

**Chowan County, North Carolina
Audited Financial Statements
June 30, 2002**

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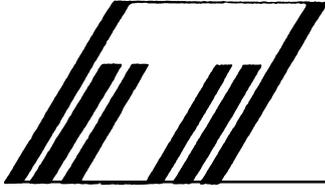
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Independent Auditor's Report

To the Board of County Commissioners
Chowan County, North Carolina

We have audited the accompanying general purpose financial statements of Chowan County, North Carolina, as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of Chowan County's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Chowan County, North Carolina as of June 30, 2002, and the results of its operations and cash flows of its proprietary fund types 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 December 30, 2002 on our consideration of Chowan County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of Chowan County, North Carolina, taken as a whole. The combining and

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individual fund financial statements and schedules, as well as the accompanying schedule of expenditures of federal and state awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Chowan County, North Carolina.

Such information has been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Handwritten signature of J.R. Rybicki III, CPA. The signature is written in black ink and includes the initials "J.R. Rybicki III" followed by "CPA".

Certified Public Accountant

December 30, 2002

Chowan County, North Carolina
 Combined Balance Sheet-All Fund Types and Account Groups
 And Discretely Presented Component Units
 June 30, 2002

	Governmental Fund Types			Proprietary Fund Type
	General	Special Revenue	Capital Projects	Enterprise
Assets and Other Debits				
Assets:				
Cash and cash equivalents	\$ 21,943,277	\$ 213,211	\$ 504,054	\$ 2,538
Receivables (net):				
Taxes	286,753	12,873	-	-
Special assessments	53,218	-	-	-
Lease	5,416,581	-	-	-
Accounts	711,536	248,556	18,235	245,869
Due from other funds	3,398,777	-	-	2,500
Inventories	-	-	-	10,614
Prepaid items	-	-	-	-
Fixed assets (net, where applicable, of accumulated depreciation)	-	-	-	6,565,329
Deferred debt acquisition	-	-	-	10,792
Other debits:				
Amount to be provided for retirement of general long-term debt	-	-	-	-
Total assets and other debits	<u>\$ 31,810,142</u>	<u>\$ 474,640</u>	<u>\$ 522,289</u>	<u>\$ 6,837,642</u>
Liabilities, Equity, and Other Credits				
Liabilities:				
Accounts payable and accrued liabilities	\$ 137,620	\$ 3,560	\$ -	\$ 34,903
Deferred revenue	5,898,625	17,592	-	-
Customer deposits	-	-	-	44,654
Due to other funds	-	423,128	2,390,940	368,730
Current portion of long-term debt	-	-	-	267,262
Accrued vacation payable	-	-	-	16,557
Noncurrent portion of long-term debt	-	-	-	1,495,600
Total liabilities	<u>6,036,245</u>	<u>444,280</u>	<u>2,390,940</u>	<u>2,227,706</u>
Equity and other credits:				
Investment in general fixed assets	-	-	-	-
Contributed capital (net)	-	-	-	3,180,923
Retained earnings, unreserved	-	-	-	1,429,013
Fund balances:				
Reserved by state statute	4,110,313	248,556	18,235	-
Unreserved:				
Designated	21,549,945	-	-	-
Undesignated	113,639	(218,196)	(1,886,886)	-
Total equity and other credits	<u>25,773,897</u>	<u>30,360</u>	<u>(1,868,651)</u>	<u>4,609,936</u>
Total liabilities, equity, and other credits	<u>\$ 31,810,142</u>	<u>\$ 474,640</u>	<u>\$ 522,289</u>	<u>\$ 6,837,642</u>

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

Exhibit 1

Fiduciary Trust and Agency	Account Groups		Total (Memorandum Only)	Component Units Total
	General Fixed Assets	General Long Term Debt	Primary Government	
\$ 26,960	\$ -	\$ -	\$ 22,690,040	\$ 151,680
-	-	-	299,626	-
-	-	-	53,218	-
-	-	-	5,416,581	-
223,991	-	-	1,448,187	-
-	-	-	3,401,277	-
-	-	-	10,614	103,174
-	-	-	-	2,312
-	37,688,936	-	44,254,265	167,048
-	-	-	10,792	-
-	-	20,659,808	20,659,808	-
<u>\$ 250,951</u>	<u>\$ 37,688,936</u>	<u>\$ 20,659,808</u>	<u>\$ 98,244,408</u>	<u>\$ 424,214</u>
\$ 32,472	\$ -	\$ -	\$ 208,555	\$ 47,485
-	-	-	5,916,217	-
-	-	-	44,654	-
218,479	-	-	3,401,277	-
-	-	1,686,304	1,953,566	-
-	-	301,869	318,426	-
-	-	18,671,635	20,167,235	-
<u>250,951</u>	<u>-</u>	<u>20,659,808</u>	<u>32,009,930</u>	<u>47,485</u>
-	37,688,936	-	37,688,936	-
-	-	-	3,180,923	-
-	-	-	1,429,013	376,729
-	-	-	4,377,104	-
-	-	-	21,549,945	-
-	-	-	(1,991,443)	-
-	37,688,936	-	66,234,478	376,729
<u>\$ 250,951</u>	<u>\$ 37,688,936</u>	<u>\$ 20,659,808</u>	<u>\$ 98,244,408</u>	<u>\$ 424,214</u>

Chowan County, North Carolina
 Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
 All Governmental Fund Types
 For the Fiscal Year Ended June 30, 2002

	General	Special Revenue	Capital Projects	(Memorandum Only)
Revenues:				
Ad valorem taxes	\$ 5,317,486	\$ 199,032	\$ -	\$ 5,516,518
Local option sales taxes	1,480,135	676,458	-	2,156,593
Other taxes and licenses	241,395	73,848	182,590	497,833
Unrestricted intergovernmental	332,046	5,865	-	337,911
Restricted intergovernmental	2,761,391	938,592	-	3,699,983
Permits and fees	133,366	-	-	133,366
Sales and services	758,327	556,291	-	1,314,618
Investment earnings	1,813,025	18,138	59,832	1,890,995
Miscellaneous	347,724	45,848	22,000	415,572
Total revenues	<u>13,184,895</u>	<u>2,514,072</u>	<u>264,422</u>	<u>15,963,389</u>
Expenditures:				
Current:				
General government	2,302,624	-	-	2,302,624
Public safety	2,787,095	344,144	-	3,131,239
Transportation	20,000	-	-	20,000
Environmental protection	24,201	1,572,748	-	1,596,949
Economic and physical development	535,918	61,873	18,741	616,532
Human services	4,021,971	-	1,460,723	5,482,694
Cultural and recreational	1,061,337	-	1,603,574	2,664,911
Intergovernmental:				
Education:				
Current expense	3,092,199	450,000	-	3,542,199
Capital outlay	-	-	4,438,954	4,438,954
Debt service:				
Principal retirement	720,210	973,014	-	1,693,224
Interest and fees	457,450	662,688	-	1,120,138
Total expenditures	<u>15,023,005</u>	<u>4,064,467</u>	<u>7,521,992</u>	<u>26,609,464</u>
Revenues over (under) expenditures	<u>(1,838,110)</u>	<u>(1,550,395)</u>	<u>(7,257,570)</u>	<u>(10,646,075)</u>
Other financing sources (uses):				
Operating transfers from (to) other funds	(603,189)	704,189	-	101,000
Operating transfers from component unit	73,115	-	-	73,115
Lease payments	380,145	-	-	380,145
Sale of fixed assets	2,053	-	-	2,053
Total other financing sources (uses)	<u>(147,876)</u>	<u>704,189</u>	<u>-</u>	<u>556,313</u>
Revenues and other sources over (under) expenditures and other uses	<u>(1,985,986)</u>	<u>(846,206)</u>	<u>(7,257,570)</u>	<u>(10,089,762)</u>
Fund balances, beginning of year (Note XVI)	<u>27,759,883</u>	<u>876,566</u>	<u>5,388,919</u>	<u>34,025,368</u>
Fund balances, end of year	<u>\$ 25,773,897</u>	<u>\$ 30,360</u>	<u>\$ (1,868,651)</u>	<u>\$ 23,935,606</u>

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

Chowan County, North Carolina
 Combined Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual-General and Special Revenue Funds
 For the Fiscal Year Ended June 30, 2002

	General Fund		Special Revenue
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Ad valorem taxes	\$ 5,576,292	\$ 5,317,486	\$ (258,806)
Local option sales tax	1,709,668	1,480,135	(229,533)
Other taxes and licenses	399,539	241,395	(158,144)
Unrestricted intergovernmental	457,558	332,046	(125,512)
Restricted intergovernmental	3,348,048	2,761,391	(586,657)
Permits and fees	154,197	133,366	(20,831)
Sales and services	875,007	758,327	(116,680)
Investment earnings	3,405,413	1,813,025	(1,592,388)
Miscellaneous	680,643	347,724	(332,919)
Total revenues	<u>16,606,365</u>	<u>13,184,895</u>	<u>(3,421,470)</u>
Expenditures:			
Current:			
General government	2,501,528	2,302,624	198,904
Public safety	2,907,284	2,787,095	120,189
Transportation	20,007	20,000	7
Environmental protection	24,637	24,201	436
Economic and physical development	807,450	535,918	271,532
Human services	4,219,667	4,021,971	197,696
Cultural and recreational	1,094,026	1,061,337	32,689
Intergovernmental:			
Education	3,095,017	3,092,199	2,818
Debt service:			
Principal retirement	723,652	720,210	3,442
Interest and fees	454,512	457,450	(2,938)
Total expenditures	<u>15,847,780</u>	<u>15,023,005</u>	<u>824,775</u>
Revenues over (under) expenditures	<u>758,585</u>	<u>(1,838,110)</u>	<u>(2,596,695)</u>
Other financing sources (uses):			
Operating transfers:			
From (to) other funds	(1,659,110)	(603,189)	1,055,921
From component unit	52,000	73,115	21,115
Proceeds of capital leases	99,607	-	(99,607)
Lease payments	380,145	380,145	-
Appropriated fund balance	343,773	-	(343,773)
Sale of fixed assets	25,000	2,053	(22,947)
Total other financing sources (uses)	<u>(758,585)</u>	<u>(147,876)</u>	<u>610,709</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>(1,985,986)</u>	<u>\$ (1,985,986)</u>
Fund balances, beginning of year		<u>27,759,883</u>	
Fund balances, end of year		<u>\$ 25,773,897</u>	

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

Exhibit 3

<u>Special Revenue Funds</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 230,779	\$ 199,032	\$ (31,747)
710,007	676,458	(33,549)
50,423	73,848	23,425
3,140	5,865	2,725
2,128,444	938,592	(1,189,852)
-	-	-
586,100	556,291	(29,809)
5,500	18,138	12,638
45,886	45,848	(38)
<u>3,760,279</u>	<u>2,514,072</u>	<u>(1,246,207)</u>
25,000	-	25,000
388,424	344,144	44,280
-	-	-
2,717,047	1,572,748	1,144,299
71,100	61,873	9,227
-	-	-
-	-	-
450,000	450,000	-
973,014	973,014	-
662,688	662,688	-
<u>5,287,273</u>	<u>4,064,467</u>	<u>1,222,806</u>
<u>(1,526,994)</u>	<u>(1,550,395)</u>	<u>(23,401)</u>
999,189	704,189	(295,000)
-	-	-
-	-	-
-	-	-
527,805	-	(527,805)
-	-	-
<u>1,526,994</u>	<u>704,189</u>	<u>(822,805)</u>
<u>\$ -</u>	<u>(846,206)</u>	<u>\$ (846,206)</u>
	876,566	
	<u>\$ 30,360</u>	

Chowan County, North Carolina
 Combined Statement of Revenues, Expenses, and
 Changes in Retained Earnings
 All Proprietary Fund Types and Discretely Presented Component Units
 For the Fiscal Year Ended June 30, 2002

	Proprietary Fund Type	Component Unit Totals
	Enterprise	
Operating revenues:		
Charges for services	\$ 964,759	\$ -
Alcoholic beverage sales (net)	-	609,716
Other operating revenues	8,274	-
Total operating revenues	<u>973,033</u>	<u>609,716</u>
Operating expenses:		
Salaries and benefits	249,636	-
Water operations	268,736	-
Cost of goods sold	-	420,430
Store	-	116,763
Administrative expenses	-	14,600
Depreciation	268,054	10,121
Total operating expenses	<u>786,426</u>	<u>561,914</u>
Operating income	<u>186,607</u>	<u>47,802</u>
Non-operating revenues (expenses):		
Investment earnings	-	1,703
Interest and fees	(83,243)	-
Net nonoperating revenues (expenses)	<u>(83,243)</u>	<u>1,703</u>
Net income before operating transfers	<u>103,364</u>	<u>49,505</u>
Operating transfers:		
Transfers in (out)	(101,000)	-
Operating transfers to primary government	-	(73,115)
Total operating transfers	<u>(101,000)</u>	<u>(73,115)</u>
Net income (loss)	<u>2,364</u>	<u>(23,610)</u>
Retained earnings:		
Beginning of year	1,426,649	400,339
End of year	<u>\$ 1,429,013</u>	<u>\$ 376,729</u>

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

Chowan County, North Carolina
 Combined Statement of Cash Flows
 All Proprietary Fund Types and Discretely Presented Component Units
 For the Fiscal Year Ended June 30, 2002

	<u>Proprietary Fund Type</u>	<u>Component Unit Totals</u>
	<u>Enterprise</u>	
Cash flows from operating activities:		
Cash received for services	\$ 961,129	\$ 773,481
Cash paid for goods and services	(273,723)	(565,873)
Cash paid for salaries and benefits	(247,044)	-
Customer deposits -net	1,438	-
Other operating revenue	8,274	-
Taxes paid to other governments	-	(162,864)
Net cash provided by operating activities	<u>450,074</u>	<u>44,744</u>
Cash flows from noncapital financing activities:		
Alcohol education and law enforcement	-	(3,317)
Operating transfers to other funds	(101,000)	-
Operating transfers to primary government	-	(70,000)
Net cash used for noncapital financing activities	<u>(101,000)</u>	<u>(73,317)</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(142,784)	-
Principal paid on bond maturities and equipment contracts	(268,851)	-
Interest paid on bond maturities and equipment contracts	(83,243)	-
Loan from other fund	145,804	-
Net cash used for capital and related financing activities	<u>(349,074)</u>	<u>-</u>
Cash flows from investing activities:		
Interest on investments	-	1,703
Net cash provided by investing activities	<u>-</u>	<u>1,703</u>
Net increase in cash and cash equivalents	-	(26,870)
Cash and cash equivalents, July 1	2,538	178,550
Cash and cash equivalents, June 30	<u>\$ 2,538</u>	<u>\$ 151,680</u>

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

Chowan County, North Carolina
 Combined Statement of Cash Flows
 All Proprietary Fund Types and Discretely Presented Component Units
 For the Fiscal Year Ended June 30, 2002

	Proprietary Fund Type	Component Unit Totals
	Enterprise	
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 186,607	\$ 47,802
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	269,447	10,121
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(3,630)	-
(Increase) decrease in prepaids	-	97
(Increase) decrease in inventory	(77)	(5,032)
Increase (decrease) in accounts payable and accrued liabilities	(6,303)	(8,244)
Increase (decrease) in customer deposits	1,438	-
Increase (decrease) in accrued vacation pay	2,592	-
Total adjustments	<u>263,467</u>	<u>(3,058)</u>
Net cash provided by operating activities	<u>\$ 450,074</u>	<u>\$ 44,744</u>

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

Chowan County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2002

I. Summary of Significant Accounting Policies

The accounting policies of Chowan County and its component units conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The County, which is governed by a seven-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. The two discretely presented component units presented below are reported in a separate column in the County's combined financial statements in order to emphasize that they are legally separate from the County.

Chowan County Medical Development Authority

Chowan County Medical Development Authority is a non-profit corporation organized for the purpose of promoting the health care of Chowan County by assisting and providing equipment, facilities and personnel.

The Authority is a component unit of Chowan County, North Carolina. Chowan County appoints the board of directors. The Authority, which has a June 30 year-end, is presented as if it were a proprietary fund.

Chowan County ABC Board

The County appoints the members of the ABC Board's governing board. The ABC Board is required by State statute to distribute its surpluses to the General Fund of the County. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund.

Complete financial statements for the individual component units may be obtained at the administrative offices of those entities.

Chowan Medical Development Authority
Edenton, NC 27932

Chowan County ABC Board
PO Box 88
Edenton, NC 27932

B. Basis of Presentation - Fund Accounting

The accounts of the County are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts comprised of assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The account groups are not funds, but are a reporting device used to account for certain assets and liabilities of the governmental funds that are not recorded directly in those funds.

Chowan County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2002

The County has the following fund categories (further divided by fund type) and account groups:

Governmental Funds are used to account for Chowan County's general governmental activities. Governmental funds include the following fund types:

General Fund - The General Fund is the general operating fund of the County. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds account for specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The County maintains eight Special Revenue Funds: the Fire District Fund, the Revaluation Fund, Schools Capital Reserve Fund, Emergency Telephone System Fund, Occupancy Tax Assessment Fund, Sanitation Fund, School Capital Reserve Fund, and Edenton Bay Restoration Fund.

Capital Projects Funds - Capital Projects Funds account for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds and trust funds). The County has eight Capital Projects Funds within its governmental fund types: the D.F. Walker School Capital Projects Fund, the School Capital Projects Fund, the Agricultural Building Capital Projects Fund, the Adult Day Health Center Capital Projects Fund, the Albemarle MM/DD/SAS Capital Projects Fund, the Chowan Community Center Capital Projects Fund, the School Roof Projects Fund, and the Library Renovation Fund.

Proprietary Funds include the following fund type:

Enterprise Funds - Enterprise Funds account for those operations that (a) are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis, be financed or recovered primarily through user charges; or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Chowan County has one enterprise fund: the Water Fund. The Water Capital Reserve is consolidated with the Water operating fund for financial reporting purposes.

Fiduciary Funds account for the assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Fiduciary funds include the following funds:

Agency Funds - Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains four Agency Funds: Protective Payees Fund, Consolidated Health Services Fund, Edenton-Chowan Development Fund, and Fines and Forfeitures Fund. The Protective Payees Fund is used to account for monies deposited with the Department of Social Services for the benefit of certain individuals for whom the County acts as agency. The Consolidated Health Fund is used to account for a regional self-insurance program. The County is the fiscal agent for the Edenton-Chowan Development Corporation, a not-for-profit

Chowan County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2002

corporation. The Fines and Forfeitures Fund accounts for various legal fines and forfeitures that the County is required to remit to Chowan County Board of Education.

The County also maintains a Trust Fund, the Center Hill Cross Roads Firemen's Relief Fund, to provide relief to fireman and/or their families who may be injured, killed or rendered sick in the actual discharge of duty as firemen.

Account Groups - The General Fixed Assets Account Group is used to account for fixed assets that are not accounted for in proprietary or trust funds. The general long-term debt account group is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Operating statements for these funds present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting determines when the revenues and expenditures or expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting. The governmental fund types and agency funds are presented in the financial statements on this same basis. Under the modified accrual basis, revenues are recognized in the accounting period when they become susceptible to accrual (i.e., when they are "measurable" and "available") to pay the liabilities of the current period. In addition, expenditures are recorded when the related fund liability is incurred, if measurable, except for unmatured principal and interest on general long-term debt which is recognized when due and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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 the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Chowan County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special

Chowan County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2002

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 2001 through February 2002 apply to the fiscal year ended June 30, 2002. Uncollected taxes, which were billed during this period, are shown as a receivable on these financial statements. Those taxes for vehicles registered from March 1 through the fiscal year-end apply to the fiscal year 2002-2003 and are not shown as receivables at June 30, 2002. 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, 2002 because they are intended to finance the County's operations during the 2002 fiscal year.

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

Proprietary funds are presented in the financial statements on the accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when earned and expenses are recognized in the period they are incurred. As permitted by generally accepted accounting principles, the County has elected to apply only applicable FASB Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations.

D. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the general, the special revenue (excluding the capital reserve fund), and the enterprise funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the capital projects fund and the capital reserve fund, which is a special revenue fund type. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the functional level for the general fund, at the departmental level for the special revenue and enterprise funds, and at the object level for the capital projects funds. The balances in the Capital Reserve Fund will be appropriated when transferred to a capital projects fund in accordance with the project ordinance adopted for the reserve fund. The County Manager is authorized by the budget ordinance to transfer appropriations between functional areas with a fund up to \$1000; however the governing board must approve any revisions that alter the total expenditures of any fund or exceed \$1,000. During the year, several amendments to the original budget were necessary, the effects of which were not material.

A budget calendar is included in the North Carolina General Statutes, which prescribes the last day on which certain steps of the budget procedure are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed.

Chowan County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2002

April 30 - Each department head will transmit to the budget officer the budget requests and revenue estimates for their department for the budget year.

June 1 - The budget and the budget message shall be submitted to the governing board. The public hearing on the budget should be scheduled at this time.

July 1 - the governing board shall adopt The budget ordinance.

As required by State law [G.S. 159-26(d)], the County maintains encumbrance accounts, which are considered to be "budgetary accounts". Encumbrances outstanding at year-end represent the estimated amounts of the expenditures ultimately to result if unperformed contracts in progress at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. These encumbrances outstanding are reported as "reserved for encumbrances" in the fund balance section of the balance sheet and will be charged against the subsequent year's budget. At June 30, 2002, there were no encumbrances outstanding.

E. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

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

State law [G.S. 159-30 (c)] authorizes the County, the Authority, and ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT), an SEC-registered (2a-7) money market mutual fund.

The County, the Authority, and the ABC Board's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The NCCMT Cash Portfolio's securities are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earnings and investment contracts are reported at cost.

Chowan County, North Carolina
Notes to the Financial Statements
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2. Cash and Cash Equivalents

The County pools moneys from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. Chowan Medical Development Authority and the ABC Board consider demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

3. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 1998. As allowed by State law, the County has established a schedule of discounts that apply to taxes, which are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

4. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

5. Inventory

The inventories of the County and the ABC Board are valued at cost (first-in, first-out), which approximates market. The inventory of the County's enterprise funds as well as those of the ABC Board consist of materials and supplies held for consumption. The cost of the inventory carried in the County's enterprise funds and that of the ABC Board is recorded as an expense as it is consumed.

6. Fixed Assets

The County's general fixed assets are recorded at original cost. Donated assets are listed at the market value at the date of donation. Certain items acquired before July 1, 1986 are recorded at an estimated original cost. The total of such estimates is not considered large enough that the errors would be material when fixed assets are considered as a whole.

Public domain or infrastructure general fixed assets are not capitalized because such assets are immovable and of value only to the county. Also, the County has elected not to capitalize those interest costs, which are incurred during the construction period of general fixed assets.

The County holds title to certain Chowan County Board of Education properties. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met.

Chowan County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2002

Property, plant, and equipment in the proprietary funds of the County and those of the ABC Board are recorded at original cost at the time of acquisition. Property, plant, and equipment donated to these proprietary fund type operations are recorded at the estimated fair market value at the date of donation. Any interest incurred during the construction phase of proprietary fund type fixed assets is reflected in the capitalized value of the asset constructed. Plant assets of the County are depreciated on a composite straight-line basis for the entire plant, regardless of the year of acquisition, at a 2% annual rate. In the composite rate, gain or loss on dispositions is not calculated except in extraordinary circumstances. Other proprietary fund assets of the County are depreciated on a class life basis at the following rates:

Furniture and office equipment	10%
Maintenance and construction equipment	10%
Automobiles and light trucks	30%

Property, plant, and equipment of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

	<u>Useful Life</u>
Buildings	10-40 years
Building Improvements	6-10 years
Store Equipment	6-10 years
Office Equipment	5 years

7. Long-term Debt

For governmental fund types, bond issuance costs are recognized during the current period. Bond proceeds are reported as other financing sources. Issuance costs, whether or not withheld from the actual net proceeds received, are reported as debt service expenditures. For the proprietary fund types, material bond issuance costs are deferred and amortized over the life of the bonds using the effective interest method. The long-term debt for water system improvements is carried within the enterprise funds rather than in the general long-term debt account group. Water revenues are meeting the debt service requirements for that debt, but the taxing power of the District is pledged to make these payments if water revenues should ever be insufficient. Long-term debt for other purposes is included in the general long-term debt account group. The debt service requirements for all of the debt carried in the general long-term debt account group are appropriated annually in the General Fund, the School Capital Project Fund, and Health Reserve Fund I.

8. Fund Equity

Reservations or restrictions of equity represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of equity represent tentative management plans that are subject to change.

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

Chowan County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2002

The governmental fund types classify fund balances as follows:

Reserved

Reserved by State statute - portion of fund balance, in addition to reserves for inventories, which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables, which are not offset by deferred revenues.

Unreserved

Designated - portion of total fund balance available for appropriation, which has been designated for health care.

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

F. Revenues, Expenditures, and Expenses

1. Other Resources

The General Fund provides the basis of local resources for other governmental funds. These transactions are recorded as "Operating transfers-out" in the General Fund and "Operating transfers-in" in the receiving fund. In addition, the ABC Board makes quarterly transfers to the County's General Fund. These transfers represent the County's portion of the ABC Board's surpluses which the ABC Board is required by State statute to distribute to the County.

2. Compensated Absences

The vacation policies of the County and the ABC Board provide for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the County, the current portion of the accumulated vacation pay is not considered to be material; therefore, no expenditure or liability has been reported in the County's governmental funds. The County's liability for accumulated earned vacation and the salary-related payments as of June 30, 2002 is recorded in the General Long-term Debt Account Group. For the County's proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded within those funds as the leave is earned.

The ABC Board employees earn two weeks paid vacation per year. They must take their vacation before October of each year. Vacation not taken does not accumulate and employees are not paid for unused vacation. Therefore, no accrual for vacation has been made for June 30, 2002.

The sick leave policies of the County and the ABC Board provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither entity has any obligation for accumulated sick leave until it is actually taken, the County or its component units have made no accrual for sick leave.

Chowan County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2002

G. Total (Memorandum Only) Columns

The total columns on the accompanying financial statements are captioned as "Total (Memorandum Only) - Primary Government" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations, or cash flows in accordance with generally accepted accounting principles for the primary government. Interfund eliminations have not been made in the aggregation of this data.

H. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the County's financial position and operations. Comparative totals have not been included on the statements where their inclusion would not provide enhanced understanding of the County's financial position and operations or would cause the statements to be unduly complex or difficult to understand. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

II. Stewardship, Compliance, and Accountability

A. Deficit Fund Balance or Retained Earnings of Individual Funds

The following Special Revenue Funds have deficit fund balances as of June 30, 2002:

Fire District Fund	\$ 3,149
Sanitation Fund	\$228,122

B. Excess of Expenditures Over Appropriations

The Capital Project Fund – Library Renovation Fund had expenditures in excess of appropriations of \$22,924.

III. Budget-to-GAAP Reconciliation

Exhibit 3, the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual, compares the budget and actual data by fund type for those governmental funds that adopt annual budgets. Therefore, only those Special Revenue Funds that adopt annual budgets are included on Exhibit 3. All Special Revenue Funds adopted annual budgets during the year and were included in Exhibit 3.

IV. Detail Notes on All Funds and Account Groups

A. Assets

1. Deposits

All of the County's and the ABC Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's or the ABC Board's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, and the ABC Board, these

Chowan County, North Carolina
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For the Fiscal Year Ended June 30, 2002

deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the ABC Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County or the ABC Board under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

At June 30, 2002, the County's deposits had a carrying amount of \$799,518 and a bank balance of \$1,144,530. Of the bank balance, \$300,000 was covered by federal depository insurance, and \$844,530 in interest bearing deposits was covered by collateral held under the Pooling Method. At June 30, 2002, Chowan County had \$1,950 cash on hand.

At June 30, 2002, the carrying amount of deposits for Chowan County ABC Board was \$103,277 and the bank balance was \$95,094. The ABC Board has deposits in a Pooling Method Bank. All of the bank balance was covered by federal depository insurance. At June 30, 2002, the ABC Board had \$790 on hand.

At June 30, 2002, the Chowan County Medical Development Authority's deposits had a carrying amount and bank balance of \$47,613.

2. Investments

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

Chowan County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2002

At June 30, 2002 the County's investment balances were as follows:

	Categories			Reported Value	Fair Value
	A	B	C		
U.S. Government Securities	\$ 7,986,730	\$ -	\$ -	\$ 7,986,730	\$ 7,986,730
U.S. Government Agencies	7,286,867			7,286,867	7,286,867
	<u>\$ 15,273,597</u>	<u>\$ -</u>	<u>\$ -</u>	15,273,597	15,273,597
Mutual Funds				131,420	131,420
North Carolina Capital Management Trust					
Cash portfolio				765,473	765,473
Term portfolio				5,718,083	5,718,083
Total Investments				<u>\$ 21,888,573</u>	<u>\$ 21,888,573</u>

At June 30, 2002 the ABC Board had no investments.

3. Property Tax - Use-Value Assessment on Certain Lands

In accordance with the general statutes, agriculture, horticulture, and forestland may be taxed by the County at the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

Year <u>Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
1999	\$ 348,999	\$ 82,887	\$ 431,886
2000	348,999	51,477	400,476
2001	348,999	20,067	369,066
2002	348,999	--	348,999
Total	<u>\$ 1,395,996</u>	<u>\$ 154,431</u>	<u>\$ 1,550,427</u>

4. Receivables - Allowances for Doubtful Accounts

For the County, the amounts presented in Exhibit 1, the Combined Balance Sheet, are net of the following allowances for doubtful accounts:

<u>Fund</u>	<u>6/30/02</u>
General Fund:	
Property taxes	\$ 181,723
Special Revenue Fund:	
Property taxes	<u>7,090</u>
Total	<u>\$ 188,813</u>

Chowan County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2002

5. Fixed Assets

A summary of changes in the County's general fixed assets follows:

	General Fixed Assets July 1, 2001	Additions	Adjustments and Retirements	General Fixed Assets June 30, 2002
Land and Buildings	\$ 27,107,259	\$ 7,012,848	\$ 39,022	\$ 34,081,085
Equipment	3,365,359	410,375	167,883	3,607,851
	<u>\$ 30,472,618</u>	<u>\$ 7,423,223</u>	<u>\$ 206,905</u>	<u>\$ 37,688,936</u>

	General Fixed Assets July 1, 2001	Additions	Adjustments and Retirements	General Fixed Assets June 30, 2002
<u>By Function:</u>				
General				
Government	\$ 6,134,677	\$ 67,754	\$ 9,750	\$ 6,192,681
Public Safety	2,226,118	130,927	182,263	2,174,782
Environmental Protection	11,061	-	-	11,061
Economic and Physical				
Development	3,870,731	598,216	4,850	4,464,097
Human Services	1,868,432	1,452,773	12,063	3,309,142
Cultural and Recreation	2,256,174	1,750,430	(2,021)	4,008,625
Education	<u>14,105,425</u>	<u>3,423,123</u>	<u>-</u>	<u>17,528,548</u>
Total	<u>\$ 30,472,618</u>	<u>\$ 7,423,223</u>	<u>\$ 206,905</u>	<u>\$ 37,688,936</u>

Reconciliation of Additions:

Capital Outlay Expenditures	\$ 981,806
Adult Health Center Capital Project	1,442,608
Agricultural Building Capital Project	18,741
Chowan Community Capital Project	1,556,945
D.F. Walker School Capital Project	<u>3,423,123</u>
Total above	<u>\$ 7,423,223</u>

Chowan County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2002

6. Summary of Proprietary Fixed Assets

The fixed assets for the proprietary funds of the County at June 30, 2002 are as follows:

Water Fund

	Fixed Assets	Accumulated Depreciation	Net
Building	\$ 27,456	\$ 27,456	\$ -
Land	98,347	-	98,347
Plant and Distribution			
System	9,565,204	3,219,495	6,345,709
Equipment and Vehicles	409,338	288,065	121,273
	<u>\$ 10,100,345</u>	<u>\$ 3,535,016</u>	<u>\$ 6,565,329</u>

ABC Board

	Cost	Accumulated Depreciation	Net
Land	\$ 26,135	\$ -	\$ 26,135
Buildings	171,708	55,990	115,718
Building Improvements	63,607	44,237	19,370
Store Equipment	21,467	17,132	4,335
Office Equipment	2,811	1,321	1,490
	<u>\$ 285,728</u>	<u>\$ 118,680</u>	<u>\$ 167,048</u>

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

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

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The County and the ABC Board are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.80% and 4.64%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged

Chowan County, North Carolina
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in law enforcement is 5.13% of annual covered payroll. The contribution requirements of members and of Chowan County and the ABC Board are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2002, 2001, and 2000 were \$205,614, \$187,667, and \$155,450, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2002, 2001, and 2000 were \$3,125, \$2,982, and \$2,836, respectively. The contributions made by the County and the ABC Board equaled the required contributions for each year.

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description.

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

The County has only nine full-time law enforcement officers at present, and none of the officers will meet the requirements in the near future.

2. Contributions.

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions on a pay as you go basis. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. The County has not obtained an actuarial valuation for the plan because its required contributions are considered immaterial. The County funds the plan on a pay as you go basis and records these payments as General Fund expenditures.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2002 were \$109,530, which consisted of \$31,905 from the County and \$77,625 from the law enforcement officers.

Chowan County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2002

d. Registers of Deeds' Supplemental Pension Fund

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

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to four and one-half percent (4.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2002, the County's required and actual contributions were \$3,458.

e. Other Postemployment Benefits - Chowan County

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$20,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as 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 Benefit Plan and not by the County, the County does not determine the number of eligible participants. For the fiscal year ended June 30, 2002 the County made contributions to the State for death benefits of \$5,660. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .13% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount.

f. Fireman's and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of Chowan County, to the Firemen's and Rescue Squad Worker's Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firemen's and Rescue Squad Workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Fund. That report may be obtained by

Chowan County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2002

writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute \$10 per month to the Fund. The State, a nonemployer contributor, funds the plan through appropriations. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.

2. Closure and Postclosure Costs

State and federal laws and regulations require the County to place a final cover on its landfills when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. As indicated in Note VII, the County participates in two joint ventures in connection with handling solid waste disposal -Perquimans -Chowan-Gates Waste Management and Albemarle Regional Solid Waste Authority.

The landfill under the Albemarle Regional Solid Waste Authority in which the County participates is under contract with a private contractor to maintain the landfill to meet environmental regulations. The private contractor has established a reserve fund to provide for closure and postclosure costs. The County believes this reserve to be adequate at this time.

3. Deferred Revenues

The balance in deferred revenues at year-end is composed of the following elements:

	General	Fire District	Total
Prepaid Taxes	\$ 28,823	\$ -	\$ 28,823
Prepaid Vehicle Taxes	113,250	4,719	117,969
Taxes Receivable (Net)	286,753	12,873	299,626
Lease Principal Payments	5,416,581	-	5,416,581
Special Assessments Receivable (Net)	53,218	-	53,218
Total Deferred Revenue	\$ 5,898,625	\$ 17,592	\$ 5,916,217

4. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in a self-funded risk financing pools administered by the Risk Management Agency of the North Carolina Association of County Commissioners. Through these pools, the County obtains workmen's compensation insurance coverage. Through various insurance companies, the County has insurance which provides general liability and all other risks of loss, including employee health and accident insurance. The general liability coverage provides property insurance up to \$17,691,788 and liability coverage up to \$5,000,000. Settled claims from these risks have not exceeded commercial insurance coverage in any of the last three fiscal years.

Chowan County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2002

The County carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

Chowan County ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Board has property, general liability, auto liability, workers' compensation, and employee health coverage. The Board also has liquor legal liability coverage. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

5. Claims and Judgments

At June 30, 2002, the County, the Authority, and the ABC Board were not involved in any material litigation, claims or assessments as confirmed with the entities' attorneys.

6. Long-Term Obligations

a. Capital Leases

The County has entered into agreements to lease certain property and equipment. The lease agreements qualify as capital leases for accounting purposes and are included in the General Long-Term Debt Account Group. The County has entered capital leases to rent various equipment with various payment schedules. The total payments due on these leases for the 2002-2003 fiscal year are \$25,704.

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

Data Processing Equipment	\$ 298,271
EMS-Marquette Defibrillators	22,256
EMS and Senior Center - Vehicles	120,568
Fire Truck	78,865
Ambulances	173,000
Emergency Telephone System	242,297
EMS-Crash Truck	82,500
Solid Waste Truck	17,213
Copier	7,346
EMS-Ambulance	71,932
	\$ 1,114,248

Chowan County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2002

For Chowan County, the future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2002 were as follows:

	Capitalized Leases		
	Principal	Interest	Total
General Long Term Debt:			
2003	24,052	1,652	25,704
2004	23,032	530	23,562
	\$ 47,084	\$ 2,182	\$ 49,266

b. Installment Purchases

Hicks Field

As authorized by State law [G.S.160A-20 and 153A-158.1], the County financed the Hicks Field Renovation for use by Chowan County Board of Education during the fiscal year ended June 30, 1998 by installment purchase. The installment purchase was issued pursuant to a deed of trust, which requires that legal title remain with the County as long as the debt is outstanding.

The installment purchase was executed on December 23, 1997 for renovation of Hicks Field (an athletic facility located at John A. Holmes High School). The transaction requires five annual payments by the County of \$68,337.49 including interest at 4.5%. The total principal amount is \$300,000. The payments over five years total \$341,687.46.

In an agreement between the County, Edenton-Chowan Board of Education, and the Town of Edenton, Edenton-Chowan Board of Education and The Town of Edenton will each contribute to the County one-third of the amount due on the contract annually until retired.

For Chowan County, the future minimum payments as of June 30, 2002, including \$2,943 of interest, are:

<u>Year Ending June 30</u>	
2003	68,337
Total	\$ 68,337

D.F. Walker School

As authorized by State law [G.S.160A-20], the County financed the construction of the D.F. Walker Elementary School for use by Edenton-Chowan County Board of Education during the fiscal year ended June 30, 2002 by installment purchase. The installment purchase was issued pursuant to a deed of trust, which requires that legal title remain with the County as long as the debt is outstanding.

The County has entered into a lease with Edenton-Chowan County Board of Education, which transfers the rights and responsibilities for maintenance of the property to the Board of Education. The lease contains an option to purchase at the termination of the

Chowan County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2002

financing agreement. The lease term is the same as that of the installment purchase obligation.

The installment purchase was executed on September 1, 2000 for the construction of D.F. Walker Elementary School. The transaction requires fifteen annual payments by the County. The principal amount is \$9,950,000. The payments over fifteen years total \$14,939,305, which includes interest at 5.51%.

For Chowan County, the future minimum payments as of June 30, 2002, including interest of \$4,441,060, are:

<u>Year Ending June 30</u>	
2003	\$ 973,450
2004	948,655
2005	923,860
2006	899,065
2007	874,270
Thereafter	<u>9,321,760</u>
Total	<u><u>\$ 13,941,060</u></u>

Adult Day Health Center and Community Center

As authorized by State law [G.S. 160A-20], the County financed the construction of the Adult Day Health Center and the Chowan Community Center during the fiscal year ended June 30, 2002 by installment purchase. The installment purchase was issued pursuant to a deed of trust, which requires that legal title remain with the County as long as the debt is outstanding.

The installment purchase was executed on May 31, 2002 for the construction of the Adult Day Health Center and the Chowan Community Center. The transaction requires fifteen annual principal payments by the County of \$300,000 plus interest at 4.89%. The total principal amount is \$4,500,000. The payments over fifteen years total \$6,260,400.

**Chowan County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2002**

For Chowan County, the future minimum payments as of June 30, 2002, including \$1,540,350 of interest, are:

<u>Year Ending June 30</u>	
2003	\$ 505,380
2004	490,710
2005	476,040
2006	461,370
2007	446,700
Thereafter	<u>3,360,150</u>
Total	<u>\$ 5,740,350</u>

c. Water System Expansion Note

In 1993, the county borrowed \$3,000,000 to expand the water system. Principal payments of \$214,286 are paid annually. Interest at 4.929% is paid semi-annually. The note is collateralized by the water system. Payments are made from the Enterprise Fund.

The future minimum payments as of June 30, 2002 including interest are:

<u>Year Ending June 30</u>	
2003	\$ 288,200
2004	277,638
2005	267,076
2006	256,514
2007	245,951
Next 2 years	<u>459,788</u>
Total	<u>\$ 1,795,167</u>

d. General Obligation Indebtedness

The County records long-term debt of the governmental funds at face value in the general long-term debt account group. All general obligation bonds serviced by the County's general fund are collateralized by the full faith, credit, and taxing power of the County. Chowan County Water Fund issues general obligation bonds to provide funds for the acquisition and construction of major water system capital improvements. These bonds, which are recorded in the Water Fund, are collateralized by the full faith, credit, and taxing power of the County. Principal and interest payments are appropriated when due.

Chowan County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2002

The County's general obligation bonds payable at June 30, 2002 are comprised of the following individual issues:

Serviced by the County's General Fund:

\$4,100,000 General Obligation Bonds, Series 1998, payments due in annual installments of \$90,000 to \$525,000 through March 1, 2010. Interest at 4.2785%, payable semi-annually.	\$ 2,221,712
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Serviced by the Enterprise Fund:

\$4,100,000 General Obligation Bonds, Series 1998, payments due in annual installments of \$90,000 to \$525,000 through March 1, 2010. Interest at 4.2785%, payable semi-annually.	<u>263,288</u>
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Total General Obligation Long Term Debt	<u><u>\$ 2,485,000</u></u>
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Annual debt service requirements to maturity for the County's and the District's general obligation bonds, including interest of \$332,710 for the general obligation bonds are as follows:

Year Ending June 30	Water District	General Long- Term Debt Account Group	Total
2003	\$ 63,673	\$ 537,292	\$ 600,965
2004	60,494	510,471	570,965
2005	57,358	484,007	541,365
2006	53,735	453,430	507,165
2007	29,465	248,635	278,100
Next 3 Years	<u>33,814</u>	<u>285,336</u>	<u>319,150</u>
Total	<u><u>\$ 298,539</u></u>	<u><u>\$ 2,519,171</u></u>	<u><u>\$ 2,817,710</u></u>

At June 30, 2002 Chowan County had no bonds authorized but unissued and a legal debt margin of \$45,554,222.

The ABC Board has no notes payable as of June 30, 2002.

Chowan County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2002

e. Chowan Hospital Revenue Bonds and Note

As indicated in Note XIV, the County entered an agreement to lease the Chowan Hospital facilities to Pitt County Memorial Hospital, Inc. (Pitt), a not-for-profit corporation, for thirty years. Pitt agreed to make the payments on the Hospital Revenue Bonds and the note payable to BB&T relating to Hospital construction. The bonds and note are in the County's name, and the Hospital property is titled to Chowan County. All payments had been timely made as of June 30, 2002.

\$4,295,000 1997 Hospital Revenue Bonds, due April 1, 1997 through October 1, 2010. Payable in 28 semi-annual installments of \$235,144.07, which includes interest at 5.07%.	\$ 3,215,093
\$1,500,000 Note Payable to BB&T, collateralized by Hospital machinery, chattels, and other tangible personal property. Payable in 180 monthly installments of \$12,026.64, which includes interest of 5.21%.	1,108,656
Total Long-Term Debt	\$ 4,323,749

Debt service requirements to maturity, including \$1,092,832 of interest, are as follows:

	Long-Term Debt		
	Principal	Interest	Total
Hospital Debt			
2003	\$ 399,833	\$ 214,775	\$ 614,608
2004	420,540	194,067	614,607
2005	442,321	172,287	614,608
2006	465,229	149,378	614,607
2007	489,325	125,283	614,608
2008-2012	2,106,501	237,042	2,343,543
Total	\$ 4,323,749	\$ 1,092,832	\$ 5,416,581

Chowan County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2002

f. Changes in General Long-Term Debt

The following is a summary of changes in the County's long-term debt for the fiscal year ended June 30, 2002:

	<u>General Long Term Debt July 1, 2001</u>	<u>Additions</u>	<u>Retirements</u>	<u>General Long Term Debt June 30, 2002</u>
<u>By Type of Debt:</u>				
General Obligation				
Bonds	\$ 2,682,147	\$ -	\$ 460,435	\$ 2,221,712
Capitalized Leases	86,777	-	39,693	47,084
Installment Purchase	14,577,973	-	812,580	13,765,393
Accrued Vacation	288,984	12,885	-	301,869
Hospital Debt	4,703,895	-	380,145	4,323,750
Total	<u>\$ 22,339,776</u>	<u>\$ 12,885</u>	<u>\$ 1,692,853</u>	<u>\$ 20,659,808</u>
<u>By Purpose:</u>				
Vacation Pay	\$ 288,984	\$ 12,885	\$ -	\$ 301,869
Schools	12,632,147	-	910,435	11,721,712
EMS	84,651	-	37,568	47,083
Recreation	2,627,974	-	229,246	2,398,728
Health Care	4,703,895	-	380,145	4,323,750
Human Services	2,002,125	-	135,459	1,866,666
Total	<u>\$ 22,339,776</u>	<u>\$ 12,885</u>	<u>\$ 1,692,853</u>	<u>\$ 20,659,808</u>
<u>Reconciliation:</u>				
Current Portion				\$ 1,686,304
Subsequent Year				18,973,504
				<u>\$ 20,659,808</u>

C. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2002 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water Fund	Health Svc. Fund	\$ 2,500
General Fund	Health Svc. Fund	\$ 215,979
General Fund	Sanitation Fund	\$ 311,917
General Fund	Edenton Bay Restoration	\$ 38,389
General Fund	Albemarle MM/DD/SAS	\$ 5,262
General Fund	Agriculture Building	\$ 801,983
General Fund	Adult Day Health Center	\$ 392,991
General Fund	Chowan Community Center	\$ 167,780
General Fund	Water Fund	\$ 368,730
General Fund	School Capital Reserve	\$ 72,822
General Fund	School Roof Projects	\$ 1,000,000
General Fund	Library Renovation	\$ 22,924

Chowan County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2002

D. Fund Equity

Enterprise Funds - Contributed Capital

Grants, entitlements, and shared revenues restricted for the acquisition or construction of capital assets are recorded as contributed capital. There were no changes in contributed capital during the year.

V. Related Organization

The chairman of the County's governing board is also responsible for appointing the members of the board of the Chowan County Economic Development Commission, but the County's accountability for this organization does not extend beyond making these appointments. The Commission exists to issue and service revenue bond debt for private business for economic development purposes. Its primary revenues are the payments to service the issued debt that are received from the businesses involved. The County is not responsible for the debt issued by the Commission and the Commission's debt is not included in determining the County's legal debt limit.

VI. Joint Ventures

The County, in conjunction with the Town of Edenton, participates in the Chowan County-Edenton Airport Commission. The County appoints one member to the seven-member board. The Airport is a joint venture established to facilitate economic expansion within the County and improve the quality of life for its citizens. The Airport has been in existence for five years, but it is not yet self-sustaining. The County has an ongoing financial responsibility for the Airport because it and the Town are legally obligated under the intergovernmental agreement that created the Airport to honor any deficiencies in the event that proceeds from other default remedies are insufficient. The County contributed \$20,000 to the Airport during the fiscal year ended June 30, 2002. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2002. Complete financial statements for the Airport can be obtained from the administrative offices at Town of Edenton, Edenton, NC 27932.

The County also participates in a joint venture to operate Pettigrew Regional Library with four other local governments. Each participating government appoints three board members to the twelve-member board of the Library. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2002. The participating governments provide the library facilities. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$114,859 to the Library to supplement its activities. Complete financial statements for the Library can be obtained from the Library's offices at Pettigrew Regional Library, PO Box 906 Plymouth, NC 27962.

The County, in conjunction with four other counties participates in the Pasquotank Perquimans Chowan Camden District Health. The County appoints two members to the ten-member board. The County contributed \$21,031 to the organization during the fiscal year ended June 30, 2002. Complete financial statements for District Health can be obtained from the District Health

**Chowan County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2002**

offices at Pasquotank Perquimans Chowan Camden District Health, PO Box 189, Elizabeth City, NC 27909.

The County participates in two joint ventures in connection with handling solid waste disposal. The County is one of three counties involved in the Perquimans-Chowan-Gates Landfill Commission. The Commission maintains a landfill for waste products other than household waste. It also contracts with a private contractor to maintain the dumpster sites and haul the trash in the three participating counties. The County also is one of eight counties participating in the Albemarle Regional Solid Waste Authority. This Authority contracts with a private contractor to maintain a landfill to meet environmental regulations for household solid waste and other regulated wastes. The Authority has a 20-year contract with the private contractor. The County spent approximately \$1,004,188 for solid waste disposal during the current year. Complete financial statements for the Landfill Commission and the Solid Waste Authority can be obtained from their offices at Route 1, Box 152C, Belvidere, NC 27919.

The County, in conjunction with College of the Albemarle, Elizabeth City, NC participates in a joint venture to operate the Chowan County Satellite Campus of the College of the Albemarle. The County has the responsibility to provide funding for the satellite facilities in Chowan County. During the fiscal year ending June 30, 2002, total facilities costs totaled \$199,936. The County does not have any equity in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2002. Complete financial statements for the College of the Albemarle may be obtained from the community college's administrative offices at US Highway 17, Elizabeth City, NC 27909.

VII. Jointly Governed Organization

The County, in conjunction with ten other counties and fourteen other municipalities, established the Albemarle Commission. The participating governments established the Commission to coordinate various funding received from federal and State agencies. Each participating government appoints three members to the Commission's governing board. The County paid membership fees of \$8,585 to the Commission during the fiscal year ended June 30, 2002.

The County, in conjunction with fifteen other counties, established the NorthEast Economic Development Committee (NEED), a tourism advisory committee to the Northeastern North Carolina Regional Economic Development Partnership, Inc. Each participating government appoints two members to the Committee.

The County in conjunction with five other counties, participates in Albemarle Mental Health. Albemarle Mental Health provides mental health services to the residents of the participating counties through satellite offices. Chowan County appoints one member to the fifteen-member board of Albemarle Mental Health.

During the fiscal year ended June 30, 1998, Chowan County, the Town of Edenton and the Edenton Chamber of Commerce organized Edenton Chowan Development Corporation, a non-profit corporation that will provide assistance to the county and town with promotion and advancement of economic development. Chowan County appoints two of the six voting members and the county manager serves as one of the 3 non-voting members.

Chowan County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2002

VIII. Related Party Transactions

There were no significant related party transactions during the fiscal year ended June 30, 2002.

IX. Supplemental and Additional Supplemental One-Half of One Percent Local Government Sales and Use Taxes

State law (Chapter 105, Articles 40 and 42, of the North Carolina General Statutes) requires the County to use a portion of the proceeds of its supplemental and additional supplemental sales taxes, or local option sales taxes, for public school capital outlays or to retire public school indebtedness. During the fiscal year ended June 30, 2002, the County reported these local option sales taxes within its Special Revenue Fund-Schools Capital Reserves Fund. The County expended the restricted portion of these taxes for public school capital outlays and debt retirement.

X. Public School Building Bond Act of 1996

The General Assembly passed the Public School Building Bond Act of 1996 to provide for the issuance of \$1.8 billion in State bonds to be used for making grants to counties for qualified public school capital outlay projects. The Department of Public Instruction is responsible for project approval and the distribution of funds. The principal amounts of bonds or notes issued by the State in any twelve-month period may not exceed \$450 million.

Of the total \$1.8 billion authorized, \$30 million will be allocated as grants to counties that have small county school systems, after considering whether the counties demonstrate both greater than average school construction needs and high property tax rates. The primary allocation of \$1.77 billion will be distributed to all counties based on the average daily membership, the ability to pay, and the growth rate of the school administrative units located within each county.

The distribution of the primary allocation is subject to the satisfaction of certain match requirements by the counties. Match requirements may be satisfied by non-State expenditures for public school facilities made on or after January 1, 1992.

Because the County has met its matching requirement, the County recognizes revenues equal to the liabilities incurred for approved project expenditures. Chowan County requests bond funds by project to be transferred to an account established by Chowan County Board of Education for payment of invoices. The County has expended all of its allocation.

XI. School Facilities Finance Act of 1987

The General Assembly passed the School Facilities Finance Act of 1987 (Act) to assist county governments in meeting their public school facility capital needs. The Act created two State-funded programs for the construction and renewal of school facilities: the Public School Building Capital Fund administered by the Office of State Budget and Management and the Critical School Facilities Needs Fund administered by the State Board of Education.

Public School Building Capital Fund

This program is funded using a portion of the corporate income taxes, which are imposed on corporations doing business in the State. Each calendar quarter, the Department of Revenue shall remit to the State Treasurer for credit in the fund, an amount equal to the applicable fraction provided by the following table of the net collections of corporate income taxes received

Chowan County, North Carolina
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For the Fiscal Year Ended June 30, 2002

during the previous quarter minus \$2.5 million, which it deposits into the Critical School Facilities Needs Fund.

<u>Period</u>	<u>Fraction</u>
Prior to 10/1/97	Two thirty-firsts (2/31)
10/1/97 to 9/30/98	One-fifteenth (1/15)
10/1/98 to 9/30/99	Two twenty-ninths (2/29)
10/1/99 to 9/30/00	One fourteenth (1/14)
After 9/30/00	Five sixty-ninths (5/69)

The corporate income taxes deposited into the fund are allocated to Chowan County on the basis of the average daily membership (ADM) for Chowan County Board of Education as determined and certified by the State Board of Education. The Office of State Budget and Management establishes and maintains an ADM allocation account for the County. At June 30, 2002, the balance of the County's ADM allocation account was \$2,446. The County must match this balance on the basis of one dollar for every three dollars of State funds.

After approving a school capital project authorized by the Act, the Office of State Budget and Management will transfer funds from the County's ADM allocation account to its disbursing account maintained with the State Treasurer. At June 30, 2002, the County's disbursing account had a balance of \$64,722.

Funds in the allocation and disbursing accounts are considered State moneys until the County issues warrants to disburse them. At that time, they are recognized in the County's Special Revenue Fund as restricted intergovernmental revenue.

XII. Benefit Payments Issued by the State

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

AFDC and TANF	\$ 1,026,497
Medicaid	16,586,137
Food Stamp Program	<u>1,633,506</u>
Total	<u>\$ 19,246,140</u>

XIII. Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

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

Chowan County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2002

XIV. Lease of Chowan Hospital

In November 1998, the County entered an agreement with Pitt County Memorial Hospital, Inc. (Pitt) to lease the Chowan Hospital property to Pitt for thirty years. At the end of the lease the property will belong to Pitt. Pitt paid the County \$20,000,000 and agreed to make the payments on the outstanding debt, which is in the County's name, on the Hospital properties. A lease receivable from Pitt is reported in the General Fund for the amount of the payments due to maturity on the outstanding bonds and notes. The indebtedness is reported in the long-term debt group. The proceeds from the lease are also reported in the General Fund.

XV. Segment Information

The water fund is the only enterprise fund. Therefore, no additional disclosure is included.

XVI. Fund Type Reclassification

The following funds were reclassified to another fund type:

	<u>General Fund</u>	<u>Special Revenue</u>
Fund balance - June 30, 2001	\$ 1,801,558	\$ 26,834,891
Architectural Survey Fund	(25,301)	25,301
Health Reserve I Fund	21,521,023	(21,521,023)
Health Reserve II Fund	4,462,603	(4,462,603)
	<u>\$ 27,759,883</u>	<u>\$ 876,566</u>

Chowan County, North Carolina
General Fund
Comparative Balance Sheets
June 30, 2002 and 2001

	<u>June 30,</u> <u>2002</u>	<u>June 30,</u> <u>2001</u> <u>(Restated)</u>
Assets		
Cash and cash equivalents	\$ 21,943,277	\$ 25,238,583
Receivables (net):		
Taxes	286,753	210,876
Accounts	711,536	785,789
Special assessments	53,218	59,680
Lease	5,416,581	6,031,188
Due from other funds	3,398,777	2,047,562
Total assets	<u>\$ 31,810,142</u>	<u>\$ 34,373,678</u>
 Liabilities and Fund Balances		
Liabilities:		
Accounts payable and accrued liabilities	\$ 137,620	\$ 190,197
Deferred revenues	<u>5,898,625</u>	<u>6,423,598</u>
Total liabilities	<u>6,036,245</u>	<u>6,613,795</u>
 Fund balances:		
Reserved by state statute	4,110,313	2,746,936
Unreserved:		
Designated	21,549,945	23,913,763
Undesignated	<u>113,639</u>	<u>1,099,184</u>
Total fund balances	<u>25,773,897</u>	<u>27,759,883</u>
Total liabilities and fund balances	<u>\$ 31,810,142</u>	<u>\$ 34,373,678</u>

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

Chowan County, North Carolina
 General Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2002
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		(Restated) Actual
Revenues:				
Ad valorem taxes:				
Taxes	\$ 5,511,292	\$ 5,261,728	\$ (249,564)	\$ 5,095,858
Penalties and interest	65,000	55,758	(9,242)	47,733
Total	<u>5,576,292</u>	<u>5,317,486</u>	<u>(258,806)</u>	<u>5,143,591</u>
Other Taxes and Licenses:				
Local option sales tax	1,709,668	1,480,135	(229,533)	1,525,498
Deed stamp excise tax	50,000	36,494	(13,506)	26,950
Real estate transfer tax	320,539	176,769	(143,770)	253,013
Scrap tire & white goods disposal tax	20,000	18,834	(1,166)	19,249
Cable TV	9,000	9,298	298	12,859
Total	<u>2,109,207</u>	<u>1,721,530</u>	<u>(387,677)</u>	<u>1,837,569</u>
Unrestricted intergovernmental:				
Payments in lieu of taxes	1,000	-	(1,000)	1,049
Intangibles tax reimbursement	172,762	164,631	(8,131)	166,782
Beer and wine tax	-	-	-	38,366
Food stamp tax reimbursements	25,000	24,916	(84)	25,236
Inventories tax reimbursements	222,796	111,079	(111,717)	227,906
Tax refunds	36,000	31,420	(4,580)	42,588
Senior citizens exemption - 50%	-	-	-	15,917
Total	<u>457,558</u>	<u>332,046</u>	<u>(125,512)</u>	<u>517,844</u>
Restricted intergovernmental:				
State grants	559,588	330,728	(228,860)	180,284
Federal grants	2,705,859	2,369,706	(336,153)	2,177,800
Court facility fees	82,601	60,957	(21,644)	61,817
Total	<u>3,348,048</u>	<u>2,761,391</u>	<u>(586,657)</u>	<u>2,419,901</u>
Permits and fees:				
Building permits and inspection fees	84,197	67,508	(16,689)	57,056
Register of deeds	70,000	65,858	(4,142)	59,236
Total	<u>154,197</u>	<u>133,366</u>	<u>(20,831)</u>	<u>116,292</u>
Sales and services:				
Rents, concessions, and fees	113,153	98,435	(14,718)	92,592
Jail fees	216,946	216,441	(505)	169,111
Ambulance and rescue squad fees	410,000	298,819	(111,181)	275,842
Recreation Fees	134,908	144,632	9,724	142,799
Total	<u>875,007</u>	<u>758,327</u>	<u>(116,680)</u>	<u>680,344</u>
Investment earnings	3,405,413	1,813,025	(1,592,388)	2,670,579
Miscellaneous	680,643	347,724	(332,919)	251,923
Total revenues	<u>16,606,365</u>	<u>13,184,895</u>	<u>(3,421,470)</u>	<u>13,638,043</u>

Chowan County, North Carolina
 General Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2002
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

	2002		Variance Favorable (Unfavorable)	2001 (Restated)
	Budget	Actual		Actual
Expenditures:				
General government:				
Governing body:				
Salaries and employee benefits	46,505	46,505	-	48,847
Other operating expenditures	5,501	5,500	1	6,679
Total	52,006	52,005	1	55,526
Administration:				
Salaries and employee benefits	326,795	326,790	5	360,346
Other operating expenditures	403,304	323,130	80,174	273,314
Capital outlay	540	539	1	11,522
Total	730,639	650,459	80,180	645,182
Elections:				
Salaries and employee benefits	54,350	36,631	17,719	41,434
Other operating expenditures	10,144	8,268	1,876	13,305
Capital outlay	1,594	1,593	1	1,644
Total	66,088	46,492	19,596	56,383
Data processing:				
Salaries and employee benefits	117,800	117,313	487	107,443
Other operating expenditures	84,843	81,014	3,829	78,084
Capital outlay	61,861	59,062	2,799	159,958
Total	264,504	257,389	7,115	345,485
NC information highway:				
Other operating expenditures	7,569	7,484	85	4,416
Total	7,569	7,484	85	4,416
Taxes:				
Salaries and employee benefits	175,666	167,724	7,942	161,649
Other operating expenditures	40,259	37,874	2,385	38,164
Total	215,925	205,598	10,327	199,813
Legal:				
Salaries and employee benefits	64,092	64,090	2	-
Other operating expenditures	4,189	4,188	1	2,763
Total	68,281	68,278	3	2,763
Register of deeds:				
Salaries and employee benefits	103,671	102,309	1,362	98,727
Other operating expenditures	22,930	21,388	1,542	21,230
Capital outlay	-	-	-	3,697
Total	126,601	123,697	2,904	123,654

Chowan County, North Carolina
 General Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2002
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

	2002		Variance Favorable (Unfavorable)	2001 (Restated)
	Budget	Actual		Actual
Land records:				
Salaries and employee benefits	84,056	79,845	4,211	72,602
Other operating expenditures	6,602	4,849	1,753	28,791
Capital outlay	-	-	-	840
Total	90,658	84,694	5,964	102,233
Inspection:				
Salaries and employee benefits	154,868	152,594	2,274	146,384
Other operating expenditures	47,402	39,605	7,797	25,703
Capital outlay	1,250	1,245	5	5,995
Total	203,520	193,444	10,076	178,082
Public buildings:				
Salaries and employee benefits	37,020	35,535	1,485	29,715
Other operating expenditures	283,495	259,334	24,161	289,855
Capital outlay	118,116	89,871	28,245	184,685
Total	438,631	384,740	53,891	504,255
Court facilities:				
Salaries and employee benefits	582	581	1	-
Other operating expenditures	29,920	24,581	5,339	23,934
Capital outlay	544	-	544	695
Total	31,046	25,162	5,884	24,629
Central maintenance				
Salaries and employee benefits	134,380	134,191	189	126,509
Other operating expenditures	58,593	55,904	2,689	55,967
Capital outlay	13,087	13,087	-	9,791
Total	206,060	203,182	2,878	192,267
Total general government	2,501,528	2,302,624	198,904	2,434,688
Public safety:				
Sheriff:				
Salaries and employee benefits	528,253	518,882	9,371	438,755
Other operating expenditures	145,528	138,529	6,999	160,213
Capital outlay	75,092	74,942	150	172,561
Total	748,873	732,353	16,520	771,529
School resource officer:				
Salaries and employee benefits	80,865	76,309	4,556	648
Other operating expenditures	3,106	2,937	169	5,886
Total	83,971	79,246	4,725	6,534

Chowan County, North Carolina
 General Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2002
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

	2002		Variance Favorable (Unfavorable)	2001 (Restated)
	Budget	Actual		Actual
CORPS grant:				
Salaries and employee benefits	32,027	30,296	1,731	27,825
Other operating expenditures	3,770	3,609	161	2,900
Total	35,797	33,905	1,892	30,725
Albemarle Hopeline	2,910	2,910	-	2,000
Animal control:				
Salaries and employee benefits	133,960	118,242	15,718	103,582
Other operating expenditures	61,456	39,601	21,855	45,580
Capital outlay	11,062	-	11,062	19,870
Total	206,478	157,843	48,635	169,032
Jail:				
Salaries and employee benefits	292,593	290,243	2,350	271,517
Other operating expenditures	171,930	169,173	2,757	118,973
Capital outlay	1,340	1,340	-	-
Total	465,863	460,756	5,107	390,490
Civil defense:				
Salaries and employee benefits	104,517	104,514	3	96,748
Other operating expenditures	13,199	13,185	14	17,368
Capital outlay	49,796	15,650	34,146	-
Total	167,512	133,349	34,163	114,116
Central communications:				
Salaries and employee benefits	335,789	333,688	2,101	286,905
Other operating expenditures	48,423	48,400	23	38,440
Capital outlay	-	-	-	2,883
Total	384,212	382,088	2,124	328,228
Medical examiner:				
Other operating expenditures	9,675	9,675	-	4,275
Total	9,675	9,675	-	4,275
Ambulance:				
Salaries and employee benefits	415,459	415,453	6	326,209
Other operating expenditures	90,292	89,580	712	95,125
Capital outlay	5,547	5,547	-	84,018
Total	511,298	510,580	718	505,352
Juvenile Justice:				
Salaries and employee benefits	51,405	48,324	3,081	-
Other operating expenditures	1,300	1,205	95	-
Total	52,705	49,529	3,176	-

Chowan County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2002
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

	2002		Variance Favorable (Unfavorable)	2001 (Restated)
	Budget	Actual		Actual
COPS:				
Salaries and employee benefits	237,990	234,861	3,129	267,484
Other operating expenditures	-	-	-	47
Total	237,990	234,861	3,129	267,531
Total public safety	2,907,284	2,787,095	120,189	2,589,812
Transportation:				
Airport	20,001	20,000	1	63,297
Paving roads	6	-	6	-
Total transportation	20,007	20,000	7	63,297
Environmental Protection:				
Sanitation:				
Salaries and employee benefits	-	-	-	11,634
Other operating expenditures	24,637	24,201	436	34,567
Total environmental protection	24,637	24,201	436	46,201
Economic development:				
Agricultural extension:				
Salaries and employee benefits	134,216	129,052	5,164	112,938
Other operating expenditures	38,834	26,176	12,658	28,320
Capital outlay	6,674	6,384	290	42,987
Total	179,724	161,612	18,112	184,245
Soil conservation:				
Salaries and employee benefits	69,355	69,353	2	66,818
Other operating expenditures	271,240	140,994	130,246	56,615
Capital outlay	800	800	-	-
Total	341,395	211,147	130,248	123,433
Planning:				
Operating expenditures	16,000	14,608	1,392	6,079
Total	16,000	14,608	1,392	6,079
Economic development:				
Operating expenditures	154,381	148,551	5,830	-
Total	154,381	148,551	5,830	-
Community development:				
Operating expenditures	115,950	-	115,950	151,925
Total	115,950	-	115,950	151,925
Total economic and physical development	807,450	535,918	271,532	465,682
Human services:				
Social services:				
Administration:				
Salaries and benefits	1,367,741	1,338,395	29,346	1,287,151
Other operating expenditures	106,900	76,056	30,844	113,672
Capital outlay	14,700	10,260	4,440	14,902
Total	1,489,341	1,424,711	64,630	1,415,725

Chowan County, North Carolina
 General Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2002
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

	2002		Variance Favorable (Unfavorable)	2001 (Restated)
	Budget	Actual		Actual
AFDC program:				
County participation	20,777	7,807	12,970	6,746
Total	<u>20,777</u>	<u>7,807</u>	<u>12,970</u>	<u>6,746</u>
Medicaid program:				
County participation	997,439	984,339	13,100	895,333
Total	<u>997,439</u>	<u>984,339</u>	<u>13,100</u>	<u>895,333</u>
Title XX program:				
Other operating expenditures	55,492	45,000	10,492	40,844
Total	<u>55,492</u>	<u>45,000</u>	<u>10,492</u>	<u>40,844</u>
Foster care:				
Other operating expenditures	25,000	17,031	7,969	10,565
Total	<u>25,000</u>	<u>17,031</u>	<u>7,969</u>	<u>10,565</u>
Welfare to work:				
Other operating expenditures	10,843	7,163	3,680	5,669
Total	<u>10,843</u>	<u>7,163</u>	<u>3,680</u>	<u>5,669</u>
Other assistance:				
Other operating expenditures	1,393,447	1,331,729	61,718	1,252,665
Total	<u>1,393,447</u>	<u>1,331,729</u>	<u>61,718</u>	<u>1,252,665</u>
Total social services	<u>3,992,339</u>	<u>3,817,780</u>	<u>174,559</u>	<u>3,627,547</u>
Veterans service officer:				
Salaries and employee benefits	12,141	12,140	1	11,787
Other operating expenditures	1,045	957	88	770
Capital outlay	279	279	-	-
Total	<u>13,465</u>	<u>13,376</u>	<u>89</u>	<u>12,557</u>
Health	<u>182,550</u>	<u>173,895</u>	<u>8,655</u>	<u>345,551</u>
Mental health:				
Other operating expenditures	31,313	16,920	14,393	33,941
Total	<u>31,313</u>	<u>16,920</u>	<u>14,393</u>	<u>33,941</u>
Total human services	<u>4,219,667</u>	<u>4,021,971</u>	<u>197,696</u>	<u>4,019,596</u>
Cultural and recreational:				
Community activities:				
Other operating expenditures	56,115	59,495	(3,380)	83,750
Total	<u>56,115</u>	<u>59,495</u>	<u>(3,380)</u>	<u>83,750</u>
Recreation:				
Salaries and employee benefits	319,672	318,427	1,245	236,836
Other operating expenditures	248,301	231,326	16,975	158,955
Capital outlay	193,813	185,069	8,744	120,109
Total	<u>761,786</u>	<u>734,822</u>	<u>26,964</u>	<u>515,900</u>

Chowan County, North Carolina
 General Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2002
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

	2002		Variance Favorable (Unfavorable)	2001 (Restated)
	Budget	Actual		Actual
Senior center:				
Salaries and employee benefits	77,827	77,826	1	74,817
Other operating expenditures	60,515	57,462	3,053	55,980
Capital outlay	16,873	16,873	-	22,668
Total	<u>155,215</u>	<u>152,161</u>	<u>3,054</u>	<u>153,465</u>
Libraries:				
Contribution to regional library	120,910	114,859	6,051	119,097
Total	<u>120,910</u>	<u>114,859</u>	<u>6,051</u>	<u>119,097</u>
Total cultural and recreation	<u>1,094,026</u>	<u>1,061,337</u>	<u>32,689</u>	<u>872,212</u>
Education:				
Public schools:				
Current expense:	2,852,829	2,852,053	776	2,801,335
Total	<u>2,852,829</u>	<u>2,852,053</u>	<u>776</u>	<u>2,801,335</u>
Community colleges:				
Salaries and employee benefits	40,218	40,210	8	35,622
Other operating expenditures	201,970	199,936	2,034	191,752
Total	<u>242,188</u>	<u>240,146</u>	<u>2,042</u>	<u>227,374</u>
Total education	<u>3,095,017</u>	<u>3,092,199</u>	<u>2,818</u>	<u>3,028,709</u>
Debt service:				
Principal retirement	723,652	720,210	3,442	390,284
Interest and fees	454,512	457,450	(2,938)	254,670
Total debt service	<u>1,178,164</u>	<u>1,177,660</u>	<u>504</u>	<u>644,954</u>
Total expenditures	<u>15,847,780</u>	<u>15,023,005</u>	<u>824,775</u>	<u>14,165,151</u>
Revenues over (under) expenditures	<u>758,585</u>	<u>(1,838,110)</u>	<u>(2,596,695)</u>	<u>(527,108)</u>
Other financing sources (uses):				
Operating transfers from (to) other funds	(1,659,110)	(603,189)	1,055,921	(1,327,276)
Operating transfers from component unit:				
Chowan County ABC Board:				
Law enforcement	3,000	1,298	(1,702)	1,513
Alcoholic education	2,000	1,817	(183)	2,118
Profit distribution	47,000	70,000	23,000	45,000
Total transfers from component unit	<u>52,000</u>	<u>73,115</u>	<u>21,115</u>	<u>48,631</u>
Proceeds of capital lease	99,607	-	(99,607)	71,932
Lease payments	380,145	380,145	-	361,427
Appropriated fund balance	343,773	-	(343,773)	-
Sale of fixed assets	25,000	2,053	(22,947)	693
Total other financing sources (uses)	<u>(758,585)</u>	<u>(147,876)</u>	<u>610,709</u>	<u>(844,593)</u>

Chowan County, North Carolina
 General Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2002
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		(Restated) Actual
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>(1,985,986)</u>	<u>\$ (1,985,986)</u>	<u>(1,371,701)</u>
Fund balances:				
Beginning of year, July 1		<u>27,759,883</u>		<u>29,131,584</u>
End of year, June 30		<u>\$ 25,773,897</u>		<u>\$ 27,759,883</u>

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

Chowan County, North Carolina
Special Revenue Funds
Combining Balance Sheet
June 30, 2002
(With Comparative Totals for June 30, 2001)

	Fire District Fund	Revaluation Fund	School Capital Project	Emergency Telephone Sys. Fund	Occupancy Tax Fund
Assets					
Cash and cash equivalents	\$ 953	\$ 64,432	\$ 15,048	\$ 106,296	\$ 26,482
Taxes receivable (net)	12,873	-	-	-	-
Accounts receivable	688	-	-	9,537	212
Total assets	<u>\$ 14,514</u>	<u>\$ 64,432</u>	<u>\$ 15,048</u>	<u>\$ 115,833</u>	<u>\$ 26,694</u>
Liabilities and Fund Balances					
Liabilities:					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued liabilities	71	-	-	-	3,489
Deferred revenues	17,592	-	-	-	-
Total liabilities	<u>17,663</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,489</u>
Fund balances:					
Restricted by state statute	688	-	-	9,537	212
Appropriated	-	-	-	-	-
Undesignated	(3,837)	64,432	15,048	106,296	22,993
Total fund balances	<u>(3,149)</u>	<u>64,432</u>	<u>15,048</u>	<u>115,833</u>	<u>23,205</u>
Total liabilities and fund balances	<u>\$ 14,514</u>	<u>\$ 64,432</u>	<u>\$ 15,048</u>	<u>\$ 115,833</u>	<u>\$ 26,694</u>

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

Exhibit B-1

Sanitation Fund	School Capital Reserve	Edenton Bay Restoration	Totals	
			June 30, 2002	June 30, 2001 (Restated)
\$ -	\$ -	\$ -	\$ 213,211	\$ 689,278
-	-	-	12,873	10,162
<u>23,795</u>	<u>175,935</u>	<u>38,389</u>	<u>248,556</u>	<u>233,162</u>
<u>\$ 23,795</u>	<u>\$ 175,935</u>	<u>\$ 38,389</u>	<u>\$ 474,640</u>	<u>\$ 932,602</u>
\$ 311,917	\$ 72,822	\$ 38,389	\$ 423,128	\$ 39,193
-	-	-	3,560	2,786
-	-	-	17,592	14,057
<u>311,917</u>	<u>72,822</u>	<u>38,389</u>	<u>444,280</u>	<u>56,036</u>
23,795	175,935	38,389	248,556	228,689
-	-	-	-	523,805
<u>(311,917)</u>	<u>(72,822)</u>	<u>(38,389)</u>	<u>(218,196)</u>	<u>124,072</u>
<u>(288,122)</u>	<u>103,113</u>	<u>-</u>	<u>30,360</u>	<u>876,566</u>
<u>\$ 23,795</u>	<u>\$ 175,935</u>	<u>\$ 38,389</u>	<u>\$ 474,640</u>	<u>\$ 932,602</u>

Chowan County, North Carolina
Special Revenue Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Fiscal Year Ended June 30, 2002
(With Comparative Totals for the Fiscal Year Ended June 30, 2001)

	Fire District Fund	Revaluation Fund	School Capital Project	Emergency Telephone Sys. Fund	Occupancy Tax Fund
Revenues:					
Ad valorem taxes	\$ 199,032	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses	6,574	-	-	66,813	461
Investment earnings	(70)	3,260	-	4,160	1,611
Restricted governmental pymt	-	-	-	61,122	3,000
Unrestricted governmental pymt	5,672	-	-	-	-
Sales and services	-	-	-	-	61,443
Miscellaneous revenue	56	-	45,786	-	6
Local options sales tax	-	-	-	-	-
Total revenues	<u>211,264</u>	<u>3,260</u>	<u>45,786</u>	<u>132,095</u>	<u>66,521</u>
Expenditures:					
Current:					
Education	-	-	450,000	-	-
Public safety	265,176	-	-	78,968	-
Environmental protection	-	-	-	-	-
Economic development	-	-	-	-	61,873
Debt service					
Principal	-	-	973,014	-	-
Interest	-	-	662,688	-	-
Total expenditures	<u>265,176</u>	<u>-</u>	<u>2,085,702</u>	<u>78,968</u>	<u>61,873</u>
Revenues over (under) expenditures	<u>(53,912)</u>	<u>3,260</u>	<u>(2,039,916)</u>	<u>53,127</u>	<u>4,648</u>
Other financing sources (uses):					
Operating transfers-in (out)	47,000	-	1,516,111	-	-
Total other financing sources	<u>47,000</u>	<u>-</u>	<u>1,516,111</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>(6,912)</u>	<u>3,260</u>	<u>(523,805)</u>	<u>53,127</u>	<u>4,648</u>
Fund balances:					
Beginning of year, July 1	3,763	61,172	538,853	62,706	18,557
End of year, June 30	<u>\$ (3,149)</u>	<u>\$ 64,432</u>	<u>\$ 15,048</u>	<u>\$ 115,833</u>	<u>\$ 23,205</u>

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

Sanitation Fund	School Capital Reserve	Edenton Bay Restoration	Totals	
			June 30, 2002	June 30, 2001 (Restated)
\$ -	\$ -	\$ -	\$ 199,032	\$ 199,463
-	-	-	73,848	64,994
-	9,177	-	18,138	23,941
-	306,104	568,366	938,592	967,237
-	-	193	5,865	5,625
494,848	-	-	556,291	526,916
-	-	-	45,848	45,936
-	676,458	-	676,458	740,336
<u>494,848</u>	<u>991,739</u>	<u>568,559</u>	<u>2,514,072</u>	<u>2,574,448</u>
-	-	-	450,000	450,000
-	-	-	344,144	299,018
1,004,189	-	568,559	1,572,748	1,843,771
-	-	-	61,873	78,189
-	-	-	973,014	529,260
-	-	-	662,688	135,914
<u>1,004,189</u>	<u>-</u>	<u>568,559</u>	<u>4,064,467</u>	<u>3,336,152</u>
<u>(509,341)</u>	<u>991,739</u>	<u>-</u>	<u>(1,550,395)</u>	<u>(761,704)</u>
<u>207,189</u>	<u>(1,066,111)</u>	<u>-</u>	<u>704,189</u>	<u>1,327,276</u>
<u>207,189</u>	<u>(1,066,111)</u>	<u>-</u>	<u>704,189</u>	<u>1,327,276</u>
(302,152)	(74,372)	-	(846,206)	565,572
<u>14,030</u>	<u>177,485</u>	<u>-</u>	<u>876,566</u>	<u>310,994</u>
<u>\$ (288,122)</u>	<u>\$ 103,113</u>	<u>\$ -</u>	<u>\$ 30,360</u>	<u>\$ 876,566</u>

Chowan County, North Carolina
 Fire District Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2002
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
Revenues:				
Ad valorem taxes	\$ 230,779	\$ 199,032	\$ (31,747)	\$ 199,463
Other taxes and licenses	-	6,574	6,574	6,693
Investment earnings	500	(70)	(570)	441
Miscellaneous revenue	100	56	(44)	50
Unrestricted governmental revenues	3,140	5,672	2,532	5,625
Local government sales tax	23,000	-	(23,000)	31,822
Total revenues	<u>257,519</u>	<u>211,264</u>	<u>(46,255)</u>	<u>244,094</u>
Expenditures:				
Public safety:				
Town of Edenton	140,109	140,109	-	135,000
Salaries and benefits	21,803	21,623	180	21,700
Telephone and postage	2,488	2,487	1	2,248
Utilities	5,440	5,296	144	7,637
Maintenance and repair	7,996	6,841	1,155	5,058
Insurance and bonds	26,999	26,997	2	19,650
Capital outlay	48,908	48,908	-	41,422
Other operating expenses	50,776	12,915	37,861	14,202
Total expenditures	<u>304,519</u>	<u>265,176</u>	<u>39,343</u>	<u>246,917</u>
Revenues over (under) expenditures	<u>(47,000)</u>	<u>(53,912)</u>	<u>(6,912)</u>	<u>(2,823)</u>
Other financing sources (uses):				
Transfers in (out)	47,000	47,000	-	6,500
Total other sources (uses)	<u>47,000</u>	<u>47,000</u>	<u>-</u>	<u>6,500</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>(6,912)</u>	<u>\$ (6,912)</u>	<u>3,677</u>
Fund balances:				
Beginning of year, July 1		3,763		86
End of year, June 30		<u>\$ (3,149)</u>		<u>\$ 3,763</u>

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

Chowan County, North Carolina
 Revaluation Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2002
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
Revenues:				
Investment interest	\$ -	\$ 3,260	\$ 3,260	\$ 2,550
Total revenues	<u>-</u>	<u>3,260</u>	<u>3,260</u>	<u>2,550</u>
Expenditures:				
General government:				
Contracted services	25,000	-	25,000	-
Total expenditures	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>-</u>
Revenues over (under) expenditures	<u>(25,000)</u>	<u>3,260</u>	<u>28,260</u>	<u>2,550</u>
Other financing sources (uses):				
Transfers in (out)	25,000	-	(25,000)	25,000
Total other sources (uses)	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>	<u>25,000</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>3,260</u>	<u>\$ 3,260</u>	<u>27,550</u>
Fund balances:				
Beginning of year, July 1		61,172		33,622
End of year, June 30		<u>\$ 64,432</u>		<u>\$ 61,172</u>

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

Chowan County, North Carolina
 Schools Capital Project Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2002
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
Revenues:				
Local grants	\$ 45,786	\$ 45,786	\$ -	\$ 45,786
Investment earnings	-	-	-	210
Total revenues	<u>45,786</u>	<u>45,786</u>	<u>-</u>	<u>45,996</u>
Expenditures:				
Education:				
Capital outlay	<u>450,000</u>	<u>450,000</u>	<u>-</u>	<u>450,000</u>
Debt service:				
Principal repayments	973,014	973,014	-	529,260
Interest expense	<u>662,688</u>	<u>662,688</u>	<u>-</u>	<u>135,914</u>
Total debt service	<u>1,635,702</u>	<u>1,635,702</u>	<u>-</u>	<u>665,174</u>
Total expenditures	<u>2,085,702</u>	<u>2,085,702</u>	<u>-</u>	<u>1,115,174</u>
Revenues over (under) expenditures	<u>(2,039,916)</u>	<u>(2,039,916)</u>	<u>-</u>	<u>(1,069,178)</u>
Other financing sources (uses):				
Appropriated fund balance	523,805	-	(523,805)	-
Transfers in (out)	<u>1,516,111</u>	<u>1,516,111</u>	<u>-</u>	<u>1,591,670</u>
Total other sources (uses)	<u>2,039,916</u>	<u>1,516,111</u>	<u>(523,805)</u>	<u>1,591,670</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>(523,805)</u>	<u>\$ (523,805)</u>	<u>522,492</u>
Fund balances:				
Beginning of year, July 1		<u>538,853</u>		<u>16,361</u>
End of year, June 30		<u>\$ 15,048</u>		<u>\$ 538,853</u>

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

Chowan County, North Carolina
 Edenton Bay Restoration Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2002

	Project Author- ization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
State grant	\$ 3,285,810	\$ 1,594,433	\$ 568,366	\$ 2,162,799
Sales tax refund	-	-	193	193
Total revenues	<u>3,285,810</u>	<u>1,594,433</u>	<u>568,559</u>	<u>2,162,992</u>
Expenditures:				
Environmental protection:				
Contracted services	37,000	46,945	10,948	57,893
Capital outlay	<u>3,248,810</u>	<u>1,547,488</u>	<u>557,611</u>	<u>2,105,099</u>
Total expenditures	<u>3,285,810</u>	<u>1,594,433</u>	<u>568,559</u>	<u>2,162,992</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances:				
Beginning of year, July 1			-	
End of year, June 30			<u>\$ -</u>	

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

Chowan County, North Carolina
Emergency Telephone System Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2002
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
Revenues:				
Other taxes and licenses:				
911 system subscriber fees	\$ 50,423	\$ 66,549	\$ 16,126	\$ 58,247
Restricted intergovernmental:				
Wireless 911 funds	33,482	61,122	27,640	50,871
Investment earnings	-	4,160	4,160	575
Sales tax refund	-	264	264	7
Total revenues	<u>83,905</u>	<u>132,095</u>	<u>48,190</u>	<u>109,700</u>
Expenditures:				
Public safety:				
911 system subscriber fees:				
Operating expenses	47,623	45,881	1,742	40,371
Capital outlay	23,000	22,707	293	-
Total subscriber fees	<u>70,623</u>	<u>68,588</u>	<u>2,035</u>	<u>40,371</u>
Wireless 911:				
Operating expenses	10,382	10,380	2	3,550
Capital outlay	2,900	-	2,900	8,179
Total wireless 911	<u>13,282</u>	<u>10,380</u>	<u>6,972</u>	<u>11,729</u>
Total expenditures	<u>83,905</u>	<u>78,968</u>	<u>9,007</u>	<u>52,100</u>
Revenues over (under) expenditures	<u>\$ -</u>	53,127	<u>\$ 53,127</u>	57,600
Fund balances:				
Beginning of year, July 1		62,706		5,106
End of year, June 30		<u>\$ 115,833</u>		<u>\$ 62,706</u>

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

Chowan County, North Carolina
Occupancy Tax Assessment Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2002
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
Revenues:				
Sales and services	\$ 64,100	\$ 61,443	\$ (2,657)	\$ 51,121
Sales tax refund	-	461	461	47
State grant	3,000	3,000	-	-
Miscellaneous revenues	-	6	6	100
Interest earned	-	1,611	1,611	1,887
Total revenues	<u>67,100</u>	<u>66,521</u>	<u>(579)</u>	<u>53,155</u>
Expenditures:				
Economic development:				
Contracted services	29,700	24,678	5,022	18,756
Reimbursements	13,500	13,210	290	14,341
Miscellaneous expenses	27,375	23,608	3,767	44,655
Capital outlay	525	377	148	437
Total expenditures	<u>71,100</u>	<u>61,873</u>	<u>9,227</u>	<u>78,189</u>
Revenues over (under) expenditures	<u>(4,000)</u>	<u>4,648</u>	<u>8,648</u>	<u>(25,034)</u>
Other financing sources (uses):				
Appropriated fund balance	4,000	-	(4,000)	-
Total other sources (uses)	<u>4,000</u>	<u>-</u>	<u>(4,000)</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>4,648</u>	<u>\$ 4,648</u>	<u>(25,034)</u>
Fund balances:				
Beginning of year, July 1		<u>18,557</u>		<u>43,591</u>
End of year, June 30		<u>\$ 23,205</u>		<u>\$ 18,557</u>

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

Chowan County, North Carolina
Sanitation Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2002
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
Revenues:				
Sales and services	\$ 522,000	\$ 494,848	\$ (27,152)	\$ 475,795
Investment earnings	5,000	-	(5,000)	-
Total revenues	<u>527,000</u>	<u>494,848</u>	<u>(32,152)</u>	<u>475,795</u>
Expenditures:				
Environmental protection:				
Operating expenditures	<u>1,004,189</u>	<u>1,004,189</u>	-	<u>927,405</u>
Total expenditures	<u>1,004,189</u>	<u>1,004,189</u>	-	<u>927,405</u>
Revenues over (under) expenditures	<u>(477,189)</u>	<u>(509,341)</u>	<u>(32,152)</u>	<u>(451,610)</u>
Other financing sources (uses):				
Transfers in (out)	<u>477,189</u>	<u>207,189</u>	<u>(270,000)</u>	<u>445,776</u>
Total other sources (uses)	<u>477,189</u>	<u>207,189</u>	<u>(270,000)</u>	<u>445,776</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>(302,152)</u>	<u>\$ (302,152)</u>	<u>(5,834)</u>
Fund balances:				
Beginning of year, July 1		<u>14,030</u>		<u>19,864</u>
End of year, June 30		<u>\$ (288,122)</u>		<u>\$ 14,030</u>

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

Chowan County, North Carolina
School Capital Reserve Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2002
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
Revenues:				
Restricted intergovernmental:				
Public School Building Capital Fund	\$ 379,104	\$ 306,104	\$ (73,000)	\$ -
Local option sales tax	687,007	676,458	(10,549)	708,514
Investment earnings	-	9,177	9,177	18,278
Total revenues	<u>1,066,111</u>	<u>991,739</u>	<u>(74,372)</u>	<u>726,792</u>
Expenditures:	-	-	-	-
Revenues over (under) expenditures	<u>1,066,111</u>	<u>991,739</u>	<u>(74,372)</u>	<u>726,792</u>
Other financing sources (uses):				
Transfers in (out)	<u>(1,066,111)</u>	<u>(1,066,111)</u>	-	<u>(741,670)</u>
Total other sources (uses)	<u>(1,066,111)</u>	<u>(1,066,111)</u>	-	<u>(741,670)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>(74,372)</u>	<u>\$ (74,372)</u>	<u>(14,878)</u>
Fund balances:				
Beginning of year, July 1		<u>177,485</u>		<u>192,363</u>
End of year, June 30		<u>\$ 103,113</u>		<u>\$ 177,485</u>

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

Chowan County, North Carolina
 Capital Projects Funds
 Combining Balance Sheet
 June 30, 2002
 (With Comparative Totals as of June 30, 2001)

	D.F. Walker School	Agriculture Building Project	Adult Day Health Care	Albemarle MM/DD/SAS Fund
Assets				
Cash and cash equivalents	\$ 504,054	\$ -	\$ -	\$ -
Receivables	5,945	-	4,822	5,262
Total assets	<u>\$ 509,999</u>	<u>\$ -</u>	<u>\$ 4,822</u>	<u>\$ 5,262</u>
Liabilities and Fund Balances				
Current liabilities:				
Due to other funds	\$ -	\$ 801,983	\$ 392,991	\$ 5,262
Total liabilities	<u>-</u>	<u>801,983</u>	<u>392,991</u>	<u>5,262</u>
Fund balances:				
Restricted by state statute	5,945	-	4,822	5,262
Undesignated	504,054	(801,983)	(392,991)	(5,262)
Total fund balance	<u>509,999</u>	<u>(801,983)</u>	<u>(388,169)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 509,999</u>	<u>\$ -</u>	<u>\$ 4,822</u>	<u>\$ 5,262</u>

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

Exhibit C-1

Chowan Community Center	School Roof Projects	Library Renovation	Totals	
			June 30, 2002	June 30, 2001
\$ -	\$ -	\$ -	\$ 504,054	\$ 7,154,033
2,206	-	-	18,235	16,815
<u>\$ 2,206</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 522,289</u>	<u>\$ 7,170,848</u>
\$ 167,780	\$ 1,000,000	\$ 22,924	\$ 2,390,940	\$ 1,782,442
<u>167,780</u>	<u>1,000,000</u>	<u>22,924</u>	<u>2,390,940</u>	<u>1,782,442</u>
2,206	-	-	18,235	16,815
(167,780)	(1,000,000)	(22,924)	(1,886,886)	5,371,591
<u>(165,574)</u>	<u>(1,000,000)</u>	<u>(22,924)</u>	<u>(1,868,651)</u>	<u>5,388,406</u>
<u>\$ 2,206</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 522,289</u>	<u>\$ 7,170,848</u>

Chowan County, North Carolina
 Capital Projects Fund
 Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2002

	D.F. Walker School	Agriculture Building Project	School Building Fund	Adult Day Health Care
Revenues:				
Miscellaneous	\$ 22,000	\$ -	\$ -	\$ -
Investment earnings	37,811	-	-	9,689
Sales tax refund	107,999	218	-	21,932
Total revenues	<u>\$ 167,810</u>	<u>\$ 218</u>	<u>\$ -</u>	<u>\$ 31,621</u>
Expenditures:				
Education:				
Capital outlay	3,438,954	-	-	-
Human services:				
Capital outlay	-	-	-	1,460,723
Cultural and recreational:				
Capital outlay	-	-	-	-
Economic development:				
Capital outlay	-	18,741	-	-
Total expenditures	<u>3,438,954</u>	<u>18,741</u>	<u>-</u>	<u>1,460,723</u>
Revenues over (under) expenditures	<u>(3,271,144)</u>	<u>(18,523)</u>	<u>-</u>	<u>(1,429,102)</u>
Other financing sources (uses):				
Transfers in (out)	17,464	-	(17,464)	-
Total other sources (uses)	<u>17,464</u>	<u>-</u>	<u>(17,464)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	(3,253,680)	(18,523)	(17,464)	(1,429,102)
Fund balances:				
Beginning of year, July 1	3,763,679	(783,460)	17,464	1,040,933
End of year, June 30	<u>\$ 509,999</u>	<u>\$ (801,983)</u>	<u>\$ -</u>	<u>\$ (388,169)</u>

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

Chowan Community Center	School Roof Projects	Library Renovation	Totals	
			June 30, 2002	June 30, 2001
\$ -	\$ -	\$ -	\$ 22,000	\$ -
12,332	-	-	59,832	232,346
52,441	-	-	182,590	12,066
<u>\$ 64,773</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 264,422</u>	<u>\$ 244,412</u>
-	1,000,000	-	4,438,954	6,420,727
-	-	-	1,460,723	999,210
1,580,650	-	22,924	1,603,574	1,254,621
-	-	-	18,741	783,560
<u>1,580,650</u>	<u>1,000,000</u>	<u>22,924</u>	<u>7,521,992</u>	<u>9,458,118</u>
<u>(1,515,877)</u>	<u>(1,000,000)</u>	<u>(22,924)</u>	<u>(7,257,570)</u>	<u>(9,213,706)</u>
-	-	-	-	14,450,000
-	-	-	-	14,450,000
(1,515,877)	(1,000,000)	(22,924)	(7,257,570)	5,236,294
1,350,303	-	-	5,388,919	152,112
<u>\$ (165,574)</u>	<u>\$ (1,000,000)</u>	<u>\$ (22,924)</u>	<u>\$ (1,868,651)</u>	<u>\$ 5,388,406</u>

Chowan County, North Carolina
 School Capital Projects Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2002

	Project Author- ization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Restricted intergovernmental:				
Critical Schools Facility Needs Fund	\$ 1,863,466	\$ 1,752,762	\$ -	\$ 1,752,762
Public School Building Bond Act of 1996	5,753,289	5,553,289	-	5,553,289
Sales tax refund	-	17,444	-	17,444
Total revenues	<u>7,616,755</u>	<u>7,323,495</u>	<u>-</u>	<u>7,323,495</u>
Expenditures:				
Education:				
Capital outlay:				
White Oak Elementary	7,616,755	7,306,031	-	7,306,031
Total expenditures	<u>7,616,755</u>	<u>7,306,031</u>	<u>-</u>	<u>7,306,031</u>
Revenues over (under) expenditures	<u>-</u>	<u>17,464</u>	<u>-</u>	<u>17,464</u>
Other financing sources (uses):				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>(17,464)</u>	<u>(17,464)</u>
Total other sources (uses)	<u>-</u>	<u>-</u>	<u>(17,464)</u>	<u>(17,464)</u>
Excess of revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 17,464</u>	<u>(17,464)</u>	<u>\$ -</u>
Fund balances:				
Beginning of year, July 1			<u>17,464</u>	
End of year, June 30			<u>\$ -</u>	

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

Chowan County, North Carolina
 Agriculture Building Capital Project Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2002

	Project Author- ization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Restricted intergovernmental	\$ 6,050	\$ 6,050	\$ -	\$ 6,050
Sales tax refund	-	100	218	318
Total revenues	<u>6,050</u>	<u>6,150</u>	<u>218</u>	<u>6,368</u>
Expenditures:				
Economic Development:				
Capital outlay:				
Agriculture Building	<u>2,844,408</u>	<u>2,012,353</u>	<u>18,741</u>	<u>2,031,094</u>
Total expenditures	<u>2,844,408</u>	<u>2,012,353</u>	<u>18,741</u>	<u>2,031,094</u>
Revenues over (under) expenditures	<u>(2,838,358)</u>	<u>(2,006,203)</u>	<u>(18,523)</u>	<u>(2,024,726)</u>
Other financing sources (uses):				
Transfers in (out)	<u>2,838,358</u>	<u>1,222,743</u>	-	<u>1,222,743</u>
Total other sources (uses)	<u>2,838,358</u>	<u>1,222,743</u>	-	<u>1,222,743</u>
Excess of revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ (783,460)</u>	<u>(18,523)</u>	<u>\$ (801,983)</u>
Fund balances:				
Beginning of year, July 1			<u>(783,460)</u>	
End of year, June 30			<u>\$ (801,983)</u>	

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

Chowan County, North Carolina
 Adult Day Health Care Capital Project Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2002

	Project Author- ization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Restricted intergovernmental	\$ 686,062	\$ 200,000	\$ -	\$ 200,000
Sales tax refund	-	860	21,932	22,792
Investment earnings	-	4,339	9,689	14,028
Total revenues	<u>686,062</u>	<u>205,199</u>	<u>31,621</u>	<u>236,820</u>
Expenditures:				
Human Services:				
Capital outlay:				
Adult Day Health Center	<u>4,541,410</u>	<u>1,164,266</u>	<u>1,460,723</u>	<u>2,624,989</u>
Total expenditures	<u>4,541,410</u>	<u>1,164,266</u>	<u>1,460,723</u>	<u>2,624,989</u>
Revenues over (under) expenditures	<u>(3,855,348)</u>	<u>(959,067)</u>	<u>(1,429,102)</u>	<u>(2,388,169)</u>
Other financing sources (uses):				
Loan proceeds	<u>3,855,348</u>	<u>2,000,000</u>	-	<u>2,000,000</u>
Total other sources (uses)	<u>3,855,348</u>	<u>2,000,000</u>	-	<u>2,000,000</u>
Excess of revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 1,040,933</u>	<u>(1,429,102)</u>	<u>\$ (388,169)</u>
Fund balances:				
Beginning of year, July 1			<u>1,040,933</u>	
End of year, June 30			<u>\$ (388,169)</u>	

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

Chowan County, North Carolina
 Albemarle MM/DD/SAS Capital Project Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2002

	Project Author- ization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Restricted intergovernmental	\$ 2,239,989	\$ 5,262	\$ -	\$ 5,262
Total revenues	<u>2,239,989</u>	<u>5,262</u>	<u>-</u>	<u>5,262</u>
Expenditures:				
Human Services:				
Capital outlay:				
Albemarle MM/DD/SAS	2,239,989	5,262	-	5,262
Total expenditures	<u>2,239,989</u>	<u>5,262</u>	<u>-</u>	<u>5,262</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances:				
Beginning of year, July 1			-	
End of year, June 30			<u>\$ -</u>	

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

Chowan County, North Carolina
Chowan Community Center Capital Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2002

	Project Author- ization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Restricted intergovernmental	\$ 250,000	\$ 250,000	\$ -	\$ 250,000
Sales tax refund	-	-	52,441	52,441
Investment earnings	50,000	5,522	12,332	17,854
Total revenues	300,000	255,522	64,773	320,295
Expenditures:				
Cultural and recreational:				
Capital outlay:				
Chowan Community Center	3,935,701	1,405,219	1,580,650	2,985,869
Total expenditures	3,935,701	1,405,219	1,580,650	2,985,869
Revenues over (under) expenditures	(3,635,701)	(1,149,697)	(1,515,877)	(2,665,574)
Other financing sources (uses):				
Transfers in (out)	946,625	-	-	-
Loan proceeds	2,689,076	2,500,000	-	2,500,000
Total other sources (uses)	3,635,701	2,500,000	-	2,500,000
Excess of revenues and other sources over (under) expenditures	\$ -	\$ 1,350,303	(1,515,877)	\$ (165,574)
Fund balances:				
Beginning of year, July 1			1,350,303	
End of year, June 30			<u>\$ (165,574)</u>	

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

Chowan County, North Carolina
D.F. Walker School Capital Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2002

	Project Author- ization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 222,485	\$ 37,811	\$ 260,296
Sales tax refund	-	11,106	107,999	119,105
Miscellaneous	-	-	22,000	22,000
Restricted intergovernmental	498,000	-	-	-
Total revenues	498,000	233,591	167,810	401,401
Expenditures:				
Education:				
Capital outlay:				
D.F. Walker Elementary	9,998,000	6,420,727	3,438,954	9,859,681
Total expenditures	9,998,000	6,420,727	3,438,954	9,859,681
Revenues over (under) expenditures	(9,500,000)	(6,187,136)	(3,271,144)	(9,458,280)
Other financing sources (uses):				
Transfers in (out)	-	-	17,464	17,464
Loan proceeds	9,500,000	9,950,000	-	9,950,000
Total other sources (uses)	9,500,000	9,950,000	17,464	9,967,464
Excess of revenues and other sources over (under) expenditures	\$ -	\$ 3,762,864	(3,253,680)	\$ 509,184
Fund balances:				
Beginning of year, July 1			3,763,679	
End of year, June 30			<u>\$ 509,999</u>	

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

Chowan County, North Carolina
 School Roof Project Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2002

	Project Author- ization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Education:				
Capital outlay	1,000,000	-	1,000,000	1,000,000
Total expenditures	1,000,000	-	1,000,000	1,000,000
Revenues over (under) expenditures	(1,000,000)	-	(1,000,000)	(1,000,000)
Other financing sources (uses):				
Transfers in (out)	1,000,000	-	-	-
Total other financing sources (uses)	1,000,000	-	-	-
Revenues and other sources over (under) expenditures	\$ -	\$ -	(1,000,000)	\$ (1,000,000)
Fund balances:				
Beginning of year, July 1			-	
End of year, June 30			<u>\$ (1,000,000)</u>	

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

Chowan County, North Carolina
 Library Renovation Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2002

	Project Author- ization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Cultural and recreational:				
Contracted services	-	-	22,924	22,924
Total expenditures	-	-	22,924	22,924
Revenues over (under) expenditures	\$ -	\$ -	(22,924)	\$ (22,924)
Fund balances:				
Beginning of year, July 1			-	
End of year, June 30			\$ (22,924)	

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

Chowan County, North Carolina
Enterprise Fund-Water Fund
Combined Balance Sheet
June 30, 2002
(With Comparative Totals for June 30, 2001)

	Totals	
	June 30, 2002	June 30, 2001
Assets		
Current assets:		
Cash and investments	\$ 2,538	\$ 2,538
Accounts receivable (net)	245,869	242,241
Due from other funds	2,500	2,500
Inventory-at cost	10,614	10,536
Total current assets	<u>261,521</u>	<u>257,815</u>
Non-current assets:		
Fixed assets	6,565,329	6,690,599
Debt acquisition costs-unamortized	10,792	12,185
Total non-current assets	<u>6,576,121</u>	<u>6,702,784</u>
Total assets	<u>\$ 6,837,642</u>	<u>\$ 6,960,599</u>
Liabilities and Fund Equities		
Current liabilities:		
Accounts payable	\$ 2,278	\$ 1,823
Accrued expenses	32,625	39,383
Customer deposits	44,654	43,217
Due to other funds	368,730	222,926
Current portion of long-term debt	267,262	268,851
Total current liabilities	<u>715,549</u>	<u>576,200</u>
Noncurrent liabilities:		
Accrued vacation pay	16,557	13,965
Noncurrent portion of long-term debt	1,495,600	1,762,862
Total noncurrent liabilities	<u>1,512,157</u>	<u>1,776,827</u>
Total liabilities	<u>2,227,706</u>	<u>2,353,027</u>
Fund equities:		
Contributed capital (net):	3,180,923	3,180,923
Retained earnings, unreserved	1,429,013	1,426,649
Total fund equities	<u>4,609,936</u>	<u>4,607,572</u>
Total liabilities and fund equities	<u>\$ 6,837,642</u>	<u>\$ 6,960,599</u>

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

Chowan County, North Carolina
Enterprise Fund-Water Fund
Combined Statement of Revenues, Expenses, and
Changes in Retained Earnings
For The Fiscal Year Ended June 30, 2002
(With Comparative Totals for the Fiscal Year Ended June 30, 2001)

	Totals	
	June 30, 2002	June 30, 2001
Operating revenues:		
Charges for services-net of uncollectible	\$ 964,759	\$ 841,992
Other operating revenues	8,274	9,022
Total operating revenues	<u>973,033</u>	<u>851,014</u>
Operating expenses:		
Salaries and employee benefits	249,636	225,354
Other operating expenses	268,736	306,185
Depreciation	268,054	259,967
Total operating expenses	<u>786,426</u>	<u>791,506</u>
Operating Income (Loss)	<u>186,607</u>	<u>59,508</u>
Nonoperating revenues (expenses):		
Interest earned on investments	-	4,963
Interest expense and fees	(83,243)	(127,518)
Net non-operating revenues (expenses)	<u>(83,243)</u>	<u>(122,555)</u>
Net income (loss) before operating transfers	<u>103,364</u>	<u>(63,047)</u>
Operating transfers-net	(101,000)	-
Net Income (Loss)	<u>2,364</u>	<u>(63,047)</u>
Retained earnings, beginning of year	1,426,649	1,489,696
Retained earnings, end of year	<u>\$ 1,429,013</u>	<u>\$ 1,426,649</u>

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

Chowan County, North Carolina
 All Proprietary Fund Types-Enterprise Funds-Water Fund
 Combined Statement of Cash Flows
 For The Fiscal Year Ended June 30, 2002
 (With Comparative Totals for the Fiscal Year Ended June 30, 2001)

	Totals	
	June 30, 2002	June 30, 2001
Cash flows from operating activities:		
Cash received for services	\$ 961,129	\$ 879,858
Cash paid for goods and services	(273,723)	(314,145)
Cash paid for salaries and benefits	(247,044)	(223,850)
Customer deposits-net	1,438	903
Other operating revenue	8,274	9,022
Net cash provided by operating activities	<u>450,074</u>	<u>351,788</u>
Cash flows from noncapital financing activities:		
Operating transfers-in (out)	<u>(101,000)</u>	-
Net cash used for noncapital financing activities	<u>(101,000)</u>	-
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(142,784)	(250,187)
Principal paid on bonds and equipment contracts	(268,851)	(269,910)
Interest paid on bonds and equipment contracts	(83,243)	(123,589)
Loan from other fund	145,804	222,926
Net cash used for capital and related financing activities	<u>(349,074)</u>	<u>(420,760)</u>
Cash flows from investing activities:		
Interest on investments	-	4,963
Net cash provided by investing activities	<u>-</u>	<u>4,963</u>
Net increase (decrease) in cash and cash equivalents	-	(64,009)
Cash and cash equivalents, July 1	2,538	66,547
Cash and cash equivalents, June 30	<u>\$ 2,538</u>	<u>\$ 2,538</u>

Chowan County, North Carolina
 All Proprietary Fund Types-Enterprise Funds-Water Fund
 Combined Statement of Cash Flows
 For The Fiscal Year Ended June 30, 2002
 (With Comparative Totals for the Fiscal Year Ended June 30, 2001)

	Totals	
	June 30, 2002	June 30, 2001
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 186,607	\$ 59,508
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	269,447	259,967
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(3,630)	37,866
(Increase) decrease in inventory	(77)	(1,892)
Increase (decrease) in accounts payable and accrued liabilities	(6,303)	(6,068)
(Increase) decrease in customer deposits	1,438	903
Increase (decrease) in accrued vacation pay	2,592	1,504
Total adjustments	<u>263,467</u>	<u>292,280</u>
Net cash provided by operating activities	<u>\$ 450,074</u>	<u>\$ 351,788</u>

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

Chowan County, North Carolina
Water Fund
Statement of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2002
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
Revenues:				
Operating revenues:				
Water sales	\$ 1,032,552	\$ 921,963	\$ (110,589)	\$ 792,140
Reconnection fees	55,000	10,605	(44,395)	10,725
Miscellaneous revenue	13,650	7,483	(6,167)	40
Sales tax and other refunds	8,000	790	(7,210)	8,982
Taps and connection fees	114,000	32,191	(81,809)	39,127
Total	<u>1,223,202</u>	<u>973,032</u>	<u>(250,170)</u>	<u>851,014</u>
Nonoperating revenues:				
Investment earnings	30,000	-	(30,000)	4,964
Total revenues	<u>1,253,202</u>	<u>973,032</u>	<u>(280,170)</u>	<u>855,978</u>
Expenditures:				
Administration and operating:				
Salaries and employee benefits	266,019	249,636	16,383	225,354
Postage and telephone	20,000	18,087	1,913	17,650
Utilities	75,000	73,312	1,688	67,894
Maintenance and repairs	45,399	15,927	29,472	57,530
Automotive supplies	10,500	9,460	1,040	12,717
Supplies and materials	84,952	72,006	12,946	73,113
Administrative services	85,867	59,594	26,273	55,225
Meters and minor improvements	40,000	20,208	19,792	19,568
Total	<u>627,737</u>	<u>518,230</u>	<u>109,507</u>	<u>529,051</u>
Debt service:				
Debt principal	268,851	268,851	-	269,910
Interest and fees	97,355	88,607	8,748	123,589
Total	<u>366,206</u>	<u>357,458</u>	<u>8,748</u>	<u>393,499</u>
Capital outlay:				
Equipment	158,259	143,004	15,255	254,567
Total expenditures	<u>1,152,202</u>	<u>1,018,692</u>	<u>133,510</u>	<u>1,177,117</u>
Revenues over (under) expenditures	<u>101,000</u>	<u>(45,660)</u>	<u>(146,660)</u>	<u>(321,139)</u>
Other financing sources (uses):				
Transfers in (out)	(101,000)	(101,000)	-	-
Total other financing sources (uses)	<u>(101,000)</u>	<u>(101,000)</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ (146,660)</u>	<u>\$ (146,660)</u>	<u>\$ (321,139)</u>

Chowan County, North Carolina
 Water Fund
 Statement of Revenues and Expenditures
 Budget and Actual (Non - GAAP)
 For the Fiscal Year Ended June 30, 2002
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Revenues and other sources (uses) over expenditures		\$ (146,660)		\$ (321,139)
Debt principal		268,851		269,910
Capital outlay		142,784		250,187
Increase in bond interest accrued		6,762		(2,533)
Depreciation		(268,054)		(259,967)
Amortization		(1,396)		(1,396)
Decrease in inventory		77		1,891
Total reconciling items		<u>149,024</u>		<u>258,092</u>
Net Income (Exhibit D-2)		<u>\$ 2,364</u>		<u>\$ (63,047)</u>

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

Chowan County, North Carolina
 Water Capital Reserve Fund
 Schedule of Revenues and Expenditures
 Budget and Actual (Non-GAAP)
 For the Fiscal Year Ended June 30, 2002
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
Revenues:				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources:				
Total revenues and other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Fund balances:				
Beginning of year, July 1		<u>2,538</u>		<u>2,538</u>
End of year, June 30		<u>\$ 2,538</u>		<u>\$ 2,538</u>

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

Chowan County, North Carolina
 Agency Funds
 Combining Balance Sheet
 June 30, 2002
 (With Comparative Totals for June 30, 2001)

	Edenton Chowan Development	Firemen's Relief Fund	Protective Payees	Health Services Fund	Totals	
					June 30, 2002	June 30, 2001
Assets						
Cash in bank	\$ 1	\$ 26,415	\$ 544	\$ -	\$ 26,960	\$ 205,178
Accounts receivable	5,512	-	-	218,479	223,991	-
Total assets	<u>\$ 5,513</u>	<u>\$ 26,415</u>	<u>\$ 544</u>	<u>\$ 218,479</u>	<u>\$ 250,951</u>	<u>\$ 205,178</u>
Liabilities and Fund Balances						
Liabilities and fund balances:						
Accounts payable	\$ 5,513	\$ 26,415	\$ 544	\$ -	\$ 32,472	\$ 199,678
Due to other funds	-	-	-	218,479	218,479	5,500
Total liabilities and fund balances	<u>\$ 5,513</u>	<u>\$ 26,415</u>	<u>\$ 544</u>	<u>\$ 218,479</u>	<u>\$ 250,951</u>	<u>\$ 205,178</u>

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

Chowan County, North Carolina
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2002

	Balance July 1, 2001	Additions	Deductions	Balance June 30, 2002
Fireman's Relief Fund				
Assets:				
Cash and cash equivalents	\$ 24,385	\$ 2,030	\$ -	\$ 26,415
Liabilities:				
Payables	\$ 24,385	\$ 2,030	\$ -	\$ 26,415
Social Services-Protective Payees				
Assets:				
Cash and cash equivalents	\$ 2,020	\$ 22,099	\$ 23,575	\$ 544
Liabilities:				
Payables	\$ 2,020	\$ 22,099	\$ 23,575	\$ 544
Consolidated Health Services				
Assets:				
Cash and cash equivalents	\$ 176,773	\$ 5,002,702	\$ 5,179,475	\$ -
Accounts receivable	-	218,479	-	218,479
Total	<u>\$ 176,773</u>	<u>\$ 5,221,181</u>	<u>\$ 5,179,475</u>	<u>\$ 218,479</u>
Liabilities:				
Payables	\$ 171,273	\$ 5,008,202	\$ 5,179,475	\$ -
Due to other funds	5,500	212,979	-	218,479
Total payables	<u>\$ 176,773</u>	<u>\$ 5,221,181</u>	<u>\$ 5,179,475</u>	<u>\$ 218,479</u>
Edenton Chowan Development Corp				
Assets:				
Cash and cash equivalents	\$ 2,000	\$ 242,375	\$ 244,374	\$ 1
Accounts receivable	-	5,512	-	5,512
Total	<u>\$ 2,000</u>	<u>\$ 247,887</u>	<u>\$ 244,374</u>	<u>\$ 5,513</u>
Liabilities:				
Payables	<u>\$ 2,000</u>	<u>\$ 247,887</u>	<u>\$ 244,374</u>	<u>\$ 5,513</u>
Fines and Forfeitures				
Assets:				
Cash and cash equivalents	\$ -	\$ 108,957	\$ 108,957	\$ -
Liabilities:				
Payables	<u>\$ -</u>	<u>\$ 108,957</u>	<u>\$ 108,957</u>	<u>\$ -</u>
Totals - All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 205,178	\$ 5,378,163	\$ 5,556,381	\$ 26,960
Accounts receivable	-	223,991	-	223,991
Total	<u>\$ 205,178</u>	<u>\$ 5,602,154</u>	<u>\$ 5,556,381</u>	<u>\$ 250,951</u>
Liabilities:				
Payables	\$ 199,678	\$ 5,389,175	\$ 5,556,381	\$ 32,472
Due to other funds	5,500	212,979	-	218,479
Total payables	<u>\$ 205,178</u>	<u>\$ 5,602,154</u>	<u>\$ 5,556,381</u>	<u>\$ 250,951</u>

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

Chowan County, North Carolina
Combining Balance Sheet
Discretely Presented Component Units
June 30, 2002

	Chowan County Medical Development Authority	Chowan County ABC Board	Total Memorandum Only
Assets			
Cash and cash equivalents	\$ 47,613	\$ 104,067	\$ 151,680
Inventories	-	103,174	103,174
Prepaid items	-	2,312	2,312
Fixed assets (net, where applicable, of accumulated depreciation)	-	167,048	167,048
Total assets	<u>\$ 47,613</u>	<u>\$ 376,601</u>	<u>\$ 424,214</u>
Liabilities and equity			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ 47,485	\$ 47,485
Total liabilities	<u>-</u>	<u>47,485</u>	<u>47,485</u>
Equity:			
Retained earnings, unreserved	47,613	329,116	376,729
Total equity	<u>47,613</u>	<u>329,116</u>	<u>376,729</u>
Total liabilities and equity	<u>\$ 47,613</u>	<u>\$ 376,601</u>	<u>\$ 424,214</u>

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

Chowan County, North Carolina
Discretely Presented Component Units
Combining Statement of Revenues, Expenses and Changes in Retained Earnings
For the Fiscal Year Ended June 30, 2001

	Chowan County Medical Development Authority	Chowan County ABC Board	Total Memorandum Only
Operating revenues:			
Alcoholic beverage sales (net)	\$ -	\$ 609,716	\$ 609,716
Total operating revenues	<u>-</u>	<u>609,716</u>	<u>609,716</u>
Operating expenses:			
Cost of goods sold	-	420,430	420,430
Store expenses	-	116,763	116,763
Administrative expenses	-	14,600	14,600
Depreciation	-	10,121	10,121
Total expenditures	<u>-</u>	<u>561,914</u>	<u>561,914</u>
Operating income	<u>-</u>	<u>47,802</u>	<u>47,802</u>
Non-operating revenues (expenses):			
Interest on investments	382	1,321	1,703
Net non-operating revenues (expenses)	<u>382</u>	<u>1,321</u>	<u>1,703</u>
Net Income before operating transfers	<u>382</u>	<u>49,123</u>	<u>49,505</u>
Operating transfers:			
To primary government	-	(73,115)	(73,115)
Net income	382	(23,992)	(23,610)
Retained earnings:			
Beginning of year	47,231	353,108	400,339
End of the year	<u>\$ 47,613</u>	<u>\$ 329,116</u>	<u>\$ 376,729</u>

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

Chowan County, North Carolina
Discretely Presented Component Units
Combining Statement of Cash Flows
For The Fiscal Year Ended June 30, 2002

	Chowan County Medical Development Authority	Chowan County ABC Board	Total Memorandum Only
Cash flows from operating activities:			
Cash received for services	\$ -	\$ 773,481	\$ 773,481
Cash paid for goods and services	-	(565,873)	(565,873)
Taxes paid to other governments	-	(162,864)	(162,864)
Net cash provided by operating activities	<u>-</u>	<u>44,744</u>	<u>44,744</u>
Cash flows from non-capital financing activities:			
Alcohol education and law enforcement	-	(3,317)	(3,317)
Operating transfers to primary government	-	(70,000)	(70,000)
Net cash used for non-capital financing activities	<u>-</u>	<u>(73,317)</u>	<u>(73,317)</u>
Cash flows from investing activities:			
Interest on investments	<u>382</u>	<u>1,321</u>	<u>1,703</u>
Net cash provided by investing activities	<u>382</u>	<u>1,321</u>	<u>1,703</u>
Net increase (decrease) in cash and cash equivalents	382	(27,252)	(26,870)
Cash and cash equivalents, July 1	<u>47,231</u>	<u>131,319</u>	<u>178,550</u>
Cash and cash equivalents, June 30	<u>\$ 47,613</u>	<u>\$ 104,067</u>	<u>\$ 151,680</u>

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

Chowan County, North Carolina
Discretely Presented Component Units
Combining Statement of Cash Flows
For The Fiscal Year Ended June 30, 2002

	<u>Chowan County Medical Development Authority</u>	<u>Chowan County ABC Board</u>	<u>Total Memorandum Only</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ -	\$ 47,802	\$ 47,802
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	-	10,121	10,121
Increase in prepaid expenses	-	97	97
Changes in assets and liabilities:			
(Increase) decrease in inventory	-	(5,032)	(5,032)
Increase (decrease) in accounts payable and accrued liabilities	-	(8,244)	(8,244)
Total adjustments	-	(3,058)	(3,058)
Net cash provided by operating activities	<u>\$ -</u>	<u>\$ 44,744</u>	<u>\$ 44,744</u>

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

Chowan County, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2002

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2001</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2002</u>
1991-1992	\$ 7,316	\$ -	\$ 7,316	\$ -
1992-1993	9,203	-	652	8,551
1993-1994	8,176	-	1,062	7,114
1994-1995	10,181	-	2,001	8,180
1995-1996	12,656	-	3,336	9,320
1996-1997	16,560	-	3,126	13,434
1997-1998	26,769	-	6,148	20,621
1998-1999	35,186	-	9,289	25,897
1999-2000	66,730	-	30,374	36,356
2000-2001	241,393	-	146,868	94,525
2001-2002	-	5,314,610	5,076,170	238,440
	<u>\$ 434,170</u>	<u>\$ 5,314,610</u>	<u>\$ 5,286,342</u>	<u>462,438</u>
	Less: allowance for uncollectible accounts and partial payments:			
				<u>175,685</u>
				<u>\$ 286,753</u>
	<u>Reconciliation with revenues:</u>			
				<u>\$ 5,317,486</u>
	Ad valorem taxes - General Fund			
	Reconciling items:			
				(55,758)
				17,430
				7,184
				<u>(31,144)</u>
				<u>\$ 5,286,342</u>

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

Chowan County, North Carolina
 Analysis of Current Tax Levy
 County - wide Levy
 For the Fiscal Year Ended June 30, 2002

	County - wide			Property excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Amount of Levy		
Original levy:					
Property taxed at current year's rate	\$ 715,271,652	\$.69	\$ 4,935,381	\$ 4,545,535	\$ 389,846
Motor vehicles taxed at prior year's rate	40,543,570	.69	279,751	-	279,751
Penalties	-		5,571	5,571	-
Total	<u>755,815,222</u>		<u>5,220,703</u>	<u>4,551,106</u>	<u>669,597</u>
Discoveries:					
Current and prior year taxes	18,789,641		129,648	129,648	-
Penalties	-		-	-	-
Total	<u>18,789,641</u>		<u>129,648</u>	<u>129,648</u>	<u>-</u>
Abatements	(4,749,699)		(35,741)	(18,901)	(16,840)
Total property valuation	<u>\$ 769,855,164</u>				
Net levy			5,314,610	4,661,853	652,757
Uncollected taxes at June 30, 2002			<u>238,440</u>	<u>169,829</u>	<u>68,611</u>
Current year's taxes collected			<u>\$ 5,076,170</u>	<u>\$ 4,492,024</u>	<u>\$ 584,146</u>
Current levy collection percentage			<u>95.51%</u>	<u>96.36%</u>	<u>89.49%</u>

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

Chowan County, North Carolina
 Analysis of Current Tax Levy
 County - wide Levy
 For the Fiscal Year Ended June 30, 2002

Secondary Market Disclosures:

Assessed Valuation:

Assessment Ratio	100 %
Real Property	\$ 541,883,791
Personal Property	214,073,336
Public Service Companies	<u>14,277,170</u>
Total Assessed Valuation	770,234,297
Tax Rate per \$100	0.69
Levy (includes discoveries, releases and abatements)	\$ 5,314,610

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

Fire Protection Districts	<u><u>\$ 174,624</u></u>
---------------------------	--------------------------

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

Chowan County, North Carolina
 Schedule of Ten Largest Taxpayers
 For the Fiscal Year Ended June 30, 2002

Taxpayer	Type of Business	2002 Assessed Valuation	Percentage of Total Assessed Valuation
Morven Partners	Manufacturing	\$ 9,026,393	0.012 %
Seabrook Blanching Corp.	Manufacturing	6,384,694	0.008
Piece Dye Acquisition	Manufacturing	6,286,553	0.008
Tee-Lok Corp.	Manufacturing	6,157,830	0.008
George C Moore	Manufacturing	5,100,202	0.007
Cameron Edenton	Real estate	3,960,523	0.005
Evans Lumber	Manufacturing	3,895,348	0.005
P & G Development	Real estate	3,059,364	0.004
Mediacom	Communication	2,281,635	0.003
Castpa	Real estate	1,952,210	0.003
Total		<u>\$ 48,104,752</u>	<u>0.062 %</u>

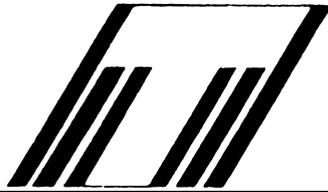
The notes to the financial statements are an integral part of this statement.

Chowan County, North Carolina
 Schedule of Interfund Transfers
 For the Fiscal Year Ended June 30, 2002

	Transfers	
	From	To
Operating Transfers From/To Other Funds		
General Fund		
Water	101,000	
School Capital Project Fund		450,000
Fire District Fund		47,000
Sanitation Fund		207,189
Special Revenue Funds		
Fire District Fund		
General Fund	47,000	
Sanitation Fund		
General Fund	207,189	
School Capital Project Fund		
School Capital Reserve	1,066,111	
General Fund	450,000	
School Capital Reserve		
School Capital Project Fund		1,066,111
Capital Project Funds		
D.F. Walker Capital Project Fund		
White Oak School Capital Project Fund	17,464	
White Oak School Capital Project Fund		
D.F. Walker Capital Project Fund		17,464
Enterprise Fund		
Water Fund		
General Fund		101,000
Total operating transfers - other funds	<u>\$ 1,888,764</u>	<u>\$ 1,888,764</u>
Operating Transfers From/To Component Units		
General Fund		
Component units - discretely presented		
Chowan County ABC Board	\$ 73,115	\$ -
Components units - discretely presented		
Chowan County ABC Board		
General Fund	-	73,115
Total operating transfers - component units	<u>\$ 73,115</u>	<u>\$ 73,115</u>

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

Compliance Section



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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**To the Board of County Commissioners
Chowan County, North Carolina**

We have audited the general purpose financial statements of Chowan County, North Carolina, as of and for the year ended June 30, 2002, and have issued our report thereon dated November 29, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

Page 2

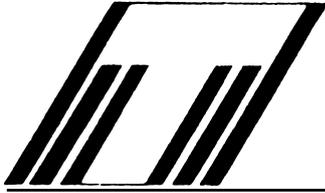
reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. We noted other matters involving the internal control over financial reporting that we have reported to management of Chowan County in a separate letter dated November 29, 2002.

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



Certified Public Accountant

December 30, 2002



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

**To the Board of County Commissioners
Chowan County, North Carolina**

Compliance

We have audited the compliance of Chowan County, North Carolina, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2002. Chowan County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Chowan County's management. Our responsibility is to express an opinion on Chowan County's compliance based on our audit.

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

In our opinion, Chowan County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

Internal Control Over Compliance

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

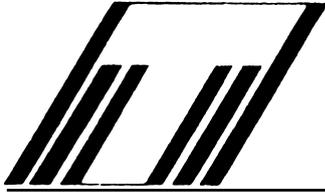
Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively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

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



Certified Public Accountant

December 30, 2002



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

**To the Board of County Commissioners
Chowan County, North Carolina**

Compliance

We have audited the compliance of Chowan County, North Carolina, with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2002. Chowan 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 Chowan County's management. Our responsibility is to express an opinion on the Chowan County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and 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 Chowan 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 Chowan County's Compliance with those requirements.

In our opinion, Chowan County complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2002.

Internal Control Over Compliance

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

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

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



Certified Public Accountant

December 30, 2002

**CHOWAN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2002**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial
statements noted

 yes X no

Federal Awards

Internal control over major federal programs:

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

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

Any audit findings disclosed that are
required to be reported in accordance
with Section 510(a) of Circular A-133

 yes X no

Identification of major federal programs:

<u>CFDA#</u>	<u>Program Name or Cluster</u>
93.778	Medicaid
93.558	TANF

Dollar threshold used to distinguish
between Type A and Type B Programs

 \$ 438,902

Auditee qualified as low-risk auditee?

 X yes no

**CHOWAN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2002**

State Awards

Internal control over major State programs:

- **Material weakness(es) identified?** yes X no

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

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

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

Identification of major State programs:

**Program Name
Clean Water Management Trust Fund
Public School Building Capital Fund**

Section II - Financial Statement Findings
--

None reported

Section III - Federal Award Findings and Questioned Costs
--

None reported

Section IV - State Award Findings and Questioned Costs

None reported

CHOWAN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2002

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal Expenditures (Direct and Pass-Through)	State Expenditures	Local Expenditures	Total
FEDERAL AWARDS:					
U. S. Department of Justice:					
Passed-through the N.C. Dept. of Crime Control and Public Safety:					
Juvenile Justice Delinquency Prevention Direct Program-	16.540	43,863			43,863
COPS Fast	16.710	92,645	-	-	92,645
COPS MORE	16.710	10,979	-	-	10,979
Bulletproof Vest Program	16.607	1,126	-	-	1,126
Total U.S. Dept. of Justice		148,613	-	-	148,613
Federal Emergency Management Agency:					
Passed-through the N. C. Dept. of Crime Control and Public Safety:					
Emergency Management - Hazard Mitigation Grant Program	83.548	24,919	-	-	24,919
EM Performance Grant	83.552	11,147	-	-	11,147
Total Federal Emergency Management Agency		36,066	-	-	36,066
U.S. Department of Health and Human Services:					
Administration for Children and Families:					
Passed-through N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Permanency Planning	93.645	4,957	1,324	328	6,609
Social Services Block Grant	93.667	59,542	6,607	20,962	87,111
Aid to Families with Dependent Children - Direct	93.560	(1,325)	(363)	(363)	(2,051)
Temporary Assistance to Needy Families	93.558	255,201		256,354	511,555
Temporary Assistance to Needy Families - Direct	93.558	589,997	6	1,279	591,282
Child Support Enforcement	93.563	235,524		120,610	356,134
Low-Income Home Energy Assistance Block Grant:					
Administration	93.568	29,214			29,214
Direct Benefit Payments	93.568	39,088			39,088
Child Care and Development Fund	93.596	60,000			60,000
Independent Living Grant	93.674	1,548	387		1,935
Foster Care and Adoption Cluster:					
Title IV-E Foster Care	93.658	24,645	4,207	20,438	49,290
Foster Care / Adoption	n/a			1,773	1,773
Foster Care - Direct Benefits Program	93.658	3,999	1,191	1,285	6,475
Adoption Assistance - Direct Benefit Payments	93.659	4,420	1,375	1,375	7,170
Total Foster Care and Adoption Cluster		33,064	6,773	24,871	64,708
Division of Child Development:					
Subsidized Child Care Cluster:					
Child Care and Development Fund - Discretionary	93.575	307,163		-	307,163
Child Care and Development Fund - Mandatory	93.596	162,195		-	162,195
Child Care and Development Fund - Match	93.596	99,321	1,092	-	100,413
Social Services Block Grant	93.667	4,628		-	4,628
TANF	93.558	75,970		-	75,970
Smart Start	n/a		41,747	-	41,747
State Appropriations	n/a		54,861	-	54,861
TANF - Main. of Effort	n/a		118,129	-	118,129
Total Subsidized Child Care Cluster		649,277	215,829	-	865,106
Health Care Financing Administration:					
Passed-through N.C. Dept. of Health and Human Services:					
Division of Medical Assistance:					
Direct Benefit Payments:					
Medical Assistance Program	93.778	10,357,018	5,338,228	890,891	16,586,137
Division of Social Services:					
Medical Assistance Program	93.778	231,312	10,322	213,618	455,252
Administration:					
Health Choice	93.767	10,076	811	2,872	13,759
Total U. S. Dept. of Health and Human Services		12,554,493	5,579,924	1,531,422	19,665,839

CHOWAN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2002

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal Expenditures (Direct and Pass-Through)	State Expenditures	Local Expenditures	Total
U.S. Department of Agriculture:					
Food and Nutrition Service					
Passed-through N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Administration:					
Food Stamp Cluster:					
Food Stamp Program - Noncash	10.551	1,633,506	-	-	1,633,506
State Administrative Matching Grants for the Food Stamp Program	10.561	<u>134,369</u>	-	<u>134,368</u>	<u>268,737</u>
Total Food Stamp Cluster		<u>1,767,875</u>	-	<u>134,368</u>	<u>1,902,243</u>
Natural Resources Conservation Service -					
Soil and Water Conservation	10.902	21,010	-	-	21,010
Passed-through N.C. Dept. of Environment and Natural Resources:					
Division of Forest Resources:					
Urban & Community Forestry Grant	10.664	<u>3,706</u>	-	-	<u>3,706</u>
Total U.S. Dept. of Agriculture		<u>1,792,591</u>	-	<u>134,368</u>	<u>1,926,959</u>
U.S. Department of Labor:					
Welfare-to-Work Grants to State and Localities	17.253	<u>83,636</u>	-	-	<u>83,636</u>
Department of Commerce:					
Passed through the N.C. Department of Environment and Natural Resources:					
Division of Coastal Management:					
Local Planning and Management Grant	11.419	2,400	9,600	-	12,000
CAMA Minor Permit Program	11.419	<u>75</u>	-	-	<u>75</u>
Total U.S. Dept. of Commerce		<u>2,475</u>	<u>9,600</u>	-	<u>12,075</u>
Department of Transportation:					
Passed through the N.C. Department of Environment and Natural Resources:					
Division of Parks and Recreation:					
Recreational Trails Program	20.219	<u>31,440</u>	-	-	<u>31,440</u>
Total Federal Awards		<u>14,649,314</u>	<u>5,589,524</u>	<u>1,665,790</u>	<u>21,904,628</u>
STATE AWARDS:					
N.C. Department of Environment and Natural Resources:					
Natural Resources:					
Clean & Snag Grant	n/a	-	56,929	-	56,929
Clean Water Mgmt. Trust Fund	n/a	-	575,660	-	575,660
Soil and Water	n/a	-	<u>17,684</u>	-	<u>17,684</u>
Total N.C. Dept. of Environment and Natural Resources		-	<u>650,273</u>	-	<u>650,273</u>
N.C. Department of Health and Human Services:					
Veterans Service					
Division of Social Services:	n/a	-	2,000	-	2,000
County Funded Programs	n/a	-	-	52,778	52,778
Non Allocating County Cost	n/a	-	-	9,018	9,018
SC/SA Admin.	n/a	-	-	12,254	12,254
State Adult Protective Service	n/a	-	14,533	-	14,533
Direct Benefit Payments:					
F/C At Risk Maximization	n/a	-	3,218	1,987	5,205
State Foster Home	n/a	-	4,685	4,685	9,370
SC/SA Domiciliary Care	n/a	-	<u>184,980</u>	<u>184,980</u>	<u>369,960</u>
Total N.C. Dept. of Health and Human Resources		-	<u>209,416</u>	<u>265,702</u>	<u>475,118</u>
N.C. Department of Transportation:					
Elderly and Disabled Transportation Assistance Program (E&DTAP)					
Rural General Public Program	n/a	-	38,146	-	38,146
Work First Transitional	n/a	-	19,293	-	19,293
	n/a	-	<u>4,913</u>	-	<u>4,913</u>
Total N.C. Dept. of Transportation		-	<u>62,352</u>	-	<u>62,352</u>

CHOWAN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2002

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal Expenditures (Direct and Pass-Through)	State Expenditures	Local Expenditures	Total
N.C. Office of Budget and Management -					
Passed through ARPDC:					
Legislative Appropriation -					
Senior Center	n/a	-	13,974	-	13,974
Senior Center Outreach	n/a	-	4,980	-	4,980
Total N.C. Office of Budget and Management		-	18,954	-	18,954
N.C. Department of Corrections					
Criminal Justice Partnership Program - CORPS	n/a	-	12,001	-	12,001
N.C. Office of Juvenile Justice					
Intensive Super of Juvenile Justice	n/a	-	48,886	-	48,886
Project Challenge	n/a	-	15,255	-	15,255
Edenton-Chowan Rec. & Parks	n/a	-	11,458	-	11,458
Total N.C. Office of Juvenile Justice		-	75,599	-	75,599
Office of the Governor					
Dept. of Juvenile Justice and Delinquency Prevention -					
Governor's One-On-One Volunteer Program	n/a	-	22,500	-	22,500
Office of State Budget, Planning, and Management -					
Public School Building Capital Fund	n/a	-	306,104	-	306,104
Total Office of the Governor		-	328,604	-	328,604
Total State Awards		-	1,357,199	265,702	1,622,901
Total Federal and State Awards		<u>\$ 14,649,314</u>	<u>\$ 6,946,723</u>	<u>\$ 1,931,492</u>	<u>\$ 23,527,529</u>

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

1. Basis of Presentation.

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Chowan County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements. Benefit payments are paid directly to recipients and are not included in the county's general purpose financial statements. However, due to the county's involvement in determining eligibility, they are considered federal awards to the county and are included on this schedule.

2. Subrecipients.

Of the federal and State expenditures presented in the schedule, Chowan County provided State awards to subrecipients as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>State Expenditures</u>
OJJ Funds	n/a	\$ 75,599
Public School Building Capital Fund	n/a	306,104