPERTY TAX LEVIES, TAX COLLECTIONS AND CREDITS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Tax Year	Total Tax Levy (A)	Collected within Fiscal Year of Levy	Percent of Levy Collected	Collections and Credits in Subsequent Years	Total Tax Collections and Credits To Date	Percent of Total Tax Collections to Tax Levy
		\$	\$	%	\$	\$	%
2010	2009	838,891,650	820,748,317	97.84	-	820,748,317	97.84
2009	2008	821,454,282	801,438,087	97.56	12,546,790	813,984,877	99.09
2008	2007	798,235,098	778,803,875	97.57	12,910,816	791,714,691	99.18
2007	2006	744,389,072	726,036,272	97.53	13,606,898	739,643,170	99.36
2006	2005	737,016,999	719,159,556	97.58	14,562,762	733,722,318	99.55
2005	2004	638,233,219	621,013,346	97.30	15,398,657	636,412,003	99.71
2004	(B) 2003	618,204,112	600,442,660	97.13	14,899,108	615,341,768	99.54
2003	2002	584,218,432	563,710,798	96.49	17,673,553	581,384,351	99.51
2002	2001	567,874,819	551,873,811	97.18	14,671,584	566,545,395	99.77
2001	2000	469,522,916	456,774,995	97.28	11,689,601	468,464,596	99.77

Notes:

- (A) Includes discoveries and excludes the Law Enforcement Service District.
(B) Revaluation.

TABLE 11
 MECKLENBURG COUNTY, NORTH CAROLINA
 SCHEDULE OF BONDS PAYABLE
 June 30, 2010

Description	Issue Date	Due Serially To	Average Interest Rate	Original Issue	Balance July 1, 2009	Sold	Retired	Balance June 30, 2010	Interest Paid in Current Year
Public Improvements Refunding Bonds 1993	October 1, 1993	2012	4.6630 %	\$ 272,295,000	\$ 22,740,000	\$ -	\$ 7,625,000	\$ 15,115,000	\$ 1,364,400
Variable Rate Demand Bonds 1996	March 1, 1996	2015	Variable	50,000,000	50,000,000	-	50,000,000	-	39,233
Variable Rate Demand Bonds 1998	February 1, 1998	2018	Variable	50,000,000	50,000,000	-	50,000,000	-	36,808
Public Improvements 2000A	February 1, 2000	2010	4.9827	34,000,000	3,400,000	-	3,400,000	-	170,000
Public Improvements 2000B	February 1, 2000	2010	4.9827	20,000,000	2,000,000	-	2,000,000	-	100,000
Variable Rate Demand Bonds 2000C	February 1, 2000	2020	Variable	50,000,000	50,000,000	-	-	50,000,000	1,693,618
Public Improvements 2000D	November 1, 2000	2014	4.9303	100,000,000	9,000,000	-	9,000,000	-	450,000
Variable Rate Demand Bonds 2000E	October 1, 2000	2020	Variable	50,000,000	50,000,000	-	50,000,000	-	53,890
Public Improvements 2001A	May 1, 2001	2018	4.6868	105,000,000	16,000,000	-	8,000,000	8,000,000	720,000
Variable Rate Demand Bonds 2001B	May 1, 2001	2021	Variable	25,000,000	25,000,000	-	-	25,000,000	856,624
Refunding 2001C	May 1, 2001	2013	4.3714	149,455,000	61,345,000	-	17,670,000	43,675,000	3,373,975
Public Improvements 2001D	December 1, 2001	2021	4.3102	56,000,000	9,500,000	-	2,300,000	7,200,000	380,000
Public Improvements 2002A	August 1, 2002	2018	3.9499	14,400,000	3,000,000	-	1,000,000	2,000,000	115,000
Public Improvements 2002B	August 1, 2002	2020	4.2070	139,000,000	27,000,000	-	9,000,000	18,000,000	1,080,000
Variable Rate Demand Bonds 2002C	August 1, 2002	2022	Variable	25,000,000	25,000,000	-	25,000,000	-	13,548
Public Improvements 2003A	February 1, 2003	2020	4.0699	193,000,000	56,000,000	-	13,000,000	43,000,000	2,240,000
Variable Rate Demand Bonds 2003B	February 1, 2003	2023	Variable	40,000,000	40,000,000	-	-	40,000,000	112,975
Refunding 2003C	February 1, 2003	2011	3.0684	12,160,000	2,960,000	-	1,905,000	1,055,000	148,000
Public Improvement 2004A	February 1, 2004	2020	3.4130	105,000,000	72,325,000	-	6,575,000	65,750,000	3,221,750
Variable Rate Demand Bonds 2004B	February 1, 2004	2024	Variable	100,000,000	100,000,000	-	-	100,000,000	250,575
Refunding 2004C	April 1, 2004	2013	3.0951	135,470,000	91,880,000	-	22,460,000	69,420,000	4,594,000
Public Improvements 2005A	February 1, 2005	2026	3.9849	32,300,000	27,455,000	-	1,615,000	100,000,000	1,076,398
Variable Rate Demand Bonds 2005B	February 1, 2005	2026	Variable	100,000,000	94,000,000	-	94,000,000	25,840,000	39,609
Refunding 2005C	May 1, 2005	2016	3.4368	172,125,000	154,350,000	-	16,540,000	137,810,000	7,717,500
Variable Rate Demand Bonds 2006A	February 1, 2006	2026	Variable	89,000,000	75,650,000	-	4,450,000	71,200,000	3,071,399
Public Improvements 2007A	February 1, 2007	2027	4.1690	102,000,000	98,000,000	-	63,090,000	34,910,000	4,643,534
Parks and Recreation Bonds 2008A	February 1, 2008	2028	3.6115	12,000,000	11,400,000	-	600,000	10,800,000	397,350
Public Improvements 2008B	February 1, 2008	2028	3.7954	148,500,000	145,500,000	-	53,000,000	92,500,000	6,795,000
Refunding 2009A	March 10, 2009	2021	2.2523	243,965,000	243,965,000	-	-	243,965,000	9,739,185
Public Improvements 2009B	September 1, 2009	2021	3.5372	100,000,000	-	100,000,000	-	100,000,000	2,116,840
Refunding 2009C	September 1, 2009	2021	2.6227	130,390,000	-	130,390,000	-	130,390,000	3,177,992
Variable Rate Refunding Bonds 2009D	July 10, 2009	2021	Variable	120,000,000	120,000,000	-	2,040,000	117,960,000	4,184,739
Refunding 2010	March 16, 2010	2026	3.1098	114,940,000	-	114,940,000	-	114,940,000	-
				<u>\$ 3,091,000,000</u>	<u>\$ 1,617,470,000</u>	<u>\$ 465,330,000</u>	<u>\$ 514,270,000</u>	<u>\$ 1,568,530,000</u>	<u>\$ 63,973,942</u>

TABLE 12

MECKLENBURG COUNTY, NORTH CAROLINA
SCHEDULE OF INSTALLMENT FINANCINGS
JUNE 30, 2010

Description	Issue Date	Due Serially To	Average Interest Rate	Original Issue	Balance July 1, 2009	Issued	Retired	Balance June 30, 2010	Interest Paid Current Year
2000 Certificates of Participation	April 1, 2000	2020	Variable	\$ 25,000,000	\$ 13,750,000	\$ -	\$ 13,750,000	\$ -	11,313
2001 Certificates of Participation	November 1, 2001	2021	Variable	29,000,000	18,850,000	-	18,850,000	-	15,994
2002 Certificates of Participation	August 1, 2002	2009	Variable	5,420,000	770,000	-	770,000	-	395
2004 Certificates of Participation	February 1, 2004	2014	Variable	18,155,000	9,100,000	-	9,100,000	-	7,871
2005 Certificates of Participation	February 1, 2005	2025	Variable	113,365,000	90,685,000	-	90,685,000	-	85,020
2006 Certificates of Participation	February 1, 2006	2026	Variable	108,000,000	91,800,000	-	5,400,000	86,400,000	2,229,313
2007 Certificates of Participation	February 1, 2007	2027	Variable	123,135,000	110,825,000	-	110,825,000	-	85,381
2008A Certificates of Participation	February 1, 2008	2028	Variable	124,960,000	116,975,000	-	7,985,000	108,990,000	1,185,477
2008B Certificates of Participation	February 1, 2008	2028	4.435	34,720,000	34,720,000	-	-	34,720,000	1,600,069
2009A Certificates of Participation	February 1, 2009	2029	4.224	90,765,000	90,765,000	-	4,430,000	86,335,000	4,004,154
2009A Limited Obligation Bonds	September 3, 2009	2027	3.742	223,980,000	-	223,980,000	18,340,000	205,640,000	5,075,991
				<u>\$ 896,500,000</u>	<u>\$ 578,240,000</u>	<u>\$223,980,000</u>	<u>\$ 280,135,000</u>	<u>\$ 522,085,000</u>	<u>\$ 14,300,978</u>

TABLE 13

MECKLENBURG COUNTY, NORTH CAROLINA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	General Obligation Bonds	Capital Leases				
2010	\$ 1,567,343,885	\$ 522,085,000	\$ 1,861,985	\$ 1,186,115	\$ 1,462,569	\$ 2,093,939,554	N/A	\$ 2,174	
2009	1,615,700,430	578,240,000	3,857,430	1,769,570	2,053,262	2,201,620,692	9.84	2,354	
2008	1,757,830,836	517,980,000	3,158,397	2,754,164	940,759	2,282,664,156	10.41	2,528	
2007	1,722,134,476	380,820,000	4,537,696	4,010,524	1,182,972	2,112,685,668	9.75	2,424	
2006	1,739,419,853	274,055,000	6,515,686	5,280,147	153,731	2,025,424,417	9.68	2,382	
2005	1,762,947,787	177,025,000	8,592,716	7,102,213	304,332	1,955,972,048	9.72	2,357	
2004	1,738,467,066	68,900,000	10,562,343	9,432,938	626,242	1,827,988,589	9.78	2,282	
2003	1,624,650,804	54,220,000	11,141,620	11,889,196	945,202	1,702,846,822	9.49	2,202	
2002	1,296,873,163	51,500,000	13,137,004	14,391,837	1,261,220	1,377,163,224	7.93	1,845	
2001	1,316,548,704	23,750,000	15,077,792	17,061,296	697,703	1,373,135,495	7.14	1,906	

Note: Details regarding the County's outstanding debt can be found in the Notes to the Basic Financial Statements.
TABLE 17 presents personal income and population data used to prepare the above ratios.

TABLE 14

MECKLENBURG COUNTY, NORTH CAROLINA
 RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUATION
 AND NET BONDED DEBT PER CAPITA
 LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	General	Payable from	Net General	Percent of		Per Capita
	Bonded Debt	Enterprise Fund	Bonded Debt	Assessed Value	%	
2010	\$ 1,568,530,000	\$ 1,186,115	\$ 1,567,343,885	1.57	%	\$ 1,627
2009	1,617,470,000	1,769,570	1,615,700,430	1.65		1,727
2008	1,760,585,000	2,754,164	1,757,830,836	1.85		1,947
2007	1,726,145,000	4,010,524	1,722,134,476	1.90		1,976
2006	1,744,700,000	5,280,147	1,739,419,853	1.97		2,046
2005	1,770,050,000	7,102,213	1,762,947,787	2.09		2,124
2004	1,747,900,000	9,432,938	1,738,467,062	2.07		2,170
2003	1,636,540,000	11,889,196	1,624,650,804	2.34		2,101
2002	1,311,265,000	14,391,837	1,296,873,163	1.91		1,737
2001	1,333,610,000	17,061,296	1,316,548,704	2.05		1,827

NOTES: Assessed valuations used to prepare the above percentages appear in TABLE 16.
 Population data used to prepare the above data appears in TABLE 17.

TABLE 15

MECKLENBURG COUNTY, NORTH CAROLINA
COMPUTATION OF DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT
FOR THE YEAR ENDED JUNE 30, 2010

Mecklenburg County:	Assessed Valuation (1)	Percent of Countywide Total	Pro Rata Share of Governmental Activities Debt	Municipalities' Debt (2)	Total Overlapping Debt
Charlotte	\$ 77,104,395,292	77.20 %	\$ 1,614,476,552	\$ 774,270,000	\$ 2,388,746,552
Cornelius	3,848,974,435	3.85	80,514,698	2,075,000	82,589,698
Davidson	1,269,365,404	1.27	26,559,394	-	26,559,394
Huntersville	4,870,688,863	4.88	102,054,994	8,335,000	110,389,994
Matthews	2,974,880,532	2.99	62,529,597	3,045,000	65,574,597
Mint Hill	2,007,621,047	2.01	42,034,946	4,075,000	46,109,946
Pineville	1,295,737,233	1.30	27,186,781	-	27,186,781
Unincorporated Areas	<u>6,520,117,801</u>	<u>6.50</u>	<u>135,933,907</u>	<u>-</u>	<u>135,933,907</u>
Countywide Totals	<u>\$ 99,891,780,607</u>	<u>100.00 %</u>	<u>\$ 2,091,290,869</u>	<u>\$ 791,800,000</u>	<u>\$ 2,883,090,869</u>

Notes:

- (1) Provided by N.C. Department of Revenue, Tax Research Division. Includes valuations of classified registered motor vehicles for which tax notices were issued in accordance with G.S. 105-330.5(a) during calendar year 2009, net of releases made by that date.
- (2) Provided by Department of State Treasurer.

TABLE 16

MECKLENBURG COUNTY, NORTH CAROLINA
COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS
AS OF JUNE 30

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Assessed Value	\$ 99,891,780,607	\$ 97,813,551,380	\$ 95,099,766,372	\$ 90,718,949,214	\$ 88,359,891,735	\$ 84,302,416,591	\$ 83,487,630,734	\$ 69,505,170,341	\$ 67,895,358,854	\$ 64,210,268,149
Debt Limit 8% of Assessed Value	x.08	x.08	x.08	x.08	x.08	x.08	x.08	x.08	x.08	x.08
Debt Limit	7,991,342,449	7,825,084,110	7,607,981,310	7,257,515,937	7,068,791,339	6,744,193,327	6,679,010,459	5,560,413,627	5,431,628,708	5,136,821,452
Amount of Debt Applicable to Debt Limit:										
Total Bonded Debt	1,568,530,000	1,617,470,000	1,760,585,000	1,726,145,000	1,744,700,000	1,770,050,000	1,747,900,000	1,636,540,000	1,311,265,000	1,333,610,000
Bonds Authorized and Unissued	729,140,000	829,140,000	579,140,000	146,000,000	248,000,000	276,000,000	339,300,000	544,300,000	717,300,000	773,300,000
Refunding Bonds Authorized	-	-	-	-	-	-	-	-	-	-
Total Amount of Debt Applicable to Debt Limit	2,297,670,000	2,446,610,000	2,339,725,000	1,872,145,000	1,992,700,000	2,046,050,000	2,087,200,000	2,180,840,000	2,028,565,000	2,106,910,000
Legal Debt Margin	\$ 5,693,672,449	\$ 5,378,474,110	\$ 5,268,256,310	\$ 5,385,370,937	\$ 5,076,091,339	\$ 4,698,143,327	\$ 4,591,810,459	\$ 3,379,573,627	\$ 3,403,063,708	\$ 3,029,911,452

NOTE (A): North Carolina General Statutes allow Authorized Refunding Bonds to be excluded from Bonds Authorized and Unissued for debt margin calculations.

TABLE 17

MECKLENBURG COUNTY, NORTH CAROLINA
DEMOGRAPHIC STATISTICS
LAST TEN YEARS

<u>Year</u>	<u>Population</u>	<u>Total Personal Income</u>	<u>Per Capita Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2010	963,363	N/A	N/A	N/A	133,664	11.2 %
2009	935,304	\$ 22,365,015,000	\$ 21,016	35.1	134,060	11.5
2008	902,803	21,920,959,643	24,281	35.1	132,281	6.1
2007	871,432	21,657,699,496	24,853	35.1	129,011	4.5
2006	850,178	20,933,932,894	24,623	34.4	126,903	4.3
2005	829,978	20,127,796,478	24,251	34.7	121,640	5.0
2004	801,137	18,684,117,114	23,322	33.4	115,517	5.2
2003	773,299	17,941,310,099	23,201	33.4	109,605	5.8
2002	746,427	17,354,427,750	23,250	33.4	106,192	5.9
2001	720,490	19,225,555,160	26,684	33.3	103,086	4.1

N/A: Data not available.

Data provided by the Charlotte Chamber of Commerce, the North Carolina Office of State Planning, and the Charlotte-Mecklenburg School System.

TABLE 18

MECKLENBURG COUNTY, NORTH CAROLINA
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	2010			2000		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Carolinas HealthCare System	26,283	1	6.01 %	9,330	4	2.43 %
Wells Fargo/Wachovia	20,000	2	4.57	16,378	1	4.27
Charlotte-Mecklenburg Schools	19,485	3	4.46	12,789	2	3.33
Bank of America Corporation	13,960	4	3.19	11,843	3	3.09
Wal-Mart Stores, Inc.	13,192	5	3.02	-	-	-
Presbyterian Healthcare/Novant Health	9,000	6	2.06	5,500	8	1.43
Food Lion, Inc.	8,658	7	1.98	-	-	-
Duke Energy Corporation	7,757	8	1.77	7,169	5	1.87
State of North Carolina	7,479	9	1.71	5,777	7	1.5
US Airways, Incorporated	5,955	10	1.36	7,000	6	1.82
City of Charlotte	-	-	-	5,101	9	1.33
U.S. Government	-	-	-	4,662	10	1.21

Data per Charlotte Chamber of Commerce and the NC Employment Securities Commission
 Most recent data per Charlotte Chamber of Commerce publication, Charlotte's Largest
 Employers, dated August, 2009.

TABLE 19

MECKLENBURG COUNTY, NORTH CAROLINA
FULL-TIME EQUIVALENT COUNTY EMPLOYEES
LAST TEN FISCAL YEARS

Function/Program	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Customer Satisfaction & Management Service	68	74	76	61	59	52	48	39	-	-
Management Services	-	-	-	-	-	-	-	-	298	-
Customer Satisfaction & Communications	-	-	-	-	-	-	-	-	11	-
Administrative Service	228	274	285	293	283	288	292	270	-	-
Corporate Support Services	-	-	-	-	-	-	-	-	-	396
Financial Services	91	90	83	84	81	80	80	82	87	-
Policy Development & Management Support	-	-	-	-	-	-	-	-	-	105
Land Use & Environmental Services	526	636	642	619	590	581	567	563	565	447
Community Services	740	688	650	635	565	559	550	568	560	577
Detention & Court Support Services	1330	1,352	1,294	1,197	1,189	1,136	1,132	1,089	1,136	1,059
Health & Human Services	1484	1,533	1,567	1,515	1,515	1,541	1,674	1,671	1,742	1,715
Total Full-time Equivalent County Employees	<u>4,467</u>	<u>4,647</u>	<u>4,597</u>	<u>4,404</u>	<u>4,282</u>	<u>4,237</u>	<u>4,343</u>	<u>4,282</u>	<u>4,399</u>	<u>4,299</u>

Notes: (A) Reflects the opening of the 900 bed jail addition.

TABLE 20

MECKLENBURG COUNTY, NORTH CAROLINA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Governmental Activities										
Land Use and Environmental Services										
Residential Permits Issued	38,869	38,024	45,093	44,740	44,935	42,592	38,958	36,812	33,323	33,047
Commercial Permits Issued	22,296	27,505	38,748	44,079	37,866	32,305	29,842	27,044	38,603	38,203
Inspections Performed	181,664	229,147	315,885	376,678	354,008	321,984	318,630	315,267	321,017	333,469
Inspection Response Time	1.23 days	1.05 days	1.06 days	1.07 days	1.31 days	1.78 days	1.69 days	1.20 days	1.11 days	1.17 days
Deeds and Real Estate documents indexed	168,130	184,125	247,105	281,814	280,875	256,015	318,543	289,686	-	-
Volunteer firemen	895	760	690	644	672	630	630	630	620	641
Fire marshal and assistants	6	8	8	8	8	9	9	9	9	9
Community Services										
Registered voters	599,651	588,700	579,000	536,000	518,000	501,000	446,000	424,000	439,000	433,761
Library customers	76,042,780	76,434,664	21,685,405	19,900,021	15,419,416	11,971,217	-	-	-	-
Volume of library books	1.3 million	1.4 million	1.4 million	1.4 million	1.6 million	1.8 million	1.7 million	1.6 million	1.6 million	1.6 million
Participants using park athletic facilities	5,526,320	4,710,219	3,513,873	4,214,571	1,090,131	253,759	-	-	-	-
Park recreation program participants	298,026	296,814	481,145	719,292	512,168	486,676	-	-	-	-
Users of park pools -indoor and outdoor	551,991	549,604	283,432	261,607	255,707	219,892	-	-	-	-
Park visitors	4,533,389	4,317,513	5,377,905	4,831,170	4,214,303	3,391,511	-	-	-	-
Detention and Court Support Services										
Booked inmates	44,143	49,577	44,583	43,046	41,663	35,021	35,233	34,705	34,251	-
Civil processes served	132,747	136,549	126,788	108,981	122,871	43,591	-	-	-	-
Hand gun permits processed	8,990	11,790	9,447	7,965	7,589	8,064	-	-	-	-
Average daily jail population	2,274	2,496	2,610	2,647	2,335	2,047	2,008	1,955	1,908	1,833
Health and Human Services										
Area Mental Health										
Children receiving mental health services	14,856	14,052	4,878	4,332	5,777	7,242	-	-	-	-
Adults receiving mental health services	10,997	1,091	120	147	584	2,755	-	-	-	-
Clients receiving developmental disabilities services	3,632	2,108	90	84	81	2,346	-	-	-	-
Social Services										
Avg mthy # children receiving subsidized childcare	8,148	8,066	7,850	8,111	6,927	8,054	-	-	-	-
Number of transportation trips provided by Services for Adults Division	585,857	542,853	499,686	562,346	608,341	566,787	-	-	-	-
Senior Nutrition meals served	288,516	282,918	350,823	358,034	397,142	477,449	-	-	-	-
Health Department										
Patient visits	245,076	242	195,139	177,041	174,549	-	-	-	-	-
Food Service Inspections	10,478	9,926	9,836	8,086	5,999	7,505	-	-	-	-
Business Partners										
Public school full-time teachers	8,965	9,363	8,860	8,432	8,682	7,739	7,354	7,122	6,799	7,978
Students attending public school	133,664	134,060	132,281	129,011	126,903	121,640	115,517	109,605	106,192	103,086
Community college faculty	886	843	796	802	733	1,129	1,494	1,494	1,318	1,543
Community college students	20,176	19,148	18,321	17,942	16,772	16,400	16,215	16,215	15,752	15,531
Business-type Activities										
Solid Waste Enterprise Fund										
Tons of Solid Waste Processed	1,200,636	1,442,987	1,543,924	1,500,194	1,315,356	1,282,489	1,280,888	1,278,129	1,279,090	1,233,824
Tons of Yard Waste Processed	95,760	92,980	79,012	81,504	75,404	71,424	80,223	129,051	48,722	53,352
Tons of Recyclables Processed	61,724	59,716	59,202	54,911	53,257	55,489	52,065	51,554	52,908	49,830

A Includes physical and virtual visitors
B Large tournaments excluded from prior years

TABLE 21

MECKLENBURG COUNTY, NORTH CAROLINA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Governmental Activities											
Land Use and Environmental Services											
Volunteer Fire Stations	17	19	18	18	16	16	20	20	20	18	18
Community Services											
Libraries	20	24	24	24	24	23	23	23	23	23	22
Voting Machines	2,223	2,223	1,522	1,512	1,000	-	-	-	-	-	-
Parks and Greenways	241	238	238	231	128	126	123	123	123	123	122
Golf Courses	5	5	5	5	5	5	5	5	5	5	5
Parks and Greenway Acreage	18,849	18,068	17,753	17,896	17,480	16,000	16,000	16,000	14,797	14,797	-
Detention and Court Support Services											
Jail Beds	3,095 (a)	2,668	2,668	2,668	2,668	2,668	2,668	2,668	2,668	1,768	1,768
Business Partners											
Public Schools	176	172	167	161	150	143	142	144	144	142	143
Historic Sites	5	5	4	4	4	4	4	4	4	4	4
Business-type Activities											
Solida Waster Enterprise Fund	1	1	1	1	1	1	1	1	1	1	1
Landfills	70	70	59	29	29	28	26	25	23	18	14
Recycling and Yard Waste Processing Facilities	1	1	1	2	2	2	2	2	2	2	2
Material/Metal/Tire Recovery Facilities											

(a) Jail Annex opened August 2009

MECKLENBURG COUNTY, NORTH CAROLINA