MECKLENBURG COUNTY • NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2012

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Comprehensive Annual Financial Report

For the year ended June 30, 2012.

Mecklenburg County, North Carolina
Prepared by the Financial Services Department

Dena R. Diorio
Director of Financial Services

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Introduction

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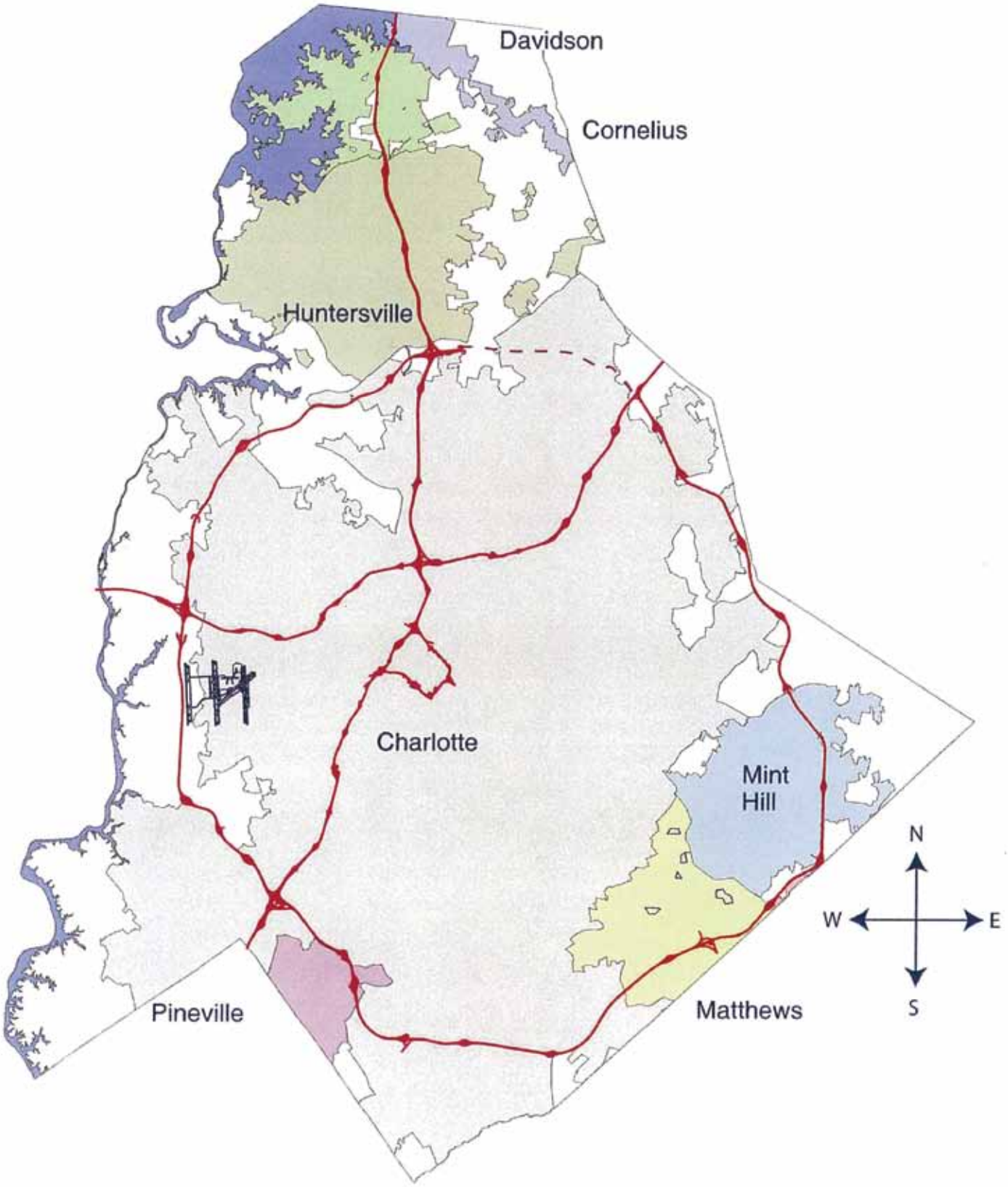

Davidson
Cornelius
Huntersville
Charlotte
Mint
Hill
Pineville
Matthews
N
W
E
S

Mecklenburg County
Dena R. Diorio
Director of Financial Services

October 29, 2012

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, 2012 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.

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 Financial Services, 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, 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, as well as mortgage banks, commercial finance and factoring institutions, leasing companies, credit unions and 31 other banks.

Although the County has been affected by the economic downturn that has touched all of the United States, the number of jobs in the County is higher than in 2011. The County experienced a .7% increase in jobs in 2012 compared to 2011. Even though job growth began to resume in early 2010, it will take time for the unemployment rate to fall noticeably. Losses have occurred in construction, allied manufacturing and trades, the services sector, transportation and distribution, and the financial area.

Mecklenburg County's unemployment rate in June 2012 was 9.9%. The unemployment rate for Mecklenburg County in June 2011 was 11.1%. The rate at June, 2012 was the same as the rate for North Carolina of 9.9% and higher than the national rate of 8.4%.

The County has experienced a rebound in home sales. Home sales increased 18.8% in 2012 compared to 2011; and the average closing price of homes increased 1.1% in 2012. The number of building permits increased an average of 15.46% in year 2012 from 12,968 in 2011.

General governmental revenues have increased

39.8% over the last ten years. Taxes and assessment revenues have increased 55.4% for the same period, and the contribution to total revenue has increased from 68.7% in fiscal year 2003 to 76.3% in fiscal year 2012 reflecting the growth in population, demand for services and decreases in other revenue. Additionally, governmental expenditures covered by tax revenues increased from 56.0% in fiscal year 2003 to 81.4% in fiscal year 2012. 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 9.1% in fiscal year 2003 to 6.2% in fiscal year 2012 as non-fee based programs of the County have increased. Intergovernmental revenues contributed 16.3% to total revenues in fiscal year 2003, however has dropped to 12.9% in fiscal year 2012 as state revenues have declined and the pool of available grant funds has not increased as fast as the County's budget.

General governmental expenditures have increased only 6.9% in the last ten years as the County's budget was reduced in recent years to address the economic downturn. Capital outlay decreased by 70.5% over the ten year period due to planned reductions in capital projects. Costs of services continue to increase along with the growth in populations served. This is particularly true for Detention and Court Support Services where costs have increased 57.4% and Land Use and Environmental Services where costs have increased 17.0%. Business Partners costs have increased 17.9% over the ten year period reflecting the increased contributions for public education. Debt service has increased 73.5% over the last ten years due to the issuance of debt to fund school and community college construction, renovations or expansions of existing facilities, the completion of new courthouse, the purchase of land for future use, the addition of several branch libraries, as well as the development of new parks and park facilities.

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 to reflect the new economic realities. For fiscal year 2012, the County added new projects as well as focused on the completion of projects under construction. The Board of County Commissioners did not consider a bond referendum during fiscal year 2012.

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 2011 to 2013, has four focus areas: 1) Community Health and Safety, with the goal of making the community healthier and safer, reducing violence in the community, increasing efficiency of criminal justice services and reducing disease and mental illness. 2) Effective and Efficient Government, focuses on providing services in a highly effective and efficient manner, concentrating on improving employee efficiency, reducing costs, improving customer awareness of County services, and enhancing citizen involvement. 3) Sustainable Community focuses on maintaining/creating a vibrant and diverse economy within the county while protecting its natural resources and enhancing the quality of life by concentrating on air and water quality, preservation of historic sites, access to public facilities, economic development and job opportunities. 4) Social, Education and Economic Opportunity, focuses on creating an environment where all County residents can become self-sufficient and have equal access to services, concentrating 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 based on these focus areas and the impact of programs on achieving the County's long term goals.

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 2020: "In 2020, 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 articulate 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

2012 highlight some of the activities County departments have pursued toward Mecklenburg Vision 2020:

Financial:

- The Department of Financial Services issued new debt to provide funding for capital projects and restructured debt issues to reduce the County's future borrowing costs.
- The Department of Financial Services selected a new custodian for investment securities that provides the highest level of security for County investments as required by North Carolina state statutes.
- The Human Services Finance Division was created to insure payments to providers and clients are properly processed and state and federal reimbursements are timely submitted and received.

Land Use and Environmental Services:

- The Office of the Tax Assessor implemented a new web-enabled listing service for Business Personal Property customers to list business property and request extensions online.
- The Water and Land Resources Division implemented the 2011 QuickBuy program which resulted in the acquisition of 19 properties in the floodplain where the structures were severely damaged as a result of the August 2011 flood.
- The Water and Land Resources Division implemented the 2012 Orphan Property Floodplain Acquisition Plan which identified five neighborhoods with 17 orphan properties to be acquired which would allow large areas of flood plain to be restored.
- The Environmental Health Division implemented a web based application allowing customers to access applications, invoices and permits on-line. Customers have indicated a preference for this level of self-service.
- The Water and Land Resources Division implemented the Electronic Plans Management system for Land Development services which allows engineers to submit land development plans electronically instead of couriering large rolls of plan sets and supporting calculations.
- The Code Enforcement Division implemented the Electronic Plan Submittal and Plan Review system which replaces the submission of paper construction documents for commercial projects with fully electronic medium.
- A new automated optical sorter was installed at the County's Metrolina Recycling Center that automates the removal of milk and juice cartons from commingled recyclables thus improving the efficiency of operations.

Health and Human Services:

- The Department of Social Services opened a job resource site to assist participants with access to employment opportunities, resume and interview preparation as well as learning about job readiness and skill development programs.
- The Department of Social Services implemented a Consumer Directed Services/Home Care Independence pilot program as part of a State initiative. One of the goals of the program which assists participants age 60 and older who are unable to perform activities of daily living, is to provide maximum choice and control over the services they need to remain at home at the highest level of self sufficiency while maintaining safety.
- The Department of Social Services was awarded three 2012 Achievement Awards and one Best of Category award presented by the National Association of Counties. The awards are conferred on counties that promote quality, efficient and responsive management and administration.
- The Health Department launched the Blueprint for a Healthier Generation 2020 which is a community strategic plan for preventing childhood obesity. The plan focuses on active living and healthy eating.
- The Health Department in coordination with the FDA completed a large scale food sampling activity which tested for bacteriological, radiological and chemical contaminations in food.
- The Heath Department implemented the Electronic Health Record system which improves continuity of care for patients and reduces the expense of repeating diagnostic studies.
- The Health Department implemented digital x-ray technology which has been a major advancement and efficiency in the Tuberculosis Control program. This technology eliminates the need for a daily courier to transport x-ray films to and from radiology centers.

Detention and Court Support Services:

- The Sheriff's Office received a Justice Assistance Grant (in the amount of $178,531) which was used to purchase vehicles, equipment and supplies for programs and community services.
- The Sheriff's Office added a culinary vocational program to the already existing carpentry and horticulture programs to empower participants with a skill set that will make them employable.

Community Support Services:

- The Public Library of Charlotte partnered with Central Piedmont Community College to offer free workforce development classes to the public. The class topics included resume building, computer skills as well as individual job coaching.
- The Public Library of Charlotte offered early literacy workshops to parents and caregivers in an effort to get children ready to read by kindergarten.
- The Public Library of Charlotte expanded its Operation College Launch program by hosting 25 workshops attended by 300 attendees at 11 locations. The programs are designed to provide high school students with the information they need to prepare for futures beyond high school.
- The Park and Recreation Department in partnership with the Special Olympics of North Carolina and Charlotte Mecklenburg Schools, expanded services offered through the Therapeutic Recreation's Young Athletes program. The expansion increased service delivery on a weekly basis to 280 preschool students who have disabilities, increased services to 6 schools in 20 pre-k classrooms, and provided an opportunity for 250 preschool aged children who have disabilities to attend a day long field day of events.
- The Park and Recreation Department initiated a Recreation Employment Program for teens ages 14-17 in 20 recreation centers during a 40 week period. The teens were provided training, mentoring and work experience to assist them in preparing for education and/or career paths.
- The Park and Recreation Department in partnership with the Carolina Panthers and the Thomas Davis Defending Dreams Foundation provided free school back packs filled with essential school supplies to over 350 kids.

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, 2011. This was the 36th 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 2012 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 2012 budget document. 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 Financial Services 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 Financial Services

County Administration and Operations

The nine-member Board of County Commissioners (the Board) holds regular business sessions on the first and third Tuesdays 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 16 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 4,520 full-time equivalent employees at June 30, 2012 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.

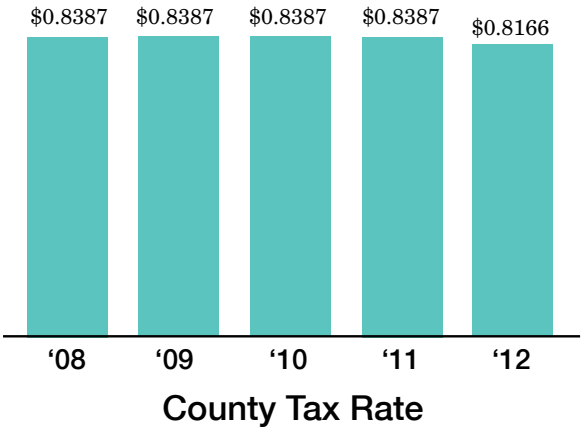
Fiscal Control

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 Financial Services 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 Financial Services 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 2008. The N.C. General Statutes require a real property revaluation at least once every eight years. The County completed a reappraisal of all real property effective January 1, 2011. This is the first revaluation since 2003, in compliance with North Carolina statute. For fiscal year 2008, a tax rate increase of 1.98 cents to 83.87 cents per $100 of assessed 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.

Exhibit 1:



Due to the economic changes impacting residents in the County, the Board of County Commissioners chose not to adjust the tax rate for fiscal years 2009 through 2011 and in fiscal year 2012 decreased the tax rate by $0.0221.

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

Exhibit 2:

PROPERTY TAXES IN NORTH CARLOLINA

With Assessed Valuations over $8 Billion

County	Valuation	Levy	Revaluation	Tax Rate
Alamance	$ $12,120,020,018	$ $67,413,033	2009	$ 0.5200
Brunswick	24,256,236,105	109,974,890	2011	0.4425
Buncombe	29,279,593,942	177,110,092	2006	0.5250
Cabarrus	21,112,015,147	136,861,091	2008	0.6300
Carteret	15,083,270,325	50,161,752	2011	0.3000
Catawba	15,091,814,627	84,616,615	2011	0.5300
Chatham	8,801,110,249	60,588,059	2009	0.6219
Craven	9,618,403,349	47,358,561	2010	0.4728
Cumberland	21,444,456,623	170,906,603	2009	0.7400
Currituck	8,312,977,229	27,719,052	2005	0.3200
Dare	17,592,449,146	56,522,692	2005	0.2800
Davidson	12,936,818,496	79,062,267	2007	0.5400
Durham	29,921,778,080	229,918,306	2008	0.7459
Forsyth	33,819,158,196	234,667,962	2009	0.6740
Gaston	14,711,372,065	126,252,343	2007	0.8350
Guilford	45,294,102,631	364,445,299	2004	0.7824
Henderson	12,072,111,562	68,275,605	2011	0.5136
Iredell	20,312,664,452	105,105,662	2011	0.4850
Jackson	11,277,481,548	31,597,333	2008	0.2800
Johnston	13,098,157,024	109,532,288	2011	0.7800
Lincoln	8,243,131,068	32,703,298	2011	0.5980
Macon	9,307,223,580	28,564,442	2007	0.2790
Mecklenburg	117,089,446,050	977,017,580	2011	0.8166
Moore	11,889,705,671	61,060,363	2007	0.4650
New Hanover	34,125,736,669	167,846,019	2007	0.4655
Onslow	12,753,744,212	75,003,275	2010	0.5850
Orange	15,895,422,715	159,622,153	2009	0.8580
Pitt	12,258,124,770	82,765,924	2008	0.6650
Randolph	10,159,738,917	71,220,686	2007	0.5860
Rowan	11,556,118,675	75,837,378	2011	0.6225
Union	23,239,422,895	159,025,183	2008	0.6650
Wake	120,345,849,537	664,285,099	2008	0.5340
Watauga	8,898,459,430	30,605,671	2006	0.3130

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, 2011, net releases made by that date.
Source: N.C. Department of Revenue, Tax Research Division

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 2012, the County's total exempted or reduced assessments were approximately $16.5 billion in real and personal property valuation. Exhibit 2 shows the counties in the State with an assessed valuation exceeding $8 billion as of January 1, 2011, their tax levies and rates.

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, Mental Health and Community Support Services. 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 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 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.

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.

Detention and Court Support Services

The Sheriff, Jails, Medical Examiner, Child Support Enforcement 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, is located in the northern part of the county 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 90 beds. The Medical Examiner provides autopsy and investigative services to the County and surrounding counties. Child Support Enforcement provides child support services to ensure both parents support their children to extent of their ability. 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, enforcing 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 Geospacial 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 and the Board of Elections. 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 18,825 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 637,219 registered voters in the County as of August 2012.

Other Service 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 and Mecklenburg Emergency Medical Services Agency.

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

2012	966,160
2011	938,020
2010	919,628
2009	893,892
2008	869,954

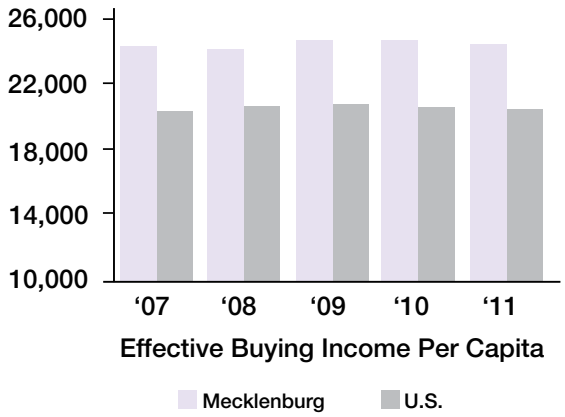
Source: Charlotte Chamber of Commerce

The County has experienced population growth of 11.1% over 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 Charlotte Chamber of Commerce provided the most recent information on Effective Buying Income (EBI). EBI is an accepted economic indicator of income after subtracting mandatory taxes. For calendar year 2011, the County's EBI decreased 1.7% from calendar year 2010. However, the County remained above the national average for EBI per capita for calendar years 2007 through 2011. Exhibit 4 shows that there has not been a significant change in the EBI per capita for the County or the United States for the last few years. Both have been adjusted to account for inflation.

Exhibit 4:



Gross Retail Sales, generally accepted as a reliable indicator as to how well an economy is progressing, is shown in Exhibit 5 for the County. The data is provided by the North Carolina Department of Revenue. In fiscal year 2008, the County experienced relatively strong consumer spending and then declined by 12.0% in 2009. From fiscal year 2010 through fiscal year 2012 gross taxable sales increased by 22.4% exceeding 2008 gross sales.

Exhibit 5:

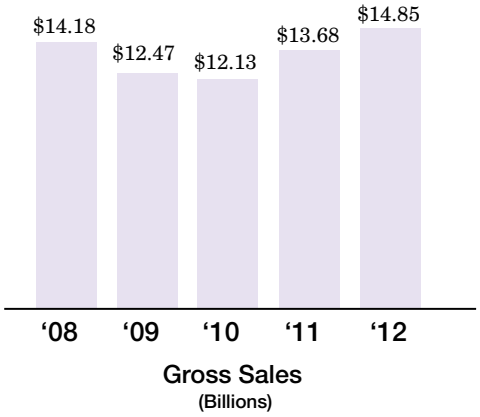
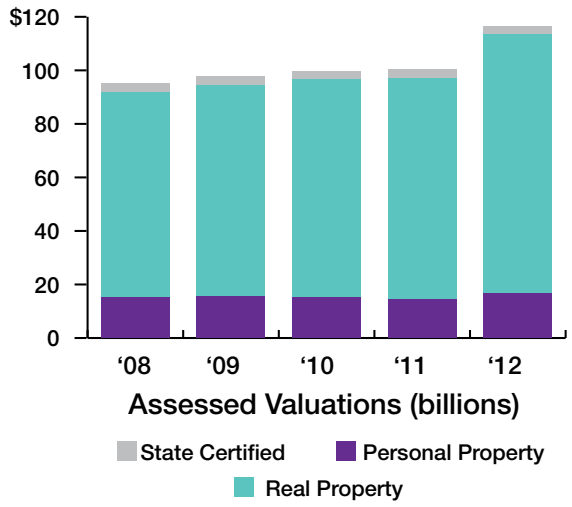


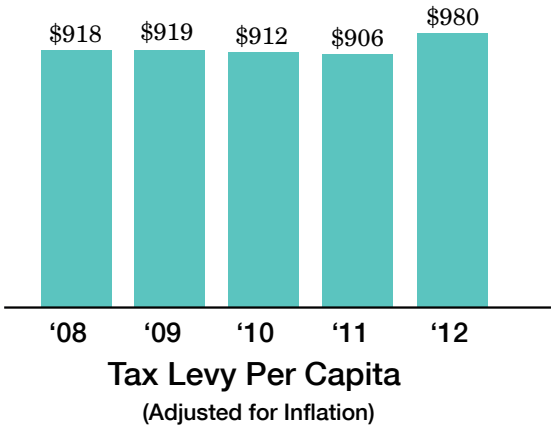
Exhibit 6:



Growth of Tax Base

Exhibit 6 shows the increase in the tax base over the last five years. Assessments for fiscal year 2008 were $95 billion increasing to $116 billion in 2012, a 22.1% increase. Fiscal year 2012 was a revaluation year which accounted for the majority of the increase. Between fiscal years 2008 and 2012, the general tax levy increased 18.6% from $798 million in 2008 to $947 million in 2012. 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 tax levy per capita amount has remained relatively flat from fiscal years 2009 through 2011. From fiscal year 2008 through 2011, the tax rate remained unchanged and in 2012 the tax rate declined. In fiscal year 2012, the tax levy per capita increased as a result of an increase in the tax base due to revaluations.

Exhibit 7:



The County's ten principal taxpayers, as presented in Table 9 of the Statistical Section, contribute 6.7% of total assessed valuation and represent a wide range of industrial categories. Six of the 10 principal taxpayers in fiscal year 2012 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 outer belt 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 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, 2012, the average daily ridership increased to 13,359, an increase of 46.8%. CATS Lynx blue line operates 20 light rail vehicles and in FY2012 travelled 860,170 miles.

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 6th largest nationwide in operations, is served by six domestic passenger carriers including AirTran Airways, American Airlines, Delta Air Lines, JetBlue Airways, United Airlines and US Airways. The airport, the largest hub of US Airways, averages over 725 daily departures and direct /nonstop flights to 138 destinations nationwide and around the world. An estimated total of 18.6 million passengers boarded flights at the airport and over 137,943 tons of domestic and international cargo were handled in calendar year 2011. Financial responsibility for airport operations rests with the City of Charlotte.

Exhibit 8:

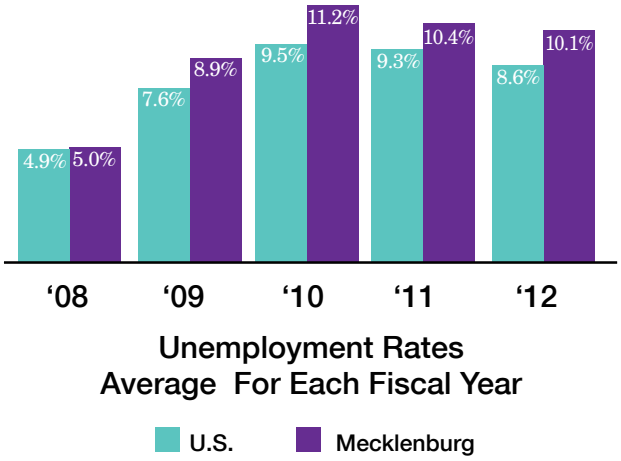
Corporations Listed in Million Dollar Directory

Classifications of Corporations	Number of Corporations
Services	1,639
Wholesale Trade	629
Construction	592
Manufacturing	455
Finance, Insurance, Real Estate	345
Retail Trade	345
Transportation, Communication, Utilities	205
Other	17
TOTAL	4,227

Employment and the Economy

Exhibit 8 highlights the economic and employment diversity in the County, and presents corporations in the County, as compiled by Dun and Bradstreet's *Million Dollar Directory* for 2012.

Exhibit 9:



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

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 9.9% by June 30, 2012, which was the same as the State rate and more than national rate of 8.4%. 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. Exhibit 9 shows that the average unemployment for Mecklenburg County has slightly decreased from 10.4% for fiscal year 2011 to 10.1% for fiscal year 2012.

Exhibit 10:

NUMBER AND VALUE OF BUILDING PERMITS
Mecklenburg County, North Carolina

Calendar Year	Number of Building Permits	Value (Millions) Residential	Non-Residential	Total
2011	13,321	$ 762.6	$ 1,173.8	$ 1,936.4
2010	12,968	529.3	719.3	1,248.6
2009	11,549	669.8	715.7	1,385.5
2008	16,243	1,473.1	2,240.2	3,713.3
2007	21,462	2,223.7	1,823.4	4,047.1

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)

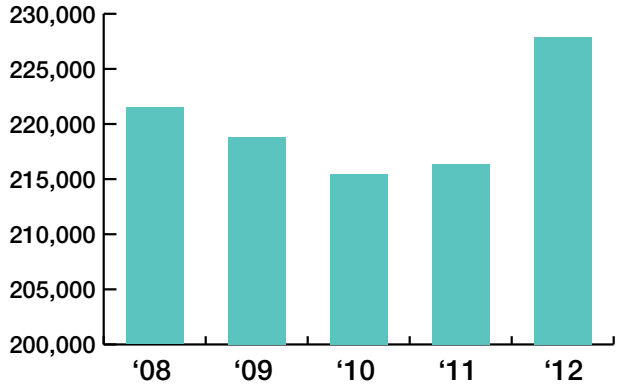
Calendar Year	Single Family	Multi-Family	Total
2011	3,050	2,539	5,589
2010	2,958	1,565	4,523
2009	2,224	2,302	4,526
2008	3,758	6,747	10,505
2007	7,494	6,306	13,800

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

Overall, the construction industry in the County has been impacted by the economy consistent with other parts of the nation. Exhibit 10 shows that the number of total building permits increased in calendar year 2011 by 2.7% from the prior calendar year, but are still significantly lower than 2007. Exhibit 11 presents new residential construction by type, which shows that new construction starts had a 23.6% increase from calendar year 2010 to 2011. With regard to existing residential home sales, Charlotte has retained home values better than other parts of the Country. Exhibit 12 shows the average home prices as of June over the last five years. Home prices have seen an increase from 2011, with the average home price at $227,924 at June 30, 2012.

The largest employers by employees have remained relatively consistent over the last couple of years and showcase Mecklenburg County's economic profile. Some of the largest employers are in the healthcare, banking, financial services and retail trade industry. Exhibit 13 presents the firms employing over 2,000 persons in the County, as of April 31, 2012, the most recent available information.

Exhibit 12:



Average Home Sales Price

Source: NC Association of REALTORS

Exhibit 13:

Employers of 2,000 or More Persons

20,000 to 29,999 Employees	Carolinas Healthcare System*
	Wells Fargo/Wachovia Corporation
10,000 to 19,999 Employees	Bank of America*
	Charlotte-Mecklenburg Schools*
	Wal-Mart Stores, Inc.
5,000 to 9,999 Employees	Adecco
	City of Charlotte*
	Duke Energy Corporation*
	Food Lion, Inc.
	Lowe's
	Presbyterian Regional Healthcare*
	State of North Carolina
	US Airways
	U.S. Postal Service
2,000 to 4,999 Employees	AT&T
	Belk, Inc.*
	Bi-Lo LLC
	Bojangles Restaurants, Inc.
	Carowinds
	Central Piedmont Community College
	Compass Group*
	Corestaff Services
	CVS Corp
	Family Dollar Stores, Inc.*
	Fedex Freight Corp
	Hilton
	Home Depot, Inc.
	IBM Corp
	Labor Ready, Inc.
	Mecklenburg County
	Ruddick/Harris Teeter, Inc.*
	Target Stores
	TIAA-CREF
	Time Warner Cable
	UNC Charlotte
	United Parcel Service
	U.S. Government
	Windstream Communications
	YMCA of Greater Charlotte

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

Education

Public education in the County is provided by the Charlotte-Mecklenburg Schools, the 18th largest school system in the nation, based on student enrollment as cited by the National Center for Education Statistics. Exhibit 14 details the enrollment in the Charlotte-Mecklenburg Schools for the last five years.

Exhibit 14:

CHARLOTTE-MECKLENBURG SCHOOL ENROLLMENT

	Average Daily Memberships (ADM)							
Year	K-5	6-8	9-12	Special	Total	Number Enrolled	Percent ADM Enrolled	Number of Schools
2011-2012	69,324	30,076	35,596	1,751	136,747	138,012	99.1%	159
2010-2011	67,435	29,737	35,194	1,808	134,174	135,638	98.9%	178
2009-2010	65,832	28,817	35,954	1,858	132,461	133,664	99.1%	176
2008-2009	65,609	29,243	33,968	2,049	130,869	134,060	97.6%	172
2007-2008	64,740	29,222	33,305	2,112	129,379	132,281	97.8%	165

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.

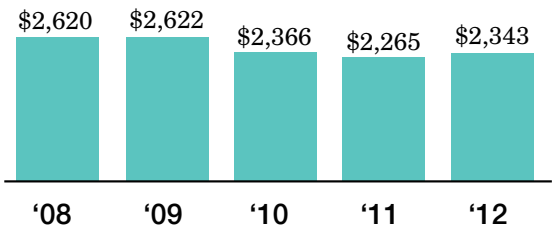
The Board of Education relies upon the County for local funds needed to support public school current expense and capital outlay needs. The total fiscal year 2012 school budget was approximately $1.17 billion: 56.6% provided by the State, 28.1% by the County (mostly through property taxes), 13.7% by the federal government and 1.6% other revenue. 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 2012 adopted budget included a $328.3 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.

For the 2011-2012 school year, the Board of Education operated 88 elementary schools, 39 middle schools and 28 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 2,734, and an alternative school for students benefiting from additional attention received in a smaller classroom environment.

The County's support per student, exclusive of debt service and based on total enrollment, is shown in Exhibit 15. The exhibit shows a decrease from fiscal year 2008 to 2011 because of budget reductions. From fiscal year 2011 to fiscal year 2012 there was a slight increase in the support per pupil reflecting restoration of funding as the economy improved. The operational costs are adjusted for inflation to 2011 current dollars using the Implicit Price Deflator Index.

Exhibit 15:



Support Per Pupil

(Adjusted for Inflation)

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 2011-2012 school year, the portion of local education funds budgeted to be redirected to the eleven charter schools operating in the County was $17 million.

Colleges and universities located in the County offer a range of opportunities for higher education. The area offers the opportunity to attend exceptional, small private colleges, church affiliated institutions, a community college or a large state university. Exhibit 16 presents the most recent enrollment data available for colleges and universities within the County.

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 $26.1 million from the County in fiscal year 2012. 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 Improvements Program and pays the debt service on those financings.

Exhibit 16:

	Fall 2012 Enrollment		Fall 2011 Enrollment	
	Students	Faculty[1]	Students	Faculty[1]
University of North Carolina at Charlotte	26,322	n/a	25,277	n/a
Central Piedmont Community College	19,470	914	20,110	872
Johnson & Wales University	2,401	119	2,536	115
Queens University of Charlotte	2,272	129	n/a	n/a
Pfeiffer University - Charlotte Campus	1,307	79	1,026	77
Davidson College	1,790	177	1,756	176
Johnson C. Smith University	1,646	148	1,543	148
Wingate University - Metro College	449	30	430	35
Charlotte School of Law	1,398	73	1,159	82
Kings College	504	25	548	24
Carolina College of Health Sciences	328	71	426	54
Montreat College	134	58	208	54
Gardner-Webb University - Charlotte Center	297	29	276	26
Brookstone College of Business	108	9	402	12
Wake Forest University - School of Business	164	42	161	42
Lee University	103	10	150	13
Union-PSCE at Charlotte	71	4	67	8

[1]Includes part-time instructors. UNCC could not provide faculty count. Source: Individual Institutions

Medical

The medical facilities located in the County and their respective licensed bed capacities are shown in Exhibit 17.

Exhibit 17:

Hospital	Number of Licensed Beds
Carolinas Medical Center[1]	629
Presbyterian Hospital[2]	607
Carolinas Medical - Pineville[1]	206
Levine Children's Hospital[1]	198
Carolinas Medical - Mercy[1]	162
Presbyterian Orthopedic Hospital[2]	156
Carolinas Rehabilitation[1]	129
Presbyterian - Matthews[2]	117
Carolinas Medical - University[1]	94
Carolinas Medical Center - Randolph[1]	66
Presbyterian - Huntersville[2]	75
Carolinas Speciality Hospital	40
Carolinas Medical Center - Mercy Horizons	11

[1] Part of Carolinas Healthcare System
[2] Part of Novant Health Inc.

Cultural and Recreational Activities

Theater, 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 Knight Theater, the Bechtler Museum of Modern Art and the Harvey Gantt Center form the new Arts Campus in uptown Charlotte offering an array of visual arts and bringing special exhibitions 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, Bojangles Coliseum, Verizon Wireless Amphitheater, Memorial Stadium, Grady Cole Center, Carowinds Palladium and North Carolina Music Factory 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 also 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, 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 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 Nascar Hall of Fame is fueled with more than 50 interactive experiences like tire-changing stations, realistic race simulators, a broadcast booth and even a kids zone. 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 American Hockey League team affiliated with the National Hockey League's New York Rangers. The Wells Fargo Championship golf tournament is held at the Quail Hollow 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.

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Exhibit 1:

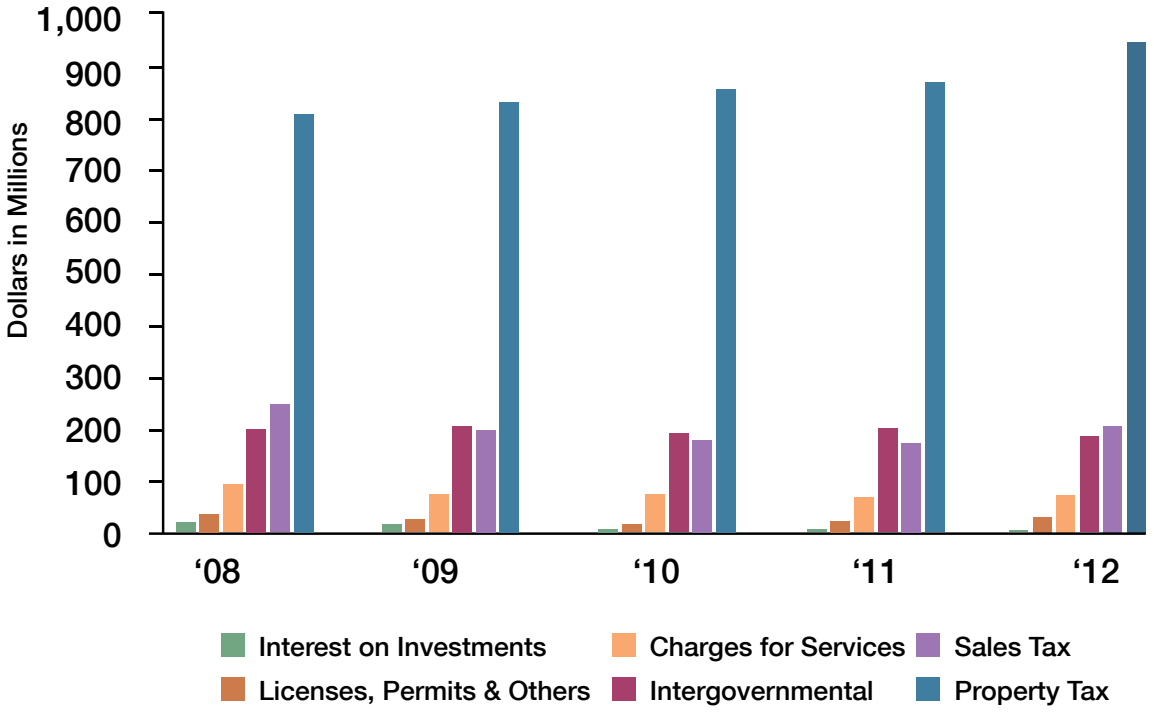
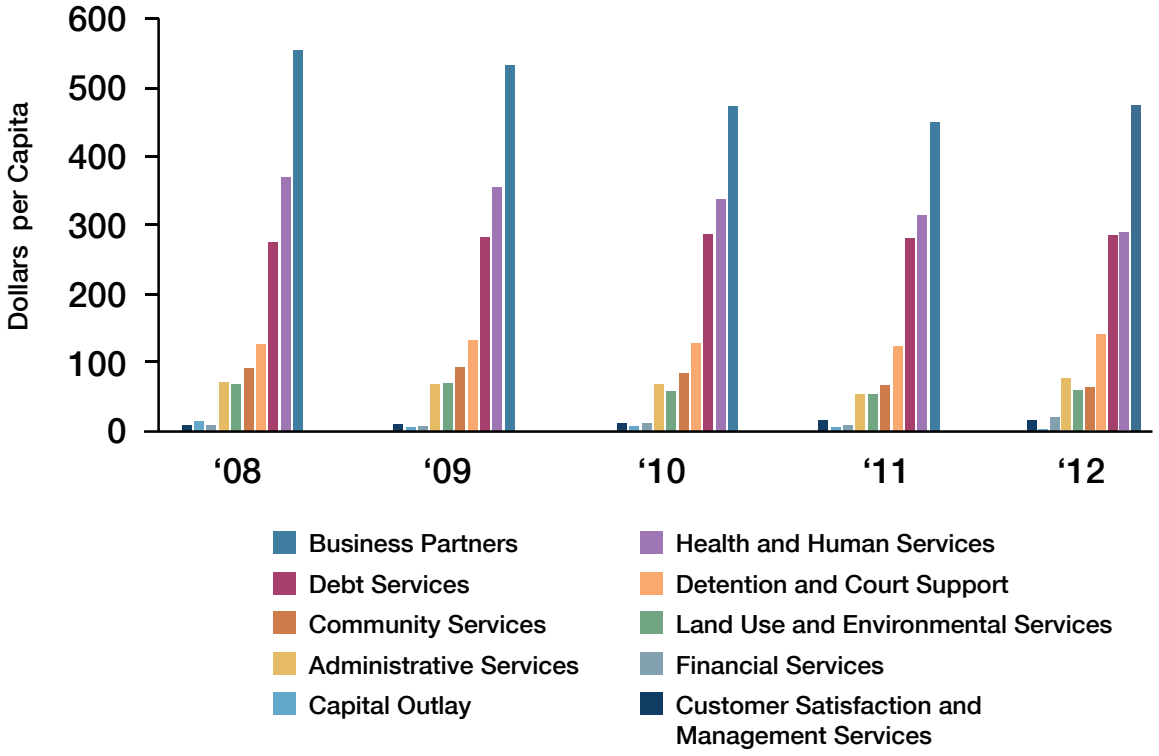


Exhibit 2:



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 2008 through 2012. 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 2012 dollar.

Revenues

Property taxes are the most significant source of revenue during the five-year period presented by Exhibit 1. Approximately 65.7% of total revenue in fiscal year 2012 came from property taxes, which is greater than the five year average contribution to total revenue of 62.3%. Property tax revenues increased 17.3% over the five year period from fiscal year 2008 to fiscal year 2012. In fiscal year 2012 a debt service fund was created and is included in the totals to provide an accurate comparison. 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. The $34.6 million increase in property tax revenues between fiscal year 2009 and fiscal year 2011 is due to increases in assessed valuation as the tax rate remained constant. In fiscal year 2012 the tax rate was reduced to 81.66 cents per $100 of assessed valuation. The decrease was due to the $78.3 million increase in property tax revenues due to increases in assessed valuation.

Intergovernmental revenues fluctuate with the level of grant awards, and state and federal revenue to the County. For the five years presented, intergovernmental revenues have contributed between 14.4% in fiscal year 2008 to the 15.2% of revenue in fiscal year 2011, reflecting the changes in grant awards and state and federal revenue to the County during the period and the impact of other revenue changes. In fiscal year 2012 intergovernmental revenues contributed 12.8%.

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. The County experienced a $68.8 million drop in sales tax revenues from fiscal year 2008 through fiscal year 2011. This is due in part to the State of North Carolina retaining a one half cent sales tax to offset the cost of Medicaid and the balance due to retail sales declining as the economy slowed. The contribution to total governmental revenues was 14.2% for fiscal year 2012 as compared to 13.2% for fiscal year 2011 and 13.9% for fiscal year 2010.

The percentage of charges for services to total revenue has seen a gradual decline from 6.6% in fiscal year 2008 to 5.0% in fiscal year 2012. For fiscal years 2008 through 2011, 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 those four years. In fiscal year 2012 revenue increased 2.0% over fiscal year 2011 reflecting a slight increase in fee-based activities.

Similarly licenses, permit and other revenues contributed average 2.4% to total revenues for fiscal years 2008 through 2009. For fiscal year 2010, the contribution to total revenue dropped to 1.7% and then, grew slightly to 1.9% in fiscal year 2011. In 2012 the contribution to total revenue grew to 2.1%. This category includes all construction and inspection permit revenues that continue to be affected by the downturn in the building trades.

Interest on investments for fiscal year 2012 declined 88.3% from 2008 reflecting the current interest rate environment. Over the five year period investment earnings contributed 1.7% for fiscal year 2008, and then declined to 1.3% in fiscal year 2009, .3% in fiscal year 2010, and .2% in fiscal years 2011 and 2012.

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 2008 and 2009, increasing to .8% in 2010, and 1.2% in 2011 and decreasing to 1.0% in 2012. Inflation adjusted expenditures on a per capita basis for this service area were $10.73 in fiscal year 2008 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. In fiscal year 2011, the County experienced an increase in expenditures on a per capita basis to $15.77. In fiscal year 2012, expenditures per capita basis decreased to $13.84 due to reorganization of County departments and population growth.

Land Use and Environmental Services

Land Use and Environmental Services represents 4.4% of expenditures for governmental activities for fiscal year 2008, increasing to 4.5% of total expenditures in fiscal year 2009, declining to 4.0% in fiscal year 2010, and remained steady at 4.1% in 2011 and 2012. 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 economy. During the last five years inflation adjusted cost per capita increased from $68.73 for fiscal year 2008 to $69.59 for fiscal year 2009 then decreased to $58.16 in fiscal year 2010, with a slight decrease in 2011 to $55.53 and again in 2012 to $54.43. These expenditures reflected a strong construction industry that flourished in the County through fiscal year 2009. In fiscal year 2010, code enforcement and building inspection activity declined and these areas reduced spending.

Community Services

Community Services includes Park and Recreation, Board of Elections and the Public Library of Charlotte and Mecklenburg County. For fiscal years 2008 through 2012 cost per capita for this service area has ranged from a high of $92.39 in fiscal year 2009 to $58.19 in the current year, with an average of $78.53 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 and continuing in 2011 and 2012. There are fewer park and recreation programs; libraries plus other community service costs cut to meet the County's reduced spending budgets.

Health and Human Services

County operations for Social Services, Public Health, Mental Health and Community Support Services are the primary departments in this service area. The cost for these services has decreased from $315.3 million in fiscal year 2008 to $304.1 million in fiscal year 2010. Fiscal year 2011 spending dropped to $287.6 million due to changes in mental health spending. Fiscal year 2012 saw an additional drop in spending to $259.7 reflecting a decrease in the County's' Behavior Health Center funding. As a percent of total expenditures, this functional area has dropped from 23.1% in fiscal year 2008 to 20.3% of total expenditures for governmental activities in fiscal year 2012, as other functional areas have grown more. Inflation-adjusted expenditures in Health and Human Services on a per capita basis have declined from $362.48 in fiscal year 2008 to $268.83 in fiscal year 2012, reflecting reduce spending as well as the 11.1% 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, Criminal Justice Services, Child Support Enforcement, and Sheriff's Office, which is responsible for jail operations and coordination with the courts. This service area has increased from 7.9% of expenditures for fiscal year 2008 to 9.8% of expenditures for fiscal year 2012. Expenditures have increased 16.0% from fiscal year 2008 to 2012, resulting primarily from growth of jail operations. Detention and Court Support Services inflation-adjusted expenditures on a per capita basis have increased from $124.60 in fiscal 2008 to $130.12 in fiscal year 2012 as the costs of service in this 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, and Real Estate Services. Administrative Services represent 5.3% of expenditures for governmental activities. The cost per capita slightly increased from $69.73 in fiscal year 2008 to $70.57 in fiscal year 2012. The increase in earlier years was partially due to funding for the retiree medical benefits to comply with GASB Statement 45.

Financial Services

Resource management is the focus of this service area that consists of Central Finance, Human Services Finance and Tax Collection. Expenditures for this service area represent .7% of expenditures for governmental activities in fiscal year 2008 and remained steady through 2010, increasing to .8% in 2011 and to 1.4% in 2012. Expenditures increased from $9.3 million in fiscal year 2008 to $17.7 million in fiscal year 2012. Expenditures per capita increased from $10.67 in fiscal year 2008 to $18.35 in fiscal year 2012 reflecting the effect of inflation and the creation of the Human Services Finance Division.

Business Partners

Allocations and appropriations to other governmental entities and joint governmental activities are included in this service area that represents 33.4% of expenditures for governmental activities. Primary recipients of County funding are the Charlotte-Mecklenburg Schools, Central Piedmont Community College, 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 increased from $346.6 million in fiscal year 2008 to $351.6 million in fiscal year 2009 due to providing additional support to the schools for increased student enrollment. In the interim, school expenditures were reduced from $316.3 in fiscal year 2010 and again in 2011 to $307.2 in accordance with the decreases in county revenues. In fiscal year 2012 allocations were increased to $333.3 for current operations and capital outlay. Business Partners expenditures have decreased from $473.1 million in 2008 to $427.8 million in fiscal year 2012. The per capita expenditures for the five year period have decreased from $543.88 in fiscal year 2008 to $442.74 in fiscal year 2012, as the expenditures are spread over an increase in 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 $234.8 million in fiscal year 2008 to $256.5 million in fiscal year 2012, primarily to meet the construction needs of the school system and CPCC. Debt service as a percent of total governmental expenditures has increased from 17.2% in fiscal year 2008 to 20.0% in fiscal year 2012, reflecting debt issuance from fiscal years 2007 through 2009, no debt issuance in fiscal years 2010 and 2011 and a decrease in 2012 due to the refunding of existing debt at a lower interest rate. These are also reflected in the debt service expenditures per capita of $269.97 in fiscal year 2008 and $265.52 in fiscal year 2012.

Board of County Commissioners

Harold Cogdell, Jr.
Chairman
At-Large

Jim Pendergraph
Vice-Chairman
At-Large

Jennifer Roberts
At-Large

Karen Bentley
District 1

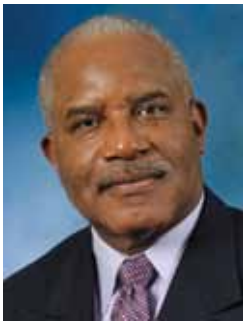
Vilma Leake
District 2

George Dunlap
District 3

Dumont Clarke
District 4

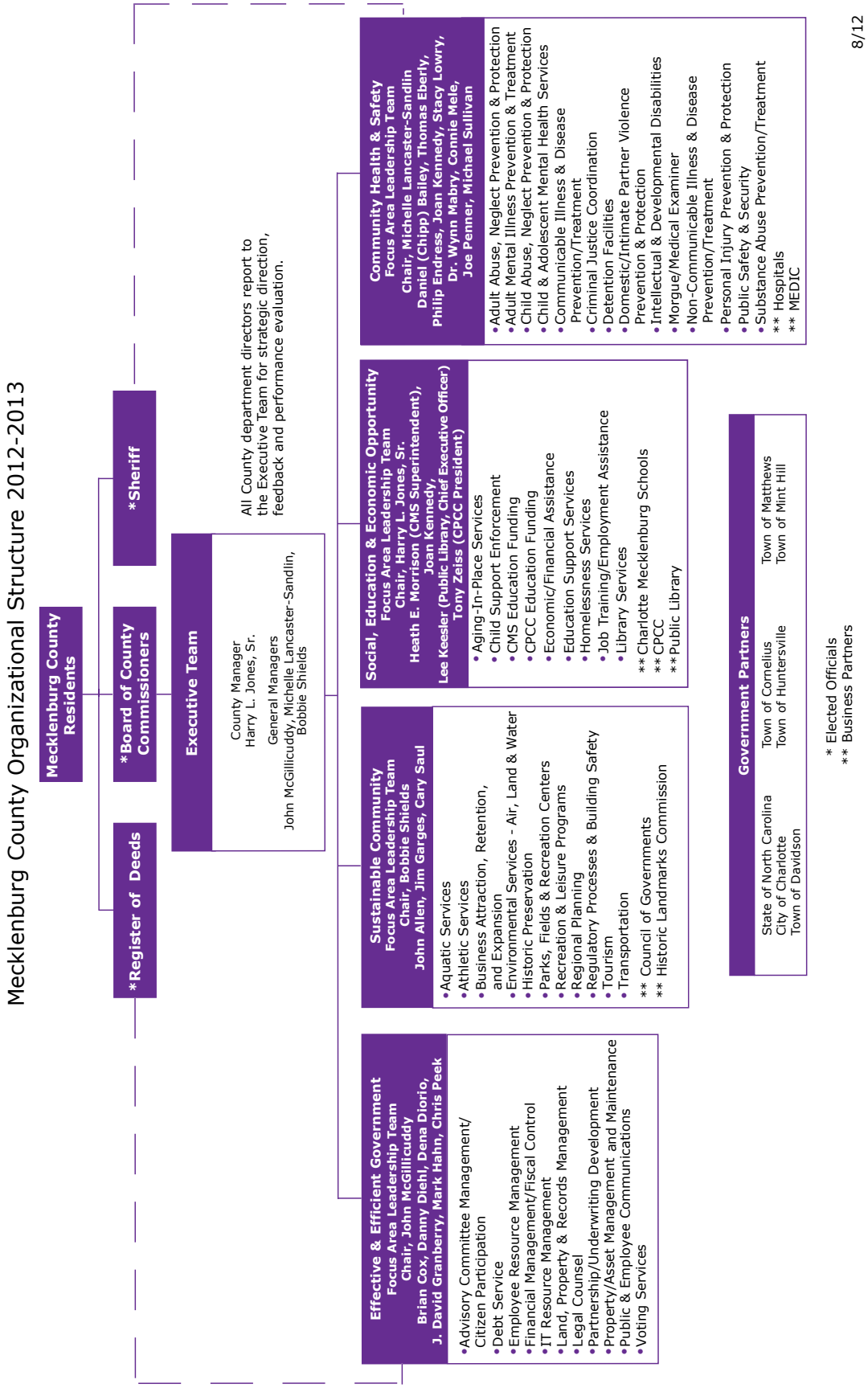
Neil Cooksey
District 5

Bill James
District 6



Harry L. Jones, Sr.
County Manager

Dena R. Diorio
Director of
Financial Services


Mecklenburg County Organizational Structure 2012-2013
Mecklenburg County Residents
*Register of Deeds
*Board of County Commissioners
*Sheriff
Executive Team
County Manager
Harry L. Jones, Sr.
General Managers
John McGillicuddy, Michelle Lancaster-Sandlin, Bobbie Shields
All County department directors report to the Executive Team for strategic direction, feedback and performance evaluation.
Effective & Efficient Government
Focus Area Leadership Team
Chair, John McGillicuddy
Brian Cox, Danny Diehl, Dena Diorio, J. David Granberry, Mark Hahn, Chris Peek
•Advisory Committee Management/ Citizen Participation
•Debt Service
•Employee Resource Management
•Financial Management/Fiscal Control
•IT Resource Management
•Land, Property & Records Management
•Legal Counsel
•Partnership/Underwriting Development
•Property/Asset Management and Maintenance
•Public & Employee Communications
•Voting Services
Sustainable Community
Focus Area Leadership Team
Chair, Bobbie Shields
John Allen, Jim Garges, Cary Saul
•Aquatic Services
•Athletic Services
•Business Attraction, Retention, and Expansion
•Environmental Services - Air, Land & Water
•Historic Preservation
•Parks, Fields & Recreation Centers
•Recreation & Leisure Programs
•Regional Planning
•Regulatory Processes & Building Safety
•Tourism
•Transportation
** Council of Governments
** Historic Landmarks Commission
Social, Education & Economic Opportunity
Focus Area Leadership Team
Chair, Harry L. Jones, Sr.
Heath E. Morrison (CMS Superintendent), Joan Kennedy,
Lee Keesler (Public Library, Chief Executive Officer)
Tony Zeiss (CPCC President)
•Aging-In-Place Services
•Child Support Enforcement
•CMS Education Funding
•CPCC Education Funding
•Economic/Financial Assistance
•Education Support Services
•Homelessness Services
•Job Training/Employment Assistance
•Library Services
** Charlotte Mecklenburg Schools
** CPCC
** Public Library
Community Health & Safety
Focus Area Leadership Team
Chair, Michelle Lancaster-Sandlin
Daniel (Chipp) Bailey, Thomas Eberly, Philip Endress, Joan Kennedy, Stacy Lowry, Dr. Wynn Mabry, Connie Mele, Joe Penner, Michael Sullivan
•Adult Abuse, Neglect Prevention & Protection
•Adult Mental Illness Prevention & Treatment
•Child Abuse, Neglect Prevention & Protection
•Child & Adolescent Mental Health Services
•Communicable Illness & Disease Prevention/Treatment
•Criminal Justice Coordination
•Detention Facilities
•Domestic/Intimate Partner Violence Prevention & Protection
•Intellectual & Developmental Disabilities
•Morgue/Medical Examiner
•Non-Communicable Illness & Disease Prevention/Treatment
•Personal Injury Prevention & Protection
•Public Safety & Security
•Substance Abuse Prevention/Treatment
** Hospitals
** MEDIC
Government Partners
State of North Carolina
City of Charlotte
Town of Davidson
Town of Cornelius
Town of Huntersville
Town of Matthews
Town of Mint Hill
* Elected Officials
** Business Partners
8/12

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, 2011

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

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012

Prepared by the Mecklenburg County, North Carolina
Financial Services Department

Financial Services Director

Dena R. Diorio

Finance CAFR Team

Wanda F. Reeves
Deputy Director of Financial Services

Shyry G. Greene
Senior Fiscal Administrator

Terri H. Peters
Senior Fiscal Analyst

Kenneth Myers
Senior Fiscal Analyst

Stephanie Prioleau
Senior Fiscal Analyst

Shawn E. Phillips
Senior Fiscal Analyst

Dimitrios P. Foster
Senior Fiscal Analyst

Ayanna C. Schlick
Fiscal Analyst

Tiffany Reese
Senior Fiscal Analyst

Fatima Robaina
Senior Fiscal Analyst

Cheryl H. Duke
Investment Officer

Acknowledgements

Central Finance Department

Office of the Tax Collector

Human Services Finance Division

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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.

CHERRY BEKAERT & HOLLAND
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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, 2012, 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 an opinion on these financial statements based on our audit. We did not audit the financial statements of the Mecklenburg County Alcoholic Beverage Control Board (the "ABC Board"). Those financial statements were audited by another auditor whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the ABC Board, is based solely on the report of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Mecklenburg Emergency Medical Services Agency 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 report of the other auditor provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditor, 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, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2012, on our consideration of the County's internal control over financial reporting and 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 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The Introduction section, Combining and Individual Fund Statements and Schedules, and Statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The Combining and Individual Fund Statements and Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The Introduction and Statistical sections have not been subjected to the auditing procedures applied in the audit of basic financial statements and, accordingly, we do not express an opinion or provide assurance on them.

Cherry, Bekaert + Holland L.L.P.

Raleigh, North Carolina
October 29, 2012

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, 2012 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, 2012, the Statement of Activities reflects an increase in net assets of $267.3 million as compared to an increase in net assets in the prior year of $193.2 million, resulting from a 1.3% increase in operating expenses as well as an increase of 6.6% in revenues, both program and general.
- The governmental funds total fund balances increased by $212.3 million from the prior year total ending fund balance of $464.2 million. The increase is the result of higher than expected revenues in property tax, sales tax, construction permits, charges for services and a decrease in investment income. Of the $676.5 million of governmental fund balances, total fund balance of $314.6 million is available for future years' spending as unassigned fund balance.
- The unassigned fund balance of the General Fund at June 30, 2012 is $324.2 million, which represents 30.6% of fiscal year 2013 budgeted General Fund expenditures or 110 days of operating balances.

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 and the MeckLink Fund are the County's business-type activities.
- **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; the Debt Service Fund; seven 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 fourteen 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 and the Debt Service Fund are presented individually on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances, because they meet 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 and the MeckLink Fund are the County's proprietary funds and are presented in the business-type activities column of the government-wide financial statements, because those funds operate similar to private business enterprises.

- 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.

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 Funds, 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, 2012 and 2011:

NET ASSETS (DEFICIT) (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Assets						
Current and other assets	$ 863,461	$ 623,942	$ 46,288	$ 32,152	$ 909,749	$ 656,094
Capital assets, net	984,569	979,834	55,455	50,822	1,040,024	1,030,656
Total Assets	1,848,030	1,603,776	101,743	82,974	1,949,773	1,686,750
Liabilities						
Current and other liabilities	108,762	79,902	2,504	662	111,266	80,564
Long-term liabilities						
Due within one year	182,033	187,338	1,147	1,004	183,180	188,342
Due after one year	1,861,400	1,903,728	21,870	9,381	1,883,270	1,913,109
Total Liabilities	2,152,195	2,170,968	25,521	11,047	2,177,716	2,182,015
Net Assets (Deficit)						
Invested in capital assets, net of related debt	554,597	499,386	50,534	49,670	605,131	549,056
Restricted	231,259	139,415	16,602	8,425	247,861	147,840
Unrestricted (Deficit)	(1,090,021)	(1,205,993)	9,087	13,832	(1,080,934)	(1,192,161)
Total Net Assets (Deficit)	$ (304,165)	(567,192)	$ 76,223	$ 71,927	$ (227,942)	$ (495,265)

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, and the Public Library of Charlotte and Mecklenburg County. This debt, which totals $1.385 billion at June 30, 2012, 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 $495.3 million to $227.9 million, a change of 54% resulting from a total assets increase of 15.6 % while total liabilities decreased .2%. The contribution to net assets from revenues and expenditures increased from a gain of $193.2 million at June 30, 2011 to $267.3 million at June 30, 2012. These changes relate to a reduction in spending as well as an increase of expected revenues such as property taxes. Invested in capital assets, net of any related outstanding debt of those assets, relates to County only activities. This amount increased from $549.1 million at June 30, 2011 to $604.4 million at June 30, 2012 as new assets were acquired and the associated debt declined. In 2012, the County issued new debt and retired some existing debt. Capital assets include land, buildings, vehicles, equipment, computer equipment and other machinery used in providing services to residents. Also, net assets of $147.8 million at June 30, 2011 and $247.9 million at June 30, 2012 represent resources that are subject to external restrictions on how they may be used. The decrease in the deficit unrestricted net assets is the result of the increase 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, 2012, with comparison to the prior year, for both governmental and business-type activities.

Note 5 to the Basic Financial Statements explains in detail the capital asset activities for year ended June 30, 2012.

CHANGES IN NET ASSETS (DEFICIT) (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
REVENUES						
Program Revenues:						
Charges for services	$ 97,268	$ 90,131	$ 12,394	$ 12,350	$ 109,662	$ 102,481
Operating grants and contributions	182,135	204,812	109	64	182,244	204,812
Capital grants and contributions	2,364	2,576	-	-	2,364	2,640
General Revenues:					-	-
Property taxes	941,943	862,727	-	-	941,943	862,727
Sales taxes	204,862	178,706	-	-	204,862	178,706
Other taxes	11,222	10,383	-	-	11,222	10,383
Investment income	2,878	3,052	243	238	3,121	3,290
Other		323	4,403	4,752	4,403	5,075
TOTAL REVENUES	1,442,672	1,352,710	17,149	17,404	1,459,821	1,370,114
EXPENSES						
Program Expenses:						
Customer Satisfaction and Management Services	13,385	14,829	-	-	13,385	14,829
Administrative Services	68,640	66,878	-	-	68,640	66,878
Financial Services	13,481	14,865	-	-	13,481	14,865
Land Use and Environmental Services	50,383	50,518	-	-	50,383	50,518
Community Services	62,444	74,659	-	-	62,444	74,659
Detention and Court Support Services	139,861	127,614	-	-	139,861	127,614
Health and Human Services	261,719	290,065	-	-	261,719	290,065
Business Partners	473,884	441,256	-	-	473,884	441,256
Interest Expense	94,148	82,964	-	-	94,148	82,964
Solid Waste Operations	-	-	14,553	13,273	14,553	13,273
TOTAL EXPENSES	1,777,945	1,163,648	14,553	13,273	1,192,498	1,176,921
EXCESS IN NET ASSETS before transfers	264,727	189,062	2,596	4,131	267,323	193,193
Transfers	(1,700)	-	1,700	-	(688,458)	-
EXCESS IN NET ASSETS	$ 263,027	(189,062)	$ 4,296	$ 4,131	$ 267,323	$ 193,193
Beginning of year	(567,192)	(756,254)	71,927	67,796	(495,265)	(688,458)
End of year	$ (304,165)	(567,192)	$ 76,223	$ 71,927	$ (227,942)	$ (495,265)

Governmental-Type Activities

Program revenues covered 25.4% of County expenses at June 30, 2011 and 23.7% at June 30, 2012, with general revenues covering the balance of expenses. The change in net assets for the year ended June 30, 2012 results from reductions in spending and an increase in revenue – primarily property taxes, sales taxes and charges for services. Property tax revenues increased $79.2 million (9.2%) from the prior year, primarily due to increases in the tax base. Sales tax revenue increased $26.1 million (14.6%) from fiscal year 2011 reflecting the economic recovery. Investment income decreased $.02 million (5.7%) from the year ended June 30, 2011 due to the decline in rates in the investment market. Charges to users of County services generated revenues that supported 8.3% of County governmental operations for fiscal 2012 and 7.8% for fiscal year 2011. The County continued its strategy to secure a maximum amount of grant funds provided by state and federal agencies. However, grant funds available were reduced as federal stimulus funding ended. Revenues from grants decreased $22.7 million (11.1%) in fiscal year 2012. The County covered 15.5% of expenses with grant revenues in fiscal year 2012 and 17.8% in fiscal year 2011.

Business-Type Activities

The Solid Waste Enterprise Fund 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 residential unit, landfill tipping fees for residential waste are $27.50 per ton for fiscal year 2012, reflecting a 3.8% increase over fiscal year 2011 and a fee of $39 per ton charge for commercial waste, disposal fees and recycling sales. The business-type activity contributed 1.3% to the primary government's total revenue for fiscal year 2012 and 1.3% for the fiscal year 2011. Change in net assets, also considered income, increased $.2 million from the prior year's $4.1 million primarily due to operating income being higher as a direct result of single stream recycling which began July 1, 2010. The $4.3 million was retained by the activity for its future operations.

The MeckLink Enterprise Fund was established in fiscal year 2012. This fund accounts for activities related to the delivery of services to individuals with mental illness, intellectual and developmental disabilities and substance abuse disorders. In fiscal year 2012, startup costs of $309,000 were incurred. Full implementation for this business-type activity is scheduled for February 2013.

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, committed, assigned, and unassigned 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, Debt Service 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 $458.8 million of which $95.1 million is restricted for Stabilization by State Statute and $484,173 is restricted for Land Use & Environmental Services and Health and Human Services; $7.6 million is committed for Detention and Court Support Services, $11 million is committed for Health and Human Services, $7.5 million is committed for Capital Reserve and $6.5 million is committed for Technology Reserve and $350,000 is committed for Administrative Services. In addition, of the $458.8 million of fund balance in the General Fund, $4.4 million is assigned to Land Use & Environmental Services, $1.3 million is assigned to Detention & Court Services, and $300,000 is assigned to Community Services. $324.2 million of the $458.2 million in the General Fund is unassigned. The General Fund total revenues were more than budget by $32.5 million, and revenues exceeded expenditures by $134.3 million, as explained more fully below.

Revenues for the General Fund decreased $185.6 million, or 14.5% from fiscal 2011:

- In fiscal year 2012, a separate Debt Service Fund was established to account for the payment of the County's debt service and the accumulation of resources for the County's debt service. In fiscal year 2011, revenues collected in the General Fund were used to pay debt service. In fiscal year 2012, revenues to pay debt service are budgeted in the Debt Service fund where the payment of debt service is made. Revenues posted to the Debt

Service Fund in 2012 were:

- $224.2 million in property taxes
- $38.2 million in sales taxes
- $12.3 million in intergovernmental revenue
- $1.8 million in other revenue

- Property tax revenues reported in the General Fund decreased $144.9 million (17.2%) from fiscal year 2011. As noted above, $224.2 million of collected property taxes for fiscal year 2012 were reported in the Debt Service Fund not in the General Fund as in fiscal year 2011. In fiscal year 2012, total collection rates were more than the prior year. Current year collections represented 98% of the current year levy, while total tax collections represented 98% of the current year's tax levy an increase from prior year's percentage (97.8%).
- Sales tax revenues reported in the General Fund were $131.2 million, a decrease of $16.4 million from fiscal year 2011. However $38.2 million of sales tax revenue received in fiscal year 2012 is reported in the Debt Service Fund. The County experienced an increase in total sales tax revenue from fiscal year 2011 of $21.8 million.
- Intergovernmental revenues totaled $169.4 million as compared to $196.4 million for fiscal year 2011. The change in revenue levels in the General Fund results from reporting $12.3 million of intergovernmental revenue in the Debt Service Fund as well as a decrease in grant funding. State and federal grant funds supported 175 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.

Exhibit 1:

GRANT PROGRAMS
All Funds

Program Category	Number	Revenue (millions)
Social Services	62	$116.1
Mental Health	19	29.1
Health	40	34.8
Other	54	6.2
Total	175	$186.2

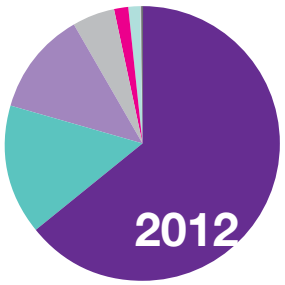
- Charges for services revenue increased 3.5% ($1.9 million) from the prior year. Licenses and permit fees increased 22.8% ($3.2 million) from the prior year due to improvements in the construction industry. Charges for services increased due to some recovery in the economy.
- Interest earned on investments declined 15% from the amount received in fiscal year 2011, to $2.5 million. The decline results from a decline in interest rates and reduced cash available for investment. 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 (including Debt Service revenue) for fiscal years 2012 and 2011 are illustrated in Exhibit 2.

General Fund expenditures decreased $241.3 million (20.1%) over those of last year. In fiscal year 2012, $254.1 million of debt service expenses are now reported in the Debt Service Fund which was previously reported in the General Fund.

Exhibit 2:

Revenue Sources - Fiscal Year



2012		2011
64.2%	Property Taxes, penalties and Interest	66.3%
15.5%	Intergovernmental Revenue	15.3%
12%	Sales Tax	11.5%
5.2%	Charges for Services	4.3%
1.6%	Other	1.3%
1.3%	Licenses and Permits	1.1%
0.2%	Interest earned on investments	0.2%

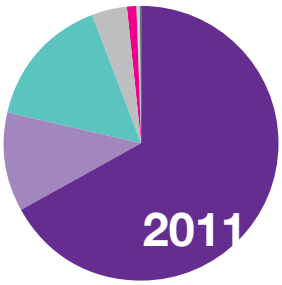
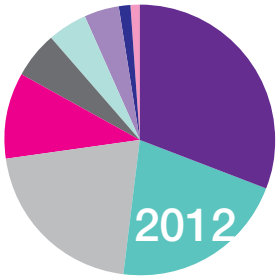


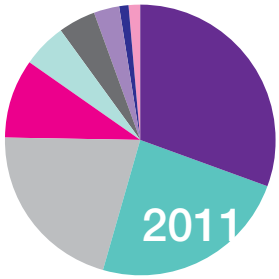
Exhibit 3 graphically illustrates the County's expenditure dollar for the two years including debt service.

Exhibit 3:

Expenditures by Core Service - Fiscal Year



2012		2011
31.1%	Business Partners	30.7%
21.2%	Health and Human Services	23.9%
20.8%	Debt Service	20.9%
10.3%	Detention and Court Support Services	9.4%
4.6%	Community Services	5.3%
5.4%	Administrative Services	4.3%
4.3%	Land Use and Environmental Services	3.1%
1.1%	Customer Satisfaction and Management	1.2%
1.2%	Financial Services	1.2%



The fiscal year 2012 General Fund adopted budget reflected an 18.4% ($234.2 million) decrease from the fiscal year 2011 budget. As stated earlier, in fiscal year 2012, a Debt Service Fund was established to account for payment of the County's debt service and the accumulation of resources for the County's debt service. The adopted budget for fiscal year 2012 for the Debt Service Fund was $269 million.

Fiscal year 2012 results represent a refocus on the County's core services. Some variances, such as Health and Human Services (9.7% decrease) result from grants where program spending did not reach expected levels. Required service areas such as Detention and Court Support Services, increased by 10.8%. Other functional areas, particularly Land Use and Environmental Services, experienced an increase in spending of 5.8% due to the improvement in the economy.

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. Charlotte-Mecklenburg Schools and Central Piedmont Community College expenditures comprise 94.4% of Business Partners expenditures. Funds for the current operations of the Charlotte-Mecklenburg Schools were $333.3 million, $26.1 million more than the amount allocated for fiscal year 2011. Funding to Central Piedmont Community College was $26.2 million, an increase of 9.4%. These changes, plus adjustments to other outside agencies resulted in an overall increase in expenditures to Business Partners of $11.2 million from fiscal year 2011.

Debt Service Fund

In fiscal year 2012, a Debt Service Fund was established to account for payment of and the accumulation of resources for the County's debt service. The adopted budget of the fund was $269 million fiscal in year 2012. In fiscal year 2011, the County's debt service was accounted for in the General Fund. Debt service, which has two components, decreased by $2 million (.8%) over fiscal year 2011. General debt service, which covers the capital needs of the County, primarily libraries, courts and parks and recreation, decreased $2.8 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 only slightly by 1% due to debt restructuring.

Special Revenue Funds

Total revenues for the seven Special Revenue Funds decreased $2.7 million (4.0%) from the prior year. The change in revenue is primarily attributable to the following: $.6 million decrease in law enforcement service district taxes and intergovernmental revenues related to storm water grants decreased $6.5 million. The decreases were offset by increases including an increase in the Transit One-Half Cent Sales Tax of $4.4 million and an increase in other revenues of $.5 million.

Capital Projects Funds

More than half of each year's expenditures are for construction, renovations and improvements to school facilities. The increase in expenditures of 55.3% between years results from the County's focus

on completing projects as well as adding new capital projects. Funding for capital projects is supplied by proceeds from new bonds, unexpended bond proceeds and 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 and 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 Financial Services for possible revenue shortfalls or potential overspending. Purchase orders and contracts are not considered valid until the Director of Financial Services 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 $19.1 million primarily for increases to grant funded activities.

General Fund revenues were more than final budget by $32.5 million (3.0%) reflecting increased property tax collections ($28.3 million), an increase in sales tax distributions ($12.2 million) and increase in license and permits ($2.7 million). Intergovernmental revenues were less than budget ($10.3 million) due to a decrease in grant funding and state programs.

General Fund expenditures were under budget $99.6 million, a variance of 10.4% from the final budget. This results from departments and business partners reduced spending as well as encumbrances remaining outstanding at June 30, 2012, as these amounts are not included in the GAAP actual numbers. Some variances, such as Health and Human Services ($69 million), include varied grant and state program spending which did not reach expected levels as well as a decrease in spending of $22 million for behavioral health services. Land Use and Environmental Services expenditures varied $6.2 million from budget due to state program spending not reaching expected levels.

CAPITAL ASSETS

The County's investment in capital assets, net of

CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION

(in thousands)

Description	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	$ 436,841	$ 427,419	$ 28,688	$ 28,688	$ 465,529	$ 456,107
Construction in progress	62,754	56,100	4,306	1,160	67,060	57,260
Land Improvements	34,272	35,821	7,395	7,713	41,667	43,534
Buildings and Improvements	429,815	440,144	7,045	6,788	436,860	446,932
Vehicles and Heavy Equipment	6,774	7,539	1,293	1,828	8,067	9,367
Furniture, Machinery and Equipment	4,661	5,106	6,728	4,645	11,389	9,751
Computer Software	9,452	7,705	-	-	9,452	7,705
Total	$ 984,569	$ 979,834	$ 55,455	$ 50,822	$ 1,040,024	$ 1,030,656

accumulated depreciation, for governmental and business-type activities at June 30, 2012 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 funds financial statements. Governmental funds treat capital acquisitions as expenditures in the period in which they are purchased. The investment in capital assets, net of accumulated depreciation, decreased .5% from last year for governmental activities and the business-type activities investment in capital assets, net of accumulated depreciation, increased 9.1%. The change in governmental activities assets results from: 1) the acquisition of land for future use totaling $9.4 million; 2) a decrease to buildings and improvements of $10.3 million due to an increase in depreciation for buildings and improvements added; and 3) a decrease to land improvements of $1.5 million. The change in vehicles and heavy equipment results from the disposal of assets, while the decrease in furniture, machinery and equipment results from the net change of adding and disposing of items. The increase of $1.7 million in software and licenses result from the net change in adding and depreciation of items.

The $4.6 million increase in business-type activities (enterprise fund) is the result of an increase in buildings and improvements ($.8 million), an increase in furniture, machinery and equipment ($3.5) and an increase in construction in progress ($3.1 million) plus the effect of depreciation for activities at the landfill.

Note 5 to the Basic Financial Statements explains in detail the capital asset activities for the year ended June 30, 2012.

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 and limited obligation bonds to provide funding for school, library, community college, and County capital needs. In fiscal year 2012, the County issued special obligation bonds to acquire and construct additions and improvements at the County's existing solid waste management facility. At June 30, 2012 and 2011, general obligation bonds, special obligation bonds and installment financing consisted of:

GENERAL OBLIGATION BONDS AND INSTALLMENT FINANCINGS

(in thousands)

Description	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Public Improvement Bonds	$ 1,385,017	$ 1,427,884	$ 28	$ 606	$ 1,385,045	$ 1,428,490
Installment Financings	462,605	488,670	-	-	462,605	488,670
Special Obligation Bonds	-	-	12,220	-	12,220	-

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 $1,434, a decrease of 6.2% from the prior year which results from a reduction in bonds payable and spreading the outstanding debt over a 2.9% increase in County population.

The County's net bonded debt is 1.2% of assessed valuation, well below the 8% of assessed valuation legal debt limit of $9.3 billion, authorized by N.C. General Statute Chapter 159. See Exhibit 5.

The County's financial management continues to insure a strong financial position and enabled 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

Exhibit 4:

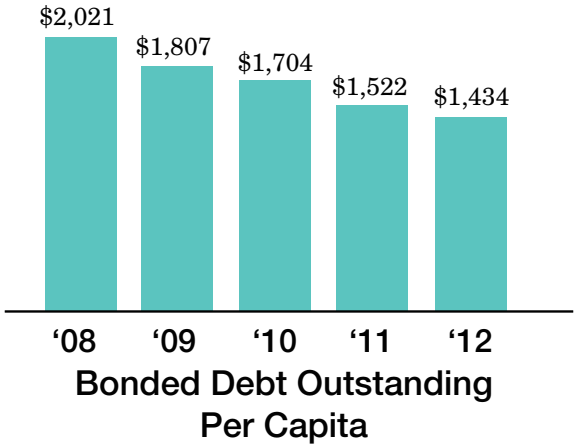
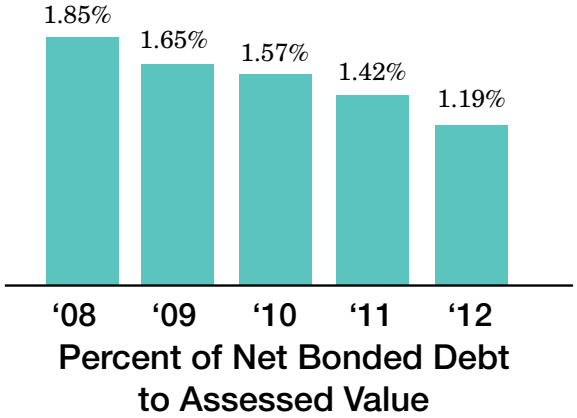


Exhibit 5:



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, certificates of participation and limited obligation bonds.

Note 8 to the Basic Financial Statements explains in detail the debt activities for the year ended June 30, 2012.

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 liability (asset) in the entity-wide financial statements. The County has had an actuarial study to determine the OPEB liability and determine required plan contributions to meet this obligation for both fiscal year 2012 and 2011. The County funded $15.7 million of the annual required contribution of $39.2 million at June 30, 2012, resulting in an increase in the OPEB liability in the entity-wide statements.

OUTLOOK FOR THE NEXT YEAR

The Board approved a $1.4 billion annual budget for fiscal year 2013. The adopted budget reflects a 3.4% increase ($47.7 million) over the fiscal year 2012 as revenues have stabilized. The 2013 tax rate is 79.22 cents per $100 of assessed valuation, a decrease from the year 2012 countywide property tax rate of 81.66 cents. This is the lowest County tax rate in eight years and reflects the increased assessed value resulting from revaluation.

The County has identified Critical Success Factors for achieving goals and as well as establishing funding priorities for the fiscal year 2020. These Critical Success Factors are education funding, operational excellence; reinvestment in County employees; fiscal discipline; and sustainability and affordability.

Major funding decisions by Critical Success Factors as compared to the fiscal year 2012 are:

- Debt Service, funded at a 107.2% of the fiscal year 2012 budget
- Charlotte-Mecklenburg Schools, funded at 97.2% of the fiscal year 2012 budget
- Central Piedmont Community College funded at 104.6% of the fiscal year 2012 budget
- $6.7 million for the implementation of MeckLink.

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 Financial Services, Mecklenburg County, P.O. Box 34486, Charlotte, North Carolina 28234.

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MECKLENBURG COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS (DEFICIT)

JUNE 30, 2012

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Public Library of Charlotte and Mecklenburg County	Mecklenburg Emergency Medical Services Agency	Mecklenburg County Alcoholic Beverage Control Board
ASSETS						
Cash and investments	$ 690,979,530	$ 45,302,175	$ 736,281,705	$ 10,885,053	$ 12,664,950	$ 9,704,330
Receivables, net	130,869,734	486,747	131,356,481	245,806	9,283,696	7,000
Due from other governmental agencies	-	-	-	76,348	-	-
Advances to other government agencies	919,058	-	919,058	-	-	-
Prepaid expenses	-	-	-	243,752	61,324	277,984
Inventories	4,960	-	4,960	-	-	6,939,456
Restricted assets	-	284,263	284,263	-	-	-
Deferred charges	12,996,848	215,216	13,212,064	-	-	-
Accumulated decrease in interest rate swaps	27,691,231	-	27,691,231	-	-	-
Capital assets						
Land	436,840,813	28,687,608	465,528,421	13,523,473	-	5,953,125
Construction in progress	62,753,644	4,305,927	67,059,571	204,007	-	144,982
Other capital assets, net of accumulated depreciation	484,974,525	22,460,949	507,435,474	70,837,398	6,688,590	21,143,159
TOTAL ASSETS	1,848,030,343	101,742,885	1,949,773,228	96,015,837	28,698,560	44,170,036
LIABILITIES						
Accounts payable and other accrued liabilities	105,190,489	2,504,059	107,694,548	701,750	17,212,369	9,509,414
Unearned revenue	3,571,153	-	3,571,153	992,422	-	-
Long-term liabilities						
Due within one year	182,033,342	1,146,591	183,179,933	1,366,662	-	-
Due in more than one year	1,861,400,407	21,869,731	1,883,270,138	14,018,531	-	-
TOTAL LIABILITIES	2,152,195,391	25,520,381	2,177,715,772	17,079,365	17,212,369	9,509,414
NET ASSETS (DEFICIT)						
Invested in capital assets, net of related debt	554,597,039	50,534,165	605,131,204	83,653,163	6,688,590	27,241,266
Restricted						
Stabilization by State Statute	153,462,413	-	153,462,413	1,562,371	4,886,312	-
Land Use & Environmental Services	2,089,626	8,793,720	10,883,346	-	-	-
Capital Projects	75,355,810	7,808,017	83,163,827	-	-	-
Health and Human Services	350,952	-	350,952	-	-	-
Grants	-	-	-	377,732	-	-
Facility Enhancements	-	-	-	2,032,633	-	-
By Law for Specific Purposes	-	-	-	-	-	3,114,536
Unrestricted (deficit)	(1,090,020,888)	9,086,602	(1,080,934,286)	(8,710,417)	(88,711)	4,304,820
TOTAL NET ASSETS (DEFICIT)	$ (304,165,048)	$ 76,222,504	$ (227,942,544)	$ 78,915,482	$ 11,486,191	$ 34,660,622

The accompanying notes are an integral part of this statement.

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MECKLENBURG COUNTY, NORTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets					
					Primary Government			Component Units		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	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	$ 13,385,404	$ 5,149	$ 302,561	$ -	$ (13,077,694)	$ -	$ (13,077,694)	$ -	$ -	$ -
Administrative Services	68,640,008	4,704,868	687,730	-	(63,247,410)	-	(63,247,410)	-	-	-
Financial Services	13,481,365	8,620	-	-	(13,472,745)	-	(13,472,745)	-	-	-
Land Use and Environmental Services	50,382,764	46,602,695	5,400,383	-	1,620,314	-	1,620,314	-	-	-
Community Services	62,443,524	4,745,409	1,849,456	2,363,939	(53,484,720)	-	(53,484,720)	-	-	-
Detention and Court Support Services	139,861,092	25,140,485	9,525,869	-	(105,194,738)	-	(105,194,738)	-	-	-
Health and Human Services	261,719,406	11,090,714	153,903,193	-	(96,725,499)	-	(96,725,499)	-	-	-
Business Partners	473,884,009	4,970,124	10,465,907	-	(458,447,978)	-	(458,447,978)	-	-	-
Interest on long-term debt										
General purpose	31,667,766	-	-	-	(31,667,766)	-	(31,667,766)	-	-	-
Public schools	62,480,382	-	-	-	(62,480,382)	-	(62,480,382)	-	-	-
Total Governmental Activities	1,177,945,720	97,268,064	182,135,099	2,363,939	(896,178,618)	-	(896,178,618)	-	-	-
Business-type activities										
Solid Waste Operations	14,553,401	12,394,000	108,818	-	-	(2,050,583)	(2,050,583)	-	-	-
Total Primary Government	$ 1,192,499,121	$ 109,662,064	$ 182,243,917	$ 2,363,939	(896,178,618)	(2,050,583)	(898,229,201)	-	-	-
Component Units										
Public Library of Charlotte and Mecklenburg County	$ 33,265,630	$ 2,091,236	$ 1,989,683	$ 277,659	-	-	-	(28,907,052)	-	-
Mecklenburg Emergency Medical Services Agency	53,085,698	35,471,884	-	-	-	-	-	-	(17,613,814)	-
Mecklenburg County Alcoholic Beverage Control Board	79,178,508	81,215,438	-	-	-	-	-	-	-	2,036,930
Total Component Units	$ 165,529,836	$ 118,778,558	$ 1,989,683	$ 277,659	-	-	-	(28,907,052)	(17,613,814)	2,036,930
General Revenues										
Property taxes, levied for general purposes					930,006,268	-	930,006,268	-	-	-
Property taxes, levied for Law Enforcement Service District					11,937,234	-	11,937,234	-	-	-
Sales taxes					204,862,019	-	204,862,019	-	-	-
Other taxes					11,221,927	-	11,221,927	-		-
Investment earnings					2,878,368	242,917	3,121,285	37,376	4,563	48,786
Miscellaneous					-	4,403,049	4,403,049	307,893	424,755	202,405
Transfers					(1,700,000)	1,700,000	-	-	-	-
Payment from primary government:										
Library					-	-	-	25,481,184	-	-
Emergency Medical Services					-	-	-	-	13,104,626	-
Total General Revenues and Transfers					1,159,205,816	6,345,966	1,165,551,782	25,826,453	13,533,944	251,191
Change in Net Assets					263,027,198	4,295,383	267,322,581	(3,080,599)	(4,079,870)	2,288,121
Net Assets (Deficit), beginning of year					(567,192,246)	71,927,121	(495,265,125)	81,996,081	15,566,061	32,372,501
Net Assets (Deficit), end of year					$ (304,165,048)	$ 76,222,504	$ (227,942,544)	$ 78,915,482	$ 11,486,191	$ 34,660,622

The accompanying notes are an integral part of this statement.

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MECKLENBURG COUNTY, NORTH CAROLINA

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2012

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	$ 478,888,580	$ 18,823,041	$ 193,267,909	$ 690,979,530
Interest receivable	1,257,411	39,615	199,216	1,496,242
Accounts receivable	65,520,260	12,517,033	13,661,367	91,698,660
Accounts receivable - clinics	969,550	-	-	969,550
Less allowance for uncollectible claims	(838,251)	-	-	(838,251)
Taxes receivable	58,939,652	-	1,044,881	59,984,533
Less allowance for uncollectible taxes	(22,000,000)	-	(441,000)	(22,441,000)
Advances to other governmental agencies	858,249	-	60,809	919,058
Deferred charges	42,486	-	-	42,486
Inventory	4,960	-	-	4,960
TOTAL ASSETS	$ 583,642,897	$ 31,379,689	$ 207,793,182	$ 822,815,768
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	$ 84,409,048	$ -	$ 20,781,441	$ 105,190,489
Deferred revenue	40,476,391	-	638,295	41,114,686
Total Liabilities	124,885,439	-	21,419,736	146,305,175
Fund Balances (Deficits)				
Nonspendable:				
Inventory	4,960	-	-	4,960
Restricted:				
Stabilization by State Statute	95,149,592	12,556,648	45,756,173	153,462,413
Land Use & Environmental Services	133,221	-	1,956,405	2,089,626
Capital Projects	-	-	75,355,810	75,355,810
Health & Human Services	350,952	-	-	350,952
Committed:				
Land Use & Environmental Services	-	-	20,294,846	20,294,846
Capital Projects	-	-	51,288,127	51,288,127
Public Safety	-	-	1,310,858	1,310,858
Detention & Court Support Services	7,622,171	-	-	7,622,171
Health & Human Services	11,000,000	-	-	11,000,000
Capital Reserve	7,500,000	-	-	7,500,000
Technology Reserve	6,500,000	-	-	6,500,000
Administrative Services	350,000	-	-	350,000
Debt Service	-	18,823,041	-	18,823,041
Assigned:				
Land Use & Environmental Services	4,405,270	-	-	4,405,270
Detention & Court Support Services	1,250,125	-	-	1,250,125
Community Services	300,000	-	-	300,000
Unassigned:	324,191,167	-	(9,588,773)	314,602,394
Total Fund Balances (Deficits)	458,757,458	31,379,689	186,373,446	676,510,593
TOTAL LIABILITIES AND FUND BALANCES	$ 583,642,897	$ 31,379,689	$ 207,793,182	
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.				984,568,982
Other long term assets are not available for current year expenditures and, therefore, deferred in the funds.				37,543,533
Certain debt related assets are not available for current year expenditures and, therefore, are deferred in the funds.				27,691,227
Certain bond expenditures are capitalized for future amortization over the life of the bonds.				12,954,366
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.				(2,043,433,749)
Net (deficit) of governmental activities				$ (304,165,048)

The accompanying notes are an integral part of this statement.

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MECKLENBURG COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$ 840,054,805	$ 262,359,234	$ -	$ 1,102,414,039
Law Enforcement Service District Taxes	-	-	12,188,234	12,188,234
Transit One-Half Cent Sales Tax	-	-	35,529,884	35,529,884
Licenses and permits	17,473,904	-	-	17,473,904
Intergovernmental	169,412,044	12,329,692	5,219,428	186,961,164
Charges for services	56,844,995	-	15,061,115	71,906,110
Interest earned on investments	2,462,302	153,129	262,937	2,878,368
Administrative charges	2,525,641	-	-	2,525,641
Other	7,183,476	1,801,111	3,071,029	12,055,616
Total Revenues	1,095,957,167	276,643,166	71,332,627	1,443,932,960
EXPENDITURES				
Current				
Customer Satisfaction and Management	13,373,798	-	-	13,373,798
Administrative Services	68,179,870	-	-	68,179,870
Financial Services	17,725,841	-	-	17,725,841
Land Use and Environmental Services	39,913,376	-	12,676,625	52,590,001
Community Services	56,220,129	-	-	56,220,129
Detention and Court Support Services	125,715,537	-	-	125,715,537
Health and Human Services	259,728,965	-	-	259,728,965
Business Partners	380,764,253	-	46,997,867	427,762,120
Debt Service				
Principal	-	162,974,130	2,307,584	165,281,714
Interest	-	91,136,165	116,438	91,252,603
Capital Outlay	-	-	76,770,706	76,770,706
Total Expenditures	961,621,769	254,110,295	138,869,220	1,354,601,284
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	134,335,398	22,532,871	(67,536,593)	89,331,676
OTHER FINANCING SOURCES (USES)				
Refunding Bond Proceeds	-	164,015,000	-	164,015,000
Premium on Financing	-	24,644,861	6,349,420	30,994,281
Payment to Refunding Escrow Agent	-	(179,813,043)	-	(179,813,043)
Sale of Bonds	-	-	100,000,000	100,000,000
Installment Financing / Capital Lease	-	-	9,434,906	9,434,906
Transfers in	116,234	-	46,624,873	46,741,107
Transfers out	(48,324,873)	-	(116,234)	(48,441,107)
Total Other Financing Sources (Uses)	(48,208,639)	8,846,818	162,292,965	122,931,144
NET CHANGE IN FUND BALANCES	86,126,759	31,379,689	94,756,372	212,262,820
FUND BALANCES - BEGINNING OF YEAR	372,630,699	-	91,617,074	464,247,773
FUND BALANCES - END OF YEAR	$ 458,757,458	$ 31,379,689	$ 186,373,446	$ 676,510,593

The accompanying notes are an integral part of this statement.

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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, 2012

Net change in fund balances - total governmental funds	$ 212,262,820
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.	31,687,925
Depreciation expense is reported in the Statement of Activities, but not in the fund statements.	(26,819,668)
Loss on disposal of assets and adjustment to accumulated depreciation is reported in the Statement of Activities, but not in the fund statements.	(133,230)
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.	(86,395,049)
Bond premiums and deferred charges, respectively, for the governmental funds are deferred and amortized in the Statement of Activities.	(11,093,776)
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.	165,317,717
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.	1,363,915
Other long term liabilities are reported in the Statement of Net Assets, but not in the fund statements.	(23,163,456)
Change in net assets of governmental activities	$ 263,027,198

The accompanying notes are an integral part of this statement.

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MECKLENBURG COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance from Final Budget-
	Original	Final	Amounts	Positive/(Negative)
REVENUES				
Taxes				
General property - current	$ 656,202,487	$ 657,002,487	$ 687,683,843	$ 30,681,356
General property - prior	14,840,000	14,840,000	12,462,261	(2,377,739)
Interest on delinquent taxes	3,000,000	3,000,000	4,050,249	1,050,249
Sales	119,000,000	119,000,000	131,167,901	12,167,901
Room occupancy	750,000	750,000	1,122,799	372,799
Vehicle rental	2,200,000	2,200,000	2,846,035	646,035
Other	295,001	295,001	721,717	426,716
Total Taxes	796,287,488	797,087,488	840,054,805	42,967,317
Licenses and permits				
Business licenses	225,000	225,000	246,246	21,246
Inspection permits	13,264,873	14,430,154	17,091,153	2,660,999
Marriage licenses	121,000	121,000	136,505	15,505
Total Licenses and permits	13,610,873	14,776,154	17,473,904	2,697,750
Intergovernmental				
Federal	97,290,457	117,090,208	109,622,226	(7,467,982)
State	56,440,188	55,001,480	54,027,423	(974,057)
Local	7,618,866	7,618,866	5,762,395	(1,856,471)
Total Intergovernmental	161,349,511	179,710,554	169,412,044	(10,298,510)
Charges for services				
Customer Satisfaction and Management	5,000	5,000	5,149	149
Administrative Services	-	74,572	321,732	247,160
Financial Services	1,140,000	1,140,000	1,564,021	424,021
Land Use and Environmental Services	12,186,515	12,186,515	14,840,753	2,654,238
Community Services	2,708,861	2,854,516	2,984,336	129,820
Detention and Court Support Services	25,206,359	25,816,206	25,056,240	(759,966)
Health and Human Services	13,904,476	13,959,439	10,219,888	(3,739,551)
Business Partners	2,300,000	2,300,000	1,852,876	(447,124)
Total Charges for services	57,451,211	58,336,248	56,844,995	(1,491,253)
Interest earned on investments	2,790,000	2,790,000	2,462,302	(327,698)
Administrative charges	2,525,637	2,525,637	2,525,641	4
Other				
Rental	1,967,732	2,053,232	2,343,301	290,069
Sale of properties	980,965	980,965	1,137,165	156,200
Miscellaneous	4,210,516	5,216,104	3,703,010	(1,513,094)
Total Other	7,159,213	8,250,301	7,183,476	(1,066,825)
Total Revenues	1,041,173,933	1,063,476,382	1,095,957,167	32,480,785

(Continued)

The accompanying notes are an integral part of this statement.

MECKLENBURG COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012
(CONTINUED)

	Budgeted Amounts		Actual	Variance from Final Budget-
	Original	Final	Amounts	(Positive)/Negative
EXPENDITURES				
Current				
Customer Satisfaction and Management				
County Commissioners	$ 374,915	$ 367,035	$ 327,745	$ (39,290)
Economic Development Office	8,032,986	8,042,688	6,627,271	(1,415,417)
Manager's Office	9,122,932	9,490,638	4,824,763	(4,665,875)
Public Service and Information	1,730,465	1,679,569	1,594,019	(85,550)
Total Customer Satisfaction and Management	19,261,298	19,579,930	13,373,798	(6,206,132)
Administrative Services				
Internal Audit	1,000,599	1,022,272	987,857	(34,415)
Human Resources	4,157,844	4,728,158	4,294,166	(433,992)
Information Services and Technology	18,049,597	19,406,776	18,563,463	(843,313)
Real Estate Services	16,826,385	16,768,637	15,160,801	(1,607,836)
Nondepartmental	49,909,350	29,641,536	29,173,583	(467,953)
Total Administrative Services	89,943,775	71,567,379	68,179,870	(3,387,509)
Financial Services				
Finance	3,626,191	8,747,108	7,881,270	(865,838)
Installment Financing (Principal & Interest)	443,863	443,863	443,863	-
Fiscal charges	3,420,459	3,420,459	2,198,532	(1,221,927)
Pay-As-You-Go Funding	32,343,773	-	-	-
Payment to City of Charlotte	689,006	689,006	689,006	-
Tax Collection	7,711,715	7,763,470	6,513,170	(1,250,300)
Total Financial Services	48,235,007	21,063,906	17,725,841	(3,338,065)
Land Use and Environmental Services				
Geospatial Information	3,483,047	3,674,292	3,640,889	(33,403)
Code Administration	17,925,518	19,788,065	18,481,677	(1,306,388)
Property Assessment and Land Records	6,971,892	7,216,480	6,921,528	(294,952)
Air Quality	5,314,609	6,536,792	2,837,870	(3,698,922)
Environmental Health	5,669,493	5,777,482	5,327,136	(450,346)
Water and Land Resource	360,086	360,086	-	(360,086)
Register of Deeds	2,756,988	2,782,551	2,704,276	(78,275)
Total Land Use and Environmental Services	42,481,633	46,135,748	39,913,376	(6,222,372)
Community Services				
Public Libraries	24,257,052	23,284,294	22,374,049	(910,245)
Park and Recreation	30,265,620	30,908,056	30,131,681	(776,375)
Elections	4,114,183	4,141,838	3,714,399	(427,439)
Total Community Services	58,636,855	58,334,188	56,220,129	(2,114,059)
Detention and Court Support Services				
Medical Examiner	1,500,618	1,535,861	1,535,036	(825)
Criminal Justice Services	10,710,205	13,187,086	9,454,213	(3,732,873)
Child Support Enforcement	6,819,298	7,292,063	7,147,400	(144,663)
Sheriff and Jail	109,580,421	112,978,639	107,578,888	(5,399,751)
Total Detention and Court Support Services	128,610,542	134,993,649	125,715,537	(9,278,112)

(Continued)

The accompanying notes are an integral part of this statement.

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MECKLENBURG COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2012

(CONCLUDED)

	Budgeted Amounts		Actual	Variance from Final Budget-
	Original	Final	Amounts	(Positive)/Negative
Health and Human Services				
Public Health				
Public Health Services	$ 3,729,597	$ 3,639,509	$ 3,036,775	$ (602,734)
Public Health-CHS Contract	36,622,705	36,859,479	33,099,178	(3,760,301)
Community Health	2,504,781	11,907,242	7,413,113	(4,494,129)
Mental Health				
Infant and Toddler Preschool Services	7,607,338	7,722,435	6,836,149	(886,286)
Child and Adolescent Services	15,792,011	15,340,127	10,120,263	(5,219,864)
Adult Services	22,397,534	22,506,932	18,951,939	(3,554,993)
Centralized Services	3,353,799	3,377,073	2,804,581	(572,492)
Developmental Disabilities Services	12,034,051	10,608,512	8,590,726	(2,017,786)
Administrative Services	30,786,519	29,006,043	2,355,026	(26,651,017)
Grants and other	3,689,743	4,050,870	1,961,761	(2,089,109)
Social Services				
Administration and Support Services	15,149,066	13,825,588	12,448,320	(1,377,268)
Grants	2,867,175	6,814,520	6,621,063	(193,457)
Childcare Operations	47,385,302	47,080,732	45,442,144	(1,638,588)
Services for Adults	37,531,423	39,814,050	34,010,553	(5,803,497)
Economic Services	27,149,920	28,455,438	26,906,279	(1,549,159)
Youth and Family Services	40,141,109	38,542,327	32,611,903	(5,930,424)
Community Support Services	6,700,656	9,171,068	6,519,192	(2,651,876)
Total Health and Human Services	315,442,729	328,721,945	259,728,965	(68,992,980)
Business Partners				
Emergency Medical Services	15,080,000	15,080,000	15,080,000	-
City-County Departments	2,765,323	2,765,323	2,765,323	-
Board of Education:				
Current	328,339,101	328,339,101	328,339,101	-
Capital Outlay	4,960,000	4,960,000	4,960,000	-
Central Piedmont Community College				
Current	25,900,000	26,150,000	26,150,000	-
Hospitals	225,000	225,000	202,567	(22,433)
Historic Landmarks Commission	186,684	190,608	185,439	(5,169)
Outside Agencies - Other	3,102,500	3,102,500	3,081,823	(20,677)
Total Business Partners	380,558,608	380,812,532	380,764,253	(48,279)
Total Expenditures	1,083,170,447	1,061,209,277	961,621,769	(99,587,508)
Excess (Deficiency) of Revenues over (under) Expenditures	(41,996,514)	2,267,105	134,335,398	132,068,293
OTHER FINANCING SOURCES (USES)				
Transfers In	116,234	116,234	116,234	-
Transfers out	(383,338)	(48,393,211)	(48,324,873)	68,338
Appropriated fund balance	42,263,618	46,009,872	-	(46,009,872)
Total other financing sources (uses)	41,996,514	(2,267,105)	(48,208,639)	(45,941,534)
NET CHANGE IN FUND BALANCE	$ -	$ -	86,126,759	$ 86,126,759
FUND BALANCE - BEGINNING OF YEAR			372,630,699	
FUND BALANCE - END OF YEAR			$ 458,757,458	

The accompanying notes are an integral part of this statement.

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MECKLENBURG COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

JUNE 30, 2012

	Business Type Activities		
	Solid Waste Enterprise Fund	MeckLink Fund	Total
ASSETS			
Current Assets			
Cash and investments	$ 43,873,854	$ 1,428,321	$ 45,302,175
Interest receivable	80,818	-	80,818
Accounts receivable	405,929	-	405,929
Deferred charges	215,216	-	215,216
Total Current Assets	44,575,817	1,428,321	45,788,922
Noncurrent Assets			
Restricted cash and investments	284,263	-	284,263
Capital assets			
Land	28,687,608	-	28,687,608
Construction in progress	4,305,927	-	4,305,927
Land improvements	10,514,616	-	10,514,616
Buildings	14,380,072	-	14,380,072
Vehicles and heavy equipment	5,197,473	-	5,197,473
Furniture, machinery and equipment	9,622,707	-	9,622,707
Total Capital assets	72,708,403	-	72,708,403
Less accumulated depreciation	(17,253,919)	-	(17,253,919)
Total Capital assets, net of accumulated depreciation	55,454,484	-	55,454,484
Total Noncurrent assets	55,738,747	-	55,738,747
TOTAL ASSETS	100,314,564	1,428,321	101,742,885
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	2,479,162	24,897	2,504,059
Compensated absences	67,972	-	67,972
Capital Leases	317,301	-	317,301
Special Obligation Bonds	665,000	-	665,000
Bonds Payable	28,016	-	28,016
Unamortized premium - bonds payable	68,302	-	68,302
Total Current Liabilities	3,625,753	24,897	3,650,650
Long-term Liabilities			
Compensated absences	434,840	12,688	447,528
Landfill development and postclosure care costs	8,793,720	-	8,793,720
Capital Leases	163,019	-	163,019
Bonds Payable	11,555,000	-	11,555,000
Unamortized premium - bonds payable	910,464	-	910,464
Total Long-term Liabilities	21,857,043	12,688	21,869,731
TOTAL LIABILITIES	25,482,796	37,585	25,520,381
NET ASSETS			
Invested in capital assets, net of related debt	50,534,165	-	50,534,165
Restricted net assets:			
Restricted for landfill development and postclosure care	8,793,720	-	8,793,720
Restricted for capital projects	7,808,017	-	7,808,017
Unrestricted	7,695,866	1,390,736	9,086,602
TOTAL NET ASSETS	$ 74,831,768	$ 1,390,736	$ 76,222,504

The accompanying notes are an integral part of this statement.

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MECKLENBURG COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	Business Type Activities		
	Solid Waste Enterprise Fund	MeckLink Fund	Total
OPERATING REVENUES			
Charges for services:			
Residential Solid Waste Fees	$ 6,013,797	$ -	$ 6,013,797
Recycling sales	6,380,203	-	6,380,203
Other	4,461,711	-	4,461,711
Total Operating Revenues	16,855,711	-	16,855,711
OPERATING EXPENSES			
Personal services and employee benefits	4,403,728	75,393	4,479,121
Utilities	205,353	-	205,353
Supplies	1,204,275	129,953	1,334,228
Depreciation	2,777,862	-	2,777,862
Maintenance and repairs	569,613	-	569,613
Rental and occupancy charges	543,976	-	543,976
Contractual services	3,871,592	103,918	3,975,510
Final development and postclosure costs	369,088	-	369,088
Total Operating Expenses	13,945,487	309,264	14,254,751
OPERATING INCOME / (LOSS)	2,910,224	(309,264)	2,600,960
NON-OPERATING REVENUES (EXPENSES)			
Grant revenue	108,818	-	108,818
Interest income	242,917	-	242,917
Interest expense	(188,275)	-	(188,275)
Loss on disposal of capital assets	(58,662)	-	(58,662)
Amortization of refunding	(100,313)	-	(100,313)
Amortization of premium against interest	(10,062)	-	(10,062)
Transfers from other funds	-	1,700,000	1,700,000
Total Non-operating Revenues	(5,577)	1,700,000	1,694,423
CHANGE IN NET ASSETS	2,904,647	1,390,736	4,295,383
NET ASSETS - BEGINNING OF YEAR	71,927,121	-	71,927,121
NET ASSETS - END OF YEAR	$ 74,831,768	$ 1,390,736	$ 76,222,504

The accompanying notes are an integral part of this statement.

MECKLENBURG COUNTY, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Business Type Activities		
	Solid Waste Enterprise Fund	MeckLink Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from users	$ 16,875,809	$ -	$ 16,875,809
Cash paid to suppliers	(4,358,408)	(217,286)	(4,575,694)
Cash paid to employees	(4,644,513)	(54,393)	(4,698,906)
Net cash provided by operating activities	7,872,888	(271,679)	7,601,209
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES			
Grant revenue	108,818	-	108,818
Transfers from other funds	-	1,700,000	1,700,000
	108,818	1,700,000	1,808,818
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments - bonds	(577,556)	-	(577,556)
Principal payments - capital leases	(450,223)	-	(450,223)
Proceeds from sale of bonds	12,220,000	-	12,220,000
Premium on bonds	1,024,527	-	1,024,527
Fees and discounts	(225,278)	-	(225,278)
Interest paid	(234,036)	-	(234,036)
Acquisition of capital assets	(7,649,061)	-	(7,649,061)
Proceeds from sale of assets	179,602	-	179,602
Net cash used by capital and related financing activities	4,287,975	-	4,287,975
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	281,342	-	281,342
Net cash provided by investing activities	281,342	-	281,342
INCREASE IN CASH AND INVESTMENTS	12,551,023	1,428,321	13,979,344
CASH AND INVESTMENTS - BEGINNING OF YEAR	31,607,094	-	31,607,094
CASH AND INVESTMENTS - END OF YEAR	$ 44,158,117	$ 1,428,321	$ 45,586,438
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income	$ 2,910,224	$ (309,264)	$ 2,600,960
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	2,777,862	-	2,777,862
Change in accounts receivable	20,098	-	20,098
Change in payroll accrual	(218,660)	8,312	(210,348)
Change in accounts payable	2,036,401	16,585	2,052,986
Change in compensated absences	(22,125)	12,688	(9,437)
Change in landfill reserve	369,088	-	369,088
Total adjustments	4,962,664	37,585	5,000,249
Net cash provided by operating activities	$ 7,872,888	$ (271,679)	$ 7,601,209
Noncash investing, capital, and financing activities			
Amortization of refunding amount	$ 100,313	$ -	$ 100,313
Amortization of premium	(45,762)	-	(45,762)
Amortization of issuance costs	10,062	-	10,062
Capital asset trade-in	30,000	-	30,000

The accompanying notes are an integral part of this statement.

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MECKLENBURG COUNTY, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	Post-Employment Healthcare Benefit Trust Fund	Agency Funds
ASSETS		
Cash and investments	$ -	$ 40,994,019
Restricted for:		
State Other Postemployment Benefit Trust:		
Cash and Equivalents	276	-
Short-Term OPEB Fund	10,547,385	-
Long-Term OPEB Fund	4,292,435	-
OPEB Equity Funds	28,370,327	-
Interest receivable	4,888	-
Accounts receivable	-	260,303
Due from other governmental agencies	-	1,940,644
TOTAL ASSETS	$ 43,215,311	$ 43,194,966
LIABILITIES		
Accounts payable and accrued liabilities	$ -	$ 37,407,800
Due to other governmental agencies	-	5,708,970
Due to NC Department of Motor Vehicles	-	78,196
TOTAL LIABILITIES	-	$ 43,194,966
NET ASSETS		
Held in trust for retiree healthcare benefits and related purposes	$ 43,215,311	

The accompanying notes are an integral part of this statement.

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MECKLENBURG COUNTY, NORTH CAROLINA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	Post-Employment Healthcare Benefit Trust Fund
ADDITIONS	
Employer Contributions	$ 15,663,056
Interest	840,793
Total Additions	16,503,849
DEDUCTIONS	
Management Fee	95,551
Claims paid	7,663,056
Total Deductions	7,758,607
ADDITIONS OVER DEDUCTIONS	8,745,242
OTHER FINANCING SOURCES	
Unrealized Gain	582,117
CHANGE IN NET ASSETS	9,327,359
NET ASSETS - BEGINNING OF YEAR	33,887,952
NET ASSETS - END OF YEAR	$ 43,215,311

The accompanying notes are an integral part of this statement.

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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

(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, 2012. 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 and the Debt Service Fund are the County's major governmental funds.

The government-wide financial statements and the proprietary funds 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 practice 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 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 funds:

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 Sheriff's Special Revenue fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement Number 54 it is consolidated in the General Fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal and interest.

The County reports the following major proprietary funds:

Solid Waste Enterprise Fund – This fund accounts for activities related to recycling and landfill facilities and is self-supporting through the residential solid waste fee and recycling sales.

MeckLink Enterprise Fund – This fund accounts for activities related to the delivery of services to individuals with mental illness, intellectual and developmental disabilities and substance abuse disorders and is primarily self supporting through federal and state funds.

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). The Capital Reserve fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement Number 54 it is included with the Capital Projects Funds.

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.

c. Enterprise Funds

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 the residential solid waste fee, 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.

The Meck Link Enterprise Fund is also a proprietary type fund. The principal operating revenues of the Meck Link Enterprise Fund will be primarily Medicaid funds. Operating expenses consists of payments to providers delivering services to individuals with mental illness, intellectual and developmental disabilities and substance abuse disorders.

(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 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:

	Original Budget	Amendments	Final Budget June 30, 2012
Special Revenue Funds	$ 59,960,664	$ 18,621,795	$ 78,582,459

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 $25,449 and funds held by others. A portion of the County's self-insurance funds in the amount of $10,417,885 is held in one or more trusts administered by the City of Charlotte's Risk Management Division. Additionally, $60,809 is held by the building management company for operating needs, $263,934 is held by the bank for solid waste debt service on special obligation bonds, $1,924,946 is held by a trustee for energy savings projects, $9,140,006 is held by a trustee for solid waste capital projects, $650,000 is held by a trustee for Park and Recreation ball field lighting projects, and interest and proceeds of $89,212 and $14,425,614, respectively, from certificates of participation are held by a trustee. Cash of $43,215,311 is held by the North Carolina State Treasurer in the Other Post Employment Benefits Investment Trust, an irrevocable trust fund.

Deposits

All County deposits are made in designated official depositories and are secured as required by North Carolina General Statute 159-31. The County may designate as an official depository, any bank, trust company, or savings and loan institution in North Carolina. A national bank located in another state may be designated as an official depository 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 accounts, money market accounts, and certificates of deposit. Primary banking services for the County are provided through a contract, currently with Wells Fargo Bank, N.A. At year-end, the cash balance of County deposits was $55,647,881 and the bank balance was $62,669,900. Included in these balances are two money market accounts in the amount of $3,145,892 and $45,356,805 and one certificate of deposit totaling $93,476 with Branch Banking & Trust; one certificate of deposit totaling $10,000,000 with Mechanics and Farmers Bancorp; and two certificates of deposit totaling $105,679 with Bank of Granite.

All of the County's deposits are either insured or collateralized using the Pooling Method. Under the Pooling Method, all uninsured deposits are collateralized with a pool of securities held by the State Treasurer's agent in the name of the State Treasurer as permitted under North Carolina Administrative Code, Title 20, Chapter 7. Depositories holding public funds must establish an escrow account in the name of the State Treasurer to hold this pledged collateral and they must report to the State Treasurer on the adequacy of their collateral pools. The amount of pledged collateral required is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. The Pooling Method shifts responsibility for the monitoring of collateral from the County to the State Treasurer. 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 minimum capitalization for all pooling method financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The total bank balance of $62,669,900 was covered by collateral or insured at June 30, 2012.

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, 2012, the Medic Agency's deposits had a carrying value of $3,672,023 and a bank balance of $4,053,366 of which $321,492 was covered by federal depository insurance and $3,731,874 was covered by collateral under the pooling method. At June 30, 2012, the carrying amount of the Library's bank deposits was $10,878,068 and the bank balance was $12,030,912 of which $250,000 was covered by federal depository insurance, $11,385,695 was covered by collateral held under the pooling method and the remaining $395,217 was covered under the dedicated method. At June 30, 2012, the carrying amount of the ABC Board's bank deposits was $9,633,790 and the bank balance was $10,167,400. Of the bank balance at June 30, 2012, $500,000 was covered by federal depository insurance and the remaining $9,667,400 was covered by collateral under the pooling method.

Investments

North Carolina General Statute 159-30(c) authorizes the County to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed Federal agencies; certain high quality issues of commercial paper, bankers' acceptances, and the North Carolina Capital Management Trust.

At June 30, 2012, the County had the following investments and maturities:

		Maturities		
Investment Type	Fair Value	Less than 6 Months	6 - 12 Months	1 - 5 Years
U.S. Government Agencies	$ 492,936,518	$ -	$ 14,314,340	$ 478,622,178
Commercial Paper	27,989,800	27,989,800	-	-
NC Capital Management Trust - Cash Portfolio	144,010,284	144,010,284	N/A	N/A
NC Capital Management Trust - Term Portfolio*	20,000,000	-	20,000,000	-
Total	$ 684,936,602	$ 172,000,084	$ 34,314,340	$ 478,622,178

** Because the NC Capital Management Trust Term Portfolio had a duration of .17 years, it was presented as an investment with a maturity of 6-12 months.*

Interest Rate Risk

As a means of limiting exposure to fair value losses arising from rising interest rates, the County's investment policy limits investments to those with a maturity of no more than 60 months. Staggered maturity dates are also used as a means of managing exposure to fair value losses.

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 bankers acceptances where the accepting bank or its holding company are incorporated in North Carolina. As of June 30, 2012, the County's investments in commercial paper were rated at least A-1 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 AAAm by Standard & Poor's as of June 30, 2012. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended. The County's investments in U.S. Government Agencies (Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association) were rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service at year-end.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments. To minimize this risk, the County's investments are held in the County's name in a segregated safekeeping account in Fifth Third Bank.

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 twenty-five percent of the total portfolio. Investments in commercial paper or bankers' acceptances of a single issuer are limited to no more than ten million dollars or ten percent of the total portfolio at the time of investment.

At June 30, 2012, investments in commercial paper comprised 3.8% of the total portfolio. No single issuer exceeded ten million dollars or ten percent of the total portfolio. There were no bankers' acceptances at year end.

The County's investments are stated at fair value on the financial statements, as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The securities of the NCCMT Term Portfolio had a duration of .17 years at June 30, 2012, and are valued at fair value, which is the share price. In accordance with State law, the County invests in callable securities, some of which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value.

As of June 30, 2012, the County had $43,215,311 invested in the State Treasurer's Local Government Other Post-Employment Benefits (OPEB) Trust pursuant to G.S. 159-30.1. The State Treasurer's OPEB Trust may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year-end, the State Treasurer's OPEB Trust was invested as follows: State Treasurer's Short Term Investment Fund (STIF) 24.4%, State Treasurer's Long-Term Investment Fund (LTIF) 9.9%; and BlackRock's Global Ex-US Alpha Tilts Fund B and BlackRock's Russell 3000 Alpha Tilts Fund B 65.7% (the equities were split with 74.6% in domestic securities and 25.4% in international securities).

Interest Rate Risk

The County does not have a formal investment interest rate policy that manages its exposure to fair value losses arising from increasing interest rates. The State Treasurer's Short Term Investment Fund (STIF) is unrated and had a weighted average maturity of 1.5 years at June 30, 2012. The State Treasurer's Long Term Investment Fund (LTIF) is unrated and had a weighted average maturity of 16.3 years at June 30, 2012.

The Library's investments consist of $645,217 in money market accounts held at the Bank of Commerce which is unrated. The Library has no policy for managing interest rate risk or credit risk.

All Medic Agency investments, $8,991,710, were invested in the N. C. Capital Management Trust Cash Portfolio at June 30, 2012.

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 AAA by Standard & Poor's.
>
> *Custodial Credit Risk*: Medic Agency maintains a diversified investment portfolio to reduce custodial credit risk.

During 2012, no gains from the sale of investments by the County were recognized. The calculation of realized gains is independent of the calculation of the net increase/decrease in the fair value of investments. The net change in the fair value of investments during 2012 was a decrease of $870,850. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized loss on investments held at year-end for the County was $357,813.

Interest on investments 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 Debt Service 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 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's capital assets including vehicles, furniture and other equipment, patient equipment, computer equipment and buildings and improvements. Capital assets are defined as assets with an initial, individual, purchase of $5,000 or more and an estimated useful life of one year or more. Capital assets are recorded at historical cost or estimated historical cost if the asset is purchased or constructed. 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 for Medic assets is provided over the following useful lives of each asset class using the straight-line method:

Vehicles	4 years
Furniture and other equipment	3 - 10 years
Patient Equipment	3 - 10 years
Computer Equipment	3 - 5 years
Buildings and improvements	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) Net Assets/Governmental Fund Equity

Net Assets

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

Fund Balances

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

The governmental fund types classify fund balance as follows:

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

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

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

  Restricted for Stabilization of State Statute – portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

  Restricted for Land Use and Environmental Services – portion of fund balance that is restricted by revenue sources to pay for construction bonds, storm water grants and Register of Deeds document preservation and technology improvements.

  Restricted for Capital Projects – portion of fund balance that is restricted by revenue source and can only be used for capital outlay in the County.

  Restricted for Health & Human Services – portion of fund balance restricted by revenue source to pay for Health, Mental Health and Social Services.

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

  Committed for Land Use and Environmental Services – portion of fund balance that can only be used for storm water operations.

  Committed for Public Safety – portion of fund balance that can only be used for law enforcement operations.

  Committed for Capital Projects – portion of fund balance that can only be used for capital outlay in the County.

  Committed for Detention & Court Support Services – portion of fund balance that can only be used for jail and court operations.

  Committed for Health & Human Services – portion of fund balance that can only be used for Health, Mental Health, and Social Services.

  Capital Reserve – portion of fund balance appropriated for renovations and improvements to facilities.

  Technology Reserve – portion of fund balance appropriated for computer and/or software acquisitions or upgrades.

  Committed for Administrative Services – portion of fund balance that has been budgeted by the Board of County Commissioners for support services to County Departments.

  Committed for Debt Service – portion of fund balance committed to pay debt service on outstanding debt.

- Assigned Fund Balance – portion of fund balance that the Mecklenburg County Board of County Commissioners or the Director of Financial Services has assigned.

  Assigned for Land Use and Environmental Services – portion of fund balance that has been budgeted by the Board of County Commissioners for revaluation and code enforcement activities.

  Assigned for Detention and Court Support Services – portion of fund balance that has been budgeted by the Board of County Commissioners for jail and court operations.

  Assigned for Community Services – portion of fund balance that has been budgeted by the Board of County Commissioners for the operations of the Board of Elections.

- Unassigned Fund Balance – portion of fund balance that has been restricted, committed or assigned to specific purpose or other funds.

The following table presents the restrictions, commitments and assignments of fund balance at June 30, 2012:

			Nonmajor Funds	
	General Fund	Debt Service Fund	Special Revenue Funds	Capital Projects Funds
Fund Balance:				
Non Spendable				
Inventory	$ 4,960	$ -	$ -	$ -
Restricted				
Stabilization by State Statute	95,149,592	12,556,648	17,862,496	27,893,677
Land Use and Environmental Services	133,221	-	1,956,405	-
Capital Projects	-	-	-	75,355,810
Health & Human Services	350,952	-	-	-
Committed				
Land Use and Environmental Services	-	-	20,294,846	-
Public Safety	-	-	1,310,858	-
Capital Projects	-	-	-	51,288,127
Detention and Court Support Services	7,622,171	-	-	-
Health & Human Services	11,000,000	-	-	-
Capital Reserve	7,500,000	-	-	-
Technology Reserve	6,500,000	-	-	-
Administrative Services	350,000	-	-	-
Debt Service	-	18,823,041	-	-
Assigned				
Land Use and Environmental Services	4,405,270	-	-	-
Detention and Court Support Services	1,250,125	-	-	-
Community Services	300,000	-	-	-
Unassigned	324,191,167	-	(9,267,098)	(321,675)
Total	$ 458,757,458	$ 31,379,689	$ 32,157,507	$ 154,215,939

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

Encumbrances	General Fund	Non-Major Funds
	$28,240,622	$22,372,525

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

Mecklenburg County has also adopted a fund balance policy for the General Fund which requires that total fund balance be maintained at 28% of actual revenue. The general fund and debt service fund will be combined in calculating the 28% revenue requirement. Fund balance in excess of 28% of actual revenue may be appropriated to fund the capital, technology and fleet reserves. The amount appropriated for the reserves will not exceed 1.75 cents on the property tax rate. If total fund balance falls below 28% of actual revenue a two-year payback period will commence. Unassigned fund balance will be maintained at 8% of the subsequent years' general fund and debt service fund budgets. Fund balance will not be appropriated for on-going operations of the County except in extreme emergencies and will be used to fund items non-recurring in nature.

(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.

(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, 2012, the County received $9,517,100 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	$	827,379,554
Temporary Assistance to Needy Families		9,475,336
Domiciliary Care		6,546,881
Aid to the Blind		116,995
Supplemental Food Program		17,463,735
Low Income Energy Assistance		818,078
Refugee Assistance		258,434
Adoption Assistance		6,510,824
Foster Care		3,091,457
Total	$	871,661,294

(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, 2012 are composed of the following:

	Government-wide Statements Governmental Activities	Governmental Fund Statements
Taxes receivable (net)	$ 34,414	$ 37,577,947
Prepaid taxes not yet earned	1,775,805	1,775,805
Grants	1,760,934	1,760,934
Total	$ 3,571,153	$ 41,114,686

(o) 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, 2012:

	Governmental Activities			Business-type Activities		
	General Fund	Debt Service Fund	Nonmajor Funds	Solid Waste Enterprise Fund	MeckLink Fund	Total Receivables
General	$ 10,885,187	$ 876,571	$ 4,394,269	$ 80,818	$ -	$ 16,236,845
State and Federal Government	54,635,073	1,612,100	9,267,098	-	-	65,514,271
Taxes	58,939,652	10,028,362	1,044,881	-	-	70,012,895
Less allowance for doubtful accounts	(22,000,000)	-	(441,000)	-	-	(22,441,000)
Clinic billings	969,550	-	-	-	-	969,550
Less allowance for doubtful accounts	(838,251)	-	-	-	-	(838,251)
Interest	1,257,411	39,615	199,216	405,929	-	1,902,171
Total Accounts Receivable	$ 103,848,622	$ 12,556,648	$ 14,464,464	$ 486,747	$ -	$ 131,356,481

3. Property Tax

The County's property tax levy effective for fiscal year 2012, was based on the assessed values listed as of January 1, 2011, 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, 2011. The property tax rate for the 2012 fiscal year was $.8166 per $100 valuation. A revaluation of all real property is required to be performed at least every eight years. The County's last revaluation was completed in fiscal year 2011 effective for 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 2011 through February 2012 apply to the fiscal year ended June 30, 2012. 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. 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, 2012 because they are intended to finance the County's operations during the 2013 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

	Primary Government				
	Balance July 1, 2011	Additions	Deletions	Transfers	Balance June 30, 2012
Governmental activities:					
Capital assets not being depreciated :					
Land	$ 427,419,233	$ 9,421,580	$ -	$ -	$ 436,840,813
Construction in progress	56,100,202	15,626,451		(8,973,009)	62,753,644
Total capital assets not being depreciated	483,519,435	25,048,031	-	(8,973,009)	499,594,457
Capital assets being depreciated :					
Land improvements	59,503,284	958,090	-		60,461,374
Buildings and improvements	687,762,488	1,231,940	-	8,821,898	697,816,326
Vehicles and Heavy Equipment	25,267,965	666,685	(743,699)	-	25,190,951
Furniture, Machinery and Equipment	25,726,596	942,761	(83,142)	-	26,586,215
Intangibles-Software and Licenses	11,973,438	2,840,418	-	151,111	14,964,967
Total capital assets being depreciated	810,233,771	6,639,894	(826,841)	8,973,009	825,019,833
Less accumulated depreciation:					
Land improvements	(23,682,087)	(2,506,845)	-	-	(26,188,933)
Buildings and improvements	(247,618,351)	(20,382,468)	-	-	(268,000,819)
Vehicles and Heavy Equipment	(17,729,190)	(1,298,562)	610,469	-	(18,417,283)
Furniture, Machinery and Equipment	(20,621,012)	(1,387,487)	83,142	-	(21,925,357)
Intangibles-Software and Licenses	(4,268,611)	(1,244,306)	-	-	(5,512,917)
Total accumulated depreciation	(313,919,251)	(26,819,668)	693,611	-	(340,045,308)
Total capital assets being depreciated, net	496,314,520	(20,179,774)	(133,230)	8,973,009	484,974,525
Governmental activities capital assets, net	$ 979,833,955	$ 4,868,257	$ (133,230)	$ -	$ 984,568,982

Primary Government continued

Business-type activities

	Business-type activities				
	Balance July 1, 2011	Additions	Deletions	Transfers	Balance June 30, 2012
Capital assets not being depreciated :					
Land	$ 28,687,608	$ -	$ -	$ -	$ 28,687,608
Construction in progress	1,160,362	3,145,565			4,305,927
Total capital assets not being depreciated	29,847,970	3,145,565	-	-	32,993,535
Capital assets being depreciated :					
Land improvements	10,484,779	29,838	-		10,514,617
Buildings and improvements	13,529,858	850,214	-	-	14,380,072
Vehicles and Heavy Equipment	6,604,984	407,400	(1,543,311)	(271,600)	5,197,473
Furniture, Machinery and Equipment	6,105,062	3,246,045	-	271,600	9,622,707
Total capital assets being depreciated	36,724,683	4,533,497	(1,543,311)	-	39,714,869
Less accumulated depreciation:					
Land improvements	(2,772,371)	(347,579)	-	-	(3,119,950)
Buildings and improvements	(6,742,018)	(593,362)	-	-	(7,335,380)
Vehicles and Heavy Equipment	(4,776,600)	(402,104)	1,275,044	-	(3,903,660)
Furniture, Machinery and Equipment	(1,460,113)	(1,434,817)	-	-	(2,894,930)
Total accumulated depreciation	(15,751,102)	(2,777,862)	1,275,044	-	(17,253,920)
Total capital assets being depreciated, net	20,973,581	1,755,635	(268,267)	-	22,460,949
Business-type activities capital assets, net	$ 50,821,551	$ 4,901,200	$ (268,267)	$ -	$ 55,454,484

Depreciation expense was charged to the programs of the County as follows:

Governmental activities:	
Customer Satisfaction and Management Services	$ 13,098
Administrative Services	2,020,141
Financial Services	1,136,598
Land Use and Environmental Services	635,531
Community Services	6,388,243
Detention and Court Support Services	13,996,811
Health and Human Services	2,018,602
Business Partners	610,644
Total Governmental activities	26,819,668
Business-type activities:	
Solid Waste Enterprise Fund	2,777,862
Total depreciation expense	$ 29,597,530

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

	Estimated Project Authorization	Expended to June 30, 2012	Costs to Complete
Projects:			
Governmental Funds:			
Park and Recreational Facilities	$ 96,460,205	$ 56,678,101	$ 39,782,104
Law Enforcement/Court Facilities	22,165,000	5,895,397	16,269,603
County Facilities	18,317,217	180,146	18,137,071
Total Governmental Funds	136,942,422	62,753,644	74,188,778
Business-type activities			
Solid Waste Enterprise Fund	9,700,000	4,305,926	5,394,074
Total	$ 146,642,422	$ 67,059,570	$ 79,582,852

Activity in the Library's Capital assets for the year ended June 30, 2012 is as follows:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Capital assets not being depreciated :				
Land	$ 13,523,473	$ -	$ -	$ 13,523,473
Construction in progress	241,622	504,001	(541,616)	204,007
Total capital assets not being depreciated	13,765,095	504,001	(541,616)	13,727,480
Capital assets being depreciated :				
Buildings and improvements	89,780,406	745,082	-	90,525,488
Books	18,981,147	1,602,534	(2,075,088)	18,508,593
Furniture and Equipment	7,113,739	119,198	(937,499)	6,295,438
Total capital assets being depreciated	115,875,292	2,466,814	(3,012,587)	115,329,519
Less accumulated depreciation:				
Buildings	(22,801,164)	(2,266,662)	-	(25,067,826)
Books	(15,020,188)	(1,733,958)	2,075,088	(14,679,058)
Furniture and Equipment	(5,073,984)	(608,752)	937,499	(4,745,237)
Total accumulated depreciation	(42,895,336)	(4,609,372)	3,012,587	(44,492,121)
Total capital assets being depreciated, net	72,979,956	(2,142,558)	-	70,837,398
Total Capital assets, net	$ 86,745,051	$ (1,638,557)	$ (541,616)	$ 84,564,878

Activity in the Medic Agency's capital assets for the year ended June 30, 2012 is as follows:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Capital assets being depreciated :				
Vehicles	$ 10,922,630	$ 693,142	$ (227,350)	$ 11,388,422
Furniture and Equipment	2,409,805	885,258	-	3,295,063
Patient Equipment	1,825,219	272,351	-	2,097,570
Computer Equipment	4,009,427	268,226	-	4,277,653
Buildings and improvements	5,917,443	783,868	-	6,701,311
Total capital assets being depreciated	25,084,524	2,902,845	(227,350)	27,760,019
Less accumulated depreciation:				
Vehicles	(8,999,369)	(948,724)	227,350	(9,720,743)
Furniture and Equipment	(2,118,696)	(218,093)	-	(2,336,789)
Patient Equipment	(1,238,782)	(252,510)	-	(1,491,292)
Computer Equipment	(3,163,982)	(371,894)	-	(3,535,876)
Buildings and improvements	(3,625,909)	(360,820)	-	(3,986,729)
Total accumulated depreciation	(19,146,738)	(2,152,041)	227,350	(21,071,429)
Total Capital assets, net	$ 5,937,786	$ 750,804	$ -	$ 6,688,590

Activity in the ABC Board's capital assets for the year ended June 30, 2012 is as follows:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Capital assets not being depreciated :				
Land	$ 4,901,873	$ 1,051,252	$ -	$ 5,953,125
Construction in progress	1,132,656	122,031	(1,109,705)	144,982
Total capital assets not being depreciated	6,034,529	1,173,283	(1,109,705)	6,098,107
Capital assets being depreciated :				
Buildings and improvements	25,902,341	2,287,530		28,189,871
Furniture, Machinery and Equipment	3,311,078	113,339		3,424,417
Motor vehicles	783,354	134,875	(133,284)	784,945
Total capital assets being depreciated	29,996,773	2,535,744	(133,284)	32,399,233
Less accumulated depreciation:				
Buildings and improvements	(6,849,960)	(1,048,805)	-	(7,898,765)
Furniture, Machinery and Equipment	(2,539,723)	(216,313)	-	(2,756,036)
Motor vehicles	(614,824)	(118,142)	131,693	(601,273)
Total accumulated depreciation	(10,004,507)	(1,383,260)	131,693	(11,256,074)
Total capital assets being depreciated, net	19,992,266	1,152,484	(1,591)	21,143,159
Total Capital assets, net	$ 26,026,795	$ 2,325,767	$ (1,111,296)	$ 27,241,266

6. Accounts Payable and Accrued Liabilities

The components of accounts payable and accrued liabilities at June 30, 2012 for the governmental activities and the business-type activities as reported in the Statement of Net Assets (Deficit) are as follows:

	Governmental Activities			Business-type Activities		
	General Fund	Debt Service Fund	Nonmajor Funds	Solid Waste Enterprise Fund	MeckLink Fund	Total Accounts Payable and Accrued Liabilities
General payables	$ 58,897,237	$ -	$ 20,713,188	$ 2,166,790	$ 16,585	$ 81,793,800
Salaries & benefits payable	12,241,868	-	59,471	312,372	-	12,613,711
Reserve for self insurance	6,931,185	-	-	-	-	6,931,185
Other accrued liabilities	6,338,758	-	8,782	-	8,312	6,355,852
Total	$ 84,409,048	$ -	$ 20,781,441	$ 2,479,162	$ 24,897	$ 107,694,548

7. 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 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, 2012:

	Issue Date	Due Serially To	Average Interest Rate %	Original Issue	Balance June 30, 2012
Refunding Bonds 2001 - Series C	May 1, 2001	2013	4.3714	$ 149,455,000	$ 8,350,000
Public Improvement 2003 - Series A	February 1, 2003	2020	4.0699	193,000,000	15,000,000
Variable Rate Demand Bonds 2003 – Series B	February 1, 2003	2023	Variable	40,000,000	40,000,000
Public Improvement 2004 - Series A	February 1, 2004	2020	3.413	105,000,000	13,150,000
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	24,455,000
Public Improvement 2005 - Series A	February 1, 2005	2026	3.9849	32,300,000	22,610,000
Refunding Bonds 2005 – Series C	May 1, 2005	2016	3.4368	172,125,000	86,905,000
Public Improvement 2007 - Series A	February 1, 2007	2027	4.169	102,000,000	30,910,000
Parks and Recreation Bonds 2008 – Series A	February 1, 2008	2028	3.6115	12,000,000	9,600,000
Public Improvement 2008 – Series B	February 1, 2008	2028	3.7954	148,500,000	86,500,000
Refunding Bonds 2009 – Series A	March 10, 2009	2020	2.2523	243,965,000	237,300,000
Public-Improvement 2009 – Series B	September 1, 2009	2030	3.5372	100,000,000	90,000,000
Refunding Bonds – 2009 Series C	September 1, 2009	2020	2.6227	130,390,000	130,390,000
Variable Rate Bonds 2009 – Series D	September 1, 2009	2026	Variable	120,000,000	113,875,000
Refunding Bonds 2010 – Series A	March 16, 2010	2026	3.1098	114,940,000	113,685,000
Public Improvement 2011 – Series A	October 27, 2011	2020	1.4854	49,000,000	49,000,000
Qualified School Construction Bonds – Series B	October 27, 2011	2031	0.0156	51,000,000	51,000,000
Refunding Bonds 2011 – Series C	October 27, 2011	2026	2.9501	164,015,000	162,315,000
Total				$ 2,163,160,000	$ 1,385,045,000
The bonds are recorded as follows:					
Governmental Activities					$ 1,385,016,984
Business-type Activities (Solid Waste Enterprise Fund)					28,016
Total					$ 1,385,045,000

The County has advance refunded particular public improvement bonds. These refundings achieve significant interest savings over the life of the bonds and decrease 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 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, 2012 $92,000,000 in outstanding bonds is considered defeased.

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, 2012 $111,090,000 in outstanding bonds is considered defeased.

In fiscal year 2012, the County issued $164,015,000 General Obligation Refunding Bonds at a true interest cost of 2.95%. The total amount refunded was $176,200,000 and it resulted in the net debt service savings of approximately $2.62 million. The purpose was to defease $39,450,000 of the principal amount outstanding of the Public Improvements 2004 Series A bonds and refund the 2000 Series C bonds, 2001 Series B bonds and 2006 Series A bonds. At June 30, 2012 $39,450,000 in outstanding bonds is considered defeased.

General obligation bonds are due serially and mature during the fiscal years 2013 to 2031 at average interest rates at date of issuance ranging from 2.25% to 4.95% for the fixed rate bonds. The effective rate of interest paid on the average principal balance of outstanding bonds during the year was 4.9%.

The County has $253,875,000 outstanding in Variable Rate Demand Bonds. The County has Remarketing and Standby Purchase Agreements for $100,000,000 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 $113,875,000 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 date for the SPAs, fees paid in fiscal year 2012 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 $288,603,750.

In addition in fiscal year 2012, Branch Banking and Trust Company purchased all of the $40,000,000 in Variable Rate General Obligation Bonds, Series 2003B and the bonds were converted to a Bank–Bought interest rate that resets monthly.

Issue	Balance June 30, 2012	Standby Purchase	Fees Paid Fiscal Year 2012	Interest Rate June 30, 2012
2003B	$ 40,000,000	None	$ 23,070	1.14
2004B	100,000,000	February 12, 2013	777,560	0.18
2009D	113,875,000	None	115,398	0.28

The following schedule shows annual requirements to amortize all bonded debt outstanding as of June 30, 2012. Interest on the variable rate bonds has been estimated using the rate in effect at June 30, 2012.

	Governmental Activities		Business-type Activities	
Fiscal Year	Principal	Interest	Principal	Interest
2013	$ 132,391,984	$ 51,210,389	$ 28,016	$ 2,342
2014	108,965,000	36,037,149	-	-
2015	119,315,000	40,434,013	-	-
2016	128,145,000	35,137,553	-	-
2017	112,700,000	29,415,801	-	-
2018 - 2022	463,160,000	84,691,189	-	-
2023 - 2027	241,740,000	34,835,378	-	-
2028 - 2031	78,600,000	9,517,565	-	-
Total	$ 1,385,016,984	$ 321,279,037	$ 28,016	$ 2,342

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, 2012, such statutory limit for the County was $9,335,348,737 providing a legal debt margin of $6,858,558,249.

As of June 30, 2012, $625,540,000 of general obligation bonds was authorized but unissued.

Special Obligation Bonds

In fiscal year 2012, the County issued $12,220,000 of Special Obligation Bonds pursuant to the North Carolina Solid Waste Management Loan Program and Local Government Special Obligation Bond Act. The true interest cost of the bonds is 3.22% with an average life of 8.33 years. The final maturity date is January 1, 2026. The bonds are used to acquire and construct certain additions and improvements to the County's existing solid waste management facilities, acquire equipment and pay certain costs related to the issuance of the Special Obligation Bonds.

Special Obligation Bonds outstanding at June 30, 2012:

Fiscal Year	Principal	Interest
2013	$ 665,000	$ 518,600
2014	690,000	492,000
2015	720,000	464,400
2016	745,000	435,600
2017	775,000	405,800
2018 - 22	4,420,000	1,493,400
2023 - 26	4,205,000	517,200
	$ 12,220,000	$ 4,327,000

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.

In addition, Mecklenburg County received a NC Clean Water State revolving loan agreement and entered into a Guaranteed Energy Savings Contract.

Installment Financings outstanding at June 30, 2012:

	Issue Date	Due Serially To	Average Interest Rate %	Original Issue	Balance June 30, 2012
2006 Certificates	February 1, 2006	2026	variable	$ 108,000,000	$ 75,600,000
2008A Certificates	February 1, 2008	2028	variable	124,960,000	93,020,000
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	77,245,000
2009 Limited Obligation Bond	September 3, 2009	2027	3.742	223,980,000	174,785,000
NC Clean Water State Revolving Loan	April 11, 2011	2030		2,493,625	944,207
Guaranteed Energy Savings Contract	December 16, 2011	2025		6,291,281	6,291,281
			Total	$ 591,209,906	$ 462,605,488

The installment financings are due serially and mature during the fiscal years 2013 to 2030 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 4.19%.

The Corporation has outstanding $168,620,000 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 Standby Purchase Agreements, fees paid in fiscal year 2012 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 LIBOR rate. The interest rates, per the Remarketing Agreements, cannot exceed 12%. The maximum interest required for these certificates through maturity would be $146,993,448.

Issue	Balance June 30, 2012	Agreement Expiration	Fees Paid Fiscal Year 2012	Interest Rate June 30, 2012
2006	$ 75,600,000	January 13, 2013	$ 542,525	0.19
2008A	93,020,000	February 21, 2013	132,627	0.23

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, 2012.

Fiscal Year	Principal	Interest
2013	$ 33,237,456	$ 14,036,424
2014	33,514,573	13,184,333
2015	31,855,346	12,235,816
2016	31,819,282	11,339,025
2017	31,747,388	10,385,983
2018 - 22	155,659,878	37,448,673
2023 - 27	127,569,215	14,258,456
2028 - 29	17,202,350	836,872
	$ 462,605,488	$ 113,725,582

Interest Rate Swaps

The County has entered into interest rate swap agreements that are intended to hedge the variable interest rate cash flow exposure of certain variable debt obligations of the County. The County applied one or more of the effectiveness testing methods described in GASB Statement No. 53 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.

On October 12, 2011, the County elected to terminate a portion of the 2003 and 2006 swaps as part of the refunding of a portion of the related variable rate debt issues.

2003 Swaps

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, Inc., Bank of America N.A. and Wells Fargo. In 2009 the County refunded the Series 2002C issue with a portion of the Variable Rate Refunding Bonds, Series 2009D. On October 12, 2011, the County elected to terminate a portion of the 2003 swaps. The total notional amount terminated was $70,000,000. In connection with the partial termination of the 2003 swaps, termination payments totaling $8,248,353 were paid to the swap counterparties. 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 $25,000,000 corresponds with a portion of the total principal amount of the 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 one-month LIBOR.

At June 30, 2012 the swaps had a current negative fair value for the County of $5,021,279, an increase of $4,489,116 from June 30, 2011. Valuations as of June 30, 2012 were obtained from the County's independent swap advisor and based on discounted forecasts of expected swap cash flows.

The swaps expose the County to basis risk should the relationship between one-month 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, 2012 of 3.437%. At June 30, 2012, the average rate on the County's bonds was 0.28%, whereas 64.7% of one-month LIBOR was 0.154%.

2005 Swaps

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 Wells Fargo. 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 $88,000,000 corresponds with the principal amount of the related 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 one-month LIBOR.

At June 30, 2012 the swaps had a negative fair value for the County of $16,609,474 an increase of $7,738,232 from June 30, 2011. Valuations as of June 30, 2012 were obtained from the County's independent swap advisor and based on discounted forecasts of expected swap cash flows.

The swaps expose the County to basis risk should the relationship between one-month 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, 2012 of 3.533%. At June 30, 2012, the rate on the County's bonds was 0.28%, whereas 67% of one-month LIBOR was 0.160%.

2006 Swaps

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, Inc., Natixis Financial Products, Bank of America N.A. and Wells Fargo. On October 12, 2011, the County elected to terminate a portion of the 2006 swaps, the total notional amount terminated was $66,750,000. In connection with the partial termination of the 2006 swaps, termination payments totaling $7,686,174 were paid to the swap counterparties. 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 $42,700,000 corresponds with the principal amounts of the related variable rate bond 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 one-month LIBOR.

At June 30, 2012 the swaps had a negative fair value for the County of $6,060,478 an increase of $3,735,938 from June 30, 2011. Valuations as of June 30, 2012 were obtained from the County's independent swap advisor and based on discounted forecasts of expected swap cash flows.

The swaps expose the County to basis risk should the relationship between one-month 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, 2012 of 3.123%. At June 30, 2012, the weighted average rate on the County's bonds was 0.19%, whereas 67% of one-month LIBOR was 0.160%.

Counterparty Risk

As a part of corporate restructuring in 2008 and 2009, Wachovia Bank, N.A. became a division of Wells Fargo & Company and Merrill Lynch Capital Services, Inc. became a division of Bank of America.

June 30, 2012 the County was exposed to counterparty risk for the 2003, 2005 and 2006 swaps. Counterparty risk is the likelihood that the counterparty will not perform pursuant to the terms of the swap. Under the swap, if any of the counterparties default, the County could be exposed to an unhedge variable rate bond position, ultimately resulting in interest rate risk that it had shifted to the counterparty and potentially termination risk.

Credit risk is the risk of change in the credit quality or credit rating of the district and/or its counterparty. As of June 30, 2012, the swap counterparties were rated as follows:

Counterparty	Moody's	S&P	Fitch
Bank of America N.A.	A3	A	A
Natixis Financial Products	A2	A	A+
Wells Fargo	Aa3	AA-	AA-

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, 2012, collateralization was not required. The County is not required to collateralize its obligation under the swap agreements. As of June 30, 2012, the Authority was not exposed to credit risk because the swaps had a negative fair value.

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:

Counterparty	2003 Swap	2005 Swap	2006 Swap	Total
Bank of America N.A.	$ 18,750,000	$ 30,800,000	$ 17,080,000	$ 66,630,000
Wells Fargo	6,250,000	57,200,000	8,540,000	71,990,000
Natixis Financial Products	-	-	17,080,000	17,080,000
Total	$ 25,000,000	$ 88,000,000	$ 42,700,000	$ 155,700,000

Using rates at June 30, 2012 for the term of the bonds, debt service requirements of the variable rate debt and net swap payments for the swaps are as follows:

Fiscal Year Ending June 30	Variable Rate Debt		Interest Rate Swap Net	Total
	Principal	Interest		
2013	$ 5,050,000	$ 387,975	$ 4,764,378	$ 10,202,353
2014	5,050,000	376,580	4,609,852	10,036,432
2015	5,050,000	365,185	4,455,327	9,870,512
2016	5,050,000	353,790	4,300,801	9,704,591
2017	11,050,000	336,851	4,081,858	15,468,709
2018-2022	80,250,000	1,203,228	14,508,121	95,961,349
2023-2026	44,200,000	227,348	2,767,279	47,194,627
Total	$ 155,700,000	$ 3,250,957	$ 39,487,616	$ 198,438,573

Changes in Long-Term Liabilities

The following presents the changes in long-term liabilities for the year ended June 30, 2012:

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Due within One Year
Governmental activities:					
General obligation bonds	$ 1,427,884,428	$ 264,015,000	$ (306,882,445)	$ 1,385,016,983	$ 132,392,000
Bond premium	99,506,210	30,994,281	(23,560,535)	106,939,956	14,311,840
Less: deferred charge - refundings	(10,167,206)	(10,204,859)	1,180,159	(19,191,906)	(1,101,046)
Total bonds payable	1,517,223,432	284,804,422	(329,262,821)	1,472,765,033	145,602,794
Capital leases	435,858	650,000	(435,858)	650,000	130,520
Compensated absences	25,977,311	20,069,562	(20,114,797)	25,932,076	2,898,438
Installment financings	488,670,000	8,784,906	(34,849,418)	462,605,488	33,401,590
Interest rate swap	28,178,048	-	(486,817)	27,691,231	-
Unfunded OPEB liability	26,780,606	22,991,427	-	49,772,033	-
Unfunded pension liability	3,800,626	217,262	-	4,017,888	-
Total Governmental Activities	2,091,065,881	337,517,579	(385,149,711)	2,043,433,749	182,033,342
Business-type activities:					
General obligation bonds	605,572	-	(577,556)	28,016	28,016
Less deferred charge - refundings	(100,313)	-	100,313	-	-
Special Obligation Bonds	-	12,220,000	-	12,220,000	665,000
Plus: Bond Premium	-	1,024,528	(45,762)	978,766	68,302
Total bonds payable	505,259	13,244,528	(523,005)	13,226,782	761,318
Capital leases	930,543	-	(450,223)	480,320	317,301
Compensated absences	524,938	366,761	(376,199)	515,500	67,972
Landfill development and postclosure care costs	8,424,632	369,088	-	8,793,720	-
Total Business-type Activities	10,385,372	13,980,377	(1,349,427)	23,016,322	1,146,591
Total Government-wide	$ 2,101,451,253	$ 351,497,956	$ (386,499,138)	$ 2,066,450,071	$ 183,179,933

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

The following presents the changes in long-term liabilities for the year end June 30, 2012 for the Library.

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Due within One Year
Governmental activities:					
Capital leases	$ 1,072,949	$ -	$ (161,234)	$ 911,715	$ 166,662
Compensated Absences	1,985,869	902,186	(1,170,726)	1,717,329	1,200,000
OPEB Liability	10,322,784	3,023,920	(590,565)	12,756,139	-
Total Governmental activities	$ 13,381,602	$ 3,926,106	$ (1,922,525)	$ 15,385,183	$ 1,366,662

The $1,700,719 of long-term liabilities due within one year for the Medic Agency represents compensated absences at June 30, 2012. The $11,177,504 of long-term liabilities due in more than one year represents the unfunded liability for future post employment healthcare benefits.

8. 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 $973,638 and the net book value of those assets recorded in the Enterprise Fund, capital assets – vehicles and heavy equipment, is $934,322.

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, 2012, 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:

	Capital Leases		
Year Ending June 30,	Governmental Activities	Solid Waste Enterprise Fund	Operating Leases
2013	$ 144,625	$ 332,005	$ 268,693
2014	141,792	166,002	55,469
2015	138,960	-	58,000
2016	136,128	-	-
2017	130,520	-	-
	692,025	498,007	382,162
Less: amount representing interest	(42,025)	(17,687)	-
Total	$ 650,000	$ 480,320	$ 382,162

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 $1,500 are required on the first capital lease until September 2045. The second capital lease requires monthly payments, which are changed annually (ranging from $17,051 to $6,560), through June 2017. Beginning July 2017 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, 2012:

Year Ending June 30,	Capital Leases	Operating Leases
2013	$ 214,160	$ 287,538
2014	205,957	183,655
2015	196,210	183,655
2016	172,696	183,655
2017	80,223	183,655
2018 - 2022	212,113	397,949
2023 - 2027	7,505	-
2028 - 2032	7,505	-
2033 - 2037	7,505	-
2038 - 2042	7,505	-
2043 - 2047	4,880	-
2048 - 2051	4	-
Total minimum payments	1,116,263	$ 1,420,107
Less: amount representing interest	(204,548)	
Present value of net minimum capital lease payments	$ 911,715	

Total interest costs for the year ended June 30, 2012 were $60,850 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. On November 23, 2004; the first amendment to the lease was executed. The amended lease includes additional square footage and expires August 31, 2015. The annual obligation for the amended lease is $497,254. The Agency exercised the first option of renewal for four years. The lease now expires August 31, 2015.

The schedule of future minimum lease payments under the lease as of June 30, 2012 follows:

Year Ending June 30,	Amount
2013	$ 660,452
2014	664,608
2015	668,884
2016	110,600
	$ 2,104,544

The ABC Board's minimum annual rentals on store properties and equipment leased, with lease terms extending to July 10, 2027, at June 30, 2012 are summarized as follows:

Year Ending June 30,	Operating Leases
2013	$ 1,444,000
2014	1,365,657
2015	1,310,842
2016	1,059,531
2017 - 2019	2,057,127
2020 - 2024	1,801,817
2025 - 2027	605,002
Total	$ 9,643,976

For the year ended June 30, 2012 rent expense for operating leases for the County was $476,536, for the Library was $719,000, for the Medic Agency was $589,342, and for the ABC Board was $1,486,151.

9. Transfers

The General Fund transferred $13,966,100 to the non-major Capital Reserve fund, $32,343,773 to the non-major Pay-As-You-Go Capital Projects fund authorized by the Board of County Commissioners to fund capital projects and $315,000 to the Technology Reserve fund. $116,234 was transferred from the County Historic Landmark Commission to the General Fund. The General Fund transferred $1,700,000 to the MeckLink Fund to cover operations.

10. 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 2012 for employees not engaged in law enforcement is 6.88%. The rate for law enforcement officers was 6.90% from July 1, 2011 through September 30, 2012. The rate increased from 6.90% to 6.91% effective October 1, 2011. The rate is a percentage 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, 2012, 2011 and 2010 were $14,462,001, $12,835,918, and $10,396,681, 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, 2012, 2011, and 2010 were $879,948, $841,898, and $854,824 respectively. The rate for fiscal year 2012 for employees is 6.96% of covered payroll. The Medic Agency's contributions to LGERS for the year ended June 30, 2012, 2011, and 2010 were $1,696,964, $1,314,512, and $1,010,040 respectively, and the rate for fiscal year 2012 for employees

is 6.92% of covered payroll. The ABC Board's contributions to LGERS for the years ended June 30, 2012, 2011, and 2010 were $365,783, $342,463, and $265,501, respectively. The ABC Board's required contributions for employees not engaged in law enforcement and for law enforcement officers are 7.0% and 7.05% of covered payroll, 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"), an 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, 2011, the Separation Allowance's membership consisted of:

	County
Retirees	34
Active plan members	310
Total	344

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 $626,883 for the fiscal year ended June 30, 2012, 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, 2010 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions include (a) 5.00% investment rate of return and (b) projected salary increases ranging from 4.25% to 7.85% per year, as well as an inflation component of 3.00%. 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, 2010, was 20 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	$ 880,841
Interest on net pension obligation	190,031
Adjustment to annual required contribution	(226,727)
Annual pension cost	844,145
Contributions made	(626,883)
Increase in net pension obligation	217,262
Net pension obligation beginning of year	3,800,626
Net pension obligation end of year	$ 4,017,888

Three Year Trend Information:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation End of Year
2012	$ 844,145	74.26%	$ 4,017,888
2011	942,365	50.91	3,800,626
2010	795,334	56.70	3,337,992

As of December 31, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was $9,430,333, and there was no actuarial value of assets, resulting in an unfunded accrued liability (UAAL) of $9,430,333. The covered payroll (annual payroll of active employees covered by the plan) was $17,098,231, and the ratio of UAAL to covered payroll was 55.15%.

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 are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

(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, 2012 was $880,170 compared to $866,453 for the year ended June 30, 2011. Contributions for the ABC Board for the year ended June 30, 2012, were $98,356, which consisted of $65,011 from the ABC Board and $33,345 from the law enforcement officers' voluntary contributions and contributions for June 30, 2011 were $98,100, which consisted of $69,246 from the ABC Board and $28,854 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, 2012 and 2011 were $421,452 and $442,106, respectively, which consisted of $250,876 and 2012 and $262,275 for 2011 from the ABC Board and $170,576 for 2012 and $179,831 for 2011 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 that 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, 2012, the County's required and actual contributions were $85,430.

11. 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 401(k) 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 401(k) supplemental retirement income plan allows eligible participants to contribute up to the maximum allowable under the law as a percentage of base salary.

In fiscal year 2012 the County and the Library matched 100% of the first 3% of each participant's total annual contribution. Total contributions to the plan by the County were $4,313,161. The Library total contributions were $221,802. Contributions by the Medic Agency for June 30, 2012 and 2011 were $678,941, and $574,763, respectively. Medic agency matches 100% of the first 5% of each participant's total annual contribution.

12. Postemployment 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, 2012, the date of the latest actuarial valuation was:

Retired employees	1,087
Spouses/Domestic Partners of retired employees	161
Deferred Vested Members	654
Active employees	3,541
Total	5,443

Contributions to be paid by members are established by the Board of County Commissioners, which also has the authority to amend the program. For 2012, 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	4,464	3,942
10 to 19 years of service:			
Retiree	3,801	5,247	2,994
Spouse	3,027	4,464	3,339

The County contributed $15,663,056 of the actuarially calculated annual required contribution (ARC) of $39,173,259 for fiscal year 2012. 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	$ 39,173,259
Interest on net OPEB obligation	937,321
Adjustment to annual required contribution	(1,456,097)
Annual OPEB cost	38,654,483
Contributions made	(15,663,056)
Increase in net OPEB obligation	22,991,427
Net OPEB obligation beginning of year	26,780,606
Net OPEB obligation end of year	$ 49,772,033

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, 2012, 2011, 2010, and 2009 are as follows:

Fiscal Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	$ 39,173,259	40.50%	$ 22,991,427
2011	32,253,235	21.05	26,780,606
2010	16,715,993	95.73	1,316,182
2009	16,708,724	96.37	606,502

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 for Fiscal Year 2012. In 2011, the County did not contribute to the irrevocable trust fund leading to the increase in the ARC and Net OPEB Obligation from 2010 to 2011.

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, 2012, the most recent actuarial valuation date, the plan was funded on the pay-as-you-go basis. The actuarially accrued liability for benefits was $463,282,925 and the actuarial value of assets was $38,317,546 resulting in an unfunded actuarial accrued liability (UAAL) of $424,965,379. The annual payroll of active employees covered by the plan was $210,482,384 and the ratio of the UAAL to the covered payroll was 201.90%. The actuarially accrued liability for benefits increased from 2009 to 2010 due to changes in the actuarial assumptions.

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, 2012, the actuarial valuation used the projected unit credit actuarial cost method. The assumptions included a 4.91% 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 7.00% to 4.70% over eighty years and salary projections assumed a zero percent 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 dollar amount on a closed basis. The remaining amortization period at January 1, 2012 was 29 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, 2011 was $441,216 for the ninety-one qualified retirees. The current ARC rate is 3.5% of annual covered payroll and the Library contributed $590,565 or 4.7% of covered payroll which leaves a net OPEB obligation of $12,756,139 recorded to liabilities in the Statement of Net Assets. Complete information regarding the Library's plan appears in the separately issued June 30, 2012 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. Effective June 1, 2010 the plan was closed to new entrants. Medic Agency funded $209,279 of the $3,033,376 ARC with the $11,177,504 remaining OPEB obligation recorded to liabilities in the Statement of Net Assets. The ARC rate is 12% of annual covered payroll and the contribution is 1% of annual covered payroll. Complete information regarding Medic Agency's post employment healthcare benefits appears in Medic Agency's separately issued June 30, 2012 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, 2012, the most recent valuation date, the plan was not funded. The remaining OPEB obligation of $1,676,379 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, 2012 financial statements.

13. 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, 2012, the County made contributions to the State for death benefits of $140,163. The County's required contributions for covered employees represented .14% of covered payroll for law enforcement officers and .06% of covered payroll for employees not engaged in law enforcement.

For the year ended June 30, 2012 and 2011, the ABC Board made contributions to the State for death benefits of $7,757 and $7,840, respectively.

14. 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, 2012, 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.

A summary of amounts relating to self-insurance in the General Fund is as follows:

	2012	2011
Accounts payable and accrued liabilities - beginning of fiscal year	$ 8,749,376	$ 9,529,456
Additions	9,355,800	3,985,148
Payments	(5,826,878)	(4,765,228)
Accounts payable and accrued liabilities - end of fiscal year	$ 12,278,298	$ 8,749,376

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.

15. 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 $8,793,720 and has two components. The cumulative amount reported, based on the use of 80% of the total estimated capacity of the landfill, for closure and postclosure care costs is $8,580,016. The County will recognize the remaining estimated cost of closure and postclosure care of $2.1 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 2012. The County expects to close the U.S.521 landfill in 2030. 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, 2012 is $213,704. The County will recognize the remaining estimated cost of future use development of $1,699,587 as the remaining capacity is filled. These funds are held in investments with a cost of $213,704 (market value, $213,704) 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 postclosure care requirements are determined, these costs may need to be covered by charges to future landfill users.

16. Commitments and Contingencies

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, 2011, 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.

Unexpended funds of $51,288,127 at June 30, 2012, are committed for various projects in accordance with related Capital Projects Ordinances. These funds are included in Restricted Net Assets and are included in committed fund balance of the appropriate capital projects funds.

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.

17. 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 $236,113 to COG during fiscal year 2012.

18. 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 $26,150,000 for operations and $15,630,768 for capital purposes during fiscal year 2012, and made debt service payments of $16,073,723 in fiscal year 2012 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 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, 2012, the County did not provide funding 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. The CMPBA will no longer operate WTVI after September 30, 2012 and this joint venture will cease to exist. The broadcast license will be operated by CPCC. 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 $21,584 to the Commission in fiscal year 2012. 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, 2012. 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 2012. 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, 2012. 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 2012. 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, 2012. Complete financial statements for the Commission may be obtained from the following address:

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

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 $185,639 to the HLC in fiscal year 2012 for operations for historic site preservation.

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

19. 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 $15,515,000 at June 30, 2012 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 $8,290,000 at June 30, 2012 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 $4,165,000 at June 30, 2012 are not reported as liabilities in the accompanying financial statements.

20. 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.

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)
2011	-	$ 9,430,333	$ 9,430,333	0.00 %	$ 17,098,231	55.15 %
2010	-	8,527,458	8,527,458	0.00	16,258,376	52.45
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

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MECKLENBURG COUNTY, NORTH CAROLINA

SEPARATION ALLOWANCE FOR LAW ENFORCEMENT OFFICERS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2012	$ 880,841	71.17 %
2011	954,170	50.27
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

Notes to the Required Schedules:

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

Valuation date	12/31/2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	20 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25% - 7.85%
Cost-of-living adjustments	None

* Includes inflation at 3.00%.

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

Actuarial Valuation Date January 1	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)
2012	$ 38,317,546	$ 463,282,925	$ 424,965,379	8.27 %	$ 210,482,384	201.90 %
2011	32,792,954	387,947,405	355,154,451	8.45	214,550,188	165.53
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

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. Complete information regarding the County's plan is located in the notes to the financial statements.

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

Fiscal Year Ended June 30,	Annual Required Contribution	Actual Contribution	Percentage Contribution
2012	$ 39,173,259	$ 15,663,056	39.98 %
2011	32,253,235	6,788,811	21.05
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	01/01/2012
Actuarial cost method	Projected Unit Credit
Amortization method	Level Dollar Amount
Remaining amortization period	29 years
Asset valuation method	5-Year Smooth Market
Actuarial assumptions:	
Investment rate of return*	4.91%
Projected salary increases*	0.00%
Healthcare Cost Trend Rate*	7.0% graded 4.7% over 80 years
Cost-of-living adjustments	None

* Includes an inflation assumption of 0.0%

Complete information regarding the County's plan is located in the notes to the financial statements.

Combining and 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, Debt Service Fund, the Enterprise Funds 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:

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.

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.

2000A Public Improvement Fund: This fund is used to account for the construction of and renovations to Parks, Government, and Law Enforcement Facilities.

2006A Public Improvement Fund: This fund accounts for the renovations at the Community College along with Land Acquisition, Law Enforcement Facilities, School Facilities, Park and Government Facilities.

2007A Public Improvement Fund: Accounts for the construction, renovations and development of Community College, Law Enforcement facilities along with the construction of Sports facilities and Recreation Centers, Park Development and Improvement.

2008A Park and Recreation: This fund is for the construction of Greenways.

2008B Public Improvement Fund: Accounts for the financing and construction of various capital assets and improvements throughout the county which includes, School facilities, Law Enforcement Facility, Park Development, Park Improvements, Land Acquisition and Greenways

2011A Public Improvement Fund: This fund is for the construction and renovation of School facilities, Land acquisition along with Parks and Greenways.

2011B Qualified School Construction Bonds: Accounts for the financing and construction of School facilities.

Certificates of Participation Fund: This fund is for the construction and renovation of Community College, School, County, Law Enforcement, Courthouse facilities and Parks.

Capital Reserve Fund: Accounts for the renovation and improvement of County facilities, Community College facilities, Library facilities and Park improvements.

Other Capital Funding: Accounts for acquisition and renovation of various historic facilities, Grants and Pay-As-You-Go funding.

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MECKLENBURG COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2012

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	$ 28,577,521	$ 164,690,388	$ 193,267,909
Accrued interest receivable	57,866	141,350	199,216
Accounts receivable	13,661,367	-	13,661,367
Taxes receivable	1,044,881	-	1,044,881
Less allowance for uncollectible taxes	(441,000)	-	(441,000)
Advance to other governments	-	60,809	60,809
TOTAL ASSETS	$ 42,900,635	$ 164,892,547	$ 207,793,182
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and other accrued liabilities	$ 10,104,833	$ 10,676,608	$ 20,781,441
Deferred revenue	638,295	-	638,295
Total Liabilities	10,743,128	10,676,608	21,419,736
Fund Balances			
Restricted			
Stabilization by State Statute	17,862,496	27,893,677	45,756,173
Land Use and Environmental Services	1,956,405	-	1,956,405
Capital Projects	-	75,355,810	75,355,810
Committed			
Land Use and Environmental Services	20,294,846	-	20,294,846
Capital Projects	-	51,288,127	51,288,127
Public Safety	1,310,858	-	1,310,858
Assigned			
Unassigned	(9,267,098)	(321,675)	(9,588,773)
Total Fund Balances	32,157,507	154,215,939	186,373,446
TOTAL LIABILITIES AND FUND BALANCES	$ 42,900,635	$ 164,892,547	$ 207,793,182

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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, 2012

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Law Enforcement Service District taxes	$ 12,188,234	$ -	$ 12,188,234
Transit one-half cent sales tax	35,529,884	-	35,529,884
Intergovernmental	2,855,489	2,363,939	5,219,428
Charges for services	15,061,115	-	15,061,115
Interest earned on investments	170,782	92,155	262,937
Other	732,156	2,338,873	3,071,029
Total Revenues	66,537,660	4,794,967	71,332,627
EXPENDITURES			
Land Use and Environmental Services	12,676,625	-	12,676,625
Business Partners	46,997,867	-	46,997,867
Debt Service			
Principal	2,307,584	-	2,307,584
Interest	116,438	-	116,438
Capital Outlay	1,923,649	74,847,057	76,770,706
Total Expenditures	64,022,163	74,847,057	138,869,220
REVENUES OVER / (UNDER) EXPENDITURES	2,515,497	(70,052,090)	(67,536,593)
OTHER FINANCING SOURCES (USES)			
Sale of Bonds	-	100,000,000	100,000,000
Premium on Financing	-	6,349,420	6,349,420
Installment Financing / Capital Lease	2,493,625	6,941,281	9,434,906
Transfers to other funds	-	(116,234)	(116,234)
Transfers from other funds	-	46,624,873	46,624,873
Total Other Financing Sources (Uses)	2,493,625	159,799,340	162,292,965
NET CHANGE IN FUND BALANCE	5,009,122	89,747,250	94,756,372
FUND BALANCES - BEGINNING OF YEAR	27,148,385	64,468,689	91,617,074
FUND BALANCES - END OF YEAR	$ 32,157,507	$ 154,215,939	$ 186,373,446

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MECKLENBURG COUNTY, NORTH CAROLINA
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2012

	Storm Water Management	Law Enforcement Service District	Transit One-Half Cent Sales Tax	Scrap Tire Disposal	Discarded White Goods	Register of Deeds	Emergency Telephone Fund	Total Special Revenue Funds
ASSETS								
Cash and investments	$ 23,322,720	$ 1,345,272	$ -	$ 373,319	$ 1,987,116	$ 1,548,281	$ 813	$ 28,577,521
Accrued interest receivable	53,935	3,074	-	857	-	-	-	57,866
Accounts receivable	4,394,269	-	9,267,098	-	-	-	-	13,661,367
Taxes receivable	-	1,044,881	-	-	-	-	-	1,044,881
Less allowance for uncollectible taxes	-	(441,000)	-	-	-	-	-	(441,000)
TOTAL ASSETS	$ 27,770,924	$ 1,952,227	$ 9,267,098	$ 374,176	$ 1,987,116	$ 1,548,281	$ 813	$ 42,900,635
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable and accrued liabilities	$ 725,512	$ -	$ 9,267,098	$ 92,056	$ 3,619	$ 15,735	$ 813	$ 10,104,833
Deferred revenue - taxes	-	603,881	-	-	-	-	-	603,881
Deferred revenue - other	-	34,414	-	-	-	-	-	34,414
Total Liabilities	725,512	638,295	9,267,098	92,056	3,619	15,735	813	10,743,128
Fund Balance								
Restricted								
Stabilization by State Statute	8,294,689	3,074	9,267,098	233,852	9,298	54,485	-	17,862,496
Land Use and Environmental Services	478,344	-	-	-	-	1,478,061	-	1,956,405
Committed								
Land Use and Environmental Services	18,272,379	-	-	48,268	1,974,199	-	-	20,294,846
Public Safety	-	1,310,858	-	-	-	-	-	1,310,858
Unassigned	-	-	(9,267,098)	-	-	-	-	(9,267,098)
Total Fund Balances	27,045,412	1,313,932	-	282,120	1,983,497	1,532,546	-	32,157,507
TOTAL LIABILITIES AND FUND BALANCES	$ 27,770,924	$ 1,952,227	$ 9,267,098	$ 374,176	$ 1,987,116	$ 1,548,281	$ 813	$ 42,900,635

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MECKLENBURG COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	Storm Water Management	Law Enforcement Service District	Transit One-Half Cent Sales Tax	Scrap Tire Disposal	Discarded White Goods	Register of Deeds	Emergency Telephone Fund	Total Special Revenue Funds
REVENUES								
Law Enforcement Service District taxes	$ -	$ 12,188,234	$ -	$ -	$ -	$ -	$ -	$ 12,188,234
Transit one-half cent sales tax	-	-	35,529,884	-	-	-	-	35,529,884
Intergovernmental	1,418,781	-	-	1,156,339	280,369	-	-	2,855,489
Charges for services	14,473,558	-	-	-	-	587,557	-	15,061,115
Interest earned on investments	162,855	6,350	-	1,576	-	-	1	170,782
Other	470,493	-	-	138,063	123,600	-	-	732,156
Total Revenues	16,525,687	12,194,584	35,529,884	1,295,978	403,969	587,557	1	66,537,660
EXPENDITURES								
Land Use and Environmental Services	10,997,318	-	-	1,185,501	**243,117**	250,689	-	12,676,625
Business Partners	-	11,467,170	35,529,884	-	-	-	813	46,997,867
Debt Service								
Principal	2,307,584	-	-	-	-	-	-	2,307,584
Interest	116,438	-	-	-	-	-	-	116,438
Capital Outlay	1,844,730	-	-	-	-	78,919	-	1,923,649
Total Expenditures	15,266,070	11,467,170	35,529,884	1,185,501	243,117	329,608	813	64,022,163
REVENUES OVER (UNDER) EXPENDITURES	1,259,617	727,414	-	110,477	160,852	257,949	(812)	2,515,497
OTHER FINANCING SOURCES (USES)								
Installment Financing	2,493,625	-	-	-	-	-	-	2,493,625
Total Other Financing Sources (Uses)	2,493,625	-	-	-	-	-	-	2,493,625
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	3,753,242	727,414	-	110,477	160,852	257,949	(812)	5,009,122
FUND BALANCES - BEGINNING OF YEAR	23,292,170	586,518	-	171,643	1,822,645	1,274,597	812	27,148,385
FUND BALANCES - END OF YEAR	$ 27,045,412	$ 1,313,932	$ -	$ 282,120	$ 1,983,497	$ 1,532,546	$ -	$ 32,157,507

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MECKLENBURG COUNTY, NORTH CAROLINA
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
JUNE 30, 2012

	2000A Public Improvement	2006A Public Improvement	2007A Public Improvement	2008A Park and Recreation	2008B Public Improvement	2011A Public Improvement
ASSETS						
Cash and Investments	$ 18,008	$ 5,541	$ 86,011	$ 11,850	$ 75,557	$ 41,271,440
Interest receivable	-	-	-	-	-	20,840
Advance to other governments	-	-	-	-	-	-
TOTAL ASSETS	$ 18,008	$ 5,541	$ 86,011	$ 11,850	$ 75,557	$ 41,292,280
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	$ -	$ -	$ -	$ 900	$ -	$ 2,537,555
Total Liabilities	-	-	-	900	-	2,537,555
Fund Balances						
Restricted						
Stabilization by State statute	-	-	-	10,963	675	11,867,301
Capital Projects	18,008	5,541	86,011	-	74,882	26,887,424
Committed						
Capital Projects	-	-	-	-	-	-
Unassigned	-	-	-	(13)	-	-
Total Fund Balances	18,008	5,541	86,011	10,950	75,557	38,754,725
TOTAL LIABILITIES AND FUND BALANCES	$ 18,008	$ 5,541	$ 86,011	$ 11,850	$ 75,557	$ 41,292,280

(Continued)

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MECKLENBURG COUNTY, NORTH CAROLINA
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
JUNE 30, 2012
(CONCLUDED)

	2011B Qualified School Construction Bonds	Certificates of Participation	Capital Reserve	Other Capital Funding	Total Capital Projects
ASSETS					
Cash and Investments	$ 47,730,843	$ 3,767,475	$ 31,938,619	$ 39,785,044	$ 164,690,388
Interest receivable	23,234	-	307	96,969	141,350
Advance to other governments	-	-	60,809	-	60,809
TOTAL ASSETS	$ 47,754,077	$ 3,767,475	$ 31,999,735	$ 39,882,013	$ 164,892,547
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	$ 2,790,028	$ 501,873	$ 1,811,010	$ 3,035,242	$ 10,676,608
Total Liabilities	2,790,028	501,873	1,811,010	3,035,242	10,676,608
Fund Balances					
Restricted					
Stabilization by State statute	23,234	1,896,432	3,843,383	10,251,689	27,893,677
Capital Projects	44,940,815	1,369,170	60,809	1,913,150	75,355,810
Committed					
Capital Projects	-	-	26,284,533	25,003,594	51,288,127
Unassigned	-	-	-	(321,662)	(321,675)
Total Fund Balances	44,964,049	3,265,602	30,188,725	36,846,771	154,215,939
TOTAL LIABILITIES AND FUND BALANCE	$ 47,754,077	$ 3,767,475	$ 31,999,735	$ 39,882,013	$ 164,892,547

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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, 2012

	2000A Public Improvement	2006A Variable Rate	2007A Public Improvement	2008A Park and Recreation
Project Authorization	$ 34,000,000	$ 89,000,000	$ 102,000,000	$ 12,000,000
Prior Years' Revenues	34,000,000	89,000,000	102,000,000	12,000,000
Prior Years' Expenditures	33,981,992	88,994,459	101,913,989	11,413,610
Fund Balances - Beginning of Year	18,008	5,541	86,011	586,390
REVENUES				
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Other	-	-	-	-
Interest earned on investments	-	-	-	-
Total Revenues	-	-	-	-
EXPENDITURES				
Management Services				
County Buildings	-	-	-	-
Land	-	-	-	-
Land Use and Environmental Services				
Community Development	-	-	-	-
Scattered Site	-	-	-	-
Historic Preservation	-	-	-	-
Community Services				
Park and Recreational Facilities	-	-	-	575,440
Library Facilities	-	-	-	-
Detention and Court Support Services				
Energy Conservation Contract	-	-	-	-
Court Facilities	-	-	-	-
Jail/Detention Facilities	-	-	-	-
Business Partners				
Community College Facilities	-	-	-	-
School Facilities	-	-	-	-
Total Expenditures	-	-	-	575,440
REVENUES UNDER EXPENDITURES	-	-	-	(575,440)
OTHER FINANCING SOURCES (USES)				
Sale of Bonds	-	-	-	-
Premium on Financing	-	-	-	-
Installment Financing / Capital Lease	-	-	-	-
Transfer to Other Funds	-	-	-	-
Transfer from Other Funds	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
FUND BALANCES - END OF YEAR	$ 18,008	$ 5,541	$ 86,011	$ 10,950

(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, 2012

	2008B Public Improvement	2011A Public Improvement	2011B Quality School Construction Bonds
Project Authorization	$ 148,500,000	$ 49,000,000	$ 51,000,000
Prior Years' Revenues	148,500,000	-	-
Prior Years' Expenditures	147,464,599	-	-
Fund Balances - Beginning of Year	1,035,401	-	-
REVENUES			
Intergovernmental			
Federal	-	-	-
State	-	-	-
Other	-	-	-
Interest earned on investments		44,342	47,813
Total Revenues	-	44,342	47,813
EXPENDITURES			
Management Services			
County Buildings	-	-	-
Land	-	6,599,598	-
Land Use and Environmental Services			
Community Development	-	-	-
Scattered Site	-	-	-
Historic Preservation	-	-	-
Community Services			
Park and Recreational Facilities	959,844	3,222,012	-
Library Facilities	-	-	-
Detention and Court Support Services			
Energy Conservation Contract	-	-	-
Court Facilities	-	-	-
Jail/Detention Facilities	-	-	-
Business Partners			
Community College Facilities	-	-	-
School Facilities	-	6,817,427	6,083,764
Total Expenditures	959,844	16,639,037	6,083,764
REVENUES UNDER EXPENDITURES	(959,844)	(16,594,695)	(6,035,951)
OTHER FINANCING SOURCES (USES)			
Sale of Bonds	-	49,000,000	51,000,000
Premium on Financing	-	6,349,420	-
Installment Financing / Capital Lease	-	-	-
Transfer to Other Funds	-	-	-
Transfer from Other Funds	-	-	-
Total Other Financing Sources (Uses)	-	55,349,420	51,000,000
FUND BALANCES - END OF YEAR	$ 75,557	$ 38,754,725	$ 44,964,049

(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, 2012

(CONCLUDED)

	Certificates of Participation	Capital Reserve	Other Capital Funding	Total Capital Projects
Project Authorization	$ 672,520,000	$ 79,433,744	$ 343,355,105	$ 1,580,808,849
Prior Years' Revenues	670,078,982	76,485,846	330,207,693	1,462,272,521
Prior Years' Expenditures	662,981,232	52,159,192	298,894,759	1,397,803,832
Fund Balances - Beginning of Year	7,097,750	24,326,654	31,312,934	64,468,689
REVENUES				
Intergovernmental				
Federal	-	1,885,852	478,087	2,363,939
Other	-	2,205,986	132,887	2,338,873
Interest earned on investments	-	-	-	92,155
Total Revenues	-	4,091,838	610,974	4,794,967
EXPENDITURES				
Management Services				
County Buildings	3,370,952	6,611,700	153,300	10,135,952
Land	-	-	-	6,599,598
Land Use and Environmental Services				
Community Development	-	-	411,836	411,836
Scattered Site	-	-	19,526	19,526
Historic Preservation	-	-	89,218	89,218
Community Services				
Park and Recreational Facilities	-	4,490,656	4,864,569	14,112,521
Library Facilities	-	542,841	277,659	820,500
Detention and Court Support Services				
Energy Conservation Contract	-	-	4,385,540	4,385,540
Court Facilities	-	253,837	4,034,806	4,288,643
Jail/Detention Facilities	461,196	803,255	1,143,838	2,408,289
Business Partners				
Community College Facilities	-	458,578	15,172,189	15,630,767
School Facilities	-	-	3,043,476	15,944,667
Total Expenditures	3,832,148	13,160,867	33,595,957	74,847,057
REVENUES UNDER EXPENDITURES	(3,832,148)	(9,069,029)	(32,984,983)	(70,052,090)
OTHER FINANCING SOURCES (USES)				
Sales of Bonds	-	-	-	100,000,000
Premium on Financing	-	-	-	6,349,420
Installment Financing / Capital Lease	-	650,000	6,291,281	6,941,281
Transfer to Other Funds	-	-	(116,234)	(116,234)
Transfer from Other Funds	-	14,281,100	32,343,773	46,624,873
Total Other Financing Sources (Uses)	-	14,931,100	38,518,820	159,799,340
FUND BALANCES - END OF YEAR	$ 3,265,602	$ 30,188,725	$ 36,846,771	$ 154,215,939

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MECKLENBURG COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL - DEBT SERVICE FUND

FOR THE YEAR ENDED JUNE 30, 2012

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 224,195,000	$ 224,195,000	$ -
Sales Taxes	32,515,000	38,164,234	5,649,234
Intergovernmental	12,261,000	12,329,692	68,692
Interest earned on investments	-	153,129	153,129
Other	-	1,801,111	1,801,111
Total Revenues	268,971,000	276,643,166	7,672,166
EXPENDITURES			
Charlotte Mecklenburg Schools			
Debt Service			
Principal payments	96,000,000	95,020,377	(979,623)
Interest	68,072,000	57,816,774	(10,255,226)
Central Piedmont Community College			
Debt Service			
Principal payments	13,000,000	12,054,659	(945,341)
Interest	5,828,000	4,019,064	(1,808,936)
General Debt Service			
Principal payments	56,000,000	55,899,096	(100,904)
Interest and fiscal charges	30,071,000	29,300,325	(770,675)
Total Expenditures	268,971,000	254,110,295	(14,860,705)
EXCESS OF REVENUES OVER EXPENDITURES	-	22,532,871	22,532,871
OTHER FINANCING SOURCES (USES)			
Refunding Bond Proceeds	164,015,000	164,015,000	-
Premium on Financing	15,798,043	24,644,861	8,846,818
Payment to Refunding Escrow Agent	(179,813,043)	(179,813,043)	-
Total Other Financing Sources (Uses)	-	8,846,818	8,846,818
NET CHANGE IN FUND BALANCE	-	31,379,689	31,379,689
FUND BALANCE-BEGINNING	-	-	-
FUND BALANCE-ENDING	$ -	$ 31,379,689	$ 31,379,689

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MECKLENBURG COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FIDUCIARY FUNDS
JUNE 30, 2012

	Municipalities' Taxes	Employees' Insurance	Fee Collection for State	Food and Beverage Tax	Other	Total
ASSETS						
Cash and investments	$ 1,848,423	$ 33,903,006	$ 3,930,351	$ 164,918	$ 1,147,321	$ 40,994,019
Accounts receivable	-	251,857	-	-	8,446	260,303
Paid to other governmental agencies	-	-	-	-	-	-
Due from other governmental agencies	8,392	-	-	1,932,252	-	1,940,644
TOTAL ASSETS	$ 1,856,815	$ 34,154,863	$ 3,930,351	$ 2,097,170	$ 1,155,767	$ 43,194,966
LIABILITIES						
Accounts payable and accrued liabilities	$ -	$ 34,154,863	$ -	$ 2,097,170	$ 1,155,767	$ 37,407,800
Due to other governmental agencies	1,856,815	-	3,852,155	-	-	5,708,970
Due to NC Department of Motor Vehicles	-	-	78,196	-	-	78,196
TOTAL LIABILITIES	$ 1,856,815	$ 34,154,863	$ 3,930,351	$ 2,097,170	$ 1,155,767	$ 43,194,966

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MECKLENBURG COUNTY, NORTH CAROLINA

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
Municipalities' Taxes				
Assets				
Cash and investments	$ 2,735,834	$ 1,163,379,393	$ 1,164,266,804	$ 1,848,423
Accounts Receivables	197,834	-	197,834	-
Due from other governmental agencies	8,392	-	-	8,392
Total assets	$ 2,942,060	$ 1,163,379,393	$ 1,164,464,638	$ 1,856,815
Liabilities				
Due to other governmental agencies	$ 2,942,060	$ 612,423,951	$ 613,509,196	$ 1,856,815
Employees' Insurance				
Assets				
Cash and investments	$ 23,798,204	$ 142,153,740	$ 132,048,938	$ 33,903,006
Accounts receivable	13,098	379,853	141,094	251,857
Total assets	$ 23,811,302	$ 142,533,593	$ 132,190,032	$ 34,154,863
Liabilities				
Accounts payable and accrued liabilities	$ 23,811,302	$ 186,304,987	$ 175,961,426	$ 34,154,863
Fee Collection for State				
Assets				
Cash and investments	$ 3,298,777	$ 9,044,358	$ 8,412,784	$ 3,930,351
Liabilities				
Due to other governmental agencies	$ 3,195,761	$ 19,691,256	$ 19,034,862	$ 3,852,155
Due to NC Department of Motor Vehicles	103,016	874,293	899,113	78,196
Total liabilities	$ 3,298,777	$ 20,565,549	$ 19,933,975	$ 3,930,351
Food and Beverage Tax				
Assets				
Cash and investments	$ -	$ 22,359,192	$ 22,194,274	$ 164,918
Due from other governmental agencies	-	24,098,307	22,166,055	1,932,252
Total assets	$ -	$ 46,457,499	$ 44,360,329	$ 2,097,170
Liabilities				
Accounts payable and accrued liabilities	$ -	$ 24,296,932	$ 22,199,762	$ 2,097,170
Other				
Assets				
Cash and investments	$ 1,081,259	$ 844,718	$ 778,656	$ 1,147,321
Accounts receivable	-	8,446	-	8,446
Total assets	$ 1,081,259	$ 853,164	$ 778,656	$ 1,155,767
Liabilities				
Accounts payable and accrued liabilities	$ 1,081,259	$ 1,308,897	$ 1,234,389	$ 1,155,767
Totals - All Agency Funds				
Assets				
Cash and investments	$ 30,914,074	$ 1,337,781,401	$ 1,327,701,456	$ 40,994,019
Accounts receivable	210,932	388,299	338,928	260,303
Due from other governmental agencies	8,392	24,098,307	22,166,055	1,940,644
Total assets	$ 31,133,398	$ 1,362,268,008	$ 1,350,206,439	$ 43,194,966
Liabilities				
Accounts payable and accrued liabilities	$ 24,892,561	$ 211,910,816	$ 199,395,577	$ 37,407,800
Due to other governmental agencies	6,137,821	632,115,207	632,544,058	5,708,970
Due to NC Department of Motor Vehicles	103,016	874,293	899,113	78,196
Total liabilities	$ 31,133,398	$ 844,900,316	$ 832,838,748	$ 43,194,966

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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, 2012

	Project Authorization	Actual Prior Year	Actual Current Year	Actual Total to Date	Project Authorization Balance
U.S. Department of Housing and Urban Development					
Community Development Block Grant					
Block Grant # B-10-UC-37003					
REVENUES					
Grant Proceeds	$ 820,077	$ 49,421	$ 411,837	$ 461,258	$ 358,819
EXPENDITURES					
Rehabilitation	684,024	-	337,493	337,493	346,532
Administration	136,053	49,421	74,345	123,766	12,288
Total Expenditures	820,077	49,421	411,837	461,258	358,819
REVENUES OVER EXPENDITURES	$ -	-	-	-	$ -
North Carolina Clean Water Management Trust					
Little Sugar Creek - Phase 9 (Midtown)					
Project 2007-404					
REVENUES					
Grant Proceeds	$ 615,000	445,760	17,414	463,174	$ 151,827
Mecklenburg County	662,000	466,387	195,613	662,000	-
Total revenues	1,277,000	912,147	213,027	1,125,174	151,827
EXPENDITURES					
Construction	1,277,000	912,147	213,027	1,125,174	151,827
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, 2012

(CONTINUED)

	Project Authorization	Actual Prior Year	Actual Current Year	Actual Total to Date	Project Authorization Balance
North Carolina Clean Water Management Trust					
Little Sugar Creek - Phase VIII					
Project 2006-404					
REVENUES					
Grant Proceeds	$ 1,000,000	$ 430,015	$ 207,482	$ 637,497	$ 362,503
Mecklenburg County	300,000	207,102	66,283	273,385	26,615
Total revenues	1,300,000	637,117	273,765	910,882	389,118
EXPENDITURES					
Construction	1,300,000	637,117	273,765	910,882	389,118
REVENUES OVER EXPENDITURES	$ -	-	-	-	$ -
McAlpine Creek					
Project 2006A-405					
REVENUES					
Grant Proceeds	$ 845,000	614,297	230,703	845,000	$ -
City of Charlotte	1,350,000	577,324	176,125	753,449	596,551
Mecklenburg County	345,000	41,597	41,089	82,686	262,314
Total revenues	2,540,000	1,233,218	447,917	1,681,135	858,865
EXPENDITURES					
Construction	2,540,000	1,233,218	447,917	1,681,135	858,865
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, 2012

(CONTINUED)

	Project Authorization	Actual Prior Year	Actual Current Year	Actual Total to Date	Project Authorization Balance
U.S. Department of Environmental Protection					
Passed through N.C. Department of Environment and Natural Resources					
McDowell Creek Watershed Ange Property Project EW8021					
REVENUES					
Grant Proceeds	$ 381,661	$ 343,495	$ 11,763	$ 355,258	$ 26,403
City of Charlotte	90,000	85,031	-	85,031	4,969
Mecklenburg County	223,406	162,423	13,893	176,316	47,090
Total revenues	695,067	590,949	25,656	616,605	78,462
EXPENDITURES					
Construction	695,067	590,949	25,656	616,605	78,462
REVENUES OVER EXPENDITURES	$ -	-	-	-	$ -
ARRA Torrence Creek Project 2W-370863-01					
REVENUES					
Grant Proceeds- ARRA	$ 2,576,000	2,509,980	(16,345)	2,493,635	$ 82,365
Grant Proceeds- STATE	370,000	-	250,149	250,149	119,851
Mecklenburg County	1,996,813	-	1,246,813	1,246,813	750,000
Total revenues	4,942,813	2,509,980	1,480,617	3,990,597	952,216
EXPENDITURES					
Construction	4,942,813	2,509,980	1,480,617	3,990,597	952,216
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, 2012

(CONCLUDED)

	Project Authorization	Actual Prior Year	Actual Current Year	Actual Total to Date	Project Authorization Balance
US Department of Transportation					
Toby Creek Greenway Phase II Project C-5525					
REVENUES					
Grant Proceeds	$ 1,448,000	$ -	$ -	$ -	$ 1,448,000
Mecklenburg County	100,000	-	100,000	100,000	-
City of Charlotte	262,000	-	-	-	262,000
Total revenues	1,810,000	-	100,000	100,000	1,710,000
EXPENDITURES					
Construction	1,810,000	-	100,000	100,000	1,710,000
REVENUES OVER EXPENDITURES	$ -	-	-	-	$ -
Little Sugar Creek Phase IV Project EB-47150D					
REVENUES					
Grant Proceeds	$ 5,328,000	495,890	1,856,052	2,351,942	$ 2,976,058
Total revenues	5,328,000	495,890	1,856,052	2,351,942	2,976,058
EXPENDITURES					
Construction	5,328,000	495,890	1,856,052	2,351,942	2,976,058
REVENUES OVER EXPENDITURES	$ -	-	-	-	$ -
North Carolina Department of Environment and Natural Resources					
ARRA West Branch Rocky River Greenway Project EB-5118JB					
REVENUES					
Grant Proceeds	$ 457,454	326,026	131,428	457,454	$ -
Total revenues	457,454	326,026	131,428	457,454	-
EXPENDITURES					
Construction	457,454	326,026	131,428	457,454	-
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 - STORM WATER MANAGEMENT SPECIAL REVENUE FUND

FOR THE YEAR ENDED JUNE 30, 2012

	Budget	Actual
REVENUES		
Intergovernmental		
Federal	$ 1,297,491	$ 1,870,585
State	1,246,813	(637,282)
Local	-	185,478
Charges for services	14,430,891	14,473,558
Interest earned on investments	-	162,855
Other	228,046	470,493
Total Revenues	17,203,241	16,525,687
EXPENDITURES		
Land Use and Environmental Services		
Storm Water Services	12,233,020	10,997,318
Debt Service		
Principal retirement - bonds	2,310,490	2,307,584
Interest	116,464	116,438
Capital Outlay	4,543,267	1,844,730
Total Expenditures	19,203,241	15,266,070
OTHER FINANCING SOURCES		
Appropriated fund balance	2,000,000	-
Installment Financing	-	2,493,625
REVENUES AND OTHER FINANCNG SOURCES OVER EXPENDITURES	$ -	3,753,242
FUND BALANCE - BEGINNING OF YEAR		23,292,170
FUND BALANCE - END OF YEAR		$ 27,045,412

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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, 2012

	Budget	Actual
REVENUES		
Law Enforcement Service District taxes	$ 11,467,170	$ 12,188,234
Interest earned on investments	-	6,350
Total Revenues	11,467,170	12,194,584
EXPENDITURES		
Business Partners:		
Law Enforcement Services	11,467,170	11,467,170
Total Expenditures	11,467,170	11,467,170
REVENUES OVER EXPENDITURES	$ -	727,414
FUND BALANCE - BEGINNING OF YEAR		586,518
FUND BALANCE - END OF YEAR		$ 1,313,932

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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, 2012

	Budget	Actual
REVENUES		
Transit one-half cent sales tax	$ 40,057,732	$ 35,529,884
EXPENDITURES		
Business Partners	40,057,732	35,529,884
REVENUES OVER EXPENDITURES	$ -	-
FUND BALANCE - BEGINNING OF YEAR		-
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 - SCRAP TIRE DISPOSAL SPECIAL REVENUE FUND

FOR THE YEAR ENDED JUNE 30, 2012

	Budget	Actual
REVENUES		
Intergovernmental - State	$ 1,061,937	$ 1,156,339
Interest earned on investments	-	1,576
Other	138,063	138,063
Total Revenues	1,200,000	1,295,978
EXPENDITURES		
Land Use and Environmental Services	1,200,000	1,185,501
REVENUES UNDER EXPENDITURES	-	110,477
REVENUES AND OTHER FINANCNG SOURCES OVER EXPENDITURES	$ -	110,477
FUND BALANCE - BEGINNING OF YEAR		171,643
FUND BALANCE - END OF YEAR		$ 282,120

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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, 2012

	Budget	Actual
REVENUES		
Intergovernmental - State	$ 290,495	$ 280,369
Other	145,462	123,600
	435,957	403,969
EXPENDITURES		
Land Use and Environmental Services	435,957	243,117
REVENUES OVER EXPENDITURES	$ -	160,852
FUND BALANCE - BEGINNING OF YEAR		1,822,645
FUND BALANCE - END OF YEAR		$ 1,983,497

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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, 2012

	Budget	Actual
REVENUES		
Charges for services	$ 913,740	$ 587,557
EXPENDITURES		
Land Use and Environmental Services	-	250,689
Capital outlay	913,740	78,919
REVENUES OVER EXPENDITURES	$ -	257,949
FUND BALANCE - BEGINNING OF YEAR		1,274,597
FUND BALANCE - END OF YEAR		$ 1,532,546

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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, 2012

	Budget	Actual
REVENUES		
Interest	$ -	$ 1
Total Revenue	-	1
EXPENDITURES		
Business Partners	-	813
Total Expenditures	-	813
REVENUES UNDER EXPENDITURES	$ -	(812)
FUND BALANCE - BEGINNING OF YEAR		812
FUND BALANCE - END OF YEAR		$ -

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MECKLENBURG COUNTY, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

SOLID WASTE FUND

FOR THE YEAR ENDED JUNE 30, 2012

	Budget	Actual
Revenues		
Residential Solid Waste Fees	$ 5,800,000	$ 6,013,797
Recycling sales	5,748,516	6,380,203
Other	5,800,000	4,461,711
Total Revenues	17,348,516	16,855,711
Expenditures		
Personnel services and employee benefits	4,405,857	4,403,728
Utilities	206,490	205,353
Supplies	1,204,275	1,204,275
Maintenance and repairs	569,613	569,613
Rental and occupancy charges	1,094,280	543,976
Contractual services	5,204,592	3,871,592
Postclosure reserve contribution	369,088	369,088
Total Expenditures	13,054,195	11,167,625
Excess Revenues over Expenditures	4,294,321	5,688,086
Other Financing Sources (Uses)		
Grant revenue	118,749	108,818
Interest Income	35,000	242,917
Interest expense	(36,545)	(188,275)
Capital outlay	(1,454,916)	-
Transfer from other funds	5,000	805,000
Transfer to other funds	(805,000)	(805,000)
Excess Revenues and Other Financing Sources (Uses)	$ 2,156,609	5,851,546
Reconciliation to full accrual basis		
Depreciation		(2,777,862)
Loss on sale of capital assets		(58,662)
Amortization of refunding amount		(100,313)
Discounts and fees		(10,062)
Net Income - Full Accrual Basis		$ 2,904,647

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MECKLENBURG COUNTY, NORTH CAROLINA
LANDFILL CLOSURE AND POSTCLOSURE RESERVE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

		Actual		
	Project Authorization	Prior Years'	Current Year	Total to Date
REVENUES				
Fees and charges	$ 3,100,000	$ 3,100,000	$ -	$ 3,100,000
EXPENDITURES				
Landfill construction	2,223,684	1,232,145	-	1,232,145
Land improvements	2,286,511	2,407,397	1,356,637	3,764,034
Final development and postclosure costs	10,669,587	6,995,430	-	6,995,430
Total Expenditures	15,179,782	10,634,972	1,356,637	11,991,609
REVENUES OVER (UNDER) EXPENDITURES	(12,079,782)	(7,534,972)	(1,356,637)	(8,891,609)
OTHER FINANCING SOURCES				
Interest earned on investments	583,910	2,521,305	52,063	2,573,368
Miscellaneous Other - Gain on Sale of Fixed Assets	-	-	179,602	179,602
Operating transfer from Solid Waste Enterprise Fund	11,495,872	11,985,872	800,000	12,785,872
Total Other Financing Sources	12,079,782	14,507,177	1,031,665	15,538,842
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	$ -	$ 6,972,205	$ (324,972)	$ 6,647,233

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MECKLENBURG COUNTY, NORTH CAROLINA
SPECIAL OBLIGATION BOND FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

		Actual		
	Project Authorization	Prior Years'	Current Year	Total to Date
REVENUES	$ -	$ -	$ -	$ -
EXPENDITURES				
Land improvements	9,700,000	-	2,645,316	2,645,316
Landfill equipment	3,300,000	-	2,855,771	2,855,771
Total Expenditures	13,000,000	-	5,501,087	5,501,087
REVENUES OVER (UNDER) EXPENDITURES	(13,000,000)	-	(5,501,087)	(5,501,087)
OTHER FINANCING SOURCES (USES)				
Special obligation bonds issued	13,000,000	-	12,220,000	12,220,000
Premium on bonds issued	-	-	1,024,527	1,024,527
Bond discounts and fees	-	-	(225,278)	(225,278)
Total Other Financing Sources	13,000,000	-	13,019,249	11,994,722
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	$ -	$ -	$ 7,518,162	$ 6,493,635

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MECKLENBURG COUNTY, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

MECKLINK FUND

FOR THE YEAR ENDED JUNE 30, 2012

	Budget	Actual
Revenues		
Charges for Services	$ -	$ -
Other	-	-
Total Revenues	-	-
Expenditures		
Personnel services and employee benefits	-	75,393
Supplies	-	129,953
Contractual services	-	103,918
Total Expenditures	-	309,264
Excess Revenues Over Expenditures	-	(309,264)
Other Financing Sources (Uses)		
Grant revenue	-	-
Interest income	-	-
Interest expense	-	-
Capital outlay	-	-
Transfer from General Fund	1,700,000	1,700,000
Total Other Financing Sources (Uses)	1,700,000	1,700,000
Excess Revenues and Other Financing Sources (Uses) Over Expenditures	$ 1,700,000	1,390,736
Reconciliation to full accrual basis		
Depreciation		-
Loss on sale of capital assets		-
Net Income - Full Accrual Basis		$ 1,390,736

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, 2012
(Accrual Basis of Accounting)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities										
Invested in capital assets, net of related deb	$ 554,597,039	$ 499,385,868	$ 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	231,258,801	139,415,700	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	(1,090,020,888)	(1,205,993,814)	(1,317,370,389)	(1,447,188,420)	(1,309,903,323)	(1,184,345,098)	(1,136,920,390)	(1,181,459,138)	(1,002,264,062)	(805,386,293)
Total Governmental Activities	(304,165,048)	(567,192,246)	(756,253,862)	(824,520,751)	(678,366,880)	(596,523,322)	(643,845,576)	(730,838,846)	(705,322,500)	(648,268,886)
Business-type Activities										
Invested in capital assets, net of related deb	50,534,165	49,670,011	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	16,601,737	8,424,632	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	9,086,602	13,832,478	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	76,222,504	71,927,121	67,795,605	66,286,954	62,985,215	56,909,240	51,000,568	45,748,328	40,745,337	37,986,681
Primary Government										
Invested in capital assets, net of related deb	605,131,204	549,055,879	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	247,860,538	147,840,332	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	(1,080,934,286)	(1,192,161,336)	(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	$ (227,942,544)	$ (495,265,125)	$ (688,458,257)	$ (758,233,797)	$ (615,381,665)	$ (539,614,082)	$ (592,845,008)	$ (685,090,518)	$ (664,577,163)	$ (610,282,205)

TABLE 2
MECKLENBURG COUNTY, NORTH CAROLINA
CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012
(Accrual Basis of Accounting)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses:										
Governmental Activities:										
Customer Satisfaction and Management Services	$ 13,385,404	$ 14,828,864	$ 10,390,706	$ 10,140,258	$ 9,432,409	$ 9,386,599	$ 8,036,587	$ 5,071,173	$ 4,713,506	$ 4,030,103
Administrative Services	68,640,008	66,877,549	43,718,532	64,375,308	61,279,620	44,273,000	40,844,068	43,750,891	39,279,980	38,725,174
Financial Services	13,481,365	14,865,465	16,659,248	25,160,033	7,120,138	6,326,773	5,567,686	5,180,393	3,800,229	3,256,165
Land Use and Environmental Services	50,382,764	50,518,072	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	62,443,524	74,658,684	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	139,861,092	127,614,457	128,870,916	129,925,222	121,321,357	108,416,665	100,440,768	91,010,118	90,163,414	88,349,286
Health and Human Services	261,719,406	290,064,943	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	473,884,009	441,256,690	559,630,830	767,838,393	667,379,265	617,922,536	525,688,223	544,344,802	535,387,248	562,530,240
Interest on long term debt: general purpose	31,667,766	49,402,013	39,944,614	38,561,238	35,127,967	34,635,394	34,393,453	27,162,389	37,554,279	34,545,455
public schools	62,480,382	33,562,244	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	1,177,945,720	1,163,648,981	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	14,553,401	13,272,793	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	1,192,499,121	1,176,921,774	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										
Customer Satisfaction and Management Service	5,149	-	1,250	400	-	4,425	3,000	3,288	-	646,439
Administrative Services	4,704,868	4,602,230	2,012,917	1,413,531	1,989,748	1,432,914	2,418,970	2,351,459	2,786,765	1,279,185
Financial Services	8,620	822,100	481,537	482,146	7,795	9,536	25,784	322,643	801,132	512,201
Land Use and Environmental Services	46,602,695	40,356,281	38,966,978	42,341,007	57,513,158	62,589,961	52,333,602	50,788,661	48,230,572	44,582,852
Community Services	4,745,409	4,590,010	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	25,140,485	23,184,791	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	11,090,714	13,320,478	18,656,783	16,423,520	17,897,027	14,392,646	30,306,153	23,087,794	25,028,178	22,600,618
Business Partners	4,970,124	3,255,246	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	182,135,099	204,811,753	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	2,363,939	2,576,257	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	281,767,102	297,519,146	292,145,158	305,958,677	328,008,982	303,166,566	286,941,491	276,891,383	265,098,873	268,132,405
Business-type Activities										
Charges for services	12,394,000	12,350,331	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	108,818	64,411	15,000	-	-	-	-	40,000	-	785,158 (A)
Total Business-type activities Program Revenues	12,502,818	12,414,742	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	294,269,920	309,933,888	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										
Governmental activities	(896,178,618)	(866,129,835)	(991,339,504)	(1,235,903,790)	(1,079,854,026)	(988,592,162)	(896,766,383)	(889,486,312)	(869,654,028)	(872,775,372)
Business-type activities	(2,050,583)	(858,051)	(868,695)	(306,879)	4,900,366	4,841,357	4,559,785	4,737,057	2,609,748	1,641,649
Total Primary Government Net Expense	(898,229,201)	(866,987,886)	(992,208,199)	(1,236,210,669)	(1,074,953,660)	(983,750,805)	(892,206,598)	(884,749,255)	(867,044,280)	(871,133,723)
General Revenues										
Governmental Activities										
Property taxes, general purpose	930,006,268	850,300,416	840,297,024	820,787,407	790,150,824	743,452,736	725,530,314	630,068,242	606,101,525	576,929,663
Property taxes, Law Enforcement Service District	11,937,234	12,426,379	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	204,862,019	178,706,265	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	11,221,927	10,383,116	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	2,878,368	3,051,914	4,067,591	18,000,502	29,575,757	26,466,482	17,883,110	11,109,807	5,337,180	7,054,650
Miscellaneous	-	323,361	555,887	1,785,466	1,108,328	854,669	2,092,569	1,047,340	1,729,319	1,510,628
Transfers	(1,700,000)	-	-	-	-	-	-	-	-	-
Total Governmental Activities General Revenues	1,159,205,816	1,055,191,451	1,052,102,890	1,063,010,932	1,089,943,809	1,035,914,416	983,759,653	863,923,041	812,600,414	759,717,435
Business-type Activities										
Investment earnings	242,917	237,505	305,027	829,411	1,137,656	1,067,315	692,455	312,859	148,908	213,483
Miscellaneous	4,403,049	4,752,062	2,072,319	2,779,207	37,953	-	-	-	-	-
Transfers	1,700,000	-	-	-	-	-	-	-	-	-
Total Business-type Activities General Revenues	6,345,966	4,989,567	2,377,346	3,608,618	1,175,609	1,067,315	692,455	312,859	148,908	213,483
Total Primary Government General Revenues	1,165,551,782	1,060,181,018	1,054,480,236	1,066,619,550	1,091,119,418	1,036,981,731	984,452,108	864,235,900	812,749,322	759,930,918
Change in Net Assets										
Governmental Activities	263,027,198	189,061,616	60,763,386	(172,892,858)	10,089,783	47,322,254	86,993,270	(25,563,271)	(57,053,614)	(113,057,937)
Business-type Activities	4,295,383	4,131,516	1,508,651	3,301,739	6,075,975	5,908,672	5,252,240	5,049,916	2,758,656	1,855,132
Total Primary Government Change in Net Assets	$ 267,322,581	$ 193,193,132	$ 62,272,037	$ (169,591,119)	$ 16,165,758	$ 53,230,926	$ 92,245,510	$ (20,513,355)	$ (54,294,958)	$(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)

	General Fund						All Other Governmental Funds						All Governmental Funds
June 30	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total	Total
2012	$ 4,960	$ 95,633,765	$ 32,972,171	$ 5,955,395	$ 324,191,167	$ 458,757,458	$ -	$ 135,625,036	$91,716,872	$ -	$(9,588,773)	$ 217,753,135	$ 676,510,593
2011	4,960	98,731,155	972,406	1,903,795	271,018,383	372,630,699	-	40,684,545	67,802,190	-	(16,869,661)	91,617,074	464,247,773
2010	4,960	110,211,354	1,404,961	117,284,010	102,036,224	330,941,509	-	53,744,422	43,803,780	-	(8,211,526)	89,336,676	420,278,185

	General Fund				All Other Governmental Funds					All Governmental Funds
June 30	Reserved for Encumbrances	Reserved by State Statute	Unreserved	Total	Reserved for Encumbrances	Reserved by State Statute	Special Revenue Funds Unreserved	Capital Projects Funds Unreserved	Total	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

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

GASB Statement 54, presenting restated Fund Balances, was implemented for the year ended June 30, 2011.

TABLE 4

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues										
Taxes	$ 1,102,414,039	$ 1,001,727,777	$ 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
Law Enforcement Service District Taxes	12,188,234	12,800,239	11,399,232	13,660,948	12,348,157	12,585,852	12,251,561	13,441,010	12,948,398	11,390,346
Transit One-Half Cent Sales Tax	35,529,884	31,145,231	33,658,337	33,766,238	38,621,351	38,167,932	35,410,666	32,094,987	29,235,677	27,272,168
License and permits	17,473,904	14,233,457	12,440,081	14,896,152	23,769,577	26,667,640	25,435,596	22,250,864	20,810,125	18,202,231
Intergovernmental	186,961,164	208,011,550	198,522,521	208,268,483	202,763,758	177,779,577	158,813,796	163,916,973	159,880,651	168,436,791
Charges for Services	71,906,110	70,407,373	77,150,985	78,323,901	93,854,623	92,926,023	96,750,617	86,897,555	80,854,424	75,453,642
Interest earned on investments	2,878,368	3,051,914	4,067,591	18,000,502	29,575,757	26,466,482	17,883,110	11,109,807	5,337,180	7,054,650
Administrative charges	2,525,641	2,444,287	2,744,287	4,186,330	4,102,864	3,812,899	3,003,655	2,119,573	2,868,492	3,827,673
Other	12,055,616	11,182,632	10,678,845	12,185,718	15,791,573	11,052,022	13,503,610	8,649,858	8,035,568	11,868,431
Total Revenues	1,443,932,960	1,355,004,460	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
Expenditures										
Current										
Customer Satisfaction and Management	13,373,798	14,790,104	10,436,098	10,040,369	9,335,137	9,345,322	7,933,172	4,996,350	4,625,991	3,956,605
Administrative Services	68,179,870	51,256,990	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	17,725,841	9,564,937	9,284,883	9,094,428	9,285,342	7,392,488	6,757,139	5,828,781	5,343,695	5,117,608
Land Use and Environmental Services	52,590,001	52,087,901	53,482,276	62,205,728	59,788,568	55,319,765	50,845,010	47,229,852	46,404,385	44,749,116
Community Services	56,220,129	63,729,362	77,281,017	82,584,269	78,353,413	71,197,222	67,668,009	58,294,732	53,533,773	54,995,316
Detention and Court Support Services	125,715,537	113,512,049	115,483,860	116,146,771	108,381,204	99,542,545	91,453,555	82,636,365	81,525,311	79,871,042
Health and Human Services	259,728,965	287,565,513	304,143,599	310,977,979	315,306,697	293,423,556	301,585,511	293,523,030	283,596,456	272,272,635
Business Partners	427,762,120	413,832,728	427,868,575	468,609,273	478,299,087	444,142,474	402,885,075	373,999,218	367,724,761	362,949,449
Debt Service										
Principal payments	165,281,714	174,300,586	172,516,990	164,288,423	148,389,990	136,698,950	124,519,648	107,184,279	92,128,738	85,933,382
Interest and fiscal charges	91,252,603	82,964,257	86,265,613	84,392,437	86,448,342	87,443,865	81,837,867	76,155,339	76,688,313	61,918,860
Capital Outlay	76,770,706	47,660,085	165,138,075	416,730,076	270,970,375	234,148,772	277,678,617	264,557,921	239,833,978	260,268,835
Total Expenditures	1,354,601,284	1,311,264,512	1,483,837,285	1,785,803,513	1,625,209,831	1,484,536,497	1,453,848,015	1,355,967,828	1,288,782,505	1,267,306,693
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	89,331,676	43,739,948	(136,351,864)	(414,159,965)	(202,249,789)	(146,298,251)	(174,347,655)	(214,073,948)	(210,869,008)	(234,398,288)
OTHER FINANCING SOURCES (USES)										
Refunding bond proceeds	164,015,000	-	589,310,000	-	-	-	-	172,125,000	135,470,000	12,160,000
Premium on financing	30,994,281	-	58,708,355	38,993,762	13,282,440	6,306,594	-	17,010,007	21,921,756	1,248,923
Payment to refunding escrow agent	(179,813,043)	-	(638,141,957)	(276,841,503)	-	-	-	(188,732,416)	(148,763,086)	(13,145,339)
Sale of bonds	100,000,000	-	100,000,000	334,730,000	320,180,000	225,135,000	197,000,000	245,665,000	223,155,000	416,820,000
Installment financing / Capital lease	9,434,906	-	-	2,500,000	-	-	-	-	1,426,923	104,260
Transfers in	46,741,107	36,784,079	62,382,485	57,599,303	46,085,408	29,583,692	38,992,801	7,769,837	23,980,299	3,068,095
Transfers out	(48,441,107)	(36,554,439)	(62,382,485)	(57,467,613)	(46,085,408)	(29,583,692)	(38,992,801)	(7,722,912)	(23,980,299)	(2,920,658)
Total Other Financing Sources	122,931,144	229,640	109,876,398	99,513,949	333,462,440	231,441,594	197,000,000	246,114,516	233,210,593	417,335,281
NET CHANGE IN FUND BALANCES	212,262,820	43,969,588	(26,475,466)	(314,646,016)	131,212,651	85,143,343	22,652,345	32,040,568	22,341,585	182,936,993
FUND BALANCES-BEGINNING OF YEAR	464,247,773	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
RECLASSIFICATION	-	-	-	17,774,693	10,982,094	-	-	-	-	-
FUND BALANCES-END OF YEAR	$ 676,510,593	$ 464,247,773	$ 420,278,185	$ 446,753,651	$ 743,624,974	$ 601,430,229	$ 516,286,886	$ 493,634,541	$ 461,593,973	$ 439,252,388
Debt Service as a percent of non-capital expenditures	20.11%	19.96%	19.62%	14.70%	15.24%	16.00%	15.06%	14.57%	16.15%	14.71%

TABLE 5

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Tax Revenues										
General Property	$ 928,391,353 (A/D)	$ 848,994,485	$ 840,331,467	$ 818,740,877	$ 789,623,586	$ 738,775,024	$ 729,765,134	$ 627,924,349	$ 602,098,773 (A)	$ 575,430,471
Sales	169,332,135 (D)	147,561,034	153,107,365	166,020,763 (C)	208,929,773	206,253,827	182,786,182	169,590,330	151,396,232 (B)	119,021,487
Room Occupancy	1,122,799	1,841,340	902,852	927,151	669,476	993,378	1,356,706	1,162,122	1,230,086	1,174,765
Vehicle Rental	2,846,035	2,846,805	2,178,666	2,526,632	2,863,679	2,724,891	2,510,499	1,979,056	1,801,182	1,739,114
Other	721,717	484,113	303,192	139,853	45,868	32,699	29,228	27,371	45,707	21,493
	$ 1,102,414,039	$ 1,001,727,777	$ 996,823,542	$ 988,355,276	$ 1,002,132,382	$ 948,779,819	$ 916,447,749	$ 800,683,228	$ 756,571,980	$ 697,387,330

NOTES:
(A) Revaluation.
(B) Additional 1/2 cent sales tax levied.
(C) The State reduced the distribution of a 1/2 sales tax and the general economy contracted.
(D) Includes property tax and sales tax revenue in the Debt Service Fund.

TABLE 6

MECKLENBURG COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
FOR THE YEAR ENDED JUNE 30, 2012

	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	$107,978,090,411	$ 0.8166	$ 881,749,086	$ 881,749,086	$ -
Motor vehicles taxed at current year's rate	5,260,621,403	0.8166	42,958,234	-	42,958,234
Motor vehicles taxed at prior year's rate	1,774,594,498	0.8387	14,883,524	-	14,883,524
Total	115,013,306,312		939,590,845	881,749,086	57,841,758
Discoveries:					
Prior year taxes	731,941,581	Various	6,303,154	6,303,154	-
Penalties	-		1,170,891	1,170,891	-
Total	731,941,581		7,474,045	7,474,045	-
Total property valuation	$115,745,247,893				
Net levy			947,064,890	889,223,131	57,841,758
Uncollected taxes at June 30, 2012			(19,186,309)	(11,341,596)	(7,844,713)
Current year's taxes collected			$ 927,878,581	$ 877,881,535	$ 49,997,045
Current net levy collection percentage			97.97%	98.72%	86.44%

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
2012	$ 96,421.2	$ 16,001.8	$ 3,322.2	-	(4)	$ 115,745.2	$ 0.8166
2011	82,522.5	14,501.7	3,213.7	-	(3)	100,237.9	0.8387
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	-	(3)	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)	(4)	83,487.6	0.7364
2003	53,292.3	12,890.8	3,434.3	(1,123.3)		68,494.1	0.8397

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 valuation equals estimated actual value, which approximates market value.

(3) Elderly Exemption is net of Real Property beginning FY 2009

(4) Revaluation

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
2012	(A)	$ .8166	$ .437	$ .25	$ .35	$ .2825	$ .3025	$ .27	$ .32
2011		.8387	.4586	.275	.365	.290	.3325	.275	.32
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

NOTES: (A) Revaluation
Mecklenburg County has a flat Direct Tax Rate. Municipalities set their own Direct Rate.
This rate, combined with the County Direct Rate is the Total Overlapping Tax Rate.

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

TABLE 9

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

		2012			2003		
Taxpayer	Enterprise	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy	Utility	$ 1,988,938,673	1	1.70 %	$ 2,037,549,565	1	2.93 %
Bank of America	Financial Services	1,675,023,321	2	1.44	799,647,210	2	1.15
Wells Fargo/Wachovia	Financial Services	1,386,699,023	3	1.19	779,378,607	3	1.12
U S Airways, Incorporated	Transportation	513,448,426	4	0.44	512,625,023	5	0.74
AT&T/Bellsouth	Utilities	485,262,847	5	0.42	538,364,830	4	0.77
Piedmont Natural Gas Company	Utilities	381,804,585	6	0.33	254,211,332	7	0.36
Southpark Mall	Retail	339,005,920	7	0.29	-	-	-
Time Warner Cable	Utilities	329,436,571	8	0.28	-	-	-
Teachers Insurance	Insurance	316,955,625	9	0.27	-	-	-
CK / Childress Klein	Property Management	183,113,400	10	0.16	343,150,993	6	0.49
Carolina Stadium/Panthers	Football Stadium	-		-	173,714,733	8	0.25
General Tire	Manufacture	-		-	144,050,076	9	0.21
Charlotte Gateway	Residential	-		-	129,232,180	10	0.19
Total		$ 7,599,688,391		6.52 %	$ 5,711,924,549		8.21 %

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
2012	(B)	2011	$ 947,064,890	$ 927,878,581	97.97 %	$ -	$ 927,878,581	97.97 %
2011		2010	849,850,762	830,922,286	97.77	9,742,640	840,664,926	98.92
2010		2009	838,891,650	820,748,317	97.84	10,542,487	831,290,804	99.09
2009		2008	821,454,282	801,438,087	97.56	13,841,041	815,279,128	99.25
2008		2007	798,235,098	778,803,875	97.57	13,485,812	792,289,687	99.26
2007		2006	744,389,072	726,036,272	97.53	13,961,583	739,997,855	99.41
2006		2005	737,016,999	719,159,556	97.58	14,808,142	733,967,698	99.59
2005		2004	638,233,219	621,013,346	97.30	15,498,950	636,512,296	99.73
2004	(B)	2003	618,204,112	600,442,660	97.13	15,040,543	615,483,203	99.56
2003		2002	584,218,432	563,710,798	96.49	17,759,818	581,470,616	99.53

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, 2012

Description	Issue Date	Due Serially To	Average Interest Rate	Original Issue	Balance July 1, 2011	Sold	Retired	Balance June 30, 2012	Interest Paid in Current Year
Public Improvements Refunding Bonds 1993	October 1, 1993	2012	4.6630 %	$ 272,295,000	$ 7,535,000	$ -	$ 7,535,000	$ -	$ 452,100
Variable Rate Demand Bonds 2000C	February 1, 2000	2020	Variable	50,000,000	45,000,000	-	45,000,000	-	4,720,310
Variable Rate Demand Bonds 2001B	May 1, 2001	2021	Variable	25,000,000	25,000,000	-	25,000,000	-	2,360,776
Refunding 2001C	May 1, 2001	2013	4.3714	149,455,000	26,005,000	-	17,655,000	8,350,000	1,430,275
Public Improvements 2001D	December 1, 2001	2021	4.3102	56,000,000	3,600,000	-	3,600,000	-	144,000
Public Improvements 2002A	August 1, 2002	2018	3.9499	14,400,000	1,000,000	-	1,000,000	-	40,000
Public Improvements 2002B	August 1, 2002	2020	4.2070	139,000,000	9,000,000	-	9,000,000	-	360,000
Public Improvements 2003A	February 1, 2003	2020	4.0699	193,000,000	30,000,000	-	15,000,000	15,000,000	1,200,000
Variable Rate Demand Bonds 2003B	February 1, 2003	2023	Variable	40,000,000	40,000,000	-	-	40,000,000	366,312
Public Improvement 2004A	February 1, 2004	2020	3.4130	105,000,000	59,175,000	-	46,025,000	13,150,000	2,564,250
Variable Rate Demand Bonds 2004B	February 1, 2004	2024	Variable	100,000,000	100,000,000	-	-	100,000,000	140,230
Refunding 2004C	April 1, 2004	2013	3.0951	135,470,000	46,935,000	-	22,480,000	24,455,000	2,346,750
Public Improvements 2005A	February 1, 2005	2026	3.9849	32,300,000	24,225,000	-	1,615,000	22,610,000	975,460
Refunding 2005C	May 1, 2005	2016	3.4368	172,125,000	112,385,000	-	25,480,000	86,905,000	5,619,250
Variable Rate Demand Bonds 2006A	February 1, 2006	2026	Variable	89,000,000	66,750,000	-	66,750,000	-	4,090,500
Public Improvements 2007A	February 1, 2007	2027	4.1690	102,000,000	32,910,000	-	2,000,000	30,910,000	1,429,034
Parks and Recreation Bonds 2008A	February 1, 2008	2028	3.6115	12,000,000	10,200,000	-	600,000	9,600,000	359,850
Public Improvements 2008B	February 1, 2008	2028	3.7954	148,500,000	89,500,000	-	3,000,000	86,500,000	4,025,000
Refunding 2009A	March 10, 2009	2020	2.2523	243,965,000	243,965,000	-	6,665,000	237,300,000	10,789,150
Public Improvements 2009B	September 1, 2009	2030	3.5372	100,000,000	95,000,000	-	5,000,000	90,000,000	4,081,250
Refunding 2009C	September 1, 2009	2020	2.6227	130,390,000	130,390,000	-	-	130,390,000	6,427,400
Variable Rate Refunding Bonds 2009D	July 10, 2009	2026	Variable	120,000,000	115,920,000	-	2,045,000	113,875,000	4,103,944
Refunding 2010	March 16, 2010	2026	3.1098	114,940,000	113,995,000	-	310,000	113,685,000	4,779,050
Public Improvements 2011A	October 27, 2011	2012	1.4854	49,000,000	-	49,000,000	-	49,000,000	1,005,278
Qualified School Construction Bonds 2011B	October 27, 2011	2030	0.0156	51,000,000	-	51,000,000	-	51,000,000	948,807
Refunding 2011C	October 27, 2011	2012	2.9501	164,015,000	-	164,015,000	1,700,000	162,315,000	4,298,160
				$2,808,855,000	$1,428,490,000	$ 264,015,000	$307,460,000	$1,385,045,000	$69,057,136

TABLE 12

MECKLENBURG COUNTY, NORTH CAROLINA
SCHEDULE OF INSTALLMENT FINANCINGS
JUNE 30, 2012

Description	Issue Date	Due Serially To	Average Interest Rate	Original Issue	Balance July 1, 2011	Issued	Retired	Balance June 30, 2012	Interest Paid Current Year
2006 Certificates of Participation	February 1, 2006	2026	Variable	$ 108,000,000	$ 81,000,000	$ -	$ 5,400,000	$ 75,600,000	$ 5,077,836
2008A Certificates of Participation	February 1, 2008	2028	Variable	124,960,000	101,005,000	-	7,985,000	93,020,000	299,268
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	81,790,000	-	4,545,000	77,245,000	3,718,175
2009A Limited Obligation Bonds	September 3, 2009	2027	3.742	223,980,000	190,155,000	-	15,370,000	174,785,000	9,215,000
NC Clean Water State Revolving Loan	April 11, 2011	2030	-	2,493,625	-	2,493,625	1,549,418	944,207	-
Guaranteed Energy Savings Contract	December 16, 2011	2025	3.100	6,291,281	-	6,291,281	-	6,291,281	-
				$ 591,209,906	$ 488,670,000	$ 8,784,906	$ 34,849,418	$ 462,605,488	$ 19,910,348

TABLE 13

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

	Governmental Activities			Business-type Activities					
Fiscal Year Ended June 30,	General Obligation Bonds	Certificates of Participation	Capital Leases	General Obligation Bonds	Special Obligation Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita
2012	$1,385,016,983	$462,605,488	$ 650,000	$ 28,016	$12,220,000	$ 480,320	$1,861,000,807	8.23 %	$1,926
2011	1,427,884,428	488,670,000	435,858	605,572	-	930,543	1,918,526,401	8.31	2,045
2010	1,567,343,885	522,085,000	1,861,985	1,186,115	-	1,462,569	2,093,939,554	9.09	2,277
2009	1,615,700,430	578,240,000	3,857,430	1,769,570	-	2,053,262	2,201,620,692	9.84	2,463
2008	1,757,830,836	517,980,000	3,158,397	2,754,164	-	940,759	2,282,664,156	10.41	2,624
2007	1,722,134,476	380,820,000	4,537,696	4,010,524	-	1,182,972	2,112,685,668	9.75	2,507
2006	1,739,419,853	274,055,000	6,515,686	5,280,147	-	153,731	2,025,424,417	9.68	2,485
2005	1,762,947,787	177,025,000	8,592,716	7,102,213	-	304,332	1,955,972,048	9.72	2,471
2004	1,738,467,066	68,900,000	10,562,343	9,432,938	-	626,242	1,827,988,589	9.78	2,379
2003	1,624,650,804	54,220,000	11,141,620	11,889,196	-	945,202	1,702,846,822	9.49	2,283

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 Bonded Debt	Payable from Enterprise Fund	Net General Bonded Debt	Percent of Assessed Value	Per Capita
2012	$ 1,385,045,000	$ 28,017	$ 1,385,016,983	1.19 %	$ 1,434
2011	1,428,490,000	605,572	1,427,884,428	1.42	1,523
2010	1,568,530,000	1,186,115	1,567,343,885	1.57	1,706
2009	1,617,470,000	1,769,570	1,615,700,430	1.65	1,809
2008	1,760,585,000	2,754,164	1,757,830,836	1.85	2,024
2007	1,726,145,000	4,010,524	1,722,134,476	1.90	2,048
2006	1,744,700,000	5,280,147	1,739,419,853	1.97	2,140
2005	1,770,050,000	7,102,213	1,762,947,787	2.10	2,236
2004	1,747,900,000	9,432,938	1,738,467,062	2.09	2,275
2003	1,636,540,000	11,889,196	1,624,650,804	2.35	2,194

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, 2012

Mecklenburg County:	Assessed Valuation (1)	Percent of Countywide Total	Pro Rata Share of Governmental Activities Debt	Municipalities' Debt (2)	Total Overlapping Debt
Charlotte	$ 90,210,666,762	77.31 %	$ 1,616,776,972	$ 788,565,000	$ 2,405,341,972
Cornelius	4,939,193,726	4.23	88,461,604	1,875,000	90,336,604
Davidson	1,607,209,991	1.38	28,859,814	-	28,859,814
Huntersville	5,935,762,093	5.09	106,446,705	14,905,000	121,351,705
Matthews	3,452,247,592	2.96	61,902,210	2,215,000	64,117,210
Mint Hill	2,273,610,802	1.95	40,780,172	3,225,000	44,005,172
Pineville	1,712,135,820	1.47	30,741,976	6,363,750	37,105,726
Unincorporated Areas	6,561,032,423	5.62	117,530,547	-	117,530,547
Countywide Totals	$116,691,859,209	100.00 %	$ 2,091,500,000	$ 817,148,750	$ 2,908,648,750

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 2010, 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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Assessed Value	$116,691,859,209	$100,267,938,569	$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
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	9,335,348,737	8,021,435,086	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
Amount of Debt Applicable to Debt Limit:										
Total Bonded Debt	1,385,045,000	1,428,490,000	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
Bonds Authorized and Unissued	625,540,000	729,140,000	729,140,000	829,140,000	579,140,000	146,000,000	248,000,000	276,000,000	339,300,000	544,300,000
Total Amount of Debt Applicable to Debt Limit	2,010,585,000	2,157,630,000	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
Legal Debt Margin	$ 7,324,763,737	$ 5,863,805,086	$ 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

TABLE 17

MECKLENBURG COUNTY, NORTH CAROLINA
DEMOGRAPHIC STATISTICS
LAST TEN YEARS

Year	Population	Total Personal Income	Per Capita Income	Median Age	School Enrollment	Unemployment Rate
2012	966,160	$ 22,605,735,000	$ 23,398	N/A	138,012	9.9 %
2011	938,020	23,109,445,000	24,636	35.2	135,638	11.1
2010	919,628	23,046,007,500	25,060	35.2	133,664	11.2
2009	893,892	22,365,015,000	25,020	35.1	134,060	11.5
2008	869,954	21,920,959,643	25,198	35.1	132,281	6.1
2007	842,674	21,657,699,496	25,701	35.1	129,011	4.5
2006	815,218	20,933,932,894	25,679	34.4	126,903	4.3
2005	791,473	20,127,796,478	25,431	34.7	121,640	5.0
2004	768,421	18,684,117,114	24,315	33.4	115,517	5.2
2003	746,040	17,941,310,099	24,049	33.4	109,605	5.8

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

	2012			2003		
Employer	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Carolinas HealthCare System	32,500	1	7.91 %	15,679	4	3.99 %
Wells Fargo	20,000	2	4.87	18,000	1	4.58
Charlotte-Mecklenburg Schools	18,120	3	4.41	-	2	0.00
Bank of America Corporation	15,000	4	3.65	12,000	3	3.05
Wal-Mart Stores, Inc.	14,000	5	3.41	8,140	24	2.07
Presbyterian Healthcare/Novant Health	10,573	6	2.57	5,772	11	1.47
Food Lion, Inc.	8,700	7	2.12	8,658	20	2.2
Lowe's Companies	8,500	8	2.07	-	63	0.00
Duke Energy Corporation	7,700	9	1.87	10,000	5	2.55
US Airways, Incorporated	7,060	10	1.72	6,154	6	1.57
State of North Carolina	6,500	11	1.58	-	7	0.00
City of Charlotte	6,000	12	1.46	-	8	0.00
U.S. Government	4,800	15	1.17	-	9	0.00

Data per Charlotte Chamber of Commerce
Most recent data per Charlotte Chamber of Commerce publication, Charlotte's Largest Employers, dated May, 2012.

TABLE 19

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

Function/Program	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Customer Satisfaction and Management Service	63	61	68	74	76	61	59	52	48	39
Administrative Service	218	216	228	274	285	293	283	288	292	270
Financial Services	160	89	91	90	83	84	81	80	80	82
Land Use and Environmental Services	537	519	526	636	642	619	590	581	567	563
Community Services	772	837	740	688	650	635	565	559	550	568
Detention and Court Support Services	1,379	1,300	1,330	1,352	1,294	1,197	1,189	1,136	1,132	1,089
Health and Human Services	1,391	1,466	1,484	1,533	1,567	1,515	1,515	1,541	1,674	1,671
Total Full-time Equivalent County Employees	4,520	4,488	4,467	4,647	4,597	4,404	4,282	4,237	4,343	4,282

Notes: Excludes Library positions

TABLE 20

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities										
Land Use and Environmental Services										
Residential Permits Issued	40,086	40,097	38,889	38,024	45,093	44,740	44,935	42,592	38,958	36,812
Commercial Permits issued	29,753	24,807	22,296	27,505	38,748	44,079	37,866	32,305	29,842	27,044
Inspections Performed	181,087	164,153	181,664	229,147	315,885	376,678	354,008	321,984	318,630	315,267
Inspection Response Time	1.40days	1.35 days	1.23 days	1.05 days	1.06 days	1.07 days	1.31 days	1.78 days	1.69 days	1.20 days
Deeds and Real Estate documents indexed	166,551	153,597	168,130	184,125	247,105	281,814	280,875	256,015	318,543	289,686
Volunteer firefighters	648	745	895	760	690	644	672	630	630	630
Fire marshall and assistants	6	6	6	8	8	8	8	9	9	9
Community Services										
Registered voters	637,219	606,122	599,651	588,700	579,000	536,000	518,000	501,000	446,000	424,000
Library customers	35,028,396	37,806,860 A	76,042,780	76,434,664	21,685,405	19,900,021	15,419,416	11,971,217	-	-
Volume of library books	1.1 million	1 million	1. 3 million	1.4 million	1.4 million	1.4 million	1.6 million	1.8 million	1.7 million	1.6 million
Participants using park athletic facilities	4,942,647	2,519,490	5,526,320	4,710,219 B	3,513,873 B	4,214,571 B	1,090,131	253,759	-	-
Park recreation program participants	188,960	414,065	298,026	296,814	481,145	719,292	512,168	486,676	-	-
Users of park pools -indoor and outdoor	489,808	554,151	551,991	549,604	283,432	261,607	255,707	219,892	-	-
Park visitors	5,142,469	5,142,469	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	40,282	44,385	44,143	49,577	44,583	43,046	41,663	35,021	35,233	34,705
Civil processes served	78,694	126,125	132,747	136,549	126,788	108,981	122,871	43,591	-	-
Hand gun permits processed	10,011	8,783	8,990	11,790	9,447	7,965	7,589	8,064	-	-
Average daily jail population	1,928	2,164	2,274	2,496	2,610	2,647	2,335	2,047	2,008	1,955
Health and Human Services										
Area Mental Health										
Children receiving mental health services	19,536	16,521	14,856	14,052	4,878	4,332	5,777	7,242	-	-
Adults receiving mental health services	12,742	12,149	10,997	1,091	120	147	584	2,755	-	-
Clients receiving developmental disabilities services	4,230	3,050	3,632	2,108	90	84	81	2,346	-	-
Social Services										
Avg monthly # children receiving subsidized childcare	7,116	7,624	8,148	8,066	7,850	8,111	6,927	8,054	-	-
Number of transportation trips provided by Services for Adults Division	437,995	391,456	585,857	542,853	499,686	562,346	608,341	556,787	-	-
Senior Nutrition meals served	297,204	252,137	288,516	282,918	350,823	358,034	397,142	477,449	-	-
Health Department										
Patient visits	222,385	226,509	245,076	242	195,139	177,041	174,549	-	-	-
Food Service Inspections	9,600	10,121	10,478	9,926	9,836	8,086	5,999	7,505	-	-
Business Partners										
Public school full-time teachers	8,890	8,565	8,965	9,363	8,860	8,432	8,682	7,739	7,354	7,122
Students attending public school	138,012	135,638	133,664	134,060	132,281	129,011	126,903	121,640	115,517	109,605
Community college faculty	914	872	886	843	796	802	733	1,129	1,494	1,494
Community college students	19,470	20,110	20,176	19,148	18,321	17,942	16,772	16,400	16,215	16,215
Business-type Activities										
Solid Waste Enterprise Fund										
Tons of Solid Waste Processed	1,089,624	1,046,569	1,200,636	1,442,987	1,543,924	1,500,194	1,315,356	1,282,489	1,280,888	1,278,129
Tons of Yard Waste Processed	100,173	98,279	95,760	92,980	79,012	81,504	75,404	71,424	80,223	129,051
Tons of Recyclables Processed	72,268	74,203	61,724	59,716	59,202	54,911	53,257	55,489	52,065	51,554

A Library customer count methodology has changed
B Large tournaments excluded from prior years

TABLE 21

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities										
Land Use and Environmental Services										
Volunteer Fire Stations	19	19	17	19	18	18	16	16	20	20
Community Services										
Libraries	20	20	20	24	24	24	24	23	23	23
Voting Machines	2,223	2,223	2,223	2,223	1,522	1,512	1,000	-	-	-
Parks and Greenways	254	266	241	238	238	231	128	126	123	123
Golf Courses	5	5	5	5	5	5	5	5	5	5
Parks and Greenway Acreage	18,825	18,489	18,489	18,068	17,753	17,896	17,480	16,000	16,000	16,000
Detention and Court Support Services										
Jail Beds	2,715	2,715 (A)	3,095	2,668	2,668	2,668	2,668	2,668	2,668	2,668
Business Partners										
Public Schools	159	178	176	172	167	161	150	143	142	144
Historic Sites	8	5	5	5	4	4	4	4	4	4
Business-type Activities										
Solid Waste Enterprise Fund										
Landfills	1	1	1	1	1	1	1	1	1	1
Recycling and Yard Waste Processing Facilities	135	111	70	70	59	29	29	28	26	25
Material/Metal/Tire Recovery Facilities	2	1	1	1	1	2	2	2	2	2

(A) Jail Annex closed

MECKLENBURG COUNTY · NORTH CAROLINA

MECKLENBURG COUNTY, NORTH CAROLINA

Report on Schedule of Expenditures of Federal and State Awards
and Reports on Compliance and Internal Control

For The Year Ended
June 30, 2012

MECKLENBURG COUNTY, NORTH CAROLINA
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Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited the 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, 2012, which collectively comprises the County's basic financial statements and have issued our report thereon dated October 29, 2012. Our report includes a reference to another auditor. 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. Another auditor audited the financial statements of the Mecklenburg County Alcoholic Beverage Control Board (the "ABC Board"), as described in our report on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported separately by the other auditor. The financial statements of the Mecklenburg Emergency Medical Services Agency and the ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the County in a separate letter dated October 29, 2012.

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

Cherry, Bekaert & Holland L.L.P.

Raleigh, North Carolina
October 29, 2012

CHERRY BEKAERT & HOLLAND
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Implementation Act

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

Compliance

We have audited Mecklenburg County, North Carolina (the "County"), compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2012. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and the State Single Audit Implementation Act. Those standards, OMB Circular A-133 and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and the State Single Audit Implementation Act, and which are described in the accompanying schedule of findings and questioned costs as items 2012-01, 2012-03, and 2012-04.

Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2012-02. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged in governance.

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

Schedule of Expenditures of Federal and State Financial Awards

We have audited the 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 the County as of and for the year ended June 30, 2012, and have issued our report thereon dated October 29, 2012, which contained an unqualified opinion on those statements. We did not audit the financial statements of the Mecklenburg County Alcoholic Beverage Control Board (the "ABC Board"). Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the ABC Board, is solely based on the report of the other auditor. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal and State financial awards is presented for purposes of additional analysis as required by OMB Circular A-133 and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and, certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and State financial awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Cherry, Bekaert & Holland L.L.P.

Raleigh, North Carolina
October 29, 2012

Report On Compliance With Requirements Applicable To Each Major State Program And Internal Control Over Compliance In Accordance With Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act

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

Compliance

We have audited Mecklenburg County, North Carolina (the "County"), compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina,* issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2012. The County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which are required to be reported in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act and which is described in the accompanying schedule of findings and questioned costs as item 2012-05.

Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major State program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

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

Schedule of Expenditures of Federal and State Financial Awards

We have audited the 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 the County as of and for the year ended June 30, 2012, and have issued our report thereon dated October 29, 2012, which contained an unqualified opinion on those statements. We did not audit the financial statements of the Mecklenburg County Alcoholic Beverage Control Board (the "ABC Board"). Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the ABC Board, is solely based on the report of the other auditor. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal and State financial awards is presented for purposes of additional analysis as required by OMB Circular A-133 and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and, certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and State financial awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Cherry, Bekaert + Holland L.L.P.

Raleigh, North Carolina
October 29, 2012

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? ___ yes _X_ no
- Significant deficiency identified that is not considered to be material weakness ___ yes _X_ none reported

Noncompliance material to financial statements noted ___ yes _X_ no

Federal Awards

Internal control over major federal programs:

- Material weakness identified? ___ yes _X_ no
- Significant deficiency identified that is not considered to be material weakness _X_ yes ___ no

Noncompliance material to federal awards ___ yes _X_ no

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

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

Identification of major federal programs:

CFDA#	Program Name
	Medical Assistance
93.778	Administration
93.778	Expansion
93.778	Medical Transportation Administration
93.778	Medical Transportation Service
93.778	Adult Home Care
93.778	Medicaid Direct Benefit Payments
93.778	Medical Assistance Program

Section I. Summary of Auditors' Results (continued)

93.767	North Carolina Health Choice
	Foster Care and Adoption Cluster
93.658	Title IV-E Child Protective Services
93.658	Title IV-E Optional Administration
93.658	Title IV-E State Adoption/Foster Care
93.659	IV-E Adoption Subsidy
93.556	Family Finding
93.658	IV-E Foster Care
93.658	IV-E Foster Care HIV
93.658	IV-E Maximization
93.659	IV-E Adoption Subsidy
	Temporary Assistance For Needy Families
93.714	ARRA – Temporary Assistance for Needy Families
93.558	Foster Care Administration
93.558	Domestic Violence Services
93.558	Work First Administration
93.558	Work First Services
93.558	JOB Boost-SVC
93.558	JOB Boost-ADM
93.558	Temporary Assistance for Needy Families
93.560	County Issued Checks
93.558	Direct Benefit Payments
	Low Income Home Energy Block Grant
93.568	Administration
93.568	Crisis Intervention
93.566	Direct Benefit Payments
	Early Intervention Services (IDEA) Cluster
84.181	Infant and Toddlers Disabilities
	Special Supplemental Nutrition Program for Women, Infants and Children (WIC)
10.557	Supplemental Food Program – WIC
10.557	Special Supplemental Nutrition Program – WIC

Section I. Summary of Auditors' Results (continued)

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

Dollar threshold used to distinguish between Type A and Type B Programs	$3,000,000	
Auditee qualified as low-risk auditee?	X yes	___ no

State Awards

Internal control over major State programs:

• Material weakness identified?	___ yes	X no
• Significant deficiency identified that is not considered to be material weakness	___ yes	X no
Noncompliance material to state awards	___ yes	X no

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

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

Identification of major State programs:

Program Name

Domiciliary Care Direct Benefit Payments
Structured Day Program
Public School Building Capital Fund – Lottery Funds

Other major State programs for Mecklenburg County are Medical Assistance, Temporary Assistance for Needy Families, Foster Care and Adoption Assistance Cluster, North Carolina Health Choice, and Infant and Toddlers Disabilities (Children's Developmental Services Agencies) which are State matches on Federal programs. Therefore, these programs have been included in the list of major federal programs above.

Section II. Financial Statement Findings

No findings noted.

Section III. Federal Awards Findings and Questioned Costs

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

Nonmaterial Noncompliance - Eligibility
Finding 2012-01

Criteria or specific requirement: Participant case files for disabled participants must contain verification of the participant's disability.

Condition: We noticed that in one instance, the appropriate disability verification was not included in the recipient's case file. Without the verification, the participant was deemed ineligible.

Questioned costs: $6,010 – Total claims paid on behalf of the participant during the fiscal year ending June 30, 2012.

Context: The audit sampled 53 case files. Of the 53 files sampled, we noted one instance in which the case file did not contain the proper documentation to support the participant's eligibility.

Effect: By not having the required disability verification on file, the participant was deemed eligible and should not have received benefits of approximately $6,010.

Cause: Documentation was misplaced and appropriate documents were not filed in the respective files.

Recommendation: Although this issue will occur from time to time considering the volume of case files that the County processes and maintains, it is recommended that policies be put in place or reinforced to ensure that case files are maintained appropriately and all necessary documentation is included.

Views of responsible officials: Department of Social Services Management agrees that policies and procedures are required and need to be enforced to ensure that case files are maintained appropriately.

Corrective Action Plan: See separate Corrective Action Plan prepared by the County.

U.S. Department of Health and Human Services
Passed through the N.C. Department of Health and Human Services, Division of Social Services
Program Name: Medical Assistance
CFDA#: 93.778

Significant Deficiency - Eligibility
Finding 2012-02

Criteria or specific requirement: Physical documentation is required to properly document eligibility with program requirements.

Condition: We noticed that in eight instances, the appropriate eligibility documentation was not included in the recipient case files.

Questioned costs: None – The County was able to provide subsequent documentation to substantiate that the recipient was eligible for assistance.

Context: The audit sampled 53 case files. Of the 53 files sampled, we noted eight instances in which the case file did not contain proper documentation. The County was able to subsequently provide us with the missing eligibility documentation to support the eligibility determination and to complete the case files.

Effect: By not having the required supporting documentation on file, there is a risk that the County is not in compliance with the federal and State eligibility and reporting requirements.

Cause: Documentation was misplaced and appropriate documents were not filed in the respective files.

Recommendation: Although this issue will occur from time to time considering the volume of case files that the County processes and maintains, it is recommended that policies be put in place or reinforced to ensure that case files are maintained appropriately and all necessary documentation is included.

Views of responsible officials: Department of Social Services Management agrees that policies and procedures are required and need to be enforced to ensure that case files are maintained appropriately.

Corrective Action Plan: See separate Corrective Action Plan prepared by the County.

U.S. Department of Health and Human Services
Passed through the N.C. Department of Health and Human Services, Division of Social Services
Program Name: Temporary Assistance for Needy Families
CFDA#: 93.558, 93.560, 93.714

Nonmaterial Noncompliance - Eligibility
Finding 2012-03

Criteria or specific requirement: All parents and caretakers must sign the Mutual Responsibility Agreement in order to become and remain eligible for Work First and the document should be retained in the case file.

Condition: We noted one instance in which the signed Mutual Responsibility Agreement was missing from the case file and could not be located.

Questioned costs: $3,240 – Total benefits paid to the participant during fiscal year ending June 30, 2012.

Context: The audit sampled 60 case files for compliance with eligibility requirements, including the signed Mutual Responsibility Agreements. During our testing of 60 case files, there was one instance in which the signed Mutual Responsibility Agreement was missing from the case file and could not be located.

Effect: By not having the required supporting documentation on file, eligibility cannot be readily substantiated and there is a risk that the County could provide funding to individuals who are not eligible.

Cause: Documentation was not completed during the initial eligibility determination or was misplaced.

Recommendation: Although this issue will occur from time to time considering the volume of case files that the County processes and maintains, it is recommended that policies be put in place or reinforced to ensure that case files are maintained appropriately and all necessary documentation is included.

Views of responsible officials: Department of Social Services Management agrees that policies and procedures are required and need to be enforced to ensure that case files are maintained appropriately.

Corrective Action Plan: See separate Corrective Action Plan prepared by the County.

U.S. Department of Health and Human Services
Passed through the N.C. Department of Health and Human Services, Division of Social Services
Program Name: North Carolina Health Choice
CFDA#: 93.767

Nonmaterial Noncompliance - Eligibility
Finding 2012-04

Criteria or specific requirement: Third-party insurance must terminate prior to approval as an eligible participant.

Condition: We noted one instance where the participant had third-party insurance that had not terminated and they were deemed eligible for the Children's Health Insurance Program (CHIPS).

Questioned costs: None – No claims were paid on behalf of the participant during FY 2012.

Context: The audit sampled seven case files for compliance with eligibility requirements. Of the seven files sampled, we noted one instance in which the County improperly deemed the participant eligible.

Effect: The participant was improperly deemed eligible and the County could have provided benefits to an ineligible participant.

Cause: Employee oversight of the fact that the third-party insurance had not yet terminated.

Recommendation: Although this issue will occur from time to time considering the volume of case files that the County processes and maintains, it is recommended that the County review their eligibility determination procedures to determine that they are appropriate and will result in accurate eligibility determinations. In addition, it is recommended that the County evaluate their case file review process to ensure it is appropriate to catch improper determinations.

Views of responsible officials: Department of Social Services Management agrees that policies and procedures are required and need to be enforced to ensure that case files are maintained and reviewed appropriately to catch improper determinations.

Corrective Action Plan: See separate Corrective Action Plan prepared by the County.

Section IV. State Awards Findings and Questioned Costs

Department of Social Services
DSS Crosscutting
CFDA #: Not applicable

Nonmaterial Noncompliance – Allowable Costs/Costs Principles
Finding 2012-05

Criteria or specific requirement: For costs to be allowable for purposes of reimbursement, they must be determined to be allowable in accordance with OMB Circular A-87 and the Division of Social Services ("DSS") Fiscal Manual Section II. Per OMB Circular A-87 and DSS Fiscal Manual Section II, entertainment costs, amusements and social activities are unallowable.

Condition: We identified one expenditure in our testing that was included in the 1571 for reimbursement that was for a social activity for employees of DSS which is an unallowable expenditure, per OMB Circular A-87 and the DSS Fiscal Manual Section II.

Questioned costs: $355

Context: The audit sampled 60 expenditures and identified one expenditure for $355 that was an unallowable expenditure.

Effect: The County incorrectly submitted the expenditure as a part of the 1571 for reimbursement.

Cause: Lack of employee oversight in recording the expenditure as an allowable expenditure on the 1571.

Recommendation: CBH recommends that the County ensure the recording and review process of DSS related expenditures is appropriate to ensure only allowable expenditures are included for reimbursement.

Views of responsible officials: Human Services Finance Division (HSFD) agrees that only appropriate allowable expenditures should be identified for submission on the Form 1571 Report for reimbursement.

Corrective Action Plan: See separate Corrective Action Plan prepared by the County.

For prior year finding No. 2011-01, case files held by the County did not include proper documentation to verify eligibility of recipients of Medical Assistance. This finding has not been cleared in the current year, see findings 2012-01 and 2012-02.

For prior year finding No. 2011-02, the County incorrectly calculated the income level for a recipient of Low Income Home Energy Block. We audited this program in 2012 and noted no instances of income miscalculation during our testing. This finding has been cleared in the current year.

For prior year finding No. 2011-03, a case file held by the County did not include timesheets to support hours worked by a recipient of assistance through the Temporary Assistance for Needy Families program. We audited this program in 2012 and noted no instances of missing timesheets. This finding has been cleared in the current year.

For prior year finding No. 2011-04, the County did not properly retain documentation to verify eligibility of recipients of assistance through the Temporary Assistance for Needy Families program. This finding has not been cleared in the current year, see finding 2012-03.

For prior year finding No. 2011-05, the County did not retain sufficient documentation to support information reported to the State with regards to a recipient of the Temporary Assistance for Needy Families program. We audited this program in 2012 and noted no similar incidents. This finding has been cleared in the current year.

For prior year finding No. 2011-06, the County did not properly retain documentation to verify eligibility of recipients of assistance through the North Carolina Health Choice program. This program has been tested in 2012 and no instances of misplaced case files were noted. This finding has been cleared in the current year.

For prior year finding No. 2011-07, the County did not properly retain documentation to verify that information reported to the State for employees' time worked was sufficiently supported. We tested DSS Crosscutting this year and noted no instances in which employee's time was not sufficiently supported. This finding has been cleared in the current year.

For finding No. 2011-08, the County did not properly retain documentation to verify eligibility of recipients of Domiciliary Care Direct Benefit Payments. We audited this program in 2012 and noted no instances of missing documentation. This finding has been cleared in the current year.

MECKLENBURG COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Direct & Pass-Through Grantor's Number	Fed. (Direct & Pass Through) Expenditures	State Expenditures	Local Expenditures	Total
Federal Awards:						
U.S. Department of Health and Human Services:						
Direct Program:						
SAMHSA	93.230	1U79SM57065	$ 770,031	$ -	$ -	$ 770,031
	93.647					-
Passed through Centralina Council of Governments:						
Aging Cluster:						
Nutrition Project for the Elderly Title III-B	93.044		1,166,802	431,557	177,596	1,775,955
Nutrition Project for the Elderly Title III-C	93.045		601,515	106,150	78,629	786,294
Nutrition Project for the Elderly Title III-E	93.052		-	200,250	-	200,250
SSBG	93.667		316,673	316,673	70,372	703,718
Total Aging Cluster			2,084,990	1,054,630	326,597	3,466,217
Passed through N.C. Department of Health and Human Services - Division of Social Services:						
Child Support Enforcement	93.563		4,328,413	-	2,215,306	6,543,719
Permanancy Planning - Regular	93.645		66,684	-	1,609,299	1,675,983
Permanancy Planning Special	93.645		(59,313)	-	(19,771)	(79,084)
Family Violence Prev Svc	93.671		15,777	-	5,259	21,036
Temporary Assistance for Needy Families:						
Foster Care Administration	93.558		74,308	-	65,699	140,007
Domestic Violence Services	93.558		138,057		-	138,057
Work First Administration	93.558		1,588,343	-	3,718,725	5,307,068
Work First Services	93.558		8,623,732	-	12,360,135	20,983,867
JOB Boost -SVC	93.558		934,544	-	-	934,544
JOB Boost -ADM	93.558		221,814	-	-	221,814
ARRA - Temporary Assistance for Needy Families	93.714		1,513,600	-	1,707	1,515,307
Direct Benefit Payments:						
County Issued Checks	93.560		(18,250)	(5,003)	(5,003)	(28,256)
Direct Benefit Payments	93.558		9,468,574	(489)	7,251	9,475,336
Total Temporary Assistance for Needy Families			22,544,722	(5,492)	16,148,514	38,687,744
Refugee Assistance Program:						
Administration	93.566		18,143	-	9,497	27,640
Direct Benefit Payments	93.566		258,434	-	-	258,434
Total Refugee Assistance Program			276,577	-	9,497	286,074
Low Income Home Energy Block Grant:						
Administration	93.568		705,263	-	-	705,263
Crisis Intervention	93.568		3,601,462	-	-	3,601,462
Direct Benefit Payments	93.568		238	-	163	401
Total Low Income Home Energy Block Grant			4,306,963	-	163	4,307,126
Passed through N.C. Department of Health and Human Services - Division of Social Services:						
LINKS	93.674		186,249	46,562	170,909	403,720
LINKS - Transitional funds	93.674		34,297	-	-	34,297
LINKS - Independent Living	93.674		3,493	873	-	4,366
In-Home Services	93.667		90,935	-	502,069	593,004
In-Home Services Over 60	93.667		12,396	-	55,091	67,487

MECKLENBURG COUNTY, NORTH CAROLINA
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Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Direct & Pass-Through Grantor's Number	Fed. (Direct & Pass Through) Expenditures	State Expenditures	Local Expenditures	Total
Federal Awards (continued)						
Temporary Assistance for Needy Families	93.558		96,058	-	-	96,058
Refugee Health	93.576		15,229	-	-	15,229
Social Services Block Grant	93.667		-	7,000	-	7,000
Adult Day Care	93.667		123,907	161,152	40,723	325,782
Adult Pro SVC	93.667		220,393	-	-	220,393
Adult Day Care Over 60	93.667		281,857	168,538	64,342	514,737
SSBG Other Services and Training	93.667		1,830,303	170,452	12,505,291	14,506,046
Medical Assistance:						
Administration	93.778		9,694,538	-	-	9,694,538
Expansion	93.778		92,002	92,002	-	184,004
Total Medical Assistance			9,786,540	92,002	-	9,878,542
Medical Transportation Administration	93.778		456,375	-	-	456,375
Medical Transportation Service	93.778		181,808	96,990	-	278,798
Adult Home Care	93.778		318,760	111,722	590,615	1,021,097
Adult Protective Services	93.778		-	-	1,069,161	1,069,161
North Carolina Health Choice	93.767		507,567	36,284	127,225	671,076
Foster Care and Adoption Cluster:						
Title IV-E Child Protective Services	93.658		1,599,048	413,936	1,185,111	3,198,095
Title IV-E Optional Administration	93.658		3,321,213	-	-	3,321,213
Title IV-E State Adoption/Foster Care	93.658		82,299	47,495	11,601	141,395
IV-E Adoption Subsidy	93.659		487,940	-	533,754	1,021,694
Family Finding	93.556		51,664	(6,332)	-	45,332
Foster Care And Adoption Direct Benefit Payments:						
IV-E Foster Care	93.658		1,705,191	621,111	621,108	2,947,410
IV-E Foster Care HIV	93.658		9,061	4,740	-	13,801
IV-E Maximization	93.658		84,664	13,074	32,208	129,946
IV-E Adoption Subsidy	93.659		4,222,430	1,131,556	1,156,838	6,510,824
Total Foster Care and Adoption Cluster			11,563,510	2,225,580	3,540,620	17,329,710
Passed through N.C Department of Transportation:						
ARRA- Transportation Equipment	20.509	10-AR-051	284,500	-	-	284,500
Total N.C. Department of Transportation			284,500	-	-	284,500
Passed through N.C. Department of Health and Human Services - Subsidized Child Care						
Child Care Development Fund Cluster:						
CCDF - Administration	93.596		4,051,545	-	-	4,051,545
CCDF - Discretionary	93.575		27,003,127	-	-	27,003,127
CCDF - Mandatory	93.596		3,975,169	-	-	3,975,169
CCDF - Match	93.596		4,769,362	1,046,217	-	5,815,579
Total Child Care Fund Cluster			39,799,203	1,046,217	-	40,845,420
Social Services Block Grant	93.667		-	-	-	-
ARRA - Temporary Assistance for Needy Families - State Programs	93.714		(696,464)	-	-	(696,464)
Foster Care Title IV-E (K5)	93.658		510,840	88,752	-	599,592
Temporary Assistance for Needy Families	93.558		7,414,946	-	-	7,414,946
Smart Start			-	391,134	-	391,134
State Appropriations			-	(3,787,263)	-	(3,787,263)
TANF - MOE			-	2,618,671	-	2,618,671
Total Subsidized Child Care Cluster			47,028,525	357,511	-	47,386,036

MECKLENBURG COUNTY, NORTH CAROLINA
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Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Direct & Pass-Through Grantor's Number	Fed. (Direct & Pass Through) Expenditures	State Expenditures	Local Expenditures	Total
Passed through N.C. Department of Health and Human						
Services - Division of Mental Health, Developmental						
Disabilities and Substance Abuse Services:						
Path Block Grant - Homeless	93.150		38,856	-	-	38,856
Perinatal and Maternal Substance Abuse Initiative	93.959		103,976	-	-	103,976
Substance Abuse Training	93.959		2,313	-	-	2,313
Treatment Alternatives for Women	93.959		944,168	-	-	944,168
Treatment Alternatives to Street Crimes	93.959		86,101	-	-	86,101
Services to IV Drug Users	93.959		211,140	-	-	211,140
Mental Health Cluster:						
Mental Health Services Block Grant	93.958		166,565	-	-	166,565
Total Mental Health Cluster			166,565	-	-	166,565
Developmental Disability Services	93.667		131,814	-	-	131,814
Substance Abuse Services Cluster:						
Substance Abuse Block Grant	93.959		1,299,459	-	-	1,299,459
Total Substance Abuse Services Cluster			1,299,459	-	-	1,299,459
Health Resources and Services Administration:						
Direct Program:						
HIV Emergency Relief Project	93.914	H89HA11434	4,857,813	-	-	4,857,813
HIV Emergency Relief Project	93.914	3H12HA1827A0	130,042	-	-	130,042
Ryan White Program	93.914	2 H89HA11434-04-00	1,999,492	-	-	1,999,492
Passed through N.C. Department of Health and Human						
Services - Division of Public Health:						
Project Grants and Cooperative Agreements						
for Tuberculosis Control Programs	93.116		13,185	-	-	13,185
Infant and Toddlers Disabilities	84.181		2,061,205	463,452	-	2,524,657
Investigations and Technical Assistance	93.283		236,158	-	-	236,158
Public Health Emergency Preparedness	93.069		195,358	-	-	195,358
Immunization Program	93.268		150,864	-	-	150,864
Cooperative Agreement for Breast and						
Cervical Cancer	93.919		174,165	364,567	-	538,732
HIV State Funds-Sexually Transmitted and						
Communicable Diseases	93.940		135,510	-	-	135,510
Epidemiologic Research Studies	93.943		74,823	-	-	74,823
CCDG- Discretionary	93.575		-	-	-	-
Maternal and Child Health Services Block Grant	93.994		374,681	281,043	-	655,724
Family Planning Services	93.217		231,659	-	-	231,659
Syphilis Elimination Program	93.977		80,029	-	-	80,029
Aid to the Blind	93.667		77,750	20,246	13,999	111,995
Medicaid Direct Benefit Payments	93.778		524,833,785	302,516,293	29,465	827,379,543
Total Division of Public Health			535,626,519	303,645,601	43,464	839,315,584
Centers for Medicare and Medicaid Services Division						
of Medical Assistance:						
Medical Assistance Program	93.778		636,157	-	-	636,157
Total U.S. Department of Health and						
Human Services			646,604,615	308,169,405	39,004,374	993,778,394

MECKLENBURG COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
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Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Direct & Pass-Through Grantor's Number	Fed. (Direct & Pass Through) Expenditures	State Expenditures	Local Expenditures	Total
U.S. Department of Agriculture:						
Passed through Centralina Council of Governments:						
Nutrition Project for the Elderly USDA	93.053		157,583	-	-	157,583
Passed through N.C. Department of Health and Human Services:						
Division of Social Services Food Stamp Cluster:						
Food Stamp Administration	10.551		9,460,866	52,797	9,390,119	18,903,782
Food Stamp Fraud Administration	10.551		35,340	-	16,698	52,038
Total Food Stamp Cluster			9,496,206	52,797	9,406,817	18,955,820
Division of Public Health:						
Special Supplemental Nutrition Program - WIC	10.557		2,617,720	-	-	2,617,720
AGRE-SFP Food Program Meal	10.559		15,959	-	-	15,959
Temporary Assistance for Needy Families	93.558					-
Inject Drug User Program	93.959		77,666	-	-	77,666
Supplemental Food Program - WIC	10.557		17,463,736	-	-	17,463,736
Total U.S. Department of Agriculture			29,828,870	52,797	9,406,817	39,288,484
U.S. Department of Housing and Urban Development:						
Direct Program:						
Supportive Housing Program-Special Needs Assistance-Homeless	14.235	NC0065B4F051003	96,756	-	-	96,756
Supportive Housing Program-Special Needs Assistance-Homeless	14.235	NC0061B4F050802	8,911	-	-	8,911
Supportive Housing Program-Special Needs Assistance-Homeless	14.235	NC0062B4F050802	103,510	-	-	103,510
Supportive Housing Program-Special Needs Assistance-Homeless	14.235	NC0065B4F051104	48,380	-	-	48,380
Shelter Plus Care	14.238	NC19C605001	56,134	-	-	56,134
Shelter Plus Care	14.238	NC0060C4F050800	43,104	-	-	43,104
Shelter Plus Care	14.238	NC0131C4F051002	136,754	-	-	136,754
Shelter Plus Care	14.238	NC0069C4F051003	597,157	-	-	597,157
Shelter Plus Care	14.235	NC0061B4F051003	246,906	-	-	246,906
Shelter Plus Care	14.238	NC 0161C4F4050900	21,522	-	-	21,522
Shelter Plus Care	14.238	NC0225C4F051101	26,013	-	-	26,013
Shelter Plus Care	14.238	NC0131C4F051003	73,524	-	-	73,524
Shelter Plus Care	14.238	NC0069C4F051104	311,716	-	-	311,716
Community Development Block Grant	14.218	B-10-UC-37-003	411,837	-	-	411,837
Total U.S. Department of Housing and Urban Development			2,182,224	-	-	2,182,224
U.S. Department of Justice:						
Direct Program:						
ARRA - Law Enforcement Initiatives	16.803	2009-SB-B9-1703	74,301	-	-	74,301
State Criminal Alien Program	16.606		340,194	-	-	340,194
Passed through N.C. Department of Justice:						
ARRA- Byrne JAG Recovery	16.804	260680, 26081	574,905	-	-	574,905
Passed through the City of Charlotte:						
Enhancements to Law Enforcement	16.579	2010-DJ-BX-0355	79,531	-	-	79,531
Enhancements to Law Enforcement	16.738	2008-DJ-BX-318	16,220	-	-	16,220
Law Enforcement Efficiency Improvement	16.738	2009-DJ-BX0-0178	5,203	-	-	5,203
Law Enforcement Efficiency Improvement	16.738	2011-DJ-BX-2961	7,794	-	-	7,794

MECKLENBURG COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
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Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Direct & Pass-Through Grantor's Number	Fed. (Direct & Pass Through) Expenditures	State Expenditures	Local Expenditures	Total
Passed through N.C. Department of Crime Control and Public Safety:						
Division of Governor's Crime Commission:						
OVW Transitional Housing & Supprt Svc.		OVW-2011-wx-ax-k11	-	5,152	-	5,152
ARRA - OVW Transitional Housing & Supprt Svc.	16.588	2009-EH-S6-0042	255,591	-	-	255,591
Total N.C. Dept. of Crime Control and Public Safety			255,591	5,152	-	260,743
Total U.S. Department of Justice			1,353,739	5,152	-	1,358,891
U.S. Department of Environmental Protection:						
Direct Program:						
ARRA National Clean Diesel Funding	66.039	219-9542.5609-0	56	-	107,812	107,868
SEC 105 Air Grant FY11	66.001	A00406510	155,236	-	-	155,236
National Clean Diesel Program	66.039	DE-954.20609-0	161,199	-	-	161,199
P M - 2.5 Monitoring Network	66.034	PM 96497008	55,971	-	-	55,971
Passed Through Division of Environment						
Assistance and Outreach:						
Community Waste Reduction & Recycling		Contract 4091	-	18,749	5,000	23,749
Passed Through N.C. Department of Environment						
and Natural Resources:						
McDowell Creek Watershed Ange Property	66.460	EW08021	12,000	-	(77,213)	(65,213)
Total U.S. Department of						
Environmental Protection			384,462	18,749	35,599	438,810
U.S. Department of Energy:						
Direct Program:						
ARRA - Energy Efficiency & Conservation Block Grant	81.128	DE-SC0002361	157,461	-	-	157,461
Total U.S. Department of Energy			157,461	-	-	157,461
U.S. Department of Homeland Security:						
Passed through Federal Emergency Management Association:						
Risk Map Early Demonstration Project	97.045	EMA-2010-CA-5086	-	-	18,350	18,350
Letters of Map Change Pilot	97.045	EMA-2009-CA-5935	(151,796)	-	-	(151,796)
Letters of Map Change Pilot	97.045	EMA-2009-CA-5941	4,892	-	-	4,892
Letters of Map Change Pilot	97.045	EMA-2011-CA-5151	4,958	-	-	4,958
Letters of Map Change	97.045	EMA-2008-CA-5888	36,849	-	-	36,849
Passed through N.C. Department of Crime						
Control and Public Safety:						
Pre-Disaster Mitigation Planning Project	97.047	PDM-PJ-04-NC-2009-0281	17,800	-	8,493	26,293
Pre-Disaster Mitigation Planning Project	97.047	PDM-PJ-04-NC-2010-010	(318)	-	318	-
Pre-Disaster Mitigation Planning Project	97.047	PDM-PJ-04-NC-2010-008	132	-	44	176
Pre-Disaster Mitigation Planning Project	97.047	PDM-PJ-04-NC-2009-01	106,856	-	37,153	144,009
Pre-Disaster Mitigation Planning Project	97.047	PDM-PJ-04-NC-2008-009	-	-	31,824	31,824
Total U.S. Department of Homeland Security			19,373	-	96,182	115,555
U.S. Department of Labor:						
Veterans Stand Down	17.805	SD-22210-11-60-5-37	-	7,000	-	7,000
Total U.S. Department of Labor			-	7,000	-	7,000
U.S. Department of Transportation:						
Passed through N.C. Department of Transportation:						
Congestion Mitigation and Air Quality Improvement	20.205	C-4964	22,002	-	-	22,002
Toby Creek Greenway Phase II	20.205	CM1003(103)	-	-	664	664
ARRA West Branch Rocky River Greenway	20.205	EB-5118JB	66,250	-	-	66,250

MECKLENBURG COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Direct & Pass-Through Grantor's Number	Fed. (Direct & Pass Through) Expenditures	State Expenditures	Local Expenditures	Total
Little Sugar Creek Greenway	20.205	EB-4715	1,856,052	-	-	1,856,052
Greater Charlotte Air Awareness Program	20.205	EA07014	-	55,314	-	55,314
Total U.S. Department of Transportation			1,944,304	55,314	664	2,000,282
Total Federal Awards			682,475,048	308,308,417	48,543,636	1,039,327,101
State Awards:						
N.C. Department of Administration:						
Divorce Filing Fees		Funding code 1732-7325	-	42,944	-	42,944
Displaced Homemakers		Funding code 1732-7325	-	9,088	-	9,088
Total N.C. Department of Administration			-	52,032	-	52,032
N.C. Department of Correction:						
Division of Community Corrections:						
Structured Day Program			-	457,209	-	457,209
Total N.C. Department of Correction			-	457,209	-	457,209
Division of Environmental Health:						
Environmental Health						
Food and Lodging			-	105,131	-	105,131
Summer Food Inspection Program			-	15,959	-	15,959
N.C. Clean Water Management Trust Fund:						
Torrence Creek Wastewter/Storm Water		2008-406	-	250,149	-	250,149
Little Sugar Creek - Phase IX Midtown		2007-404	-	17,414	-	17,414
Little Sugar Creek - Phase X		2010-411	-	-	250,000	250,000
McAlpine Creek		2006A- 405	-	577,324	(577,324)	-
Torrence Tributary 2011-405		2011-405	-	122,000	-	122,000
Little Sugar Creek - Phase VIII		2006A-404	-	284,515	65,939	350,454
Total N.C. Department of Environment and Natural Resources			-	1,372,492	(261,385)	1,111,107
N.C. Department of Health and Human Services:						
Division of Aging and Adult Services:						
Alzheimers Project C.A.R.E.			-	38,321	821	39,142
Division of Social Services:						
Smart Start DCD			-	158,787	-	158,787
State Foster Care Direct Benefit Programs:						
Regular			-	510,885	510,885	1,021,770
Total State Foster Care Direct Benefit Programs			-	510,885	510,885	1,021,770
Domiciliary Care Direct Benefit Payments			-	3,273,441	3,273,441	6,546,882
Passed through Mecklenburg Partnership for Children:						
Smart Start Grants			-	849,537	-	849,537
Total Division of Social Services			-	4,830,971	3,785,147	8,616,118
Division of Mental Health, Developmental						
Disabilities and Substance Abuse Services:						
General Program Services			-	16,204,762	-	16,204,762
Systems Management Transition			-	8,082,180	-	8,082,180
Total Division of Mental Health, Developmental Disabilities and Substance Abuse Services			-	24,286,942	-	24,286,942
Division of Public Health:						
General Aid to Counties			-	322,516	-	322,516
Risk Reduction Health Promotion			-	8,909	-	8,909
Communicable Disease			-	46,507	-	46,507
Food and Lodging Fees			-	104,381	-	104,381
Environmental Health			-	4,333	-	4,333
Lead Prevention Aid to County Funds			-	2,184	-	2,184
Mosquito-Public Health Pesticide			-	2,220	-	2,220

MECKLENBURG COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Direct & Pass-Through Grantor's Number	Fed. (Direct & Pass Through) Expenditures	State Expenditures	Local Expenditures	Total
Tuberculosis			-	95,456	-	95,456
Mosquito-Public Health Pesticide			-	106,601	-	106,601
TPPI-Pregnancy Prevention			-	64,380	-	64,380
Maternal Health (HMHC)			-	48,790	-	48,790
Women's Preventative Health			-	17,929	-	17,929
Eliminating Disparities - Minority Health			-	98,005	-	98,005
Total Division of Public Health State Awards			-	922,211	-	922,211
Total N.C. Department of Health and Human Services			-	30,040,123	3,785,147	33,825,270
N.C. Department of Juvenile Justice and Delinquency Prevention:						
Juvenile Transportation			-	6,353	-	6,353
Juvenile Crime Prevention Council Programs			-	1,405,663	40,319	1,445,982
Total N.C. Department of Juvenile Justice and Delinquency Prevention			-	1,412,016	40,319	1,452,335
N.C. Department of Public Instruction:						
Public School Building Capital Fund - Lottery Funds			-	9,517,100	-	9,517,100
Total N.C. Department of Public Instruction			-	9,517,100	-	9,517,100
N.C. Department of Transportation:						
Community Transportation Administration			-	49,623	-	49,623
Work First Employment Transportation			-	438,762	-	438,762
Rural General Program			-	408,923	3,725	412,648
Total N.C. Department of Transportation			-	897,308	3,725	901,033
N.C. Health and Wellness Trust Fund:						
Tobacco Use Prevention Youth			-	270,823	-	270,823
Total N.C. Health and Wellness Trust Fund			-	270,823	-	270,823
Total State Awards			-	44,019,103	3,567,806	47,586,909
Total Federal and State Awards			$ 682,475,048	$ 352,327,520	$ 52,111,442	$ 1,086,914,010

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State financial awards includes the federal and State grant activity of Mecklenburg County, North Carolina and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements. However, due to the County's involvement in determining eligibility, they are considered federal and State awards to the County and are included on this schedule.

2. Reporting Entity

Mecklenburg County, North Carolina, for purposes of the schedule of expenditures of federal and State awards, includes all the funds of the primary government as defined by the Governmental Accounting Standards Board. It does not include any component units of the County as follows:

- The Public Library of Charlotte and Mecklenburg County
- The Mecklenburg County Alcoholic Beverage Control Board
- The Mecklenburg Emergency Medical Services Agency

The Public Library of Charlotte and Mecklenburg County also receives federal and State awards, but separately satisfy the audit requirements of OMB Circular A-133 and the State Single Audit Implementation Act. The Mecklenburg County Alcoholic Beverage Control Board and the Mecklenburg Emergency Medical Services Agency do not receive federal or State grants.

3. Subrecipients

Of federal and State expenditures presented in the schedule, the County provided funding to subrecipients for the following:

Program Title	CFDA Number	Expenditures Federal	Expenditures State
N.C. Department of Health and Human Services			
Division of Social Services:			
Foster Care Title IV	93.658	$ 510,840	$ 88,752
TANF	93.558	7,414,946	-
Smart Start		-	391,134
TANF MOE		-	2,618,671
Subsidized Child Care Cluster:			
CCDF - Administration	93.596	4,051,545	-
CCDF - Discretionary	93.575	27,003,127	-
CCDF - Mandatory	93.596	3,975,169	-
CCDF - Match	93.596	4,769,362	1,046,217
Division of Public Health:			
Project Grants and Cooperative Agreements of Tuberculosis Control Programs	93.116	13,185	-
Infant and Toddlers Disabilities	84.181	2,061,205	463,452
Investigations and Technical Assistance	93.283	236,158	-
Epideminologic	93.943	74,823	-
Immunization Program	93.268	150,864	-
TPPI-Pregnancy Prevention	93.558	-	64,380
Cooperative Agreement for Breast and Cervical Cancer	93.919	174,165	364,567
HIV State Funds - Sexually Transmitted and Communicable Disease	93.940	135,510	-
Maternal and Child Health Services Block Grant	93.994	374,681	281,043

3. Subrecipients (continued)

Program Title	CFDA Number	Expenditures Federal	Expenditures State
Family Planning Services	93.217	$ 231,659	$ -
Syphilis Elimination Program	93.977	80,029	-
Supplemental Food Program - WIC	10.557	17,463,736	-
HIV Emergency Relief Project	93.914	4,987,855	-
Ryan White Program	93.914	1,999,492	-
General Aid to Counties		-	322,516
Risk Reduction Health Promotion		-	8,909
Communicable Disease		-	46,507
Tuberculosis		-	95,456
Maternal Health (HMHC)		-	48,790
Eliminating Disparities - Minority Health		-	98,005
Women's Preventative Health		-	17,929
N.C. Health and Wellness Trust Fund			
Tobacco Use Prevention Youth		-	270,823
N. C. Department of Juvenile Justice and Delinquency Prevention			
Juvenile Crime Prevention Council Programs		-	1,405,663
N. C. Department of Correction:			
Structured Day Program		-	457,209
Mecklenburg Partnership for Children:			
Smart Start Grants		-	849,537

MECKLENBURG COUNTY

Finance Department

Single Audit

Management Response and Corrective Action Plan

Year ended June 30, 2012

Section III and IV: Federal and State Award Findings and Questioned Costs
Non-material noncompliance – Medicaid Direct Benefit Payments
Finding 2012-01

During the testing of 53 Medicaid case files for Federal and State Awards and Costs, the following was noted:

- 1 instance in which the case did not contain the proper documentation to support the participant's eligibility. By not having the required disability verification on file, the participant was deemed ineligible and should not have been provided benefits of approximately $6,010.

Recommendation: Although this issue will occur from time to time considering the volume of case files that the County processes and maintains, it is recommended that policies be put in place or reinforced to ensure that case files are maintained appropriately and all necessary documentation is included.

Management Response: Department of Social Services Management agrees that policies and procedures are required and need to be enforced to ensure that case files are maintained appropriately.

Corrective Action Plan: Although no trend was identified for this error in the sample or in prior quality sampling, to mitigate the recurrence of this issue in the future, the Economic Services Division of DSS will:

- Provide feedback and clarification/review of the policy requirements with the employee who made the error
- Provide refresher training to Adult Medicaid staff at a staff meeting and/or team meetings
- Continue to quality sample this requirement in order to monitor the effectiveness of the training provided and policy compliance.

Completion Date: November 30, 2012

Contact Person: Rodney Adams
Director of the Economic Services Division
704-353-1594

Section III and IV: Federal and State Award Findings and Questioned Costs
Significant Deficiency/Control Deficiency – Medicaid Direct Benefit Payments
Finding 2012-02

During the testing of 53 Medicaid files, the following was noted:

- Eight instances in which the case file did not contain proper documentation.

The County was able to subsequently provide us with the missing eligibility documentation to support the eligibility determination and to complete the case files. Since the County was able to provide the documentation and support the eligibility determinations, these findings were not deemed nonmaterial noncompliance as the participants were eligible.

Recommendation: Although this issue will occur from time to time considering the volume of case files that the County processes and maintains, it is recommended that policies be put in place or reinforced to ensure that case files are maintained appropriately and all necessary documentation is included.

Management Response: Department of Social Services Management agrees that policies and procedures are required and need to be enforced to ensure that case files are maintained appropriately

Corrective Action Plan: Documented procedures were developed during the summer of 2012 and communicated to staff to ensure compliance. In addition to these efforts to mitigate the recurrence of these types of issues in the future, the Economic Services Division of DSS will:

- Have the Quality and Training specialists in the Economic Services Division and Compliance and Quality Assurance review the training materials provided to ensure that the documentation/verification requirements are clearly explained and make any identified adjustments as needed to the materials.
- Provide refresher training to all Medicaid staff at staff and/or team meetings regarding the importance of adequate documentation and verifications.
- Continue to analyze the results of quality sampling to identify any continuing and/or additional issues or trends so that they can be addressed.

Additionally, the implementation of NCFAST for Medicaid in mid to late 2013 will further assist the agency and the workers in correctly identifying and documenting appropriate verifications. Through the guided interview and case management processes, the new system will further assist the workers in the capture of adequate documentation and verifications.

Completion Date: November 30, 2012

Contact Person: Rodney Adams
Director of the Economic Services Division
704-353-1594

Sections III and IV: Federal and State Awards Findings and Questioned Costs
Non-Material noncompliance - TANF/Work First
Finding 2012-03

During our testing of 60 case files for compliance with eligibility requirements, the following was noted:

- One instance in which the signed Mutual Responsibility Agreement was missing from the case file and could not be located.

Recommendation: Although these issues will occur from time to time considering the volume of case files that the County processes and maintains, it is recommended that policies be put in place or reinforced to ensure that participant eligibility and documentation is maintained appropriately. The County should maintain filing policies in an attempt to prevent loose filing in the future.

Management Response: Department of Social Services Management agrees that policies and procedures are required and need to be enforced to ensure that case files are maintained appropriately

Corrective Action Plan: To mitigate the recurrence of this type of error in the future, Economic Services Division will:

- Implement the process which requires that the Economic Services Division Quality and Training Specialist perform a quality check for signatures on all Mutual Responsibility Agreement A forms prior to case processing.

Implementation Date: October 10, 2012

Completion Date: November 30, 2011

Contact Person: Rodney Adams
Director of the Economic Services Division
704-353-1594

Section III and IV: Federal and State Award Findings and Questioned Costs
Non-material noncompliance - North Carolina Health Choice
Finding 2012-04

During the testing of 7 case files for compliance with eligibility requirements, the following was noted:

- One instance in which the County improperly deemed the participant eligible.

Recommendation Although this issue will occur from time to time considering the volume of case files that the County processes and maintains, it is recommended that the County review their eligibility determination procedures to determine that they are appropriate and will result in accurate eligibility determinations. In addition, it is recommended that the County evaluate their case file review process to ensure it is appropriate to catch improper determinations.

Management Response: Department of Social Services Management agrees that policies and procedures are required and need to be enforced to ensure that case files are maintained and reviewed appropriately to catch improper determinations.

Corrective Action Plan: To mitigate the recurrence of these types of issues in the future, the Economic Services Division of DSS will:

- Provide feedback and clarification/review of policy requirements with the employee who made the error.
- Have the Quality and Training specialists in Economic Services Division and Compliance and Quality Assurance review the training materials provided to ensure that the requirements for verification of termination of third party insurance prior to approval for North Carolina Health Choice is clear and make any identified adjustments as needed to the materials.
- Provide refresher training to all Families and Children's Medicaid staff at staff and/or team meetings.
- Continue to analyze the results of quality sampling to identify any continuing and/or additional issues or trends so that they can be addressed.

Completion Date: November 30, 2012

Contact Person: Rodney Adams
Director of the Economic Services Division
704-353-1594

Sections III and IV: Federal and State Awards Findings and Questioned Costs
Non-material noncompliance - DSS Crosscutting
Finding 2012-05

Of the 60 expenditures sampled the following was identified:

- An expenditure, that was included in the 1571 for reimbursement, was unallowable. The expenditure was for a social activity for employees of DSS. (Unallowable per OMB Circular A-87 and the DSS Fiscal Manual Section II.)

Recommendation: CBH recommends that the County ensure the recording and review process of DSS related expenditures is appropriate to ensure only allowable expenditures are included for reimbursement.

Management Response: Human Services Finance Division (HSFD) agrees that only appropriate allowable expenditures should be identified for submission on the Form 1571 Report for reimbursement.

Corrective Action Plan: An adjustment for the unallowable expense was submitted to the State on the August, 2012, Form 1571 Report to change the amount from a reimbursable expense to a non-reimbursable expense. HSFD will retrain DSS Managers and appropriate staff within HSFD on allowable promotional costs that can be reimbursed on Form 1571. HSFD will also train DSS staff on the language to be recorded on the invoice to identify allowable and non-allowable costs.

Completion Date: November 30, 2012

Contact Person: Gail Murchison
Human Services Finance Division
704-336-2690