

CHOWAN COUNTY NORTH CAROLINA

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

MARTIN  STARNES
& ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

CHOWAN COUNTY, NORTH CAROLINA

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Chowan County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Chowan County, North Carolina, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Chowan County's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Chowan County ABC Board. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion on the financial statement, insofar as it relates to the amounts included for the Chowan County ABC Board, is based solely on the report of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. The financial statements of the Chowan County ABC Board were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Chowan County, North Carolina, as of June 30, 2009, the respective changes in financial position and cash flows, where appropriate, thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2009, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit prepared in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the Other Post-Employment Benefit Required Supplementary Information are not required parts of the financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Chowan County, North Carolina, taken as a whole. The combined, combining and individual fund financial statements and schedules and supplemental ad valorem tax schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combined, combining and individual fund financial statements and schedules and supplemental ad valorem tax schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.

October 1, 2009

Management's Discussion and Analysis

As management of Chowan County, we offer readers of Chowan County's financial statements this narrative overview and analysis of the financial activities of Chowan County for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

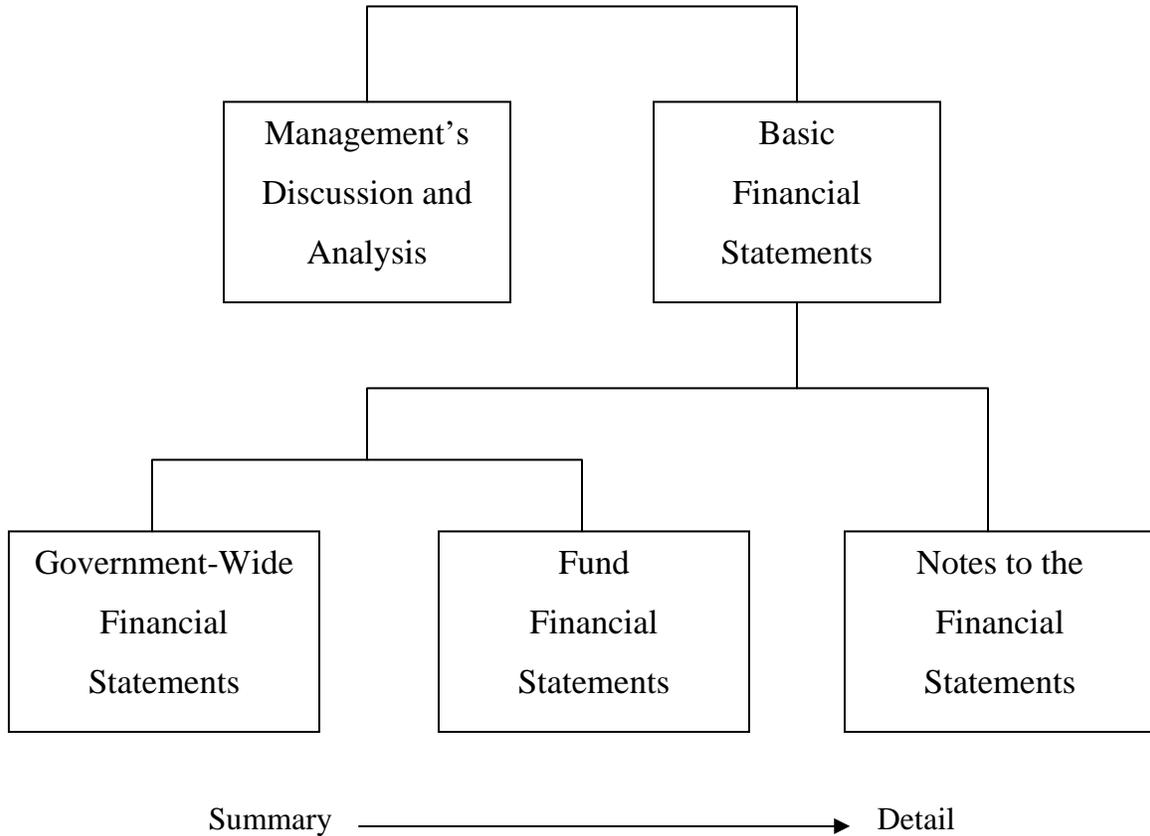
Financial Highlights

- The assets of Chowan County's exceeded its liabilities at the close of the fiscal year by \$32,058,113. Of this amount, \$1,682,184 may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's net assets of governmental activities decreased by \$1,659,498. This compares to a decrease of \$3,958,670 in 2008.
- As of the close of the current fiscal year, Chowan County's governmental funds reported combined ending fund balances of \$1,137,279, a decrease of \$671,385 in comparison with the prior year. Unreserved fund balance was \$486,433 at June 30, 2009.
- Chowan County's total debt decreased by \$1,099,687 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Chowan County's basic financial statements. Chowan County's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Chowan County.

**Required Components of Annual Financial Report
Figure 1**



Basic Financial Statements

The first two statements, Exhibits A and B, in the basic financial statements are the **Government-Wide Financial Statements**. They provide both short and long-term information concerning the County's financial status.

The next statements, Exhibits C through J, are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government, providing more detail than the government-wide statements. There are four parts to the fund financial statements: 1) the governmental funds statements, 2) the budgetary comparison statements, 3) the proprietary fund statements, and 4) the fiduciary and agency fund statements.

The final section of the basic financial statements is the **Notes to the Financial Statements**. The notes to the financial statements offer a detailed explanation about various information contained in the statements. Following the notes, supplemental information provides details of the County's nonmajor governmental funds, all of which are combined in one column on the basic financial statements. Budgetary information required by the North Carolina General Statutes can also be found in this part of the statements.

Government-Wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of Chowan County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Chowan County include general governmental, public safety, transportation, public education, economic development, and general administration. The business-type activities of Chowan County consist of the solid waste (landfill) operation, the Water Fund, and the Emergency Management Fund. The County also has two business type capital projects, the Water Storm Preparedness Capital Reserve Fund and the Water Development Capital Reserve Fund.

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

The government-wide financial statements can be found on Exhibits A and B of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Chowan County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of Chowan County can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting which provides a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Chowan County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board of Commissioners about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds. Chowan County maintains two types of proprietary funds, enterprise and internal service. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements. Chowan County uses an internal service fund to account for health insurance on a cost reimbursement basis. As these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Chowan County has eight agency funds.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Chowan County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information immediately follows the notes to the financial statements.

Chowan County's Net Assets
Figure 2

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>
Current and other assets	\$ 4,625,440	\$ 2,984,873	\$ 890,217	\$ 1,286,895	\$ 5,515,657	\$ 4,271,768
Capital assets	48,744,379	46,994,687	6,245,660	6,006,755	54,990,039	53,001,442
Total assets	<u>53,369,819</u>	<u>49,979,560</u>	<u>7,135,877</u>	<u>7,293,650</u>	<u>60,505,696</u>	<u>57,273,210</u>
Long-term liabilities outstanding	25,238,072	22,744,953	580,062	156,094	\$ 25,818,134	\$ 22,901,047
Other liabilities	<u>860,468</u>	<u>2,121,784</u>	<u>109,483</u>	<u>192,266</u>	<u>969,951</u>	<u>2,314,050</u>
Total liabilities	<u>26,098,540</u>	<u>24,866,737</u>	<u>689,545</u>	<u>348,360</u>	<u>26,788,085</u>	<u>25,215,097</u>
Net assets:						
Invested in capital assets, net of related debt	30,743,095	24,429,387	5,859,536	5,899,545	36,602,631	30,328,932
Restricted	-	46,997	-	-	-	46,997
Unrestricted	<u>(3,471,816)</u>	<u>636,439</u>	<u>586,796</u>	<u>1,045,745</u>	<u>(2,885,020)</u>	<u>1,682,184</u>
Total net assets	<u>\$ 27,271,279</u>	<u>\$ 25,112,823</u>	<u>\$ 6,446,332</u>	<u>\$ 6,945,290</u>	<u>\$ 33,717,611</u>	<u>\$ 32,058,113</u>

As noted earlier, net assets over time may serve as a useful indicator of a government's financial position. For Chowan County, assets exceeded liabilities by \$32,058,113 at the close of the most recent fiscal year.

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

At the end of the current fiscal year, Chowan County is able to report positive balances in unrestricted net assets in the amount of \$1,682,184 for the government as a whole.

Chowan County's Changes in Net Assets
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2008	2009	2008	2009	2008	2009
Revenues:						
Charges for services	\$ 1,516,957	\$ 4,630,860	\$ 2,807,541	\$ 2,968,685	\$ 4,324,498	\$ 7,599,545
Operating grants and contributions	3,194,114	1,100,380	-	-	3,194,114	1,100,380
Capital grants and contributions	3,083	(36,037)	54,760	19,477	57,843	(16,560)
General revenues:						
Property taxes	8,142,750	9,832,471	-	-	8,142,750	9,832,471
Other taxes	4,925,057	3,628,223	-	-	4,925,057	3,628,223
Grants not restricted to specific programs	123,161	-	-	-	123,161	-
Other	1,256,133	56,804	(3,642)	3,934	1,252,491	60,738
Total revenues	<u>19,161,255</u>	<u>19,212,701</u>	<u>2,858,659</u>	<u>2,992,096</u>	<u>22,019,914</u>	<u>22,204,797</u>
Expenses:						
General government	4,312,889	5,322,633	-	-	4,312,889	5,322,633
Public safety	4,329,886	4,665,933	-	-	4,329,886	4,665,933
Transportation	25,000	-	-	-	25,000	-
Economic and physical development	976,801	361,139	-	-	976,801	361,139
Environmental protection	1,162,534	1,303,733	-	-	1,162,534	1,303,733
Human services	4,733,047	3,900,216	-	-	4,733,047	3,900,216
Cultural and recreation	1,127,307	1,457,170	-	-	1,127,307	1,457,170
Education	5,531,730	3,887,548	-	-	5,531,730	3,887,548
Interest on long-term debt	1,002,290	487,753	-	-	1,002,290	487,753
Water Fund	-	-	1,304,864	1,047,517	1,304,864	1,047,517
Emergency Management Fund	-	-	1,472,236	1,430,653	1,472,236	1,430,653
Total expenses	<u>23,201,484</u>	<u>21,386,125</u>	<u>2,777,100</u>	<u>2,478,170</u>	<u>25,978,584</u>	<u>23,864,295</u>
Increase (decrease) in net assets before transfers	(4,040,229)	(2,173,424)	81,559	513,926	(3,958,670)	(1,659,498)
Transfers	(99,000)	14,968	99,000	(14,968)	-	-
Change in net assets	<u>(4,139,229)</u>	<u>(2,158,456)</u>	<u>180,559</u>	<u>498,958</u>	<u>(3,958,670)</u>	<u>(1,659,498)</u>
Net assets, beginning as stated	17,670,142	13,530,913	4,551,362	4,731,921	22,221,504	18,262,834
Prior period adjustment	-	13,740,366	-	1,714,411	-	15,454,777
Net assets, beginning as restated	<u>17,670,142</u>	<u>27,271,279</u>	<u>4,551,362</u>	<u>6,446,332</u>	<u>22,221,504</u>	<u>33,717,611</u>
Net assets, ending	<u>\$ 13,530,913</u>	<u>\$ 25,112,823</u>	<u>\$ 4,731,921</u>	<u>\$ 6,945,290</u>	<u>\$ 18,262,834</u>	<u>\$ 32,058,113</u>

Governmental Activities. Of total net assets, governmental activities accounted for \$25,112,823 (over 75 percent). Property taxes provided 51 percent of funding at \$9,832,471. Charges for services funded \$4,630,860 and operating grants funded \$1,100,380 of Chowan County's governmental activities. The decrease in governmental activities net assets of \$2,158,456 was primarily due to depreciation expense of \$3,227,540 and an increase from general fund activities of \$1,073,906.

Business-Type Activities. Business-type activities increased Chowan County's net assets by \$498,958.

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of Chowan County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Chowan County's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Chowan County's governmental funds reported combined ending fund balances of \$1,137,279, a decrease of \$671,385 from 2008. The decrease is primarily due to a decrease of \$1,745,291 in the special revenue and capital project funds offset by an increase in fund balance of \$1,073,906 in the General Fund.

The General Fund is the principal operating fund of Chowan County. At the end of the current fiscal year, total fund balance for the General Fund reached \$650,846. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. In the current year the General Fund did not have an unreserved balance. Total fund balance represents 4.09 percent of the total expenditures and transfers out for the fund.

General Fund Budgetary Highlights. During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available, 2) amendments made to recognize new funding amounts from external sources, such as federal and State grants, and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund decreased total budgeted revenues and expenditures by \$610,599. These amendments were necessary to reflect changes made by the governing board to more accurately reflect expected revenues and to reflect cost-cutting measures implemented by management to improve the financial condition of the County.

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

Unrestricted net assets of Water Fund at the end of the year totaled \$98,675 and the Emergency Management Fund totaled \$490,590.

Capital Asset and Debt Administration

Capital Assets. Chowan County's investment in capital assets for its governmental and business-type activities as of June 30, 2009, amounts to \$53,001,442 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment. The total decrease in Chowan County's investment in capital assets for the current fiscal year was 3 percent (a 6.18 percent decrease for governmental activities and a 4 percent increase for business-type activities).

Chowan County's Capital Assets
Figure 4

	<u>July 1, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2009</u>
Non-Depreciable Assets:				
Land	\$ 3,362,901	\$ -	\$ -	\$ 3,362,901
Depreciable Assets:				
Buildings	49,186,732	1,085,707	-	50,272,439
Equipment	5,823,847	392,143	(121,787)	6,094,203
Total depreciable assets	<u>55,010,579</u>	<u>1,477,850</u>	<u>(121,787)</u>	<u>56,366,642</u>
Less Accumulated Depreciation:				
Buildings	6,169,438	2,420,655	-	8,590,093
Equipment	3,459,663	806,885	(121,787)	4,144,763
Total accumulated depreciation	<u>9,629,101</u>	<u>\$ 3,227,540</u>	<u>\$ (121,787)</u>	<u>12,734,856</u>
Total capital assets being depreciated, net	<u>45,381,478</u>			<u>43,631,786</u>
Governmental activities capital assets, net	<u>\$ 48,744,379</u>			<u>\$ 46,994,687</u>

	<u>July 1, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2009</u>
Water Fund:				
Non-Depreciable Assets				
Land	\$ 98,347	\$ -	\$ -	\$ 98,347
Depreciable Assets:				
Plant and systems	10,326,559	-	-	10,326,559
Building and improvements	27,456	-	-	27,456
Equipment	493,461	-	-	493,461
Total	<u>10,847,476</u>	<u>-</u>	<u>-</u>	<u>10,847,476</u>
Less Accumulated Depreciation:				
Plant and distribution systems	4,459,103	265,018	-	4,724,121
Buildings and improvements	27,456	-	-	27,456
Equipment	460,690	12,176	-	472,866
Total accumulated depreciation	<u>4,947,249</u>	<u>\$ 277,194</u>	<u>\$ -</u>	<u>5,224,443</u>
Capital assets being depreciated, net	<u>5,900,227</u>			<u>5,623,033</u>
Water Fund capital assets, net	<u>5,998,574</u>			<u>5,721,380</u>

	<u>July 1, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2009</u>
Emergency Management Fund:				
Depreciable Assets:				
Building	13,898	-	-	13,898
Equipment	854,308	127,041	(83,615)	897,734
Total	868,206	127,041	(83,615)	911,632
Less Accumulated Depreciation:				
Buildings and improvements	13,898	-	-	13,898
Equipment	607,222	88,752	(83,615)	612,359
Total accumulated depreciation	621,120	\$ 88,752	\$ (83,615)	626,257
Capital assets being depreciated, net	247,086			285,375
Emergency Management Fund capital assets, net	247,086			285,375
Business-type activities capital assets, net	\$ 6,245,660			\$ 6,006,755

Additional information on Chowan County's capital assets can be found in the notes to the financial statements.

Long-Term Debt. At the end of the current fiscal year, Chowan County had no bonded debt outstanding.

**Chowan County's Outstanding
General Obligation Bonds & Other Debt
Figure 5**

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2009</u>	<u>Current Portion of Balance</u>
Governmental Activities:					
General obligation bonds	\$ 169,869	\$ -	\$ (89,405)	\$ 80,464	\$ 80,464
Hospital revenue bonds and note	1,591,831	-	(541,325)	1,050,506	541,325
Qualified Zone Academy Bonds, net of related Sinking Fund \$326,175 as of June 30, 2009	1,792,854	-	(119,029)	1,673,825	103,573
Notes payable	21,241,403	421,525	(771,453)	20,891,475	1,045,296
Unfunded OPEB	-	454,481	-	454,481	-
Compensated absences	442,115	12,280	(44,535)	409,860	45,000
Total governmental activities	\$ 25,238,072	\$ 888,286	\$ (1,565,747)	\$ 24,560,611	\$ 1,815,658

Chowan County's total debt decreased by \$1,099,687 during the past fiscal year.

More detailed information on Chowan County's long-term debt and capital asset activity can be found in the notes to the financial statements.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for Chowan County is currently 11.8 percent, which is an increase from a rate of 8.7 percent a year ago. This compares to the State's average unemployment rate of 11 percent.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing Chowan County's budget for the 09/10 fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2010

Governmental Activities. Management expects minimal growth in the tax base and other revenue for the 2010 fiscal year. This limited revenue growth continues the trend that dates back to 2008.

Budgeted expenditures in the General Fund were decreased as a result of the anticipated declining revenues including sales tax and land transfer tax. There was no appropriation of fund balance for any expenditures or capital projects in the 2010 budget.

Business-Type Activities. The budgeted expenditures for the Emergency Management Fund and water funds were decreased from the previous year, yet no fees were increased. The Solid Waste Fund expenses were increased due to rising operational costs. The fees for the Solid Waste fund were increased for fiscal year 2010 in an effort to cover annual operational costs.

Requests for Information

This financial report is designed to provide a general overview of Chowan County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Office of the County Manager, 113 E. King Street, Edenton, North Carolina 27932.

CHOWAN COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS JUNE 30, 2009

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Chowan County ABC Board</u>
Assets:				
Cash and cash equivalents	\$ 626,931	\$ 654,299	\$ 1,281,230	\$ 78,671
Taxes receivable, net	392,877	-	392,877	-
Accounts receivable, net	177,720	618,687	796,407	-
Due from other governments	648,910	-	648,910	-
Inventories	-	13,909	13,909	120,253
Prepaid items	24,109	-	24,109	2,766
Lease receivable, hospital	1,114,326	-	1,114,326	-
Capital assets:				
Non-depreciable capital assets	3,362,901	98,347	3,461,248	-
Capital assets, net	<u>43,631,786</u>	<u>5,908,408</u>	<u>49,540,194</u>	<u>468,180</u>
Total capital assets	<u>46,994,687</u>	<u>6,006,755</u>	<u>53,001,442</u>	<u>468,180</u>
Total assets	<u>49,979,560</u>	<u>7,293,650</u>	<u>57,273,210</u>	<u>669,870</u>
Liabilities:				
Accounts payable and accrued expenses	268,803	17,196	285,999	83,606
Unearned revenue	37,323	-	37,323	-
Customer deposits	-	26,590	26,590	-
Long-term liabilities:				
Due within one year	1,815,658	112,308	1,927,966	17,521
Due in more than one year	<u>22,744,953</u>	<u>192,266</u>	<u>22,937,219</u>	<u>138,878</u>
Total liabilities	<u>24,866,737</u>	<u>348,360</u>	<u>25,215,097</u>	<u>240,005</u>
Net Assets:				
Invested in capital assets, net of related debt	24,429,387	5,899,545	30,328,932	311,781
Restricted for:				
Other purposes	46,997	-	46,997	35,242
Unrestricted (deficit)	<u>636,439</u>	<u>1,045,745</u>	<u>1,682,184</u>	<u>82,842</u>
Total net assets	<u>\$ 25,112,823</u>	<u>\$ 6,945,290</u>	<u>\$ 32,058,113</u>	<u>\$ 429,865</u>

The accompanying notes are an integral part of the financial statements.

CHOWAN COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2009

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 5,322,633	\$ 776,652	\$ 211,520	\$ -
Public safety	4,665,933	573,305	14,285	37,247
Environmental protection	1,303,733	898,536	59,519	-
Economic and physical development	361,139	5,161	308,898	-
Human services	3,900,216	2,294,504	68,130	(73,284)
Cultural and recreational	1,457,170	82,702	15,339	-
Education	3,887,548	-	422,689	-
Interest on long-term debt	487,752	-	-	-
Total governmental activities	<u>21,386,125</u>	<u>4,630,860</u>	<u>1,100,380</u>	<u>(36,037)</u>
Business-Type Activities:				
Water Fund	1,047,517	1,257,712	-	-
Emergency Management Fund	1,430,653	1,554,925	-	19,477
Water Fund Storm Preparedness Capital Reserve Fund	-	74,830	-	-
Water Development Capital Reserve Fund	-	81,218	-	-
Total business-type activities	<u>2,478,170</u>	<u>2,968,685</u>	<u>-</u>	<u>19,477</u>
Total primary government	<u>\$ 23,864,295</u>	<u>\$ 7,599,545</u>	<u>\$ 1,100,380</u>	<u>\$ (16,560)</u>
Component Unit:				
Chowan County ABC Board	<u>\$ 917,548</u>	<u>\$ 916,950</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Taxes:

Property taxes, levied for general purpose

Local option sales tax

Other taxes and licenses

Investment earnings

Transfers

Total general revenues and transfers

Change in net assets

Net Assets:

Beginning of year, as previously stated

Prior period adjustment

Net assets, beginning of year, restated

End of year - June 30

The accompanying notes are an integral part of the financial statements.

Exhibit B

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Chowan County ABC Board
\$ (4,334,461)	\$ -	\$ (4,334,461)	\$ -
(4,041,096)	-	(4,041,096)	-
(345,678)	-	(345,678)	-
(47,080)	-	(47,080)	-
(1,610,866)	-	(1,610,866)	-
(1,359,129)	-	(1,359,129)	-
(3,464,859)	-	(3,464,859)	-
(487,752)	-	(487,752)	-
<u>(15,690,922)</u>	<u>-</u>	<u>(15,690,922)</u>	<u>-</u>
-	210,195	210,195	-
-	143,749	143,749	-
-	74,830	74,830	-
-	81,218	81,218	-
-	509,992	509,992	-
<u>(15,690,922)</u>	<u>509,992</u>	<u>(15,180,930)</u>	<u>-</u>
			<u>(598)</u>
9,832,471	-	9,832,471	-
2,009,079	-	2,009,079	-
1,619,144	-	1,619,144	-
56,804	3,934	60,738	598
14,968	(14,968)	-	-
<u>13,532,466</u>	<u>(11,034)</u>	<u>13,521,432</u>	<u>598</u>
(2,158,456)	498,958	(1,659,498)	-
13,530,913	4,731,921	18,262,834	429,865
13,740,366	1,714,411	15,454,777	-
<u>27,271,279</u>	<u>6,446,332</u>	<u>33,717,611</u>	<u>429,865</u>
<u>\$ 25,112,823</u>	<u>\$ 6,945,290</u>	<u>\$ 32,058,113</u>	<u>\$ 429,865</u>

The accompanying notes are an integral part of the financial statements.

CHOWAN COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2009

	<u>Major</u>	<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Other Governmental Funds</u>	<u>Governmental Funds</u>
Assets:			
Cash and cash equivalents	\$ 207,841	\$ 419,090	\$ 626,931
Taxes receivable, net	371,456	21,421	392,877
Due from other funds	145,467	-	145,467
Due from other governments	503,649	145,261	648,910
Accounts receivable, net	-	177,720	177,720
Prepaid items	24,109	-	24,109
Total assets	<u>\$ 1,252,522</u>	<u>\$ 763,492</u>	<u>\$ 2,016,014</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 191,070	\$ 77,733	\$ 268,803
Due to other funds	-	145,467	145,467
Deferred revenue	410,606	53,859	464,465
Total liabilities	<u>601,676</u>	<u>277,059</u>	<u>878,735</u>
Fund Balances:			
Reserved for:			
Reserved by State statute	579,740	-	579,740
Reserved for prepaids	24,109	-	24,109
Register of Deeds	46,997	-	46,997
Unreserved:			
Special revenue funds	-	451,160	451,160
Capital project funds	-	35,273	35,273
Total fund balances	<u>650,846</u>	<u>486,433</u>	1,137,279
Total liabilities and fund balances	<u>\$ 1,252,522</u>	<u>\$ 763,492</u>	

Amounts reported for governmental activities in the Statement of Net Assets (Exhibit A) are different because:

Lease receivable - hospital	1,114,326
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	46,994,687
Unearned revenue and deferred revenue QZAB	427,142
Long-term debt	(23,696,270)
Accrued vacation and other post-employment benefits	(864,341)
Net assets of governmental activities	<u>\$ 25,112,823</u>

The accompanying notes are an integral part of the financial statements.

CHOWAN COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Major</u>	<u>Nonmajor</u>	
	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Ad valorem taxes	\$ 9,168,701	\$ 464,501	\$ 9,633,202
Local option sales taxes	1,938,164	70,915	2,009,079
Other taxes and licenses	323,195	1,175,189	1,498,384
Unrestricted intergovernmental revenues	120,760	-	120,760
Restricted intergovernmental revenues	2,851,479	549,075	3,400,554
Permits and fees	400,837	-	400,837
Sales and services	921,527	898,111	1,819,638
Investment earnings	(290)	41,638	41,348
Miscellaneous	94,895	52,063	146,958
Total revenues	<u>15,819,268</u>	<u>3,251,492</u>	<u>19,070,760</u>
Expenditures:			
Current:			
General government	3,434,682	-	3,434,682
Public safety	2,862,603	1,772,996	4,635,599
Environmental protection	183,043	991,588	1,174,631
Economic and physical development	525,932	177,451	703,383
Human services	3,730,110	-	3,730,110
Cultural and recreational	782,610	377,892	1,160,502
Education	3,508,217	379,331	3,887,548
Debt service	455,329	996,854	1,452,183
Total expenditures	<u>15,482,526</u>	<u>4,696,112</u>	<u>20,178,638</u>
Revenues over (under) expenditures	<u>336,742</u>	<u>(1,444,620)</u>	<u>(1,107,878)</u>
Other Financing Sources (Uses):			
Transfers in	1,156,908	1,517,173	2,674,081
Transfers out	(419,744)	(2,239,369)	(2,659,113)
Issuance of long-term debt	-	421,525	421,525
Total other financing sources (uses)	<u>737,164</u>	<u>(300,671)</u>	<u>436,493</u>
Net change in fund balances	<u>1,073,906</u>	<u>(1,745,291)</u>	<u>(671,385)</u>
Fund Balances:			
Beginning of year, July 1	(10,260,311)	12,721,223	2,460,912
Prior period adjustment	9,837,251	(10,489,499)	(652,248)
Fund balance July 1, 2008 - restated	<u>(423,060)</u>	<u>2,231,724</u>	<u>1,808,664</u>
End of year, June 30	<u>\$ 650,846</u>	<u>\$ 486,433</u>	<u>\$ 1,137,279</u>

The accompanying notes are an integral part of the financial statements.

CHOWAN COUNTY, NORTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different due to the following items:

Net change in fund balances - total governmental funds	\$ (671,385)
<p>Exhibit D reports revenues using a current financial resources basis, which generally means revenue is recognized when collected or is expected to be collected within 60 days of year-end. Exhibit B reports revenues when the earning process is complete, regardless of when it is collected. This measurement difference causes timing of revenue recognition differences for the following revenues types:</p>	
Property taxes	199,269
Grant revenue	500
Interest expense related to the hospital bond does not require current economic resources; therefore, it is not an expenditure in the governmental funds statement.	(73,284)
Change in liabilities for other post-employment benefits for retirees and compensated absences that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(422,226)
Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.	1,477,848
The issuance of long-term debt provides current financial resources to governmental funds. However, in the Statement of Activities, these transactions are not revenue, rather they are an increase in liabilities.	(421,525)
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(3,227,540)
Investment earnings related to QZAB sinking fund, that is held in trust by a bank, does not provide current financial resources, therefore it is not reported in the governmental funds statement.	15,456
Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	<u>964,431</u>
Change in net assets of governmental activities (Exhibit B)	<u>\$ (2,158,456)</u>

The accompanying notes are an integral part of the financial statements.

CHOWAN COUNTY, NORTH CAROLINA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	General Fund			
	Budgeted Amounts		Actual	Variance from Final Budget Over/Under
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 9,243,037	\$ 9,243,037	\$ 9,168,701	\$ (74,336)
Local option sales taxes	2,945,000	2,172,213	1,938,164	(234,049)
Other taxes and licenses	605,000	308,975	323,195	14,220
Unrestricted intergovernmental revenues	131,000	131,000	120,760	(10,240)
Restricted intergovernmental revenues	2,744,435	3,306,282	2,851,479	(454,803)
Permits and fees	410,092	390,092	400,837	10,745
Sales and services	857,183	841,194	921,527	80,333
Investment earnings	-	-	(290)	(290)
Miscellaneous	95,000	115,355	94,895	(20,460)
Total revenues	<u>17,030,747</u>	<u>16,508,148</u>	<u>15,819,268</u>	<u>(688,880)</u>
Expenditures:				
Current:				
General government	3,516,309	3,567,025	3,434,682	132,343
Public safety	3,144,186	3,280,691	2,862,603	418,088
Environmental protection	203,374	188,944	183,043	5,901
Economic and physical development	283,909	628,430	525,932	102,498
Human services	4,307,565	3,855,037	3,730,110	124,927
Cultural and recreational	834,335	831,447	782,610	48,837
Education	3,898,160	3,508,417	3,508,217	200
Debt service	515,531	457,975	455,329	2,646
Total expenditures	<u>16,703,369</u>	<u>16,317,966</u>	<u>15,482,526</u>	<u>835,440</u>
Revenues over (under) expenditures	<u>327,378</u>	<u>190,182</u>	<u>336,742</u>	<u>146,560</u>
Other Financing Sources (Uses):				
Transfers from other funds	126,071	1,156,909	1,156,908	(1)
Transfers to other funds	(491,449)	(577,916)	(419,744)	158,172
Issuance of long-term debt	88,000	-	-	-
Contingency	(50,000)	(772,582)	-	772,582
Appropriated fund balance	-	3,407	-	(3,407)
Total other financing sources (uses)	<u>(327,378)</u>	<u>(190,182)</u>	<u>737,164</u>	<u>927,346</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>1,073,906</u>	<u>\$ 1,073,906</u>
Fund Balance:				
Beginning of year, July 1			(10,260,311)	
Prior period adjustment			9,837,251	
Fund balance July 1, 2008 - restated			<u>(423,060)</u>	
End of year, June 30			<u>\$ 650,846</u>	

The accompanying notes are an integral part of the financial statements.

CHOWAN COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	<u>Water Fund</u>	<u>Emergency Management Fund</u>	<u>Water Fund Storm Preparedness Capital Reserve</u>	<u>Water Development Capital Reserve</u>	<u>Total</u>
Assets:					
Current assets:					
Cash and cash equivalents	\$ -	\$ 197,819	\$ 5,368	\$ 451,112	\$ 654,299
Receivables, net	181,947	436,740	-	-	618,687
Due from other funds	139,577	-	-	-	139,577
Inventories	13,909	-	-	-	13,909
Total current assets	<u>335,433</u>	<u>634,559</u>	<u>5,368</u>	<u>451,112</u>	<u>1,426,472</u>
Non-current assets:					
Non-depreciable capital assets	98,347	-	-	-	98,347
Capital assets, net	<u>5,623,033</u>	<u>285,375</u>	<u>-</u>	<u>-</u>	<u>5,908,408</u>
Total non-current assets	<u>5,721,380</u>	<u>285,375</u>	<u>-</u>	<u>-</u>	<u>6,006,755</u>
Total assets	<u>6,056,813</u>	<u>919,934</u>	<u>5,368</u>	<u>451,112</u>	<u>7,433,227</u>
Liabilities:					
Current liabilities:					
Accounts payable	9,684	7,512	-	-	17,196
Customer deposits	26,590	-	-	-	26,590
Due to other funds	139,577	-	-	-	139,577
Current portion of long-term debt	<u>32,390</u>	<u>79,918</u>	<u>-</u>	<u>-</u>	<u>112,308</u>
Total current liabilities	<u>208,241</u>	<u>87,430</u>	<u>-</u>	<u>-</u>	<u>295,671</u>
Non-current liabilities:					
Non-current portion of long-term debt	<u>22,007</u>	<u>170,259</u>	<u>-</u>	<u>-</u>	<u>192,266</u>
Total non-current liabilities	<u>22,007</u>	<u>170,259</u>	<u>-</u>	<u>-</u>	<u>192,266</u>
Total liabilities	<u>230,248</u>	<u>257,689</u>	<u>-</u>	<u>-</u>	<u>487,937</u>
Net Assets:					
Invested in capital assets, net of related debt	5,727,890	171,655	-	-	5,899,545
Unrestricted (deficit)	<u>98,675</u>	<u>490,590</u>	<u>5,368</u>	<u>451,112</u>	<u>1,045,745</u>
Total net assets	<u>\$ 5,826,565</u>	<u>\$ 662,245</u>	<u>\$ 5,368</u>	<u>\$ 451,112</u>	<u>\$ 6,945,290</u>

The accompanying notes are an integral part of the financial statements.

CHOWAN COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2009

	Water Fund	Emergency Management Fund	Water Fund Storm Preparedness Capital Reserve	Water Development Capital Reserve	Total
Operating Revenues:					
Charges for services	\$ 1,163,430	\$ 1,538,953	\$ -	\$ -	\$ 2,702,383
Other taxes and licenses	-	-	74,830	81,218	156,048
Other operating revenues	94,282	15,972	-	-	110,254
Total operating revenues	<u>1,257,712</u>	<u>1,554,925</u>	<u>74,830</u>	<u>81,218</u>	<u>2,968,685</u>
Operating Expenses:					
Salaries and employee benefits	323,133	1,095,475	-	-	1,418,608
Other operating expenses	437,170	238,939	-	-	676,109
Depreciation	277,194	88,752	-	-	365,946
Total operating expenses	<u>1,037,497</u>	<u>1,423,166</u>	<u>-</u>	<u>-</u>	<u>2,460,663</u>
Operating income (loss)	<u>220,215</u>	<u>131,759</u>	<u>74,830</u>	<u>81,218</u>	<u>508,022</u>
Non-Operating Revenues (Expenses):					
Interest earned on investments	-	131	358	3,445	3,934
Interest expense and fees	(10,020)	(7,487)	-	-	(17,507)
Total non-operating revenues (expenses)	<u>(10,020)</u>	<u>(7,356)</u>	<u>358</u>	<u>3,445</u>	<u>(13,573)</u>
Net income (loss) before contributions and transfers	<u>210,195</u>	<u>124,403</u>	<u>75,188</u>	<u>84,663</u>	<u>494,449</u>
Other Financing Sources (Uses):					
Capital contributions	-	19,477	-	-	19,477
Transfers in	186,761	-	-	-	186,761
Transfers out	(110,289)	(16,440)	(75,000)	-	(201,729)
Total other financing sources (uses)	<u>76,472</u>	<u>3,037</u>	<u>(75,000)</u>	<u>-</u>	<u>4,509</u>
Change in net assets	<u>286,667</u>	<u>127,440</u>	<u>188</u>	<u>84,663</u>	<u>498,958</u>
Net Assets:					
Net assets, as previously stated	5,410,213	(678,292)	-	-	4,731,921
Prior period adjustment	129,685	1,213,097	5,180	366,449	1,714,411
Nets assets, beginning of year, restated	<u>5,539,898</u>	<u>534,805</u>	<u>5,180</u>	<u>366,449</u>	<u>6,446,332</u>
Net assets, end of year	<u>\$ 5,826,565</u>	<u>\$ 662,245</u>	<u>\$ 5,368</u>	<u>\$ 451,112</u>	<u>\$ 6,945,290</u>

The accompanying notes are an integral part of the financial statements.

CHOWAN COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Water Fund	Emergency Management Fund	Water Fund Storm Preparedness Capital Reserve	Water Development Capital Reserve	Total
Cash Flows from Operating Activities:					
Cash received from customers	\$ 1,388,412	\$ 1,505,189	\$ 74,830	\$ 81,218	\$ 3,049,649
Cash paid for goods and services	(432,203)	(1,016,540)	-	-	(1,448,743)
Cash paid to employees for services	(329,422)	(332,478)	-	-	(661,900)
Net cash provided (used) by operating activities	<u>626,787</u>	<u>156,171</u>	<u>74,830</u>	<u>81,218</u>	<u>939,006</u>
Cash Flows from Non-Capital Financing Activities:					
Loans from other funds	(482,937)	53,972	-	-	(428,965)
Transfers in (out)	76,472	(16,440)	(75,000)	-	(14,968)
Net cash provided (used) by noncapital financing activities	<u>(406,465)</u>	<u>37,532</u>	<u>(75,000)</u>	<u>-</u>	<u>(443,933)</u>
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	-	(127,041)	-	-	(127,041)
Principal paid on long-term debt	(207,420)	(8,819)	-	-	(216,239)
Interest paid on long term debt	(12,902)	(7,531)	-	-	(20,433)
Capital contributions	-	19,477	-	-	19,477
Net cash provided (used) by capital and related financing activities	<u>(220,322)</u>	<u>(123,914)</u>	<u>-</u>	<u>-</u>	<u>(344,236)</u>
Cash Flows from Investing Activities:					
Interest on investments	-	131	358	944	1,433
Net increase (decrease) in cash and cash equivalents	-	69,920	188	82,162	152,270
Cash and Cash Equivalents - Beginning of Year	<u>-</u>	<u>127,899</u>	<u>5,180</u>	<u>368,950</u>	<u>502,029</u>
Cash and Cash Equivalents - End of Year	<u>\$ -</u>	<u>\$ 197,819</u>	<u>\$ 5,368</u>	<u>\$ 451,112</u>	<u>\$ 654,299</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ 220,215	\$ 131,759	\$ 74,830	\$ 81,218	\$ 508,022
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	277,194	88,752	-	-	365,946
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	178,178	(49,736)	-	-	128,442
(Increase) decrease in inventory	(1,220)	-	-	-	(1,220)
Increase (decrease) in accounts payable and accrued liabilities	6,187	(5,259)	-	-	928
Increase (decrease) in customer deposits	(47,478)	-	-	-	(47,478)
Increase (decrease) in accrued vacation pay	(6,289)	(9,345)	-	-	(15,634)
Net cash provided (used) by operating activities	<u>\$ 626,787</u>	<u>\$ 156,171</u>	<u>\$ 74,830</u>	<u>\$ 81,218</u>	<u>\$ 939,006</u>

The accompanying notes are an integral part of the financial statements.

CHOWAN COUNTY, NORTH CAROLINA

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009**

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 37,985
Accounts receivable	7,495
Total assets	<u>\$ 45,480</u>
 Liabilities:	
Accounts payable	\$ 3,143
Due to others	42,337
Total liabilities	<u>\$ 45,480</u>

The accompanying notes are an integral part of the financial statements.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

1. Summary of Significant Accounting Policies

A. Reporting Entity

Chowan County, North Carolina (the "County") 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. The County seat is located in Edenton, North Carolina. The County operates under a council-manager form of government.

As required by accounting principles generally accepted in the United States of America, these financial statements present the County and its component unit, legally separate entities for which the County is financially accountable. The following discretely presented component unit is reported in separate columns in the County's combined financial statements in order to emphasize that they are legally separate from the County.

Chowan County Alcoholic Beverage Control Board

The Chowan County Alcoholic Beverage Control Board ("ABC Board") is governed by a five-member Board appointed by the County Commissioners as ABC Board members' terms expire. 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 was a proprietary fund. Complete financial statements for the ABC Board may be obtained at Chowan County ABC Board, PO Box 88, Edenton, NC 27932

B. Basis of Presentation

Government-Wide and Fund Financial Statements

The government-wide financial statements (Exhibit A - Statement of Net Assets and Exhibit B - Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government and its component unit. The effect of interfund activity has been removed from these statements in all material areas. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds for the year ended June 30, 2009:

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

The County reports the following major enterprise funds:

Water Fund - This fund is used to account for the operations of the water system within the County.

Emergency Management Fund - This fund is used to account for the operations of the emergency management services within the County.

Water Fund Storm Preparedness Capital Reserve Fund - This fund is used to account for revenue received from a storm preparedness fee on the monthly water utility bills. This is to cover the expense of installing generators at the water plant and well sites beginning in 2004. The cost of installing these generators was charged to the Water Capital Project Fund, and the fee will be collected and transferred to that fund annually until that deficit is paid back.

Water Development Capital Reserve Fund - This fund is used to account for revenue received from a water development fee imposed on customers of new development and will be used to expand the capacity of the water system in the future.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The 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. All funds of the County are accounted for during the year using the modified accrual basis of accounting in accordance with the North Carolina General Statutes. The financial statements are reported at year-end as discussed below.

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide financial statements, the proprietary fund, fiduciary fund, and the ABC Board financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for the agency funds which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met. With this measurement focus, all assets and all liabilities

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

associated with the operation of these funds are included on the balance sheet. Net assets are segregated into (1) investment in capital assets, net of related debt, (2) restricted net assets, and (3) unrestricted net assets. Operating statements for these funds present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

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.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of June 30, 2009. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. 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.

For modified accrual basis of accounting purposes, ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the subsequent year. Also, as of January 1, 1993, State law altered 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 tax districts in the County. For registered motor vehicles, 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 2008 through February 2009 apply to the fiscal year ended June 30, 2009. Uncollected taxes which were billed during this period are shown as a receivable on the fund financial statements.

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

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the County are recognized as revenue on both the government-wide financial statements and the fund financial statements. Intergovernmental revenues and sales and services are not susceptible to accrual because, generally, they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

The effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues; therefore, all taxes are reported as general revenues.

Proprietary funds distinguish between operating revenues/expenses and non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Fund and Emergency Management Fund are charges to customers for services. The principal operating revenue for the Water Fund Storm Preparedness Capital Reserve Fund and Water Development Capital Reserve Fund are fees imposed by the County to provide resources for the specific capital purpose of the fund. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Basis of Presentation – Fund Accounting

The accounts of the County are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts comprised of assets, liabilities, fund equity, revenues and expenses or expenditures, 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 County has the following fund categories:

Governmental Funds. Governmental funds are those used to account for the County's expendable financial resources and related liabilities (except those accounted for in proprietary or agency funds). The following are the County's governmental fund types:

General Fund. The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is a major fund for fund financial statement reporting purposes.

Special Revenue Funds. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to specified purposes. The Fire District Fund, Emergency Telephone System Fund, Revaluation Fund, Health Care Reserve Fund, NC Housing Finance Agency Project Fund, School Capital Reserve Fund, School Capital Project Fund, CWMTF-Country Club Fund, Street Assessment Fund, Occupancy Tax Fund, and Solid Waste Fund are the special revenue funds of the County.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

Capital Projects Funds. Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The County's capital project funds are: General Capital Projects, Public Safety Building Project, Library Renovation Project, Albemarle MM/DD/SAS Project, John A. Holmes High School Renovation Project, Agriculture Building Addition Project, and Architectural Survey Project.

Proprietary Funds. Proprietary funds are used to account for activities that are similar to those often found in the private sector. The following are the proprietary funds of the County:

Enterprise Funds. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to business enterprises – where the intent of the governing body is that the 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. The Water Fund, Emergency Management Fund, Water Fund Storm Preparedness Capital Reserve Fund, and Water Development Capital Reserve Fund are the enterprise funds of the County. Each of the enterprise funds are major funds for fund financial statement reporting purposes.

Fiduciary Funds. Fiduciary funds are used for assets held in a trustee capacity. The following are the fiduciary funds of the County.

Agency Funds. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds are used to account for assets the County holds on behalf of others. The agency funds maintained by the County account for money deposited with the County through Social Services, the Edenton-Chowan Development Corporation Fund, Consolidated Health Services, Edenton Historical Commission Cannon Fund, Peace For Families, Drainage Districts, Mary S. Gulley Foundation, and 3% interest payable to the State Fund.

E. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Fire District Fund, Emergency Telephone System Fund, Revaluation Fund, Health Care Reserve Fund, School Capital Reserve Fund, School Capital Project Fund, Street Assessment Fund, Occupancy Tax Fund, Solid Waste Fund., and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the NC Housing Finance Agency Project Fund, CWMTF-Country Club Special Revenue Fund, and the capital projects funds. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$1,000. The governing board must approve all amendments. During the year, amendments to the original budget were necessary and the most significant amendments are summarized as follows:

Local option sales tax revenue	\$(772,787)
Grant revenue	561,847
Human Services expenditures	(452,528)
Education expenditures	(389,743)

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.

- 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 budget ordinance shall be adopted by the governing board, or the governing board must adopt an interim budget.

F. Assets, Liabilities and Fund Equity

Deposits and Investments

All deposits of the County are made in board-designated official depositories and are secured as required by G.S. 159-31, except as noted in Note 2. The County may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County 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 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's investments are carried at fair value as determined by quoted market prices. The NCCMT's Cash Portfolio are stated 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 and non-participating interest earnings and investment contracts are reported at amortized cost.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

Cash and Cash Equivalents

The County pools monies 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.

For purposes of the Statement of Cash Flows, the County considers all deposits and investments with an original maturity date of three months or less, which are not limited as to use, to be cash equivalents.

Restricted Assets

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

Unexpended debt proceeds are classified as restricted assets within their respective funds because their use is completely restricted to the purpose for which the debt was originally issued.

G. 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, 2006.

H. 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.

I. Inventories

Inventories of the County consist primarily of system materials and supplies and are valued at cost (first-in, first-out method). The costs of governmental fund type inventories are recorded as expenditures when purchased rather than when consumed.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (including infrastructure assets purchased prior to implementing GASB 34), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost greater than \$500 and an estimated useful life greater than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The County capitalizes buildings and land, purchased or constructed, for the Chowan County Board of Education in all instances where the County retains title to the property. The County transfers title of school property to the Board of Education after all installment debt collateralized by the property has been retired. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or significantly extend the asset's life are not capitalized. The County capitalizes interest costs which are incurred during the construction period of capital assets.

Buildings and equipment are depreciated using the straight-line method over estimated useful lives as shown below:

	<u>Years</u>
Buildings and wells	40
Lighting	15
Furniture and firearms	7
Vehicles	5
Office equipment	5

K. Compensated Absences

County employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation days up to a maximum of thirty days. All vacation pay is accrued when earned in the government-wide and proprietary fund financial statements. The County uses the first-in, first-out method to value accrued vacation pay and the current amount due.

The County's sick leave policy provides for unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave at the time of retirement may be used in the determination of length of service for retirement benefit purposes. In accordance with the provisions of the Statement of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

L. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Debt issuance costs are recognized as other assets and amortized over the life of the debt using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as debt issuance costs during the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual net proceeds received, are reported as debt service expenditures.

The bonds for the Water Fund are carried in the Enterprise Fund rather than in the governmental activities funds. The debt service requirements for that debt are met by water revenues, but the taxing power of the County is pledged to make these payments if water revenues should ever be insufficient.

M. Self-Insurance

The County is self-insured for employee medical benefits and workers' compensation with third-party insurance coverage at specified levels. The self-insurance plan is administered by an insurance company. The self-insurance assets, liabilities, revenues, and expenditures are reported in the General Fund.

N. Deferred / Unearned Revenues

In the fund financial statements, ad valorem taxes receivable are not accrued as a revenue because they are not considered to be both "measurable and available." Ad valorem taxes receivable that are measurable, but not available, are recorded as deferred revenues in the fund financial statements. In addition, property taxes collected in advance of the fiscal year to which they apply are also recorded as unearned revenue in the government-wide financial statements and deferred revenue in the fund financial statements. Certain receivables are also recorded as deferred revenue in the fund financial statements because they are not considered to be available at year-end.

O. Interfund Transactions

Interfund services provided are accounted for as revenue or expenses in the government-wide financial statements since they would be treated as such if they involved organizations external to the County. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

P. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates are made are: allowance for doubtful accounts and depreciation lives.

Q. Net Assets / Fund Balances

Net Assets

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

Fund Balances

In the governmental fund financial statements, reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose.

The governmental fund types classify fund balances as follows:

Reserved

Reserved by State Statute - The portion of fund balance, in addition to other reserves, which is not available for appropriation under State law. State law 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.

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

Reserved for Prepaid Items - The portion of fund balance not available for appropriation because it represents the year-end fund balance of prepaid items, which are not expendable, available resources.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

2. Stewardship, Compliance, and Accountability

A. Deficit Fund Balance

The following funds have deficit fund balances as of June 30, 2009:

Street Assessment Special Revenue Fund	\$ 26,158
Solid Waste Special Revenue Fund	76,817
GeneratorProject Water - Capital Project Fund	139,577

The County plans to eliminate the fund deficits with future revenues.

B. Excess of Expenditures over Appropriations

The following funds had expenditures in excess of appropriations:

Public Safety Building Capital Project Fund	\$ 192,603
Solid Waste Fund	111,244
John A. Holmes High School Renovation Fund	53,655
John A. Holmes High School Renovation Fund (transfers)	57,524
Architectural Survey Capital Project (transfers)	6,130
Library Renovation Capital Project Fund (transfers)	179,078

The County plans to improve internal review of budget results to eliminate overexpenditures in the future.

C. Non-Compliance with North Carolina General Statutes

General Statute 159-8(a) requires the County to adopt a balance budget. The original budget was not in balance, nor did it include reasonable estimates for revenues and expenditures. The County revised the amended budget and adopted a balanced budget with reasonable estimates for revenues and expenditures in August 2008.

General Statute 159-17.1 requires all funds received and expended by the County to be included in the County budget ordinance. The County used a balance sheet account to account for certain transactions that were “turn-around” funds (money coming in and going right back out) rather than recording the revenue and expenditure. Examples of these transactions were Register of Deeds’ fees, interlocal motor vehicle taxes, tax refunds, drainage district funds, soil fees, and reimbursed recreation expenditures. The County discontinued this practice, effective July 1, 2009.

General Statute G.S 159-32 establishes a maximum of \$250 that may be held overnight by a governmental unit. The County’s deposit policies allowed funds in excess of \$250 to be held overnight during the year ended June 30, 2009. The County modified its cash handling policy July 1, 2009, to be in compliance with the Statute.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

General Statute 159-30(c)(8) restricts governmental units from investing in mutual funds. During 2009, the County held an investment with RBC Centura which included temporary investments of \$88,000 in mutual funds, in violation of the referenced Statute. The County instructed RBC Centura to discontinue the use of mutual funds for any investment account effective July 1, 2009.

3. Cash, Cash Equivalents and Investments

All of the County'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 the securities held by the County's agents in the unit's name. 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, these deposits are considered to be held by the County's agent in its name. 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 with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County 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. The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness on any other financial institution used by the County. The County complies with the provisions G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The County does not have a policy regarding custodial credit risk for deposits.

At June 30, 2009, the County's deposits had a carrying amount of \$386,858 and a bank balance of \$551,836. Of the bank balance, \$551,836 was covered by federal depository insurance. At June 30, 2009, Chowan County had \$400 cash on hand.

Investments

At June 30, 2009, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>
US Government Treasuries	\$ 100,000	\$ 100,000
US Government Agencies	672,583	672,583
NC Capital Management Trust - Cash Portfolio	865	865
NC Capital Management Trust - Term Portfolio	158,509	158,509
Total investments	<u>\$ 931,957</u>	<u>\$ 931,957</u>

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

Interest Rate Risk. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The County has no policy regarding credit risk. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2009. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended. The County's investments in U.S. Agencies are rated AAA.

4. Property Tax – Use-Value Assessment on Certain Lands

In accordance with the General Statutes, certain agricultural, horticultural, forest land, and historical properties may be preferentially assessed for property taxes at present-use value rather than fair market value. The difference between taxes on such property at present-use value and taxes that would have been levied at fair market value may become collectible over the next three years. These taxes become due and payable when the property becomes ineligible for the preference. At the end of the fourth year, these taxes expire by operation of law. 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.

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 430,876	\$ 102,333	\$ 533,209
2007	411,690	60,725	472,415
2008	460,732	26,492	487,224
2009	486,381	-	486,381
Total	<u>\$ 1,789,679</u>	<u>\$ 189,550</u>	<u>\$ 1,979,229</u>

CHOWAN COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

5. Accounts Receivables - Disaggregate Information

<u>Type of Receivable</u>	<u>Amount (net of allowance)</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts Receivable:			
Street assessments	\$ 2,242	\$ -	\$ 2,242
Water Fund fees, net	-	348,947	348,947
Emergency Management Fund fees, net	-	269,740	269,740
Other construction related receivables	175,478	-	175,478
	<u>\$ 177,720</u>	<u>\$ 618,687</u>	<u>\$ 796,407</u>
Due from Other Governments:			
Sales tax	\$ 648,808	\$ -	\$ 648,808
Gas tax	102	-	102
	<u>\$ 648,910</u>	<u>\$ -</u>	<u>\$ 648,910</u>

Allowances for Doubtful Accounts

For the County, the amounts presented in Exhibit A, the Statement of Net Assets, are net of the following allowances for doubtful accounts:

<u>Fund</u>	<u>Allowance</u>
General Fund:	
Property taxes	\$ 260,000
Fire district taxes	12,669
Total	<u>\$ 272,669</u>
Enterprise Fund:	
Emergency Management	<u>\$ 1,385,000</u>

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

6. Capital Assets

Governmental Activities Capital Assets

A summary of changes in the County's capital assets used in governmental activities follows:

	<u>July 1, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2009</u>
Non-Depreciable Assets:				
Land	\$ 3,362,901	\$ -	\$ -	\$ 3,362,901
Depreciable Assets:				
Buildings	49,186,732	1,085,707	-	50,272,439
Equipment	5,823,847	392,143	(121,787)	6,094,203
Total depreciable assets	55,010,579	1,477,850	(121,787)	56,366,642
Less Accumulated Depreciation:				
Buildings	6,169,438	2,420,655	-	8,590,093
Equipment	3,459,663	806,885	(121,787)	4,144,763
Total accumulated depreciation	9,629,101	\$ 3,227,540	\$ (121,787)	12,734,856
Total capital assets being depreciated, net	45,381,478			43,631,786
Governmental activities capital assets, net	\$ 48,744,379			\$ 46,994,687

Beginning capital assets (buildings) were increased \$12,811,167 due to a prior period adjustment.

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

Governmental Activities:	
General government	\$ 1,742,872
Public safety	968,262
Environmental protection	129,102
Economic and physical development	32,275
Human services	64,550
Cultural and recreational	290,479
Total	\$ 3,227,540

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

Proprietary Capital Assets

The capital assets of the proprietary fund at June 30, 2009, are as follows:

	<u>July 1, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2009</u>
Water Fund:				
Non-Depreciable Assets				
Land	\$ 98,347	\$ -	\$ -	\$ 98,347
Depreciable Assets:				
Plant and systems	10,326,559	-	-	10,326,559
Building and improvements	27,456	-	-	27,456
Equipment	493,461	-	-	493,461
Total	10,847,476	-	-	10,847,476
Less Accumulated Depreciation:				
Plant and distribution systems	4,459,103	265,018	-	4,724,121
Buildings and improvements	27,456	-	-	27,456
Equipment	460,690	12,176	-	472,866
Total accumulated depreciation	4,947,249	\$ 277,194	\$ -	5,224,443
Capital assets being depreciated, net	5,900,227			5,623,033
Water Fund capital assets, net	5,998,574			5,721,380
Emergency Management Fund:				
Depreciable Assets:				
Building	13,898	-	-	13,898
Equipment	854,308	127,041	(83,615)	897,734
Total	868,206	127,041	(83,615)	911,632
Less Accumulated Depreciation:				
Buildings and improvements	13,898	-	-	13,898
Equipment	607,222	88,752	(83,615)	612,359
Total accumulated depreciation	621,120	\$ 88,752	\$ (83,615)	626,257
Capital assets being depreciated, net	247,086			285,375
Emergency Management Fund capital assets, net	247,086			285,375
Business-type activities capital assets, net	\$ 6,245,660			\$ 6,006,755

CHOWAN COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

7. Accounts Payable - Disaggregate Information

	<u>Vendors</u>
Governmental Activities:	
General	\$ 191,070
Other governmental	<u>77,733</u>
Total governmental activities	<u>\$ 268,803</u>
Business-Type Activities:	
Water Fund	\$ 9,684
Emergency Management	<u>7,512</u>
Total - business-type activities	<u>\$ 17,196</u>

8. Deferred / Unearned Revenues

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

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
Prepaid taxes not yet earned	\$ 37,323	\$ -	\$ 37,323
Taxes receivable (net)	373,283	21,421	394,704
Special assessments receivable (net)	-	31,938	31,938
Other deferred items	<u>-</u>	<u>500</u>	<u>500</u>
Total	<u>\$ 410,606</u>	<u>\$ 53,859</u>	<u>\$ 464,465</u>

The balance in unearned items in the government-wide statements at year-end is composed of the following elements:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Prepaid taxes	<u>\$ 37,323</u>	<u>\$ -</u>	<u>\$ 37,323</u>

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

9. Pension Plan Obligation

A. Local Governmental Employees' Retirement System

Plan Description

Chowan County contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of 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, NC 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 is 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 4.91% and 4.86%, respectively, of annual covered payroll. The County's contributions including the members' contributions, to LGERS for the years ended June 30, 2009, 2008, and 2007 were \$571,920, \$628,020 and \$595,026, respectively. The contributions made by the County equaled the required contributions for each year.

B. Law Enforcement Officers' Special Separation Allowance

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 0.85% 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. Plan benefits are funded on a pay-as-you-go basis. The County obtained an actuarial valuation as of December 31, 2005. The net pension obligation as of December 31, 2005, was \$260,571. Due to the immateriality of the liability to the County, an actuarial valuation was not obtained at June 30, 2009. The County funds the plan on a pay-as-you-go basis and records these payments as General Fund expenditures. The plan does not prepare separate financial statements.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

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. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. 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

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, 2009, were \$127,111, which consisted of \$37,760 from the County and \$89,351 from the law enforcement officers.

C. Registers of Deeds' Supplemental Pension Fund

Plan Description

Chowan County also contributes to the Register of Deeds' Supplemental Pension Fund (Fund), a non-contributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any 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. The Registers of Deeds' Supplemental 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 Registers of Deeds' Supplemental Pension Fund. 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

On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article I 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

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

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. The County's contributions including the members' contributions for the fiscal year ended June 30, 2009, were \$4,732. The contributions made by the County equaled the required contributions for 2009.

D. Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Trust Plan for Members of the Local Governmental Employees' Retirement System (Death Trust Plan), a multiple-employer State-administered cost-sharing plan funded on a one-year term cost basis. Employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to his/her death, but the benefit may not exceed \$50,000 and will be a minimum of \$25,000. All death benefit payments are made from the Death Trust 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 Trust Plan and not by the County, the County does not determine the number of eligible participants. For the fiscal year ended June 30, 2009, the County made contributions to the State for death benefits of \$7,336. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .08% and .14% of covered payroll, respectively. The contributions to the Death Trust Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

E. Other Post-Employment Benefits – Healthcare Benefits

Plan Description

In addition to providing pension benefits, the County has elected to provide healthcare benefits to retirees of the County who have at least thirty years service with the North Carolina Local Governmental Employees' Retirement System (System) or the North Carolina Law Enforcement Officers' Local Governmental Employees' Retirement System (LE System); and/or employees who are credited with at least ten years of service with the System or the LE System and have reached their sixtieth birthday in service, have twenty years of total service with Chowan County and their five most recent years of continuous service were with the County, at the time of retirement. Retired employees meeting the criteria discussed herein will be provided hospitalization in the same manner as the active County employees. The County pays the full cost of coverage for these benefits. Retirees with years of service between ten and twenty years may continue coverage on the County's group policy by paying the full premium until age 65.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

Retirees can purchase coverage for their dependents at the County's group rates until the retiree reaches age sixty-five. Currently, 5 retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2009, the County paid healthcare related claims of \$5,792 for retirees. The County is self-insured for healthcare coverage and purchases catastrophic loss coverage through private insurers. A separate report was not issued for the plan.

Membership of the plan consisted of the following at December 31, 2008, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees and dependents receiving benefits	13	N/A
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	<u>130</u>	<u>18</u>
Total	<u>143</u>	<u>18</u>

Funding Policy

The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended by the County Board. The County's members pay the current active employee rate for dependent coverage, if the retiree elects to purchase the coverage. The County has chosen to fund the healthcare benefits on a pay-as-you-go basis.

The current ARC rate is 10.64% of annual covered payroll. For the current year, the County contributed \$0 or 0.00% of annual covered payroll. The County is self-insured for healthcare coverage and purchases catastrophic loss coverage through private insurers.

There were no contributions made by employees, except for dependent coverage in the amount of \$12,000. The County's obligation to contribute to the Plan is established and may be amended by the County Board.

Summary of Significant Accounting Policies

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

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

Annual OPEB Cost and Net Obligation

The County's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 551,095
Interest on net OPEB obligation	-
Adjustments to annual required contribution	-
Annual OPEB cost (expense)	551,095
Contributions made	-
Increase (decrease) in net OPEB obligation	551,095
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	<u>\$ 551,095</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 were as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	<u>\$ 551,095</u>	<u>0.0%</u>	<u>\$ 551,095</u>

Fund Status and Funding Progress

As of December 31, 2008, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$5,838,284. The covered payroll (annual payroll of active employees covered by the plan) was \$5,237,209, and the ratio of the UAAL to the covered payroll was 111.5 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements presents multi-year trend information about whether the actuarial accrued liabilities for benefits.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

Actuarial Methods and Assumptions

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

In the December 31, 2008, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 10.50 to 5.00 percent annually. Both rates included a 3.75 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2008, was 30 years.

10. Long-Term Obligations

The County records long-term debt of the governmental funds at face value in the government-wide statement of net assets. All general obligation bonds serviced by the County's General Fund are collateralized by the full faith, credit, and taxing power of the County. Principal and interest payments are appropriated when due.

A. Changes in Long-Term Debt

The following is a summary of changes in the County's governmental activities long-term obligations for the year ended June 30, 2009:

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Current</u> <u>Portion of</u> <u>Balance</u>
Governmental Activities:					
General obligation bonds	\$ 169,869	\$ -	\$ (89,405)	\$ 80,464	\$ 80,464
Hospital revenue bonds and note	1,591,831	-	(541,325)	1,050,506	541,325
Qualified Zone Academy Bonds, net of related Sinking Fund \$326,175 as of June 30, 2009	1,792,854	-	(119,029)	1,673,825	103,573
Notes payable	21,241,403	421,525	(771,453)	20,891,475	1,045,296
Unfunded OPEB	-	454,481	-	454,481	-
Compensated absences	442,115	12,280	(44,535)	409,860	45,000
	<u>442,115</u>	<u>12,280</u>	<u>(44,535)</u>	<u>409,860</u>	<u>45,000</u>
Total governmental activities	<u>\$ 25,238,072</u>	<u>\$ 888,286</u>	<u>\$ (1,565,747)</u>	<u>\$ 24,560,611</u>	<u>\$ 1,815,658</u>

CHOWAN COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

Beginning balance in installment note payable was restated by reducing it \$1,792,599 due to a prior period adjustment.

The General Fund is typically used to liquidate the compensated absences and pension liabilities. General obligation bonds (\$80,464) and hospital related debt (\$1,050,506) represent debt not considered in the calculation of invested in capital assets, net of debt as these issues are not associated with capital assets owned by the County.

B. General Obligation Bonds – Governmental Activities and Business-Type Activities

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.

\$ 80,464

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.

\$ 9,536

Annual debt service requirements to maturity for the County's general obligation bonds are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 80,464	\$ 3,380	\$ 9,536	\$ 400

At June 30, 2009,-Chowan County had no bonds authorized but unissued and a legal debt-margin of \$114,000,000.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

C. Hospital Lease Receivable, Revenue Bonds Payable and Note Payable

The County entered an agreement to lease the Chowan Hospital facilities to Pitt County Memorial Hospital, Inc. (Pitt), a not-for-profit corporation. The lease agreement requires Pitt to pay the bond payments and note payments in lieu of annual lease payments. The building and related debt is in the County's name and transfer of title will take place upon the retirement of the outstanding debt. The County reported lease receivable of \$1,114,326 on the Statement of Net Assets as of June 30, 2009. The lease receivable is equal to the principal and interest payments due on the outstanding debt related to the leased property. The outstanding debt related to the Hospital on June 30, 2009 was as follows:

\$4,295,000 1997 Hospital Revenue Bonds, due April 1, 1997, through October 1, 2010. Payable in 28 semi-annual installments of \$235,144, which includes interest at 5.07%.	\$ 671,112
\$1,500,000 note payable to BB&T, collateralized by hospital machinery, chattels, and other tangible personal property. Payable in 180 monthly installments of \$12,027, which includes interest at 5.21%	379,394
	\$ 1,050,506

Annual debt service requirements to maturity for the County's hospital bonds and notes payable are as follows:

Year Ending June 30	Principal	Interest
2010	\$ 541,325	\$ 73,283
2011	363,700	15,752
2012	145,481	2,822
Total	\$ 1,050,506	\$ 91,857

D. Notes Payable - Qualified Zone Academy Bonds

On July 20, 2005, the County financed the renovation of John A. Holmes High School by issuing \$2,000,000 of Qualified Zone Academy Bonds, with a coupon rate of 0%. The bonds are secured by the real estate and require the County to make annual contributions of \$103,573 to a bond sinking fund, which is held in trust by a bank. The bonds mature in 2025 at which time the sinking fund balance is designed to be sufficient to retire the bonds based on the accumulation of the annual contributions and the earnings of the sinking fund. As of June 30, 2009, the sinking fund's balance was \$326,175, consisting of contributions of \$310,719 and accumulated investment earnings of \$15,456. In the event the sinking fund is insufficient to retire the bonds in 2025, the County is obligated to fund the deficiency in 2025.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

Annual debt service requirements (in the form of sinking fund contributions) to maturity for the County's Qualified Zone Academy Bonds are as follows:

Year Ending June 30	Principal	Interest
2010	\$ 103,573	\$ -
2011	103,573	-
2012	103,573	-
2013	103,573	-
2014	103,573	-
2015-2019	517,865	-
2020-2024	517,865	-
2025	120,230	-
Total	<u>\$ 1,673,825</u>	<u>\$ -</u>

E. Notes Payable – Governmental Activities

A summary of the County's governmental activities notes payable is as follows:

4.05% note, payable in annual installments of \$570,908 plus interest; secured by D.F. Walker Elementary school	\$ 6,279,984
4.09% note, payable in annual installments of \$186,656 plus interest; secured by Adult Day Health Center and Chowan Community Center	2,239,874
3.13% note, payable in annual installments of \$134,966 including interest; secured by landfill equipment	127,716
4.25% note, payable in annual installments of \$532,200 including interest; secured by public safety building; principal payments begin in 2011	9,856,600
4.25% note, payable in annual installments of \$111,881 including interest; secured by public safety building; principal payments begin in 2011	1,100,000
4.38% note, payable in annual installments of \$89,717 plus interest; secured by Shepard-Pruden Library	1,166,325
3.71% note, payable in monthly installments of \$4,924 including interest; secured by equipment	13,277
3.88% note, payable in monthly installments of \$3,630 including interest; secured by Fisher Field lighting equipment	39,162
2.58% note, payable in monthly installments of \$4,570 including interest; secured by vehicles	<u>68,537</u>
Total installment purchase contracts	<u>\$ 20,891,475</u>

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

Annual debt service requirements to maturity for the County's governmental activities notes payable are as follows:

Governmental Activities			
	Principal	Interest	Total
2010	\$ 1,045,296	\$ 848,489	\$ 1,893,785
2011	1,039,260	836,509	1,875,768
2012	1,047,119	793,944	1,841,063
2013	1,049,556	751,203	1,800,759
2014	1,044,029	708,488	1,752,516
2015-2019	5,352,907	2,891,218	8,244,125
2020-2024	2,476,163	1,891,345	4,367,508
2025-2029	1,057,925	1,579,210	2,637,135
2030-2034	1,302,672	1,334,463	2,637,135
2035-2039	1,604,041	1,033,094	2,637,135
2040-2044	1,975,131	662,004	2,637,135
2045-2048	1,897,377	205,361	2,102,738
	\$ 20,891,475	\$ 13,535,327	\$ 34,426,802

F. Proprietary Fund Debt

The following is a summary of the changes in the County's business-type activities long-term obligations for the year ended June 30, 2009:

	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009	Current Portion of Balance
Business-Type Activities:					
Water Fund:					
General obligation bonds	\$ 20,131	\$ -	\$ (10,595)	\$ 9,536	\$ 9,536
Notes payable	222,236	-	(218,832)	3,404	3,404
Unfunded pension obligation - OPEB	-	22,007	-	22,007	-
Compensated absences	25,739	18,000	(24,289)	19,450	19,450
Total Water Fund	\$ 268,106	\$ 40,007	\$ (253,716)	\$ 54,397	\$ 32,390
Emergency Management:					
Notes payable	\$ 271,686	\$ -	\$ (127,041)	\$ 144,645	\$ 48,993
Unfunded pension obligation - OPEB	-	74,607	-	74,607	-
Compensated absences	40,270	30,000	(39,345)	30,925	30,925
Total Emergency Management	\$ 311,956	\$ 104,607	\$ (166,386)	\$ 250,177	\$ 79,918
Total business-type activities	\$ 580,062	\$ 144,614	\$ (420,102)	\$ 304,574	\$ 112,308

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

A summary of notes payable serviced by the Water Fund is as follows:

3.71% note, payable in monthly installments of \$4,924 including interest, secured by equipment	<u>\$ 3,404</u>
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A summary of notes payable serviced by the Emergency Management Fund is as follows:

2.78% note, payable in monthly installments of \$4,570 including interest, secured by equipment	\$ 127,283
3.71% note, payable in monthly installments of \$4,924 including interest, secured by equipment	<u>17,362</u>
Total installment purchase contracts	<u>\$ 144,645</u>

Annual debt service requirements to maturity for the County's business-type activities notes payable are as follows:

	Water Fund		Emergency Management		Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 3,404	\$ 233	\$ 48,933	\$ 3,249	\$ 52,337	\$ 3,482
2011	-	-	32,483	2,164	32,483	2,164
2012	-	-	33,357	1,290	33,357	1,290
2013	-	-	29,872	363	29,872	363
	<u>\$ 3,404</u>	<u>\$ 233</u>	<u>\$ 144,645</u>	<u>\$ 7,066</u>	<u>\$ 148,049</u>	<u>\$ 7,299</u>

11. Landfill Closure and Post-Closure Care 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 discussed in the "Jointly Governed Organizations" note herein, the County participates in two jointly governed organizations 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 adequate reserves to provide for closure and post-closure costs. The County did not recognize any additional costs and/or liability for the year ended June 30, 2009, related to closure and post-closure care cost.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

12. 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 pool administered by the North Carolina Association of County Commissioners. Through this pool, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$37.6 million for any one occurrence, general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, and workers' compensation coverage up to the statutory limits. The pool is audited annually by certified public accountants, and the audited financial statements are available to the County upon request.

The County carries flood insurance on only one of its buildings, the Shepard-Pruden Memorial Library. It is the only County building that is in a flood zone.

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more of the County's funds at any given time are performance bonded through a commercial surety bond. The Finance Officer and Tax Collector are each individually bonded for \$250,000 each. The County Manager is individually covered for \$50,000, the Sheriff for \$25,000, and the Register of Deeds for \$15,000. The remaining employees that have access to funds are bonded under a blanket policy for \$250,000.

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.

13. Joint Ventures

Pettigrew Regional Library

The County 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; therefore, no equity interest has been reflected in the financial statements at June 30, 2009. The participating governments provide the library facilities. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$174,529 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.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

14. Jointly Governed Organization

Albemarle Regional Health Services

The County, in conjunction with six other counties participates in Albemarle Regional Health Services. The County appoints two members to the ten-member Board. The County contributed \$60,030 to the organization during the fiscal year ended June 30, 2009. Complete financial statements for District Health can be obtained from the District Health offices at Albemarle Regional Health Services, PO Box 189, Elizabeth City, NC 27909.

Albemarle Regional Solid Waste Authority

The County 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 \$940,990 for solid waste disposal during the current year.

Chowan County Economic Development Commission

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.

Perquimans-Chowan-Gates Landfill Commission

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 dumpster sites and haul the trash in the three participating counties.

Chowan County Satellite Campus of the College of the Albemarle

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, 2009, total facilities cost totaled \$373,433.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

Albemarle Commission

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 \$9,406 to the Commission during the fiscal year ended June 30, 2009.

North East Economic Development Committee

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

Albemarle Mental Health

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. The County contributed \$14,563 to the organization during the fiscal year ended June 30, 2009.

Edenton-Chowan Development Corporation

Chowan County, the Town of Edenton, and the Edenton Chamber of Commerce organized the Edenton-Chowan Development Corporation (ECDC), a 501(c)(3) non-profit corporation to 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 three non-voting members. The County contributed \$56,252 to ECDC during the fiscal year ended June 30, 2009. The County Manager serves as the fiscal agent for the Corporation. Any funds of ECDC, held by the County at year-end, are reported in the County's agency funds. The agency fund statements do not include all of the assets and liabilities of ECDC, only the assets held by the County as fiscal agent. ECDC is an unaudited entity.

15. Benefit Payments Issued by the State

The amounts listed below were paid directly to individual recipients by the State from federal and State monies. County personnel are involved with certain functions, primarily eligibility determinations that cause benefit payments to be issued by the State. These amounts disclose this

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

additional aid to County recipients that do not appear in the basic financial statements because they are not revenues and expenditures of the County.

	<u>Federal</u>	<u>State</u>
Medicaid	\$ 16,262,535	\$ 6,446,460
Temporary assistance to needy families	207,133	-
Food stamp program	3,463,084	-
Low income energy assistance block grant	108,921	-
State Foster Care	-	2,133
Women, infants and children	361,118	-
IV-E Adoption Subsidy	13,548	2,489
IV-E Foster Care	22,258	6,840
Refugee assistance	362	-
F/C at risk maximization	-	1,173
F/C special provision	-	4,311
WS, adoption subsidy	-	8,487
SC/SA domiciliary care	-	205,005
Total	<u>\$ 20,438,959</u>	<u>\$ 6,676,898</u>

16. Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

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

Chowan County leases real property (land and buildings) owned by the Albemarle Learning Center, Inc., a non-profit corporation. As consideration for the lease, Chowan County pays for the property's maintenance and utility costs as well as the annual debt service of Albemarle Learning Center, Inc. which is secured by its real property. As an additional condition of the lease, Albemarle Learning Center, Inc. has granted Chowan County an option to purchase the leased property for an option fee of the amount of the remaining debt at the time the option is exercised. The County paid \$49,194 to the organization during the fiscal year ended June 30, 2009.

17. Claims and Judgments

At June 30, 2009, the County was a defendant to various lawsuits. Management believes that the ultimate outcome of these legal matters will not have a material adverse effect on the financial position of the County.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

18. Interfund Balances and Activity

A. Transfers to/from Other Funds:

Transfers in (out) for the year ended June 30, 2009, are summarized below:

<u>Fund</u>	<u>To</u>	<u>From</u>	<u>Purpose</u>
Water Capital Project - Generator	\$ 75,000		
Water Storm Preparedness Capital Reserve		\$ 75,000	Transfer of assessed fees
General Fund	6,130		
Architect Survey Capital Project		6,130	Close fund
Agriculture Building Capital Project	39,700		Resources to remove deficit
General Fund		39,700	
General Fund	57,524		
John A. Holmes High School Capital Project		57,524	Close fund
Albemarle MM/DD/SAS Capital Project	5,262		Resources to remove deficit
General Fund		5,262	
General Fund	179,078		
Library Renovation Capital Project		179,078	Close fund
Public Safety Capital Project Fund	23,893		Resources to remove deficit
General Fund		23,893	
Capital Project Fund	559		Resources to remove deficit
General Fund		559	
Solid Waste Special Revenue Fund	13,496		Resources to remove deficit
General Fund		13,496	
CWTF - Country Club Special Revenue Fund	36,992		Close fund
General Fund		36,992	
School Capital Special Revenue Fund	1,206,791		Annual debt service requirements
School Capital Reserve Special Revenue Fund		1,206,791	and capital needs
Hurricane Isabel Special Revenue Fund	101		Close fund
General Fund		101	
School Capital Reserve Special Revenue Fund	165,480		Local contribution
General Fund		165,480	
General Fund	772,582		
Health Care Reserve 1 Special Revenue Fund		772,582	Close fund
Revaluation Special Revenue Fund	25,000		Annual contribution
General Fund		25,000	
General Fund	17,264		
Fire Districts Special Revenue Fund		17,264	Local contribution
General Fund	16,440		
Emergency Management Fund		16,440	Budgeted transfer
Water Fund	1,371		
General Fund		1,371	Budgeted transfer

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

B. Interfund Balances

The composition of internal balances as of June 30, 2009, is as follows:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Public Safety Building Fund	\$ 145,467	Short-term cash flow
Water Fund	Water Capital Project Fund	\$ 139,577	Advance of project expenditures

19. Component Unit Transactions

In fiscal year 2009, the County received \$30,182 in profit distributions from its component unit, Chowan County ABC Board.

20. Prior Period Adjustment

Beginning fund balances in the fund financial statements were restated to correct errors from prior years as follows:

Governmental Funds:

General Fund	\$ 9,837,251
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Special Revenue Funds:

Fire District Fund	\$ 375,000
Health Care Reserve 1 and 2	(12,983,248)
School Capital Project Fund	(9,158)
Street Assessment Fund	(29,695)
Solid Waste Fund	1,687,871
Public Safety Capital Project Fund	511,622
Total nonmajor governmental funds	<u>\$ (10,447,608)</u>

Enterprise Funds:

Water Fund	\$ 129,685
Emergency Management Fund	1,213,097
Water Fund Storm Preparedness Capital Reserve	5,180
Water Development Capital Reserve	366,449
Total enterprise funds	<u>\$ 1,714,411</u>

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

The errors from the prior year were due to misstatements related to treating transfers to/from funds as interfund loans, therefore misstating ending fund balance. There were misstatements related to the presentation of the Enterprise Capital Reserve Funds as consolidated funds rather than presenting the funds as stand-alone funds. Beginning net assets for governmental activities and business-type activities were restated by \$13,740,366 and \$1,714,411, respectively. Misstatements in the governmental activities are summarized as follows: Net effect of fund financial statement errors (\$610,357); overstatement of long-term debt \$1,792,599; understatement of beginning capital assets, net \$12,811,167; other (\$253,043).

CHOWAN COUNTY, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS - HEALTH CARE FOR RETIREES
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL)		Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
		Projected Unit Credit (B)					
12/31/2008	-	\$ 5,838,284		\$ 5,838,284	0.00%	\$ 5,237,209	111.5%

Schedule of Employer Contributions

Fiscal Year Ending	Annual Required Contribution	Percentage Contributed
6/30/2008	\$ 556,858	0.00%

Notes to the Required Schedules:

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

Valuation date	December 31, 2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions	
Investment rate of return	4.00%
Projected salary increases	10.50 - 5.00%
Year of ultimate trend rate	2016
Includes inflation at	3.75%
Cost of living adjustments	NA

CHOWAN COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008**

	<u>2009</u>		<u>Variance</u>	<u>2008</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	<u>Actual</u>
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 9,183,037	\$ 9,114,477	\$ (68,560)	\$ 7,612,578
Penalties and interest	60,000	54,224	(5,776)	57,633
Total	<u>9,243,037</u>	<u>9,168,701</u>	<u>(74,336)</u>	<u>7,670,211</u>
Local Option Sales Taxes:				
Article 39 and 44	1,141,352	1,126,968	(14,384)	1,530,257
Article 40 one-half of one percent	425,000	468,793	43,793	515,892
Article 42 one-half of one percent	280,000	310,174	30,174	341,935
Medicaid Hold Harmless Payment	325,861	32,229	(293,632)	500,000
Total	<u>2,172,213</u>	<u>1,938,164</u>	<u>(234,049)</u>	<u>2,888,084</u>
Other Taxes and Licenses:				
Deed stamp excise tax	20,000	27,283	7,283	81,552
Real estate transfer tax	200,000	207,767	7,767	678,671
Scrap tire & white goods disposal tax	68,975	68,974	(1)	61,944
Cable TV	20,000	19,171	(829)	17,798
Total	<u>308,975</u>	<u>323,195</u>	<u>14,220</u>	<u>839,965</u>
Unrestricted Intergovernmental Revenues:				
Payments in lieu of taxes	1,000	1,096	96	1,412
Beer and wine tax	40,000	42,938	2,938	44,139
ABC profit distribution	23,000	30,182	7,182	-
Tax refunds	67,000	47,092	(19,908)	48,864
Gross receipts tax	-	(548)	(548)	-
Total	<u>131,000</u>	<u>120,760</u>	<u>(10,240)</u>	<u>94,415</u>
Restricted Intergovernmental Revenues:				
State grants	3,290,082	2,838,136	(451,946)	2,637,177
Local grants	16,200	13,343	(2,857)	17,921
Total	<u>3,306,282</u>	<u>2,851,479</u>	<u>(454,803)</u>	<u>2,655,098</u>

CHOWAN COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2009

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009		Variance Over/Under	2008
	Budget	Actual		Actual
Permits and Fees:				
Building permits and inspection fees	155,000	172,665	17,665	148,395
Register of Deeds	80,000	82,460	2,460	104,739
Sheriff and court fees	155,092	145,712	(9,380)	165,262
Total	390,092	400,837	10,745	418,396
Sales and Services:				
Rents, concessions and fees	201,016	209,824	8,808	190,122
Jail fees	150,000	186,907	36,907	139,920
Recreation fees	40,600	60,790	20,190	73,783
Fees from local governments	346,578	390,209	43,631	333,488
Sale of capital assets	103,000	73,797	(29,203)	57,599
Total	841,194	921,527	80,333	794,912
Investment Earnings	-	(290)	(290)	6,247
Miscellaneous	115,355	94,895	(20,460)	82,158
Total revenues	16,508,148	15,819,268	(688,880)	15,449,486
Expenditures:				
General Government:				
Governing Body:				
Salaries and employee benefits	35,361	34,405		46,505
Operating expenditures	5,144	4,151		19,058
Total	40,505	38,556	1,949	65,563
Administration:				
Salaries and employee benefits	401,333	401,297		400,363
Operating expenditures	273,340	270,440		340,325
Capital outlay	-	-		6,581
Total	674,673	671,737	2,936	747,269

CHOWAN COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2009

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009		Variance Over/Under	2008
	Budget	Actual		Actual
Tax Collection:				
Salaries and employee benefits	186,844	186,406		204,114
Operating expenditures	44,946	43,414		51,352
Capital outlay	-	-		4,173
Total	231,790	229,820	1,970	259,639
Legal:				
Salaries and employee benefits	-	-		105,823
Operating expenditures	34,500	31,421		21,732
Total	34,500	31,421	3,079	127,555
Court Facilities:				
Salaries and employee benefits	-	-		1,017
Operating expenditures	26,288	25,560		24,333
Total	26,288	25,560	728	25,350
Elections:				
Salaries and employee benefits	68,698	66,467		68,723
Operating expenditures	16,194	15,599		24,889
Capital outlay	-	-		1,390
Total	84,892	82,066	2,826	95,002
Register of Deeds:				
Salaries and employee benefits	129,568	127,275		134,309
Operating expenditures	10,472	8,682		22,297
Capital outlay	-	-		4,380
Total	140,040	135,957	4,083	160,986
Land Records:				
Salaries and employee benefits	113,956	113,954		110,156
Operating expenditures	12,118	11,769		5,460
Total	126,074	125,723	351	115,616

CHOWAN COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008**

	2009		Variance Over/Under	2008
	Budget	Actual		Actual
Data Processing:				
Salaries and employee benefits	117,263	117,232		145,502
Operating expenditures	141,591	136,112		133,735
Capital outlay	-	-		33,275
Total	258,854	253,344	5,510	312,512
Central Maintenance:				
Salaries and employee benefits	377,651	376,461		402,356
Operating expenditures	22,833	20,697		43,925
Capital outlay	2,726	2,700		2,353
Total	403,210	399,858	3,352	448,634
Public Buildings:				
Operating expenditures	673,125	579,702		587,847
Capital outlay	-	-		16,802
Total	673,125	579,702	93,423	604,649
Inspection:				
Salaries and employee benefits	293,220	293,218		330,154
Operating expenditures	24,720	21,880		58,083
Capital outlay	-	-		21,755
Total	317,940	315,098	2,842	409,992
Other General Government:				
Central services	505,125	495,940	9,185	551,454
Special appropriations	50,009	49,900	109	178,562
Total	555,134	545,840	9,294	730,016
Total general government	3,567,025	3,434,682	132,343	4,102,783

CHOWAN COUNTY, NORTH CAROLINA

**GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2009
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008**

	2009		2008
	Budget	Actual	Variance Over/Under
			Actual
Public Safety:			
Central communications:			
Salaries and employee benefits	413,857	399,448	431,696
Operating expenditures	34,725	25,751	47,772
Capital outlay	280,590	-	6,160
Total	729,172	425,199	485,628
Sheriff:			
Salaries and employee benefits	991,122	981,047	996,679
Operating expenditures	233,358	191,708	299,982
Capital outlay	14,364	14,038	72,837
Total	1,238,844	1,186,793	1,369,498
School Resource Officer:			
Salaries and employee benefits	149,477	147,577	148,820
Total	149,477	147,577	148,820
Victim's Assistance:			
Salaries and employee benefits	-	-	51,330
Operating expenditures	-	-	7,301
Total	-	-	58,631
Jail:			
Salaries and employee benefits	398,172	391,616	441,005
Operating expenditures	326,997	282,502	414,978
Capital outlay	1,800	-	17,015
Total	726,969	674,118	872,998
Emergency Management:			
Salaries and employee benefits	43,093	43,091	138,617
Operating expenditures	-	-	36,678
Total	43,093	43,091	175,295

CHOWAN COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008**

	2009		Variance Over/Under	2008
	Budget	Actual		Actual
Public Safety Office:				
Salaries and employee benefits	89,789	89,784		-
Operating expenditures	11,890	11,526		-
Total	101,679	101,310	369	-
Medical Examiner:				
Operating expenditures	6,068	4,900		6,100
Total	6,068	4,900	1,168	6,100
Animal Control:				
Salaries and employee benefits	201,927	199,633		211,651
Operating expenditures	61,986	58,892		91,065
Capital outlay	-	-		8,891
Total	263,913	258,525	5,388	311,607
Juvenile Justice:				
Salaries and employee benefits	12,014	11,709		15,346
Operating expenditures	9,462	9,381		8,849
Total	21,476	21,090	386	24,195
Total public safety	3,280,691	2,862,603	418,088	3,452,772
Environmental Protection:				
Solid Waste:				
Operating expenditures	80,275	77,514	2,761	73,544
Soil Conservation:				
Salaries and employee benefits	58,026	58,024		92,815
Operating expenditures	50,643	47,505		63,430
Total	108,669	105,529	3,140	156,245
Total environmental protection	188,944	183,043	5,901	229,789

CHOWAN COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2009

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009		Variance Over/Under	2008
	Budget	Actual		Actual
Economic and Physical Development:				
Economic Development:				
Operating expenditures	62,252	34,776		419,491
Total	62,252	34,776	27,476	419,491
Economic Development Projects:				
CDBG scattered site housing	300,772	269,145		14,896
CWMTF Storm water planning	52,500	15,000		27,500
Total	353,272	284,145	69,127	42,396
Agricultural Extension:				
Salaries and employee benefits	182,847	182,598		163,964
Operating expenditures	30,059	24,413		40,145
Capital outlay	-	-		4,554
Total	212,906	207,011	5,895	208,663
Total economic and physical development	628,430	525,932	102,498	670,550
Human Services:				
Public health - operating expenditures	79,599	79,599	-	74,506
Mental health - operating expenditures	14,563	14,563	-	34,112
Social Services:				
Administration:				
Salaries and employee benefits	540,285	532,214		509,783
Operating expenditures	89,376	84,879		123,690
Capital outlay	4,535	1,570		9,866
Total	634,196	618,663	15,533	643,339
Title XX Program:				
Salaries and employee benefits	392,895	390,268		443,339
Operating expenditures	105,640	94,536		102,961
Total	498,535	484,804	13,731	546,300

CHOWAN COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008**

	<u>2009</u>		<u>2008</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
		<u>Variance</u>	
		<u>Over/Under</u>	
Other Social Services Programs:			
Operating expenditures	217,920	216,158	221,109
Day Care:			
Operating expenditures	707,312	680,213	789,260
Income Maintenance Programs:			
Salaries and employee benefits	669,364	653,187	684,734
Operating expenditures	100,468	83,621	108,847
Total	769,832	736,808	793,581
Medicaid Program:			
County participation	714,367	711,907	1,346,122
Child Support:			
Operating expenditures	24,000	18,481	44,298
Foster Care:			
Operating expenditures	83,574	59,256	64,405
Crisis Intervention:			
Operating expenditures	97,297	96,581	40,766
Total social services	3,747,033	3,622,871	4,489,180
Veterans Services:			
Salaries and employee benefits	13,210	12,482	13,605
Operating expenditures	632	595	1,074
Total	13,842	13,077	14,679
Total human services	3,855,037	3,730,110	4,612,477

CHOWAN COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008**

	<u>2009</u>			<u>2008</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Cultural and Recreational:				
Libraries:				
Operating expenditures	181,021	177,657		180,403
Capital outlay	-	-		240,000
Total	<u>181,021</u>	<u>177,657</u>	<u>3,364</u>	<u>420,403</u>
Recreation:				
Salaries and employee benefits	388,173	374,573		429,204
Operating expenditures	99,172	67,766		234,147
Capital outlay	599	599		35,968
Total	<u>487,944</u>	<u>442,938</u>	<u>45,006</u>	<u>699,319</u>
Senior Center:				
Salaries and employee benefits	113,781	113,632		120,399
Operating expenditures	33,779	33,461		55,694
Capital outlay	14,922	14,922		1,514
Total	<u>162,482</u>	<u>162,015</u>	<u>467</u>	<u>177,607</u>
Total cultural and recreation	<u>831,447</u>	<u>782,610</u>	<u>48,837</u>	<u>1,297,329</u>
Education:				
Public Schools:				
Current expense	<u>3,453,542</u>	<u>3,453,542</u>	<u>-</u>	<u>3,754,408</u>
Community Colleges:				
Current expense	<u>54,875</u>	<u>54,675</u>	<u>200</u>	<u>134,416</u>
Total education	<u>3,508,417</u>	<u>3,508,217</u>	<u>200</u>	<u>3,888,824</u>

CHOWAN COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008**

	2009		Variance Over/Under	2008
	Budget	Actual		Actual
Debt Service:				
Principal retirement	355,906	353,263		509,194
Interest and fees	102,069	102,066		173,101
Total debt service	<u>457,975</u>	<u>455,329</u>	2,646	<u>682,295</u>
Total expenditures	<u>16,317,966</u>	<u>15,482,526</u>	835,440	<u>18,936,819</u>
Revenues over (under) expenditures	<u>190,182</u>	<u>336,742</u>	146,560	<u>(3,487,333)</u>
 Other Financing Sources (Uses):				
Operating transfer from other funds	1,156,909	1,156,908	(1)	1,103,973
Operating transfers to other funds	(577,916)	(419,744)	158,172	-
Proceeds of installment purchase	-	-	-	83,000
Contingency	(772,582)	-	772,582	-
Appropriated fund balance	3,407	-	(3,407)	-
Total other financing sources (uses)	<u>(190,182)</u>	<u>737,164</u>	927,346	<u>1,186,973</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>1,073,906</u>	<u>\$ 1,073,906</u>	<u>(2,300,360)</u>
 Fund Balance:				
Beginning of year, July 1		(10,260,311)		(7,959,951)
Prior period adjustment		<u>9,837,251</u>		<u>-</u>
Fund balance July 1, 2008 - restated		<u>(423,060)</u>		<u>(7,959,951)</u>
End of year, June 30		<u>\$ 650,846</u>		<u>\$ (10,260,311)</u>

CHOWAN COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET JUNE 30, 2009

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total
Assets:			
Cash and cash equivalents	\$ 419,090	\$ -	\$ 419,090
Accounts receivable, net	2,242	175,478	177,720
Taxes receivable, net	21,421	-	21,421
Due from other governments	139,999	5,262	145,261
Total assets	<u>\$ 582,752</u>	<u>\$ 180,740</u>	<u>\$ 763,492</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 77,733	\$ -	\$ 77,733
Due to other funds	-	145,467	145,467
Deferred revenues	53,859	-	53,859
Total liabilities	<u>131,592</u>	<u>145,467</u>	<u>277,059</u>
Fund Balances:			
Reserved by State statute	134,170	-	134,170
Unreserved (deficit)	316,990	35,273	352,263
Total fund balances	<u>451,160</u>	<u>35,273</u>	<u>486,433</u>
Total liabilities and fund balances	<u>\$ 582,752</u>	<u>\$ 180,740</u>	<u>\$ 763,492</u>

CHOWAN COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2009

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total
Revenues:			
Ad valorem taxes	\$ 464,501	\$ -	\$ 464,501
Local option sales taxes	70,915	-	70,915
Other taxes and licenses	999,711	175,478	1,175,189
Restricted intergovernmental revenues	549,075	-	549,075
Sales and services	898,111	-	898,111
Miscellaneous revenues	6,894	45,169	52,063
Investment earnings	40,595	1,043	41,638
Total revenues	<u>3,029,802</u>	<u>221,690</u>	<u>3,251,492</u>
Expenditures:			
Current:			
Public safety	687,289	1,085,707	1,772,996
Economic development	177,451	-	177,451
Environmental protection	991,588	-	991,588
Cultural and recreation	-	377,892	377,892
Education	376,746	2,585	379,331
Debt service:			
Principal	766,121	-	766,121
Interest	147,676	83,057	230,733
Total expenditures	<u>3,146,871</u>	<u>1,549,241</u>	<u>4,696,112</u>
Revenues over (under) expenditures	<u>(117,069)</u>	<u>(1,327,551)</u>	<u>(1,444,620)</u>
Other Financing Sources (Uses):			
Issuance of long-term debt	-	421,525	421,525
Transfers in	1,447,759	69,414	1,517,173
Transfers out	(1,996,637)	(242,732)	(2,239,369)
Total other financing sources (uses)	<u>(548,878)</u>	<u>248,207</u>	<u>(300,671)</u>
Net change in fund balances	<u>(665,947)</u>	<u>(1,079,344)</u>	<u>(1,745,291)</u>
Fund Balances:			
Beginning of year, July 1	12,079,564	641,659	12,721,223
Prior period adjustment	(10,962,457)	472,958	(10,489,499)
Fund balance July 1, 2008 - restated	<u>1,117,107</u>	<u>1,114,617</u>	<u>2,231,724</u>
End of year - June 30	<u>\$ 451,160</u>	<u>\$ 35,273</u>	<u>\$ 486,433</u>

CHOWAN COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS COMBINING BALANCE SHEET JUNE 30, 2009

	<u>Fire District Fund</u>	<u>Emergency Telephone System Fund</u>	<u>Revaluation Fund</u>	<u>NC Housing Finance Agency Project Fund</u>
Assets:				
Cash and cash equivalents	\$ 166,134	\$ 65,950	\$ 70,295	\$ (8,071)
Accounts receivable, net	-	-	-	-
Due from other governments	9,630	-	-	8,071
Taxes receivable, net	<u>21,421</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 197,185</u>	<u>\$ 65,950</u>	<u>\$ 70,295</u>	<u>\$ -</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Deferred revenues	<u>21,421</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>21,421</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Reserved by State statute	9,630	-	-	-
Unreserved (deficit)	<u>166,134</u>	<u>65,950</u>	<u>70,295</u>	<u>-</u>
Total fund balances	<u>175,764</u>	<u>65,950</u>	<u>70,295</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 197,185</u>	<u>\$ 65,950</u>	<u>\$ 70,295</u>	<u>\$ -</u>

Schedule D-1

School Capital Reserve Fund	Street Assessment Fund	Occupancy Tax Fund	Solid Waste Fund	Total
\$ 106,630	\$ 3,538	\$ 14,614	\$ -	\$ 419,090
-	2,242	-	-	2,242
122,298	-	-	-	139,999
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,421</u>
<u>\$ 228,928</u>	<u>\$ 5,780</u>	<u>\$ 14,614</u>	<u>\$ -</u>	<u>\$ 582,752</u>
\$ -	\$ -	\$ 916	\$ 76,817	\$ 77,733
<u>-</u>	<u>31,938</u>	<u>500</u>	<u>-</u>	<u>53,859</u>
<u>-</u>	<u>31,938</u>	<u>1,416</u>	<u>76,817</u>	<u>131,592</u>
122,298	2,242	-	-	134,170
<u>106,630</u>	<u>(28,400)</u>	<u>13,198</u>	<u>(76,817)</u>	<u>316,990</u>
<u>228,928</u>	<u>(26,158)</u>	<u>13,198</u>	<u>(76,817)</u>	<u>451,160</u>
<u>\$ 228,928</u>	<u>\$ 5,780</u>	<u>\$ 14,614</u>	<u>\$ -</u>	<u>\$ 582,752</u>

CHOWAN COUNTY, NORTH CAROLINA

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Fire Districts Fund</u>	<u>Emergency Telephone System Fund</u>	<u>Revaluation Fund</u>	<u>Health Care Reserve 1</u>	<u>NC Housing Finance Agency Project Fund</u>
Revenues:					
Ad valorem taxes	\$ 464,501	\$ -	\$ -	\$ -	\$ -
Local option sales taxes	70,915	-	-	-	-
Other taxes and licenses	-	110,469	-	-	-
Restricted intergovernmental	-	14,092	-	-	67,550
Sales and service	-	-	-	-	-
Miscellaneous revenues	1,045	938	-	-	-
Investment earnings	<u>1,821</u>	<u>256</u>	<u>397</u>	<u>34,706</u>	<u>-</u>
Total revenues	<u>538,282</u>	<u>125,755</u>	<u>397</u>	<u>34,706</u>	<u>67,550</u>
Expenditures:					
Current:					
Public safety	584,216	103,073	-	-	-
Economic development	-	-	-	-	67,550
Environmental protection	-	-	-	-	-
Education	-	-	-	-	-
Debt service:					
Principal	-	2,235	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>584,216</u>	<u>105,308</u>	<u>-</u>	<u>-</u>	<u>67,550</u>
Revenues over (under) expenditures	<u>(45,934)</u>	<u>20,447</u>	<u>397</u>	<u>34,706</u>	<u>-</u>
Other Financing Sources (Uses):					
Transfers in	-	-	25,000	-	-
Transfers out	<u>(17,264)</u>	<u>-</u>	<u>-</u>	<u>(772,582)</u>	<u>-</u>
Total other financing sources (uses)	<u>(17,264)</u>	<u>-</u>	<u>25,000</u>	<u>(772,582)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(63,198)</u>	<u>20,447</u>	<u>25,397</u>	<u>(737,876)</u>	<u>-</u>
Fund Balances:					
Beginning of year, July 1	(136,093)	46,953	44,898	13,721,124	-
Prior period adjustment	<u>375,055</u>	<u>(1,450)</u>	<u>-</u>	<u>(12,983,248)</u>	<u>-</u>
Fund balance July 1, 2008 - restated	<u>238,962</u>	<u>45,503</u>	<u>44,898</u>	<u>737,876</u>	<u>-</u>
End of year, June 30	<u>\$ 175,764</u>	<u>\$ 65,950</u>	<u>\$ 70,295</u>	<u>\$ -</u>	<u>\$ -</u>

<u>School Capital Reserve Fund</u>	<u>School Capital Project Fund</u>	<u>CWMTF-County Club</u>	<u>Street Assessment Fund</u>	<u>Occupancy Tax Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 464,501
-	-	-	-	-	-	70,915
779,274	-	-	359	106,195	3,414	999,711
422,689	-	39,754	-	4,990	-	549,075
-	-	-	-	250	897,861	898,111
-	-	-	-	4,911	-	6,894
3,234	-	-	92	89	-	40,595
<u>1,205,197</u>	<u>-</u>	<u>39,754</u>	<u>451</u>	<u>116,435</u>	<u>901,275</u>	<u>3,029,802</u>
-	-	-	-	-	-	687,289
-	-	-	-	109,901	-	177,451
-	-	-	-	-	991,588	991,588
-	300,000	76,746	-	-	-	376,746
-	763,886	-	-	-	-	766,121
-	147,676	-	-	-	-	147,676
<u>-</u>	<u>1,211,562</u>	<u>76,746</u>	<u>-</u>	<u>109,901</u>	<u>991,588</u>	<u>3,146,871</u>
<u>1,205,197</u>	<u>(1,211,562)</u>	<u>(36,992)</u>	<u>451</u>	<u>6,534</u>	<u>(90,313)</u>	<u>(117,069)</u>
165,480	1,206,791	36,992	-	-	13,496	1,447,759
<u>(1,206,791)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,996,637)</u>
<u>(1,041,311)</u>	<u>1,206,791</u>	<u>36,992</u>	<u>-</u>	<u>-</u>	<u>13,496</u>	<u>(548,878)</u>
<u>163,886</u>	<u>(4,771)</u>	<u>-</u>	<u>451</u>	<u>6,534</u>	<u>(76,817)</u>	<u>(665,947)</u>
65,042	13,929	-	3,086	8,496	(1,687,871)	12,079,564
-	(9,158)	-	(29,695)	(1,832)	1,687,871	(10,962,457)
<u>65,042</u>	<u>4,771</u>	<u>-</u>	<u>(26,609)</u>	<u>6,664</u>	<u>-</u>	<u>1,117,107</u>
<u>\$ 228,928</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (26,158)</u>	<u>\$ 13,198</u>	<u>\$ (76,817)</u>	<u>\$ 451,160</u>

CHOWAN COUNTY, NORTH CAROLINA

FIRE DISTRICTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009		Variance Over/Under	2008
	Budget	Actual		Actual
Revenues:				
Ad valorem taxes	\$ 432,371	\$ 464,501	\$ 32,130	\$ 450,034
Local option sales tax	75,000	70,915	(4,085)	97,676
Miscellaneous revenue	3,100	1,045	(2,055)	1,425
Investment earnings	-	1,821	1,821	12,777
Total revenues	<u>510,471</u>	<u>538,282</u>	<u>27,811</u>	<u>561,912</u>
Expenditures:				
Public Safety:				
Town of Edenton	426,525	246,525	180,000	229,436
Salaries and benefits	49,730	47,543	2,187	58,759
Telephone and postage	3,250	2,733	517	2,369
Utilities	10,800	10,581	219	11,094
Maintenance and repair	24,545	16,111	8,434	29,636
Capital outlay	223,328	217,651	5,677	164,394
Other operating expenses	47,218	43,072	4,146	22,906
Total public safety	<u>785,396</u>	<u>584,216</u>	<u>201,180</u>	<u>518,594</u>
Debt Service:				
Principal	-	-	-	57,218
Total debt service	-	-	-	<u>57,218</u>
Total expenditures	<u>785,396</u>	<u>584,216</u>	<u>201,180</u>	<u>575,812</u>
Revenues over (under) expenditures	<u>(274,925)</u>	<u>(45,934)</u>	<u>228,991</u>	<u>(13,900)</u>
Other Financing Sources (Uses):				
Issuance of long term debt	375,000	-	(375,000)	-
Transfers in (out)	(280,075)	(17,264)	262,811	(10,000)
Appropriated fund balance	180,000	-	(180,000)	-
Total other financing sources (uses)	<u>274,925</u>	<u>(17,264)</u>	<u>(292,189)</u>	<u>(10,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (63,198)</u>	<u>\$ (63,198)</u>	<u>\$ (23,900)</u>

CHOWAN COUNTY, NORTH CAROLINA

**EMERGENCY TELEPHONE SYSTEM FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008**

	2009			2008
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Other taxes and licenses:				
911 system subscriber fees	\$ 120,000	\$ 110,469	\$ (9,531)	\$ 31,849
Restricted intergovernmental:				
Wireless 911 funds	-	14,092	14,092	141,913
Miscellaneous income - sales tax refund	1,000	938	(62)	938
Investment earnings	500	256	(244)	188
Total revenues	<u>121,500</u>	<u>125,755</u>	<u>4,255</u>	<u>174,888</u>
Expenditures:				
Public safety:				
Operating expenditures	<u>119,265</u>	<u>103,073</u>	<u>16,192</u>	<u>113,481</u>
Total public safety	<u>119,265</u>	<u>103,073</u>	<u>16,192</u>	<u>113,481</u>
Debt Service:				
Principal	<u>2,235</u>	<u>2,235</u>	<u>-</u>	<u>49,146</u>
Total debt service	<u>2,235</u>	<u>2,235</u>	<u>-</u>	<u>49,146</u>
Total expenditures	<u>121,500</u>	<u>105,308</u>	<u>16,192</u>	<u>162,627</u>
Revenues over (under) expenditures	\$ -	\$ 20,447	\$ 20,447	\$ 12,261

CHOWAN COUNTY, NORTH CAROLINA

**REVALUATION FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2009
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008**

	2009			2008
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Investment earnings	\$ -	\$ 397	\$ 397	\$ 484
Total revenues	-	397	397	484
Expenditures:				
General government:				
Contracted services	25,000	-	25,000	6,300
Revenues over (under) expenditures	(25,000)	397	(24,603)	(5,816)
Other Financing Sources (Uses):				
Transfers in (out)	25,000	25,000	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 25,397	\$ 25,397	\$ (5,816)

CHOWAN COUNTY, NORTH CAROLINA

**HEALTH CARE RESERVE 1
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008**

	2009			2008
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Investment earnings	\$ -	\$ 34,706	\$ 34,706	\$ 294,696
Total revenues	-	34,706	34,706	294,696
Expenditures:				
Debt service:				
Principal	-	-	-	99,939
Total expenditures	-	-	-	99,939
Revenues over (under) expenditures	-	34,706	34,706	194,757
Other Financing Sources (Uses):				
Transfer in (out)	(772,582)	(772,582)	(772,582)	(1,514,902)
Appropriated fund balance	772,582	-	-	-
Total other financing sources (uses)	-	(772,582)	(772,582)	(1,514,902)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (737,876)	\$ (737,876)	\$ (1,320,145)

CHOWAN COUNTY, NORTH CAROLINA

**NC HOUSING FINANCE AGENCY PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009**

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Restricted intergovernmental revenues:	\$ 165,778	\$ 34,222	\$ 67,550	\$ 101,772
Total revenues	<u>165,778</u>	<u>34,222</u>	<u>67,550</u>	<u>101,772</u>
Expenditures:				
Economic development:				
Rehabilitation	165,778	5,247	67,550	72,797
Temporary relocation	-	9,384	-	9,384
Administrative	-	19,591	-	19,591
Total expenditures	<u>165,778</u>	<u>34,222</u>	<u>67,550</u>	<u>101,772</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CHOWAN COUNTY, NORTH CAROLINA

**SCHOOL CAPITAL RESERVE FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008**

	2009			2008
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental:				
Public School Building Capital Fund	335,083	422,689	\$ 87,606	326,640
Local option sales tax	710,000	779,274	69,274	856,830
Investment earnings	1,000	3,234	2,234	(1,161)
Total revenues	<u>1,046,083</u>	<u>1,205,197</u>	<u>159,114</u>	<u>1,182,309</u>
Other Financing Sources (Uses):				
Transfers in	165,480	165,480	-	-
Transfers out	<u>(1,211,563)</u>	<u>(1,206,791)</u>	<u>4,772</u>	<u>(1,136,073)</u>
Total other financing sources (uses)	<u>(1,046,083)</u>	<u>(1,041,311)</u>	<u>4,772</u>	<u>(1,136,073)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 163,886</u>	<u>\$ 163,886</u>	<u>\$ 46,236</u>

CHOWAN COUNTY, NORTH CAROLINA

SCHOOL CAPITAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2009

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009		2008	
	Budget	Actual	Variance Over/Under	Actual
Expenditures:				
Education:				
Capital outlay	\$ 300,000	\$ 300,000	\$ -	\$ 400,000
Debt Service:				
Principal	763,886	763,886	-	847,448
Interest	147,677	147,676	1	411,882
Total debt service	<u>911,563</u>	<u>911,562</u>	<u>1</u>	<u>1,259,330</u>
Total expenditures	<u>1,211,563</u>	<u>1,211,562</u>	<u>1</u>	<u>1,659,330</u>
Revenues over (under) expenditures	<u>(1,211,563)</u>	<u>(1,211,562)</u>	<u>(1)</u>	<u>(1,659,330)</u>
Other Financing Sources (Uses):				
Transfers in (out)	<u>1,211,563</u>	<u>1,206,791</u>	<u>-</u>	<u>1,658,002</u>
Revenues and other financing sources over (under) expenditures and other financing uses:	<u>\$ -</u>	<u>\$ (4,771)</u>	<u>\$ (4,771)</u>	<u>\$ (1,328)</u>

CHOWAN COUNTY, NORTH CAROLINA

CWMTF - COUNTRY CLUB FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Restricted intergovernmental	534,000	\$ 332,092	39,754	\$ 371,846
Other taxes and license	-	521	-	521
Miscellaneous revenue	50,000	-	-	-
Total revenues	<u>584,000</u>	<u>332,613</u>	<u>39,754</u>	<u>372,367</u>
Expenditures:				
Environmental protection:				
Administrative	15,000	5,510	-	5,510
Contracted services	564,000	327,103	76,746	403,849
Capital outlay	5,000	-	-	-
Total expenditures	<u>584,000</u>	<u>332,613</u>	<u>76,746</u>	<u>409,359</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(36,992)</u>	<u>(36,992)</u>
Other Financing Sources (Uses):				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>36,992</u>	<u>36,992</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CHOWAN COUNTY, NORTH CAROLINA

**STREET ASSESSMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008**

	<u>2009</u>			<u>2008</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Other taxes and licenses	\$ -	\$ 359	\$ 359	\$ 1,589
Investment earnings	-	92	92	-
Total revenues	-	451	451	1,589
Revenues over (under) expenditures	\$ -	\$ 451	\$ 451	\$ 1,589

CHOWAN COUNTY, NORTH CAROLINA

OCCUPANCY TAX ASSESSMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Sales and service	\$ -	\$ 250	\$ 250	\$ -
Other taxes and licenses	112,072	106,195	(5,877)	122,378
Restricted intergovernmental revenues	11,047	4,990	(6,057)	300
Miscellaneous revenues	3,000	4,911	1,911	6,132
Investment earnings	-	89	89	(15)
Total revenues	<u>126,119</u>	<u>116,435</u>	<u>(9,684)</u>	<u>128,795</u>
Expenditures:				
Economic development:				
Contracted services	76,053	74,353	1,700	68,453
Reimbursements	12,910	11,453	1,457	17,442
Miscellaneous expenses	40,156	24,095	16,061	32,224
Capital outlay	-	-	-	2,048
Total expenditures	<u>129,119</u>	<u>109,901</u>	<u>19,218</u>	<u>120,167</u>
Revenues over (under) expenditures	<u>(3,000)</u>	<u>6,534</u>	<u>9,534</u>	<u>8,628</u>
Other Financing Sources (Uses):				
Appropriated fund balance	<u>3,000</u>	<u>-</u>	<u>(3,000)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 6,534</u>	<u>\$ 6,534</u>	<u>\$ 8,628</u>

CHOWAN COUNTY, NORTH CAROLINA

SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Sales and service	\$ 880,344	\$ 897,861	\$ 17,517	939,986
Other taxes and licenses	-	3,414	3,414	-
Total revenues	<u>880,344</u>	<u>901,275</u>	<u>20,931</u>	<u>939,986</u>
Expenditures:				
Environmental protection:				
Operating expenditures	<u>880,344</u>	<u>991,588</u>	<u>(111,244)</u>	<u>1,007,392</u>
Total expenditures	<u>880,344</u>	<u>991,588</u>	<u>(111,244)</u>	<u>1,007,392</u>
Debt Service:				
Principal	-	-	-	134,966
Total debt service	-	-	-	<u>134,966</u>
Total expenditures	<u>880,344</u>	<u>991,588</u>	<u>(111,244)</u>	<u>1,142,358</u>
Revenues over (under) expenditures	-	<u>(90,313)</u>	<u>(90,313)</u>	<u>(202,372)</u>
Other Financing Sources (Uses):				
Transfers in (out)	-	<u>13,496</u>	<u>13,496</u>	-
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (76,817)</u>	<u>\$ (76,817)</u>	<u>\$ -</u>

CHOWAN COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2009

	Public Safety Building Project	Library Renovation Project	Albemarle MM/DD/SAS Project	John A. Holmes High School Renovation Project	Total
Assets:					
Due from other governments	\$ -	\$ -	\$ 5,262	\$ -	\$ 5,262
Accounts receivable, net	<u>145,467</u>	<u>16,456</u>	<u>-</u>	<u>13,555</u>	<u>175,478</u>
Total assets	<u>\$ 145,467</u>	<u>\$ 16,456</u>	<u>\$ 5,262</u>	<u>\$ 13,555</u>	<u>\$ 180,740</u>
Liabilities and Fund Balances:					
Liabilities:					
Due to other funds	<u>\$ 145,467</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,467</u>
Total liabilities	<u>145,467</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,467</u>
Fund Balances:					
Unreserved (deficit)	<u>-</u>	<u>16,456</u>	<u>5,262</u>	<u>13,555</u>	<u>35,273</u>
Total liabilities and fund balances	<u>\$ 145,467</u>	<u>\$ 16,456</u>	<u>\$ 5,262</u>	<u>\$ 13,555</u>	<u>\$ 180,740</u>

CHOWAN COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2009

	<u>General Capital Projects</u>	<u>Public Safety Building Project</u>	<u>Library Renovation Project</u>
Revenues:			
Other taxes and licenses	\$ -	\$ 145,467	\$ 16,456
Miscellaneous revenues	-	375	-
Investment earnings	-	733	-
	<u>-</u>	<u>146,575</u>	<u>16,456</u>
Total revenues	-	146,575	16,456
Expenditures:			
Current:			
Public safety	-	1,085,707	-
Cultural and recreation	-	-	377,892
Education	-	-	-
Debt service:			
Interest	-	70,826	12,231
	<u>-</u>	<u>70,826</u>	<u>12,231</u>
Total expenditures	-	1,156,533	390,123
	<u>-</u>	<u>1,156,533</u>	<u>390,123</u>
Revenues over (under) expenditures	-	(1,009,958)	(373,667)
	<u>-</u>	<u>(1,009,958)</u>	<u>(373,667)</u>
Other Financing Sources (Uses):			
Issuance of long-term debt	-	-	421,525
Transfers in	559	23,893	-
Transfers out	-	-	(179,078)
	<u>559</u>	<u>23,893</u>	<u>(179,078)</u>
Total other financing sources (uses)	559	23,893	242,447
	<u>559</u>	<u>23,893</u>	<u>242,447</u>
Revenues and other financing sources over (under) expenditures and other financing uses	559	(986,065)	(131,220)
	<u>559</u>	<u>(986,065)</u>	<u>(131,220)</u>
Fund Balances:			
Beginning of year, July 1	(559)	474,443	147,676
Prior period adjustment	-	511,622	-
	<u>(559)</u>	<u>986,065</u>	<u>147,676</u>
Fund balance July 1, 2008 - restated	(559)	986,065	147,676
	<u>(559)</u>	<u>986,065</u>	<u>147,676</u>
End of year, June 30	\$ -	\$ -	\$ 16,456
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,456</u>

Schedule E-2

<u>Albemarle MM/DD/SAS Project</u>	<u>John A. Holmes High School Renovation Project</u>	<u>Agriculture Building Addition Project</u>	<u>Architectural Survey Project</u>	<u>Total</u>
\$ -	\$ 13,555	\$ -	\$ -	\$ 175,478
-	-	-	44,794	45,169
-	310	-	-	1,043
-	13,865	-	44,794	221,690
-	-	-	-	1,085,707
-	-	-	-	377,892
-	2,585	-	-	2,585
-	-	-	-	83,057
-	2,585	-	-	1,549,241
-	11,280	-	44,794	(1,327,551)
-	-	-	-	421,525
5,262	-	39,700	-	69,414
-	(57,524)	-	(6,130)	(242,732)
5,262	(57,524)	39,700	(6,130)	248,207
5,262	(46,244)	39,700	38,664	(1,079,344)
-	59,799	(39,700)	-	641,659
-	-	-	(38,664)	472,958
-	59,799	(39,700)	(38,664)	1,114,617
\$ 5,262	\$ 13,555	\$ -	\$ -	\$ 35,273

CHOWAN COUNTY, NORTH CAROLINA

**GENERAL CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Other Financing Sources (Uses):			
Transfers in	\$ -	\$ 559	559
 Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 559</u>	<u>\$ 559</u>

CHOWAN COUNTY, NORTH CAROLINA

**PUBLIC SAFETY BUILDING PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009**

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Sales tax refund	\$ -	\$ 246,198	\$ 145,467	\$ 391,665
Investment earnings	-	210,175	733	210,908
Miscellaneous	-	762	375	1,137
Total revenues	-	457,135	146,575	603,710
Expenditures:				
Public safety:				
Public Safety Center	-	10,334,292	1,085,707	11,419,999
Debt service:				
Interest	-	93,378	70,826	164,204
Total expenditures	11,391,600	10,427,670	1,156,533	11,584,203
Revenues over (under) expenditures	(11,391,600)	(9,970,535)	(1,009,958)	(10,980,493)
Other Financing Sources (Uses):				
Transfers in	-	-	23,893	23,893
Issuance of long-term debt	11,391,600	10,956,600	-	10,956,600
Total other financing sources (uses)	11,391,600	10,956,600	23,893	10,980,493
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 986,065	\$ (986,065)	\$ -

CHOWAN COUNTY, NORTH CAROLINA

LIBRARY RENOVATION PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Sales tax refund	\$ 270,000	\$ 59,143	\$ 16,456	\$ 75,599
Investment earnings	30,000	20,758	-	20,758
Miscellaneous	-	148,080	-	148,080
Total revenues	<u>300,000</u>	<u>227,981</u>	<u>16,456</u>	<u>244,437</u>
Expenditures:				
Cultural and recreational:				
Contracted services	3,593,315	3,117,652	377,892	3,495,544
Debt service:				
Interest	<u>92,000</u>	<u>100,653</u>	<u>12,231</u>	<u>112,884</u>
Total expenditures	<u>3,685,315</u>	<u>3,218,305</u>	<u>390,123</u>	<u>3,608,428</u>
Revenues over (under) expenditures	<u>(3,385,315)</u>	<u>(2,990,324)</u>	<u>(373,667)</u>	<u>(3,363,991)</u>
Other Financing Sources (Uses):				
Transfers in	365,790	-	-	-
Transfers out	-	-	(179,078)	(179,078)
Issuance of long-term debt	<u>3,019,525</u>	<u>3,138,000</u>	<u>421,525</u>	<u>3,559,525</u>
Total other financing sources (uses)	<u>3,385,315</u>	<u>3,138,000</u>	<u>242,447</u>	<u>3,380,447</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 147,676</u>	<u>\$ (131,220)</u>	<u>\$ 16,456</u>

CHOWAN COUNTY, NORTH CAROLINA

**ALBEMARLE MM/DD/SAS PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Other Financing Sources (Uses):			
Transfers in	\$ -	\$ 5,262	\$ 5,262
 Revenues and other financing sources over (under) expenditures and other financing uses	 \$ -	 \$ 5,262	 \$ 5,262

CHOWAN COUNTY, NORTH CAROLINA

**JOHN A. HOLMES HIGH SCHOOL RENOVATION PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Sales tax refund	\$ -	\$ 24,524	\$ 13,555	\$ 38,079
Investment earnings	-	86,345	310	86,655
Total revenues	-	110,869	13,865	124,734
Expenditures:				
Education:				
Capital outlay:				
John A. Holmes High School Renovation	2,000,000	2,051,070	2,585	2,053,655
Revenues over (under) expenditures	(2,000,000)	(1,940,201)	11,280	(1,928,921)
Other Financing Sources (Uses):				
Transfers out	-	-	(57,524)	(57,524)
Issuance of long-term debt	2,000,000	2,000,000	-	2,000,000
Total other financing sources (uses)	2,000,000	2,000,000	(57,524)	1,942,476
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 59,799	\$ (46,244)	\$ 13,555

CHOWAN COUNTY, NORTH CAROLINA

**AGRICULTURE BUILDING ADDITION PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Other Financing Sources (Uses):			
Transfers in	\$ -	\$ 39,700	39,700
 Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 39,700</u>	<u>\$ 39,700</u>

CHOWAN COUNTY, NORTH CAROLINA

ARCHITECTURAL SURVEY PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009

	<u>Project</u> <u>Authorization</u>	<u>Actual</u>		<u>Total</u> <u>to Date</u>
		<u>Prior</u> <u>Years</u>	<u>Current</u> <u>Year</u>	
Revenues:				
Miscellaneous revenues	\$ -	\$ -	\$ 44,794	\$ 44,794
Expenditures:				
Economic development				
Capital outlay:				
Agriculture building addition	559,748	38,664	-	38,664
Revenues over (under) expenditures	(559,748)	(38,664)	44,794	6,130
Other Financing Sources (Uses):				
Transfer out	-	-	(6,130)	(6,130)
Issuance of long-term debt	559,748	-	-	-
Total other financing sources (uses)	559,748	-	(6,130)	(6,130)
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (38,664)</u>	<u>\$ 38,664</u>	<u>\$ -</u>

CHOWAN COUNTY, NORTH CAROLINA

**WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008**

	<u>2009</u>		<u>2008</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Operating revenues:				
Water sales	\$ 1,215,236	\$ 1,163,430	\$ 51,806	\$ 1,116,659
Reconnection fees	35,000	38,840	(3,840)	36,981
Miscellaneous revenue	3,500	6,934	(3,434)	744
Sales tax and other refunds	15,000	11,794	3,206	11,749
Taps and connection fees	<u>80,000</u>	<u>36,714</u>	<u>43,286</u>	<u>70,150</u>
Total operating revenues	<u>1,348,736</u>	<u>1,257,712</u>	<u>(91,024)</u>	<u>1,236,283</u>
Expenditures:				
Operating expenditures:				
Salaries and employee benefits	310,365	307,415		312,574
Utilities	98,300	95,264		89,508
Repairs and maintenance	61,234	55,803		252,541
Supplies and materials	98,062	83,211		89,294
Administrative services	209,268	182,028		249,482
Meters and minor improvements	<u>8,306</u>	<u>7,318</u>		<u>12,820</u>
Total operating expenditures	<u>785,535</u>	<u>731,039</u>	<u>54,496</u>	<u>1,006,219</u>
Debt Service:				
Debt principal	-	230,121	-	230,898
Interest and fees	<u>-</u>	<u>10,020</u>	<u>-</u>	<u>23,554</u>
Total debt service	<u>240,234</u>	<u>240,141</u>	<u>93</u>	<u>254,452</u>
Capital outlay	<u>17,500</u>	<u>16,660</u>	<u>840</u>	<u>85,826</u>
Total expenditures	<u>1,043,269</u>	<u>987,840</u>	<u>55,429</u>	<u>1,346,497</u>
Revenues over (under) expenditures	<u>305,467</u>	<u>269,872</u>	<u>(35,595)</u>	<u>(110,214)</u>

CHOWAN COUNTY, NORTH CAROLINA

**WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008**

	<u>2009</u>			<u>2008</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Other Financing Sources (Uses):				
Intrafund transfers out	(200,077)	(134,161)	65,916	-
Transfers in	2,500	111,761	109,261	-
Transfers out	<u>(107,890)</u>	<u>(107,890)</u>	-	<u>(101,000)</u>
Total other financing sources (uses)	<u>(305,467)</u>	<u>(130,290)</u>	<u>175,177</u>	<u>(101,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	139,582	<u>\$ 139,582</u>	<u>\$ (211,214)</u>

**Reconciliation from Budgetary Basis
(Modified Accrual) to Full Accrual:**

Reconciling items:	
Debt principal	230,121
Depreciation	(277,194)
Transfers in - capital projects	75,000
Non-capitalized capital project activity - Airport Industrial Park	(505)
Intrafund transfers	134,161
Change in accrued vacation	6,289
Change in other post-employment benefits liability	(22,007)
Change in inventory	<u>1,220</u>
Total reconciling items	<u>147,085</u>
Change in net assets	<u>\$ 286,667</u>

CHOWAN COUNTY, NORTH CAROLINA

**AIRPORT INDUSTRIAL PARK CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
Restricted intergovernmental	\$ 286,991	\$ -	\$ -	\$ -
Miscellaneous	<u>-</u>	<u>30,737</u>	<u>-</u>	<u>30,737</u>
Total revenues	<u>286,991</u>	<u>30,737</u>	<u>-</u>	<u>30,737</u>
Expenditures:				
Water system improvements: Extension project	<u>290,780</u>	<u>69,745</u>	<u>505</u>	<u>70,250</u>
Revenues over (under) expenditures	<u>(3,789)</u>	<u>(39,008)</u>	<u>(505)</u>	<u>(39,513)</u>
Other Financing Sources (Uses):				
Intrafund transfers in	30,737	-	39,513	39,513
Contingency	<u>(26,948)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>3,789</u>	<u>-</u>	<u>39,513</u>	<u>39,513</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (39,008)</u>	<u>\$ 39,008</u>	<u>\$ -</u>

CHOWAN COUNTY, NORTH CAROLINA

WHARF LANDING CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual</u>	
			<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Restricted intergovernmental - CDBG	\$ 171,000	\$ 170,363	\$ -	\$ 170,363
Sales tax refund	<u>6,000</u>	<u>5,249</u>	-	<u>5,249</u>
Total revenues	<u>177,000</u>	<u>175,612</u>	-	<u>175,612</u>
Expenditures:				
Water system improvements:				
Extension project	<u>275,000</u>	<u>270,260</u>	-	<u>270,260</u>
Revenues over (under) expenditures	<u>(98,000)</u>	<u>(94,648)</u>	-	<u>(94,648)</u>
Other Financing Sources (Uses):				
Intrafund transfers in	<u>98,000</u>	-	<u>94,648</u>	<u>94,648</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (94,648)</u>	<u>\$ 94,648</u>	<u>\$ -</u>

CHOWAN COUNTY, NORTH CAROLINA

WATER CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Sales tax refund	\$ -	\$ 2,184	\$ -	\$ 2,184
Expenditures:				
Water system improvements: Generator project	496,531	496,531	-	496,531
Revenues over (under) expenditures	(496,531)	(494,347)	-	(494,347)
Other Financing Sources (Uses):				
Transfers in	-	-	75,000	75,000
Intrafund transfers in	496,531	279,770	-	279,770
Total other financing sources (uses)	496,531	279,770	75,000	354,770
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (214,577)</u>	<u>\$ 75,000</u>	<u>\$ (139,577)</u>

CHOWAN COUNTY, NORTH CAROLINA

**WATER FUND STORM PREPAREDNESS CAPITAL RESERVE FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Storm preparedness charges	\$ 75,000	\$ 74,830	\$ (170)
Investment earnings	-	358	358
Total revenues	<u>75,000</u>	<u>75,188</u>	<u>188</u>
Other Financing Sources (Uses):			
Transfers in (out)	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 188</u>	<u>\$ 188</u>

CHOWAN COUNTY, NORTH CAROLINA

**WATER DEVELOPMENT CAPITAL RESERVE FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Water development fees	\$ 125,000	\$ 81,218	\$ (43,782)
Investment earnings	-	3,445	3,445
Total revenues	<u>125,000</u>	<u>84,663</u>	<u>(40,337)</u>
Other Financing Sources (Uses):			
Transfers in (out)	<u>(125,000)</u>	-	<u>125,000</u>
Total other sources (uses)	<u>(125,000)</u>	<u>-</u>	<u>125,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 84,663</u>	<u>\$ 84,663</u>

CHOWAN COUNTY, NORTH CAROLINA

**EMERGENCY MANAGEMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008**

	<u>2009</u>			<u>2008</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Operating revenues:				
Ambulance fees	1,460,800	1,538,953	78,153	1,374,228
Miscellaneous revenue	8,325	6,756	(1,569)	2,050
Sales tax and other refunds	<u>6,150</u>	<u>9,216</u>	<u>3,066</u>	<u>9,216</u>
Total operating revenues	<u>1,475,275</u>	<u>1,554,925</u>	<u>79,650</u>	<u>1,385,494</u>
Non-operating revenues:				
Restricted intergovernmental	15,500	19,477	3,977	24,023
Investment earnings	-	<u>131</u>	<u>131</u>	<u>1,076</u>
Total non-operating revenues	<u>15,500</u>	<u>19,608</u>	<u>4,108</u>	<u>25,099</u>
Total revenues	<u>1,490,775</u>	<u>1,574,533</u>	<u>83,758</u>	<u>1,410,593</u>
Expenditures:				
Administration and operating:				
Salaries and employee benefits	1,127,471	1,030,213		1,133,049
Utilities	15,500	15,445		22,380
Maintenance and repairs	49,131	43,454		40,289
Automotive supplies	32,172	30,369		39,260
Supplies and materials	41,739	36,384		45,382
Contracted services	73,617	73,616		80,657
Administrative services	<u>46,468</u>	<u>43,071</u>		<u>57,808</u>
Total	<u>1,386,098</u>	<u>1,272,552</u>	<u>113,546</u>	<u>1,418,825</u>
Debt service:				
Debt principal	-	79,393	-	97,176
Interest and fees	-	<u>7,487</u>	-	<u>5,395</u>
Total	<u>86,890</u>	<u>86,880</u>	<u>10</u>	<u>102,571</u>
Capital outlay	<u>121,347</u>	<u>120,841</u>	<u>506</u>	<u>81,307</u>
Total expenditures	<u>1,594,335</u>	<u>1,480,273</u>	<u>114,062</u>	<u>1,602,703</u>
Revenues over (under) expenditures	<u>(103,560)</u>	<u>94,260</u>	<u>197,820</u>	<u>(192,110)</u>

CHOWAN COUNTY, NORTH CAROLINA

**EMERGENCY MANAGEMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008**

	<u>2009</u>			<u>2008</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Other Financing Sources (Uses):				
Loan proceeds	120,000	-	(120,000)	-
Transfers out	<u>(16,440)</u>	<u>(16,440)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>103,560</u>	<u>(16,440)</u>	<u>(120,000)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>77,820</u>	<u>\$ 77,820</u>	<u>\$ (192,110)</u>

**Reconciliation from Budgetary Basis
(Modified Accrual) to Full Accrual:**

Reconciling items:	
Debt principal	79,393
Capital outlay	120,841
Depreciation	(88,752)
Change in accrued vacation	9,345
Change in other post-employment benefits liability	<u>(71,207)</u>
Change in net assets	<u>\$ 127,440</u>

CHOWAN COUNTY, NORTH CAROLINA

AGENCY FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2009

	<u>Edenton-Chowan Development Corporation Fund</u>	<u>Social Services Protective Payee Fund</u>	<u>Edenton Historical Commission Cannon Fund</u>	<u>Mary S. Gulley Foundation</u>	<u>3% Interest Payable to State</u>	<u>Total</u>
Assets:						
Cash and cash equivalents	\$ -	\$ 1,715	\$ 7,899	\$ 28,037	\$ 334	\$ 37,985
Accounts receivable	-	-	7,495	-	-	7,495
Total assets	<u>\$ -</u>	<u>\$ 1,715</u>	<u>\$ 15,394</u>	<u>\$ 28,037</u>	<u>\$ 334</u>	<u>\$ 45,480</u>
Liabilities:						
Accounts payable	\$ 1,977	\$ -	\$ 1,166	\$ -	\$ -	\$ 3,143
Due to others	<u>(1,977)</u>	<u>1,715</u>	<u>14,228</u>	<u>28,037</u>	<u>334</u>	<u>42,337</u>
Total liabilities	<u>\$ -</u>	<u>\$ 1,715</u>	<u>\$ 15,394</u>	<u>\$ 28,037</u>	<u>\$ 334</u>	<u>\$ 45,480</u>

CHOWAN COUNTY, NORTH CAROLINA

**AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2009</u>
Edenton-Chowan Development Corporation Fund:				
Assets:				
Cash and cash equivalents	\$ 10,799	\$ 81,356	\$ (92,155)	\$ -
Liabilities:				
Payables	\$ 10,799	\$ 81,356	\$ 92,155	\$ -
Consolidated Health Services:				
Assets:				
Cash and accounts receivable	\$ 418,808	\$ 61,169	\$ (479,977)	\$ -
Liabilities:				
Payables	\$ 418,808	\$ 61,169	\$ (479,977)	\$ -
Social Services - Protective Payees:				
Assets:				
Cash and cash equivalents	\$ 5,562	\$ 41,253	\$ (45,100)	\$ 1,715
Liabilities:				
Payables	\$ 5,562	\$ 41,253	\$ 45,100	\$ 1,715
Edenton Historical Commission Cannon Fund:				
Assets:				
Cash, cash equivalents, and accounts receivable	\$ 12,317	\$ (45,415)	\$ 48,492	\$ 15,394
Liabilities:				
Payables	\$ 12,317	\$ (45,415)	\$ 48,492	\$ 15,394
Peace for Families Fund:				
Assets:				
Cash and cash equivalents	\$ 4,569	\$ 6,971	\$ (11,540)	\$ -
Liabilities:				
Payables	\$ 4,569	\$ 6,971	\$ (11,540)	\$ -
Drainage Districts:				
Assets:				
Cash and cash equivalents	\$ -	\$ 15,641	\$ (15,641)	\$ -
Liabilities:				
Payables	\$ -	\$ 15,641	\$ (15,641)	\$ -
Mary S. Gulley Foundation:				
Assets:				
Cash and cash equivalents	\$ 28,037	\$ -	\$ -	\$ 28,037
Liabilities:				
Payables	\$ 28,037	\$ -	\$ -	\$ 28,037

CHOWAN COUNTY, NORTH CAROLINA

**AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2009</u>
<u>3% Interest Payable to State</u>				
Assets:				
Cash and cash equivalents	\$ 415	\$ 1,578	\$ (1,659)	\$ 334
Liabilities:				
Payables	\$ 415	\$ 1,578	\$ (1,659)	\$ 334
 <u>Totals - All Agency Funds</u>				
Assets:				
Cash, cash equivalents, and accounts receivable	\$ 480,507	\$ 162,553	\$ (597,580)	\$ 45,480
Liabilities:				
Payables	\$ 480,507	\$ 162,553	\$ (597,580)	\$ 45,480

CHOWAN COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

Fiscal Year	Uncollected Balance July 1, 2008	Additions	Collections and Credits	Uncollected Balance June 30, 2009
2008-2009	\$ -	\$ 9,235,497	\$ 8,854,166	\$ 381,331
2007-2008	237,569	-	175,098	62,471
2006-2007	57,447	-	25,733	31,714
2005-2006	31,817	-	4,778	27,039
2004-2005	18,988	-	2,568	16,420
2003-2004	13,905	-	1,096	12,809
2002-2003	11,422	-	212	11,210
2001-2002	9,886	-	184	9,702
2000-2001	8,519	-	272	8,247
1999-2000	8,556	-	158	8,398
1998-1999	8,960	-	8,960	-
	<u>\$ 407,069</u>	<u>\$ 9,235,497</u>	<u>\$ 9,073,225</u>	569,341
Plus uncollected 2008-2009 ad valorem taxes receivable - motor vehicles				62,115
Less allowance for uncollectible ad valorem taxes receivable				<u>(260,000)</u>
Ad valorem taxes receivable - net				<u>\$ 371,456</u>
Reconciliation with Revenues:				
Taxes - ad valorem - General Fund				\$ 9,168,701
Reconciling items:				
Interest and penalties				(54,224)
Refunds and other adjustments				(49,958)
Amounts written off per statute of limitations				<u>8,706</u>
Total collections and credits				<u>\$ 9,073,225</u>

CHOWAN COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY - COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2009

	County-Wide			Total Levy	
	Property	Rate	Amount	Property	Registered
	Valuation		of Levy	Excluding	Motor
				Registered	Motor
				Vehicles	Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 1,290,922,295	0.650	\$ 8,394,523	\$ 8,394,523	\$ -
Motor vehicles taxed at current year's rate	76,441,095	0.650	496,868	-	496,868
Motor vehicles taxed at prior year's rate	<u>39,003,395</u>	0.560	<u>218,415</u>	<u>-</u>	<u>218,415</u>
Total	<u>1,406,366,785</u>		<u>9,109,806</u>	<u>8,394,523</u>	<u>715,283</u>
Discoveries:					
Current year taxes	761,888		4,841	4,821	20
Utilities	21,252,246		138,140	138,140	-
Less releases and adjustments	<u>(2,780,632)</u>		<u>(17,290)</u>	<u>(4,913)</u>	<u>(12,377)</u>
Total property valuation	<u>\$ 1,425,600,287</u>				
Net Levy			9,235,497	8,532,571	702,926
Uncollected taxes at June 30, 2009			<u>(381,331)</u>	<u>(350,825)</u>	<u>(30,506)</u>
Current Year's Taxes Collected			<u>\$ 8,854,166</u>	<u>\$ 8,181,746</u>	<u>\$ 672,420</u>
Current Levy Collection Percentage			<u>95.87%</u>	<u>95.89%</u>	<u>95.66%</u>
Secondary Market Disclosures:					
Assessed valuation:					
Assessment ratio					100.00%
Real property					\$ 1,207,570,684
Personal property					83,351,611
Personal property - Motor vehicles					113,425,746
Public service companies					<u>21,252,246</u>
Total assessed valuation					1,425,600,287
Tax rate per \$100					<u>0.650</u>
Levy (includes discoveries, releases and abatements)					<u>\$ 9,235,497</u>
In addition to the county-wide rate, the County had the following levy on behalf of fire protection districts for the fiscal year ended June 30, 2006.					<u>\$ 484,355</u>