

**CHOWAN COUNTY
NORTH CAROLINA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

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CHOWAN COUNTY, NORTH CAROLINA

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Chowan County, North Carolina, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Chowan County, North Carolina, as of June 30, 2012, the respective changes in financial position and cash flows, where appropriate thereof, and the respective budgetary comparison for the General Fund and Emergency Telephone System 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 11, 2012, 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 grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit prepared in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Other Post-Employment Benefits' Schedules of Funding Progress and Employer Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance. Management has omitted the Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employers Contributions that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was performed for the purpose of forming opinions on the basic financial statements that collectively comprise the basic financial statements of Chowan County, North Carolina as a whole. The combining and individual nonmajor fund financial statements, budget and actual 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 combining and individual nonmajor fund financial statements, budget and actual schedules, and supplemental ad valorem tax schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
October 11, 2012

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, 2012. 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.

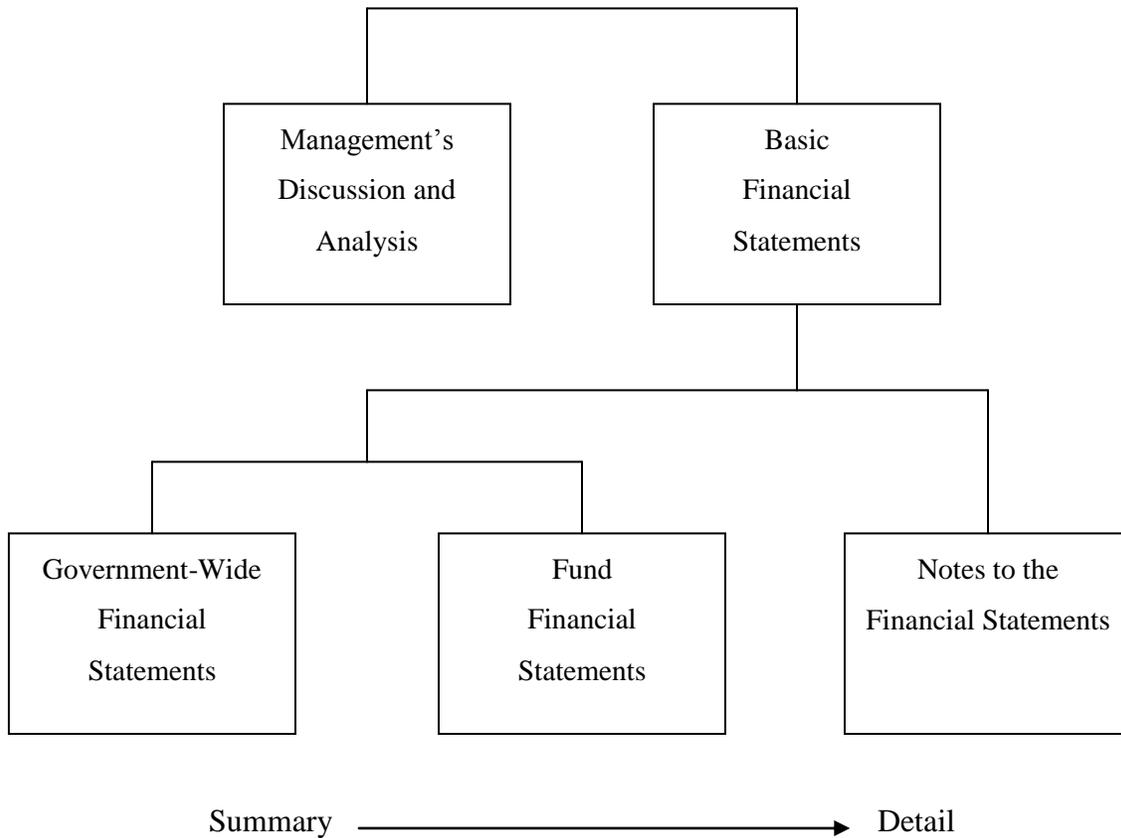
Financial Highlights

- The assets of Chowan County exceeded its liabilities at the close of the fiscal year by \$28,709,844 (net assets).
- The government's total net assets increased by \$739,565, primarily due to increased net assets in the governmental activities.
- As of the close of the current fiscal year, Chowan County's governmental funds reported combined ending fund balances of \$5,902,604, after a net increase in fund balance of \$1,692,964. Approximately 30% of this total amount, or \$1,749,218, is restricted or non-spendable.
- At the end of the current fiscal year, available fund balance for the General Fund was \$4,474,517, or 29% of total General Fund expenditures, and transfers to other funds for the fiscal year.
- Chowan County's total debt decreased by \$1,282,607 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is 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 governmental 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 only one type of proprietary fund, an Enterprise Fund. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements.

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 seven 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>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Assets:						
Current and other assets	\$ 6,616,938	\$ 5,123,236	\$ 2,358,917	\$ 2,327,200	\$ 8,975,855	\$ 7,450,436
Capital assets	38,090,023	39,305,245	5,949,720	6,233,381	44,039,743	45,538,626
Total assets	<u>44,706,961</u>	<u>44,428,481</u>	<u>8,308,637</u>	<u>8,560,581</u>	<u>53,015,598</u>	<u>52,989,062</u>
Liabilities:						
Long-term liabilities, outstanding	22,162,418	23,004,817	334,392	318,569	22,496,810	23,323,386
Other liabilities	<u>1,596,548</u>	<u>1,500,412</u>	<u>212,396</u>	<u>194,985</u>	<u>1,808,944</u>	<u>1,695,397</u>
Total liabilities	<u>23,758,966</u>	<u>24,505,229</u>	<u>546,788</u>	<u>513,554</u>	<u>24,305,754</u>	<u>25,018,783</u>
Net Assets:						
Invested in capital assets, net of related debt	16,660,070	16,710,128	5,946,469	6,172,115	22,606,539	22,882,243
Restricted	1,724,218	1,494,765	-	-	1,724,218	1,494,765
Unrestricted	<u>2,563,707</u>	<u>1,718,359</u>	<u>1,815,380</u>	<u>1,874,912</u>	<u>4,379,087</u>	<u>3,593,271</u>
Total net assets	<u>\$ 20,947,995</u>	<u>\$ 19,923,252</u>	<u>\$ 7,761,849</u>	<u>\$ 8,047,027</u>	<u>\$ 28,709,844</u>	<u>\$ 27,970,279</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 \$28,709,844 at the close of the most recent fiscal year.

By far, the largest portion of Chowan County's net assets reflect its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are 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 \$4,379,087 for the government as a whole.

Chowan County's Changes in Net Assets
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Charges for services	\$ 3,642,439	\$ 3,662,383	\$ 3,751,708	\$ 4,167,920	\$ 7,394,147	\$ 7,830,303
Operating grants and contributions	385,186	364,556	-	-	385,186	364,556
Capital grants and contributions	103,767	(6,119)	52,400	82,893	156,167	76,774
General revenues:						
Property taxes	10,612,134	10,645,357	-	-	10,612,134	10,645,357
Other taxes	3,011,202	2,742,422	-	-	3,011,202	2,742,422
Other	2,461	6,900	543	1,679	3,004	8,579
Total revenues	<u>17,757,189</u>	<u>17,415,499</u>	<u>3,804,651</u>	<u>4,252,492</u>	<u>21,561,840</u>	<u>21,667,991</u>
Expenses:						
General government	4,097,352	4,384,785	-	-	4,097,352	4,384,785
Public safety	3,510,768	3,567,289	-	-	3,510,768	3,567,289
Economic and physical development	174,088	238,683	-	-	174,088	238,683
Environmental protection	285,652	123,422	-	-	285,652	123,422
Human services	3,312,175	3,473,902	-	-	3,312,175	3,473,902
Cultural and recreation	804,804	868,238	-	-	804,804	868,238
Education	3,710,359	4,109,431	-	-	3,710,359	4,109,431
Interest on long-term debt	919,290	925,315	-	-	919,290	925,315
Water Fund	-	-	1,632,160	1,155,674	1,632,160	1,155,674
Solid Waste Fund	-	-	930,591	876,114	930,591	876,114
Emergency Management Fund	-	-	1,445,036	1,468,733	1,445,036	1,468,733
Total expenses	<u>16,814,488</u>	<u>17,691,066</u>	<u>4,007,787</u>	<u>3,500,521</u>	<u>20,822,275</u>	<u>21,191,586</u>
Increase (decrease) in net assets before transfers	942,701	(275,567)	(203,136)	751,971	739,565	476,404
Transfers	<u>196,920</u>	<u>88,900</u>	<u>(196,920)</u>	<u>(88,900)</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>1,139,621</u>	<u>(186,667)</u>	<u>(400,056)</u>	<u>663,071</u>	<u>739,565</u>	<u>476,404</u>
Net assets, beginning as stated	19,923,252	21,941,360	8,047,027	7,383,956	27,970,279	29,325,316
Prior period adjustment	<u>(114,878)</u>	<u>(1,831,441)</u>	<u>114,878</u>	<u>-</u>	<u>-</u>	<u>(1,831,441)</u>
Net Assets:						
Beginning of year - July 1	<u>19,808,374</u>	<u>20,109,919</u>	<u>8,161,905</u>	<u>7,383,956</u>	<u>27,970,279</u>	<u>27,493,875</u>
End of year - June 30	<u>\$ 20,947,995</u>	<u>\$ 19,923,252</u>	<u>\$ 7,761,849</u>	<u>\$ 8,047,027</u>	<u>\$ 28,709,844</u>	<u>\$ 27,970,279</u>

Governmental Activities. Of total net assets, governmental activities accounted for \$20,947,995 (73 percent). Property taxes provided 51 percent of funding at \$10,612,134. Charges for services funded \$3,642,439, and operating grants funded \$385,186 of Chowan County's governmental activities. The increase in governmental activities net assets of \$1,139,621 was primarily due to an increase from General Fund activities of \$1,616,142.

Business-Type Activities. Business-type activities decreased Chowan County's net assets by \$400,056.

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, fund balance available for appropriation 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 \$5,902,604, an increase of \$1,692,964 from 2011. The increase is primarily due to an increase of \$1,616,142 in the General Fund.

The General Fund is the chief operating fund of Chowan County. At the end of the current fiscal year, Chowan County's fund balance available in the General Fund was \$4,474,517, while total fund balance reached \$5,172,846. The County currently has an available fund balance of 29% of General Fund expenditures and transfers to other funds, while total fund balance represents 34% of that same amount.

General Fund Budgetary Highlights. During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available, 2) amendments made to recognize new funding amounts from external sources, such as federal and State grants, and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased total budgeted revenues and expenditures by roughly \$454,249. 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 the Water Fund at the end of the year totaled \$885,193, the Solid Waste Fund totaled \$517,148, and the Emergency Management Fund had negative unrestricted net assets of \$161,332.

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, 2012 amounts to \$44,039,743 (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 3 percent decrease for governmental activities).

Chowan County's Capital Assets
Figure 4

	<u>July 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2012</u>
Governmental Activities:				
Non-Depreciable Assets:				
Land	\$ 3,329,162	\$ -	\$ -	\$ 3,329,162
Construction in progress	-	200,606	-	200,606
Total non-depreciable assets	<u>3,329,162</u>	<u>200,606</u>	<u>-</u>	<u>3,529,768</u>
Depreciable Assets:				
Buildings	44,984,940	65,100	-	45,050,040
Equipment	6,728,447	162,553	(199,102)	6,691,898
Total depreciable assets	<u>51,713,387</u>	<u>227,653</u>	<u>(199,102)</u>	<u>51,741,938</u>
Less Accumulated Depreciation:				
Buildings	10,495,692	1,109,021	-	11,604,713
Equipment	5,241,612	534,460	(199,102)	5,576,970
Total accumulated depreciation	<u>15,737,304</u>	<u>\$ 1,643,481</u>	<u>\$ (199,102)</u>	<u>17,181,683</u>
Total depreciable capital assets, net	<u>35,976,083</u>			<u>34,560,255</u>
Governmental activities capital assets, net	<u>\$ 39,305,245</u>			<u>\$ 38,090,023</u>

	<u>July 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2012</u>
Water Fund:				
Non-Depreciable Assets				
Land	\$ 140,847	\$ -	\$ -	\$ 140,847
Depreciable Assets:				
Plant and systems	10,272,890	30,135	-	10,303,025
Building and improvements	1,513,062	-	-	1,513,062
Equipment	381,542	65,850	(15,401)	431,991
Total	<u>12,167,494</u>	<u>95,985</u>	<u>(15,401)</u>	<u>12,248,078</u>
Less Accumulated Depreciation:				
Plant and distribution systems	5,217,576	265,832	-	5,483,408
Buildings and improvements	870,958	35,764	-	906,722
Equipment	359,873	19,063	(15,401)	363,535
Total accumulated depreciation	<u>6,448,407</u>	<u>\$ 320,659</u>	<u>\$ (15,401)</u>	<u>6,753,665</u>
Depreciable capital assets, net	<u>5,719,087</u>			<u>5,494,413</u>
Water Fund capital assets, net	<u>5,859,934</u>			<u>5,635,260</u>

Emergency Management Fund:	July 1, 2011	Additions	Retirements	June 30, 2012
Depreciable Assets:				
Building	217,000	-	-	217,000
Equipment	1,091,785	52,400	(82,947)	1,061,238
Total	1,308,785	52,400	(82,947)	1,278,238
Less Accumulated Depreciation:				
Building	151,550	4,672	-	156,222
Equipment	783,788	106,715	(82,947)	807,556
Total accumulated depreciation	935,338	\$ 106,715	\$ (82,947)	963,778
Depreciable capital assets, net	373,447			314,460
Business-type activities capital assets, net	\$ 6,233,381			\$ 5,949,720

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 and Other Debt
Figure 5**

	July 1, 2011	Additions	Retirements	June 30, 2012	Current Portion of Balance
Governmental Activities:					
Hospital revenue bonds and note	\$ 117,443	\$ -	\$ (117,443)	\$ -	\$ -
Qualified Zone Academy Bonds, net of related Sinking Fund, \$326,175 as of June 30, 2009	1,466,679	-	(88,117)	1,378,562	103,573
Notes payable	21,128,438	-	(1,077,047)	20,051,391	1,061,930
Unfunded OPEB	1,237,503	515,323	(84,943)	1,667,883	-
Compensated absences	386,360	129,160	(208,740)	306,780	76,695
Total governmental activities	\$ 24,336,423	\$ 644,483	\$ (1,576,290)	\$ 23,404,616	\$ 1,242,198

Chowan County's total governmental debt decreased by \$1,282,607 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 10.9 percent, which is a decrease from a rate of 11.4 percent a year ago. This compares to the State's average unemployment rate of 9.9 percent.

All of these factors were considered in preparing Chowan County's budget for the 2012/2013 fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2013

Governmental Activities. Management expects minimal growth in the tax base and other revenue for the 2013 fiscal year. This limited revenue growth continues the trend that dates back to 2008.

Budgeted expenditures in the General Fund remain virtually unchanged as a result of the total anticipated revenues to remain flat. Property taxes are decreased 1% due to the current valuation and collection rate. Sales tax is increased 15.4% due to the past three-year trend. The loan repayment from the Solid Waste Fund is no longer budgeted in the General Fund, but rather in a Capital Reserve Fund. These funds are to be used for additional debt service or capital outlay as needed. No new or increased revenue is expected from other sources for the upcoming fiscal year. Land transfer tax revenue is now accounted for in a Capital Reserve Fund for school-related capital projects and debt. Additional office consolidations are expected with the closing of the County office building on East King Street and the relocation of the Department of Social Services. Chowan County's goal in the past has been to operate and provide services at costs less than budgeted amounts so year-end budget savings and unanticipated revenues would be used to increase fund balance. As of June 30, 2012, the County's unassigned fund balance was 24.75% of expenditures. There is no appropriation of fund balance for any expenditures or capital projects in the 2013 budget other than contributed departmental fund balance earmarked for specific purposes. The County anticipates refunding the majority of its outstanding debt in the first quarter of fiscal 2013, shortening the term of the USDA loans. Significant savings is anticipated in the current financial market. Excess revenues over expenditures, as well as the loan repayment from the Solid Waste Fund, will be used to fund the additional debt service.

Business-Type Activities. The budgeted expenditures for the Emergency Management Fund were decreased due to the trend in revenues over the past several years. The Solid Waste Fund remained virtually unchanged from the previous year. The Water Fund expenses were decreased due to capital improvements that were completed in FY 2012. No fee increases were proposed for any of these funds.

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, 305 West Freemason Street, Edenton, North Carolina 27932.

CHOWAN COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS

JUNE 30, 2012

	Primary Government			Component Unit	Component Unit
	Governmental Activities	Business-Type Activities	Total	Chowan County Tourism Development Authority	Chowan County ABC Board
Assets:					
Cash and cash equivalents	\$ 5,399,405	\$ 1,902,563	\$ 7,301,968	\$ 72,873	\$ 98,069
Restricted cash	145,760	36,980	182,740	-	-
Taxes receivable, net	348,087	-	348,087	-	-
Accounts receivable, net	3,344	489,750	493,094	531	-
Due from other governments	611,057	-	611,057	-	-
Internal balances	84,285	(84,285)	-	-	-
Inventories	-	13,909	13,909	-	123,026
Prepaid items	25,000	-	25,000	-	13,108
Capital assets:					
Non-depreciable capital assets	3,529,768	140,847	3,670,615	-	-
Capital assets, net	34,560,255	5,808,873	40,369,128	-	431,102
Total capital assets	38,090,023	5,949,720	44,039,743	-	431,102
Total assets	44,706,961	8,308,637	53,015,598	73,404	665,305
Liabilities:					
Accounts payable and accrued expenses	256,314	156,090	412,404	553	102,333
Unearned revenue	98,036	-	98,036	-	-
Customer deposits	-	36,980	36,980	-	-
Long-term liabilities:					
Due within one year	1,242,198	19,326	1,261,524	-	33,944
Due in more than one year	22,162,418	334,392	22,496,810	-	99,163
Total liabilities	23,758,966	546,788	24,305,754	553	235,440
Net Assets:					
Invested in capital assets, net of related debt	16,660,070	5,946,469	22,606,539	-	377,319
Restricted for:					
Stabilization for State statute	698,488	-	698,488	-	-
Restricted, all other	1,025,730	-	1,025,730	72,851	35,378
Unrestricted	2,563,707	1,815,380	4,379,087	-	17,168
Total net assets	\$ 20,947,995	\$ 7,761,849	\$ 28,709,844	\$ 72,851	\$ 429,865

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

CHOWAN COUNTY, NORTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

	<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	\$ 4,097,352	\$ 542,411	\$ 21,508	\$ -
Public safety	3,510,768	575,769	3,545	30,105
Environmental protection	285,652	116,412	229,890	-
Economic and physical development	174,088	50,304	-	-
Human services	3,312,175	2,252,182	20,025	(2,822)
Cultural and recreational	804,804	105,361	6,645	-
Education	3,710,359	-	103,573	76,484
Interest on long-term debt	919,290	-	-	-
Total governmental activities	<u>16,814,488</u>	<u>3,642,439</u>	<u>385,186</u>	<u>103,767</u>
Business-Type Activities:				
Water Fund	1,632,160	1,416,460	-	-
Solid Waste Fund	930,591	1,233,661	-	-
Emergency Medical Services Fund	1,445,036	1,073,530	-	52,400
Water Development Capital Reserve Fund	-	28,057	-	-
Total business-type activities	<u>4,007,787</u>	<u>3,751,708</u>	<u>-</u>	<u>52,400</u>
Total primary government	<u>\$ 20,822,275</u>	<u>\$ 7,394,147</u>	<u>\$ 385,186</u>	<u>\$ 156,167</u>
Component Units:				
Chowan County Tourism Development Authority	\$ 103,815	\$ 127,648	\$ -	\$ -
Chowan County ABC Board	<u>\$ 1,194,055</u>	<u>\$ 1,193,881</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Taxes:

Property taxes, levied for general purpose

Local option sales tax

Other taxes and licenses

Investment earnings

Total general revenues

Transfers

Total general revenues and transfers

Change in net assets

Net Assets:

Beginning of year, as previously stated - July 1

Prior period adjustment

Beginning of year, restated

End of year - June 30

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

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Unit	Component Unit
Governmental Activities	Business-Type Activities	Total	Chowan County Tourism Development Authority	Chowan County ABC Board
\$ (3,533,433)	\$ -	\$ (3,533,433)	\$ -	\$ -
(2,901,349)	-	(2,901,349)	-	-
60,650	-	60,650	-	-
(123,784)	-	(123,784)	-	-
(1,042,790)	-	(1,042,790)	-	-
(692,798)	-	(692,798)	-	-
(3,530,302)	-	(3,530,302)	-	-
(919,290)	-	(919,290)	-	-
<u>(12,683,096)</u>	<u>-</u>	<u>(12,683,096)</u>	<u>-</u>	<u>-</u>
-	(215,700)	(215,700)	-	-
-	303,070	303,070	-	-
-	(319,106)	(319,106)	-	-
-	28,057	28,057	-	-
-	(203,679)	(203,679)	-	-
<u>(12,683,096)</u>	<u>(203,679)</u>	<u>(12,886,775)</u>	<u>-</u>	<u>-</u>
			23,833	-
			-	(174)
10,612,134	-	10,612,134	-	-
2,410,169	-	2,410,169	-	-
601,033	-	601,033	-	-
2,461	543	3,004	21	174
13,625,797	543	13,626,340	21	174
196,920	(196,920)	-	-	-
<u>13,822,717</u>	<u>(196,377)</u>	<u>13,626,340</u>	<u>21</u>	<u>174</u>
<u>1,139,621</u>	<u>(400,056)</u>	<u>739,565</u>	<u>23,854</u>	<u>-</u>
19,923,252	8,047,027	27,970,279	48,997	429,865
(114,878)	114,878	-	-	-
<u>19,808,374</u>	<u>8,161,905</u>	<u>27,970,279</u>	<u>48,997</u>	<u>429,865</u>
<u>\$ 20,947,995</u>	<u>\$ 7,761,849</u>	<u>\$ 28,709,844</u>	<u>\$ 72,851</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, 2012**

	<u>Major</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Emergency Telephone System Fund</u>	<u>Other Governmental Funds</u>	<u>Governmental Funds</u>
Assets:				
Cash and cash equivalents	\$ 4,597,520	\$ 350,164	\$ 451,721	\$ 5,399,405
Restricted cash	145,760	-	-	145,760
Taxes receivable, net	332,690	-	15,397	348,087
Due from other funds	95,984	-	-	95,984
Due from other governments	589,242	-	21,815	611,057
Accounts receivable, net	-	3,344	-	3,344
Prepaid items	25,000	-	-	25,000
Total assets	<u>\$ 5,786,196</u>	<u>\$ 353,508</u>	<u>\$ 488,933</u>	<u>\$ 6,628,637</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 170,727	\$ 73,408	\$ 12,179	\$ 256,314
Due to other funds	-	-	11,699	11,699
Deferred revenue	442,623	-	15,397	458,020
Total liabilities	<u>613,350</u>	<u>73,408</u>	<u>39,275</u>	<u>726,033</u>
Fund Balances:				
Non-spendable:				
Prepays	25,000	-	-	25,000
Restricted:				
Stabilization for State statute	673,329	3,344	21,815	698,488
Restricted, all other	308,949	276,756	440,025	1,025,730
Committed, all other	354,713	-	-	354,713
Unassigned	3,810,855	-	(12,182)	3,798,673
Total fund balances	<u>5,172,846</u>	<u>280,100</u>	<u>449,658</u>	<u>5,902,604</u>
Total liabilities and fund balances	<u>\$ 5,786,196</u>	<u>\$ 353,508</u>	<u>\$ 488,933</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	38,090,023
Unearned revenue and deferred revenue QZAB	359,984
Long-term debt	(21,429,953)
Accrued vacation and other post-employment benefits	<u>(1,974,663)</u>
Net assets of governmental activities	<u>\$ 20,947,995</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, 2012

	Major		Nonmajor	Total Governmental Funds
	General	Emergency Telephone System Fund	Other Governmental Funds	
Revenues:				
Ad valorem taxes	\$ 10,273,087	\$ -	\$ 498,366	\$ 10,771,453
Local option sales taxes	2,367,311	-	42,858	2,410,169
Other taxes and licenses	309,327	224,415	-	533,742
Unrestricted intergovernmental reven	67,291	-	-	67,291
Restricted intergovernmental revenue	2,362,952	-	176,897	2,539,849
Permits and fees	357,603	-	-	357,603
Sales and services	1,015,766	-	-	1,015,766
Investment earnings	2,259	89	113	2,461
Miscellaneous	118,021	-	93,319	211,340
Total revenues	16,873,617	224,504	811,553	17,909,674
Expenditures:				
Current:				
General government	2,652,399	-	-	2,652,399
Public safety	2,635,186	235,288	419,165	3,289,639
Environmental protection	141,632	-	141,928	283,560
Economic and physical development	174,088	-	-	174,088
Human services	3,212,198	-	200,606	3,412,804
Cultural and recreational	806,327	-	-	806,327
Education	3,487,608	-	222,751	3,710,359
Debt service	2,056,554	-	27,900	2,084,454
Total expenditures	15,165,992	235,288	1,012,350	16,413,630
Revenues over (under) expenditures	1,707,625	(10,784)	(200,797)	1,496,044
Other Financing Sources (Uses):				
Transfers in	218,400	-	297,903	516,303
Transfers (out)	(309,883)	-	(9,500)	(319,383)
Total other financing sources (uses)	(91,483)	-	288,403	196,920
Net change in fund balances	1,616,142	(10,784)	87,606	1,692,964
Fund Balances:				
Beginning of year - July 1	3,514,928	447,538	362,052	4,324,518
Prior period adjustment (Note 18)	41,776	(156,654)	-	(114,878)
Beginning of year as restated - July 1	3,556,704	290,884	362,052	4,209,640
End of year - June 30	\$ 5,172,846	\$ 280,100	\$ 449,658	\$ 5,902,604

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, 2012**

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	\$ 1,692,964
<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	(159,319)
Grant revenue	9,656
Interest expense related to the hospital bond does not require current economic resources; therefore, it is not an expenditure in the governmental funds statement.	(2,822)
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.	(350,800)
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.	428,259
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(1,643,481)
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>1,165,164</u>
Change in net assets of governmental activities (Exhibit B)	<u>\$ 1,139,621</u>

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

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CHOWAN COUNTY, NORTH CAROLINA

GENERAL FUND AND EMERGENCY TELEPHONE SYSTEM FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	General Fund			Variance from Final Budget Over/Under
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 10,217,092	\$ 10,217,092	\$ 10,273,087	\$ 55,995
Local option sales taxes	1,425,000	1,425,000	1,728,523	303,523
Other taxes and licenses	69,400	78,760	83,538	4,778
Unrestricted intergovernmental revenues	67,000	67,000	67,291	291
Restricted intergovernmental revenues	2,665,165	2,940,950	2,259,379	(681,571)
Permits and fees	350,463	368,052	357,603	(10,449)
Sales and services	898,517	1,026,887	1,015,766	(11,121)
Investment earnings	3,500	3,500	2,075	(1,425)
Miscellaneous	73,300	96,445	118,021	21,576
Total revenues	<u>15,769,437</u>	<u>16,223,686</u>	<u>15,905,283</u>	<u>(318,403)</u>
Expenditures:				
Current:				
General government	2,793,438	2,785,858	2,652,399	133,459
Public safety	2,876,197	2,962,073	2,635,186	326,887
Environmental protection	157,304	156,716	141,632	15,084
Economic and physical development	217,807	227,704	174,088	53,616
Human services	3,590,750	3,833,390	3,212,198	621,192
Cultural and recreational	797,741	858,637	806,327	52,310
Education	3,701,161	3,687,411	3,386,563	300,848
Debt service	1,150,895	1,172,895	1,172,837	58
Total expenditures	<u>15,285,293</u>	<u>15,684,684</u>	<u>14,181,230</u>	<u>1,503,454</u>
Revenues over (under) expenditures	<u>484,144</u>	<u>539,002</u>	<u>1,724,053</u>	<u>1,185,051</u>
Other Financing Sources (Uses):				
Transfers from other funds	218,400	218,400	218,400	-
Transfers to other funds	(478,639)	(729,938)	(334,883)	395,055
Appropriated fund balance	-	-	-	-
Contingency	(223,905)	(82,277)	-	82,277
Total other financing sources (uses)	<u>(484,144)</u>	<u>(539,002)</u>	<u>(116,483)</u>	<u>422,519</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,607,570	<u>\$ 1,607,570</u>
Fund Balance:				
Beginning of year - July 1			3,164,773	
Prior period adjustment (Note 18)			41,776	
Beginning of year as restated - July 1			<u>3,206,549</u>	
End of year - June 30			<u>\$ 4,814,119</u>	

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

Exhibit F

<u>Emergency Telephone System Fund</u>			
<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance from Final Budget Over/Under</u>
<u>Original</u>	<u>Final</u>		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
252,388	252,388	224,415	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	89	-
-	-	-	-
<u>252,388</u>	<u>252,388</u>	<u>224,504</u>	<u>-</u>
-	-	-	-
252,388	306,929	235,288	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>252,388</u>	<u>306,929</u>	<u>235,288</u>	<u>-</u>
-	(54,541)	(10,784)	-
-	-	-	-
-	-	-	-
-	54,541	-	-
-	-	-	-
<u>-</u>	<u>54,541</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>(10,784)</u>	<u>\$ -</u>
		447,538	
		<u>(156,654)</u>	
		290,884	
		<u>\$ 280,100</u>	

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

CHOWAN COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS PROPRIETARY FUNDS JUNE 30, 2012

	<u>Water Fund</u>	<u>Solid Waste Fund</u>	<u>Emergency Medical Services Fund</u>	<u>Water Development Capital Reserve Fund</u>	<u>Total</u>
Assets:					
Current assets:					
Cash and cash equivalents	\$ 853,951	\$ 474,241	\$ -	\$ 574,371	\$ 1,902,563
Receivables, net	191,120	110,113	188,517	-	489,750
Restricted cash	36,980	-	-	-	36,980
Inventories	13,909	-	-	-	13,909
Total current assets	<u>1,095,960</u>	<u>584,354</u>	<u>188,517</u>	<u>574,371</u>	<u>2,443,202</u>
Non-current assets:					
Non-depreciable capital assets	140,847	-	-	-	140,847
Capital assets, net	<u>5,494,413</u>	<u>-</u>	<u>314,460</u>	<u>-</u>	<u>5,808,873</u>
Total non-current assets	<u>5,635,260</u>	<u>-</u>	<u>314,460</u>	<u>-</u>	<u>5,949,720</u>
Total assets	<u>6,731,220</u>	<u>584,354</u>	<u>502,977</u>	<u>574,371</u>	<u>8,392,922</u>
Liabilities:					
Current liabilities:					
Accounts payable	59,847	67,206	29,037	-	156,090
Customer deposits	36,980	-	-	-	36,980
Due to other funds	-	-	84,285	-	84,285
Current portion of long-term debt	4,875	-	14,451	-	19,326
Total current liabilities	<u>101,702</u>	<u>67,206</u>	<u>127,773</u>	<u>-</u>	<u>296,681</u>
Non-current liabilities:					
Non-current portion of long-term debt	<u>109,065</u>	<u>-</u>	<u>225,327</u>	<u>-</u>	<u>334,392</u>
Total non-current liabilities	<u>109,065</u>	<u>-</u>	<u>225,327</u>	<u>-</u>	<u>334,392</u>
Total liabilities	<u>210,767</u>	<u>67,206</u>	<u>353,100</u>	<u>-</u>	<u>631,073</u>
Net Assets:					
Invested in capital assets, net of related debt	5,635,260	-	311,209	-	5,946,469
Unrestricted (deficit)	<u>885,193</u>	<u>517,148</u>	<u>(161,332)</u>	<u>574,371</u>	<u>1,815,380</u>
Total net assets	<u>\$ 6,520,453</u>	<u>\$ 517,148</u>	<u>\$ 149,877</u>	<u>\$ 574,371</u>	<u>\$ 7,761,849</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, 2012

	Water Fund	Solid Waste Fund	Emergency Medical Services Fund	Water Development Capital Reserve Fund	Total
Operating Revenues:					
Charges for services	\$ 1,326,113	\$ 1,179,699	\$ 1,007,268	\$ -	\$ 3,513,080
Other taxes and licenses	-	8,042	-	28,057	36,099
Other operating revenues	90,347	45,920	66,262	-	202,529
Total operating revenues	<u>1,416,460</u>	<u>1,233,661</u>	<u>1,073,530</u>	<u>28,057</u>	<u>3,751,708</u>
Operating Expenses:					
Salaries and employee benefits	346,925	-	1,103,008	-	1,449,933
Other operating expenses	964,576	930,591	229,794	-	2,124,961
Depreciation	320,659	-	111,387	-	432,046
Total operating expenses	<u>1,632,160</u>	<u>930,591</u>	<u>1,444,189</u>	<u>-</u>	<u>4,006,940</u>
Operating income (loss)	<u>(215,700)</u>	<u>303,070</u>	<u>(370,659)</u>	<u>28,057</u>	<u>(255,232)</u>
Non-Operating Revenues (Expenses):					
Interest earned on investments	129	252	17	145	543
Interest expense and fees	-	-	(847)	-	(847)
Total non-operating revenues (expenses)	<u>129</u>	<u>252</u>	<u>(830)</u>	<u>145</u>	<u>(304)</u>
Net income (loss) before contributions and transfers	<u>(215,571)</u>	<u>303,322</u>	<u>(371,489)</u>	<u>28,202</u>	<u>(255,536)</u>
Capital Contributions	<u>-</u>	<u>-</u>	<u>52,400</u>	<u>-</u>	<u>52,400</u>
Other Financing Sources (Uses):					
Transfers in	-	-	11,980	-	11,980
Transfers out	(45,000)	(163,900)	-	-	(208,900)
Total other financing sources (uses)	<u>(45,000)</u>	<u>(163,900)</u>	<u>11,980</u>	<u>-</u>	<u>(196,920)</u>
Change in net assets	<u>(260,571)</u>	<u>139,422</u>	<u>(307,109)</u>	<u>28,202</u>	<u>(400,056)</u>
Net Assets:					
Beginning of year - July 1	6,781,024	377,726	342,108	546,169	8,047,027
Prior period adjustment (Note 18)	-	-	114,878	-	114,878
Beginning of year as restated - July 1	<u>6,781,024</u>	<u>377,726</u>	<u>456,986</u>	<u>546,169</u>	<u>8,161,905</u>
End of year - June 30	<u>\$ 6,520,453</u>	<u>\$ 517,148</u>	<u>\$ 149,877</u>	<u>\$ 574,371</u>	<u>\$ 7,761,849</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, 2012

	Water Fund	Solid Waste Fund	Emergency Medical Services Fund	Water Development Capital Reserve	Total
Cash Flows from Operating Activities:					
Cash received from customers	\$ 1,431,599	\$ 1,238,181	\$ 1,194,925	\$ 32,569	\$ 3,897,274
Cash paid for goods and services	(911,849)	(935,263)	(233,677)	-	(2,080,789)
Cash paid to employees for services	(326,426)	-	(1,081,955)	-	(1,408,381)
Net cash provided (used) by operating activities	<u>193,324</u>	<u>302,918</u>	<u>(120,707)</u>	<u>32,569</u>	<u>408,104</u>
Cash Flows from Non-Capital Financing Activities:					
Loans from other funds	-	-	84,285	-	84,285
Transfers in (out)	(45,000)	(163,900)	11,980	-	(196,920)
Net cash provided (used) by non-capital financing activities	<u>(45,000)</u>	<u>(163,900)</u>	<u>96,265</u>	<u>-</u>	<u>(112,635)</u>
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(95,985)	-	-	-	(95,985)
Principal paid on long-term debt	-	-	(58,015)	-	(58,015)
Interest paid on long term debt	-	-	(847)	-	(847)
Net cash provided (used) by capital and related financing activities	<u>(95,985)</u>	<u>-</u>	<u>(58,862)</u>	<u>-</u>	<u>(154,847)</u>
Cash Flows from Investing Activities:					
Interest on investments	129	252	17	145	543
Net increase (decrease) in cash and cash equivalents	52,468	139,270	(83,287)	32,714	141,165
Cash and Cash Equivalents:					
Beginning of year - July 1	838,463	334,971	83,287	541,657	1,798,378
End of Year - June 30	<u>\$ 890,931</u>	<u>\$ 474,241</u>	<u>\$ -</u>	<u>\$ 574,371</u>	<u>\$ 1,939,543</u>

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:

Operating income (loss)	\$ (215,700)	\$ 303,070	\$ (370,659)	\$ 28,057	\$ (255,232)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	320,659	-	111,387	-	432,046
Changes in Assets and Liabilities:					
(Increase) decrease in accounts receivable	9,614	4,520	121,395	4,512	140,041
Increase (decrease) in accounts payable and accrued liabilities	52,727	(4,672)	(3,883)	-	44,172
Increase (decrease) in customer deposits	5,525	-	-	-	5,525
Increase (decrease) in accrued vacation pay and OPEB	20,499	-	21,053	-	41,552
Net cash provided (used) by operating activities	<u>\$ 193,324</u>	<u>\$ 302,918</u>	<u>\$ (120,707)</u>	<u>\$ 32,569</u>	<u>\$ 408,104</u>

Non-Cash Transactions:

The County recorded \$52,400 of contributed capital assets from an outside agency for the Emergency Medical Services Fund during the year ended June 30, 2012.

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

CHOWAN COUNTY, NORTH CAROLINA

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012**

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ <u>32,072</u>
Total assets	\$ <u>32,072</u>
Liabilities:	
Accounts payable	\$ 30,834
Due to others	<u>1,238</u>
Total liabilities	\$ <u><u>32,072</u></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, 2012

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 a separate column 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 three-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, North Carolina 27932.

Chowan County Tourism Development Authority

The twelve members of this board are appointed by Chowan County. The County is authorized by State statute to collect an occupancy tax of 5% on gross revenues from hotel/motel room occupancy within the corporate limits. Collections are remitted to the Chowan County Tourism Development Authority, less a 3% administration charge, on a quarterly basis. Chowan County Tourism Development Authority, which has a June 30 year-end, is presented as if it were a governmental fund type. The County is financially accountable for Chowan County Tourism Development Authority, which is reported as a discrete component unit separate from the financial information of the primary government. The County did not issue separate financial statements.

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

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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 is 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.

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.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

The County reports the following major governmental funds for the year ended June 30, 2012:

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 Tax Revaluation Fund, Street Assessment Fund, and School Capital Reserve Fund are legally budgeted funds under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54 they are consolidated in the General Fund.

Emergency Telephone System Fund. This fund is used to account for 911 revenues received by the State 911 Board to enhance the State 911 system.

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.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Emergency Medical Services Fund. This fund is used to account for the operations of the emergency medical services within the County.

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.

Solid Waste Fund. This fund is used to account for the operations of the landfill system within the County.

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, the 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 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, 2012. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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 2011 through February 2012 apply to the fiscal year ended June 30, 2012. Uncollected taxes which were billed during this period are shown as a receivable on 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. 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.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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, 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, and Disaster Recovery Fund are the special revenue funds of the County. The Revaluation Fund, Street Assessment Fund, and the School Capital Reserve Fund are consolidated in the General Fund in accordance with GASB Statement 54.

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: College of the Albemarle Renovation Project, Lottery Capital Project and DSS Renovation 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

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Medical Services Fund, Solid Waste 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, Drainage Districts, Town of Edenton Tax Collections, and motor vehicle 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, School Capital Reserve Fund, Disaster Recovery Fund, Street Assessment Fund, and the enterprise funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for 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 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, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

F. Assets, Liabilities, and Fund Equity

Deposits and Investments

All deposits of the County and Chowan County Tourism Development Authority 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 and Chowan County Tourism Development Authority may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County and Chowan County Tourism Development Authority may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

State law [G.S. 159-30(c)] authorizes the County and Chowan County Tourism Development Authority 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 is 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.

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

Money in the Tax Revaluation Fund is classified as restricted assets, because its use is restricted per North Carolina General Statute 153A-150. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected.

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, 2011. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

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.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

I. Inventories and Prepaid Items

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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

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 \$5,000 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.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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.

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.

M. 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.

N. 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, 2012

O. 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.

P. 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, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Non-Spendable Fund Balance

This classification includes amounts that cannot be spent, because they are either (a) not in spendable form or (b) legally or contractually required to be maintained in tact.

Prepays. 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.

Restricted Fund Balance

This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Stabilization by State statute - portion of fund balance that is not an available resource for appropriation in accordance with State law [G.S. 159-8(a)].

Restricted for Register of Deeds - portion of fund balance restricted by State statute for automation enhancement (software) improvements.

Restricted for Public Safety - portion of fund balance restricted by revenue source for public safety related activities, such as E-911 and fire.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Restricted for Economic and Physical Development - portion of fund balance restricted by revenue source for economic development incentives and projects.

Restricted for Culture and Recreation - portion of fund balance restricted by revenue source for culture and recreation incentives and projects.

Restricted for Debt Service - portion of fund balance restricted by USDA as a reserve requirement to service outstanding debt.

Restricted fund balance at June 30, 2012 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Emergency Telephone System Fund</u>	<u>Other Governmental Funds</u>
Restricted, all other:			
Register of Deeds	\$ 23,347	\$ -	\$ -
Economic and physical development	-	-	50,711
Debt service	230,129	-	-
Cultural and recreation	20,110	-	-
Public safety	35,363	276,756	389,314
Total	<u>\$ 308,949</u>	<u>\$ 276,756</u>	<u>\$ 440,025</u>

Committed Fund Balance

This classification represents the portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Chowan County's governing body (highest level of decision making authority, the Board of Commissioners). Any changes or removal of specific purpose restrictions requires majority action by the governing body.

Committed for Tax Revaluation – portion of fund balance that can only be used for tax revaluation.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Committed for Debt Service – portion of fund balance committed by the Board to be used to service outstanding debt.

<u>Purpose</u>	<u>General Fund</u>
Committed, all other:	
Revaluation	\$ 145,760
Debt service	208,953
Total	<u>\$ 354,713</u>

Assigned Fund Balance

Assigned fund balance is the portion of fund balance that Chowan County intends to use for specific purposes. The County's governing body has the authority to assign fund balance. The Manager and Finance Officer, as granted in the officially adopted budget ordinance, have been granted limited authority to assign fund balance.

Unassigned Fund Balance

Unassigned fund balance represents the portion of fund balance that has not been assigned to another fund or is not restricted, committed, or assigned to specific purposes within the General Fund.

Chowan County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following order: bond/debt proceeds, federal funds, State funds, local funds, and County funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and, lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the County or when required by grant or other contractual agreements.

The County has not officially adopted a fund balance policy.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation.

Total fund balance - General Fund	\$	5,172,846
Less:		
Prepays		25,000
Stabilization by State statute		<u>673,329</u>
Total available fund balance	\$	<u>4,474,517</u>

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund to the Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds

A legally budgeted Tax Revaluation Fund, School Capital Reserve Fund, School Capital Fund and the Street Assessment Fund are consolidated into the General Fund for reporting purposes on the Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds (Exhibit 4). Fund Balance for the General Fund is reconciled as follows:

Fund Balance - Ending (Exhibit F)	\$	4,814,119
Tax Revaluation Fund:		
Investment earnings		3
Transfer in - General Fund		25,000
Fund balance - beginning		120,757
School Capital Reserve Fund:		
Local option sales tax		638,788
Other taxes and licenses		225,689
Restricted intergovernmental		103,573
Investment earnings		178
Education		(101,045)
Expenditures - debt service		(883,717)
Fund balance - beginning		225,487
Street Assessment Fund:		
Other taxes and licenses		100
Investment earnings		3
Fund balance - beginning		<u>3,911</u>
Fund Balance - Ending (Exhibit D)	\$	<u>5,172,846</u>

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

2. Cash, Cash Equivalents, and Investments

All of the County's and Chowan County Tourism Development Authority 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, 2012, the County's deposits had a carrying amount of \$5,406,568 and a bank balance of \$5,669,923. Of the bank balance, \$2,686,601 was covered by federal depository insurance. At June 30, 2012, Chowan County had \$350 cash on hand.

At June 30, 2012, the Chowan County Tourism Development Authority's deposits had a carrying amount of \$72,873 and a bank balance of \$72,873. Of the bank balance, \$72,873 was covered by federal depository insurance.

Investments

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>
NC Capital Management Trust - Cash Portfolio	\$ 1,305,910	\$ 1,305,910
NC Capital Management Trust - Term Portfolio	803,952	803,952
Total investments	<u>\$ 2,109,862</u>	<u>\$ 2,109,862</u>

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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, 2012. The County's investment in the NC Capital Management Trust - Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended. The County's investments in US agencies are rated AAA.

3. 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>
2009	\$ 486,381	\$ 115,515	\$ 601,896
2010	486,086	71,698	557,784
2011	477,153	27,436	504,589
2012	475,764	-	475,764
Total	<u>\$ 1,925,384</u>	<u>\$ 214,649</u>	<u>\$ 2,140,033</u>

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

4. Accounts Receivables - Disaggregate Information

Type of Receivable	Amount (Net of Allowance)		
	Governmental Activities	Business-Type Activities	Total
Accounts Receivable:			
Water Fund fees, net	\$ -	\$ 191,120	\$ 191,120
Solid Waste Fund	-	110,113	110,113
Emergency Medical Services Fund fees, net	-	188,517	188,517
Other receivables	3,344	-	3,344
	\$ 3,344	\$ 489,750	\$ 493,094
Due from Other Governments:			
Sales tax	\$ 611,057	\$ -	\$ 611,057

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:

Fund	Allowance
General Fund:	
Property taxes	\$ 380,000
Fire district taxes	19,000
Total	\$ 399,000
Enterprise Funds:	
Water Fund	\$ 84,621
Solid Waste Fund	56,736
Emergency Management Fund	313,731
Total	\$ 455,088

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

5. Capital Assets

Governmental Activities Capital Assets

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

	<u>July 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2012</u>
Non-Depreciable Assets:				
Land	\$ 3,329,162	\$ -	\$ -	\$ 3,329,162
Construction in progress	-	<u>200,606</u>	-	<u>200,606</u>
Total non-depreciable assets	<u>\$ 3,329,162</u>	<u>\$ 200,606</u>	<u>\$ -</u>	<u>\$ 3,529,768</u>
Depreciable Assets:				
Buildings	44,984,940	65,100	-	45,050,040
Equipment	<u>6,728,447</u>	<u>162,553</u>	<u>(199,102)</u>	<u>6,691,898</u>
Total depreciable assets	<u>51,713,387</u>	<u>227,653</u>	<u>(199,102)</u>	<u>51,741,938</u>
Less Accumulated Depreciation:				
Buildings	10,495,692	1,109,021	-	11,604,713
Equipment	<u>5,241,612</u>	<u>534,460</u>	<u>(199,102)</u>	<u>5,576,970</u>
Total accumulated depreciation	<u>15,737,304</u>	<u>\$ 1,643,481</u>	<u>\$ (199,102)</u>	<u>17,181,683</u>
Total depreciable capital assets, net	<u>35,976,083</u>			<u>34,560,255</u>
Governmental activities capital assets, net	<u>\$ 39,305,245</u>			<u>\$ 38,090,023</u>

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

Governmental Activities:	Amount
General government	\$ 1,357,253
Public safety	232,549
Environmental protection	2,092
Human services	12,277
Cultural and recreational	<u>39,310</u>
Total	<u>\$ 1,643,481</u>

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Proprietary Capital Assets

The capital assets of the Proprietary Funds at June 30, 2012, are as follows:

	<u>July 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2012</u>
Water Fund:				
Non-Depreciable Assets				
Land	\$ 140,847	\$ -	\$ -	\$ 140,847
Depreciable Assets:				
Plant and systems	10,272,890	30,135	-	10,303,025
Building and improvements	1,513,062	-	-	1,513,062
Equipment	381,542	65,850	(15,401)	431,991
Total	<u>12,167,494</u>	<u>95,985</u>	<u>(15,401)</u>	<u>12,248,078</u>
Less Accumulated Depreciation:				
Plant and distribution systems	5,217,576	265,832	-	5,483,408
Buildings and improvements	870,958	35,764	-	906,722
Equipment	359,873	19,063	(15,401)	363,535
Total accumulated depreciation	<u>6,448,407</u>	<u>\$ 320,659</u>	<u>\$ (15,401)</u>	<u>6,753,665</u>
Depreciable capital assets, net	<u>5,719,087</u>			<u>5,494,413</u>
Water Fund capital assets, net	<u>5,859,934</u>			<u>5,635,260</u>
Emergency Management Fund:				
Depreciable Assets:				
Building	217,000	\$ -	\$ -	217,000
Equipment	1,091,785	52,400	(82,947)	1,061,238
Total	<u>1,308,785</u>	<u>52,400</u>	<u>(82,947)</u>	<u>1,278,238</u>
Less Accumulated Depreciation:				
Building	151,550	4,672	-	156,222
Equipment	783,788	106,715	(82,947)	807,556
Total accumulated depreciation	<u>935,338</u>	<u>\$ 111,387</u>	<u>\$ (82,947)</u>	<u>963,778</u>
Depreciable capital assets, net	<u>373,447</u>			<u>314,460</u>
Emergency Management Fund capital assets, net	<u>373,447</u>			<u>314,460</u>
Business-type activities capital assets, net	<u>\$ 6,233,381</u>			<u>\$ 5,949,720</u>

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Invested in Capital Assets, Net of Debt

The total invested in capital assets, net of related debt, at June 30, 2012 is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital assets	\$ 38,090,023	\$ 5,949,720
Long-term debt	(21,429,953)	(3,251)
Invested in capital assets, net of related debt	\$ 16,660,070	\$ 5,946,469

6. Accounts Payable - Disaggregate Information

	Vendors	Salaries and Benefits	Total
Governmental Activities:			
General	\$ 65,984	\$ 104,743	\$ 170,727
Other governmental	81,786	3,801	85,587
Total governmental activities	\$ 147,770	\$ 108,544	\$ 256,314
Business-Type Activities:			
Water Fund	\$ 57,715	\$ 2,132	\$ 59,847
Solid Waste Fund	67,206	-	67,206
Emergency Medical Services Fund	8,493	20,544	29,037
Total business-type activities	\$ 133,414	\$ 22,676	\$ 156,090

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

7. Deferred/Unearned Revenues

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

	General Fund	Special Revenue Funds	Total
Prepaid taxes not yet earned	\$ 98,036	\$ -	\$ 98,036
Taxes receivable (net)	332,689	15,397	348,086
Special assessments receivable (net)	2,242	-	2,242
Other deferred items	9,656	-	9,656
Total	\$ 442,623	\$ 15,397	\$ 458,020

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

	Governmental Activities	Business-Type Activities	Total
Prepaid taxes	\$ 98,036	\$ -	\$ 98,036
Total	\$ 98,036	\$ -	\$ 98,036

8. 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 LGERS is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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 6.88% and 6.90%, respectively, of annual covered payroll. The contribution requirements of members and of Chowan County are established and may be amended by the North Carolina General Assembly. The County's contributions, including the members' contributions to LGERS for the years ended June 30, 2012, 2011, and 2010, were \$572,092, \$559,558, and \$509,731 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.

Summary of Significant Accounting Policies

The County has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due. Due to the immateriality of the liability to the County, an actuarial valuation was not obtained at June 30, 2012.

Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this Plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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, 2012, were \$46,870, which consisted of \$36,028 from the County and \$10,842 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 Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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 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, 2012, were \$1,354. The contributions made by the County equaled the required contributions for 2012.

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. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 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, 2012, the County made contributions to the State for death benefits of \$4,729. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .10% 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

Under the terms of a County resolution, the County administers a single-employer defined benefit Healthcare Benefit Plan. 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

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

the System or the LE System and have reached their sixteenth 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.

Retirees can purchase coverage for their dependents at the County's group rates until the retiree reaches age sixty-five. Currently, 14 retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2012, the County paid healthcare related claims of \$100,677 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, 2010, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees and dependents receiving benefits	14	N/A
Terminated plan members entitled to, but not yet receiving benefits	-	-
Active plan members	<u>110</u>	<u>14</u>
Total	<u>124</u>	<u>14</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 13.4% of annual covered payroll. For the current year, the County contributed \$100,677, or 2.3%, of annual covered payroll.

There were no contributions made by employees. The County's obligation to contribute to the Plan is established and may be amended by the County Board.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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.

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	\$	578,695
Interest on net OPEB obligation		58,936
Adjustments to annual required contribution		(56,302)
Annual OPEB cost (expense)		581,329
Contributions made		(100,677)
Increase (decrease) in net OPEB obligation		480,652
Net OPEB Obligation:		
Beginning of year - July 1		1,473,398
End of year - June 30	\$	1,954,050

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 were as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 581,329	17.32%	\$ 1,954,050
2011	580,666	36.07%	1,473,398
2010	551,095	0.00%	1,102,190

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Fund Status and Funding Progress

As of December 31, 2010, 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 \$7,071,068. The covered payroll (annual payroll of active employees covered by the Plan) was \$4,320,329, and the ratio of the UAAL to the covered payroll was 163.7 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.

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, 2010, 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 3.00 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, 2010 was 30 years.

9. 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.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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, 2012:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Portion of</u> <u>Balance</u>
Governmental Activities:					
Hospital revenue bonds and note	\$ 117,443	\$ -	\$ (117,443)	\$ -	-
Qualified Zone Academy Bonds, net of related Sinking Fund \$621,438 as of June 30, 2012	1,466,679	-	(88,117)	1,378,562	103,573
Notes payable	21,128,438	-	(1,077,047)	20,051,391	1,061,930
Unfunded OPEB	1,237,503	515,323	(84,943)	1,667,883	-
Compensated absences	<u>386,360</u>	<u>129,160</u>	<u>(208,740)</u>	<u>306,780</u>	<u>76,695</u>
Total governmental activities	<u>\$ 24,336,423</u>	<u>\$ 644,483</u>	<u>\$ (1,576,290)</u>	<u>\$ 23,404,616</u>	<u>\$ 1,242,198</u>

The General Fund is typically used to liquidate the compensated absences and pension liabilities.

At June 30, 2012, Chowan County had no bonds authorized, but unissued, and a legal debt-margin of \$96,940,100.

B. 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, 2012, the sinking fund's balance was \$621,438. 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, 2012

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
2013	\$ 103,573	\$ -
2014	103,573	-
2015	103,573	-
2016	103,573	-
2017	103,573	-
2018-2022	517,865	-
2023-2025	342,832	-
Total	<u>\$ 1,378,562</u>	<u>\$ -</u>

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

C. 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	\$ 4,573,955
4.09% note, payable in annual installments of \$186,656, plus interest; secured by Adult Day Health Center and Chowan Community Center	1,679,906
4.25% note, payable in annual installments of \$532,200, including interest; secured by public safety building; principal payments begin in 2012	9,748,078
4.25% note, payable in annual installments of \$111,881, including interest; secured by public safety building; principal payments begin in 2012	1,034,869
4.5% note, payable in annual installments of \$99,738, including interest; secured by Shepard-Pruden Library; principal payments begin in 2012	1,781,262
4.38% note, payable in annual installments of \$89,717, plus interest; secured by Shepard-Pruden Library	897,174
2.58% note, payable in monthly installments of \$4,570, including interest; interest; secured by vehicles	<u>336,147</u>
Total installment purchase contracts	<u>\$ 20,051,391</u>

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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

Year Ending	Governmental Activities		
	Principal	Interest	Total
June 30			
2013	\$ 1,061,930	\$ 852,910	\$ 1,914,840
2014	1,071,083	809,071	1,880,154
2015	1,080,627	757,208	1,837,835
2016	1,090,578	752,570	1,843,148
2017	1,100,956	667,507	1,768,463
2018-2022	4,354,817	2,668,558	7,023,375
2023-2027	1,424,412	2,074,550	3,498,962
2028-2032	1,409,585	1,782,023	3,191,608
2033-2037	1,674,102	1,461,723	3,135,825
2038-2042	2,065,234	1,070,591	3,135,825
2043-2047	2,547,795	588,030	3,135,825
2048-2049	1,170,272	75,651	1,245,923
Total	<u>\$ 20,051,391</u>	<u>\$ 13,560,392</u>	<u>\$ 33,611,783</u>

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

D. 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, 2012:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012	Current Portion of Balance
Business-Type Activities:					
Water Fund:					
Unfunded pension					
obligation - OPEB	\$ 70,721	\$ 39,453	\$ (15,734)	\$ 94,440	\$ -
Compensated absences	22,720	6,960	(10,180)	19,500	4,875
Total Water Fund	93,441	46,413	(25,914)	113,940	4,875
Emergency Management Fund:					
Notes payable	61,266	-	(58,015)	3,251	3,251
Unfunded pension					
obligation - OPEB	165,174	26,553	-	191,727	-
Compensated absences	50,300	17,500	(23,000)	44,800	11,200
Total Emergency Management Fund	276,740	44,053	(81,015)	239,778	14,451
Total business-type activities	\$ 370,181	\$ 90,466	\$ (106,929)	\$ 353,718	\$ 19,326

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	\$ <u>3,251</u>
Total installment purchase contracts	\$ <u><u>3,251</u></u>

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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

Year Ending June 30	Emergency Management	
	Principal	Interest
2013	\$ 3,251	\$ 125
Total	\$ 3,251	\$ 125

10. Landfill Closure and Post-Closure Care Costs

Federal and State 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, 2012, related to closure and post-closure care cost.

11. 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.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

In accordance with G.S. 159-29, the Director of Finance, who is responsible for accounting for Chowan County Tourism Development Authority, is individually bonded through a commercial surety bond in the amount of \$50,000.

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.

12. 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, 2012. The participating governments provide the library facilities. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$149,806 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, North Carolina 27962.

13. 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, 2012. Complete financial statements for District Health can be obtained from the District Health offices at Albemarle Regional Health Services, PO Box 189, Elizabeth City, North Carolina 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 \$828,293 for solid waste disposal during the current year.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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 ended June 30, 2012, total facilities cost totaled \$256,857.

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 \$9,632 to the Commission during the fiscal year ended June 30, 2012.

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.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

14. Benefit Payments Issued by the State

The amounts listed below were paid directly to individual recipients by the State from federal and State monies. County personnel are involved with certain functions, primarily eligibility determinations that cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients 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	\$ 14,658,703	\$ 8,706,477
Temporary assistance to needy families	203,704	-
Low Income Energy Assistance Block Grant	98,588	-
State Foster Care	-	93
Women, infants, and children	365,563	-
IV-E Adoption Subsidy	24,763	6,627
IV-E Foster Care	30,348	8,443
F/C at risk maximization	-	188
CWS, adoption subsidy	-	10,935
SC/SA domiciliary care	-	196,755
Total	<u>\$ 15,381,669</u>	<u>\$ 8,929,518</u>

15. 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.

16. Claims and Judgments

At June 30, 2012, 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, 2012**

17. Interfund Balances and Activity

A. Transfers to/from Other Funds:

Transfers in (out) for the year ended June 30, 2012 are summarized below:

<u>Fund</u>	<u>To</u>	<u>From</u>	<u>Purpose</u>
DSS Capital Project Fund	\$ 200,606	\$ -	
General Fund	-	200,606	To establish capital project
College of the Albemarle	97,297	-	
General Fund	-	97,297	To establish capital project
General Fund	163,900	-	
Solid Waste Enterprise Fund	-	163,900	Annual contribution
Emergency Medical Services Fund	11,980	-	
General Fund	-	11,980	Capital outlay
Revaluation Special Revenue Fund	25,000	-	
General Fund	-	25,000	Annual contribution
General Fund	9,500	-	
Fire Districts Special Revenue Fund	-	9,500	Local contribution
General Fund	45,000	-	
Water Fund	-	45,000	Annual contribution

B. Interfund Balances

The composition of internal balances as of June 30, 2012, is as follows:

<u>Payable Fund</u>	<u>Receivable Fund</u>
	General Fund
Lottery Capital Project Fund	\$ 10,988
COA Renovation Project Fund	711
Emergency Medical Services Fund	84,285

The amounts due to the General Fund represent short-term cash advances.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

18. Component Unit Transactions

In fiscal year 2012, the County received \$20,000 in profit distributions from its component unit, Chowan County ABC Board.

19. 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	<u>\$ 41,776</u>
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Special Revenue Funds:

Emergency Telephone System Fund	<u>\$ (156,654)</u>
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Proprietary Funds:

Emergency Medical Services Fund	<u>\$ 114,878</u>
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The errors from the prior year were due to misstatements related to the purchase of capital outlay in the incorrect funds. Beginning fund balance in the General Fund and Emergency Medical Services Fund were restated by \$156,654 to reflect expenditures paid out of the incorrect fund which have been expensed in the prior years from the General Fund and the Emergency Medical Services Fund which should have been expensed in the Emergency Telephone System Fund.

CHOWAN COUNTY, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS - HEALTHCARE FOR RETIREES
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDING JUNE 30, 2012

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%
12/31/2010	-	7,071,068		7,071,068	0.00%	4,320,329	163.67%

Schedule of Employer Contributions

Fiscal Year Ending	Annual Required Contribution	Percentage Contributed
6/30/2009	\$ 551,095	0.00%
6/30/2010	551,095	0.00%
6/30/2011	580,666	36.10%
6/30/2012	578,695	17.40%

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, 2010
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	2018
Includes inflation at	3.00%

CHOWAN COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - ACTUAL - GENERAL FUND CONSOLIDATED
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Revaluation Fund	Street Assessment Fund	School Capital Reserve Fund	Eliminations	Total General Fund
Revenues:						
Ad valorem taxes	\$ 10,273,087	\$ -	\$ -	\$ -	\$ -	\$ 10,273,087
Local option sales taxes	1,728,523	-	-	638,788	-	2,367,311
Other taxes and licenses	83,538	-	100	225,689	-	309,327
Unrestricted intergovernmental revenues	67,291	-	-	-	-	67,291
Restricted intergovernmental revenues	2,259,379	-	-	103,573	-	2,362,952
Permits and fees	357,603	-	-	-	-	357,603
Sales and services	1,015,766	-	-	-	-	1,015,766
Investment earnings	2,075	3	3	178	-	2,259
Miscellaneous	118,021	-	-	-	-	118,021
Total revenues	<u>15,905,283</u>	<u>3</u>	<u>103</u>	<u>968,228</u>	<u>-</u>	<u>16,873,617</u>
Expenditures:						
Current:						
General government	2,652,399	-	-	-	-	2,652,399
Public safety	2,635,186	-	-	-	-	2,635,186
Environmental protection	141,632	-	-	-	-	141,632
Economic and physical development	174,088	-	-	-	-	174,088
Human services	3,212,198	-	-	-	-	3,212,198
Cultural and recreational	806,327	-	-	-	-	806,327
Education	3,386,563	-	-	101,045	-	3,487,608
Debt service	1,172,837	-	-	883,717	-	2,056,554
Total expenditures	<u>14,181,230</u>	<u>-</u>	<u>-</u>	<u>984,762</u>	<u>-</u>	<u>15,165,992</u>
Revenues over (under) expenditures	<u>1,724,053</u>	<u>3</u>	<u>103</u>	<u>(16,534)</u>	<u>-</u>	<u>1,707,625</u>
Other Financing Sources (Uses):						
Transfers in	218,400	25,000	-	-	(25,000)	218,400
Transfers out	(334,883)	-	-	-	25,000	(309,883)
Total other financing sources (uses)	<u>(116,483)</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(91,483)</u>
Net change in fund balances	<u>1,607,570</u>	<u>25,003</u>	<u>103</u>	<u>(16,534)</u>	<u>-</u>	<u>1,616,142</u>
Fund Balances:						
Beginning of year - July 1	3,164,773	120,757	3,911	225,487	-	3,514,928
Prior period adjustment (Note 18)	41,776	-	-	-	-	41,776
Beginning of year as restated - July 1	<u>3,206,549</u>	<u>120,757</u>	<u>3,911</u>	<u>225,487</u>	<u>-</u>	<u>3,556,704</u>
End of year - June 30	<u>\$ 4,814,119</u>	<u>\$ 145,760</u>	<u>\$ 4,014</u>	<u>\$ 208,953</u>	<u>\$ -</u>	<u>\$ 5,172,846</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, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		Variance Over/Under	2011
	Budget	Actual		Actual
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 10,147,092	\$ 10,161,047	\$ 13,955	\$ 10,066,461
Penalties and interest	70,000	112,040	42,040	82,511
Total	<u>10,217,092</u>	<u>10,273,087</u>	<u>55,995</u>	<u>10,148,972</u>
Local Option Sales Taxes:				
Article 39 and 44	830,000	917,984	87,984	892,173
Article 40 one-half of one percent	445,000	592,739	147,739	551,653
Article 42 one-half of one percent	150,000	101,969	(48,031)	108,574
Medicaid Hold-Harmless payment	-	115,831	115,831	68,873
Total	<u>1,425,000</u>	<u>1,728,523</u>	<u>303,523</u>	<u>1,621,273</u>
Other Taxes and Licenses:				
Deed stamp excise tax	60,760	65,506	4,746	58,140
Cable TV	18,000	18,032	32	18,107
Total	<u>78,760</u>	<u>83,538</u>	<u>4,778</u>	<u>76,247</u>
Unrestricted Intergovernmental Revenues:				
Payments in lieu of taxes	1,000	-	(1,000)	2,295
Beer and wine tax	40,000	42,322	2,322	42,540
ABC profit distribution	25,000	24,860	(140)	25,232
Tax refunds	1,000	109	(891)	835
Total	<u>67,000</u>	<u>67,291</u>	<u>291</u>	<u>70,902</u>
Restricted Intergovernmental Revenues:				
State grants	2,914,298	2,232,109	(682,189)	2,484,199
Local grants	26,652	27,270	618	31,144
Total	<u>2,940,950</u>	<u>2,259,379</u>	<u>(681,571)</u>	<u>2,515,343</u>
Permits and Fees:				
Building permits and inspection fees	95,000	103,504	8,504	80,409
Register of Deeds	98,789	90,251	(8,538)	97,573
Sheriff and court fees	174,263	163,848	(10,415)	173,956
Total	<u>368,052</u>	<u>357,603</u>	<u>(10,449)</u>	<u>351,938</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, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		Variance Over/Under	2011
	Budget	Actual		Actual
Sales and Services:				
Rents, concessions and fees	377,193	362,928	(14,265)	334,365
Jail fees	160,000	154,486	(5,514)	178,995
Recreation fees	67,400	64,610	(2,790)	63,438
Fees from local governments	422,294	431,957	9,663	369,593
Sale of capital assets	-	1,785	1,785	57,334
Total	<u>1,026,887</u>	<u>1,015,766</u>	<u>(11,121)</u>	<u>1,003,725</u>
Investment Earnings	<u>3,500</u>	<u>2,075</u>	<u>(1,425)</u>	<u>5,424</u>
Miscellaneous	<u>96,445</u>	<u>118,021</u>	<u>21,576</u>	<u>60,446</u>
Total revenues	<u>16,223,686</u>	<u>15,905,283</u>	<u>(318,403)</u>	<u>15,854,270</u>
Expenditures:				
General Government:				
Governing Body:				
Salaries and employee benefits	46,505	46,505	-	40,401
Operating expenditures	58,359	58,197	-	71,198
Total	<u>104,864</u>	<u>104,702</u>	<u>162</u>	<u>111,599</u>
Administration:				
Salaries and employee benefits	357,569	355,359	-	351,823
Operating expenditures	14,440	13,753	-	12,195
Total	<u>372,009</u>	<u>369,112</u>	<u>2,897</u>	<u>364,018</u>
Tax Collection:				
Salaries and employee benefits	166,383	165,931	-	159,972
Operating expenditures	86,223	68,781	-	88,828
Total	<u>252,606</u>	<u>234,712</u>	<u>17,894</u>	<u>248,800</u>
Legal:				
Operating expenditures	50,000	47,506	-	36,601
Total	<u>50,000</u>	<u>47,506</u>	<u>2,494</u>	<u>36,601</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, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		Variance Over/Under	2011
	Budget	Actual		Actual
Court Facilities:				
Salaries and employee benefits	538	484	-	-
Operating expenditures	19,194	17,909	-	20,649
Total	19,732	18,393	1,339	20,649
Elections:				
Salaries and employee benefits	69,313	67,690	-	62,108
Operating expenditures	30,513	26,581	-	20,017
Total	99,826	94,271	5,555	82,125
Register of Deeds:				
Salaries and employee benefits	134,258	133,824	-	130,692
Operating expenditures	64,580	60,963	-	69,314
Capital outlay	-	-	-	15,557
Total	198,838	194,787	4,051	215,563
Land Records:				
Salaries and employee benefits	49,342	49,301	-	48,188
Operating expenditures	10,067	9,814	-	4,372
Total	59,409	59,115	294	52,560
Data Processing:				
Salaries and employee benefits	71,308	71,141	-	68,251
Operating expenditures	166,183	153,255	-	130,694
Total	237,491	224,396	13,095	198,945
Central Maintenance:				
Salaries and employee benefits	228,093	202,687	-	303,700
Operating expenditures	73,057	62,303	-	32,325
Total	301,150	264,990	36,160	336,025
Public Buildings:				
Operating expenditures	529,200	487,642	-	469,178
Total	529,200	487,642	41,558	469,178

CHOWAN COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		Variance Over/Under	2011
	Budget	Actual		Actual
Inspection:				
Salaries and employee benefits	176,087	175,912	-	172,477
Operating expenditures	18,972	11,191	-	12,728
Total	195,059	187,103	7,956	185,205
Other General Government:				
Central services	349,535	349,531	-	489,716
Special appropriations	16,139	16,139	-	16,304
Total	365,674	365,670	4	506,020
Total general government	2,785,858	2,652,399	133,459	2,827,288
Public Safety:				
Central communications:				
Salaries and employee benefits	422,429	383,553	-	398,783
Operating expenditures	56,323	40,554	-	37,012
Capital outlay	82,407	9,490	-	-
Total	561,159	433,597	127,562	435,795
Sheriff:				
Salaries and employee benefits	1,002,705	966,058	-	957,795
Operating expenditures	230,964	198,760	-	215,762
Capital outlay	-	-	-	41,776
Total	1,233,669	1,164,818	68,851	1,215,333
School Resource Officer:				
Salaries and employee benefits	162,559	148,147	-	159,308
Total	162,559	148,147	14,412	159,308
Jail:				
Salaries and employee benefits	451,024	388,663	-	438,717
Operating expenditures	302,200	253,677	-	257,175
Total	753,224	642,340	110,884	695,892
Emergency Management:				
Salaries and employee benefits	24,834	24,830	-	12,472
Operating expenditures	9,603	9,159	-	8,864
Total	34,437	33,989	448	21,336

CHOWAN COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		Variance Over/Under	2011
	Budget	Actual		Actual
Public Safety Office:				
Operating expenditures	2,520	1,400	-	450
Total	2,520	1,400	1,120	450
Medical Examiner:				
Operating expenditures	10,000	9,700	-	9,600
Total	10,000	9,700	300	9,600
Animal Control:				
Salaries and employee benefits	97,787	94,851	-	94,882
Operating expenditures	81,399	81,084	-	60,141
Total	179,186	175,935	3,251	155,023
Juvenile Justice:				
Salaries and employee benefits	12,014	11,994	-	11,998
Operating expenditures	13,305	13,266	-	13,231
Total	25,319	25,260	59	25,229
Total public safety	2,962,073	2,635,186	326,887	2,717,966
Environmental Protection:				
Solid Waste:				
Operating expenditures	2,937	2,937	-	2,135
Soil Conservation:				
Salaries and employee benefits	81,600	81,592	-	79,443
Operating expenditures	72,179	57,103	-	37,330
Total	153,779	138,695	15,084	116,773
Total environmental protection	156,716	141,632	15,084	118,908
Economic and Physical Development:				
Economic Development:				
Operating expenditures	46,107	37,488	-	26,019
Total	46,107	37,488	8,619	26,019

CHOWAN COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		Variance	2011
	Budget	Actual	Over/Under	Actual
Economic Development Projects:				
CDBG scattered site housing	-	-	-	10,923
CWMTF Storm water planning	-	-	-	2,500
Total	-	-	-	13,423
Agricultural Extension:				
Salaries and employee benefits	142,800	102,169	-	112,820
Operating expenditures	38,797	34,431	-	36,217
Total	181,597	136,600	44,997	149,037
Total economic and physical development	227,704	174,088	53,616	188,479
Human Services:				
Public health - operating expenditures	79,722	79,722	-	79,599
Mental health - operating expenditures	90,108	89,933	175	53,767
Social Services:				
Administration:				
Salaries and employee benefits	348,744	333,110	-	289,369
Operating expenditures	129,429	116,765	-	105,634
Total	478,173	449,875	28,298	395,003
Title XX Program:				
Salaries and employee benefits	353,948	334,794	-	343,801
Operating expenditures	99,454	74,418	-	104,456
Total	453,402	409,212	44,190	448,257
Other Social Services Programs:				
Operating expenditures	210,507	207,719	2,788	182,907
Day Care:				
Operating expenditures	727,889	598,920	128,969	660,249
Income Maintenance Programs:				
Salaries and employee benefits	732,214	698,088	-	727,687
Operating expenditures	165,994	133,445	-	141,420
Total	898,208	831,533	66,675	869,107

CHOWAN COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		Variance Over/Under	2011
	Budget	Actual		Actual
Medicaid Program:				
County participation	214,732	78,275	136,457	184,499
Child Support:				
Operating expenditures	245,500	243,898	1,602	240,300
Foster Care:				
Operating expenditures	211,517	67,306	144,211	146,632
Crisis Intervention:				
Operating expenditures	207,687	140,652	67,035	108,095
Total social services	3,647,615	3,027,390	620,225	3,235,049
Veterans Services:				
Salaries and employee benefits	13,995	13,826	-	9,236
Operating expenditures	1,950	1,327	-	911
Total	15,945	15,153	792	10,147
Total human services	3,833,390	3,212,198	621,192	3,378,562
Cultural and Recreational:				
Libraries:				
Operating expenditures	159,806	155,178	-	157,043
Operating expenditures	159,806	155,178	4,628	157,043
Recreation:				
Salaries and employee benefits	324,504	305,651	-	306,135
Operating expenditures	118,789	110,951	-	130,104
Capital outlay	10,813	10,813	-	-
Total	454,106	427,415	26,691	436,239
Senior Center:				
Salaries and employee benefits	99,802	99,797	-	100,184
Operating expenditures	144,923	123,937	-	100,732
Total	244,725	223,734	20,991	200,916
Total cultural and recreational	858,637	806,327	52,310	794,198

CHOWAN COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		Variance Over/Under	2011
	Budget	Actual		Actual
Education:				
Public Schools:				
Fine and Forfeitures	75,000	50,304	-	80,882
Indirect costs	-	-	-	19,274
Current expense	3,424,429	3,149,115	-	3,609,824
Total Public Schools	3,499,429	3,199,419	300,010	3,709,980
Community Colleges:				
Current expense	187,982	187,144	838	348,421
Total education	3,687,411	3,386,563	300,848	4,058,401
Debt Service:				
Principal retirement	1,053,326	491,826	-	303,988
Interest and fees	119,569	681,011	-	678,805
Total debt service	1,172,895	1,172,837	58	982,793
Total expenditures	15,684,684	14,181,230	1,503,454	15,066,595
Revenues over (under) expenditures	539,002	1,724,053	1,185,051	787,675
Other Financing Sources (Uses):				
Transfer from other funds	218,400	218,400	-	218,400
Transfers to other funds	(729,938)	(334,883)	395,055	(245,000)
Contingency	(82,277)	-	82,277	-
Appropriated fund balance	54,813	-	(54,813)	-
Total other financing sources (uses)	(539,002)	(116,483)	422,519	(26,600)
Net change in fund balance	\$ -	1,607,570	\$ 1,607,570	761,075
Fund Balance:				
Beginning of year, - July 1		3,164,773		2,403,698
Prior period adjustment		41,776		-
Beginning of year as restated, - July 1		3,206,549		2,403,698
End of year - June 30		\$ 4,814,119		\$ 3,164,773

CHOWAN COUNTY, NORTH CAROLINA

REVALUATION FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND

CHANGE IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2012

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Investment earnings	\$ -	\$ 3	\$ 3	\$ 83
Expenditures:				
General government:				
Contracted services	25,000	-	25,000	-
Revenues over (under) expenditures	(25,000)	3	(25,003)	83
Other Financing Sources (Uses):				
Transfers in (out)	25,000	25,000	-	25,000
Net change in fund balance	\$ -	25,003	\$ 25,003	25,083
Fund Balance:				
Beginning of year - July 1		120,757		95,674
End of year - June 30		\$ 145,760		\$ 120,757

CHOWAN COUNTY, NORTH CAROLINA

SCHOOL CAPITAL RESERVE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2012 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental	\$ 103,573	\$ 103,573	\$ -	\$ 103,573
Other taxes and licenses	183,000	225,689	42,689	181,429
Local option sales tax	600,000	638,788	38,788	587,070
Investment earnings	750	178	(572)	791
Total revenues	<u>887,323</u>	<u>968,228</u>	<u>80,905</u>	<u>872,863</u>
Expenditures:				
Education:				
Capital outlay	<u>106,106</u>	<u>101,045</u>	<u>5,061</u>	<u>-</u>
Debt service:				
Principal	675,316	659,860	15,456	675,315
Interest	<u>208,401</u>	<u>223,857</u>	<u>(15,456)</u>	<u>231,555</u>
Total debt service	<u>883,717</u>	<u>883,717</u>	<u>-</u>	<u>906,870</u>
Total expenditures	<u>989,823</u>	<u>984,762</u>	<u>5,061</u>	<u>906,870</u>
Revenues over (under) expenditures	<u>(102,500)</u>	<u>(16,534)</u>	<u>75,844</u>	<u>(34,007)</u>
Other Financing Sources (Uses):				
Total other financing sources (uses)	<u>102,500</u>	<u>-</u>	<u>(102,500)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(16,534)</u>	<u>\$ (16,534)</u>	<u>(34,007)</u>
Fund Balance:				
Beginning of year - July 1		<u>225,487</u>		<u>259,494</u>
End of year - June 30		<u>\$ 208,953</u>		<u>\$ 225,487</u>

CHOWAN COUNTY, NORTH CAROLINA

**STREET ASSESSMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Other taxes and licenses	\$ -	\$ 100	\$ 100	\$ 200
Investment earnings	-	3	3	(2)
Total revenues	-	103	103	198
Revenues over (under) expenditures	-	103	103	198
Net change in fund balance	\$ -	103	\$ 103	198
Fund Balance:				
Beginning of year - July 1		3,911		3,713
End of year - June 30		\$ 4,014		\$ 3,911

CHOWAN COUNTY, NORTH CAROLINA

EMERGENCY TELEPHONE SYSTEM FUND - MAJOR FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2012 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		Variance Over/Under	2011
	Budget	Actual		Actual
Revenues:				
Other taxes and licenses:				
911 system subscriber fees	\$ 252,388	\$ 224,415	\$ (27,973)	\$ 169,105
Investment earnings	-	89	89	164
Total revenues	<u>252,388</u>	<u>224,504</u>	<u>(27,884)</u>	<u>169,269</u>
Expenditures:				
Public safety:				
Telephone		35,766		
Software maintenance		105,602		
Hardware maintenance		69,509		
Training		160		
Capital outlay		<u>24,251</u>		
Total public safety	<u>306,929</u>	<u>235,288</u>	<u>71,641</u>	<u>85,294</u>
Total expenditures	<u>306,929</u>	<u>235,288</u>	<u>71,641</u>	<u>85,294</u>
Revenues over (under) expenditures	<u>(54,541)</u>	<u>10,784</u>	<u>99,525</u>	<u>(83,975)</u>
Other Financing Sources (Uses):				
Appropriated fund balance	<u>54,541</u>	<u>-</u>	<u>(54,541)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(10,784)</u>	<u>\$ (10,784)</u>	<u>83,975</u>
Fund Balances:				
Beginning of year - July 1		447,538		124,784
Prior period adjustment (Note 18)		<u>(156,654)</u>		<u>238,779</u>
Beginning of year as restated - July 1		<u>290,884</u>		<u>363,563</u>
End of year - June 30		<u>\$ 280,100</u>		<u>\$ 447,538</u>

CHOWAN COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET JUNE 30, 2012

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Fund	Total
Assets:			
Cash and cash equivalents	\$ 450,439	\$ 1,282	\$ 451,721
Taxes receivable, net	15,397	-	15,397
Due from other governments	9,633	12,182	21,815
Total assets	<u>\$ 475,469</u>	<u>\$ 13,464</u>	<u>\$ 488,933</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 10,414	\$ 1,765	\$ 12,179
Due to other funds	-	11,699	11,699
Deferred revenues	15,397	-	15,397
Total liabilities	<u>25,811</u>	<u>13,464</u>	<u>39,275</u>
Fund Balances:			
Restricted:			
Stabilization for State statute	9,633	12,182	21,815
Restricted, all other	440,025	-	440,025
Unassigned	-	(12,182)	(12,182)
Total fund balances	<u>449,658</u>	<u>-</u>	<u>449,658</u>
Total liabilities and fund balances	<u>\$ 475,469</u>	<u>\$ 13,464</u>	<u>\$ 488,933</u>

CHOWAN COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2012

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Fund	Total
Revenues:			
Ad valorem taxes	\$ 498,366	\$ -	\$ 498,366
Local option sales taxes	42,858	-	42,858
Restricted intergovernmental revenues	100,413	76,484	176,897
Miscellaneous revenues	93,319	-	93,319
Investment earnings	113	-	113
Total revenues	<u>735,069</u>	<u>76,484</u>	<u>811,553</u>
Expenditures:			
Current:			
Public safety	419,165	-	419,165
Environmental protection	141,928	-	141,928
Human Services	-	200,606	200,606
Education	-	222,751	222,751
Debt service:			
Principal	13,478	-	13,478
Interest	14,422	-	14,422
Total expenditures	<u>588,993</u>	<u>423,357</u>	<u>1,012,350</u>
Revenues over (under) expenditures	<u>146,076</u>	<u>(346,873)</u>	<u>(200,797)</u>
Transfers in	-	297,903	297,903
Transfers out	(9,500)	-	(9,500)
Total other financing sources (uses)	<u>(9,500)</u>	<u>297,903</u>	<u>288,403</u>
Net change in fund balances	136,576	(48,970)	87,606
Fund Balances:			
Beginning of year - July 1	<u>313,082</u>	<u>48,970</u>	<u>362,052</u>
End of year - June 30	<u>\$ 449,658</u>	<u>\$ -</u>	<u>\$ 449,658</u>

CHOWAN COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS COMBINING BALANCE SHEET JUNE 30, 2012

	<u>Fire District Fund</u>	<u>Disaster Recovery Fund</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 394,250	\$ 56,189	\$ 450,439
Due from other governments	8,874	759	9,633
Taxes receivable, net	<u>15,397</u>	<u>-</u>	<u>15,397</u>
Total assets	<u>\$ 418,521</u>	<u>\$ 56,948</u>	<u>\$ 475,469</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 4,936	\$ 5,478	\$ 10,414
Deferred revenues	<u>15,397</u>	<u>-</u>	<u>15,397</u>
Total liabilities	<u>20,333</u>	<u>5,478</u>	<u>25,811</u>
Fund Balances:			
Restricted:			
Stabilization for State statute	8,874	759	9,633
Restricted, all other	<u>389,314</u>	<u>50,711</u>	<u>440,025</u>
Total fund balances	<u>398,188</u>	<u>51,470</u>	<u>449,658</u>
Total liabilities and fund balances	<u>\$ 418,521</u>	<u>\$ 56,948</u>	<u>\$ 475,469</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, 2012

	Fire Districts Fund	Disaster Recovery Fund	Total
Revenues:			
Ad valorem taxes	\$ 498,366	\$ -	\$ 498,366
Local option sales taxes	42,858	-	42,858
Restricted intergovernmental	-	100,413	100,413
Miscellaneous revenues	334	92,985	93,319
Investment earnings	113	-	113
Total revenues	<u>541,671</u>	<u>193,398</u>	<u>735,069</u>
Expenditures:			
Current:			
Public safety	419,165	-	419,165
Environmental protection	-	141,928	141,928
Debt service:			
Principal	13,478	-	13,478
Interest	14,422	-	14,422
Total expenditures	<u>447,065</u>	<u>141,928</u>	<u>588,993</u>
Other Financing Sources (Uses):			
Transfers out	<u>(9,500)</u>	-	<u>(9,500)</u>
Total other financing sources (uses)	<u>(9,500)</u>	-	<u>(9,500)</u>
Net change in fund balance	85,106	51,470	136,576
Fund Balances:			
Beginning of year - July 1	<u>313,082</u>	-	<u>313,082</u>
End of year - June 30	<u>\$ 398,188</u>	<u>\$ 51,470</u>	<u>\$ 449,658</u>

CHOWAN COUNTY, NORTH CAROLINA

FIRE DISTRICTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad valorem taxes	\$ 476,874	\$ 498,366	\$ 21,492	\$ 487,992
Local option sales tax	38,000	42,858	4,858	36,196
Miscellaneous revenue	950	334	(616)	306
Investment earnings	500	113	(387)	438
Total revenues	<u>516,324</u>	<u>541,671</u>	<u>25,347</u>	<u>524,932</u>
Expenditures:				
Public safety:				
Town of Edenton	268,188	259,458	8,730	258,569
Salaries and benefits	65,079	44,312	20,767	49,895
Telephone and postage	3,000	2,753	247	2,726
Utilities	12,000	9,825	2,175	12,068
Maintenance and repair	34,323	21,370	12,953	21,541
Capital outlay	17,094	16,500	594	12,000
Other operating expenses	79,240	64,947	14,293	61,599
Total public safety	<u>478,924</u>	<u>419,165</u>	<u>59,759</u>	<u>418,398</u>
Debt Service:				
Principal	13,478	13,478	-	12,944
Interest	14,422	14,422	-	14,956
Total debt service	<u>27,900</u>	<u>27,900</u>	<u>-</u>	<u>27,900</u>
Total expenditures	<u>506,824</u>	<u>447,065</u>	<u>59,759</u>	<u>446,298</u>
Revenues over (under) expenditures	<u>9,500</u>	<u>94,606</u>	<u>85,106</u>	<u>78,634</u>
Other Financing Sources (Uses):				
Transfers in (out)	<u>(9,500)</u>	<u>(9,500)</u>	<u>-</u>	<u>(9,500)</u>
Total other financing sources (uses)	<u>(9,500)</u>	<u>(9,500)</u>	<u>-</u>	<u>(9,500)</u>
Net change in fund balance	<u>\$ -</u>	<u>85,106</u>	<u>\$ 85,106</u>	<u>69,134</u>
Fund Balance:				
Beginning of year - July 1		<u>313,082</u>		<u>243,948</u>
End of year - June 30		<u>\$ 398,188</u>		<u>\$ 313,082</u>

CHOWAN COUNTY, NORTH CAROLINA

DISASTER RECOVERY FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	2012		
	Budget	Actual	Variance Over/Under
Revenues:			
Restricted intergovernmental revenues	\$ 100,413	\$ 100,413	\$ -
Miscellaneous	92,987	92,985	(2)
Total revenues	<u>193,400</u>	<u>193,398</u>	<u>(2)</u>
Expenditures:			
Environmental Protection:			
Disaster recovery	<u>193,400</u>	<u>141,928</u>	<u>51,472</u>
Net change in fund balance	<u>\$ -</u>	51,470	<u>\$ 51,470</u>
Fund Balance:			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ 51,470</u>	

CHOWAN COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2012

	DSS Renovation Capital Project	Lottery Capital Project	COA Renovation Project	Total
Assets:				
Cash and cash equivalents	\$ 1,282	\$ -	\$ -	\$ 1,282
Due from other governments	483	10,988	711	12,182
Total assets	<u>\$ 1,765</u>	<u>\$ 10,988</u>	<u>\$ 711</u>	<u>\$ 13,464</u>
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,765	\$ -	\$ -	\$ 1,765
Due to other funds	-	10,988	711	11,699
Total liabilities	<u>1,765</u>	<u>10,988</u>	<u>711</u>	<u>13,464</u>
Fund Balances:				
Restricted:				
Stabilization for State statute	483	10,988	711	12,182
Unassigned	<u>(483)</u>	<u>(10,988)</u>	<u>(711)</u>	<u>(12,182)</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 1,765</u>	<u>\$ 10,988</u>	<u>\$ 711</u>	<u>\$ 13,464</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, 2012**

	<u>DSS Renovation Capital Project</u>	<u>Lottery Capital Project</u>	<u>COA Renovation Project</u>	<u>Total</u>
Revenues:				
Lottery proceeds	\$ -	\$ 76,484	\$ -	\$ 76,484
Total revenues	<u>-</u>	<u>76,484</u>	<u>-</u>	<u>76,484</u>
Expenditures:				
Current:				
Human Services	200,606	-	-	200,606
Education	<u>-</u>	<u>76,484</u>	<u>146,267</u>	<u>222,751</u>
Total expenditures	<u>200,606</u>	<u>76,484</u>	<u>146,267</u>	<u>423,357</u>
Revenues over (under) expenditures	<u>(200,606)</u>	<u>-</u>	<u>(146,267)</u>	<u>(346,873)</u>
Other Financing Sources (Uses):				
Transfers in	<u>200,606</u>	<u>-</u>	<u>97,297</u>	<u>297,903</u>
Total other financing sources (uses)	<u>200,606</u>	<u>-</u>	<u>97,297</u>	<u>297,903</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(48,970)</u>	<u>(48,970)</u>
Fund Balances:				
Beginning of year - July 1	<u>-</u>	<u>-</u>	<u>48,970</u>	<u>48,970</u>
End of year - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CHOWAN COUNTY, NORTH CAROLINA

**DSS RENOVATION PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012**

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Expenditures:				
Human Services:				
Capital outlay:				
DSS relocation	\$ 238,140	\$ -	\$ 200,606	\$ 200,606
Revenues over (under) expenditures	(238,140)	-	(200,606)	(200,606)
Other Financing Sources (Uses):				
Transfers in	238,140	-	200,606	200,606
Total other financing sources (uses)	238,140	-	200,606	200,606
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -

CHOWAN COUNTY, NORTH CAROLINA

**LOTTERY PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012**

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Lottery Proceeds	\$ 151,885	\$ -	\$ 76,484	\$ 76,484
Total revenues	<u>151,885</u>	<u>-</u>	<u>76,484</u>	<u>76,484</u>
Expenditures:				
Education:				
Capital outlay:				
School Projects	<u>151,885</u>	<u>-</u>	<u>76,484</u>	<u>76,484</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CHOWAN COUNTY, NORTH CAROLINA

COLLEGE OF ALBEMARLE (COA) RENOVATION PROJECT SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Expenditures:				
Education:				
Capital outlay:				
Renovations	\$ 147,808	\$ 51,030	\$ 146,267	\$ 197,297
Revenues over (under) expenditures	<u>(147,808)</u>	<u>(51,030)</u>	<u>(146,267)</u>	<u>(197,297)</u>
Other Financing Sources (Uses):				
Contingency	(1,162)	-	-	-
Appropriated fund balance	48,970	-	-	-
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>97,297</u>	<u>197,297</u>
Total other financing sources (uses)	<u>147,808</u>	<u>100,000</u>	<u>97,297</u>	<u>197,297</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 48,970</u>	<u>\$ (48,970)</u>	<u>\$ -</u>

CHOWAN COUNTY, NORTH CAROLINA

**WATER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012		Variance Over/Under	2011
	Budget	Actual		Actual
Revenues:				
Operating revenues:				
Water sales	\$ 1,295,246	\$ 1,326,113	\$ (30,867)	\$ 1,232,930
Reconnection fees	50,000	49,396	604	51,600
Miscellaneous revenue	14,000	26,018	(12,018)	43,468
Sales tax and other refunds	-	383	(383)	1,680
Taps and connection fees	15,000	14,550	450	10,207
Total operating revenues	1,374,246	1,416,460	42,214	1,339,885
Non-Operating Revenues:				
Investment earnings	500	129	371	791
Total non-operating revenues	500	129	371	791
Total revenues	1,374,746	1,416,589	42,585	1,340,676
Expenditures:				
Operating expenditures:				
Salaries and employee benefits	356,331	326,426		285,811
Utilities	110,843	110,842		100,805
Repairs and maintenance	111,103	108,592		56,721
Supplies and materials	258,550	257,704		98,038
Administrative services	481,881	399,319		275,976
Meters and minor improvements	27,000	23,019		11,852
Total operating expenditures	1,345,708	1,225,902	119,806	829,203
Capital outlay	161,086	161,085	1	118,942
Total expenditures	1,506,794	1,386,987	119,807	948,145
Revenues over (under) expenditures	(132,048)	29,602	162,392	392,531

CHOWAN COUNTY, NORTH CAROLINA

WATER FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2012

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		Variance Over/Under	2011
	Budget	Actual		Actual
Other Financing Sources (Uses):				
Transfers out	(45,000)	(45,000)	-	(45,000)
Appropriated Fund Balance	177,048	-	(177,048)	-
Total other financing sources (uses)	132,048	(45,000)	(177,048)	(45,000)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	(15,398)	\$ (15,398)	\$ 347,531
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:				
Reconciling items:				
Capital outlay		95,985		
Depreciation		(320,659)		
Change in accrued vacation		3,220		
Change in other post-employment benefits liability		(23,719)		
Total reconciling items		(245,173)		
Change in net assets		\$ (260,571)		

CHOWAN COUNTY, NORTH CAROLINA

SOLID WASTE FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2012

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Tipping Fees	\$ 1,201,100	\$ 1,179,699	\$ 21,401	\$ 1,251,479
Restricted Intergovernmental	51,100	45,920	5,180	48,986
Other taxes and licenses	7,900	8,042	(142)	7,897
Miscellaneous	-	-	-	92
Total operating revenues	<u>1,260,100</u>	<u>1,233,661</u>	<u>(26,439)</u>	<u>1,308,454</u>
Non-Operating Revenues:				
Investment earnings	-	252	(252)	253
Total non-operating revenues	<u>-</u>	<u>252</u>	<u>(252)</u>	<u>253</u>
Total revenues	<u>1,260,100</u>	<u>1,233,913</u>	<u>(26,691)</u>	<u>1,308,707</u>
Expenditures:				
Operating expenditures:	<u>1,096,200</u>	<u>930,591</u>	<u>-</u>	<u>876,114</u>
Total expenditures	<u>1,096,200</u>	<u>930,591</u>	<u>165,609</u>	<u>876,114</u>
Revenues over (under) expenditures	<u>163,900</u>	<u>303,322</u>	<u>138,918</u>	<u>432,593</u>
Other Financing Sources (Uses):				
Transfers out	<u>(163,900)</u>	<u>(163,900)</u>	<u>-</u>	<u>(163,900)</u>
Total other financing sources (uses)	<u>(163,900)</u>	<u>(163,900)</u>	<u>-</u>	<u>(163,900)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 139,422</u>	<u>\$ 139,422</u>	<u>\$ 268,693</u>

CHOWAN COUNTY, NORTH CAROLINA

EMERGENCY MEDICAL SERVICES FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP) FOR THE YEAR ENDED JUNE 30, 2012 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Ambulance fees	\$ 1,166,224	\$ 1,007,268	\$ (158,956)	\$ 1,413,846
Miscellaneous revenue	-	66,171	66,171	14,745
Total operating revenues	<u>1,166,224</u>	<u>1,073,530</u>	<u>(92,694)</u>	<u>1,428,591</u>
Non-Operating Revenues:				
Investment earnings	-	17	17	162
Total non-operating revenues	-	17	17	162
Total revenues	<u>1,166,224</u>	<u>1,073,547</u>	<u>(92,677)</u>	<u>1,428,753</u>
Expenditures:				
Administration and operating:				
Salaries and employee benefits	1,141,223	1,081,955		1,061,358
Utilities	18,000	14,968		17,136
Maintenance and repairs	50,267	28,418		34,304
Automotive supplies	40,000	38,977		37,703
Supplies and materials	45,975	45,387		71,720
Contracted services	71,000	69,217		91,801
Administrative services	38,616	32,827		31,379
Total	<u>1,405,081</u>	<u>1,311,749</u>	<u>93,332</u>	<u>1,345,401</u>
Debt service:				
Debt principal	58,015	58,015		34,386
Interest and fees	847	847		2,083
Total	<u>58,862</u>	<u>58,862</u>	<u>-</u>	<u>36,469</u>
Capital outlay	-	-	-	178,747
Total expenditures	<u>1,463,943</u>	<u>1,370,611</u>	<u>93,332</u>	<u>1,560,617</u>
Revenues over (under) expenditures	<u>(297,719)</u>	<u>(297,064)</u>	<u>655</u>	<u>(131,864)</u>

CHOWAN COUNTY, NORTH CAROLINA

**EMERGENCY MEDICAL SERVICES FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012			2011
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Other Financing Sources (Uses):				
Contingency	285,081	-	(285,081)	-
Transfers in	12,638	11,980	(658)	120,000
Total other financing sources (uses)	<u>297,719</u>	<u>11,980</u>	<u>(285,739)</u>	<u>120,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(285,084)</u>	<u>\$ (285,084)</u>	<u>\$ (11,864)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:				
Reconciling items:				
Debt principal		58,015		
Depreciation		(111,387)		
Contributed capital		52,400		
Change in accrued vacation		5,500		
Change in other post-employment benefits liability		<u>(26,553)</u>		
Change in net assets		<u>\$ (307,109)</u>		

CHOWAN COUNTY, NORTH CAROLINA

WATER DEVELOPMENT CAPITAL RESERVE FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP) FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Water development fees	\$ 50,000	\$ 28,057	\$ (21,943)
Investment earnings	-	145	145
Total revenues	<u>50,000</u>	<u>28,202</u>	<u>(21,798)</u>
Other Financing Sources (Uses):			
Transfers in (out)	<u>(50,000)</u>	-	<u>50,000</u>
Total other financing sources (uses)	<u>(50,000)</u>	-	<u>50,000</u>
Revenues and other financing sources (uses)	<u>\$ -</u>	<u>\$ 28,202</u>	<u>\$ 28,202</u>

CHOWAN COUNTY, NORTH CAROLINA

**AGENCY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2012**

	Social Services Protective Payee Fund	Drainage Districts	Edenton Tax Collections	3% Interest Payable to State	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets:					
Cash and cash equivalents	\$ 623	\$ 4,369	\$ 26,465	\$ 615	\$ 32,072
Total assets	<u>\$ 623</u>	<u>\$ 4,369</u>	<u>\$ 26,465</u>	<u>\$ 615</u>	<u>\$ 32,072</u>
Liabilities:					
Accounts payable	\$ -	\$ 4,369	\$ 26,465	\$ -	\$ 30,834
Due to others	<u>623</u>	<u>-</u>	<u>-</u>	<u>615</u>	<u>1,238</u>
Total liabilities	<u>\$ 623</u>	<u>\$ 4,369</u>	<u>\$ 26,465</u>	<u>\$ 615</u>	<u>\$ 32,072</u>

CHOWAN COUNTY, NORTH CAROLINA

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
<u>Social Services - Protective Payees</u>				
Assets:				
Cash and cash equivalents	\$ 1,233	\$ 22,870	\$ (23,480)	\$ 623
Liabilities:				
Payables	\$ 1,233	\$ 22,870	\$ 23,480	\$ 623
<u>Drainage Districts</u>				
Assets:				
Cash and cash equivalents	\$ 4,296	\$ 15,974	\$ (15,901)	\$ 4,369
Liabilities:				
Payables	\$ 4,296	\$ 15,974	\$ (15,901)	\$ 4,369
<u>Edenton Tax Collections</u>				
Assets:				
Cash and cash equivalents	\$ 11,509	\$ 1,618,437	\$ (1,603,481)	\$ 26,465
Liabilities:				
Payables	\$ 11,509	\$ 1,618,437	\$ (1,603,481)	\$ 26,465
<u>3% Interest Payable to State</u>				
Assets:				
Cash and cash equivalents	\$ -	\$ 8,315	\$ (7,700)	\$ 615
Liabilities:				
Payables	\$ -	\$ 8,315	\$ (7,700)	\$ 615
<u>Totals - All Agency Funds</u>				
Assets:				
Cash, cash equivalents, and accounts receivable	\$ 17,038	\$ 1,665,596	\$ (1,650,562)	\$ 32,072
Liabilities:				
Payables	\$ 17,038	\$ 1,665,596	\$ (1,650,562)	\$ 32,072

CHOWAN COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND
JUNE 30, 2012

Fiscal Year	Uncollected Balance July 1, 2011	Additions	Collections and Credits	Uncollected Balance June 30, 2012
2011-2012	\$ -	\$ 10,135,439	\$ 9,805,730	\$ 329,709
2010-2011	416,487	-	293,533	122,954
2009-2010	163,960	-	66,858	97,102
2008-2009	65,639	-	27,211	38,428
2007-2008	25,462	-	4,425	21,037
2006-2007	19,661	-	1,271	18,390
2005-2006	19,462	-	856	18,606
2004-2005	12,966	-	737	12,229
2003-2004	11,409	-	592	10,817
2002-2003	10,095	-	499	9,596
2001-2002	8,945	-	8,945	-
Total	<u>\$ 754,086</u>	<u>\$ 10,135,439</u>	<u>\$ 10,210,657</u>	678,868
Plus uncollected 2011-2012 ad valorem taxes receivable - motor vehicles				33,822
Less allowance for uncollectible ad valorem taxes receivable				<u>(380,000)</u>
Ad valorem taxes receivable - net				<u>\$ 332,690</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 10,273,087
Reconciling items:				
Refunds and other adjustments				(71,375)
Amounts written off per statute of limitations				<u>8,945</u>
Total collections and credits				<u>\$ 10,210,657</u>

CHOWAN COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY - COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2012

	County-Wide		Total Levy		
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 1,377,439,416	\$ 0.685	\$ 9,435,460	\$ 9,435,460	\$ -
Motor vehicles taxed at current year's rate	<u>105,662,628</u>	0.685	<u>723,789</u>	<u>-</u>	<u>723,789</u>
Total	<u>1,483,102,044</u>		<u>10,159,249</u>	<u>9,435,460</u>	<u>723,789</u>
Less releases and adjustments	<u>(3,475,912)</u>		<u>(23,810)</u>	<u>(6,684)</u>	<u>(17,126)</u>
Total property valuation	<u>\$ 1,479,626,131</u>				
Net Levy			10,135,439	9,428,776	706,663
Uncollected taxes at June 30, 2012			<u>(329,709)</u>	<u>(224,409)</u>	<u>(105,300)</u>
Current Year's Taxes Collected			<u>\$ 9,805,730</u>	<u>\$ 9,204,367</u>	<u>\$ 601,363</u>
Current Levy Collection Percentage			<u>96.75%</u>	<u>97.62%</u>	<u>85.10%</u>
Secondary Market Disclosures:					
Assessed valuation:					
Assessment ratio					100.00%
Real property					\$ 1,350,504,268
Personal property					105,662,628
Public service companies					<u>23,459,236</u>
Total assessed valuation					1,479,626,131
Tax rate per \$100					<u>0.685</u>
Levy (includes discoveries, releases and abatements)					<u>\$ 10,135,439</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>\$ 489,764</u>

CHOWAN COUNTY, NORTH CAROLINA

CHOWAN COUNTY TOURISM DEVELOPMENT AUTHORITY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2012 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Other taxes and licenses	\$ 94,000	\$ 120,575	\$ 26,575	\$ 111,829
Restricted intergovernmental revenues	500	500	-	-
Miscellaneous revenues	4,000	6,573	2,573	5,755
Investment earnings	-	21	21	47
Total revenues	<u>101,500</u>	<u>127,669</u>	<u>26,169</u>	<u>117,631</u>
Expenditures:				
Economic development:				
Contracted services	65,479	64,047	1,432	63,762
Reimbursements	13,122	11,973	1,149	8,349
Miscellaneous expenses	<u>34,999</u>	<u>27,795</u>	<u>7,204</u>	<u>27,964</u>
Total expenditures	<u>113,600</u>	<u>103,815</u>	<u>9,785</u>	<u>100,075</u>
Revenues over (under) expenditures	<u>(12,100)</u>	<u>23,854</u>	<u>35,954</u>	<u>17,556</u>
Other Financing Sources (Uses):				
Appropriated fund balance	<u>12,100</u>	<u>-</u>	<u>(12,100)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>23,854</u>	<u>\$ 23,854</u>	<u>17,556</u>
Fund Balance:				
Beginning of year - July 1		<u>48,997</u>		<u>31,441</u>
End of year - June 30		<u>\$ 72,851</u>		<u>\$ 48,997</u>