

**GATES COUNTY
NORTH CAROLINA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

**GATES COUNTY
NORTH CAROLINA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

Finance Director: Sandy Pittman

GATES COUNTY, NORTH CAROLINA

List of Principal Officials

June 30, 2009

Board of Commissioners

Henry L. Jordan, Chairman
Ken Jernigan, Vice-Chairman
Wade H. Askew, Commissioner
Graham L. Twine, Jr., Commissioner
E. Carlton Nickens, Commissioner

Principal Officials

Toby L. Chappell, County Manager
Sandy Pittman, Finance Officer

GATES COUNTY, NORTH CAROLINA

BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

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

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

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Gates County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Gates County, North Carolina, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Gates 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 Gates 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 Gates 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 Gates County ABC Board were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2009 on our consideration of Gates County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit prepared in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Gates County, North Carolina taken as a whole. The combined 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 combined and individual fund financial statements, budget and actual schedules, and supplemental ad valorem tax schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
September 30, 2009

Management's Discussion and Analysis

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

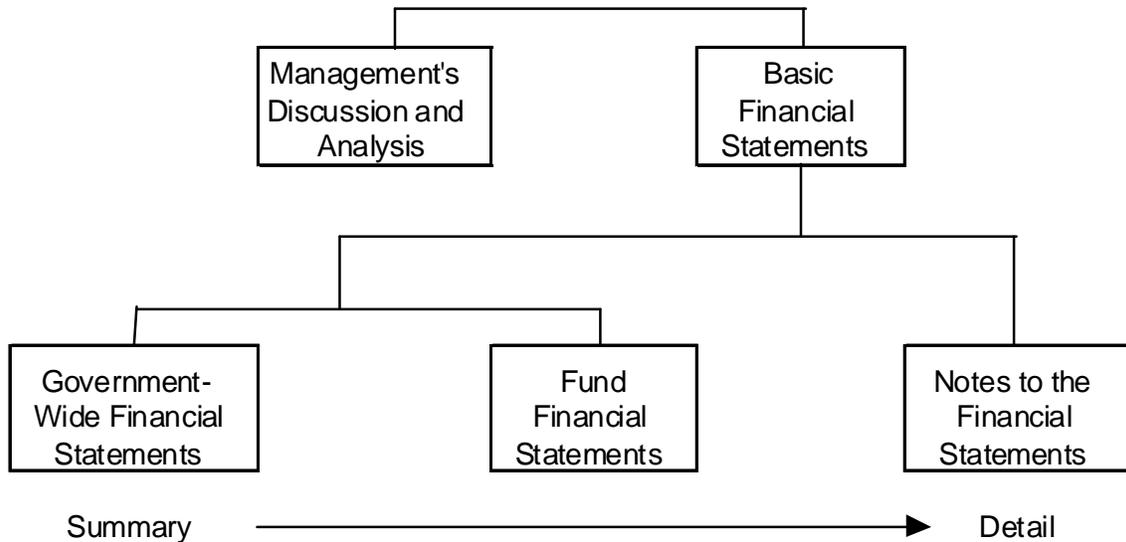
Financial Highlights

- The assets of Gates County exceeded its liabilities at the close of the fiscal year by \$5,179,814 (*net assets*).
- The County's total net assets decreased by \$2,676,754. The decrease was due to \$3,160,727 in education capital expenses for a building owned by Gates County Board of Education.
- As of the close of the current fiscal year, Gates County's total governmental funds reported combined ending fund balances of \$5,626,136 a decrease of \$3,629,136 from 2008. As discussed above, the decrease was due to school capital project expenditures of \$3,160,727.
- At the end of the current fiscal year, total fund balance for the General Fund was \$2,922,238, an increase of \$305,884 from 2008.
- Gates County's total debt decreased by \$1,049,453 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Gates County's basic financial statements. Gates 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 Gates 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 Gates 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 Gates 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 Gates 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 Gates County include general governmental, public safety, economic and physical development, human services, culture and recreation, and education. The business-type activities of Gates County are the solid waste (landfill) operation and the Water Fund.

The government-wide financial statements include not only Gates County itself (known as the primary government), but also the Gates County ABC Board for which Gates 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. Gates County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of Gates County can be divided into two categories: governmental funds and proprietary funds.

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

Gates 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 final budget as amended by the Board; 2) the actual resources, charges to appropriations, and ending balances in the General Fund; and 3) the difference or variance between the final budget and the actual resources and charges 4) the comparative prior year actuals. 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. Gates County maintains one type of proprietary fund: Enterprise Fund. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements. Gates County uses an enterprise fund to account for its solid waste operations and water operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for solid waste and water operations.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Gates County has four 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. The notes to the financial statements follow Exhibit J of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Gates 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.

Government-Wide Financial Analysis

Gates County's Net Assets

Figure 2

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Assets:						
Current and other assets	\$ 7,003,504	\$ 10,291,794	\$ 2,040,111	\$ 1,829,631	\$ 9,043,615	\$ 12,121,425
Capital assets	<u>2,870,671</u>	<u>2,927,942</u>	<u>5,295,619</u>	<u>5,512,555</u>	<u>8,166,290</u>	<u>8,440,497</u>
Total assets	<u>9,874,175</u>	<u>13,219,736</u>	<u>7,335,730</u>	<u>7,342,186</u>	<u>17,209,905</u>	<u>20,561,922</u>
Liabilities:						
Current Liabilities	1,808,608	1,354,724	239,021	209,565	2,047,629	\$ 1,564,289
Other liabilities	<u>8,993,472</u>	<u>10,011,280</u>	<u>988,990</u>	<u>1,129,784</u>	<u>9,982,462</u>	<u>11,141,064</u>
Total liabilities	<u>10,802,080</u>	<u>11,366,004</u>	<u>1,228,011</u>	<u>1,339,349</u>	<u>12,030,091</u>	<u>12,705,353</u>
Net assets:						
Invested in capital assets, net of						
related debt	987,438	1,024,433	4,180,997	4,267,506	5,168,435	5,291,939
Unrestricted	<u>(1,915,343)</u>	<u>829,299</u>	<u>1,926,722</u>	<u>1,735,331</u>	<u>11,379</u>	<u>2,564,630</u>
Total net assets	<u>\$ (927,905)</u>	<u>\$ 1,853,732</u>	<u>\$ 6,107,719</u>	<u>\$ 6,002,837</u>	<u>\$ 5,179,814</u>	<u>\$ 7,856,569</u>

As noted earlier, net assets over time may serve as a useful indicator of a government's financial position. For Gates County, assets exceeded liabilities by \$5,179,814 at the close of the most recent fiscal year.

By far the largest portion of Gates County's net assets reflects its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. Gates County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Gates 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, Gates County is able to report positive balances in unrestricted net assets in the amount of \$11,379 for the government as a whole.

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program Revenues:						
Charges for services	\$ 1,767,670	\$ 368,998	\$ 1,690,948	\$ 1,508,246	\$ 3,458,618	\$ 1,877,244
Operating grants and contributions	364,505	2,065,904	-	-	364,505	2,065,904
Capital grants and contributions	454,152	1,199,628	-	48,000	454,152	1,247,628
General revenues:						
Property taxes	5,431,786	5,361,227	-	-	5,431,786	5,361,227
Local option sales tax	2,028,147	2,085,556	-	-	-	-
Other taxes	508,569	540,650	-	-	508,569	540,650
Investment earnings	78,739	285,271	14,126	34,353	92,865	319,624
Miscellaneous	-	174,680	-	33,119	-	207,799
Total revenues	<u>10,633,568</u>	<u>12,081,914</u>	<u>1,705,074</u>	<u>1,623,718</u>	<u>10,310,495</u>	<u>11,620,076</u>
Expenses:						
General government	1,335,131	1,358,620	-	-	1,335,131	1,358,620
Public safety	1,719,984	1,773,145	-	-	1,719,984	1,773,145
Economic and physical Development	1,120,424	1,073,506	-	-	1,120,424	1,073,506
Human services	2,087,197	2,287,082	-	-	2,087,197	2,287,082
Cultural and recreation	928,412	348,990	-	-	928,412	348,990
Education	5,809,497	4,051,274	-	-	5,809,497	4,051,274
Interest on long-term debt	414,560	368,231	-	-	414,560	368,231
Water & Sewer	-	-	857,476	843,613	857,476	843,613
Landfill	-	-	742,716	696,967	742,716	696,967
Total expenses	<u>13,415,205</u>	<u>11,260,848</u>	<u>1,600,192</u>	<u>1,540,580</u>	<u>15,015,397</u>	<u>12,801,428</u>
Increase (decrease) in net assets	<u>(2,781,637)</u>	<u>821,066</u>	<u>104,882</u>	<u>83,138</u>	<u>(2,676,755)</u>	<u>904,204</u>
Increase in net assets	(2,781,637)	821,066	104,882	83,138	(2,676,755)	904,204
Net assets, beginning - July 1	<u>1,853,732</u>	<u>1,032,666</u>	<u>6,002,837</u>	<u>5,919,699</u>	<u>7,856,569</u>	<u>6,952,365</u>
Net assets, ending - June 30	<u>\$ (927,905)</u>	<u>\$ 1,853,732</u>	<u>\$ 6,107,719</u>	<u>\$ 6,002,837</u>	<u>\$ 5,179,814</u>	<u>\$ 7,856,569</u>

Governmental activities. Governmental Activities decreased the County's net assets by \$2,781,636. Key elements of this increase are as follows:

- Expenditures of \$3,160,727 in School Capital Project for a building owned by Gates County Board of Education.
- Expenditures of \$607,746 related to the Community Center Project. The revenues for this project were received in 2008.
- General Fund revenues exceeded expenditures \$305,884.

Business-type activities. Business-type activities increased Gates County's net assets by \$104,882.

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, Gates County's governmental funds reported combined ending fund balances of \$5,626,136, a decrease of \$3,629,136 in comparison with 2008. The decrease is attributed to expenditures of capital project funds whose revenues were in fund balance in 2008 offset by an increase in fund balance in the general fund.

The General Fund is the principal operating fund of Gates County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$2,330,981, while total fund balance for the General Fund reached \$2,922,238. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 23 percent of total General Fund expenditures, while total fund balance represents 29 percent 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 expenditures budgeted by \$299,959. The majority of this increase was attributable to Restricted Intergovernmental Revenues which includes Federal and State grants and increases to appropriated fund balance due to various Board approved purposes.

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

Unrestricted net assets at June 30, 2009 were \$86,741 and \$1,839,981 for the Landfill Fund and the Water Fund, respectively. There was no significant change to unrestricted net assets in the current year.

Capital Asset and Debt Administration

Capital assets. The County of Gates reported capital assets for its governmental and business-type activities of \$8,166,290 (net of accumulated depreciation) as of June 30, 2009. These assets include land buildings, other improvements, equipment, vehicles and plant and systems.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Land	\$ 290,237	\$ 290,237	\$ 27,476	\$ 27,476	\$ 317,713	\$ 317,713
Buildings	3,315,375	3,315,375	-	-	3,315,375	3,315,375
Other Improvements	57,585	57,585	-	-	57,585	57,585
Equipment	200,691	361,126	394,186	394,186	594,877	755,312
Vehicles	931,917	786,057	164,960	180,753	1,096,877	966,810
Plant and Systems	-	-	9,072,354	9,072,354	9,072,354	9,072,354
Subtotal	4,795,805	4,810,380	9,658,976	9,674,769	14,454,781	14,485,149
Less accumulated depreciation	(1,925,134)	(1,882,438)	(4,363,357)	(4,162,215)	(6,288,491)	(6,044,653)
Total	<u>\$ 2,870,671</u>	<u>\$ 2,927,942</u>	<u>\$ 5,295,619</u>	<u>\$ 5,512,554</u>	<u>\$ 8,166,290</u>	<u>\$ 8,440,496</u>

Additional information on Gates 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, Gates County had no bonded debt outstanding.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Installment Purchases	<u>\$ 9,832,417</u>	<u>\$ 10,751,443</u>	<u>\$ 1,114,622</u>	<u>\$ 1,245,049</u>	<u>\$ 10,947,039</u>	<u>\$ 11,996,492</u>

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the County of Gates is \$42,646,500.

More detailed information on Gates 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

- A wastewater treatment facility will be transferred to County control on October 1, 2009. This will be used to spur economic development.
- The unemployment rate for Gates County is 7.5 percent, which is an increase from a rate of 5.7 percent a year ago. This compares favorably to the State's average unemployment rate of 10.8 percent.
- This year's budget was kept relatively flat after a revaluation year.

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

Budget Highlights for the Fiscal Year Ending June 30, 2010

Governmental activities. Due to a 2009 revaluation a 77.33 percent growth in the tax base is anticipated over last year, to a total \$917 million in property valuation with an 8 percent increase in revenue expected including a .335 cent tax rate decrease. Average annual growth in tax base is around 2.5%.

Requests for information

This financial report is designed to provide a general overview of Gates 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 directed to the Finance Officer or County Manager, Gates County, 200 Court Street, Gatesville, NC 27938.

GATES COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS
JUNE 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Gates County ABC Board
Assets:				
Cash and cash equivalents	\$ 3,208,431	\$ 1,801,323	\$ 5,009,754	\$ 228,169
Taxes receivable, net	563,419	-	563,419	-
Accounts receivable, net	19,952	219,597	239,549	-
Due from other governments	1,108,605	2,701	1,111,306	-
Inventory	-	16,490	16,490	42,840
Prepaid items	-	-	-	692
Cash and cash equivalents, restricted	2,103,097	-	2,103,097	-
Capital assets:				
Non-depreciable capital assets	290,237	27,476	317,713	-
Depreciable capital assets, net	2,580,434	5,268,143	7,848,577	27,232
Total assets	9,874,175	7,335,730	17,209,905	298,933
Liabilities:				
Accounts payable and accrued expenses	778,393	98,315	876,708	19,001
Unearned revenue	36,021	-	36,021	-
Long-term liabilities:				
Due within one year	994,194	140,706	1,134,900	-
Due in more than one year	8,993,472	988,990	9,982,462	-
Total liabilities	10,802,080	1,228,011	12,030,091	19,001
Net Assets:				
Invested in capital assets, net of related debt	987,438	4,180,997	5,168,435	27,232
Restricted:				
Capital improvements	-	-	-	207,197
Working capital	-	-	-	14,566
Unrestricted (deficit)	(1,915,343)	1,926,722	11,379	30,937
Total net assets	\$ (927,905)	\$ 6,107,719	\$ 5,179,814	\$ 279,932

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

GATES COUNTY, NORTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 1,335,131	\$ 246,591	\$ -	\$ -
Public safety	1,719,984	104,912	-	-
Economic and physical development	1,120,424	24,767	89,626	246,112
Human services	2,087,197	1,391,400	257,468	-
Cultural and recreational	928,412	-	17,411	-
Education	5,809,497	-	-	208,040
Interest on long-term debt	414,560	-	-	-
Total governmental activities	<u>13,415,204</u>	<u>1,767,670</u>	<u>364,505</u>	<u>454,152</u>
Business-Type Activities:				
Landfill	742,716	719,770	-	-
Water and Sewer	857,476	971,178	-	-
Total business-type activities	<u>1,600,192</u>	<u>1,690,948</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 15,015,396</u>	<u>\$ 3,458,618</u>	<u>\$ 364,505</u>	<u>\$ 454,152</u>
Component Unit:				
ABC Board	<u>\$ 375,575</u>	<u>\$ 435,891</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Taxes:

Property taxes, levied for general purpose

Local option sales tax

Other taxes and licenses

Investment earnings, unrestricted

Total general revenues

Change In Net Assets

Net Assets:

Beginning of year - July 1

End of year - June 30

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

Exhibit B

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component
Governmental	Business-Type		Unit
Activities	Activities	Total	Gates County
			ABC Board
\$ (1,088,540)	\$ -	\$ (1,088,540)	\$ -
(1,615,072)	-	(1,615,072)	-
(759,919)	-	(759,919)	-
(438,329)	-	(438,329)	-
(911,001)	-	(911,001)	-
(5,601,457)	-	(5,601,457)	-
(414,560)	-	(414,560)	-
<u>(10,828,877)</u>	<u>-</u>	<u>(10,828,877)</u>	<u>-</u>
-	(22,946)	(22,946)	-
-	113,702	113,702	-
-	90,756	90,756	-
<u>(10,828,877)</u>	<u>90,756</u>	<u>(10,738,121)</u>	<u>-</u>
			<u>60,316</u>
5,431,786	-	5,431,786	-
2,028,147	-	2,028,147	-
508,569	-	508,569	-
78,739	14,126	92,865	736
<u>8,047,241</u>	<u>14,126</u>	<u>8,061,367</u>	<u>736</u>
(2,781,636)	104,882	(2,676,754)	736
<u>1,853,731</u>	<u>6,002,837</u>	<u>7,856,568</u>	<u>218,880</u>
<u>\$ (927,905)</u>	<u>\$ 6,107,719</u>	<u>\$ 5,179,814</u>	<u>\$ 279,932</u>

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

GATES COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2009

	<u>General</u>	<u>School Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and cash equivalents	\$ 2,488,057	\$ 26,088	\$ 694,286	\$ 3,208,431
Taxes receivable, net	563,419	-	-	563,419
Accounts receivable, net	6,013	-	13,939	19,952
Due from other governments	585,244	519,041	4,320	1,108,605
Cash and cash equivalents, restricted	-	2,103,097	-	2,103,097
Total assets	<u>\$ 3,642,733</u>	<u>\$ 2,648,226</u>	<u>\$ 712,545</u>	<u>\$ 7,003,504</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 121,520	\$ 460,237	\$ 196,636	\$ 778,393
Deferred revenue	<u>598,975</u>	<u>-</u>	<u>-</u>	<u>598,975</u>
Total liabilities	<u>720,495</u>	<u>460,237</u>	<u>196,636</u>	<u>1,377,368</u>
Fund Balances:				
Reserved for State statute	591,257	-	18,259	609,516
Unreserved:				
Unreserved (deficit)	2,330,981	-	-	2,330,981
Unreserved (deficit), reported in nonmajor:				
Special revenue funds	-	-	497,650	497,650
Capital projects funds	-	2,187,989	-	2,187,989
Total fund balances	<u>2,922,238</u>	<u>2,187,989</u>	<u>515,909</u>	<u>5,626,136</u>
Total liabilities and fund balances	<u>\$ 3,642,733</u>	<u>\$ 2,648,226</u>	<u>\$ 712,545</u>	

Amounts reported for governmental activities in the Statement of Net Assets (Exhibit 1) are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.

2,870,671

Deferred revenues in the governmental funds are used to offset accounts receivable not expected to be available within 60 days of year-end. These receivables are a component of net assets in the Statement of Net Assets.

562,954

Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.

(9,987,666)

Net assets of governmental activities, per Exhibit A

\$ (927,905)

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

GATES COUNTY, NORTH CAROLINA

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

	<u>General Fund</u>	<u>School Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Ad valorem taxes	\$ 5,487,538	\$ -	\$ -	\$ 5,487,538
Local option sales taxes	2,028,147	-	-	2,028,147
Other taxes and licenses	37,209	-	403,877	441,086
Unrestricted intergovernmental revenues	67,483	-	-	67,483
Restricted intergovernmental revenues	2,173,891	-	60,543	2,234,434
Permits and fees	119,530	-	-	119,530
Sales and services	193,903	-	-	193,903
Investment earnings	41,545	28,538	8,656	78,739
Miscellaneous	38,460	-	-	38,460
Total revenues	<u>10,187,706</u>	<u>28,538</u>	<u>473,076</u>	<u>10,689,320</u>
Expenditures:				
Current:				
General government	1,219,723	-	95,095	1,314,818
Public safety	1,526,058	-	306,258	1,832,316
Economic and physical development	1,002,006	-	54,461	1,056,467
Human services	2,056,824	-	-	2,056,824
Cultural and recreational	307,202	-	607,746	914,948
Education	2,648,770	3,160,727	-	5,809,497
Debt service:				
Principal	930,983	-	-	930,983
Interest	414,560	-	-	414,560
Total expenditures	<u>10,106,126</u>	<u>3,160,727</u>	<u>1,063,560</u>	<u>14,330,413</u>
Revenues over (under) expenditures	<u>81,580</u>	<u>(3,132,189)</u>	<u>(590,484)</u>	<u>(3,641,093)</u>
Other Financing Sources (Uses):				
Transfers (to) from other funds	250,347	-	38,000	288,347
Transfer to (from) other funds	(38,000)	-	(250,347)	(288,347)
Issuance of long-term debt	11,957	-	-	11,957
Total other financing sources (uses)	<u>224,304</u>	<u>-</u>	<u>(212,347)</u>	<u>11,957</u>
Net change in fund balances	<u>305,884</u>	<u>(3,132,189)</u>	<u>(802,831)</u>	<u>(3,629,136)</u>
Fund balance:				
Beginning of year - July 1	<u>2,616,354</u>	<u>5,320,178</u>	<u>1,318,740</u>	<u>9,255,272</u>
End of year - June 30	<u>\$ 2,922,238</u>	<u>\$ 2,187,989</u>	<u>\$ 515,909</u>	<u>\$ 5,626,136</u>

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

GATES COUNTY, NORTH CAROLINA

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

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

Net changes in fund balances - total governmental funds \$ (3,629,136)

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 revenue types:

Property taxes (55,752)

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. 148,738

Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement. (206,010)

Proceeds from issuance of debt are reported as revenues in the governmental funds statement. However, in the Statement of Activities, it is not a revenue, rather it is an increase in liabilities. (11,957)

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. (This includes debt refunding transactions.) 930,983

Expenses related to compensated absences and law enforcement officers' separation allowance that do not require current financial resources are not reported as expenditures in the governmental funds statement. 41,498

Total changes in net assets of governmental activities \$ (2,781,636)

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

GATES COUNTY, NORTH CAROLINA

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

	Budgeted Amounts		Actual	Variance from Final Budget Over/Under
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 5,556,696	\$ 5,556,696	\$ 5,487,538	\$ (69,158)
Local option sales taxes	2,137,129	1,979,300	2,028,147	48,847
Other taxes and licenses	49,700	49,700	37,209	(12,491)
Unrestricted intergovernmental revenues	69,875	69,875	67,483	(2,392)
Restricted intergovernmental revenues	2,207,334	2,435,499	2,173,891	(261,608)
Permits and fees	141,500	141,500	119,530	(21,970)
Sales and services	147,625	220,058	193,903	(26,155)
Investment earnings	40,000	40,000	41,545	1,545
Miscellaneous	13,883	15,283	38,460	23,177
Total revenues	<u>10,363,742</u>	<u>10,507,911</u>	<u>10,187,706</u>	<u>(320,205)</u>
Expenditures:				
Current:				
General government	1,400,854	1,420,165	1,219,723	200,442
Public safety	1,752,834	1,623,826	1,526,058	97,768
Economic and physical development	834,732	1,186,800	1,002,006	184,794
Human services	2,199,046	2,149,872	2,056,824	93,048
Cultural and recreational	318,152	312,212	307,202	5,010
Intergovernmental:				
Education	2,648,770	2,648,770	2,648,770	-
Debt service:				
Principal retirement	882,218	931,030	930,983	47
Interest and other charges	<u>350,625</u>	<u>414,515</u>	<u>414,560</u>	<u>(45)</u>
Total expenditures	<u>10,387,231</u>	<u>10,687,190</u>	<u>10,106,126</u>	<u>581,064</u>
Revenues over (under) expenditures	<u>(23,489)</u>	<u>(179,279)</u>	<u>81,580</u>	<u>260,859</u>
Other Financing Sources (Uses):				
Transfers from other funds	-	250,347	250,347	-
Transfers to other funds	(58,000)	(38,000)	(38,000)	-
Issuance of long-term debt	-	-	11,957	11,957
Contingency	-	(218,909)	-	218,909
Appropriated fund balance	<u>81,489</u>	<u>185,841</u>	<u>-</u>	<u>(185,841)</u>
Total other financing sources (uses)	<u>23,489</u>	<u>179,279</u>	<u>224,304</u>	<u>45,025</u>
Revenues and other financing sources (uses) over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>305,884</u>	<u>\$ 305,884</u>
Fund Balance:				
Beginning of year - July 1			<u>2,616,354</u>	
End of year - June 30			<u>\$ 2,922,238</u>	

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

GATES COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	Enterprise Funds		
	Landfill Fund	Water Fund	Total
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 61,313	\$ 1,740,010	\$ 1,801,323
Receivables, net	92,670	126,927	219,597
Due from other governments	-	2,701	2,701
Inventories	-	16,490	16,490
Total current assets	<u>153,983</u>	<u>1,886,128</u>	<u>2,040,111</u>
Capital assets:			
Land, improvements, and construction in progress	-	27,476	27,476
Other capital assets, net of depreciation	-	5,268,143	5,268,143
Total capital assets	<u>-</u>	<u>5,295,619</u>	<u>5,295,619</u>
Total assets	<u>153,983</u>	<u>7,181,747</u>	<u>7,335,730</u>
Liabilities:			
Current Liabilities:			
Accounts payable	67,242	31,073	98,315
Current portion of accrued vacation	-	3,769	3,769
Current portion of notes payable	-	136,937	136,937
Total current liabilities	<u>67,242</u>	<u>171,779</u>	<u>239,021</u>
Non-current Liabilities:			
Compensated absences	-	11,305	11,305
Notes payable	-	977,685	977,685
Total non-current liabilities	<u>-</u>	<u>988,990</u>	<u>988,990</u>
Total liabilities	<u>67,242</u>	<u>1,160,769</u>	<u>1,228,011</u>
Net Assets:			
Invested in capital assets, net of related debt	-	4,180,997	4,180,997
Unrestricted (deficit)	<u>86,741</u>	<u>1,839,981</u>	<u>1,926,722</u>
Total net assets	<u>\$ 86,741</u>	<u>\$ 6,020,978</u>	<u>\$ 6,107,719</u>

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

GATES COUNTY, NORTH CAROLINA

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

	Enterprise Funds		
	Landfill Fund	Water Fund	Total
Operating Revenues:			
Charges for services	\$ 689,270	\$ 935,313	\$ 1,624,583
Water and sewer taps	-	30,500	30,500
Miscellaneous	30,500	2,198	32,698
Total operating revenues	<u>719,770</u>	<u>968,011</u>	<u>1,687,781</u>
Operating Expenses:			
Water operations	-	580,748	580,748
Landfill operations	742,716	-	742,716
Depreciation	-	216,935	216,935
Total operating expenses	<u>742,716</u>	<u>797,683</u>	<u>1,540,399</u>
Operating income (loss)	<u>(22,946)</u>	<u>170,328</u>	<u>147,382</u>
Non-operating Revenues (Expenses):			
Sales tax refund	-	1,967	1,967
Investment earnings	405	13,721	14,126
Interest expense	-	(59,793)	(59,793)
Gain on sale of assets	-	1,200	1,200
Total non-operating revenues (expenses)	<u>405</u>	<u>(42,905)</u>	<u>(42,500)</u>
Change in net assets	(22,541)	127,423	104,882
Net Assets:			
Net assets, beginning of year - July 1	<u>109,282</u>	<u>5,893,555</u>	<u>6,002,837</u>
Net assets, end of year - June 30	<u>\$ 86,741</u>	<u>\$ 6,020,978</u>	<u>\$ 6,107,719</u>

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

GATES COUNTY, NORTH CAROLINA

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

	<u>Landfill Fund</u>	<u>Water Fund</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Cash received from customers	\$ 733,841	\$ 914,340	\$ 1,648,181
Cash paid for goods and services	(743,763)	(334,877)	(1,078,640)
Cash paid to employees for services	-	(225,738)	(225,738)
Other operating revenues	30,500	2,198	32,698
Net cash provided (used) by operating activities	<u>20,578</u>	<u>355,923</u>	<u>376,501</u>
Cash Flows from Capital and Related Financing Activities:			
Proceeds from sale of assets	-	1,200	1,200
Principal paid on bond maturities and equipment contracts	-	(130,427)	(130,427)
Interest paid on bond maturities equipment contracts	-	(59,793)	(59,793)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(189,020)</u>	<u>(189,020)</u>
Cash Flows from Non-Capital and Related Activities:			
Other tax revenues	-	1,967	1,967
Net cash provided (used) by non-capital and related financing activities	<u>-</u>	<u>1,967</u>	<u>1,967</u>
Cash Flows from Investing Activities:			
Interest on investments	406	13,721	14,127
Net increase (decrease) in cash and cash equivalents	20,984	182,591	203,575
Cash and cash equivalents, beginning of year - July 1	<u>40,329</u>	<u>1,557,419</u>	<u>1,597,748</u>
Cash and cash equivalents, end of year - June 30	<u>\$ 61,313</u>	<u>\$ 1,740,010</u>	<u>\$ 1,801,323</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (22,946)	\$ 170,328	\$ 147,382
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	-	216,935	216,935
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	44,571	(51,473)	(6,902)
(Increase) decrease in inventory	-	3,358	3,358
Increase (decrease) in accounts payable and accrued liabilities	(1,047)	16,863	15,816
Increase (decrease) in accrued vacation pay	-	(88)	(88)
Total adjustments	<u>43,524</u>	<u>185,595</u>	<u>229,119</u>
Net cash provided (used) by operating activities	<u>\$ 20,578</u>	<u>\$ 355,923</u>	<u>\$ 376,501</u>

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

GATES COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

JUNE 30, 2009

	<u>Agency Fund</u>
Assets:	
Cash and cash equivalents	\$ 115,064
 Liabilities:	
Miscellaneous liabilities	\$ 115,064

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

GATES COUNTY, NORTH CAROLINA

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

1. Summary of Significant Accounting Policies

Nature of Operations

Gates County, North Carolina (the "County"), governed by a five-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 Gatesville, North Carolina. The County operates under a council-manager form of government and provides the following services as authorized by its charter: public safety, health, social service programs, and community development.

The accounting policies of the County and its discretely presented component units conform to accounting principles generally accepted in the United States of America, as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

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

Gates County Alcoholic Beverage Control Board

The Gates County Alcoholic Beverage Control Board ("ABC Board") is governed by a five-member Board appointed by the County Commissioners as ABC Board members' terms expire. The ABC Board is required by State statute to distribute its surpluses to the General Fund of the County. The ABC Board, which has a June 30 year-end, is presented as if it was a proprietary fund. Complete financial statements for the ABC Board may be obtained at Gates County ABC Board; P.O. Box 88; Edenton, North Carolina 27932.

B. Basis of Presentation

Government-Wide and Fund Financial Statements

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

GATES COUNTY, NORTH CAROLINA

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

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

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 General Fund, School Construction Fund, Landfill Fund, and Water Fund are the major funds of the County for the year ended June 30, 2009.

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.

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

GATES COUNTY, NORTH CAROLINA

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

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 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 thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of June 30, 2009. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

For modified accrual basis of accounting purposes, ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the subsequent year. Also, as of January 1, 1993, State law altered procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Gates County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2008 through February 2009 apply to the fiscal year ended June 30, 2009. Uncollected taxes which were billed during this period are shown as a receivable on the fund financial statements.

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

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

GATES COUNTY, NORTH CAROLINA

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

The effect of interfund activity has been eliminated from the government-wide financial statements, with the exception of payments in lieu of taxes and other charges between the County's Landfill and Water Funds and various other functions of the County. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 Solid Waste Fund are charges to customers for services. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Basis of Presentation – Fund Accounting

The accounts of the County are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts comprised of assets, liabilities, fund equity, revenues and expenses or expenditures, as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related, legal, and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The County has the following fund categories:

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

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

Special Revenue Funds. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to specified purposes. The Revaluation Fund, Emergency Telephone System Fund, Fire Protection Fund, Community Center Fund, USDA Loan Reserve Fund, School Capital Reserve Fund, Capital Reserve Fund, Single Family Home Grant Fund, and CDBG Scattered Site Grant Project, are special revenue funds of the County.

GATES COUNTY, NORTH CAROLINA

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

Capital Projects Funds. Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The School Construction Fund is the only capital project fund of the County.

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 Landfill and Water Funds are the Enterprise Funds of the County. The Landfill Fund and the Water Fund 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 include Social Services Trust Fund, DMV Fund (3% interest payable to the State), Extension Director Fund, and 4-H Fund.

E. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund; the special revenue funds, with the exception of the Community Center Project Fund, Single Family Home Grant Fund, and CDBG Scattered Site Grant Project Fund, which are project based, and the Enterprise Fund. Project ordinances are adopted for the capital project funds. All annual appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the department level, as defined in the budget ordinance, for the General Fund, special revenue funds, the Enterprise Fund, and the capital project funds. The balances in the capital reserve funds will be appropriated when transferred to their respective capital project funds in accordance with the project ordinance adopted for the Reserve Fund. The County manager is authorized by the budget ordinance to transfer appropriations between departments within a fund up to \$5,000, and the County finance director is authorized by the budget ordinance to transfer appropriations within a department; however, any revisions that alter total expenditures of any department must be approved by the governing board. During the year, several amendments to the original budget were necessary.

GATES COUNTY, NORTH CAROLINA

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

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

- April 30 Each department head will transmit to the budget officer the budget requests and revenue estimates for their department for the budget year.
- June 1 The budget and the budget message shall be submitted to the governing board. The public hearing on the budget should be scheduled at this time.
- July 1 The budget ordinance shall be adopted by the governing board, or the governing board must adopt an interim budget.

F. Assets, Liabilities, and Fund Equity

Deposits and Investments

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

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

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

Cash and Cash Equivalents

The County pools monies from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

GATES COUNTY, NORTH CAROLINA

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

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

Restricted Assets

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

The unexpended debt proceeds of the capital project funds are classified as restricted assets within their respective funds, because their use is completely restricted to the purpose for which the debt was originally issued.

Ad Valorem Taxes Receivable

In accordance with State laws [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, 2008. As allowed by State law, the County has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

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.

Inventories

Inventories of the County consist primarily of gasoline and garage 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.

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 \$2,500, and an estimated useful life greater than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

GATES COUNTY, NORTH CAROLINA

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

The County capitalizes buildings and land, purchased or constructed, for the Gates 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	40
Furniture and fixtures	10
Equipment	5-10
Vehicles	5

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 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.

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.

GATES COUNTY, NORTH CAROLINA

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

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.

Fund Equity

Reservations or restrictions of equity in the fund financial statements represent amounts that are not appropriable or are legally segregated for a specific purpose.

The governmental fund types classify fund balances as follows:

Reserved

Reserved by State Statute - portion of fund balance, in addition to other reserves, which is not available for appropriation under State law. State law restricts the appropriation of fund balance or fund equity to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

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

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.

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.

GATES COUNTY, NORTH CAROLINA

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

2. Stewardship, Compliance, and Accountability

A. Significant Violations of Finance-Related Legal and Contractual Provisions

General Statute 159-25(b) requires all checks to be signed by the Finance Officer or a properly designated deputy finance officer. The Department of Social Services Trust Fund account was maintained and controlled by the Social Services Director, who was not duly authorized to sign checks on behalf of the Finance Officer.

Corrective Action Plan – The Finance Officer has taken over custody and execution of the Social Services Trust Fund account.

B. Deficit Fund Balance

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

Special Revenue:

Community Center Fund	<u>\$ 7,796</u>
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The County plans to properly capitalize these funds with approved debt issuance or local transfers.

GATES COUNTY, NORTH CAROLINA

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

3. Cash and Cash Equivalents

Deposits

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County does not have policies regarding custodial credit risk for deposits.

At June 30, 2009, the County's deposits had a carrying amount of \$3,287,410 and a bank balance of \$3,995,835. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$3,495,835 in interest-bearing deposits was covered by collateral held under the Pooling Method. At June 30, 2009, Gates County had \$630 cash on hand.

Investments

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>
North Carolina Capital Management Trust		
Cash Portfolio	\$ 1,968,335	AAA
Term Portfolio	<u>1,971,540</u>	AAA
Total Investments	<u>\$ 3,939,875</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.

GATES COUNTY, NORTH CAROLINA

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

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 and Poor's as of June 30, 2009. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government agencies and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

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

In accordance with the General Statutes, agriculture, horticulture, and forest land may be taxed by the County at the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. As of June 30, 2009 the deferment related to these properties was \$28,617,794 in valuation and the deferred tax associated with the properties was \$279,023.

5. Receivables

Receivables at Exhibit A at June 30, 2009 were as follows:

Type of Receivable	Amount (Net of Allowance)		
	Governmental Activities	Business-Type Activities	Total
Accounts Receivable:			
Returned checks	\$ 6,013	\$ -	\$ 6,013
Customer/client billings	13,939	219,597	233,536
	<u>\$ 19,952</u>	<u>\$ 219,597</u>	<u>\$ 239,549</u>
Due from Other Governments:			
Local option sales tax	\$ 573,358	\$ -	\$ 573,358
Sales tax refund	75,010	2,701	77,711
School construction drawdown	460,237	-	460,237
	<u>\$ 1,108,605</u>	<u>\$ 2,701</u>	<u>\$ 1,111,306</u>

GATES COUNTY, NORTH CAROLINA

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

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
Governmental Activities:	
Property taxes, general	\$ 300,000
Total	\$ 300,000
 Business-Type Activities:	
Landfill Fund	\$ 34,904
Water Fund	29,725
Total	\$ 64,629

6. Capital Assets

Governmental Capital Assets

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

	July 1, 2008	Additions	Retirements	June 30, 2009
Non-depreciable Assets:				
Land	\$ 290,237	\$ -	\$ -	\$ 290,237
Total non-depreciable assets	290,237	-	-	290,237
Depreciable Assets:				
Buildings	3,315,375	-	-	3,315,375
Other improvements	57,585	-	-	57,585
Equipment	361,126	2,879	(163,314)	200,691
Vehicles and motorized equipment	786,057	145,860	-	931,917
Total depreciable assets	4,520,143	148,739	(163,314)	4,505,568
Less Accumulated Depreciation:				
Buildings	1,214,005	76,909	-	1,290,914
Other improvements	21,507	3,573	-	25,080
Equipment	196,097	27,875	-	223,972
Vehicles and motorized equipment	450,829	97,653	(163,314)	385,168
Total accumulated depreciation	1,882,438	\$ 206,010	\$ (163,314)	1,925,134
Total capital assets being depreciated, net	2,637,705			2,580,434
 Governmental activity capital assets, net	 \$ 2,927,942			 \$ 2,870,671

GATES COUNTY, NORTH CAROLINA

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

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

Governmental Activities:

General government	\$ 37,300
Public safety	47,222
Human services	63,957
Economic and physical development	44,067
Cultural and recreational	13,464
Total	\$ 206,010

Proprietary Capital Assets

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

	<u>July 1, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2009</u>
Water Fund				
Capital assets not beind depreciated:				
Land	\$ 27,476	\$ -	\$ -	\$ 27,476
Capital assets beind depreciated:				
Plant and systems	9,072,354	-	-	9,072,354
Furniture and maintenance equipment	394,186	-	-	394,186
Vehicles	180,753	-	(15,793)	164,960
Total capital assets being depreciated	9,647,293	-	(15,793)	9,631,500
Less Accumulated Depreciation:				
Plant and distribution systems	3,837,592	181,447	-	4,019,039
Furniture and maintenance equipment	219,649	20,806	-	240,455
Vehicles	104,974	14,682	(15,793)	103,863
Total accumulated depreciation	4,162,215	\$ 216,935	\$ (15,793)	4,363,357
Capital assets being depreciated, net	5,485,078			5,268,143
Water Fund capital assets, net	\$ 5,512,554			\$ 5,295,619

GATES COUNTY, NORTH CAROLINA

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

Invested in Capital Assets, Net of Debt

The total invested in capital assets, net of related debt at June 30, 2009 is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital Assets	\$ 2,870,671	\$ 5,295,619
Long-term debt	(9,987,666)	(1,129,696)
Accrued compensated absences	155,249	15,074
Long-term debt for assets not owned by the County	7,949,184	-
Invested in capital assets, net of related debt	<u>\$ 987,438</u>	<u>\$ 4,180,997</u>

7. Accounts Payable and Interfund Balances

Disaggregate Information

<u>Type of Payable</u>	Governmental Activities	Business-Type Activities	Total
Trade payables	\$ 318,156	\$ 98,315	\$ 416,471
Construction and retainage payable	460,237	-	460,237
Total	<u>\$ 778,393</u>	<u>\$ 98,315</u>	<u>\$ 876,708</u>

GATES COUNTY, NORTH CAROLINA

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

8. Pension Plan Obligation

A. Local Governmental Employees' Retirement System

Plan Description. Gates County contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple -employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, 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 4.94% and 4.86%, respectively, of annual covered payroll. The contribution requirements of members and of Gates County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2009, 2008, and 2007 were \$246,313, \$231,918 and \$195,686, respectively.

B. Law Enforcement Officers' Special Separation Allowance

Plan Description

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

GATES COUNTY, NORTH CAROLINA

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

All full-time County Law enforcement officers are covered by the Separation Allowance. At June 30, 2009, the separation allowance's membership consisted of:

Terminated plan members entitled to, but not yet, receiving benefits	-
Active plan members	<u>12</u>
Total	<u><u>12</u></u>

A separate report was not issued for the plan.

Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions on a pay-as-you-go basis. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. The County obtained an actuarial valuation as of December 31, 2005. The net pension obligation as of June 30, 2006 was \$260,571. The County funds the plan on a pay-as-you-go basis and records these payments as General Fund expenditures.

C. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2009 were \$21,389 which consisted of \$19,309 from the County and \$2,080 from the law enforcement officers.

GATES COUNTY, NORTH CAROLINA

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

D. Registers of Deeds' Supplemental Pension Fund

Plan Description. Gates County also contributes to the Register of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any County Register of Deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2009, the County's required and actual contributions were \$730.

E. Other Post-Employment Benefits

The County provides health care benefits to retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System, have 20 years of creditable service with the County, and meet requirements for full retirement under the Local Governmental Employee's Retirement System. The County pays the full cost of coverage for these benefits. Currently five retirees are eligible for postretirement health benefits. For the fiscal year ended June 30, 2009, the County made payments for postretirement health benefit premiums of \$32,780. The County is self-insured.

GATES COUNTY, NORTH CAROLINA

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

F. Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement, or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The County considers these contributions to be of an immaterial amount to the financial statement presentation as a whole.

9. Deferred / Unearned Revenues

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

	General Fund
Prepaid taxes not yet earned	\$ 36,021
Taxes receivable (net)	562,954
Total	\$ 598,975

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

	Governmental Activities	Business-Type Activities	Total
Prepaid taxes	\$ 36,021	\$ -	\$ 36,021
Total	\$ 36,021	\$ -	\$ 36,021

GATES COUNTY, NORTH CAROLINA

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

10. Long-Term Obligations

Long-Term Obligation Activity

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

	<u>Balance July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2009</u>	<u>Current Portion of Balance</u>
Governmental Activities:					
Notes payable	\$ 10,751,443	\$ 11,957	\$ (930,983)	\$ 9,832,417	\$ 955,382
Compensated absences	<u>196,747</u>	<u>71,258</u>	<u>(112,756)</u>	<u>155,249</u>	<u>38,812</u>
Total governmental activities	<u>\$ 10,948,190</u>	<u>\$ 83,215</u>	<u>\$ (1,043,739)</u>	<u>\$ 9,987,666</u>	<u>\$ 994,194</u>
Business-Type Activities:					
Notes payable	\$ 1,245,049	\$ -	\$ (130,427)	\$ 1,114,622	\$ 136,937
Compensated absences	<u>15,162</u>	<u>9,735</u>	<u>(9,823)</u>	<u>15,074</u>	<u>3,769</u>
Total business-type activities	<u>\$ 1,260,211</u>	<u>\$ 9,735</u>	<u>\$ (140,250)</u>	<u>\$ 1,129,696</u>	<u>\$ 140,706</u>

Compensated absences typically have been liquidated in the General Fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

GATES COUNTY, NORTH CAROLINA

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

Notes Payable

Serviced by General Fund:

3.65% note, payable in semi-annual installments of \$281,363, including interest; matures July 2013; secured by Gates County High School	\$ 5,633,334
4.42% note, payable in annual installments of \$6,752 plus interest; matures January 2011; secured by Register of Deed's equipment	30,546
3.98% note, payable in semi-annual installments of \$216,667 plus interest; matures March 2037; secured by school real estate	2,315,850
4.25% note, payable in annual installments of \$83,440 including interest; matures September 2037; secured by Social Services building	1,376,060
4.25% note, payable in annual installments of \$28,902 including interest; matures September 2037; secured by Social Services building	<u>476,627</u>
Total notes payable	<u><u>\$ 9,832,417</u></u>

Serviced by Water Fund:

4.90% note, payable in semi-annual installments of \$95,110, including interest; matures July 2016; secured by water system plant	<u>\$ 1,114,622</u>
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Annual debt service requirements to maturity for the County's notes payable are as follows:

<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ 955,382	\$ 379,666	\$ 136,937	\$ 53,283
974,528	343,273	143,770	46,450
994,664	305,891	150,946	39,274
1,015,551	267,757	158,479	31,741
2,665,546	933,021	524,490	46,168
1,999,366	450,899	-	-
327,578	234,132	-	-
403,362	158,348	-	-
496,440	65,032	-	-
<u>\$ 9,832,417</u>	<u>\$ 3,138,019</u>	<u>\$ 1,114,622</u>	<u>\$ 216,916</u>

GATES COUNTY, NORTH CAROLINA

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

11. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in a self-funded risk financing pool administered by the North Carolina Association of County Commissioners. Through this pool, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$125.5 million for any one occurrence, general, auto, professional, employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$350,000 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 through the NCACC Liability and Property Pool. Because the County is in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency, the County is eligible to purchase coverage of \$25,000 per structure for each occurrence.

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 an insurance policy bond. The Finance Officer and Tax Collector are each individually bonded for \$200,000 each.

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.

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

12. 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 indicated in Note 15, the County participates in two joint ventures in connection with handling solid waste disposal - Perquimans-Gates-Gates Waste Management and Albemarle Regional Solid Waste Authority.

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

GATES COUNTY, NORTH CAROLINA

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

13. Construction Commitments

The County had commitments, as shown below, for construction contracts outstanding at June 30, 2009. The projects are accounted for in the capital projects funds and are mainly funded by debt proceeds.

Project	Balance of Contract
School Capital Project	\$ 2,009,479
Gates County Community Center	104,159

14. Interfund Balances and Activity

Transfers to/from Other Funds

Transfers to/from other funds at June 30, 2009, consists of the following:

From the Capital Reserve Fund to the General Fund for operating expenses	\$ 31,606
From the General Fund to the Revaluation Fund to accumulate resources for the octennial revaluation of real property	38,000
From the Emergency Telephone System Fund to the General Fund for operating expenses	130,954
From the USDA Loan Reserve Fund to the General Fund	87,787
	\$ 288,347

15. Joint Ventures

The County also participated in a joint venture to operate Perquimans Gates Regional Landfill with two other counties. Each participating government appoints their County Manager and two commissioners to the nine-member Board of the Landfill. Although the landfill is no longer accepting solid waste, the site will continue to be used as a waste transfer station. Gates County will continue to pay 22% of the site's operating cost and 33% of any capital outlay.

In accordance with the intergovernmental agreement between the participating governments, the County paid \$742,716 for operating costs. The PPCC District Health Department acts as fiscal agent to the landfill.

GATES COUNTY, NORTH CAROLINA

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

The County also participates in a joint venture to operate Albemarle Regional Library which serves a four county district. Gates County appoints three members to the ten-member district library board. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2009. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$90,000 to the Library to supplement its activities. Complete financial statements for the Library can be obtained from the Library's office on Tryon Street, Winton, North Carolina 27986.

The County also participated in a joint venture to operate Albemarle Regional Health Services with seven other counties. The area Board of Commissioners appoints the fifteen-member governing board. The County has an ongoing financial responsibility for Albemarle Regional Health Services because the County is required by State Statute to provide public health services either directly or jointly with other counties. Neither of the participating governments have any equity interest in Albemarle Regional Health Services, so no equity interest has been reflected in the financial statements at June 30, 2009. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$118,054 to the Albemarle Regional Health Services to supplement its activities. Complete financial statements for the Albemarle Regional Health Services can be obtained from their office at P.O. Box 189, Elizabeth City, North Carolina 27909.

16. Jointly Governed Organization

The County, in conjunction with nine other counties and sixteen 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 \$1,969 to the Commission during the fiscal year ended June 30, 2009.

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

The County, in conjunction with five other counties, participates in Albemarle Mental Health. Albemarle Mental Health provides mental health services to the residents of the participating counties through satellite offices. Gates County appoints one member to the fifteen-member board of Albemarle Mental Health. The County contributed \$39,389 to the organization during the fiscal year ended June 30, 2009.

GATES COUNTY, NORTH CAROLINA

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

17. 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	\$ 8,205,945	\$ 3,552,190
Food stamp program	1,746,031	-
WIC	188,522	-
IV Adoption Subsidy	3,596	672
IV- E Foster Care	3,568	751
Energy Assistance	52,981	-
TANF	84,741	-
CWS Adoption Subsidy	-	6,744
SA Domiciliary Care	-	90,261
State Foster Home	-	4,852
Totals	<u>\$ 10,285,384</u>	<u>\$ 3,655,470</u>

18. 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.

GATES COUNTY, NORTH CAROLINA

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>2008 Actual</u>
Revenues:				
Ad valorem taxes:				
Taxes	\$ 5,473,605	\$ 5,483,699	\$ 10,094	\$ 5,328,980
Penalties and interest	83,091	3,839	(79,252)	88,462
Total	<u>5,556,696</u>	<u>5,487,538</u>	<u>(69,158)</u>	<u>5,417,442</u>
Local Option Sales Taxes:				
Article 39	337,865	377,266	39,401	368,253
Article 40 one-half of one percent	617,453	614,354	(3,099)	679,204
Article 42 one-half of one percent	616,298	612,832	(3,466)	677,995
Article 44	112,946	128,956	-	360,104
Medicaid Hold Harmless payment	294,738	294,739	1	410,336
Total	<u>1,979,300</u>	<u>2,028,147</u>	<u>32,837</u>	<u>2,495,892</u>
Other Taxes and Licenses:				
Tax refunds	14,000	12,110	(1,890)	37,613
Deep stamp excise tax	34,000	23,356	(10,644)	39,857
Privilege licenses	-	5	5	30
ABC bottle tax	1,700	1,738	38	1,860
Total	<u>49,700</u>	<u>37,209</u>	<u>(12,491)</u>	<u>79,360</u>
Unrestricted Intergovernmental Revenues:				
Payments in lieu of taxes	15,000	11,306	(3,694)	14,572
Beer and wine tax	50,875	51,741	866	52,085
Cable franchise fees	2,000	1,936	(64)	2,594
ABC distributions	2,000	2,500	500	1,500
Total	<u>69,875</u>	<u>67,483</u>	<u>(2,392)</u>	<u>70,751</u>
Restricted Intergovernmental Revenues:				
Federal and State grants	2,435,499	2,173,891	(261,608)	2,244,752
Total	<u>2,435,499</u>	<u>2,173,891</u>	<u>(261,608)</u>	<u>2,244,752</u>
Permits and Fees:				
Building permits	90,000	76,923	(13,077)	114,341
Register of Deeds	51,500	42,607	(8,893)	55,806
Total	<u>141,500</u>	<u>119,530</u>	<u>(21,970)</u>	<u>170,147</u>
Sales and Services:				
Transportation fares	16,500	14,391	(2,109)	27,439
Rents, concessions, and fees	41,242	32,516	(8,726)	37,932
Jail fees	24,000	36,255	12,255	28,831
Divorce fees	72,433	43,424	(29,009)	50,984
School resource officer	39,883	33,081	(6,802)	28,016
Court facilities fees	26,000	34,236	8,236	25,062
Total	<u>220,058</u>	<u>193,903</u>	<u>(26,155)</u>	<u>198,264</u>

GATES COUNTY, NORTH CAROLINA

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>2008 Actual</u>
Investment Earnings	40,000	41,545	1,545	54,346
Miscellaneous:				
Insurance reimbursement	3,000	4,010	1,010	7,299
Sale of assets	2,500	9,378	6,878	5,700
Other	9,783	25,072	15,289	10,666
Total	<u>15,283</u>	<u>38,460</u>	<u>23,177</u>	<u>23,665</u>
 Total revenues	 <u>10,507,911</u>	 <u>10,187,706</u>	 <u>(320,205)</u>	 <u>10,754,619</u>
Expenditures:				
General government:				
Governing body:				
Salaries and employee benefits	59,401	55,942	3,459	41,109
Operating expenditures	96,902	92,151	4,751	100,312
Capital outlay	19,354	5,491	13,863	27,592
Total	<u>175,657</u>	<u>153,584</u>	<u>22,073</u>	<u>169,013</u>
Administration:				
Salaries and employee benefits	228,475	223,827	4,648	188,965
Operating expenditures	56,555	55,411	13,101	40,661
Reimbursement from Enterprise Fund	(62,000)	(62,000)	-	(65,015)
Total	<u>223,030</u>	<u>217,238</u>	<u>17,749</u>	<u>164,611</u>
Tax collection:				
Salaries and employee benefits	188,602	187,017	1,585	176,449
Operating expenditures	111,000	95,380	15,620	65,582
Total	<u>299,602</u>	<u>282,397</u>	<u>17,205</u>	<u>242,031</u>
Legal:				
Contracted services	13,000	7,137	5,863	13,510
Court facilities:				
Operating expenses	29,050	28,406	644	24,242
Elections:				
Salaries and employee benefits	47,742	45,738	2,004	45,897
Operating expenditures	27,833	21,642	6,191	50,469
Capital outlay	-	-	-	4,762
Total	<u>75,575</u>	<u>67,380</u>	<u>8,195</u>	<u>101,128</u>

GATES COUNTY, NORTH CAROLINA

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>2008 Actual</u>
Register of Deeds:				
Salaries and employee benefits	88,856	91,320	(2,464)	85,632
Operating expenditures	34,928	26,676	8,252	35,667
Capital outlay	2,879	2,879	-	4,203
Total	<u>126,663</u>	<u>120,875</u>	<u>5,788</u>	<u>125,502</u>
Public buildings:				
Salaries and employee benefits	106,963	106,243	720	98,875
Operating expenditures	247,528	213,766	33,762	239,925
Capital outlay	123,097	22,697	100,400	319
Total	<u>477,588</u>	<u>342,706</u>	<u>134,882</u>	<u>339,119</u>
Total general government	<u>1,420,165</u>	<u>1,219,723</u>	<u>212,399</u>	<u>1,179,156</u>
Public safety:				
Sheriff and communications:				
Salaries and employee benefits	791,522	770,683	20,839	725,512
Operating expenditures	117,451	109,126	8,325	137,186
Capital outlay	78,066	72,048	6,018	60,891
Total	<u>987,039</u>	<u>951,857</u>	<u>35,182</u>	<u>923,589</u>
Jail:				
Operating expenditures	231,877	203,202	28,675	156,216
Capital outlay	50,000	50,000	-	50,000
Total	<u>281,877</u>	<u>253,202</u>	<u>28,675</u>	<u>206,216</u>
Emergency Management:				
Operating expenditures	31,217	31,145	72	9,064
Capital outlay	10,742	10,697	45	43,374
Total	<u>41,959</u>	<u>41,842</u>	<u>117</u>	<u>52,438</u>
Fire:				
Forest fire protection	53,000	53,000	-	52,031
Recue Squad:				
Allocation	12,000	12,000	-	6,000

GATES COUNTY, NORTH CAROLINA

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>2008 Actual</u>
Building inspector:				
Salaries and employee benefits	138,125	138,106	19	198,032
Operating expenditures	18,640	16,078	2,562	19,866
Capital outlay	753	-	753	15,449
Total	<u>157,518</u>	<u>154,184</u>	<u>3,334</u>	<u>233,347</u>
Medical examiner:				
Professional services	<u>5,000</u>	<u>3,800</u>	<u>1,200</u>	<u>1,700</u>
Animal control:				
Operating expenditures	<u>85,433</u>	<u>56,173</u>	<u>29,260</u>	<u>60,145</u>
Total public safety	<u>1,623,826</u>	<u>1,526,058</u>	<u>97,768</u>	<u>1,535,466</u>
Economic and physical development:				
Agricultural extension:				
Salaries and employee benefits	122,788	121,904	884	118,766
Operating expenditures	14,127	11,775	2,352	19,169
Capital outlay	-	421	(421)	264
Total	<u>136,915</u>	<u>134,100</u>	<u>2,815</u>	<u>138,199</u>
Soil and water conservation:				
Salaries and employee benefits	80,937	77,176	3,761	80,353
Operating expenditures	<u>6,192</u>	<u>5,372</u>	<u>820</u>	<u>4,799</u>
Total	<u>87,129</u>	<u>82,548</u>	<u>4,581</u>	<u>85,152</u>
Zoning:				
Salaries and employee benefits	67,951	64,873	3,078	1,715
Operating expenditures	<u>22,295</u>	<u>19,030</u>	<u>3,265</u>	<u>18,136</u>
Total	<u>90,246</u>	<u>83,903</u>	<u>6,343</u>	<u>19,851</u>
Cooperative Extension Service:				
Support of our students	40,262	31,409	8,853	69,978
Genesis	29,935	26,218	3,717	33,101
New choices	4,751	4,347	404	4,311
School age child care	30,506	24,116	6,390	20,081
Life Smarts	4,600	119	4,481	920
Making a job	-	-	-	30
Work experience grant	24,630	1,484	23,146	2,077
Divorce filing fee	47,016	27,778	19,238	31,061
Gang grant	-	-	-	13,825

GATES COUNTY, NORTH CAROLINA

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>2008 Actual</u>
4-H program	31,216	30,743	473	32,978
Baby Love grant	74,292	39,184	35,108	37,463
SHIP grant	4,227	1,802	2,425	1,506
Workforce youth development	-	-	-	462
Science camp	7,976	13,653	(5,677)	11,206
On-target grant	90,000	55,705	34,295	-
Albemarle Foundation grant	300	300	-	-
ECB youth oppurtunities grant	3,190	3,190	-	-
Total	<u>392,901</u>	<u>260,048</u>	<u>132,853</u>	<u>258,999</u>
GITS:				
Salaries and employee benefits	244,485	225,365	19,120	234,172
Operating expenditures	142,374	130,794	11,580	165,615
Capital outlay	92,750	85,248	7,502	139,274
Total	<u>479,609</u>	<u>441,407</u>	<u>38,202</u>	<u>539,061</u>
Total economic and physical development	<u>1,186,800</u>	<u>1,002,006</u>	<u>184,794</u>	<u>1,041,262</u>
Human services:				
Health:				
Administration:				
Albemarle Regional Health Services	104,554	118,054	(13,500)	104,687
Albemarle Mental Health Center	39,734	39,389	345	37,587
Albemarle Hopeline	1,000	-	1,000	1,000
Mosquito control	-	-	-	12,000
Total	<u>145,288</u>	<u>157,443</u>	<u>(12,155)</u>	<u>155,274</u>
Social services:				
Administration:				
Salaries and employee benefits	919,220	920,375	(1,155)	876,095
Operating expenditures	63,029	56,226	6,803	62,493
Total	<u>982,249</u>	<u>976,601</u>	<u>5,648</u>	<u>938,588</u>
Special assistance for adults:				
County participation	<u>99,495</u>	<u>90,262</u>	<u>9,233</u>	<u>92,391</u>
Medicaid:				
County participation	<u>307,996</u>	<u>303,978</u>	<u>4,018</u>	<u>520,274</u>

GATES COUNTY, NORTH CAROLINA

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>2008 Actual</u>
Special social services:				
Food stamp program	3,000	2,673	327	2,731
Daycare	418,357	369,207	49,150	410,103
Crisis intervention	54,474	35,872	18,602	30,450
N.C. Blind Commission	1,790	1,674	116	1,066
Domestic violence	7,655	4,067	3,588	7,632
Work First	22,444	15,934	6,510	21,591
CPS and independent living	40,248	36,386	3,862	14,893
Others	<u>28,141</u>	<u>14,108</u>	<u>14,033</u>	<u>7,342</u>
Total	<u>576,109</u>	<u>479,921</u>	<u>96,188</u>	<u>495,808</u>
 Total social services	 <u>1,965,849</u>	 <u>1,850,762</u>	 <u>115,087</u>	 <u>2,047,061</u>
 Special appropriations:				
Veterans service	4,000	4,000	-	4,000
Juvenile crime prevention	18,072	29,956	(11,884)	29,464
Others	<u>16,663</u>	<u>14,663</u>	<u>2,000</u>	<u>18,232</u>
Total special appropriation	<u>38,735</u>	<u>48,619</u>	<u>(9,884)</u>	<u>51,696</u>
 Total human services	 <u>2,149,872</u>	 <u>2,056,824</u>	 <u>93,048</u>	 <u>2,254,031</u>
 Cultural and recreational:				
Community Center:				
Salaries and employee benefits	30,152	25,142	5,010	19,365
Operating expenditures	<u>192,060</u>	<u>192,060</u>	<u>-</u>	<u>197,495</u>
Total	<u>222,212</u>	<u>217,202</u>	<u>5,010</u>	<u>216,860</u>
 Libraries:				
Operating expenditures	<u>90,000</u>	<u>90,000</u>	<u>-</u>	<u>89,659</u>
 Total cultural and recreation	 <u>312,212</u>	 <u>307,202</u>	 <u>5,010</u>	 <u>306,519</u>
 Education:				
Public schools - current	2,531,270	2,531,270	-	2,329,000
Public schools - capital outlay	100,000	100,000	-	240,100
Community colleges	<u>17,500</u>	<u>17,500</u>	<u>-</u>	<u>17,500</u>
Total education	<u>2,648,770</u>	<u>2,648,770</u>	<u>-</u>	<u>2,586,600</u>

GATES COUNTY, NORTH CAROLINA

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>2008 Actual</u>
Debt Service:				
Principal retirement	931,030	930,983	(47)	882,216
Interest and fees	414,515	414,560	45	368,231
Total debt service	<u>1,345,545</u>	<u>1,345,543</u>	<u>(2)</u>	<u>1,250,447</u>
Total expenditures	<u>10,687,190</u>	<u>10,106,126</u>	<u>593,017</u>	<u>10,153,481</u>
Revenues over (under) expenditures	<u>(179,279)</u>	<u>81,580</u>	<u>(913,222)</u>	<u>601,138</u>
Other financing sources (uses):				
Transfers from other funds	250,347	250,347	-	97,613
Transfers to other funds	(38,000)	(38,000)	-	(155,612)
Issuance of long-term debt	-	11,957	(11,957)	-
Contingency	(218,909)	-	(218,909)	-
Appropriated fund balance	185,841	-	(185,841)	-
Total other financing sources (uses)	<u>179,279</u>	<u>224,304</u>	<u>(416,707)</u>	<u>(57,999)</u>
Revenues and other financing sources (uses) over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>305,884</u>	<u>\$ 305,884</u>	<u>543,139</u>
Fund balance:				
Beginning of year - July 1		<u>2,616,354</u>		<u>2,073,215</u>
End of year - June 30		<u>\$ 2,922,238</u>		<u>\$ 2,616,354</u>

GATES COUNTY, NORTH CAROLINA

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2009**

	<u>Revaluation Fund</u>	<u>Emergency Telephone System Fund</u>	<u>Fire Protection Fund</u>	<u>Community Center Project Fund</u>
Assets:				
Cash and cash equivalents	\$ 19,708	\$ 360,784	\$ 14,227	\$ 166,582
Accounts receivable, net	-	13,939	-	-
Due from other governments	<u>90</u>	<u>17</u>	<u>-</u>	<u>4,213</u>
Total assets	<u>\$ 19,798</u>	<u>\$ 374,740</u>	<u>\$ 14,227</u>	<u>\$ 170,795</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	<u>\$ 510</u>	<u>\$ 4,815</u>	<u>\$ 12,720</u>	<u>\$ 178,591</u>
Total liabilities	<u>510</u>	<u>4,815</u>	<u>12,720</u>	<u>178,591</u>
Fund Balances:				
Unreserved	<u>19,288</u>	<u>369,925</u>	<u>1,507</u>	<u>(7,796)</u>
Total fund balances	<u>19,288</u>	<u>369,925</u>	<u>1,507</u>	<u>(7,796)</u>
Total liabilities and fund balances	<u>\$ 19,798</u>	<u>\$ 374,740</u>	<u>\$ 14,227</u>	<u>\$ 170,795</u>

Schedule B-1

USDA Loan Reserve Fund	School Capital Reserve Fund	Capital Reserve Fund	Single Family Home Grant Project	CDBG Scattered Site Grant Project	Total
\$ 22,470	\$ 109,642	\$ -	\$ 873	\$ -	\$ 694,286
-	-	-	-	-	13,939
-	-	-	-	-	4,320
<u>\$ 22,470</u>	<u>\$ 109,642</u>	<u>\$ -</u>	<u>\$ 873</u>	<u>\$ -</u>	<u>\$ 712,545</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 196,636
-	-	-	-	-	196,636
<u>22,470</u>	<u>109,642</u>	<u>-</u>	<u>873</u>	<u>-</u>	<u>515,909</u>
<u>22,470</u>	<u>109,642</u>	<u>-</u>	<u>873</u>	<u>-</u>	<u>515,909</u>
<u>\$ 22,470</u>	<u>\$ 109,642</u>	<u>\$ -</u>	<u>\$ 873</u>	<u>\$ -</u>	<u>\$ 712,545</u>

GATES COUNTY, NORTH CAROLINA

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

	<u>Revaluation Fund</u>	<u>Emergency Telephone System Fund</u>	<u>Fire Protection Fund</u>	<u>Community Center Project Fund</u>
Revenues:				
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses	-	182,076	221,801	-
Investment earnings	200	3,143	339	3,911
Total revenues	<u>200</u>	<u>185,219</u>	<u>222,140</u>	<u>3,911</u>
Expenditures:				
Current:				
General government	95,095	-	-	-
Public safety	-	84,457	221,801	-
Economic development	-	-	-	-
Culture and recreation	-	-	-	607,746
Total expenditures	<u>95,095</u>	<u>84,457</u>	<u>221,801</u>	<u>607,746</u>
Revenues over (under) expenditures	<u>(94,895)</u>	<u>100,762</u>	<u>339</u>	<u>(603,835)</u>
Other Financing Sources (Uses):				
Transfers from other funds	38,000	-	-	-
Transfers to other funds	-	(130,954)	-	-
Total other financing sources (uses)	<u>38,000</u>	<u>(130,954)</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures and other financing sources (uses)	(56,895)	(30,192)	339	(603,835)
Fund Balances:				
Beginning of year - July 1	<u>76,183</u>	<u>400,117</u>	<u>1,168</u>	<u>596,039</u>
End of year - June 30	<u>\$ 19,288</u>	<u>\$ 369,925</u>	<u>\$ 1,507</u>	<u>\$ (7,796)</u>

<u>USDA Loan Reserve Fund</u>	<u>School Capital Reserve Fund</u>	<u>Capital Reserve Fund</u>	<u>Single Family Home Grant Project</u>	<u>CDBG Scattered Site Grant Project</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 53,543	\$ 7,000	\$ 60,543
-	-	-	-	-	403,877
-	921	142	-	-	8,656
-	921	142	53,543	7,000	473,076
-	-	-	-	-	95,095
-	-	-	-	-	306,258
-	-	-	47,461	7,000	54,461
-	-	-	-	-	607,746
-	-	-	47,461	7,000	1,063,560
-	921	142	6,082	-	(590,484)
-	-	-	-	-	38,000
(87,787)	-	(31,606)	-	-	(250,347)
(87,787)	-	(31,606)	-	-	(212,347)
(87,787)	921	(31,464)	6,082	-	(802,831)
110,257	108,721	31,464	(5,209)	-	1,318,740
<u>\$ 22,470</u>	<u>\$ 109,642</u>	<u>\$ -</u>	<u>\$ 873</u>	<u>\$ -</u>	<u>\$ 515,909</u>

GATES COUNTY, NORTH CAROLINA

REVALUATION FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2009

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

	<u>2009</u>			<u>2008</u> <u>Actual</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Over/Under</u>	
Revenues:				
Investment earnings	\$ -	\$ 200	\$ 200	\$ 2,433
Expenditures:				
General government	114,000	95,095	18,905	97,695
Revenues over (under) expenditures	(114,000)	(94,895)	19,105	(95,262)
Other Financing Sources (Uses):				
Transfers (to) from other funds	38,000	38,000	-	45,355
Appropriated fund balance	76,000	-	(76,000)	-
Total other financing sources (uses)	114,000	38,000	(76,000)	45,355
Revenues and other financing sources (uses) over (under) expenditures and other financing sources (uses)	\$ -	(56,895)	\$ (56,895)	(49,907)
Fund Balance:				
Beginning of year - July 1		76,183		126,090
End of year - June 30		<u>\$ 19,288</u>		<u>\$ 76,183</u>

GATES COUNTY, NORTH CAROLINA

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

	2009			2008 Actual
	Budget	Actual	Variance Over/Under	
Revenues:				
Other taxes and licenses	\$ 168,136	\$ 182,076	\$ 13,940	\$ 147,594
Investment earnings	-	3,143	3,143	8,156
Total revenues	<u>168,136</u>	<u>185,219</u>	<u>17,083</u>	<u>155,750</u>
Expenditures:				
Public safety	<u>329,147</u>	<u>84,457</u>	<u>244,690</u>	<u>72,066</u>
Revenues over (under) expenditures	<u>(161,011)</u>	<u>100,762</u>	<u>261,773</u>	<u>83,684</u>
Other Financing Sources (Uses):				
Transfer (to) from other funds	(130,954)	(130,954)	-	(51,600)
Appropriated fund balance	<u>291,965</u>	<u>-</u>	<u>(291,965)</u>	<u>-</u>
Total other financing sources (uses)	<u>161,011</u>	<u>(130,954)</u>	<u>(291,965)</u>	<u>(51,600)</u>
Revenues and other financing sources (uses) over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>(30,192)</u>	<u>\$ (30,192)</u>	<u>32,084</u>
Fund Balance:				
Beginning of year - July 1		<u>400,117</u>		<u>368,033</u>
End of year - June 30		<u>\$ 369,925</u>		<u>\$ 400,117</u>

GATES COUNTY, NORTH CAROLINA

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

	<u>2009</u>			<u>2008</u> <u>Actual</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Over/Under</u>	
Revenues:				
Fire protection fees	\$ 222,000	\$ 221,801	\$ (199)	\$ 218,868
Investment earnings	1,200	339	(861)	1,177
Total revenues	<u>223,200</u>	<u>222,140</u>	<u>(1,060)</u>	<u>220,045</u>
Expenditures:				
Volunteer fire department	<u>223,200</u>	<u>221,801</u>	<u>1,399</u>	<u>218,877</u>
Revenues over (under) expenditures	<u>\$ -</u>	339	<u>\$ 339</u>	1,168
Fund Balance:				
Beginning of year - July 1		<u>1,168</u>		<u>-</u>
End of year - June 30		<u>\$ 1,507</u>		<u>\$ 1,168</u>

GATES COUNTY, NORTH CAROLINA

COMMUNITY CENTER PROJECT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009

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

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Restricted intergovernmental revenues:				
Grant golden leaf tobacco	\$ 780,780	\$ 624,624	\$ -	\$ 624,624
Investment earnings	-	343	3,911	4,254
Total revenues	<u>780,780</u>	<u>624,967</u>	<u>3,911</u>	<u>628,878</u>
Expenditures:				
Cultural and recreation:				
Design	45,541	27,028	18,512	45,540
Construction costs	<u>735,239</u>	<u>1,900</u>	<u>589,234</u>	<u>591,134</u>
Total expenditures	<u>780,780</u>	<u>28,928</u>	<u>607,746</u>	<u>636,674</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 596,039</u>	<u>\$ (603,835)</u>	<u>\$ (7,796)</u>

GATES COUNTY, NORTH CAROLINA

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

	2009			2008 Actual
	Budget	Actual	Variance Over/Under	
Other Financing Sources (Uses):				
Transfers from other funds	\$ -	\$ -	\$ -	\$ 110,257
Transfers to other funds	(87,787)	(87,787)	-	-
Appropriated fund balance	87,787	-	(87,787)	-
Total other financing sources (uses)	-	(87,787)	(87,787)	110,257
Revenues and other financing sources (uses) over (under) expenditures and other financing sources (uses)	\$ -	(87,787)	\$ (87,787)	110,257
Fund Balance:				
Beginning of year - July 1		110,257		-
End of year - June 30		\$ 22,470		\$ 110,257

GATES COUNTY, NORTH CAROLINA

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

	2009			2008 Actual
	Budget	Actual	Variance Over/Under	
Revenues:				
Investment earnings	\$ -	\$ 921	\$ 921	\$ 3,217
Other Financing Sources (Uses):				
Transfers to other funds	-	-	-	(45,513)
Revenues and other financing sources (uses) over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	921	<u>\$ 921</u>	(42,296)
Fund Balance:				
Beginning of year - July 1		<u>108,721</u>		<u>151,017</u>
End of year - June 30		<u>\$ 109,642</u>		<u>\$ 108,721</u>

GATES COUNTY, NORTH CAROLINA

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

	<u>2009</u>			<u>2008</u> <u>Actual</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Over/Under</u>	
Revenues:				
Investment earnings	\$ -	\$ 142	\$ 142	\$ 656
Other Financing Sources (Uses):				
Transfers from other funds	20,000	-	(20,000)	-
Transfers to other funds	(31,606)	(31,606)	-	-
Appropriated fund balance	11,606	-	(11,606)	-
Total other financing sources (uses)	-	(31,606)	(31,606)	-
Revenues and other financing sources (uses) over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	(31,464)	<u>\$ (31,464)</u>	656
Fund Balance:				
Beginning of year - July 1		<u>31,464</u>		<u>30,808</u>
End of year - June 30		<u>\$ -</u>		<u>\$ 31,464</u>

GATES COUNTY, NORTH CAROLINA

SINGLE FAMILY HOME GRANT PROJECT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Restricted intergovernmental	\$ 200,000	\$ 99,462	\$ 53,543	\$ 153,005
Expenditures:				
Economic and physical development				
Program cost	23,800	57,226	1	57,227
Relocation	2,000	13,000	-	13,000
Rehabilitation	158,400	26,110	47,460	73,570
Administration	15,800	8,335	-	8,335
Total expenditures	<u>200,000</u>	<u>104,671</u>	<u>47,461</u>	<u>152,132</u>
Revenues over (under) expenditures	\$ -	\$ (5,209)	\$ 6,082	\$ 873

GATES COUNTY, NORTH CAROLINA

**CDBG SCATTERED SITE GRANT PROJECT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009**

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Restricted intergovernmental	\$ 400,000	\$ -	\$ 7,000	\$ 7,000
Expenditures:				
Economic and physical development				
Clearance	11,500	-	-	-
Rehabilitation	242,600	-	-	-
Relocation	106,942	-	-	-
Administration	38,958	-	7,000	7,000
Total expenditures	400,000	-	7,000	7,000
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -

GATES COUNTY, NORTH CAROLINA

SCHOOL CONSTRUCTION FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (DEFICIT)- BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
Investment earnings	\$ -	\$ 300,827	\$ 28,538	\$ 329,365
Expenditures:				
Legal expense	12,275	12,275	-	12,275
Financing fees	3,740	3,700	20	3,720
Construction costs	6,483,985	1,464,674	3,160,707	4,625,381
Total expenditures	6,500,000	1,480,649	3,160,727	4,641,376
Revenues over (under) expenditures	(6,500,000)	(1,179,822)	(3,132,189)	(4,312,011)
Other Financing Sources (Uses):				
Installment purchase proceeds	6,500,000	6,500,000	-	6,500,000
Revenues and other financing sources (uses) over (under) expenditures and other financing sources (uses)	\$ -	\$ 5,320,178	\$ (3,132,189)	\$ 2,187,989

GATES COUNTY, NORTH CAROLINA

LANDFILL FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2009

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

	<u>2009</u>			<u>2008</u> <u>Actual</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Over/Under</u>	
Revenues:				
Operating revenues:				
Charges for services:				
Solid waste charges	\$ 720,011	\$ 689,270	\$ (30,741)	\$ 735,988
Miscellaneous	1,400	-	(1,400)	6,320
Total operating revenues	<u>721,411</u>	<u>689,270</u>	<u>(32,141)</u>	<u>742,308</u>
Non-operating revenues:				
Investment earnings	1,000	405	(595)	915
White goods	12,669	12,668	(1)	13,162
Scrap tire	13,720	13,719	(1)	10,256
Solid waste disposal tax	4,113	4,113	-	-
Total non-operating revenues	<u>31,502</u>	<u>30,905</u>	<u>(597)</u>	<u>24,333</u>
Total revenues	<u>752,913</u>	<u>720,175</u>	<u>(32,738)</u>	<u>766,641</u>
Expenditures:				
Landfill operations:				
Operating expenditures	<u>753,581</u>	<u>742,716</u>	<u>10,865</u>	<u>696,966</u>
Revenues over (under) expenditures	<u>(668)</u>	<u>(22,541)</u>	<u>(21,873)</u>	<u>69,675</u>
Other Financing Sources (Uses):				
Transfers (to) from other funds	-	-	-	(250)
Appropriated fund balance	<u>668</u>	<u>-</u>	<u>(668)</u>	<u>-</u>
Total other financing sources (uses)	<u>668</u>	<u>-</u>	<u>(668)</u>	<u>(250)</u>
Revenues and other financing sources (uses) over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>(22,541)</u>	<u>\$ (22,541)</u>	<u>\$ 69,425</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Change in net assets		<u>\$ (22,541)</u>		

GATES COUNTY, NORTH CAROLINA

WATER FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2009

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

	2009			2008 Actual
	Budget	Actual	Variance Over/Under	
Revenues:				
Operating revenues:				
Water sales	\$ 811,729	\$ 935,313	\$ 123,584	\$ 715,357
Water taps and connection fees	50,000	30,500	(19,500)	47,650
Miscellaneous	-	2,198	2,198	2,930
Total operating revenues	<u>861,729</u>	<u>968,011</u>	<u>106,282</u>	<u>765,937</u>
Non-operating revenues:				
Grants	12,000	-	(12,000)	48,000
Sale of equipment	-	1,200	1,200	1,450
Investment earnings	30,000	13,721	(16,279)	33,438
Tax refunds	-	1,967	1,967	8,751
Total non-operating revenues	<u>42,000</u>	<u>16,888</u>	<u>(25,112)</u>	<u>91,639</u>
Total revenues	<u>903,729</u>	<u>984,899</u>	<u>81,170</u>	<u>857,576</u>
Expenditures:				
Water and sewer operations:				
Salaries and benefits	225,939	225,738	201	242,352
Operating expenditures	320,263	293,098	27,165	249,124
Capital outlay	150,078	-	150,078	80,850
Reimbursement for General Fund administration	62,000	62,000	-	65,015
Total operations	<u>758,280</u>	<u>580,836</u>	<u>177,444</u>	<u>637,341</u>
Debt service:				
Principle payment	130,427	130,427	-	124,227
Interest and fees	59,793	59,793	-	65,993
Total debt service	<u>190,220</u>	<u>190,220</u>	<u>-</u>	<u>190,220</u>
Total expenditures	<u>948,500</u>	<u>771,056</u>	<u>177,444</u>	<u>827,561</u>
Revenues over (under) expenditures	<u>(44,771)</u>	<u>213,843</u>	<u>258,614</u>	<u>30,015</u>

GATES COUNTY, NORTH CAROLINA

WATER FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2009

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

	<u>2009</u>			<u>2008</u> <u>Actual</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Over/Under</u>	
Other Financing Sources (Uses):				
Transfers (to) from other funds	(250)	-	(250)	(250)
Appropriated fund balance	<u>45,021</u>	-	<u>(45,021)</u>	-
Total other financing sources (uses)	<u>44,771</u>	-	<u>(45,271)</u>	<u>(250)</u>
Revenues and other financing sources (uses) over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	213,843	<u>\$ 213,843</u>	<u>\$ 29,765</u>

**Reconciliation from budgetary basis
(modified accrual) to full accrual:**

Reconciling items:

Debt principal	130,427
Change in accrued vacation pay	88
Depreciation	<u>(216,935)</u>
Total reconciling items	<u>(86,420)</u>
Change in net assets	<u>\$ 127,423</u>

GATES COUNTY, NORTH CAROLINA

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

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2009</u>
<u>Social Services</u>				
Assets:				
Cash and cash equivalents	\$ 16,144	\$ 81,778	\$ (70,519)	\$ 27,403
Liabilities:				
Miscellaneous liabilities	\$ 16,144	\$ 81,778	\$ (70,519)	\$ 27,403
<u>DMV Fund</u>				
Assets:				
Cash and cash equivalents	\$ 694	\$ 9,714	(9,623)	\$ 785
Liabilities:				
Miscellaneous liabilities	\$ 694	\$ 9,714	\$ (9,623)	\$ 785
<u>Extension Director Funds</u>				
Assets:				
Cash and cash equivalents	\$ 19,915	\$ 3,952	\$ (4,695)	\$ 19,172
Liabilities:				
Miscellaneous liabilities	\$ 19,915	\$ 3,952	\$ (4,695)	\$ 19,172
<u>4-H Fund</u>				
Assets:				
Cash and cash equivalents	\$ 59,856	\$ 19,248	\$ (11,400)	\$ 67,704
Liabilities:				
Miscellaneous liabilities	\$ 59,856	\$ 19,248	\$ (11,400)	\$ 67,704
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and cash equivalents	\$ 96,609	\$ 114,692	\$ (96,237)	\$ 115,064
Liabilities:				
Miscellaneous liabilities	\$ 96,609	\$ 114,692	\$ (96,237)	\$ 115,064

GATES COUNTY, NORTH CAROLINA

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

Fiscal Year	Uncollected Balance July 1, 2008	Additions	Collections and Credits	Uncollected Balance June 30, 2009
2008-2009	\$ -	\$ 5,472,063	\$ 5,086,481	\$ 385,582
2007-2008	353,642	-	244,440	109,202
2006-2007	94,506	-	36,763	57,743
2005-2006	60,366	-	18,043	42,323
2004-2005	46,096	-	10,266	35,830
2003-2004	28,885	-	3,114	25,771
2002-2003	31,845	-	2,769	29,076
2001-2002	32,719	-	8,879	23,840
2000-2001	30,471	-	4,219	26,252
1999-2000	23,860	-	1,871	21,989
1998-1999	17,869	-	17,869	-
	<u>\$ 720,259</u>	<u>\$ 5,472,063</u>	<u>\$ 5,434,714</u>	757,608
Plus uncollected 2009-2010 ad valorem taxes receivable - motor vehicles				105,811
Less: allowance for uncollectible accounts:				<u>(300,000)</u>
Ad valorem taxes receivable - net:				
General Fund				<u>\$ 563,419</u>
Reconciliation with revenues:				
Taxes - ad valorem - General Fund				\$ 5,487,538
Reconciling items:				
Penalties and interest				(3,839)
Refunds and other adjustments				(18,035)
Miscellaneous adjustments				(48,819)
Amounts written off per statute of limitations				<u>17,869</u>
Total collections and credits				<u>\$ 5,434,714</u>

GATES COUNTY, NORTH CAROLINA

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

	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	\$ 527,181,135	\$ 0.975	5,406,986	4,650,726	756,260
Motor vehicles taxed at prior year's rate	4,125,225	0.975	42,310	-	42,310
Penalties	-		4,563	4,563	-
Total	<u>531,306,360</u>		<u>5,453,859</u>	<u>4,655,289</u>	<u>798,570</u>
Discoveries:					
Current year taxes	<u>3,008,753</u>		<u>30,859</u>	<u>30,859</u>	<u>-</u>
Abatements	<u>(1,233,863)</u>		<u>(12,655)</u>	<u>(160)</u>	<u>(12,495)</u>
Total property valuation	<u>\$ 533,081,250</u>				
Net Levy			5,472,063	4,685,988	786,075
Uncollected taxes at June 30, 2009			<u>(385,582)</u>	<u>(226,928)</u>	<u>(158,654)</u>
Current Year's Taxes Collected			<u>\$ 5,086,481</u>	<u>\$ 4,459,060</u>	<u>\$ 627,421</u>
Current Levy Collection Percentage			<u>92.95%</u>	<u>95.16%</u>	<u>79.82%</u>