

**CHOWAN COUNTY
NORTH CAROLINA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

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

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

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Chowan County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the 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, 2011, 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, 2011, the respective changes in financial position and cash flows, where appropriate thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2011, 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 Postemployment 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 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 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 fund financial statements, budget and actual schedules, and supplemental ad valorem tax schedules are the responsibility of management and was 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 21, 2011

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, 2011. 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.

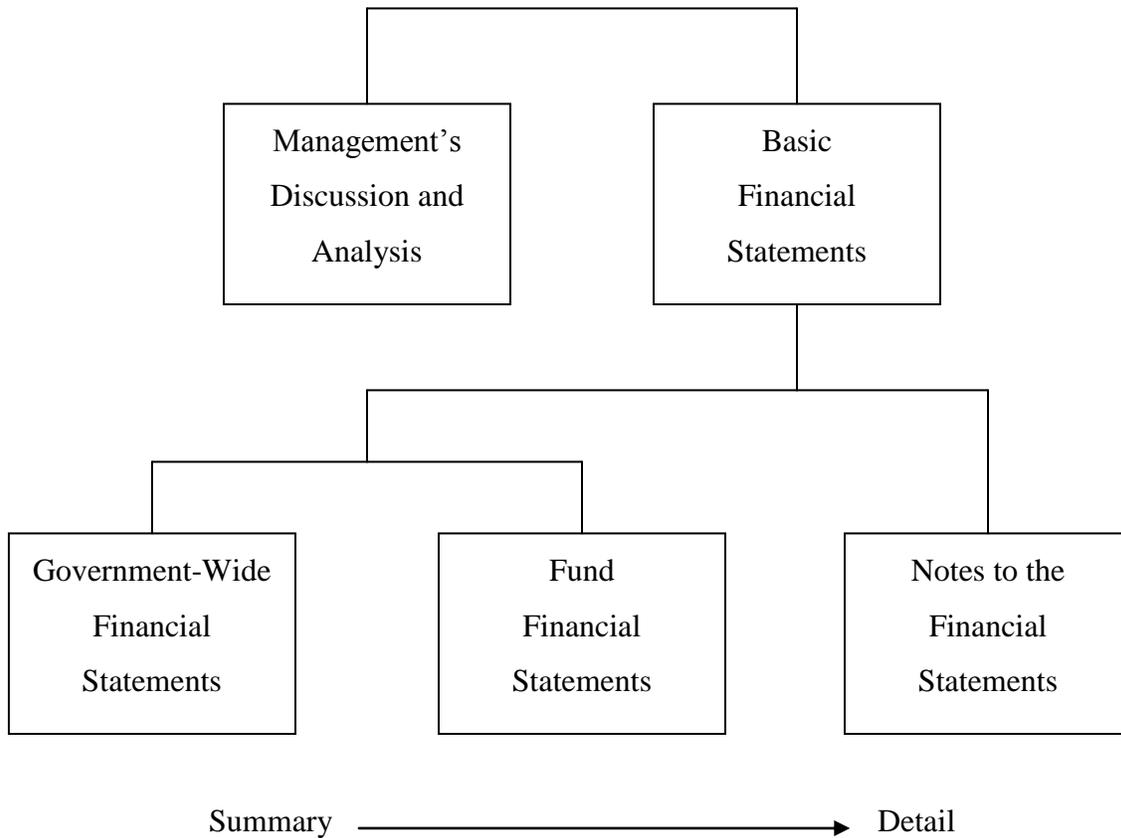
Financial Highlights

- The assets of Chowan County exceeded its liabilities at the close of the fiscal year by \$27,970,279 (net assets).
- The government's total net assets increased by \$476,404, primarily due to increased net assets in the business-type activities.
- As of the close of the current fiscal year, Chowan County's governmental funds reported combined ending fund balances of \$4,324,518, after a net increase in fund balance of \$954,430. Approximately 41% of this total amount, or \$1,759,044, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,111,773, or 13%, of total General Fund expenditures and transfers to other funds for the fiscal year.
- Chowan County's total debt decreased by \$1,390,334 during the current fiscal year.

Overview of the Financial Statements

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

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



Basic Financial Statements

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

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

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

Government-Wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

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

Proprietary Funds. Chowan County maintains 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 Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Assets:						
Current and other assets	\$ 5,123,236	\$ 4,545,816	\$ 2,327,200	\$ 1,650,478	\$ 7,450,436	\$ 6,196,294
Capital assets	39,305,245	41,063,141	6,233,381	6,247,372	45,538,626	47,310,513
Total assets	<u>44,428,481</u>	<u>45,608,957</u>	<u>8,560,581</u>	<u>7,897,850</u>	<u>52,989,062</u>	<u>53,506,807</u>
Liabilities:						
Long-term liabilities, outstanding	23,004,817	22,012,313	318,569	318,937	23,323,386	22,331,250
Other liabilities	1,500,412	1,655,284	194,985	194,957	1,695,397	1,850,241
Total liabilities	<u>24,505,229</u>	<u>23,667,597</u>	<u>513,554</u>	<u>513,894</u>	<u>25,018,783</u>	<u>24,181,491</u>
Net Assets:						
Invested in capital assets, net of related debt	16,710,128	19,275,776	6,172,115	6,151,720	22,882,243	25,427,496
Restricted	1,494,765	48,333	-	-	1,494,765	48,333
Unrestricted	1,718,359	2,617,251	1,874,912	1,232,236	3,593,271	3,849,487
Total net assets	<u>\$ 19,923,252</u>	<u>\$ 21,941,360</u>	<u>\$ 8,047,027</u>	<u>\$ 7,383,956</u>	<u>\$ 27,970,279</u>	<u>\$ 29,325,316</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 \$27,970,279 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 \$3,593,271 for the government as a whole.

Chowan County's Changes in Net Assets
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Charges for services	\$ 3,662,383	\$ 4,245,320	\$ 4,167,920	\$ 3,611,402	\$ 7,830,303	\$ 7,856,722
Operating grants and contributions	364,556	754,670	-	-	364,556	754,670
Capital grants and contributions	(6,119)	6,931	82,893	-	76,774	6,931
General revenues:						
Property taxes	10,645,357	10,442,856	-	-	10,645,357	10,442,856
Other taxes	2,742,422	2,907,283	-	-	2,742,422	2,907,283
Other	6,900	21,058	1,679	6,197	8,579	27,255
Total revenues	<u>17,415,499</u>	<u>18,378,118</u>	<u>4,252,492</u>	<u>3,617,599</u>	<u>21,667,991</u>	<u>21,995,717</u>
Expenses:						
General government	4,384,785	4,496,761	-	-	4,384,785	4,496,761
Public safety	3,567,289	3,620,525	-	-	3,567,289	3,620,525
Economic and physical development	238,683	444,809	-	-	238,683	444,809
Environmental protection	123,422	113,492	-	-	123,422	113,492
Human services	3,473,902	3,426,008	-	-	3,473,902	3,426,008
Cultural and recreation	868,238	817,499	-	-	868,238	817,499
Education	4,109,431	3,304,206	-	-	4,109,431	3,304,206
Interest on long-term debt	925,315	855,626	-	-	925,315	855,626
Water Fund	-	-	1,155,674	1,075,707	1,155,674	1,075,707
Solid Waste Fund	-	-	876,114	930,104	876,114	930,104
Emergency Management Fund	-	-	1,468,733	1,455,104	1,468,733	1,455,104
Total expenses	<u>17,691,066</u>	<u>17,078,926</u>	<u>3,500,521</u>	<u>3,460,915</u>	<u>21,191,586</u>	<u>20,539,841</u>
Increase (decrease) in net assets before transfers	(275,567)	1,299,192	751,971	156,684	476,404	1,455,876
Transfers	88,900	339,482	(88,900)	(339,482)	-	-
Change in net assets	<u>(186,667)</u>	<u>1,638,674</u>	<u>663,071</u>	<u>(182,798)</u>	<u>476,404</u>	<u>1,455,876</u>
Net assets, beginning as stated	21,941,360	25,112,823	7,383,956	6,945,290	29,325,316	32,058,113
Prior period adjustment	<u>(1,831,441)</u>	<u>(4,810,137)</u>	<u>-</u>	<u>621,464</u>	<u>(1,831,441)</u>	<u>(4,188,673)</u>
Net Assets:						
Beginning of year - July 1	<u>20,109,919</u>	<u>20,302,686</u>	<u>7,383,956</u>	<u>7,566,754</u>	<u>27,493,875</u>	<u>27,869,440</u>
End of year - June 30	<u>\$ 19,923,252</u>	<u>\$ 21,941,360</u>	<u>\$ 8,047,027</u>	<u>\$ 7,383,956</u>	<u>\$ 27,970,279</u>	<u>\$ 29,325,316</u>

Governmental Activities. Of total net assets, governmental activities accounted for \$19,923,252 (71 percent). Property taxes provided 61 percent of funding at \$10,645,357. Charges for services funded \$3,662,383, and operating grants funded \$364,556 of Chowan County's governmental activities. The decrease in governmental activities net assets of \$2,018,108 was primarily due to depreciation expense of \$1,730,411 and an increase from General Fund activities of \$752,351.

Business-Type Activities. Business-type activities increased Chowan County's net assets by \$663,071.

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 \$4,324,518, an increase of \$954,430 from 2010. The increase is primarily due to an increase of \$752,351 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 \$2,851,941, while total fund balance reached \$3,514,928. The County currently has an available fund balance of 18% of General Fund expenditures and transfers to other funds, while total fund balance represents 22% 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 \$330,000. 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 \$921,090, the Emergency Management Fund totaled \$29,927, and the Solid Waste Fund totaled \$377,726.

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, 2011 amounts to \$45,538,626 (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 4 percent (a 4 percent decrease for governmental activities).

Chowan County's Capital Assets
Figure 4

	<u>July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2011</u>
Governmental Activities:				
Non-Depreciable Assets:				
Land	\$ 3,329,162	\$ -	\$ -	\$ 3,329,162
Depreciable Assets:				
Buildings	45,221,940	-	(237,000)	44,984,940
Equipment	6,918,435	57,333	(247,321)	6,728,447
Total depreciable assets	<u>52,140,375</u>	<u>57,333</u>	<u>(484,321)</u>	<u>51,713,387</u>
Less Accumulated Depreciation:				
Buildings	9,553,546	1,109,021	(166,875)	10,495,692
Equipment	4,852,850	621,390	(232,628)	5,241,612
Total accumulated depreciation	<u>14,406,396</u>	<u>\$ 1,730,411</u>	<u>\$ (399,503)</u>	<u>15,737,304</u>
Total depreciable capital assets, net	<u>37,733,979</u>			<u>35,976,083</u>
Governmental activities capital assets, net	<u>\$ 41,063,141</u>			<u>\$ 39,305,245</u>

	<u>July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2011</u>
Water Fund:				
Non-Depreciable Assets				
Land	\$ 140,847	\$ -	\$ -	\$ 140,847
Depreciable Assets:				
Plant and systems	10,151,790	121,100	-	10,272,890
Building and improvements	1,513,062	-	-	1,513,062
Equipment	370,434	35,948	(24,840)	381,542
Total	<u>12,035,286</u>	<u>157,048</u>	<u>(24,840)</u>	<u>12,167,494</u>
Less Accumulated Depreciation:				
Plant and distribution systems	4,953,747	263,829	-	5,217,576
Buildings and improvements	835,194	35,764	-	870,958
Equipment	359,003	25,710	(24,840)	359,873
Total accumulated depreciation	<u>6,147,944</u>	<u>\$ 325,303</u>	<u>\$ (24,840)</u>	<u>6,448,407</u>
Depreciable capital assets, net	<u>5,887,342</u>			<u>5,719,087</u>
Water Fund capital assets, net	<u>6,028,189</u>			<u>5,859,934</u>

Emergency Management Fund:	July 1, 2010	Additions	Retirements	June 30, 2011
Depreciable Assets:				
Building	\$ -	\$ 217,000	\$ -	\$ 217,000
Equipment	930,730	187,105	(26,050)	1,091,785
Total	930,730	404,105	(26,050)	1,308,785
Less Accumulated Depreciation:				
Building	-	151,550	-	151,550
Equipment	711,547	98,291	(26,050)	783,788
Total accumulated depreciation	711,547	\$ 98,291	\$ (26,050)	935,338
Depreciable capital assets, net	219,183			373,447
Business-type activities capital assets, net	\$ 6,247,372			\$ 6,233,381

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, 2010	Additions	Retirements	June 30, 2011	Current Portion of Balance
Governmental Activities:					
Hospital revenue bonds and note	\$ 481,143	\$ -	\$ (363,700)	\$ 117,443	\$ 117,443
Qualified Zone Academy Bonds, net of related Sinking Fund, \$326,175 as of June 30, 2009	1,570,252	-	(103,573)	1,466,679	103,573
Notes payable	22,017,113	-	(888,675)	21,128,438	1,071,954
Unfunded OPEB	908,962	514,959	(186,418)	1,237,503	-
Compensated absences	394,320	26,080	(34,040)	386,360	38,636
Total governmental activities	\$ 25,371,790	\$ 541,039	\$ (1,576,406)	\$ 24,336,423	\$ 1,331,606

Chowan County's total governmental debt decreased by \$1,035,367 during the past fiscal year.

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

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for Chowan County is currently 11.4 percent, which is an increase from a rate of 9.8 percent a year ago. This compares to the State's average unemployment rate of 10.4 percent.

All of these factors were considered in preparing Chowan County's budget for the 2011/2012 fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2012

Governmental Activities. Management expects minimal growth in the tax base and other revenue for the 2012 fiscal year. This limited revenue growth continues the trend that dates back to 2008.

Budgeted expenditures in the General Fund remained virtually unchanged as a result of the anticipated revenues including sales tax to remain flat. 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. Expenses are expected to increase for the upcoming fiscal year due in part to higher fuel costs, utility costs and two new principal payments due on the Public Safety Center and the Library. These overall increases will be found in savings from the expiration of a lease for the College of the Albemarle's Administrative Building and the consolidation of this office to the campus at the Old D. F. Walker School building where instructional classes are currently being held. Additional office consolidations are expected with the closing of the County Office Building on E. King Street and the relocation of the Department of Social Services, Edenton-Chowan Schools Central Office and the Chowan County Health Department. Savings will be realized with lower maintenance costs of the older County Office Building and the reduction in force of housekeeping staff.

Chowan County's goals have been and will continue to include operating and providing services at costs less than budgeted amounts so year-end budget savings and unanticipated revenues would be used to increase fund balance. There was no appropriation of fund balance for any expenditures or capital projects in the 2012 budget.

Business-Type Activities. The budgeted expenditures for the Emergency Management Fund and the Solid Waste Fund remained virtually unchanged from the previous year. The Water Fund expenses were increased due to in part to capital improvements that have been postponed from previous years. 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, 2011

	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	\$ 3,706,451	\$ 1,766,923	\$ 5,473,374	\$ 50,113	\$ 75,624
Restricted cash	120,757	31,455	152,212	-	-
Taxes receivable, net	507,405	-	507,405	-	-
Accounts receivable, net	146	514,913	515,059	248	-
Due from other governments	642,712	-	642,712	-	-
Inventories	-	13,909	13,909	-	131,355
Prepaid items	25,500	-	25,500	-	10,477
Lease receivable, hospital	120,265	-	120,265	-	-
Capital assets:					
Non-depreciable capital assets	3,329,162	140,847	3,470,009	-	-
Capital assets, net	<u>35,976,083</u>	<u>6,092,534</u>	<u>42,068,617</u>	-	<u>451,362</u>
Total capital assets	<u>39,305,245</u>	<u>6,233,381</u>	<u>45,538,626</u>	-	<u>451,362</u>
Total assets	<u>44,428,481</u>	<u>8,560,581</u>	<u>52,989,062</u>	<u>50,361</u>	<u>668,818</u>
Liabilities:					
Accounts payable and accrued expenses	123,999	111,918	235,917	1,364	152,781
Unearned revenue	44,807	-	44,807	-	-
Customer deposits	-	31,455	31,455	-	-
Long-term liabilities:					
Due within one year	1,331,606	51,612	1,383,218	-	32,017
Due in more than one year	<u>23,004,817</u>	<u>318,569</u>	<u>23,323,386</u>	-	<u>54,155</u>
Total liabilities	<u>24,505,229</u>	<u>513,554</u>	<u>25,018,783</u>	<u>1,364</u>	<u>238,953</u>
Net Assets:					
Invested in capital assets, net of related debt	16,710,128	6,172,115	22,882,243	-	365,190
Restricted for:					
Stabilization for State statute	879,396	-	879,396	-	-
Restricted, all other	854,148	-	854,148	48,997	34,260
Unrestricted	<u>1,479,580</u>	<u>1,874,912</u>	<u>3,354,492</u>	-	<u>30,415</u>
Total net assets	<u>\$ 19,923,252</u>	<u>\$ 8,047,027</u>	<u>\$ 27,970,279</u>	<u>\$ 48,997</u>	<u>\$ 429,865</u>

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

CHOWAN COUNTY, NORTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

	<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	\$ 4,384,785	\$ 544,045	\$ 147,900	\$ -
Public safety	3,567,289	640,742	1,050	26,840
Environmental protection	123,422	2,550	37,748	-
Economic and physical development	238,683	55,419	-	-
Human services	3,473,902	2,324,588	54,458	(32,959)
Cultural and recreational	868,238	95,039	19,827	-
Education	4,109,431	-	103,573	-
Interest on long-term debt	925,315	-	-	-
Total governmental activities	<u>17,691,066</u>	<u>3,662,383</u>	<u>364,556</u>	<u>(6,119)</u>
Business-Type Activities:				
Water Fund	1,155,674	1,339,885	-	12,127
Solid Waste Fund	876,114	1,308,454	-	-
Emergency Medical Services Fund	1,468,733	1,428,591	-	70,766
Water Fund Storm Preparedness Capital Reserve Fund	-	56,448	-	-
Water Development Capital Reserve Fund	-	34,542	-	-
Total business-type activities	<u>3,500,521</u>	<u>4,167,920</u>	<u>-</u>	<u>82,893</u>
Total primary government	<u>\$ 21,191,587</u>	<u>\$ 7,830,303</u>	<u>\$ 364,556</u>	<u>\$ 76,774</u>
Component Unit:				
Chowan County Tourism Development Authority	<u>\$ 100,075</u>	<u>\$ 117,584</u>	<u>\$ -</u>	<u>\$ -</u>
Chowan County ABC Board	<u>\$ 1,156,299</u>	<u>\$ 1,156,031</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Taxes:
 Property taxes, levied for general purpose
 Local option sales tax
 Other taxes and licenses
 Investment earnings
 Transfers
 Total general revenues and transfers

Change in net assets

Net Assets:

Beginning of year, as previously stated - 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
\$ (3,692,840)	\$ -	\$ (3,692,840)	\$ -	\$ -
(2,898,657)	-	(2,898,657)	-	-
(83,124)	-	(83,124)	-	-
(183,264)	-	(183,264)	-	-
(1,127,815)	-	(1,127,815)	-	-
(753,372)	-	(753,372)	-	-
(4,005,858)	-	(4,005,858)	-	-
(925,315)	-	(925,315)	-	-
<u>(13,670,246)</u>	<u>-</u>	<u>(13,670,246)</u>	<u>-</u>	<u>-</u>
-	196,338	196,338	-	-
-	432,340	432,340	-	-
-	30,624	30,624	-	-
-	56,448	56,448	-	-
-	34,542	34,542	-	-
<u>-</u>	<u>750,292</u>	<u>750,292</u>	<u>-</u>	<u>-</u>
<u>(13,670,246)</u>	<u>750,292</u>	<u>(12,919,954)</u>	<u>-</u>	<u>-</u>
			17,509	-
			<u>-</u>	<u>(268)</u>
10,645,357	-	10,645,357	-	-
2,244,539	-	2,244,539	-	-
497,883	-	497,883	-	-
6,900	1,679	8,579	47	268
88,900	(88,900)	-	-	-
<u>13,483,579</u>	<u>(87,221)</u>	<u>13,396,358</u>	<u>47</u>	<u>268</u>
(186,667)	663,071	476,404	17,556	-
21,941,360	7,383,956	29,325,316	31,441	429,865
(1,831,441)	-	(1,831,441)	-	-
<u>20,109,919</u>	<u>7,383,956</u>	<u>27,493,875</u>	<u>31,441</u>	<u>429,865</u>
<u>\$ 19,923,252</u>	<u>\$ 8,047,027</u>	<u>\$ 27,970,279</u>	<u>\$ 48,997</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, 2011

	<u>Major</u>	<u>Nonmajor</u>	
	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Cash and cash equivalents	\$ 3,133,964	\$ 572,487	\$ 3,706,451
Restricted cash	120,757	-	120,757
Taxes receivable, net	483,014	24,391	507,405
Due from other funds	-	238,779	238,779
Due from other governments	639,728	2,984	642,712
Accounts receivable, net	-	146	146
Prepaid items	25,500	-	25,500
Total assets	<u>\$ 4,402,963</u>	<u>\$ 838,787</u>	<u>\$ 5,241,750</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 119,194	\$ 4,805	\$ 123,999
Due to other funds	238,779	-	238,779
Deferred revenue	530,062	24,392	554,454
Total liabilities	<u>888,035</u>	<u>29,197</u>	<u>917,232</u>
Fund Balances:			
Non-spendable:			
Prepays	25,500	-	25,500
Restricted:			
Stabilization for State statute	637,487	241,909	879,396
Restricted, all other	335,437	518,711	854,148
Committed, all other	346,244	48,970	395,214
Assigned	58,487	-	58,487
Unassigned	2,111,773	-	2,111,773
Total fund balances	<u>3,514,928</u>	<u>809,590</u>	<u>4,324,518</u>
Total liabilities and fund balances	<u>\$ 4,402,963</u>	<u>\$ 838,787</u>	

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

Lease receivable - hospital	120,265
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	39,305,245
Unearned revenue and deferred revenue QZAB	509,647
Long-term debt	(22,712,560)
Accrued vacation and other post-employment benefits	<u>(1,623,863)</u>
Net assets of governmental activities	<u>\$ 19,923,252</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, 2011

	<u>Major</u>	<u>Nonmajor</u>	
	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Ad valorem taxes	\$ 10,148,972	\$ 487,992	\$ 10,636,964
Local option sales taxes	2,208,343	36,196	2,244,539
Other taxes and licenses	257,876	169,105	426,981
Unrestricted intergovernmental revenues	70,902	-	70,902
Restricted intergovernmental revenues	2,618,916	48,750	2,667,666
Permits and fees	351,938	-	351,938
Sales and services	1,003,725	-	1,003,725
Investment earnings	6,298	602	6,900
Miscellaneous	60,446	306	60,752
Total revenues	<u>16,727,416</u>	<u>742,951</u>	<u>17,470,367</u>
Expenditures:			
Current:			
General government	2,827,288	-	2,827,288
Public safety	2,717,966	503,692	3,221,658
Environmental protection	118,908	-	118,908
Economic and physical development	188,479	48,750	237,229
Human services	3,378,562	-	3,378,562
Cultural and recreational	794,198	-	794,198
Education	4,058,401	51,030	4,109,431
Debt service	1,889,663	27,900	1,917,563
Total expenditures	<u>15,973,465</u>	<u>631,372</u>	<u>16,604,837</u>
Revenues over (under) expenditures	<u>753,951</u>	<u>111,579</u>	<u>865,530</u>
Other Financing Sources (Uses):			
Transfers in	218,400	100,000	318,400
Transfers (out)	<u>(220,000)</u>	<u>(9,500)</u>	<u>(229,500)</u>
Total other financing sources (uses)	<u>(1,600)</u>	<u>90,500</u>	<u>88,900</u>
Net change in fund balances	752,351	202,079	954,430
Fund Balances:			
Beginning of year - July 1	3,001,356	368,732	3,370,088
Prior period adjustment (Note 18)	<u>(238,779)</u>	<u>238,779</u>	<u>-</u>
Beginning of year as restated - July 1	<u>2,762,577</u>	<u>607,511</u>	<u>3,370,088</u>
End of year - June 30	<u>\$ 3,514,928</u>	<u>\$ 809,590</u>	<u>\$ 4,324,518</u>

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

CHOWAN COUNTY, NORTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

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 \$ 954,430

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:

Property taxes	8,393
Grant revenue	(30,302)

Interest expense related to the hospital bond does not require current economic resources; therefore, it is not an expenditure in the governmental funds statement. (32,959)

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. (320,581)

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. 57,333

Gain/(loss) on disposal of capital assets is reported in the Statement of Activities; however, proceeds from the sale of assets are not effected by gain/(loss) in the fund statements (84,818)

Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement. (1,730,411)

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. 992,248

Change in net assets of governmental activities (Exhibit B) \$ (186,667)

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

CHOWAN COUNTY, NORTH CAROLINA

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011**

	General Fund			
	Budgeted Amounts		Actual	Variance from Final Budget Over/Under
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 10,138,992	\$ 10,304,858	\$ 10,148,972	\$ (155,886)
Local option sales taxes	1,365,000	1,505,000	1,621,273	116,273
Other taxes and licenses	78,000	78,000	76,247	(1,753)
Unrestricted intergovernmental revenues	61,000	67,000	70,902	3,902
Restricted intergovernmental revenues	2,717,775	2,763,980	2,515,343	(248,637)
Permits and fees	372,485	352,285	351,938	(347)
Sales and services	889,325	980,422	1,003,725	23,303
Investment earnings	10,000	4,700	5,424	724
Miscellaneous	103,300	64,603	60,446	(4,157)
Total revenues	<u>15,735,877</u>	<u>16,120,848</u>	<u>15,854,270</u>	<u>(266,578)</u>
Expenditures:				
Current:				
General government	2,759,477	2,953,364	2,827,288	126,076
Public safety	2,985,553	2,882,150	2,717,966	164,184
Environmental protection	153,899	146,523	118,908	27,615
Economic and physical development	236,707	196,188	188,479	7,709
Human services	3,643,599	3,675,227	3,378,562	296,665
Cultural and recreational	846,829	820,274	794,198	26,076
Education	3,793,677	4,067,369	4,058,401	8,968
Debt service	973,359	982,841	982,793	48
Total expenditures	<u>15,393,100</u>	<u>15,723,936</u>	<u>15,066,595</u>	<u>657,341</u>
Revenues over (under) expenditures	<u>342,777</u>	<u>396,912</u>	<u>787,675</u>	<u>390,763</u>
Other Financing Sources (Uses):				
Transfers from other funds	218,400	218,400	218,400	-
Transfers to other funds	(437,272)	(600,799)	(245,000)	355,799
Contingency	(123,905)	(111,300)	-	111,300
Total other financing sources (uses)	<u>(342,777)</u>	<u>(396,912)</u>	<u>(26,600)</u>	<u>370,312</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	761,075	<u>\$ 761,075</u>
Fund Balance:				
Beginning of year - July 1			2,642,477	
Prior period adjustment (Note 18)			<u>(238,779)</u>	
Beginning of year as restated - July 1			<u>2,403,698</u>	
End of year - June 30			<u>\$ 3,164,773</u>	

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

CHOWAN COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS PROPRIETARY FUNDS JUNE 30, 2011

	<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	\$ 807,008	\$ 334,971	\$ 83,287	\$ 541,657	\$ 1,766,923
Receivables, net	200,734	114,633	195,034	4,512	514,913
Restricted cash	31,455	-	-	-	31,455
Inventories	13,909	-	-	-	13,909
Total current assets	<u>1,053,106</u>	<u>449,604</u>	<u>278,321</u>	<u>546,169</u>	<u>2,327,200</u>
Non-current assets:					
Non-depreciable capital assets	140,847	-	-	-	140,847
Capital assets, net	<u>5,719,087</u>	<u>-</u>	<u>373,447</u>	<u>-</u>	<u>6,092,534</u>
Total non-current assets	<u>5,859,934</u>	<u>-</u>	<u>373,447</u>	<u>-</u>	<u>6,233,381</u>
Total assets	<u>6,913,040</u>	<u>449,604</u>	<u>651,768</u>	<u>546,169</u>	<u>8,560,581</u>
Liabilities:					
Current liabilities:					
Accounts payable	7,120	71,878	32,920	-	111,918
Customer deposits	31,455	-	-	-	31,455
Current portion of long-term debt	5,680	-	45,932	-	51,612
Total current liabilities	<u>44,255</u>	<u>71,878</u>	<u>78,852</u>	<u>-</u>	<u>194,985</u>
Non-current liabilities:					
Non-current portion of long-term debt	<u>87,761</u>	<u>-</u>	<u>230,808</u>	<u>-</u>	<u>318,569</u>
Total non-current liabilities	<u>87,761</u>	<u>-</u>	<u>230,808</u>	<u>-</u>	<u>318,569</u>
Total liabilities	<u>132,016</u>	<u>71,878</u>	<u>309,660</u>	<u>-</u>	<u>513,554</u>
Net Assets:					
Invested in capital assets, net of related debt	5,859,934	-	312,181	-	6,172,115
Unrestricted (deficit)	<u>921,090</u>	<u>377,726</u>	<u>29,927</u>	<u>546,169</u>	<u>1,874,912</u>
Total net assets	<u>\$ 6,781,024</u>	<u>\$ 377,726</u>	<u>\$ 342,108</u>	<u>\$ 546,169</u>	<u>\$ 8,047,027</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, 2011

	Water Fund	Solid Waste Fund	Emergency Medical Services Fund	Water Fund Storm Preparedness Capital Reserve Fund	Water Development Capital Reserve Fund	Total
Operating Revenues:						
Charges for services	\$ 1,232,930	\$ 1,251,479	\$ 1,413,846	\$ -	\$ -	\$ 3,898,255
Other taxes and licenses	-	7,897	-	56,448	34,542	98,887
Other operating revenues	106,955	49,078	14,745	-	-	170,778
Total operating revenues	<u>1,339,885</u>	<u>1,308,454</u>	<u>1,428,591</u>	<u>56,448</u>	<u>34,542</u>	<u>4,167,920</u>
Operating Expenses:						
Salaries and employee benefits	312,958	-	1,087,358	-	-	1,400,316
Other operating expenses	529,784	876,114	284,043	-	-	1,689,941
Depreciation	312,932	-	95,249	-	-	408,181
Total operating expenses	<u>1,155,674</u>	<u>876,114</u>	<u>1,466,650</u>	<u>-</u>	<u>-</u>	<u>3,498,438</u>
Operating income (loss)	<u>184,211</u>	<u>432,340</u>	<u>(38,059)</u>	<u>56,448</u>	<u>34,542</u>	<u>669,482</u>
Non-Operating Revenues (Expenses):						
Interest earned on investments	791	253	162	18	455	1,679
Interest expense and fees	-	-	(2,083)	-	-	(2,083)
Total non-operating revenues (expenses)	<u>791</u>	<u>253</u>	<u>(1,921)</u>	<u>18</u>	<u>455</u>	<u>(404)</u>
Net income (loss) before contributions and transfers	<u>185,002</u>	<u>432,593</u>	<u>(39,980)</u>	<u>56,466</u>	<u>34,997</u>	<u>669,078</u>
Capital Contributions	<u>12,127</u>	<u>-</u>	<u>70,766</u>	<u>-</u>	<u>-</u>	<u>82,893</u>
Other Financing Sources (Uses):						
Transfers in	64,577	-	120,000	-	-	184,577
Transfers out	(45,000)	(163,900)	-	(64,577)	-	(273,477)
Total other financing sources (uses)	<u>19,577</u>	<u>(163,900)</u>	<u>120,000</u>	<u>(64,577)</u>	<u>-</u>	<u>(88,900)</u>
Change in net assets	216,706	268,693	150,786	(8,111)	34,997	663,071
Net Assets:						
Beginning of year - July 1	<u>6,564,318</u>	<u>109,033</u>	<u>191,322</u>	<u>8,111</u>	<u>511,172</u>	<u>7,383,956</u>
End of year - June 30	<u>\$ 6,781,024</u>	<u>\$ 377,726</u>	<u>\$ 342,108</u>	<u>\$ -</u>	<u>\$ 546,169</u>	<u>\$ 8,047,027</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, 2011

	Water Fund	Solid Waste Fund	Emergency Medical Services Fund	Water Fund Storm Preparedness Capital Reserve	Water Development Capital Reserve	Total
Cash Flows from Operating Activities:						
Cash received from customers	\$ 1,275,676	\$ 1,281,949	\$ 1,450,834	\$ 63,972	\$ 30,959	\$ 4,103,390
Cash paid for goods and services	(532,912)	(912,996)	(269,520)	-	-	(1,715,428)
Cash paid to employees for services	(285,811)	-	(1,061,358)	-	-	(1,347,169)
Net cash provided (used) by operating activities	456,953	368,953	119,956	63,972	30,959	1,040,793
Cash Flows from Non-Capital Financing Activities:						
Transfers in (out)	19,577	(163,900)	120,000	(64,577)	-	(88,900)
Net cash provided (used) by non-capital financing activities	19,577	(163,900)	120,000	(64,577)	-	(88,900)
Cash Flows from Capital and Related Financing Activities:						
Acquisition and construction of capital assets	(132,550)	-	(178,747)	-	-	(311,297)
Principal paid on long-term debt	-	-	(34,386)	-	-	(34,386)
Interest paid on long term debt	-	-	(2,083)	-	-	(2,083)
Net cash provided (used) by capital and related financing activities	(132,550)	-	(215,216)	-	-	(347,766)
Cash Flows from Investing Activities:						
Interest on investments	791	253	162	18	455	1,679
Net increase (decrease) in cash and cash equivalents	344,771	205,306	24,902	(587)	31,414	605,806
Cash and Cash Equivalents:						
Beginning of year - July 1	493,692	129,665	58,385	587	510,243	1,192,572
End of Year - June 30	\$ 838,463	\$ 334,971	\$ 83,287	\$ -	\$ 541,657	\$ 1,798,378
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating income (loss)	\$ 184,211	\$ 432,340	\$ (38,059)	\$ 56,448	\$ 34,542	\$ 669,482
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	312,932	-	95,249	-	-	408,181
Changes in Assets and Liabilities:						
(Increase) decrease in accounts receivable	(70,598)	(26,505)	22,243	7,524	(3,583)	(70,919)
Increase (decrease) in accounts payable and accrued liabilities	(3,128)	(36,882)	14,523	-	-	(25,487)
Increase (decrease) in customer deposits	6,389	-	-	-	-	6,389
Increase (decrease) in accrued vacation pay and OPEB	27,147	-	26,000	-	-	53,147
Net cash provided (used) by operating activities	\$ 456,953	\$ 368,953	\$ 119,956	\$ 63,972	\$ 30,959	\$ 1,040,793

Non-Cash Transactions:

The County recorded \$12,127 and 70,766 of contributed capital assets from governmental activities for the Water and Sewer Fund and Emergency Medical Services Fund during the year ended June 30, 2011.

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

CHOWAN COUNTY, NORTH CAROLINA

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011**

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 17,038
Total assets	<u>\$ 17,038</u>
Liabilities:	
Accounts payable	\$ 15,805
Due to others	<u>1,233</u>
Total liabilities	<u>\$ 17,038</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, 2011

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 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.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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.

The County reports the following major governmental funds for the year ended June 30, 2011:

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, School Capital Reserve Fund and School Capital 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.

The County reports the following major enterprise funds:

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

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

Water Fund Storm Preparedness Capital Reserve Fund. This fund is used to account for revenue received from a storm preparedness fee on the monthly water utility bills. This is to cover the expense of installing generators at the water plant and well sites beginning in 2004. The cost of installing these generators was charged to the Water Capital Project Fund, and the fee will be collected and transferred to that fund annually until that deficit is paid back. The deficit has been paid back as of June 30, 2011 and the fund is closed as of June 30, 2011.

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.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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, 2011. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

For modified accrual basis of accounting purposes, ad valorem property taxes are not accrued as a revenue, because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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 2010 through February 2011 apply to the fiscal year ended June 30, 2011. 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. 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

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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 NC Housing Finance Agency Project Fund are the special revenue funds of the County.

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 fund is: College of the Albemarle 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 Medical Services Fund, Solid Waste Fund, Water Fund Storm Preparedness Capital Reserve Fund, and Water Development Capital Reserve Fund are the enterprise funds of the County. Each of the enterprise funds are major funds for fund financial statement reporting purposes.

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

Agency Funds. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds are used to account for assets the County holds on behalf of others. The agency funds maintained by the County account for money deposited with the County through Social Services, Edenton Historical Commission Cannon Fund, Drainage Districts, Town of Edenton Tax Collections, Albemarle Learning Center, and motor vehicle 3% interest payable to the State Fund.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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, School Capital Project Fund, Street Assessment Fund, and the enterprise funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the NC Housing Finance Agency Project Fund, special revenue funds, and the capital projects funds. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the functional level 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.

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.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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, 2010. 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.

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.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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.

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

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

L. Long-Term Obligations

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

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

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

M. Self-Insurance

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

N. Deferred/Unearned Revenues

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

O. Interfund Transactions

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

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

P. Use of Estimates

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

Q. Net Assets/Fund Balances

Net Assets

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

Fund Balances

In the governmental fund financial statements, 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, 2011

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

Restricted for Cultural and Recreational – portion of fund balance restricted by revenue source for use for parks, libraries, arts, and other related activities.

Restricted for Human Services - portion of fund balance restricted by revenue source for social services, mental, and public health.

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, 2011 is as follows:

Purpose	General Fund	Other Governmental Funds
Restricted, all other:		
Register of Deeds	\$ 23,751	\$ -
Economic and physical development	1,740	-
Human services	3,201	-
Debt service	147,810	-
Cultural and recreation	13,015	-
Public safety	145,920	518,711
Total	\$ 335,437	\$ 518,711

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.

Committed for Education – portion of fund balance committed by the Board to be used to support public education.

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

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Purpose	General Fund	Other Governmental Funds
Committed, all other		
Revaluation	\$ 120,757	\$ -
Debt Service	225,487	-
Education	-	48,970
Total	\$ 346,244	\$ 48,970

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.

Assigned for Economic and Physical Development - portion of fund balance budgeted by the Board for economic development incentives and projects.

Assigned for General Government - portion of fund balance that has been budgeted by the Board for general government activities, such as administration, finance, tax, etc.

Assigned for Cultural and Recreational – portion of fund balance budgeted by the Board for use for parks, libraries, arts, and other related activities.

Assigned for Environmental Protection – portion of fund balance budgeted by the Board for use for environmental incentives and projects.

Assigned fund balance at June 30, 2011 is as follows:

Purpose	General Fund
General government	\$ 3,683
Economic and physical development	17,958
Environmental protection	2,550
Cultural and recreation	34,296
Total assigned fund balance	\$ 58,487

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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.

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	\$	3,514,928
Less:		
Prepays		25,500
Stabilization by State statute		<u>637,487</u>
Total available fund balance	\$	<u><u>2,851,941</u></u>

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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)	\$ 3,164,773
Tax Revaluation Fund	
Investment earnings	83
Transfer in - General Fund	25,000
Fund balance - beginning	95,674
Local option sales tax	587,070
Other taxes and licenses	181,429
Restricted intergovernmental	103,573
Investment earnings	791
Transfer out - School Capital Fund	(906,870)
Fund balance - beginning	259,494
Expenditures - debt service	(906,870)
Transfer in - Capital Reserve Fund	906,870
Other taxes and licenses	200
Fund balance - beginning	3,711
Fund balance - ending (Exhibit D)	<u>\$ 3,514,928</u>

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

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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, 2011, the County's deposits had a carrying amount of \$3,388,565 and a bank balance of \$3,923,766. Of the bank balance, \$1,914,475 was covered by federal depository insurance. At June 30, 2011, Chowan County had \$450 cash on hand.

At June 30, 2011, the Chowan County Tourism Development Authority's deposits had a carrying amount of \$50,113 and a bank balance of \$50,113. Of the bank balance, \$50,113 was covered by federal depository insurance.

Investments

At June 30, 2011, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>
US government agencies	\$ 145,152	\$ 145,152
NC Capital Management Trust - Cash Portfolio	1,948,719	1,948,719
NC Capital Management Trust - Term Portfolio	159,738	159,738
Total investments	<u>\$ 2,253,609</u>	<u>\$ 2,253,609</u>

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, 2011. 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.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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.

Year Levied	Tax	Interest	Total
2008	\$ 460,732	\$ 109,424	\$ 570,156
2009	486,381	71,741	570,156
2010	486,086	27,950	558,122
2011	477,153	-	477,153
Total	<u>\$ 1,910,352</u>	<u>\$ 209,115</u>	<u>\$ 2,175,587</u>

4. Accounts Receivables - Disaggregate Information

Type of Receivable	Amount (Net of Allowance)		
	Governmental Activities	Business-Type Activities	Total
Accounts Receivable:			
Water Fund fees, net	\$ -	\$ 200,734	\$ 200,734
Solid Waste Fund	-	114,633	114,633
Water Development Capital Fund	-	4,512	4,512
Emergency Medical Services Fund fees, net	-	195,034	195,034
Other construction related receivables	146	-	146
	<u>\$ 146</u>	<u>\$ 514,913</u>	<u>\$ 515,059</u>
Due from Other Governments:			
Sales tax	<u>\$ 642,712</u>	<u>\$ -</u>	<u>\$ 642,712</u>

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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	\$ 370,000
Fire district taxes	19,000
Total	\$ 389,000
 Enterprise Fund:	
Water Fund	\$ 82,496
Solid Waste Fund	42,241
Water Capital Reserve Fund	512
Emergency Management Fund	767,490
Total	\$ 892,739

5. Capital Assets

Governmental Activities Capital Assets

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

	July 1, 2010	Additions	Retirements	Transfers	June 30, 2011
Non-Depreciable Assets:					
Land	\$ 3,329,162	\$ -	\$ -	\$ -	\$ 3,329,162
Depreciable Assets:					
Buildings	45,221,940	-	(20,000)	(217,000)	44,984,940
Equipment	6,918,435	57,333	(233,345)	(13,976)	6,728,447
Total depreciable assets	52,140,375	57,333	(253,345)	(230,976)	51,713,387
Less Accumulated Depreciation:					
Buildings	9,553,546	1,109,021	(20,000)	(146,875)	10,495,692
Equipment	4,852,850	621,390	(230,570)	(2,058)	5,241,612
Total accumulated depreciation	14,406,396	\$ 1,730,411	\$ (250,570)	\$ (148,933)	15,737,304
Total depreciable capital assets, net	37,733,979				35,976,083
Governmental activities capital assets, net	\$ 41,063,141				\$ 39,305,245

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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

Governmental Activities:	<u>Amount</u>
General government	\$ 1,408,091
Public safety	259,175
Environmental protection	4,514
Economic and physical development	1,454
Human services	15,195
Cultural and recreational	<u>41,982</u>
Total	<u>\$ 1,730,411</u>

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Proprietary Capital Assets

The capital assets of the Proprietary Fund at June 30, 2011, are as follows:

	<u>July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2011</u>
Water Fund:					
Non-Depreciable Assets					
Land	\$ 140,847	\$ -	\$ -	\$ -	\$ 140,847
Depreciable Assets:					
Plant and systems	10,151,790	121,100	-	-	10,272,890
Building and improvements	1,513,062	-	-	-	1,513,062
Equipment	370,434	11,450	(24,840)	24,498	381,542
Total	<u>12,035,286</u>	<u>132,550</u>	<u>(24,840)</u>	<u>24,498</u>	<u>12,167,494</u>
Less Accumulated Depreciation:					
Plant and distribution systems	4,953,747	263,829	-	-	5,217,576
Buildings and improvements	835,194	35,764	-	-	870,958
Equipment	359,003	13,339	(24,840)	12,371	359,873
Total accumulated depreciation	<u>6,147,944</u>	<u>\$ 312,932</u>	<u>\$ (24,840)</u>	<u>\$ 12,371</u>	<u>6,448,407</u>
Depreciable capital assets, net	<u>5,887,342</u>				<u>5,719,087</u>
Water Fund capital assets, net	<u>6,028,189</u>				<u>5,859,934</u>
Emergency Management Fund:					
Depreciable Assets:					
Building	-	-	-	217,000	217,000
Equipment	930,730	\$ 178,747	\$ (26,050)	8,358	1,091,785
Total	<u>930,730</u>	<u>178,747</u>	<u>(26,050)</u>	<u>225,358</u>	<u>1,308,785</u>
Less Accumulated Depreciation:					
Building	-	4,675	-	146,875	151,550
Equipment	711,547	90,574	(26,050)	7,717	783,788
Total accumulated depreciation	<u>711,547</u>	<u>\$ 95,249</u>	<u>\$ (26,050)</u>	<u>\$ 154,592</u>	<u>935,338</u>
Depreciable capital assets, net	<u>219,183</u>				<u>373,447</u>
Emergency Management Fund capital assets, net	<u>219,183</u>				<u>373,447</u>
Business-type activities capital assets, net	<u>\$ 6,247,372</u>				<u>\$ 6,233,381</u>

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Invested in Capital Assets, Net of Debt

The total invested in capital assets, net of related debt, at June 30, 2011 is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital assets	\$ 39,305,245	\$ 6,233,381
Long-term debt	(22,712,560)	(61,266)
Long-term debt for hospital not owned by the County	117,443	-
Invested in capital assets, net of related debt	\$ 16,710,128	\$ 6,172,115

Accounts Payable - Disaggregate Information

	Vendors
Governmental Activities:	
General	\$ 119,194
Other governmental	4,805
Total governmental activities	\$ 123,999
Business-Type Activities:	
Water Fund	\$ 7,120
Solid Waste Fund	71,878
Emergency Medical Services Fund	32,920
Total business-type activities	\$ 111,918

6. 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	\$ 44,807	\$ -	\$ 44,807
Taxes receivable (net)	483,013	24,392	507,405
Special assessments receivable (net)	2,242	-	2,242
Total	\$ 530,062	\$ 24,392	\$ 554,454

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Prepaid taxes	\$ 44,807	\$ -	\$ 44,807
Total	<u>\$ 44,807</u>	<u>\$ -</u>	<u>\$ 44,807</u>

7. 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.

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 6.35% and 6.27%, respectively, of annual covered payroll. The County's contributions, including the members' contributions to LGERS for the years ended June 30, 2011, 2010, and 2009, were \$559,558, \$509,731, and \$571,920, respectively. The contributions made by the County equaled the required contributions for each year.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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, 2011.

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.

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.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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, 2011, were \$46,321, which consisted of \$35,999 from the County and \$10,322 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.

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, 2011, were \$1,464. The contributions made by the County equaled the required contributions for 2011.

D. Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Trust Plan for Members of the Local Governmental Employees' Retirement System (Death Trust Plan), a multiple-employer, State-administered cost-sharing Plan funded on a one-year term cost basis. Employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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, 2011, the County made contributions to the State for death benefits of \$5,205. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .11% 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 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, 2011, the County paid healthcare related claims of \$209,458 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.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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><u>124</u></u>	<u><u>14</u></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 163.7% of annual covered payroll. For the current year, the County contributed \$209,458, or 5%, of annual covered payroll. The County is self-insured for healthcare coverage and purchases catastrophic loss coverage through private insurers.

There were no contributions made by employees, except for dependent coverage in the amount of \$2,400. The County's obligation to contribute to the Plan is established and may be amended by the County Board.

Summary of Significant Accounting Policies

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

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.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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		44,088
Adjustments to annual required contribution		(42,117)
Annual OPEB cost (expense)		580,666
Contributions made		(209,458)
Increase (decrease) in net OPEB obligation		371,208
Net OPEB Obligation:		
Beginning of year - July 1		1,102,190
End of year - June 30	\$	1,473,398

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 were as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 580,666	36.1%	\$ 1,473,398
2010	551,095	0.0%	1,102,190
2009	551,095	0.0%	551,095

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.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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.

8. Long-Term Obligations

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

A. Changes in Long-Term Debt

The following is a summary of changes in the County's governmental activities long-term obligations for the year ended June 30, 2011:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Current</u> <u>Portion of</u> <u>Balance</u>
Governmental Activities:					
Hospital revenue bonds and note	\$ 481,143	\$ -	\$ (363,700)	\$ 117,443	\$ 117,443
Qualified Zone Academy Bonds, net of related Sinking Fund					
\$533,321 as of June 30, 2011	1,570,252	-	(103,573)	1,466,679	103,573
Notes payable	22,017,113	-	(888,675)	21,128,438	1,071,954
Unfunded OPEB	908,962	514,959	(186,418)	1,237,503	-
Compensated absences	<u>394,320</u>	<u>26,080</u>	<u>(34,040)</u>	<u>386,360</u>	<u>38,636</u>
Total governmental activities	<u>\$ 25,371,790</u>	<u>\$ 541,039</u>	<u>\$ (1,576,406)</u>	<u>\$ 24,336,423</u>	<u>\$ 1,331,606</u>

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

The General Fund is typically used to liquidate the compensated absences and pension liabilities. Hospital related debt (\$117,443) represents debt not considered in the calculation of invested in capital assets, net of debt, as these issues are not associated with capital assets owned by the County.

At June 30, 2011, Chowan County had no bonds authorized, but unissued, and a legal debt-margin of \$96,542,000.

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

The County entered an agreement to lease the Chowan Hospital facilities to Pitt County Memorial Hospital, Inc. (Pitt), a not-for-profit corporation. The lease agreement requires Pitt to pay the bond payments and note payments in lieu of annual lease payments. The building and related debt is in the County's name and transfer of title will take place upon the retirement of the outstanding debt. The County reported a lease receivable of \$120,265 on the Statement of Net Assets as of June 30, 2011. The lease receivable is equal to the principal and interest payments due on the outstanding debt related to the leased property.

The outstanding debt related to the Hospital on June 30, 2011 was as follows:

\$1,500,000 note payable to BB&T, collateralized by Hospital machinery, chattels, and other tangible personal property. Payable in 180 monthly installments of \$12,027, which includes interest at 5.21%	\$ 117,443
Total	<u>\$ 117,443</u>

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

Year Ending June 30	Principal	Interest
2012	\$ 117,443	\$ 2,822
Total	<u>\$ 117,443</u>	<u>\$ 2,822</u>

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

C. 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, 2011, the sinking fund's balance was \$533,321, consisting of contributions of \$511,834 and accumulated investment earnings of \$21,487. In the event the sinking fund is insufficient to retire the bonds in 2025, the County is obligated to fund the deficiency in 2025.

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
2012	\$ 103,573	\$ -
2013	103,573	-
2014	103,573	-
2015	103,573	-
2016	103,573	-
2017-2021	517,865	-
2022-2025	430,949	-
Total	<u>\$ 1,466,679</u>	<u>\$ -</u>

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

D. 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	\$ 5,145,698
4.09% note, payable in annual installments of \$186,656, plus interest; secured by Adult Day Health Center and Chowan Community Center	1,866,562
4.125% note, payable in annual installments of \$27,900, including interest; secured by landfill equipment	349,625
4.25% note, payable in annual installments of \$532,200, including interest; secured by public safety building; principal payments begin in 2012	9,856,600
4.25% note, payable in annual installments of \$111,881, including interest; secured by public safety building; principal payments begin in 2012	1,100,000
4.5% note, payable in annual installments of \$99,738, including interest; secured by Shepard-Pruden Library; principal payments begin in 2012	1,800,000
4.38% note, payable in annual installments of \$89,717, plus interest; secured by Shepard-Pruden Library	986,891
2.58% note, payable in monthly installments of \$4,570, including interest; interest; secured by vehicles	<u>23,062</u>
Total installment purchase contracts	<u>\$ 21,128,438</u>

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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			
2012	\$ 1,071,954	\$ 896,746	\$ 1,968,700
2013	1,066,188	852,920	1,919,108
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
2017-2021	5,054,300	2,877,776	7,932,076
2022-2026	1,563,133	2,141,360	3,704,493
2027-2031	1,378,498	1,841,010	3,219,508
2032-2036	1,605,261	1,530,564	3,135,825
2037-2041	1,980,301	1,155,524	3,135,825
2042-2046	2,443,008	692,817	3,135,825
2047-2048	1,723,507	149,582	1,873,089
Total	<u>\$ 21,128,438</u>	<u>\$ 14,457,148</u>	<u>\$ 35,585,586</u>

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

E. 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, 2011:

	<u>Balance July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2011</u>	<u>Current Portion of Balance</u>
Business-Type Activities:					
Water Fund:					
Unfunded pension obligation - OPEB	\$ 44,014	\$ 39,274	\$ (12,567)	\$ 70,721	\$ -
Compensated absences	<u>22,280</u>	<u>1,880</u>	<u>(1,440)</u>	<u>22,720</u>	<u>5,680</u>
Total Water Fund	<u>66,294</u>	<u>41,154</u>	<u>(14,007)</u>	<u>93,441</u>	<u>5,680</u>
Emergency Management Fund:					
Notes payable	95,652	-	(34,386)	61,266	33,357
Unfunded pension obligation - OPEB	149,214	26,433	(10,473)	165,174	-
Compensated absences	<u>40,260</u>	<u>19,080</u>	<u>(9,040)</u>	<u>50,300</u>	<u>12,575</u>
Total Emergency Management	<u>285,126</u>	<u>45,513</u>	<u>(53,899)</u>	<u>276,740</u>	<u>45,932</u>
Total business-type activities	<u>\$ 351,420</u>	<u>\$ 86,667</u>	<u>\$ (67,906)</u>	<u>\$ 370,181</u>	<u>\$ 51,612</u>

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>\$ 61,266</u>
Total installment purchase contracts	<u>\$ 61,266</u>

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

<u>Year Ending June 30</u>	<u>Emergency Management</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 33,357	\$ 1,290
2013	<u>27,909</u>	<u>363</u>
Total	<u>\$ 61,266</u>	<u>\$ 1,653</u>

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

9. 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, 2011, related to closure and post-closure care cost.

10. 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.

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.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

11. 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, 2011. The participating governments provide the library facilities. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$142,076 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.

12. 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, 2011. 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 \$765,444 for solid waste disposal during the current year.

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, 2011, total facilities cost totaled \$348,419.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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 \$9,547 to the Commission during the fiscal year ended June 30, 2011.

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.

13. 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	\$ 15,782,448	\$ 6,639,830
Temporary assistance to needy families	178,593	-
Low income energy assistance block grant	151,552	-
State Foster Care	-	4,870
Women, infants, and children	336,040	-
IV-E Adoption Subsidy	21,361	4,812
IV-E Foster Care	38,728	12,343
F/C at risk maximization	-	1,942
F/C special provision	-	6,318
CWS, adoption subsidy	-	10,723
SC/SA domiciliary care	-	177,028
Total	<u>\$ 16,508,722</u>	<u>\$ 6,857,866</u>

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

14. 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.

15. Claims and Judgments

At June 30, 2011, 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, 2011

16. Interfund Balances and Activity

A. Transfers to/from Other Funds:

Transfers in (out) for the year ended June 30, 2011, are summarized below:

<u>Fund</u>	<u>To</u>	<u>From</u>	<u>Purpose</u>
Water Capital Project - generator	\$ 64,577		
Water Storm Preparedness Capital Reserve		\$ 64,577	Transfer of assessed fees
College of the Albemarle General Fund	100,000	100,000	To establish capital project
General Fund Solid Waste Enterprise Fund	163,900	163,900	Annual contribution
Emergency Medical Services Fund General Fund	120,000	120,000	Capital outlay
School Capital Special Revenue Fund School Capital Reserve Special Revenue Fund	906,870	906,870	Annual debt service requirements and capital needs
Revaluation Special Revenue Fund General Fund	25,000	25,000	Annual contribution
General Fund Fire Districts Special Revenue Fund	9,500	9,500	Local contribution
General Fund Water Fund	45,000	45,000	Annual contribution

B. Interfund Balances

The composition of internal balances as of June 30, 2011, is as follows:

<u>Payable Fund</u>	<u>Receivable Fund</u>
	<u>Emergency Telephone System</u>
General	\$ <u><u>238,779</u></u>

The amounts due to the Emergency Telephone System Fund from the General Fund represent short-term cash advances.

CHOWAN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

17. Component Unit Transactions

In fiscal year 2011, the County received \$20,000 in profit distributions from its component unit, Chowan County ABC Board.

18. Prior Period Adjustment

Beginning net assets in the government-wide financial statements were restated to correct errors from prior years as follows:

Governmental Funds:	
Governmental activities	<u>\$ 1,831,441</u>

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

Governmental Funds:	
General Fund	<u>\$ (238,779)</u>
Special Revenue Funds:	
Other Governmental Funds	\$ 31,441
Emergency Telephone System Fund	<u>238,779</u>
	<u>\$ 270,220</u>

The errors from the prior year were due to misstatements related to long-term debt, and a change in reporting for a discretely presented component unit in the governmental activities. Beginning net assets for governmental activities were restated by \$1,800,000 due to long-term debt. Also during the fiscal year the County determined that Chowan County Tourism Development Authority needed to be reported as a discrete component unit. Beginning net assets for governmental activities and other governmental funds were restated by \$31,441 due to a change in reporting. Total restatement to governmental activities and other governmental funds were \$1,831,441 and \$31,441 for the year ended June 30, 2011. Beginning fund balance in the General Fund and Emergency Management Fund were restated by \$238,779 to reflect expenditures paid out of the incorrect fund which have been expensed in the prior years from the Emergency Management Fund which should have been expensed in the General Fund.

19. Commitments and Contingencies

The North Carolina Department of Environment and Natural Resources (NCDENR) has discovered that the County is unable to consistently comply with final effluent limits for chloride flowing into Pollock Swamp. The County has taken action pursuant to a special order by consent between the County and NCDENR to prepare and implement plans to achieve compliance over a 5-year period. The obligation cannot be reasonably estimated so therefore no accrual has been reflected in the financial statements.

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CHOWAN COUNTY, NORTH CAROLINA

**OTHER POST-EMPLOYMENT BENEFITS - HEALTHCARE FOR RETIREES
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDING JUNE 30, 2011**

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 OPEB Cost	Percentage Contributed
6/30/2009	\$ 551,095	0.00%
6/30/2010	551,095	0.00%
6/30/2011	580,666	36.10%

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, 2011

	General Fund	Revaluation Fund	Street Assessment Fund	School Capital Reserve Fund	School Capital Fund	Eliminations	Total General Fund
Revenues:							
Ad valorem taxes	\$ 10,148,972	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,148,972
Local option sales taxes	1,621,273	-	-	587,070	-	-	2,208,343
Other taxes and licenses	76,247	-	200	181,429	-	-	257,876
Unrestricted intergovernmental revenues	70,902	-	-	-	-	-	70,902
Restricted intergovernmental revenues	2,515,343	-	-	103,573	-	-	2,618,916
Permits and fees	351,938	-	-	-	-	-	351,938
Sales and services	1,003,725	-	-	-	-	-	1,003,725
Investment earnings	5,424	83	-	791	-	-	6,298
Miscellaneous	60,446	-	-	-	-	-	60,446
Total revenues	<u>15,854,270</u>	<u>83</u>	<u>200</u>	<u>872,863</u>	<u>-</u>	<u>-</u>	<u>16,727,416</u>
Expenditures:							
Current:							
General government	2,827,288	-	-	-	-	-	2,827,288
Public safety	2,717,966	-	-	-	-	-	2,717,966
Environmental protection	118,908	-	-	-	-	-	118,908
Economic and physical development	188,479	-	-	-	-	-	188,479
Human services	3,378,562	-	-	-	-	-	3,378,562
Cultural and recreational	794,198	-	-	-	-	-	794,198
Education	4,058,401	-	-	-	-	-	4,058,401
Debt service	982,793	-	-	-	906,870	-	1,889,663
Total expenditures	<u>15,066,595</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>906,870</u>	<u>-</u>	<u>15,973,465</u>
Revenues over (under) expenditures	<u>787,675</u>	<u>83</u>	<u>200</u>	<u>872,863</u>	<u>(906,870)</u>	<u>-</u>	<u>753,951</u>
Other Financing Sources (Uses):							
Transfers in	218,400	25,000	-	-	906,870	(931,870)	218,400
Transfers out	(245,000)	-	-	(906,870)	-	931,870	(220,000)
Total other financing sources (uses)	<u>(26,600)</u>	<u>25,000</u>	<u>-</u>	<u>(906,870)</u>	<u>906,870</u>	<u>-</u>	<u>(1,600)</u>
Net change in fund balances	761,075	25,083	200	(34,007)	-	-	752,351
Fund Balances:							
Beginning of year - July 1	2,642,477	95,674	3,711	259,494	-	-	3,001,356
Prior period adjustment (Note 18)	(238,779)	-	-	-	-	-	(238,779)
Beginning of year as restated - July 1	<u>2,403,698</u>	<u>95,674</u>	<u>3,711</u>	<u>259,494</u>	<u>-</u>	<u>-</u>	<u>2,762,577</u>
End of year - June 30	<u>\$ 3,164,773</u>	<u>\$ 120,757</u>	<u>\$ 3,911</u>	<u>\$ 225,487</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,514,928</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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011			2010
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 10,228,531	\$ 10,066,461	\$ (162,070)	\$ 9,770,046
Penalties and interest	76,327	82,511	6,184	90,914
Total	10,304,858	10,148,972	(155,886)	9,860,960
Local Option Sales Taxes:				
Article 39 and 44	870,000	892,173	22,173	971,992
Article 40 one-half of one percent	527,000	551,653	24,653	523,826
Article 42 one-half of one percent	108,000	108,574	574	180,110
Medicaid Hold-Harmless payment	-	68,873	68,873	-
Total	1,505,000	1,621,273	116,273	1,675,928
Other Taxes and Licenses:				
Deed stamp excise tax	60,000	58,140	(1,860)	65,480
Real estate transfer tax	-	-	-	241,701
Cable TV	18,000	18,107	107	18,882
Total	78,000	76,247	(1,753)	326,063
Unrestricted Intergovernmental Revenues:				
Payments in lieu of taxes	1,000	2,295	1,295	1,030
Beer and wine tax	40,000	42,540	2,540	13,612
ABC profit distribution	25,000	25,232	232	40,745
Tax refunds	1,000	835	(165)	1,466
Total	67,000	70,902	3,902	56,853
Restricted Intergovernmental Revenues:				
State grants	2,728,609	2,484,199	(244,410)	2,966,715
Local grants	35,371	31,144	(4,227)	34,365
Total	2,763,980	2,515,343	(248,637)	3,001,080
Permits and Fees:				
Building permits and inspection fees	79,400	80,409	1,009	117,972
Register of Deeds	95,655	97,573	1,918	92,451
Sheriff and court fees	177,230	173,956	(3,274)	179,257
Total	352,285	351,938	(347)	389,680

CHOWAN COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	2011		Variance Over/Under	2010
	Budget	Actual		Actual
Sales and Services:				
Rents, concessions and fees	325,113	334,365	9,252	342,333
Jail fees	160,000	178,995	18,995	213,076
Recreation fees	65,800	63,438	(2,362)	102,794
Fees from local governments	374,547	369,593	(4,954)	386,241
Sale of capital assets	54,962	57,334	2,372	314,523
Total	980,422	1,003,725	23,303	1,358,967
Investment Earnings	4,700	5,424	724	15,996
Miscellaneous	64,603	60,446	(4,157)	129,771
Total revenues	16,120,848	15,854,270	(266,578)	16,815,298
Expenditures:				
General Government:				
Governing Body:				
Salaries and employee benefits	40,473	40,401		36,042
Operating expenditures	73,340	71,198		5,056
Total	113,813	111,599	2,214	41,098
Administration:				
Salaries and employee benefits	353,096	351,823		384,988
Operating expenditures	13,511	12,195		103,432
Total	366,607	364,018	2,589	488,420
Tax Collection:				
Salaries and employee benefits	160,181	159,972		144,142
Operating expenditures	102,697	88,828		69,558
Total	262,878	248,800	14,078	213,700
Legal:				
Operating expenditures	36,601	36,601		18,829
Total	36,601	36,601	-	18,829

CHOWAN COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	<u>2011</u>		<u>Variance Over/Under</u>	<u>2010</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Court Facilities:				
Salaries and employee benefits	-	-		496
Operating expenditures	23,969	20,649		20,481
Total	23,969	20,649	3,320	20,977
Elections:				
Salaries and employee benefits	63,365	62,108		59,067
Operating expenditures	21,759	20,017		19,385
Total	85,124	82,125	2,999	78,452
Register of Deeds:				
Salaries and employee benefits	130,695	130,692		123,294
Operating expenditures	70,996	69,314		51,670
Capital outlay	16,686	15,557		6,225
Total	218,377	215,563	2,814	181,189
Land Records:				
Salaries and employee benefits	48,225	48,188		44,251
Operating expenditures	4,545	4,372		15,811
Total	52,770	52,560	210	60,062
Data Processing:				
Salaries and employee benefits	68,274	68,251		62,803
Operating expenditures	138,797	130,694		166,136
Capital outlay	-	-		32,421
Total	207,071	198,945	8,126	261,360
Central Maintenance:				
Salaries and employee benefits	318,529	303,700		302,549
Operating expenditures	43,695	32,325		13,167
Total	362,224	336,025	26,199	315,716
Public Buildings:				
Operating expenditures	525,360	469,178		370,903
Capital outlay	-	-		3,200
Total	525,360	469,178	56,182	374,103

CHOWAN COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	<u>2011</u>		<u>Variance Over/Under</u>	<u>2010</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Inspection:				
Salaries and employee benefits	172,860	172,477		172,937
Operating expenditures	15,771	12,728		10,555
Total	<u>188,631</u>	<u>185,205</u>	3,426	<u>183,492</u>
Other General Government:				
Central services	493,550	489,716		382,675
Special appropriations	16,389	16,304		16,194
Total	<u>509,939</u>	<u>506,020</u>	3,919	<u>398,869</u>
Total general government	<u>2,953,364</u>	<u>2,827,288</u>	126,076	<u>2,636,267</u>
Public Safety:				
Central communications:				
Salaries and employee benefits	406,435	398,783		402,661
Operating expenditures	54,075	37,012		49,043
Capital outlay	<u>5,000</u>	-		<u>187,888</u>
Total	<u>465,510</u>	<u>435,795</u>	29,715	<u>639,592</u>
Sheriff:				
Salaries and employee benefits	981,004	957,795		955,585
Operating expenditures	242,247	215,762		194,791
Capital outlay	<u>41,776</u>	<u>41,776</u>		<u>15,861</u>
Total	<u>1,265,027</u>	<u>1,215,333</u>	49,694	<u>1,166,237</u>
School Resource Officer:				
Salaries and employee benefits	<u>161,472</u>	<u>159,308</u>		<u>148,561</u>
Total	<u>161,472</u>	<u>159,308</u>	2,164	<u>148,561</u>
Jail:				
Salaries and employee benefits	452,767	438,717		411,575
Operating expenditures	310,700	257,175		263,315
Capital outlay	-	-		10,804
Total	<u>763,467</u>	<u>695,892</u>	67,575	<u>685,694</u>
Emergency Management:				
Salaries and employee benefits	12,959	12,472		10,114
Operating expenditures	<u>9,935</u>	<u>8,864</u>		<u>4,282</u>
Total	<u>22,894</u>	<u>21,336</u>	1,558	<u>14,396</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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	<u>2011</u>		<u>Variance Over/Under</u>	<u>2010</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Public Safety Office:				
Salaries and employee benefits	-	-		8,879
Operating expenditures	<u>450</u>	<u>450</u>		<u>22,280</u>
Total	<u>450</u>	<u>450</u>	-	<u>31,159</u>
Medical Examiner:				
Operating expenditures	<u>9,600</u>	<u>9,600</u>		<u>4,800</u>
Total	<u>9,600</u>	<u>9,600</u>	-	<u>4,800</u>
Animal Control:				
Salaries and employee benefits	97,255	94,882		105,796
Operating expenditures	71,156	60,141		71,495
Capital outlay	-	-		1,187
Total	<u>168,411</u>	<u>155,023</u>	13,388	<u>178,478</u>
Juvenile Justice:				
Salaries and employee benefits	12,014	11,998		12,098
Operating expenditures	<u>13,305</u>	<u>13,231</u>		<u>11,219</u>
Total	<u>25,319</u>	<u>25,229</u>	90	<u>23,317</u>
Total public safety	<u>2,882,150</u>	<u>2,717,966</u>	164,184	<u>2,892,234</u>
Environmental Protection:				
Solid Waste:				
Operating expenditures	<u>2,500</u>	<u>2,135</u>	365	<u>1,816</u>
Soil Conservation:				
Salaries and employee benefits	79,445	79,443		75,310
Operating expenditures	<u>64,578</u>	<u>37,330</u>		<u>31,852</u>
Total	<u>144,023</u>	<u>116,773</u>	27,250	<u>107,162</u>
Total environmental protection	<u>146,523</u>	<u>118,908</u>	27,615	<u>108,978</u>
Economic and Physical Development:				
Economic Development:				
Operating expenditures	<u>26,019</u>	<u>26,019</u>		<u>3,833</u>
Total	<u>26,019</u>	<u>26,019</u>	-	<u>3,833</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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	<u>2011</u>		<u>Variance Over/Under</u>	<u>2010</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Economic Development Projects:				
CDBG scattered site housing	10,923	10,923		112,305
CWMTF Storm water planning	<u>2,500</u>	<u>2,500</u>		<u>27,500</u>
Total	<u>13,423</u>	<u>13,423</u>	<u>-</u>	<u>139,805</u>
Agricultural Extension:				
Salaries and employee benefits	113,570	112,820		138,860
Operating expenditures	43,176	36,217		33,833
Capital outlay	<u>-</u>	<u>-</u>		<u>1,499</u>
Total	<u>156,746</u>	<u>149,037</u>	<u>7,709</u>	<u>174,192</u>
Total economic and physical development	<u>196,188</u>	<u>188,479</u>	<u>7,709</u>	<u>317,830</u>
Human Services:				
Public health - operating expenditures	<u>79,599</u>	<u>79,599</u>	<u>-</u>	<u>63,099</u>
Mental health - operating expenditures	<u>54,587</u>	<u>53,767</u>	<u>820</u>	<u>82,848</u>
Social Services:				
Administration:				
Salaries and employee benefits	294,736	289,369		225,419
Operating expenditures	117,163	105,634		92,629
Capital outlay	<u>-</u>	<u>-</u>		<u>22,928</u>
Total	<u>411,899</u>	<u>395,003</u>	<u>16,896</u>	<u>340,976</u>
Title XX Program:				
Salaries and employee benefits	348,199	343,801		321,533
Operating expenditures	<u>124,198</u>	<u>104,456</u>		<u>95,824</u>
Total	<u>472,397</u>	<u>448,257</u>	<u>24,140</u>	<u>417,357</u>
Other Social Services Programs:				
Operating expenditures	<u>183,889</u>	<u>182,907</u>	<u>982</u>	<u>199,192</u>
Day Care:				
Operating expenditures	<u>727,889</u>	<u>660,249</u>	<u>67,640</u>	<u>771,969</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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	<u>2011</u>			<u>2010</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Income Maintenance Programs:				
Salaries and employee benefits	750,687	727,687		665,641
Operating expenditures	<u>165,331</u>	<u>141,420</u>		<u>173,857</u>
Total	<u>916,018</u>	<u>869,107</u>	46,911	<u>839,498</u>
Medicaid Program:				
County participation	<u>213,389</u>	<u>184,499</u>	28,890	<u>180,472</u>
Child Support:				
Operating expenditures	<u>240,300</u>	<u>240,300</u>	-	<u>235,605</u>
Foster Care:				
Operating expenditures	<u>254,604</u>	<u>146,632</u>	107,972	<u>90,784</u>
Crisis Intervention:				
Operating expenditures	<u>109,606</u>	<u>108,095</u>	1,511	<u>93,543</u>
Total social services	<u>3,529,991</u>	<u>3,235,049</u>	294,942	<u>3,169,396</u>
Veterans Services:				
Salaries and employee benefits	10,120	9,236		6,729
Operating expenditures	<u>930</u>	<u>911</u>		<u>625</u>
Total	<u>11,050</u>	<u>10,147</u>	903	<u>7,354</u>
Total human services	<u>3,675,227</u>	<u>3,378,562</u>	296,665	<u>3,322,697</u>
Cultural and Recreational:				
Libraries:				
Operating expenditures	<u>157,536</u>	<u>157,043</u>		<u>144,222</u>
Operating expenditures	<u>157,536</u>	<u>157,043</u>	493	<u>144,222</u>
Recreation:				
Salaries and employee benefits	306,794	306,135		349,190
Operating expenditures	142,588	130,104		70,436
Total	<u>449,382</u>	<u>436,239</u>	13,143	<u>419,626</u>
Senior Center:				
Salaries and employee benefits	100,187	100,184		92,137
Operating expenditures	113,169	100,732		96,492
Total	<u>213,356</u>	<u>200,916</u>	12,440	<u>188,629</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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	<u>2011</u>			<u>2010</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Total cultural and recreation	<u>820,274</u>	<u>794,198</u>	<u>26,076</u>	<u>752,477</u>
Education:				
Public Schools:				
Non-Supplanting repayment	-	274,164	-	-
Fine and Forfeitures	83,000	80,882	-	70,961
Indirect costs	-	19,274	-	-
Current expense	<u>3,612,324</u>	<u>3,335,660</u>	-	<u>3,115,660</u>
Total Public Schools	<u>3,695,324</u>	<u>3,709,980</u>	<u>(14,656)</u>	<u>3,186,621</u>
Community Colleges:				
Current expense	<u>372,045</u>	<u>348,421</u>	<u>23,624</u>	<u>355,015</u>
Total education	<u>4,067,369</u>	<u>4,058,401</u>	<u>8,968</u>	<u>3,541,636</u>
Debt Service:				
Principal retirement	305,052	303,988	-	348,921
Interest and fees	<u>677,789</u>	<u>678,805</u>	-	<u>685,524</u>
Total debt service	<u>982,841</u>	<u>982,793</u>	<u>48</u>	<u>1,034,445</u>
Total expenditures	<u>15,723,936</u>	<u>15,066,595</u>	<u>657,341</u>	<u>14,606,564</u>
Revenues over (under) expenditures	<u>396,912</u>	<u>787,675</u>	<u>390,763</u>	<u>2,208,734</u>
Other Financing Sources (Uses):				
Transfer from other funds	218,400	218,400	-	281,545
Transfers to other funds	(600,799)	(245,000)	355,799	(498,648)
Contingency	(111,300)	-	111,300	-
Appropriated fund balance	<u>96,787</u>	<u>-</u>	<u>(96,787)</u>	<u>-</u>
Total other financing sources (uses)	<u>(396,912)</u>	<u>(26,600)</u>	<u>370,312</u>	<u>(217,103)</u>
Net change in fund balance	<u>\$ -</u>	<u>761,075</u>	<u>\$ 761,075</u>	<u>1,991,631</u>
Fund Balance:				
Beginning of year, - July 1		2,642,477		650,846
Prior period adjustment		<u>(238,779)</u>		<u>-</u>
Beginning of year as restated, - July 1		<u>2,403,698</u>		<u>650,846</u>
End of year - June 30		<u>\$ 3,164,773</u>		<u>\$ 2,642,477</u>

CHOWAN COUNTY, NORTH CAROLINA

REVALUATION FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2011

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011			2010
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Investment earnings	\$ -	\$ 83	\$ 83	\$ 379
Expenditures:				
General government:				
Contracted services	25,000	-	25,000	-
Revenues over (under) expenditures	(25,000)	83	(25,083)	379
Other Financing Sources (Uses):				
Transfers in (out)	25,000	25,000	-	25,000
Net change in fund balance	\$ -	25,083	\$ 25,083	25,379
Fund Balance:				
Beginning of year - July 1		95,674		70,295
End of year - June 30		\$ 120,757		\$ 95,674

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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	2011			2010
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental	\$ 103,573	\$ 103,573	\$ -	\$ 103,573
Other taxes and licenses	203,300	181,429	(21,871)	-
Local option sales tax	600,000	587,070	(12,930)	609,485
Investment earnings	-	791	791	2,289
Total revenues	<u>906,873</u>	<u>872,863</u>	<u>(34,010)</u>	<u>715,347</u>
Other Financing Sources (Uses):				
Transfers in	-	-	-	329,093
Transfers out	<u>(906,873)</u>	<u>(906,870)</u>	<u>3</u>	<u>(1,013,874)</u>
Total other financing sources (uses)	<u>(906,873)</u>	<u>(906,870)</u>	<u>3</u>	<u>(684,781)</u>
Net change in fund balance	<u>\$ -</u>	<u>(34,007)</u>	<u>\$ (34,007)</u>	30,566
Fund Balance:				
Beginning of year - July 1		<u>259,494</u>		<u>228,928</u>
End of year - June 30		<u>\$ 225,487</u>		<u>\$ 259,494</u>

CHOWAN COUNTY, NORTH CAROLINA

SCHOOL CAPITAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND

CHANGE IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2011

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011			2010
	Budget	Actual	Variance Over/Under	Actual
Expenditures:				
Debt service:				
Principal	\$ 675,316	\$ 675,315	\$ 1	\$ 754,946
Interest	231,557	231,555	2	258,928
Total debt service	906,873	906,870	3	1,013,874
Total expenditures	906,873	906,870	3	1,013,874
Revenues over (under) expenditures	(906,873)	(906,870)	(3)	(1,013,874)
Other Financing Sources (Uses):				
Transfers in (out)	906,873	906,870	-	1,013,874
Net change in fund balance	\$ -	-	\$ -	-
Fund Balance:				
Beginning of year - July 1		-		-
End of year - June 30		\$ -		\$ -

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, 2011

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011			2010
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Other taxes and licenses	\$ -	\$ 200	\$ 200	\$ 29,846
Investment earnings	-	-	-	23
Total revenues	-	200	200	29,869
Revenues over (under) expenditures	-	200	200	29,869
Net change in fund balance	\$ -	200	\$ 200	29,869
Fund Balance:				
Beginning of year - July 1		3,711		(26,158)
End of year - June 30		\$ 3,911		\$ 3,711

CHOWAN COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET JUNE 30, 2011

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$ 523,517	\$ 48,970	\$ 572,487
Accounts receivable, net	146	-	146
Taxes receivable, net	24,391	-	24,391
Due from other governments	2,984	-	2,984
Due from other funds	238,779	-	238,779
Total assets	<u>\$ 789,817</u>	<u>\$ 48,970</u>	<u>\$ 838,787</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 4,805	\$ -	\$ 4,805
Deferred revenues	24,392	-	24,392
Total liabilities	<u>29,197</u>	<u>-</u>	<u>29,197</u>
Fund Balances:			
Restricted			
Stabilization for State statute	241,909	-	241,909
Restricted, all other	518,711		
Committed	-	48,970	48,970
Total fund balances	<u>760,620</u>	<u>48,970</u>	<u>809,590</u>
Total liabilities and fund balances	<u>\$ 789,817</u>	<u>\$ 48,970</u>	<u>\$ 838,787</u>

CHOWAN COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2011

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Fund	Total
Revenues:			
Ad valorem taxes	\$ 487,992	\$ -	\$ 487,992
Local option sales taxes	36,196	-	36,196
Other taxes and licenses	169,105	-	169,105
Restricted intergovernmental revenues	48,750	-	48,750
Miscellaneous revenues	306	-	306
Investment earnings	602	-	602
Total revenues	<u>742,951</u>	<u>-</u>	<u>742,951</u>
Expenditures:			
Current:			
Public safety	503,692	-	503,692
Economic development	48,750	-	48,750
Education	-	51,030	51,030
Debt service:			
Principal	12,944	-	12,944
Interest	14,956	-	14,956
Total expenditures	<u>580,342</u>	<u>51,030</u>	<u>631,372</u>
Revenues over (under) expenditures	<u>162,609</u>	<u>(51,030)</u>	<u>111,579</u>
Other Financing Sources (Uses):			
Transfers in	-	100,000	100,000
Transfers out	(9,500)	-	(9,500)
Total other financing sources (uses)	<u>(9,500)</u>	<u>100,000</u>	<u>90,500</u>
Net change in fund balances	153,109	48,970	202,079
Fund Balances:			
Beginning of year - July 1	368,732	-	368,732
Prior period adjustment (Note 18)	238,779	-	238,779
Beginning of year as restated - July 1	<u>607,511</u>	<u>-</u>	<u>607,511</u>
End of year - June 30	<u>\$ 760,620</u>	<u>\$ 48,970</u>	<u>\$ 809,590</u>

CHOWAN COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2011

	Fire District Fund	Emergency Telephone System Fund	NC Housing Finance Agency Project Fund	Total
Assets:				
Cash and cash equivalents	\$ 314,860	\$ 208,657	\$ -	\$ 523,517
Accounts receivable, net	-	146	-	146
Due from other governments	2,984	-	-	2,984
Taxes receivable, net	24,391	-	-	24,391
Due from other funds	-	238,779	-	238,779
Total assets	<u>\$ 342,235</u>	<u>\$ 447,582</u>	<u>\$ -</u>	<u>\$ 789,817</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 4,761	\$ 44	\$ -	\$ 4,805
Deferred revenues	24,392	-	-	24,392
Total liabilities	<u>29,153</u>	<u>44</u>	<u>-</u>	<u>29,197</u>
Fund Balances:				
Restricted				
Stabilization for State statute	2,984	238,925	-	241,909
Restricted, all other	310,098	208,613	-	518,711
Total fund balances	<u>313,082</u>	<u>447,538</u>	<u>-</u>	<u>760,620</u>
Total liabilities and fund balances	<u>\$ 342,235</u>	<u>\$ 447,582</u>	<u>\$ -</u>	<u>\$ 789,817</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, 2011**

	Fire Districts Fund	Emergency Telephone System Fund	NC Housing Finance Agency Project Fund	Total
Revenues:				
Ad valorem taxes	\$ 487,992	\$ -	\$ -	\$ 487,992
Local option sales taxes	36,196	-	-	36,196
Other taxes and licenses	-	169,105	-	169,105
Restricted intergovernmental	-	-	48,750	48,750
Miscellaneous revenues	306	-	-	306
Investment earnings	438	164	-	602
Total revenues	<u>524,932</u>	<u>169,269</u>	<u>48,750</u>	<u>742,951</u>
Expenditures:				
Current:				
Public safety	418,398	85,294	-	503,692
Economic development	-	-	48,750	48,750
Debt service:				
Principal	12,944	-	-	12,944
Interest	14,956	-	-	14,956
Total expenditures	<u>446,298</u>	<u>85,294</u>	<u>48,750</u>	<u>580,342</u>
Revenues over (under) expenditures	<u>78,634</u>	<u>83,975</u>	<u>-</u>	<u>162,609</u>
Other Financing Sources (Uses):				
Transfers out	(9,500)	-	-	(9,500)
Total other financing sources (uses)	<u>(9,500)</u>	<u>-</u>	<u>-</u>	<u>(9,500)</u>
Net change in fund balance	69,134	83,975	-	153,109
Fund Balances:				
Beginning of year - July 1	243,948	124,784	-	368,732
Prior period adjustment (Note 18)	-	238,779	-	238,779
Beginning of year as restated - July 1	<u>243,948</u>	<u>363,563</u>	<u>-</u>	<u>607,511</u>
End of year - June 30	<u>\$ 313,082</u>	<u>\$ 447,538</u>	<u>\$ -</u>	<u>\$ 760,620</u>

CHOWAN COUNTY, NORTH CAROLINA

FIRE DISTRICTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011			2010
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad valorem taxes	\$ 467,382	\$ 487,992	\$ 20,610	\$ 477,588
Local option sales tax	35,000	36,196	1,196	38,375
Miscellaneous revenue	-	306	306	166
Investment earnings	1,000	438	(562)	1,779
Total revenues	<u>503,382</u>	<u>524,932</u>	<u>21,550</u>	<u>517,908</u>
Expenditures:				
Public safety:				
Town of Edenton	258,569	258,569	-	266,079
Salaries and benefits	68,427	49,895	18,532	38,209
Telephone and postage	3,000	2,726	274	2,405
Utilities	13,200	12,068	1,132	11,221
Maintenance and repair	28,920	21,541	7,379	13,012
Capital outlay	15,000	12,000	3,000	36,000
Other operating expenses	53,866	61,599	(7,733)	36,018
Total public safety	<u>440,982</u>	<u>418,398</u>	<u>22,584</u>	<u>402,944</u>
Debt Service:				
Principal	52,900	12,944	39,956	27,900
Interest	-	14,956	(14,956)	-
Total debt service	<u>52,900</u>	<u>27,900</u>	<u>25,000</u>	<u>27,900</u>
Total expenditures	<u>493,882</u>	<u>446,298</u>	<u>47,584</u>	<u>430,844</u>
Revenues over (under) expenditures	<u>9,500</u>	<u>78,634</u>	<u>69,134</u>	<u>87,064</u>
Other Financing Sources (Uses):				
Transfers in (out)	<u>(9,500)</u>	<u>(9,500)</u>	<u>-</u>	<u>(18,880)</u>
Total other financing sources (uses)	<u>(9,500)</u>	<u>(9,500)</u>	<u>-</u>	<u>(18,880)</u>
Net change in fund balance	<u>\$ -</u>	<u>69,134</u>	<u>\$ 69,134</u>	<u>68,184</u>
Fund Balance:				
Beginning of year - July 1		<u>243,948</u>		<u>175,764</u>
End of year - June 30		<u>\$ 313,082</u>		<u>\$ 243,948</u>

CHOWAN COUNTY, NORTH CAROLINA

**EMERGENCY TELEPHONE SYSTEM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	2011			2010
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Other taxes and licenses:				
911 system subscriber fees	\$ 145,500	\$ 169,105	\$ 23,605	\$ 169,105
Investment earnings	-	164	164	470
Total revenues	145,500	169,269	23,769	169,575
Expenditures:				
Public safety:				
Operating expenditures	152,600	85,294	67,306	110,741
Total public safety	152,600	85,294	67,306	110,741
Total expenditures	152,600	85,294	67,306	110,741
Revenues over (under) expenditures	(7,100)	(83,975)	43,537	(58,834)
Other Financing Sources (Uses):				
Appropriated fund balance	7,100	-	(7,100)	-
Net change in fund balance	\$ -	83,975	\$ 83,975	58,834
Fund Balances:				
Beginning of year - July 1		124,784		-
Prior period adjustment (Note 18)		238,779		-
Beginning of year as restated - July 1		363,563		65,950
End of year - June 30		\$ 447,538		\$ 124,784

CHOWAN COUNTY, NORTH CAROLINA

**NC HOUSING FINANCE AGENCY PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011**

	<u>2011</u>			<u>2010</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Restricted intergovernmental revenues	\$ 58,228	\$ 48,750	\$ (9,478)	\$ 40,000
Expenditures:				
Economic development:				
Rehabilitation	58,228	48,750	9,478	40,000
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CHOWAN COUNTY, NORTH CAROLINA

COLLEGE OF ALBEMARLE RENOVATION PROJECT SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

	<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	\$ 100,246	\$ -	\$ 51,030	\$ 51,030
Revenues over (under) expenditures	(100,246)	-	(51,030)	(51,030)
Other Financing Sources (Uses):				
Contingency	(99,754)	-	-	-
Transfers in	200,000	-	100,000	100,000
Total other financing sources (uses)	100,246	-	100,000	100,000
Revenues over (under) expenditures	\$ -	\$ -	\$ 48,970	\$ 48,970

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, 2011

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011		Variance Over/Under	2010
	Budget	Actual		Actual
Revenues:				
Operating revenues:				
Water sales	\$ 1,295,246	\$ 1,232,930	\$ 62,316	\$ 1,106,698
Reconnection fees	50,000	51,600	(1,600)	62,216
Miscellaneous revenue	37,400	43,468	(6,068)	16,104
Sales tax and other refunds	-	1,680	(1,680)	660
Taps and connection fees	10,000	10,207	(207)	30,176
Total operating revenues	<u>1,392,646</u>	<u>1,339,885</u>	<u>(52,761)</u>	<u>1,215,854</u>
Non-operating revenues:				
Investment earnings	-	791	(791)	2,142
Total non-operating revenues	<u>-</u>	<u>791</u>	<u>(791)</u>	<u>2,142</u>
Total revenues	<u>1,392,646</u>	<u>1,340,676</u>	<u>(53,552)</u>	<u>1,217,996</u>
Expenditures:				
Operating expenditures:				
Salaries and employee benefits	316,806	285,811		240,204
Utilities	102,000	100,805		97,148
Repairs and maintenance	80,600	56,721		52,943
Supplies and materials	110,000	98,038		75,397
Administrative services	494,444	275,976		240,099
Meters and minor improvements	12,800	11,852		7,131
Total operating expenditures	<u>1,116,650</u>	<u>829,203</u>	<u>287,447</u>	<u>712,922</u>
Debt Service:				
Debt principal	-	-		12,940
Interest and fees	-	-		488
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,428</u>
Capital outlay	<u>130,000</u>	<u>118,942</u>	<u>11,058</u>	<u>22,810</u>
Total expenditures	<u>1,246,650</u>	<u>948,145</u>	<u>298,505</u>	<u>749,160</u>
Revenues over (under) expenditures	<u>145,996</u>	<u>392,531</u>	<u>244,953</u>	<u>468,836</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, 2011

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011			2010
	Budget	Actual	Variance Over/Under	Actual
Other Financing Sources (Uses):				
Intrafund transfers out	(129,000)	-	129,000	-
Transfers out	(45,000)	(45,000)	-	(101,000)
Appropriated Fund Balance	28,004	-	(28,004)	-
Total other financing sources (uses)	<u>(145,996)</u>	<u>(45,000)</u>	<u>100,996</u>	<u>(101,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>-</u>	347,531	\$ <u>347,531</u>	\$ <u>367,836</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:				
Reconciling items:				
Capital outlay		132,550		
Depreciation		(312,932)		
Contributed capital		12,127		
Intrafund transfers		64,577		
Change in accrued vacation		(440)		
Change in other post-employment benefits liability		<u>(26,707)</u>		
Total reconciling items		<u>(130,825)</u>		
Change in net assets		\$ <u>216,706</u>		

CHOWAN COUNTY, NORTH CAROLINA

SOLID WASTE FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP) FOR THE YEAR ENDED JUNE 30, 2011 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011			2010
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Tipping Fees	\$ 1,201,600	\$ 1,251,479	\$ (49,879)	\$ 1,212,112
Restricted Intergovernmental	50,700	48,986	1,714	55,163
Other taxes and licenses	-	7,897	(7,897)	9,969
Miscellaneous	-	92	(92)	51
Total operating revenues	<u>1,252,300</u>	<u>1,308,454</u>	<u>56,154</u>	<u>1,277,295</u>
Non-operating revenues:				
Investment earnings	-	253	(253)	324
Total non-operating revenues	-	253	(253)	324
Total revenues	<u>1,252,300</u>	<u>1,308,707</u>	<u>55,901</u>	<u>1,277,619</u>
Expenditures:				
Operating expenditures:				
Total expenditures	<u>1,091,400</u>	<u>876,114</u>	<u>215,286</u>	<u>930,104</u>
Revenues over (under) expenditures	<u>160,900</u>	<u>432,593</u>	<u>271,187</u>	<u>347,515</u>
Other Financing Sources (Uses):				
Contingency	3,000	-	(3,000)	-
Transfers out	(163,900)	(163,900)	-	(238,482)
Total other financing sources (uses)	<u>(160,900)</u>	<u>(163,900)</u>	<u>(3,000)</u>	<u>(238,482)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 268,693</u>	<u>\$ 268,693</u>	<u>\$ 109,033</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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	2011		Variance Over/Under	2010
	Budget	Actual		Actual
Revenues:				
Operating revenues:				
Ambulance fees	\$ 1,400,000	\$ 1,413,846	\$ 13,846	\$ 969,096
Miscellaneous revenue	15,000	14,745	(255)	(3,511)
Total operating revenues	<u>1,415,000</u>	<u>1,428,591</u>	<u>13,591</u>	<u>965,585</u>
Non-operating revenues:				
Investment earnings	-	162	162	996
Total non-operating revenues	<u>-</u>	<u>162</u>	<u>162</u>	<u>996</u>
Total revenues	<u>1,415,000</u>	<u>1,428,753</u>	<u>13,753</u>	<u>966,581</u>
Expenditures:				
Administration and operating:				
Salaries and employee benefits	1,126,091	1,061,358		1,025,792
Utilities	17,500	17,136		16,526
Maintenance and repairs	35,418	34,304		29,160
Automotive supplies	37,704	37,703		24,887
Supplies and materials	72,290	71,720		32,617
Contracted services	99,348	91,801		107,615
Administrative services	48,356	31,379		35,547
Total	<u>1,436,707</u>	<u>1,345,401</u>	<u>91,306</u>	<u>1,272,144</u>
Debt service:				
Debt principal	36,478	34,386		48,993
Interest and fees	-	2,083		4,162
Total	<u>36,478</u>	<u>36,469</u>	<u>9</u>	<u>53,155</u>
Capital outlay	<u>188,975</u>	<u>178,747</u>	<u>10,228</u>	<u>14,918</u>
Total expenditures	<u>1,662,160</u>	<u>1,560,617</u>	<u>101,543</u>	<u>1,340,217</u>
Revenues over (under) expenditures	<u>(247,160)</u>	<u>(131,864)</u>	<u>115,296</u>	<u>(373,636)</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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	<u>2011</u>			<u>2010</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Other Financing Sources (Uses):				
Contingency	85,000	-	(85,000)	-
Transfers in	162,160	120,000	(42,160)	-
Total other financing sources (uses)	<u>247,160</u>	<u>120,000</u>	<u>(127,160)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>-</u>	(11,864)	\$ <u>(11,864)</u>	\$ <u>(373,636)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:				
Reconciling items:				
Debt principal		34,386		
Capital outlay		178,747		
Depreciation		(95,249)		
Contributed capital		70,766		
Change in accrued vacation		(10,040)		
Change in other post-employment benefits liability		<u>(15,960)</u>		
Change in net assets		\$ <u>150,786</u>		

CHOWAN COUNTY, NORTH CAROLINA

**WATER FUND STORM PREPAREDNESS CAPITAL RESERVE FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Storm Preparedness charges	\$ 75,000	\$ 56,448	\$ (18,552)
Investment earnings	-	18	18
Total revenues	<u>75,000</u>	<u>56,466</u>	<u>(18,534)</u>
Other Financing Sources (Uses):			
Transfers in (out)	<u>(75,000)</u>	<u>(64,577)</u>	<u>10,423</u>
Total other financing sources (uses)	<u>(75,000)</u>	<u>(64,577)</u>	<u>10,423</u>
Revenues and other financing sources (uses)	<u>\$ -</u>	<u>\$ (8,111)</u>	<u>\$ (8,111)</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, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Water Development fees	\$ 35,500	\$ 34,542	\$ (958)
Investment earnings	-	455	455
Total revenues	<u>35,500</u>	<u>34,997</u>	<u>(503)</u>
Other Financing Sources (Uses):			
Transfers in (out)	<u>(35,500)</u>	-	<u>35,500</u>
Total other financing sources (uses)	<u>(35,500)</u>	-	<u>35,500</u>
Revenues and other financing sources (uses)	<u>\$ -</u>	<u>\$ 34,997</u>	<u>\$ 34,997</u>

CHOWAN COUNTY, NORTH CAROLINA

WATER CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
Sales tax refund	\$ -	\$ 2,184	\$ -	\$ 2,184
Expenditures:				
Water system improvements:				
Generator project	496,531	496,531	-	496,531
Revenues over (under) expenditures	(496,531)	(494,347)	-	(494,347)
Other Financing Sources (Uses):				
Transfers in	496,531	429,770	64,577	494,347
Total other financing sources (uses)	496,531	429,770	64,577	494,347
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (64,577)	\$ 64,577	\$ -

CHOWAN COUNTY, NORTH CAROLINA

AGENCY FUNDS COMBINING BALANCE SHEET JUNE 30, 2011

	Social Services Protective Payee Fund	Drainage Districts	Edenton Tax Collections	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets:				
Cash and cash equivalents	\$ 1,233	\$ 4,296	\$ 11,509	\$ 17,038
Total assets	<u>\$ 1,233</u>	<u>\$ 4,296</u>	<u>\$ 11,509</u>	<u>\$ 17,038</u>
Liabilities:				
Accounts payable	\$ -	\$ 4,296	\$ 11,509	\$ 15,805
Due to others	<u>1,233</u>	<u>-</u>	<u>-</u>	<u>1,233</u>
Total liabilities	<u>\$ 1,233</u>	<u>\$ 4,296</u>	<u>\$ 11,509</u>	<u>\$ 17,038</u>

CHOWAN COUNTY, NORTH CAROLINA

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
<u>Albemarle Learning Center</u>				
Assets:				
Cash and accounts receivable	\$ 254	\$ 254	\$ (508)	\$ -
Liabilities:				
Payables	\$ 254	\$ 254	\$ (508)	\$ -
<u>Social Services - Protective Pavees</u>				
Assets:				
Cash and cash equivalents	\$ -	\$ 20,601	\$ (19,368)	\$ 1,233
Liabilities:				
Payables	\$ -	\$ 20,601	\$ 19,368	\$ 1,233
<u>Edenton Historical Commission Cannon Fund</u>				
Assets:				
Cash, cash equivalents, and accounts receivable	\$ 843	\$ 1,536	\$ (2,379)	\$ -
Liabilities:				
Payables	\$ 843	\$ 1,536	\$ (2,379)	\$ -
<u>Drainage Districts</u>				
Assets:				
Cash and cash equivalents	\$ 4,296	\$ 15,559	\$ (15,559)	\$ 4,296
Liabilities:				
Payables	\$ 4,296	\$ 15,559	\$ (15,559)	\$ 4,296
<u>Edenton Tax Collections</u>				
Assets:				
Cash and cash equivalents	\$ 538	\$ 1,550,513	\$ (1,539,542)	\$ 11,509
Liabilities:				
Payables	\$ 538	\$ 1,550,513	\$ (1,539,542)	\$ 11,509
<u>3% Interest Payable to State</u>				
Assets:				
Cash and cash equivalents	\$ 567	\$ 6,603	\$ (7,170)	\$ -
Liabilities:				
Payables	\$ 567	\$ 6,603	\$ (7,170)	\$ -
<u>Totals - All Agency Funds</u>				
Assets:				
Cash, cash equivalents, and accounts receivable	\$ 6,498	\$ 1,595,066	\$ (1,584,526)	\$ 17,038
Liabilities:				
Payables	\$ 6,498	\$ 1,595,066	\$ (1,584,526)	\$ 17,038

CHOWAN COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND
JUNE 30, 2011

Fiscal Year	Uncollected Balance July 1, 2010	Additions	Collections and Credits	Uncollected Balance June 30, 2011
2010-2011	\$ -	\$ 10,166,380	\$ 9,749,893	\$ 416,487
2009-2010	435,941	-	271,981	163,960
2008-2009	105,918	-	40,279	65,639
2007-2008	37,813	-	12,351	25,462
2006-2007	23,310	-	3,649	19,661
2005-2006	22,264	-	2,802	19,462
2004-2005	14,647	-	1,681	12,966
2003-2004	12,301	-	892	11,409
2002-2003	10,916	-	821	10,095
2001-2002	9,344	-	399	8,945
2000-2001	8,048	-	8,048	-
Total	\$ 680,502	\$ 10,166,380	\$ 10,092,796	754,086
Plus uncollected 2010-2011 ad valorem taxes receivable - motor vehicles				98,928
Less allowance for uncollectible ad valorem taxes receivable				<u>(370,000)</u>
Ad valorem taxes receivable - net				<u>\$ 483,014</u>
Reconciliation with Revenues:				
Taxes - ad valorem - General Fund				\$ 10,148,972
Reconciling items:				
Refunds and other adjustments				(64,224)
Amounts written off per statute of limitations				<u>8,048</u>
Total collections and credits				<u>\$ 10,092,796</u>

CHOWAN COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY - COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2011

	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	\$ 1,339,341,267	\$ 0.685	\$ 9,178,091	\$ 9,178,091	\$ -
Motor vehicles taxed at current year's rate	79,621,217	0.685	545,405	-	545,405
Motor vehicles taxed at prior year's rate	19,048,671	0.685	130,407	-	130,407
Total	<u>1,438,011,155</u>		<u>9,853,903</u>	<u>9,178,091</u>	<u>675,812</u>
Discoveries:					
Current year taxes	24,673,659		181,682	181,682	-
Utilities	22,724,762		155,665	155,665	-
Less releases and adjustments	<u>(3,635,516)</u>		<u>(24,870)</u>	<u>(6,685)</u>	<u>(18,185)</u>
Total property valuation	<u>\$ 1,481,774,060</u>				
Net Levy			10,166,380	9,508,753	657,627
Uncollected taxes at June 30, 2011			<u>(416,487)</u>	<u>(387,333)</u>	<u>(29,154)</u>
Current Year's Taxes Collected			<u>\$ 9,749,893</u>	<u>\$ 9,121,420</u>	<u>\$ 628,473</u>
Current Levy Collection Percentage			<u>95.90%</u>	<u>95.93%</u>	<u>95.57%</u>
Secondary Market Disclosures:					
Assessed valuation:					
Assessment ratio					100.00%
Real property					\$ 1,245,963,212
Personal property					117,084,248
Personal property - motor vehicles					96,001,838
Public service companies					<u>22,724,762</u>
Total assessed valuation					1,481,774,060
Tax rate per \$100					<u>0.685</u>
Levy (includes discoveries, releases and abatements)					<u>\$ 10,166,380</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>\$ 440,620</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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	2011			2010
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Other taxes and licenses	\$ 90,000	\$ 111,829	\$ 21,829	\$ 93,152
Restricted intergovernmental revenues	-	-	-	6,047
Miscellaneous revenues	5,500	5,755	255	5,570
Investment earnings	-	47	47	122
Total revenues	<u>95,500</u>	<u>117,631</u>	<u>22,131</u>	<u>104,891</u>
Expenditures:				
Economic development:				
Contracted services	63,962	63,762	200	65,907
Reimbursements	9,500	8,349	1,151	3,613
Miscellaneous expenses	34,538	27,964	6,574	17,128
Total expenditures	<u>108,000</u>	<u>100,075</u>	<u>7,925</u>	<u>86,648</u>
Revenues over (under) expenditures	<u>(12,500)</u>	<u>17,556</u>	<u>30,056</u>	<u>18,243</u>
Other Financing Sources (Uses):				
Appropriated fund balance	<u>12,500</u>	<u>-</u>	<u>(12,500)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>17,556</u>	<u>\$ 17,556</u>	<u>18,243</u>
Fund Balance:				
Beginning of year - July 1		<u>31,441</u>		<u>13,198</u>
End of year - June 30		<u>\$ 48,997</u>		<u>\$ 31,441</u>

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