

***REVIEWED***

***By SLGFD at 2:07 pm, Jan 12, 2022***

CHOWAN COUNTY, NORTH CAROLINA

ANNUAL FINANCIAL REPORT  
Year Ended June 30, 2021

## **BOARD OF COMMISSIONERS**

Bob Kirby, Chair  
Tray Taylor  
Chris Evans  
Alex Kehayes  
Ron Cummings  
Ellis Lawrence  
Larry McLaughlin

## **OFFICIALS**

County Manager  
Kevin Howard

Clerk to the Board  
Susanne Stallings

Finance Officer  
Cathy Smith

Register of Deeds  
Lynn Gilliard

Tax Administrator  
Melissa Radke

Sheriff  
Edward Basnight

County Attorney  
Lauren Arizaga-Womble

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June 30, 2021**

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## FINANCIAL SECTION



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## **Independent Auditor's Report**

To the Board of County Commissioners  
Chowan County, North Carolina

### **Report on the Financial Statements**

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 Chowan County, North Carolina, as of and for the year then ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Chowan County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Chowan County ABC Board, which represent 71 percent, 60 percent, and 98 percent of the assets, net position, and revenues, respectively, of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Chowan County ABC Board is based solely on the report of the other auditors. 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 financial statements are free from material misstatement. The financial statements of Chowan County ABC Board and the Chowan County TDA were not audited in accordance with *Governmental Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinions, based on our audits and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Chowan County, North Carolina as of June 30, 2021, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Other Postemployment Benefits Schedules of Changes in the Net OPEB Liability and Related Ratios, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Liability and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Liability and Schedule of County Contributions, the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Chowan County, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules, and component unit schedules as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the *State Single Audit Implementation Act* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules, component unit schedules and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual fund financial statements, budgetary schedules, other schedules, component unit schedules and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2021 on our consideration of Chowan County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Chowan County's internal control over financial reporting and compliance.

*Thompson, Price, Scott, Adams & Co., PA*  
Wilmington, North Carolina  
December 20, 2021

## MANAGEMENT'S DISCUSSION AND ANALYSIS

## **Management's Discussion and Analysis**

As management of Chowan County, we offer readers of Chowan County's (the "County") financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

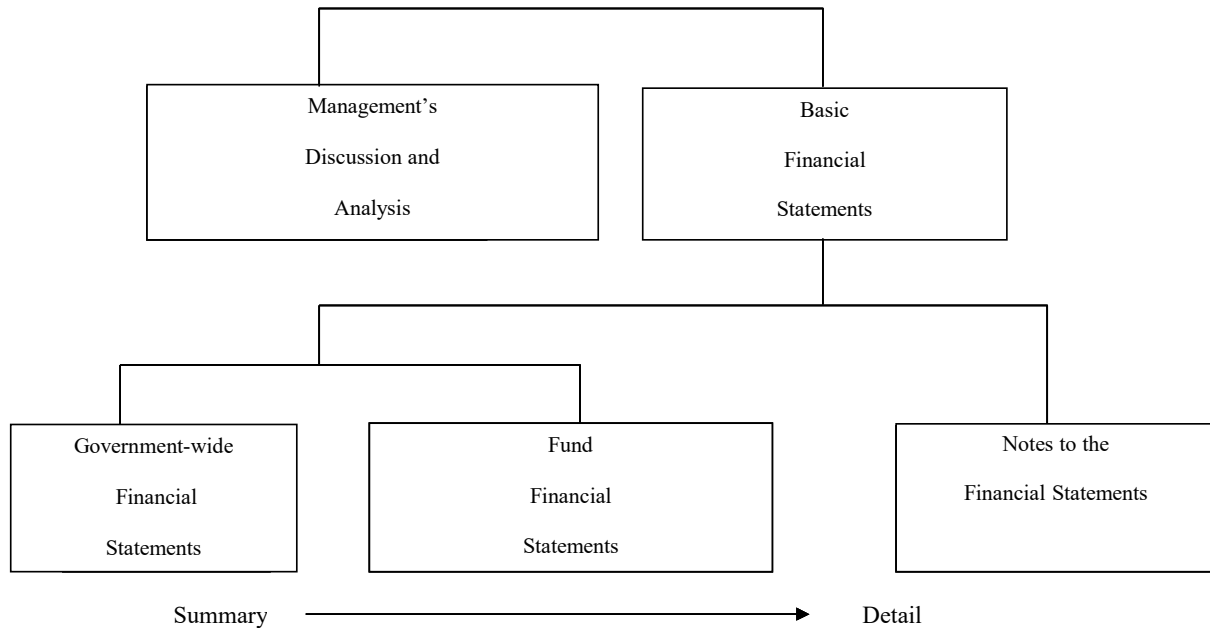
### **Financial Highlights**

- The assets and deferred outflows of resources of Chowan County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$30,000,366 (net position).
- The government's total net position increased by \$2,132,278, primarily due to increase in net position in the governmental activities.
- As of the close of the current fiscal year, Chowan County's governmental funds reported combined ending fund balances of \$11,209,192, after a net increase in fund balance of \$1,169,922. Approximately 19% of this total amount, or \$2,183,901, is restricted or non-spendable.
- At the end of the current fiscal year, available fund balance for the General Fund was \$8,945,105, or 47% of total General Fund expenditures and transfers to other funds for the fiscal year, while the unassigned fund balance for the General Fund was \$7,611,859, or 40% of total General Fund expenditures and transfers to other funds for the fiscal year.
- Chowan County's total debt decreased by \$1,568,138 during the current fiscal year.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to Chowan County's basic financial statements. The 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 (see 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 the Chowan County.

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



### **Basic Financial Statements**

The first two statements (Exhibits 1&2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits 3-8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the government fund statements; 2) the budgetary comparison statements; 3) the proprietary governmental funds statements; 4) the agency fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's major and non-major governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information about the County's pension and benefit plans.

## Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net position and how it has changed. Net position is the difference between the County's total assets and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as general administration, taxation and records, human services, education, and public safety. Property taxes, other taxes, and state and federal grant funds finance most of these activities. The business-type activities are those where services are provided and customers are charged for those services. These include the water and sewer services offered by Chowan County. The final category is the component units. The Chowan ABC Board and Chowan TDA are such units.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

## Fund Financial Statements

The Fund Financial Statements (see Figure 1) provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Chowan County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the North Carolina General Statutes or the County's budget ordinance. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary fund.

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 the 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 focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The 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 about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds - The County has one kind of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its water and sewer activity, solid waste operations, and emergency medical services activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Chowan County has one custodial fund.

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

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

### Government-Wide Financial Analysis

As noted earlier, net position, over time, may serve as a useful indicator of a government's financial position. For Chowan County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$30,000,366 as of June 30, 2021. The County's net position increased by \$2,132,278 in the same period. One of the largest portions \$26,949,849 (90%) reflects the County's net investment in capital assets (e.g., land, buildings, machinery, and equipment). Chowan County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Chowan County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of Chowan County's net position \$2,180,168 (7%) represents, resources that are subject to external restrictions on how they may be used. The remaining balance of \$870,349 (3%) is unrestricted.

#### Chowan County's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 13,526,204	\$ 11,165,192	\$ 3,124,085	\$ 2,757,281	\$ 16,650,289	\$ 13,922,473
Capital assets	29,362,099	29,104,366	3,397,945	3,754,099	32,760,044	32,858,465
Total assets	42,888,303	40,269,558	6,522,030	6,511,380	49,410,333	46,780,938
Deferred outflows of resources	3,179,725	1,608,616	435,449	229,508	3,615,174	1,838,124
Long-term liabilities outstanding	15,346,764	15,399,871	1,603,208	1,371,778	16,949,972	16,771,649
Other liabilities	3,893,445	2,724,076	244,026	251,196	4,137,471	2,975,272
Total liabilities	19,240,209	18,123,947	1,847,234	1,622,974	21,087,443	19,746,921
Deferred inflows of resources	1,704,551	889,622	233,147	118,378	1,937,698	1,008,000
Net Position:						
Net investment						
in capital assets	23,551,904	21,726,032	3,397,945	3,754,099	26,949,849	25,480,131
Restricted	2,180,168	2,458,841	-	-	2,180,168	2,458,841
Unrestricted	(608,804)	(1,320,268)	1,479,153	1,245,437	870,349	(74,831)
Total net position	\$ 25,123,268	\$ 22,864,605	\$ 4,877,098	\$ 4,999,536	\$ 30,000,366	\$ 27,864,141

**Chowan County**  
**Changes in Net Position**  
**Figure 3**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Revenues:</b>						
Program Revenues						
Charges for Services	\$ 1,765,375	\$ 1,618,215	\$ 3,768,262	\$ 3,523,556	\$ 5,533,637	\$ 5,141,771
Operating grants and contributions	3,158,946	2,287,695	-	-	3,158,946	2,287,695
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	12,179,859	11,811,134	-	-	12,179,859	11,811,134
Other taxes	5,480,250	4,206,278	-	-	5,480,250	4,206,278
Other	5,936	49,698	50,754	19,482	56,690	69,180
<b>Total revenues</b>	<b>22,590,366</b>	<b>19,973,020</b>	<b>3,819,016</b>	<b>3,543,038</b>	<b>26,409,382</b>	<b>23,516,058</b>
<b>Expenses:</b>						
General government	3,841,276	4,041,898	-	-	3,841,276	4,041,898
Public Safety	4,445,146	4,694,191	-	-	4,445,146	4,694,191
Economic and physical development	2,004,717	2,168,342	-	-	2,004,717	2,168,342
Human services	2,623,966	2,679,776	-	-	2,623,966	2,679,776
Cultural and recreation	901,594	987,619	-	-	901,594	987,619
Education	4,477,294	3,808,781	-	-	4,477,294	3,808,781
Interest on long-term debt	150,192	247,212	-	-	150,192	247,212
Environmental protection	1,090,217	1,056,051	-	-	1,090,217	1,056,051
Water Fund	-	-	1,738,785	1,963,197	1,738,785	1,963,197
Solid Waste Fund	-	-	1,337,171	1,239,580	1,337,171	1,239,580
Emergency Management Fund	-	-	1,666,746	1,726,356	1,666,746	1,726,356
<b>Total expenses</b>	<b>19,534,402</b>	<b>19,683,870</b>	<b>4,742,702</b>	<b>4,929,133</b>	<b>24,277,104</b>	<b>24,613,003</b>
Increase (decrease) in net position before transfers and special items	3,055,964	289,150	(923,686)	(1,386,095)	2,132,278	(1,096,945)
Transfers	(801,248)	(848,091)	801,248	848,091	-	-
Increase (decrease) in net position	2,254,716	(558,941)	(122,438)	(538,004)	2,132,278	(1,096,945)
Net position, beginning, previously reported	22,864,605	23,423,546	4,999,536	5,537,540	27,864,141	28,961,086
Restatement	3,947	-	-	-	3,947	-
Net position, beginning, restated	22,868,552	23,423,546	4,999,536	5,537,540	27,868,088	28,961,086
Net position, ending	<u>\$ 25,123,268</u>	<u>\$ 22,864,605</u>	<u>\$ 4,877,098</u>	<u>\$ 4,999,536</u>	<u>\$ 30,000,366</u>	<u>\$ 27,864,141</u>

**Governmental activities:** Governmental activities increased the County's net position by \$2,254,716.

**Business-type activities:** Business-type activities decreased the County's net position by \$122,438.

**Financial Analysis of the County's Funds**

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

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

The general fund is the chief operating fund of the County. At the end of the current fiscal year, the County's fund balance available in the General Fund was \$8,945,105 while total fund balance reached \$10,566,147. The County currently has an unassigned fund balance of 47% of General Fund expenditures and transfers while total fund balance represents 56% of the same amount.

At June 30, 2021, the governmental funds of the County reported a combined fund balance of \$11,209,192, a \$1,169,922 increase over last year.

**General Fund Budgetary Highlights:**

During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of 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. The total amendments to the General Fund increased revenues by \$1,388,317 (9% of the original budget). None of the appropriated Fund Balance was needed to offset expenditures.

**Proprietary Funds:** The County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. At the end of the fiscal year, unrestricted net position amounted to \$1,479,153. The total decrease in net position was \$122,438.

**Capital Asset and Debt Administration**

The Chowan County's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$32,760,044 (net of accumulated depreciation). These assets include land, buildings, automotive equipment, office and other equipment, and water and sewer lines.

Major capital assets transactions during the year include:

- Construction in progress of \$731,737 on the High School replacement in General Fund.
- Renovation the Wharf fishing pier.
- Agriculture building roof.



**Chowan County's Capital Assets  
(net of depreciation)  
Figure 4**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 3,329,162	\$ 3,329,162	\$ 140,847	\$ 140,847	\$ 3,470,009	\$ 3,470,009
Buildings	24,231,807	24,785,982	317,049	357,598	24,548,856	25,143,580
Furniture, fixtures and equipment, vehicles	1,069,393	989,222	272,270	365,516	1,341,663	1,354,738
Plant and systems	-	-	2,667,779	2,890,138	2,667,779	2,890,138
Construction in Progress	731,737	-	-	-	731,737	-
<b>Total</b>	<b>\$ 29,362,099</b>	<b>\$ 29,104,366</b>	<b>\$ 3,397,945</b>	<b>\$ 3,754,099</b>	<b>\$ 32,760,044</b>	<b>\$ 32,858,465</b>

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

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

**Chowan County's Outstanding Debt  
Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Qualified Zone Academy Bonds	\$ 446,405	\$ 549,978	\$ -	\$ -	\$ 446,405	\$ 549,978
Notes Payable	5,363,791	6,828,356	-	-	5,363,791	6,828,356
<b>Total</b>	<b>\$ 5,810,196</b>	<b>\$ 7,378,334</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,810,196</b>	<b>\$ 7,378,334</b>

Chowan County's total governmental and business-type debt decreased by \$1,568,138 during the past fiscal year. More detailed information on Chowan County's long-term debt and capital asset activity can be found in the notes to the financial statements.

### **Economic Factors and Next Year's Budgets and Rates**

- Property tax rates remained the same at \$0.755 per one-hundred dollar value for FY 2020-2021.
- The water rates remained the same at \$14.00 for the first 0-2000 gallons and \$7.00 per additional 1000 gallon in FY 2020-2021.

**Impact of Coronavirus on the County.** During the fiscal year, the state and the nation were affected by the spread of a coronavirus. The Chowan County's response to the coronavirus included:

- Providing COVID-19 Vaccination clinics for employees
- Providing COVID-19 Testing clinics for the public
- Ordering and delivering medial supplies to health care facilities and physician offices
- Providing grants to local businesses
- Installing barriers in county office building to promote social distancing
- Purchasing laptops to allow employees to work remotely
- Holding public meetings using WebEx
- Making internet service improvements for education and remote work purposes
- Sharing information using multiple mass notification avenues

### **Budget Highlights for the Fiscal Year Ending June 30, 2022**

#### **Governmental Activities**

The Board of Commissioners adopted a General Fund budget, including Department of Social Services, of \$19,747,548.

Management maintained property tax rates for 2022 of \$0.755 per \$100.00 value. This rate will result in projected Ad Valorem tax revenue of \$10,157,121 and motor vehicle tax revenue of \$1,035,338 for the year. The combined tax revenue of \$11,192,459 accounts for 66% of General Fund Revenue.

Management is projecting a 34% increase in Sales Tax Revenue in 2022 which will result in an increase of \$719,592 in General Fund Revenue.

Debt Service payments are scheduled to be \$1,553,364 in 2022.

#### **Business-type Activities**

In EMS, revenues are budgeted at \$800,000 in fees for services and appropriations from the General Fund are \$1,264,973.

Budgeted revenue in the Water Department for 2022 is \$1,677,800. Water rates will not increase in 2022.

Solid Waste Revenues are estimated to be \$1,170,110 in 2022. Solid Waste fees remained in 2022 at \$15.25 per month for residential customers.

### **Requests for Information**

This report is designed to provide an overview of the Chowan County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Office of the County Manager, 305 West Freemason Street, Edenton North Carolina 27932. You can also call (252) 482-8334, visit our website [www.chowancounty-nc.gov](http://www.chowancounty-nc.gov) or send an email to [info@chowancounty-nc.gov](mailto:info@chowancounty-nc.gov) for more information.

## BASIC FINANCIAL STATEMENTS

**Chowan County, North Carolina**  
**Statement of Net Position**  
**June 30, 2021**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Chowan County ABC Board	Chowan County TDA
<b>Assets</b>					
Cash and cash equivalents	\$ 10,181,928	\$ 2,987,826	\$ 13,169,754	\$ 260,207	\$ -
Restricted cash	1,635,973	27,880	1,663,853	-	334,983
Taxes receivable, net	92,290	-	92,290	-	-
Accounts receivable, net	1,161,132	400,840	1,561,972	-	415
Due from other governments	-	-	-	-	-
Due from other funds	393,240	(393,240)	-	-	-
Inventories	-	100,779	100,779	216,322	-
Prepaid expenses	-	-	-	5,985	-
Accrued interest on taxes receivable	31,160	-	31,160	-	-
Net pension asset	30,481	-	30,481	-	-
Capital assets:					
Land, non-depreciable improvements, and construction in progress	4,060,899	140,847	4,201,746	26,135	-
Other capital assets, net of depreciation	25,301,200	3,257,098	28,558,298	281,858	-
Total assets	42,888,303	6,522,030	49,410,333	790,507	335,398
<b>Deferred Outflows of Resources</b>	3,179,725	435,449	3,615,174	29,120	-
<b>Liabilities</b>					
Accounts payable and accrued liabilities	713,286	235,851	949,137	166,859	677
Compensated absences payable	292,663	8,175	300,838	-	-
Advance from other governments	1,354,132	-	1,354,132	-	-
Current-portion of long-term liabilities	1,553,364	-	1,553,364	-	-
Long-term liabilities					
Net pension liability - LGERS	2,389,797	357,096	2,746,893	25,729	-
Total pension liability - LEOSA	872,557	-	872,557	-	-
Net OPEB liability	7,792,867	1,164,451	8,957,318	131,930	-
Compensated absences payable	14,712	53,781	68,493	-	-
Due in more than one year	4,256,831	-	4,256,831	-	-
Liabilities to be paid from restricted assets					
Customer deposits	-	27,880	27,880	-	-
Total liabilities	19,240,209	1,847,234	21,087,443	324,518	677
Pension deferrals	1,608,888	233,147	1,842,035	-	-
Prepaid taxes	95,663	-	95,663	-	-
<b>Deferred Inflows of Resources</b>	1,704,551	233,147	1,937,698	-	-
<b>Net Position</b>					
Net investment in capital assets	23,551,904	3,397,945	26,949,849	307,993	-
Stabilization by state statute	1,554,372	-	1,554,372	-	415
Register of deeds	28,104	-	28,104	-	-
Public safety	455,089	-	455,089	-	-
School capital	142,603	-	142,603	-	-
Working capital	-	-	-	62,717	-
Unrestricted	(608,804)	1,479,153	870,349	124,399	334,306
Total net position	\$ 25,123,268	\$ 4,877,098	\$ 30,000,366	\$ 495,109	\$ 334,721

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

**Chowan County, North Carolina**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2021**

		Program Revenues			Net (Expense) Revenue and Changes in Net Position					
					Primary Government			Component Unit		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Chowan County ABC Board	Chowan County TDA	
Primary government:										
Governmental activities:										
General government	\$ 3,841,276	\$ 626,880	\$ 26,464	\$ -	\$ (3,187,932)	\$ -	\$ (3,187,932)			
Public safety	4,445,146	648,100	270,042	-	(3,527,004)	-	(3,527,004)			
Environmental protection	1,090,217	270,042	-	-	(820,175)	-	(820,175)			
Economic and physical development	2,004,717	-	540,083	-	(1,464,634)	-	(1,464,634)			
Human services	2,623,966	108,017	2,322,357	-	(193,592)	-	(193,592)			
Cultural and recreational	901,594	112,336	-	-	(789,258)	-	(789,258)			
Education	4,477,294	-	-	-	(4,477,294)	-	(4,477,294)			
Interest on long-term debt	150,192	-	-	-	(150,192)	-	(150,192)			
Total governmental activities	19,534,402	1,765,375	3,158,946	-	(14,610,081)	-	(14,610,081)			
Business-type activities:										
Water Fund	1,738,785	1,782,081	-	-	-	43,296	43,296			
Solid Waste Fund	1,337,171	1,202,413	-	-	-	(134,758)	(134,758)			
Emergency Medical Services Fund	1,666,746	783,768	-	-	-	(882,978)	(882,978)			
Total business-type activities	4,742,702	3,768,262	-	-	-	(974,440)	(974,440)			
	24,277,104	5,533,637	3,158,946	-	(14,610,081)	(974,440)	(15,584,521)			
Component units:										
TDA	173,735	11,024	25,750	-				-	(136,961)	
ABC board	2,096,450	2,115,300	-	-				18,850	-	
Total component units	2,270,185	2,126,324	25,750	-				18,850	(136,961)	
General revenues:										
Taxes:										
Property taxes, levied for general purpose					12,179,859	-	12,179,859	-	-	
Local option sales tax					3,787,780	-	3,787,780	-	-	
Other taxes and licenses					1,692,470	-	1,692,470	-	194,925	
Investment earnings, unrestricted					5,936	50,754	56,690	136	153	
Miscellaneous, unrestricted					-	-	-	1,014	-	
Transfers					(801,248)	801,248	-	-	-	
Total general revenues, special items, and transfers					16,864,797	852,002	17,716,799	1,150	195,078	
Change in net position					2,254,716	(122,438)	2,132,278	20,000	58,117	
Net position, beginning, previously reported position, beginning					22,864,605	4,999,536	27,864,141	475,109	276,604	
Prior period restatement - change in accounting principle					3,947	-	3,947	-	-	
Net position, beginning, as restated					22,868,552	4,999,536	27,868,088	475,109	276,604	
Net position, ending					\$ 25,123,268	\$ 4,877,098	\$ 30,000,366	\$ 495,109	\$ 334,721	

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

**Chowan County, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

	<b>Major</b>			<b>NonMajor</b>	
		<b>Debt Service</b>		<b>Other</b>	<b>Total</b>
	<b>General Fund</b>	<b>Fund</b>	<b>ARPA Fund</b>	<b>Governmental</b>	<b>Governmental</b>
				<b>Funds</b>	<b>Funds</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 9,473,416	-	-	\$ 708,512	\$ 10,181,928
Restricted cash	281,841	-	1,354,132	-	1,635,973
Taxes receivable, net	92,290	-	-	-	92,290
Due from other funds	393,240	-	-	-	393,240
Accounts receivable, net	1,057,095	-	-	104,037	1,161,132
Total assets	<u>\$ 11,297,882</u>	<u>-</u>	<u>1,354,132</u>	<u>\$ 812,549</u>	<u>\$ 13,464,563</u>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable and accrued liabilities	543,782	-	-	126,384	670,166
Due to other funds	-	-	-	43,120	43,120
Advance from other governments	-	-	1,354,132	-	1,354,132
Total liabilities	<u>543,782</u>	<u>-</u>	<u>1,354,132</u>	<u>169,504</u>	<u>2,067,418</u>
<b>Deferred Inflows of Resources</b>					
Property taxes receivable	92,290	-	-	-	92,290
Prepaid taxes	95,663	-	-	-	95,663
Total deferred inflows of resources	<u>187,953</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187,953</u>
Fund balances:					
Restricted					
Stabilization by state statute	1,450,335	-	-	104,037	1,554,372
Register of deeds	28,104	-	-	-	28,104
Fire protection	-	-	-	455,089	455,089
School capital	142,603	-	-	-	142,603
Human Services	-	-	-	3,733	3,733
Committed					
Capital reserve	1,194,008	-	-	-	1,194,008
Tax revaluation	139,238	-	-	-	139,238
Economic development	-	-	-	80,186	80,186
Unassigned	7,611,859	-	-	-	7,611,859
Total fund balances	<u>10,566,147</u>	<u>-</u>	<u>-</u>	<u>643,045</u>	<u>11,209,192</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,297,882</u>	<u>\$ -</u>	<u>\$ 1,354,132</u>	<u>\$ 812,549</u>	

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Net pension asset.	30,481
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position.	3,179,725
Deferred inflows of resources for taxes receivable.	92,290
Other assets are not available to pay for current-period expenditures and therefore are not accrued as income in the funds.	31,160
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	29,362,099
OPEB and Pension related deferrals.	(1,608,888)
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year.)	(6,117,570)
Net OPEB liability.	(7,792,867)
Total pension liability - LEOSSA.	(872,557)
Net pension liability - LGERS.	(2,389,797)
Net position of governmental activities	<u>\$ 25,123,268</u>

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

**Chowan County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2021**

	<b>Major</b>			<b>NonMajor</b>	<b>Total</b>
	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>ARPA Fund</b>	<b>Other Governmental Funds</b>	<b>Governmental Funds</b>
<b>Revenues</b>					
Ad valorem taxes	\$ 11,655,532	\$ -	\$ -	\$ 560,062	\$ 12,215,594
Local option sales taxes	3,726,865	-	-	60,915	3,787,780
Other taxes and licenses	866,598	-	-	261,498	1,128,096
Unrestricted intergovernmental	258,328	-	-	-	258,328
Restricted intergovernmental	2,106,854	-	-	1,433,832	3,540,686
Permits and fees	1,103,856	-	-	-	1,103,856
Sales and services	362,609	-	-	20,353	382,962
Investment earnings	5,683	-	-	251	5,934
Miscellaneous	129,429	-	-	-	129,429
Total revenues	<u>20,215,754</u>	<u>-</u>	<u>-</u>	<u>2,336,911</u>	<u>22,552,665</u>
<b>Expenditures</b>					
Current:					
General government	3,004,213	-	-	674,623	3,678,836
Public safety	3,556,611	-	-	795,526	4,352,137
Environmental protection	1,067,126	-	-	-	1,067,126
Economic and physical development	823,197	-	-	1,151,416	1,974,613
Culture and recreation	811,430	-	-	-	811,430
Human services	2,480,223	-	-	21,505	2,501,728
Intergovernmental:					
Education	3,745,557	-	-	731,737	4,477,294
Debt service:					
Principal	-	1,568,139	-	-	1,568,139
Interest	-	150,192	-	-	150,192
Total expenditures	<u>15,488,357</u>	<u>1,718,331</u>	<u>-</u>	<u>3,374,807</u>	<u>20,581,495</u>
Excess (deficiency) of revenues over expenditures	<u>4,727,397</u>	<u>(1,718,331)</u>	<u>-</u>	<u>(1,037,896)</u>	<u>1,971,170</u>
<b>Other Financing Sources</b>					
Transfers to other funds	(3,509,622)	-	-	(176,808)	(3,686,430)
Transfers from other funds	-	1,718,331	-	1,166,851	2,885,182
Total other financing sources and uses	<u>(3,509,622)</u>	<u>1,718,331</u>	<u>-</u>	<u>990,043</u>	<u>(801,248)</u>
Net change in fund balance	1,217,775	-	-	(47,853)	1,169,922
Fund balances, beginning, as previously reported	9,348,372	-	-	686,951	10,035,323
Prior period restatement - change in accounting principle	-	-	-	3,947	3,947
Fund balances-beginning, restated	<u>9,348,372</u>	<u>-</u>	<u>-</u>	<u>690,898</u>	<u>10,039,270</u>
Fund balances-ending	<u>\$ 10,566,147</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 643,045</u>	<u>\$ 11,209,192</u>

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

**Chowan County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2021**

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Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balance - total government funds	\$	1,169,922
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays increases exceeded the book value of capital outlay decreases in fiscal year.

Capital outlay expenditures which were capitalized	1,599,112	
Depreciation expense for governmental assets	<u>(1,341,381)</u>	
		257,731

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	473,509
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	35,735
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,568,139
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.

Compensated absences	12,286	
Pension expense	(903,396)	
Other postemployment benefits	<u>(359,210)</u>	
		(1,250,320)

Total changes in net position of governmental activities	\$	<u><u>2,254,716</u></u>
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The notes to the financial statements are an integral part of this statement.



**Chowan County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual - General Fund**  
**For the Fiscal Year Ended June 30, 2021**

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Ad valorem taxes	\$ 11,243,703	\$ 11,243,703	\$ 11,655,532	\$ 411,829
Other taxes and licenses	2,119,505	2,119,505	2,865,107	745,602
Unrestricted intergovernmental revenues	135,000	136,231	258,328	122,097
Restricted intergovernmental revenues	2,195,137	2,634,734	2,106,854	(527,880)
Permits and fees	946,903	1,113,252	1,103,856	(9,396)
Sales and services	293,874	314,812	362,609	47,797
Investment earnings	37,500	37,500	4,899	(32,601)
Miscellaneous	15,000	82,129	114,800	32,671
Total revenues	<u>16,986,622</u>	<u>17,681,866</u>	<u>18,471,985</u>	<u>790,119</u>
Expenditures				
Current:				
General government	2,727,648	3,229,486	3,004,213	225,273
Public safety	3,794,680	3,925,675	3,556,611	369,064
Economic and physical development	1,078,778	1,212,549	1,067,126	145,423
Environmental protection	82,783	82,783	66,523	16,260
Human services	2,869,211	2,976,882	2,480,223	496,659
Cultural and recreational	804,676	905,930	811,430	94,500
Intergovernmental:				
Education	3,790,000	3,745,885	3,745,557	328
Debt service:				
Principal retirement	-	-	-	-
Total expenditures	<u>15,147,776</u>	<u>16,079,190</u>	<u>14,731,683</u>	<u>1,347,507</u>
Revenues over (under) expenditures	1,838,846	1,602,676	3,740,302	2,137,626
Other financing sources (Uses)				
Proceeds from installment purchases	-	-	-	-
Transfers from other funds	(1,838,846)	(1,602,676)	(2,851,438)	(1,248,762)
Transfers to other funds	-	-	-	-
Fund balance appropriated	-	-	-	-
Total other financing sources and uses	<u>(1,838,846)</u>	<u>(1,602,676)</u>	<u>(2,851,438)</u>	<u>(1,248,762)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	888,864	<u>\$ 888,864</u>
Fund balances - beginning			8,171,813	
Fund balances - ending			<u>\$ 9,060,677</u>	
The legally budgeted Revaluation, Projects, School Capital Reserve, and General Capital Reserve Funds are consolidated into the General Fund for reporting purposes:				
Investment earnings			1,151	
Local option sales tax			949,747	
Other taxes and licenses			778,609	
Transfer- net			(658,184)	
Expenditures			(756,674)	
Fund balance, beginning			1,190,821	
Fund balance, ending (Exhibit 4)			<u>\$ 10,566,147</u>	

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

**Chowan County, North Carolina**  
**Statement of Fund Net Position**  
**Proprietary Funds**  
**June 30, 2021**

	Water Fund	Solid Waste Fund	Emergency Medical Services Fund	Total
<b>Assets</b>				
Current Assets:				
Cash and cash equivalents	\$ 2,846,986	\$ 140,840	\$ -	\$ 2,987,826
Accounts receivable, net	214,047	80,050	106,743	400,840
Restricted cash	27,880	-	-	27,880
Inventories	100,779	-	-	100,779
Total current assets	<u>3,189,692</u>	<u>220,890</u>	<u>106,743</u>	<u>3,517,325</u>
Noncurrent assets:				
Capital assets:				
Land and non-depreciable assets	140,847	-	-	140,847
Other capital assets, net of depreciation	3,022,113	-	234,985	3,257,098
Capital assets (net)	<u>3,162,960</u>	<u>-</u>	<u>234,985</u>	<u>3,397,945</u>
Total noncurrent assets	<u>3,162,960</u>	<u>-</u>	<u>234,985</u>	<u>3,397,945</u>
Total Assets	<u>6,352,652</u>	<u>220,890</u>	<u>341,728</u>	<u>6,915,270</u>
Deferred Outflows of Resources	<u>167,480</u>	<u>-</u>	<u>267,969</u>	<u>435,449</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts payable and accrued liabilities	45,570	189,532	749	235,851
Current portion of long-term debt	3,530	-	4,645	8,175
Due to other funds	-	-	393,240	393,240
Liabilities to be paid from restricted assets:				
Customer deposits	27,880	-	-	27,880
Total current liabilities	<u>76,980</u>	<u>189,532</u>	<u>398,634</u>	<u>665,146</u>
Noncurrent liabilities:				
Compensated absences (less current)	13,097	-	40,684	53,781
Net OPEB liability	447,866	-	716,585	1,164,451
Net pension liability	137,345	-	219,751	357,096
Total noncurrent liabilities	<u>598,308</u>	<u>-</u>	<u>977,020</u>	<u>1,575,328</u>
Total Liabilities	<u>675,288</u>	<u>189,532</u>	<u>1,375,654</u>	<u>2,240,474</u>
Deferred inflows of resources	<u>89,672</u>	<u>-</u>	<u>143,475</u>	<u>233,147</u>
<b>Net Position</b>				
Net investment in capital assets	3,162,960	-	234,985	3,397,945
Unrestricted	<u>2,592,212</u>	<u>31,358</u>	<u>(1,144,417)</u>	<u>1,479,153</u>
Total net position	<u>\$ 5,755,172</u>	<u>\$ 31,358</u>	<u>\$ (909,432)</u>	<u>\$ 4,877,098</u>

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

**Chowan County, North Carolina**  
**Statement of Revenues and Expenditures and**  
**Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2021**

	Water Fund	Solid Waste Fund	Emergency Medical Services Fund	Total
Operating revenues:				
Charges for Services	\$ 1,731,810	\$ 1,169,912	\$ 783,468	\$ 3,685,190
Other taxes and licenses	-	8,988	-	8,988
Other operating revenues	50,271	23,513	300	74,084
Total Operating Revenues	<u>1,782,081</u>	<u>1,202,413</u>	<u>783,768</u>	<u>3,768,262</u>
Operating expenses:				
Salaries and employee benefits	468,974	-	1,307,561	1,776,535
Other operating expenses	919,885	1,337,171	264,975	2,522,031
Depreciation	349,926	-	93,596	443,522
Total operating expenses	<u>1,738,785</u>	<u>1,337,171</u>	<u>1,666,132</u>	<u>4,742,088</u>
Total Operating Income (Loss)	<u>43,296</u>	<u>(134,758)</u>	<u>(882,364)</u>	<u>(973,826)</u>
Nonoperating Revenues(Expenses):				
Interest income	50,720	34	-	50,754
Interest expense	-	-	(614)	(614)
Total Nonoperating Revenues (Expenses)	<u>50,720</u>	<u>34</u>	<u>(614)</u>	<u>50,140</u>
Transfers in	-	73,235	728,013	801,248
Capital contributions	-	-	-	-
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>-</u>	<u>73,235</u>	<u>728,013</u>	<u>801,248</u>
Changes in net position	94,016	(61,489)	(154,965)	(122,438)
Net position, beginning	5,661,156	92,847	(754,467)	4,999,536
Total net position, Ending	<u><u>\$ 5,755,172</u></u>	<u><u>\$ 31,358</u></u>	<u><u>\$ (909,432)</u></u>	<u><u>\$ 4,877,098</u></u>

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

**Chowan County, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2021**

	Water Fund	Solid Waste Fund	Emergency Medical Services Fund	Total
<b>Cash flows from operating activities:</b>				
Cash Received from customers/others	\$ 1,782,081	\$ 1,227,129	\$ 783,768	\$ 3,792,978
Cash paid to suppliers for goods and services	(992,465)	(1,277,477)	(279,124)	(2,549,066)
Cash paid to employees for services	(404,544)	-	(1,250,838)	(1,655,382)
Net cash provided by (used for) operating activities	<u>385,072</u>	<u>(50,348)</u>	<u>(746,194)</u>	<u>(411,470)</u>
<b>Cash flows from (use by) capital and related financing activities:</b>				
Capital contributions	-	-	-	-
Acquisition of capital assets	(87,367)	-	-	(87,367)
Interest income	50,720	34	-	50,754
Interest expense	-	-	(614)	(614)
Net cash flows provided (used) by capital financing activities	<u>(36,647)</u>	<u>34</u>	<u>(614)</u>	<u>(37,227)</u>
<b>Cash flows from (used for) noncapital financing activities:</b>				
Advances from other funds	-	-	18,795	18,795
Transfers in/out (net)	-	73,235	728,013	801,248
Net cash flows provided (used) by noncapital financing activities	<u>-</u>	<u>73,235</u>	<u>746,808</u>	<u>18,795</u>
 Net increase (decrease) in cash and cash equivalents	 348,425	 22,921	 -	 371,346
Cash and cash equivalents, beginning of year	<u>2,526,441</u>	<u>117,919</u>	<u>-</u>	<u>2,644,360</u>
Cash and cash equivalents, end of year	<u>\$ 2,874,866</u>	<u>\$ 140,840</u>	<u>\$ -</u>	<u>\$ 3,015,706</u>
 <b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 43,296	\$ (134,758)	\$ (882,364)	\$ (973,826)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	349,926	-	93,596	443,522
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(28,548)	24,716	9,520	5,688
Increase (decrease) in accounts payable and accrued liabilities	6,130	59,694	(23,669)	42,155
(Increase) decrease in inventory	(19,943)	-	-	(19,943)
Increase (decrease) in net pension liability	29,883	-	47,812	77,695
Increase (decrease) in customer deposits	(615)	-	-	(615)
Increase (decrease) in OPEB liability	43,539	-	69,661	113,200
(Increase) decrease in deferred outflows of resources for pensions	(79,208)	-	(126,732)	(205,940)
Increase (decrease) in deferred inflows of resources for pensions	44,142	-	70,627	114,769
Increase (decrease) in accrued vacation pay	(3,530)	-	(4,645)	(8,175)
Net cash provided (used) by operating activities	<u>\$ 385,072</u>	<u>\$ (50,348)</u>	<u>\$ (746,194)</u>	<u>\$ (411,470)</u>

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

**Chowan County, North Carolina**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2021**

	<b>Custodial Funds</b>
<b>Assets</b>	
Cash and cash equivalents	\$ -
Taxes receivable for other governments, net	22,849
Total assets	<u>22,849</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	5,604
Due to other governments	-
Total liabilities	<u>5,604</u>
<b>Net Position</b>	
Restricted for:	
Individuals, organizations, and other governments	17,245
Total fiduciary net position	<u>\$ 17,245</u>

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

**Chowan County, North Carolina**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2021**

	<b>Custodial Funds</b>
<b>Additions:</b>	
Ad Valorem Taxes for Other Governments	\$ 2,442,955
Total additions	<u>2,442,955</u>
<b>Deductions:</b>	
Tax distributions to other governments	<u>2,444,941</u>
Total deductions	<u>2,444,941</u>
Net increase (decrease) in fiduciary net position	<u>(1,986)</u>
<b>Net position - beginning, as previously reported</b>	-
Prior period restatement	<u>19,231</u>
Net position - beginning, as restated	<u>19,231</u>
Net position - ending	<u><u>\$ 17,245</u></u>

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

## NOTES TO THE FINANCIAL STATEMENTS

CHOWAN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

The County, which is governed by a seven-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. The County's seat is located in Edenton, North Carolina. The County operates under a council-manager form of government. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. The water (District) exists to provide and maintain a water system for the County residents within the District. The District is reported as an enterprise fund in the County's financial statements. The Chowan County ABC Board (the Board) and Chowan County TDA, which have a June 30 year-end, are presented as if they are separate proprietary funds of the County (discrete presentation). The blended presentation methods presents component units as a department or unit of the County, and offers no separate presentation as with the discrete method. The Chowan County Tourism Development Authority (the TDA), which has a June 30 year end and is presented as if it is a governmental fund (discrete presentation), has elected not to issue separate financial statements, but to include all relevant information required by generally accepted accounting principles as supplementary information in the County's Annual Financial Report.

Chowan County Alcoholic Beverage Control Board

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

Chowan County Tourism Development Authority

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

B. Basis of Presentation – Basis of Accounting

**Basis of Presentation, Measurement Focus - Basis of Accounting**

*Government-wide Statements:* The statement of net position and the statement of activities display information about the primary government net position (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.



The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements* : The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

The County reports the following major governmental funds:

*General Fund* - This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Revaluation Fund, Projects Fund, General Capital Reserve Fund, and School Capital Reserve Fund are legally budgeted funds under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54 they are consolidated in the General Fund.

*Debt Service Fund* – This fund is used to account for all debt service payments made by the County.

*ARPA Fund* - This fund is used in the recovery of the the coronavirus.

The County reports the following major enterprise funds:

*Water Fund* - This fund is used to account for the operations of the water system within the County. The Water Development Capital Project Fund is consolidated with the Water Fund for reporting purposes.

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

*Solid Waste Fund* - This fund is used to account for the operations of the solid waste/landfill services within the County.

The County reports the following fund types:

*Custodial Funds* : Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria. The County maintains the following custodial funds: the Municipal Tax Fund, which accounts for ad valorem and vehicle property taxes that are billed and collected by the County for various municipalities within the County but that are not revenues to the County.

*Non-major Funds* : The County maintains five legally budgeted funds. The Fire District, Hurricane Recovery, Emergency Telephone System Funds, Cares Act Relief Fund, and the Representative Payee Fund are reported as non-major special revenue funds. The Lottery Projects, School Capital Projects, and D.F. Walker Gym Renovation Project are reported as non-major capital project funds.

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year on the modified accrual basis of accounting.

*Government-wide, Proprietary, and Fiduciary Fund Financial Statements* – The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for agency funds which have no measurement focus. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

*Governmental Fund Financial Statements* – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the County, are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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 position 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.

### C. 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, Revaluation Projects, General Capital Reserve, School Capital Reserve, Debt Service, Fire Districts, Hurricane, Emergency Telephone Fund, the Representative Payee Fund, and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for Capital Projects Funds and the Enterprise Capital Projects Funds, which are consolidated with the enterprise operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for multi-year funds. Amendments are required for revisions that alter total expenditures of any fund or that change functional appropriations by more than \$5,000. The governing board must approve all amendments. During the year, several material amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Equity

1. Deposits and Investments

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

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

The majority of the County, the Chowan County TDA, and the ABC Board's investments are carried at fair values. Non-participating interest earning investment contracts are accounted for at cost.

The North Carolina Capital Management Trust (NCCMT), which consists of two SEC-registered funds, is authorized by G.S. 159-30(c)(8). One of these funds, the Government Portfolio, is a 2a7 fund which invests in treasuries and government agencies and is rated AAAM by S&P and AAmf by Moody Investor Services. The Government Portfolio is reported at fair value.

2. Cash and Cash Equivalents

The County pools moneys from several funds, except the Other Post Employment Trust Fund, 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. The ABC Board and the TDA consider demand deposits and investments purchased with maturity of 90 days or less, to be cash and cash equivalents.

### 3. Restricted Assets

Money in the Tax Revaluation Fund is classified as restricted assets, because its use is restricted per North Carolina General Statute 153A-150. Money in the School Capital Reserve Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 159-18 through 22. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected.

#### **Governmental Activities:**

##### General Fund:

Revaluation	\$ 139,238
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School Capital Reserve Fund	142,603
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##### Special Revenue Fund:

ARPA Fund	1,354,132
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Total governmental activities	<u>1,635,973</u>
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#### **Business-Type Activities:**

##### Water Fund:

Customer deposits	27,880
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Total business-type activities	<u>27,880</u>
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Total restricted cash	<u>\$ 1,663,853</u>
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### 4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2020. 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.

### 5. Allowance 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.

### 6. Inventories and Prepaid Items

The inventories of the ABC Board are valued at cost (first-in, first-out), which approximates market. The inventory of the ABC Board consists of materials and supplies held for consumption or resale. The cost of the inventory carried by the ABC Board is recorded as an expense as it is consumed or sold.

### 7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The County capitalizes buildings and land, purchased or constructed, for the Chowan County Board of Education in all instances where the County retains title to the property. The County transfers title of school property to the Board of Education after all installment debt collateralized by the property has been retired. 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.

Capital assets of the County are depreciated on a straight-line basis over the following estimated useful lives:

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

Capital assets of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

Buildings	20
Furniture and equipment	10
Vehicles	3-5
Leasehold improvements	10-20
Computer equipment	3

#### 8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has two items that meet this criterion – contributions made to OPEB and pension plans in the current fiscal year and pension deferrals. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has three items that meet this criterion for this category – prepaid taxes, taxes and special assessments receivable, and other OPEB or pension related deferrals.

#### 9. Long-term Obligations

In the government-wide financial statements and in the 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 position.

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as an other financing source.

#### 10. Compensated Absences

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

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

#### 11. 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.

#### 12. Net Position/Fund Balances

##### Net Position

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

#### Fund Balances

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

The governmental fund types classify fund balances as follows:

**Nonspendable Fund Balance** - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Prepays – portion of fund balance not available for appropriation because it represents the year-end fund balance of prepaid items, which are not expendable, available resources.

**Restricted Fund Balance** – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

Restricted for School Capital- portion of fund balance that can only be used for School Capital per G.S. [159-18-22].

Restricted for Register of Deeds – portion of fund balance restricted by revenue source to pay for the computer equipment and imaging technology for the Register of Deed's office.

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

Restricted for Health Services - portion of fund balance that can only be used to benefit beneficiaries under the Social Security's representative Payee Program.

Restricted fund balance at June 30, 2021 is as follows:

<b>Purpose</b>	<b>General Fund</b>	<b>Other Governmental Funds</b>
<b>Restricted:</b>		
Stabilization by State Statute	\$ 1,450,335	\$ 104,037
Register of Deeds	28,104	-
Human Services	-	3,733
School Capital	142,603	-
Public safety	-	455,089
Total	<u>\$ 1,621,042</u>	<u>\$ 562,859</u>

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Chowan County’s governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed for Tax Revaluation- portion of fund balance that can only be used for Tax Revaluation.

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

<b>Purpose</b>	<b>General Fund</b>	<b>Other Governmental Funds</b>
<b>Committed:</b>		
Revaluation	\$ 139,238	\$ -
Economic Development	-	80,186
Capital Reserve	1,194,004	-
Total	<u>\$ 1,333,242</u>	<u>\$ 80,186</u>

Assigned Fund Balance – portion of fund balance that the County intends to use for specific purposes.

Subsequent year’s expenditures - portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$100,000.

Unassigned Fund Balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

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

The County’s official fund balance policy states that the County will strive to maintain a 25% target level of Unassigned Fund Balance.

### 13. Defined Benefit Pension and OPEB Plans

The County participates in three cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LERS) and the Register of Deeds' Supplemental Pension Fund (RODSPF), the Law Enforcement Officers' Special Separation Allowance (LEOSSA) (collectively, the "state-administered defined benefit pension plans"). For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense. Investments for all plans are reported at fair value.

#### Reconciliation of Government-wide & Fund Financial Statements

##### **1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**

The governmental fund balance sheet includes a reconciliation between total fund balance for the governmental funds and net position for governmental activities as reported in the government-wide statement of net position. The net adjustment of \$13,914,076 consists of the following elements as follows:

<b>Description</b>	<b>Amount</b>
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 56,913,717
Less accumulated depreciation.	(27,551,618)
Net capital assets.	29,362,099
Net pension asset.	30,481
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position.	3,179,725
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide.	92,290
Other assets not available for current expenditures.	31,160
OPEB and Pension related deferrals.	(1,608,888)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Long-term debts, including bonds and notes payable	(5,810,195)
Net pension liability - LERS	(2,389,797)
Net pension liability - LEOSSA	(872,557)
Net OPEB liability	(7,792,867)
Compensated absences	(307,375)
Total adjustment	\$ 13,914,076



**2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances for the governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$1,084,794 as follows:

<b>Description</b>	<b>Amount</b>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the Statement of Activities	\$ 1,599,112
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the Statement of Activities but not in the fund statements	(1,341,381)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements	1,568,139
Debt issuance is recorded as a source of funds on the fund statements but again affect only the statement of net position in the government-wide statements	-
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	473,509
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in fund statements	
Increase/Decrease in deferred inflows of resources- taxes receivable- at year end	35,735
Expenses reported on the Statement of Activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements. This includes accrued interest payable, compensated absences, pension expense and OPEB.	(1,250,320)
Total adjustment	<u>\$ 1,084,794</u>

**II. Stewardship, Compliance, and Accountability**

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

Noncompliance with North Carolina General Statutes

None.

**B. Deficit Fund Balance or Net Position of Individual Funds**

None.

**C. Excess of Expenditures over Appropriations**

None.

III. Detail Notes on All Funds

A. Assets

1. Deposits

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

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The TDA and ABC Board have no formal policy regarding custodial credit risk for deposits.

At June 30, 2021, the County's deposits had a carrying amount of \$11,674,899 and a bank balance of \$12,154,527. Of the bank balance, \$858,077 was covered by federal depository insurance, the remainder was covered by the pooling method.

At June 30, 2021, Chowan County had \$400 of cash on hand.

At June 30, 2021, the carrying amount of deposits for Chowan County ABC Board was \$259,057 and a bank balance of \$270,158. All of these amounts were covered by federal depository insurance.

At June 30, 2021, the carrying amount of deposits for Chowan County TDA was \$334,983. All of these amounts were covered by federal depository insurance.

2. Investments

As of June 30, 2021, the County had the following investments and maturities:

As of June 30, 2021, the County's investments consisted of \$3,158,308 in the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The County has no formal policy on credit risk. The ABC Board and TDA held no investments at June 30, 2021.

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

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

Year Levied	Tax	Interest	Total
2021	781,568	44,941	\$ 826,510
2020	768,347	113,109	881,456
2019	764,353	181,014	945,367
2018	758,724	248,498	1,007,222
Total	<u>\$ 3,072,992</u>	<u>\$ 587,563</u>	<u>\$ 3,660,555</u>

### 4. Receivables

Receivables at the government-wide level at June 30, 2021 were as follows:

	Accounts	Taxes & Related Accrued Interest	Due From Other Governments	Total
Governmental Activities:				
General	\$ 279,895	\$ 323,450	\$ 777,200	\$ 1,380,545
Other Governmental	-	-	104,037	104,037
Total Receivables	279,895	323,450	881,237	1,484,582
Allowance for Doubtful Accounts	-	(200,000)	-	(200,000)
Total Governmental Activities	<u>\$ 279,895</u>	<u>\$ 123,450</u>	<u>\$ 881,237</u>	<u>\$ 1,284,582</u>
Business-Type Activities:				
Solid Waste receivables	\$ 180,789	\$ -	\$ -	\$ 180,789
Water receivables	369,073	-	-	369,073
Emergency Medical Services Fund	669,927	-	-	669,927
Total Receivables	1,219,789	-	-	1,219,789
Allowance for Doubtful Accounts	(818,949)	-	-	(818,949)
Total Business-Type Activities	<u>\$ 400,840</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 400,840</u>

5. Capital Assets**Primary Government**

Capital asset activity for the year ended June 30, 2021, was as follows:

	Beginning Balances July 1, 2020	Increases	Decreases	Ending Balances June 30, 2021
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 3,329,162	\$ -	\$ -	\$ 3,329,162
Construction in Progress	-	731,737	-	731,737
Total capital assets not being depreciated	3,329,162	731,737	-	4,060,899
Capital assets being depreciated:				
Buildings	44,998,498	489,539	-	45,488,037
Equipment	7,181,606	377,836	194,661	7,364,781
Total capital assets being depreciated	52,180,104	867,375	194,661	52,852,818
Less accumulated depreciation for:				
Buildings	20,212,516	1,043,714	-	21,256,230
Equipment	6,192,382	297,667	194,661	6,295,388
Total accumulated depreciation	26,404,898	\$ 1,341,381	\$ 194,661	27,551,618
Total capital assets being depreciated, net	25,775,206			25,301,200
<b>Governmental activity capital assets, net</b>	<u>\$ 29,104,368</u>			<u>\$ 29,362,099</u>

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

General government	\$ 1,163,961
Public Safety	142,414
Human Services	8,350
Cultural and Recreational	26,656
Total Depreciation Expense	<u>\$ 1,341,381</u>

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type Activities</b>				
<b>Water Fund</b>				
Capital assets not being depreciated:				
Land	\$ 140,847	\$ -	\$ -	\$ 140,847
Construction in progress	-	-	-	-
Total capital assets not being depreciated	140,847	-	-	140,847
Capital assets being depreciated:				
Plant and systems	10,579,812	57,500	-	10,637,312
Buildings and improvements	1,512,335	-	-	1,512,335
Equipment and furniture	597,708	29,867	16,092	611,483
Total capital assets being depreciated	12,689,855	87,367	16,092	12,761,130
Less accumulated depreciation for:				
Plant and systems	7,689,674	279,860	-	7,969,534
Buildings and improvements	1,191,667	35,514	-	1,227,181
Equipment and furniture	523,843	34,552	16,092	542,303
Total accumulated depreciation	9,405,184	\$ 349,926	\$ 16,092	9,739,018
Total capital assets being depreciated, net	3,284,671			3,022,112
<b>Water Fund capital assets, net</b>	<u>\$ 3,425,518</u>			<u>\$ 3,162,960</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities				
<b>Emergency Medical Services Fund</b>				
Capital assets being depreciated:				
Buildings and improvements	\$ 231,362	\$ -	\$ -	\$ 231,362
Equipment and furniture	1,327,214	-	-	1,327,214
Total capital assets being depreciated	1,558,576	-	-	1,558,576
Less accumulated depreciation for:				
Buildings and improvements	194,433	5,034	-	199,467
Equipment and furniture	1,035,562	88,562	-	1,124,124
Total accumulated depreciation	1,229,995	\$ 93,596	\$ -	\$ 1,323,591
<b>Emergency Medical Services Fund capital assets, net</b>	<b>\$ 328,581</b>			<b>\$ 234,985</b>

**Net Investment in Capital Assets**

The total net investment in capital assets at June 30, 2021 is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital assets	\$ 29,362,099	\$ 3,397,945
Long-term debt	(5,810,196)	-
Net investment in capital assets	\$ 23,551,903	\$ 3,397,945

**Discretely presented component units:**

Activity for the ABC Board for the year ended June 30, 2021, was as follows:

	Beginning Balances July 1, 2020	Increases	Decreases	Ending Balances June 30, 2021
Capital assets not being depreciated:				
Land	\$ 26,135	\$ -	\$ -	\$ 26,135
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	26,135	-	-	26,135
Capital assets being depreciated:				
Buildings	514,444	-	-	514,444
Building improvements	88,220			88,220
Office and store equipment	157,403	-	-	157,403
Total capital assets being depreciated	760,067	-	-	760,067
Less accumulated depreciation for:				
Buildings	245,952	13,104	-	259,056
Building improvements	76,521	582		77,103
Office and store equipment	136,303	5,747	-	142,050
Total accumulated depreciation	458,776	\$ 19,433	\$ -	478,209
Total capital assets being depreciated, net	301,291			281,858
<b>Capital assets, net</b>	<b>\$ 327,426</b>			<b>\$ 307,993</b>

**B. Liabilities****1. Payables**

Payables at the government-wide level at June 30, 2021, were as follows:

	<b>Vendors</b>	<b>Salaries and Benefits</b>	<b>Total</b>
<b>Governmental Activities:</b>			
General	\$ 519,117	\$ 24,665	\$ 543,782
Other governmental	169,504	-	169,504
Total governmental activities	<u>\$ 688,621</u>	<u>\$ 24,665</u>	<u>\$ 713,286</u>
<b>Business-Type Activities:</b>			
Water Fund	\$ 44,913	\$ 657	\$ 45,570
Solid Waste Fund	189,532	-	189,532
Emergency Medical Services Fund	749	-	749
Total business-type activities	<u>\$ 235,194</u>	<u>\$ 657</u>	<u>\$ 235,851</u>

**2. Pension Plan and Other Post Employment Obligations****a. Local Governmental Employees' Retirement System**

**Plan Description.** Chowan County and the ABC Board are participating employers in 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 membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

**Benefits Provided.** LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic postretirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2021, was 10.23% of compensation for law enforcement officers and 10.84% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$544,263 for the year ended June 30, 2021.

*Refunds of Contributions* – County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2021, the County reported a liability of \$2,746,893 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2021, the County's proportion was 0.07687% (measured as of June 30, 2020), which was an decrease of 0.00183% from its proportion measured as of June 30, 2020 (measured as of June 30, 2019).

For the year ended June 30, 2021, the County recognized pension expense of \$907,579. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 346,884	\$ -
Changes of assumptions	204,423	-
Net difference between projected and actual earnings on pension plan investments	386,552	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	69,431
County contributions subsequent to the measurement date	544,263	-
Total	<u>\$ 1,482,122</u>	<u>\$ 69,431</u>

\$544,263 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended June 30</b>	
2022	233,553
2023	328,384
2024	192,091
2025	114,400
2026	-
Thereafter	-
Total	<u>\$ 868,428</u>

**Actuarial Assumptions.** The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary Increases	3.5 percent
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

The plan actuary currently uses mortality rates based on the *RP-2014 Total Data Set for Healthy Annuitants Mortality Table* that vary by age, gender, employee group (i.e. general, law enforcement officer). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.



The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study as of December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2020 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate.* The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<b>1 % Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
County's proportionate share of the net pension liability (asset)	\$5,573,146	\$2,746,893	\$398,077

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.

b. Law Enforcement Officers Special Separation Allowance

(1) Plan Description - Chowan County administers a public employee retirement system (the *Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 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.

All full-time County law enforcement officers are covered by the Separation Allowance. At the December 31, 2019, the Separation Allowance's membership consisted of:

Retirees Receiving Benefits	1
Terminated Plan Members Entitled to, But Not Yet Receiving Benefits	-
Active Plan Members	18
Total	19

(2) Summary of Significant Accounting Policies

*Basis of Accounting* - The County has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statement 73.

(3) Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2019 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent per annum.
Salary increases	3.25 - 7.75% per annum.
Discount rate	1.93% per annum, compounded annually.

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2020.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ending December 31, 2014.

Mortality Rate

Deaths After Retirement (Healthy): Mortality rates are based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table. The RP-2014 annuitant tables have no rates prior to age 50. The RP-2014 Total Data Set Employee Mortality Table is used for ages less than 50.

Deaths After Retirement (Disabled): Mortality rates are based on the RP-2014 Total Data Set for Disabled Annuitants Mortality Table. Rates for male members are multiplied by 103% for all ages. Rates for female members are multiplied by 99% for all ages.

Deaths Before Retirement: Mortality rates are based on the RP-2014 Total Data Set Employee Mortality Table.

Mortality Projection: All mortality rates are projected from 2014 using generational improvement with Scale MP-2015.

(4) 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 on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$36,167 as benefits came due for the reporting period.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2021, the County reported a total pension liability of \$872,557. The total pension liability was measured as of June 30, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the County recognized pension expense of \$87,735.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 28,287	\$ 32,013
Changes of assumptions and other inputs	232,830	13,359
Benefit payments and administrative expenses subsequent to the measurement date.	-	-
	<u>\$ 261,117</u>	<u>\$ 45,372</u>

\$0 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	
2022	41,643
2023	42,796
2024	37,285
2025	39,197
2026	34,239
Thereafter	20,585
	<u>\$ 215,745</u>

*Sensitivity of the County's total pension liability to changes in the discount rate.* The following presents the County's total pension liability calculated using the discount rate of 1.93 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

	1% Decrease (0.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	\$ 942,777	\$ 872,557	\$ 807,676

**Schedule of Changes in Total Pension Liability Law Enforcement  
Officers' Special Separation Allowance**

	2021
Beginning balance	\$ 654,883
Service Cost	25,332
Interest on the total pension liability	20,760
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(37,669)
Changes of assumptions or other inputs	245,418
Benefit payments	(36,167)
Other changes	-
Ending balance of the total pension liability	<u>\$ 872,557</u>

*Changes of assumption.* Changes of assumptions and other inputs reflect a change in the discount rate from 3.26 percent at June 30, 2019 (measurement date) to 1.93 percent at June 30, 2020 (measurement date).

*Changes in Benefit Terms.* Reported compensation adjusted to reflect the assumed rate of pay as of the valuation date.

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study as of December 31, 2014.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

*Plan Description.* Chowan 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 on the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

*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.

d. Register of Deeds' Supplemental Pension Fund

*Plan Description.* Chowan County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LERS) 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. Management of the plan is vested in the LERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. 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, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

*Benefits Provided.* An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

*Contributions.* Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$1,659 for the year ended June 30, 2021.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2021, the County reported an asset of \$30,481 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2020, the County's proportion was 0.133%, which was a decrease of 0.00911% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of \$351. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 621
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	2,608
Changes of assumptions	2,789	-
County contributions subsequent to the measurement date	1,659	
Total	<u>\$ 4,448</u>	<u>\$ 3,229</u>

\$1,659 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ended June 30**

2022	941
2023	453
2024	(1,177)
2025	(657)
2026	-
Total	<u>\$ (440)</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary Increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study as of December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2021 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2021 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the County’s proportionate share of the net pension asset to changes in the discount rate.* The following presents the County’s proportionate share of the net pension asset calculated using the discount rate of 3.75% percent, as well as what the County’s proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	<b>1 % Decrease (2.75%)</b>	<b>Discount Rate (3.75%)</b>	<b>1% Increase (4.75%)</b>
County's proportionate share of the net pension liability (asset)	\$25,890	\$30,481	\$34,366

*Pension plan fiduciary net position.* Detailed information about the pension plan’s fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.



**e. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The net pension liability for LGERS and ROD was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of June 30, 2020, with an actuarial valuation date of December 31, 2019. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	<b>LGERS</b>	<b>ROD</b>	<b>LEOSSA</b>	<b>Total</b>
Proportionate Share of Net Pension Liability (Asset)	\$ 2,746,893	\$ (30,481)	N/A	\$ 2,716,412
Proportion of the Net Pension Liability (Asset)	0.07687%	0.13300%	N/A	
Total Pension Liability	\$ -	\$ -	\$ 872,557	\$ 872,557
Pension Expense	\$ 907,579	\$ 351	\$ 87,735	\$ 995,665

At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Deferred Outflows of Resources**

	<b>LGERS</b>	<b>ROD</b>	<b>LEOSSA</b>	<b>Total</b>
Differences between expected and actual experience	\$ 346,884	\$ -	\$ 28,287	\$ 375,171
Changes of assumptions	204,423	-	232,830	437,253
Net difference between projected and actual earnings on pension plan investments	386,552	-	-	386,552
Changes in proportion and differences between County contributions and proportionate share of contributions	-	2,789	-	2,789
County contributions (LGERS, ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	544,263	1,659	-	545,922

**Deferred Inflows of Resources**

	<b>LGERS</b>	<b>ROD</b>	<b>LEOSSA</b>	<b>Total</b>
Differences between expected and actual experience	\$ -	\$ 621	\$ 32,013	\$ 32,634
Changes of assumptions	-	-	13,359	13,359
Changes in proportion and differences between County contributions and proportionate share of contributions	69,431	2,608	-	72,039

#### 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. Because all death benefit payments are made from 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. 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. The County considers these contributions to be immaterial.

g. Other Postemployment Benefits

### Healthcare Benefits

**Plan Description** - Under the terms of the County resolution, the County administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). As of July 1, 2006, this plan provides postemployment healthcare benefits to retirees of the County, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least twenty years of creditable service with the County. The County pays the full cost of coverage for these benefits through private insurers. The County Board may amend the benefit provisions. A separate report was not issued for the plan. If hired after January 8, 2013 no health benefits will be paid for retirees.

Membership of the HCB Plan consisted of the following at December 31, 2020, the date of latest actuarial valuation:

	General Employees
Retirees and dependents receiving benefits	28
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	136
Total	164

**Funding Policy** - The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended by the County Board. The County has chosen to fund the healthcare benefits on a pay as you go basis.

### Total OPEB Liability

The County's total OPEB liability of \$8,957,318 was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

*Actuarial assumptions and other inputs.* The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Salary increases	3.5 to 7.75 percent, average, including inflation
Discount rate	2.21 percent
Healthcare cost trend rates	7.00% for 2020 decreasing to an ultimate rate of 4.50% 2030

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of the measurement date.

### Total OPEB Liability

<b>Balance at July 1, 2020</b>	<b>\$ 8,086,547</b>
--------------------------------	---------------------

**Changes for the year**

Service cost	301,211
Interest	290,681
Changes of benefit terms	-
Differences between expected and actual experience	(1,206,955)
Changes in assumptions or other inputs	1,652,414
Benefit payments	(166,580)
<b>Net changes</b>	<b>870,771</b>
<b>Balance at June 30, 2021</b>	<b><u>\$ 8,957,318</u></b>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21%.

Mortality rates were based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study as of December 2014.

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the total OPEB liability of the County, as well as what the County's OPEB liability would be if it were to calculate healthcare cost trend rates that are 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current healthcare cost trend rate:

	<b>1% Decrease (1.21%)</b>	<b>Discount Rate (2.21%)</b>	<b>1% Increase (3.21%)</b>
Total OPEB Liability	\$10,843,990	\$8,957,318	\$7,505,960

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
Total OPEB liability	\$ 7,370,609	\$ 8,957,318	\$ 11,069,330

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2021, the County recognized OPEB expense of \$579,849. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 23,183	\$ 1,069,800
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	-
Changes of assumptions	1,844,304	654,202
County contributions subsequent to the measurement date	-	-
Total	<u>\$ 1,867,487</u>	<u>\$ 1,724,002</u>

\$0 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Year Ended June 30**

2022	(21,537)
2023	(21,537)
2024	(21,537)
2025	(21,537)
2026	59,198
Thereafter	170,435
Total	<u>\$ 143,485</u>

**Deferred Outflows and Inflows of Resources**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
(Pensions, OPEB) - difference between expected and actual experience	\$ 398,354	\$ 1,102,434
(Pensions, OPEB) - Net difference between projected and actual investment earnings	386,552	-
(Pensions) - change in proportion and difference between employer contributions and proportionate share of contributions	2,789	72,039
(Pensions, OPEB) - change in assumptions	2,281,557	667,561
Contributions to pension plan subsequent to measurement date (LGERS, ROD)	545,922	-
Prepaid taxes not yet earned (General)	-	95,663
Taxes receivable, net, less penalties (General)	-	92,290
Taxes receivable, net, less penalties (Special Revenue)	-	-
Total	<u>\$ 3,615,174</u>	<u>\$ 2,029,987</u>

#### 4. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk financing pool administered by the North Carolina Association of County Commissioners. Through this pool, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$37.6 million for any one occurrence; general, auto, professional, and employment practices liability coverage of \$2 million per occurrence; auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence; and workers' compensation coverage up to the statutory limits. The pool is audited annually by certified public accountants, and the audited financial statements are available to the County upon request.

Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of a \$500,000 retention up to a \$2 million limit for liability coverage, and \$1,750,000 of each loss in excess of a \$250,000 per occurrence retention for property, and auto physical damage. For workers compensation there is a per occurrence retention of \$750,000.

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

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

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

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

#### 5. Contingent Liabilities

At June 30, 2021, in the opinion of the County's management and the County attorney, there are no legal matters that will have a material adverse effect on the County's financial position.

#### 6. Long-Term Obligations

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

a. 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, 2021:

	Balance 7/1/2020	Increases	Decreases	Balance 6/30/2021	Current Portion
<b>Governmental Activities:</b>					
Qualified Zone Academy Bonds	\$ 549,978	\$ -	\$ (103,573)	\$ 446,405	\$ 103,573
Direct placement installment purchase	6,828,356	-	(1,464,565)	5,363,791	1,449,791
Net OPEB liability	7,035,296	757,571	-	7,792,867	-
Net pension liability (LEOSSA)	654,883	217,674	-	872,557	-
Net pension liability (LGRS)	1,869,835	519,962	-	2,389,797	-
Compensated absences	319,661	280,377	(292,663)	307,375	292,663
<b>Total governmental activities</b>	<b>\$ 17,258,009</b>	<b>\$ 1,775,584</b>	<b>\$ (1,860,801)</b>	<b>\$ 17,172,792</b>	<b>\$ 1,846,027</b>

Net pension liability, total pension liability, and net other postemployment liability for governmental activities are all typically liquidated in the general fund. Compensated absences for governmental activities typically have been liquidated in the general fund and are accounted for on a FIFO basis, assuming that employees are taking leave time as it is earned.

At June 30, 2021, Chowan County had no bonds authorized, but unissued, and a legal debt margin of approximately \$116,536,686.

b. Notes Payable - Qualified Zone Academy Bonds

On July 20, 2005, the County financed the renovation of John A. Holmes High School by issuing \$2,000,000 of Qualified Zone Academy Bonds, with a coupon rate of 0%. The bonds are secured by the real estate and require the County to make annual contributions of \$103,573 to a bond sinking fund, which is held in trust by a bank. The bonds mature in 2025, at which time the sinking fund balance is designed to be sufficient to retire the bonds based on the accumulation of the annual contributions and the earnings of the sinking fund. As of June 30, 2021, the outstanding balance was \$446,405. In the event the sinking fund is insufficient to retire the bonds in 2025, the County is obligated to fund the deficiency in 2025.

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

Year Ending June 30,	Principal	Interest
2022	\$ 103,573	-
2023	103,573	-
2024	103,573	-
2025	103,573	-
2026	32,113	-
Total	<u>\$ 446,405</u>	<u>\$ -</u>

c. Notes Payable - Governmental Activities

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

2.20% note, payable in annual installments of \$1,009,177, including interest; secured by Public Safety Building; ending in 2024. Balance at June 30, 2021 is \$2,900,000.

1.96% note, payable in annual installments of \$120,000, including interest; secured by Public Safety Building; ending in 2022. Balance at June 30, 2021 is \$118,000.

2.20% note, payable in annual installments of \$80,000, including interest; secured by Shepard-Pruden Library; ending in 2024. Balance at June 30, 2021 is \$752,000.

1.96% note, payable in annual installments of \$90,000, plus interest; secured by Shepard-Pruden Library; ending in 2022. Balance at June 30, 2021 is \$83,000.

3.55% note payable in direct placement annual installment of \$26,706, including interest; secured by Sheriff Boat; ending in 2020. Balance at June 30, 2021 is \$25,791.

2.93% note payable in a direct placement annual instalment of \$155,927, including interest; secured by D.F. Walker School Building; ending in 2035. Balance at June 30, 2021 is \$1,485,000.

Total direct placement installment purchase contracts

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

Year Ending June 30,	Principal	Interest	Total
2022	1,449,791	127,904	\$ 1,577,695
2023	1,457,000	95,340	1,552,340
2024	1,302,000	62,483	1,364,483
2025	110,000	33,036	143,036
2026	110,000	29,813	139,813
2027-2031	550,000	100,719	650,719
2032-2036	385,000	22,561	407,561
Total	<u>\$ 5,363,791</u>	<u>\$ 471,856</u>	<u>\$ 5,835,647</u>

d. Proprietary Fund Debt

The following is a summary of the changes in the County's business-type activities long-term obligations for the year ended June 30, 2021:

	Balance 7/1/2020	Increases	Decreases	Balance 6/30/2021	Current Portion
<b>Business-Type Activities:</b>					
<b>Water Fund:</b>					
Net OPEB liability	\$ 404,327	\$ 43,539	\$ -	\$ 447,866	\$ -
Net pension liability (LGERS)	107,462	29,883	-	137,345	-
Compensated absences	20,157	-	(3,530)	16,627	3,530
Total Water Fund	531,946	73,422	(3,530)	601,838	3,530
<b>Emergency Medical Fund:</b>					
Net OPEB liability	646,924	69,661	-	716,585	-
Net pension liability (LGERS)	171,939	47,812	-	219,751	-
Compensated absences	49,974	-	(4,645)	45,329	4,645
Total Emergency Medical Fund	868,837	117,473	(4,645)	981,665	4,645
<b>Total business-type activities</b>	<b>\$ 1,400,783</b>	<b>\$ 190,895</b>	<b>\$ (8,175)</b>	<b>\$ 1,583,503</b>	<b>\$ 8,175</b>

III. Joint VenturesPettigrew Regional Library

The County participates in a joint venture to operate Pettigrew Regional Library with four other local governments. Each participating government appoints three Board members to the twelve member Board of the Library. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library; therefore, no equity interest has been reflected in the financial statements at June 30, 2021. The participating governments provide the library facilities. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$252,165 to the Library to supplement its activities. Complete financial statements for the Library can be obtained from the Library's offices at Pettigrew Regional Library, PO Box 906, Plymouth, North Carolina 27962.

IV. Jointly Governed OrganizationsAlbemarle Regional Health Services

The County, in conjunction with six other counties participates in Albemarle Regional Health Services. The County appoints two members to the ten-member Board. The County contributed \$80,708 the organization during the fiscal year ended June 30, 2021. Complete financial statements for District Health can be obtained from the District Health offices at Albemarle Regional Health Services, P.O. Box 189, Elizabeth City, North Carolina 27909.

Albemarle Regional Solid Waste Authority

The County is one of eight counties participating in the Albemarle Regional Solid Waste Authority. This Authority contracts with a private contractor to maintain a landfill to meet environmental regulations for household solid waste and other regulated wastes. The Authority has a 20-year contract with the private contractor. The County spent \$1,239,580 for solid waste disposal during the current year.

Perquimans-Chowan-Gates Landfill Commission

The County is one of three counties involved in the Perquimans-Chowan-Gates Landfill Commission. The Commission maintains a landfill for waste products other than household waste. It also contracts with a private contractor to maintain dumpster sites and haul the trash in the three participating counties.

Chowan County Satellite Campus of the College of the Albemarle



The County, in conjunction with College of the Albemarle, Elizabeth City, North Carolina, participates in a joint venture to operate the Chowan County Satellite Campus of the College of the Albemarle. The County has the responsibility to provide funding for the satellite facilities in Chowan County. During the fiscal year ended June 30, 2021 total facilities cost was \$200,000. The County also appropriated \$25,000 for Capital Outlay for College of the Albemarle.

Albemarle Commission

The County, in conjunction with ten other counties and fourteen other municipalities, established the Albemarle Commission. The participating governments established the Commission to coordinate various funding received from federal and State agencies. Each participating government appoints three members to the Commission's governing board. The County paid membership fees of \$9,921 to the Commission during the fiscal year ended June 30, 2021.

Northeast Economic Development Committee

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

VI. Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

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

VII. Interfund Balances and Activitya. Transfers to/from Other Funds

Transfers in (out) for the year ended June 30, 2021 are summarized below:

<u>Fund</u>	<u>To</u>	<u>From</u>	<u>Purpose</u>
Debt Service Fund	\$ 1,614,758		Service outstanding debt
General Fund		\$ 1,614,758	
JAHHS Capital Project Fund	\$ 182,934		Expenditures
General Fund		\$ 182,934	
Debt Service Fund	\$ 103,573		Service outstanding debt
Lottery Project Fund		\$ 103,573	
Revaluation Fund	\$ 131,240		Expenditures
General Fund		\$ 131,240	
Solid Waste Fund	\$ 73,235		Expenditures
Cares Act Relief Fund		\$ 73,235	
School Capital Projects Fund	\$ 949,396		Expenditures
School Capital Reserve Fund		\$ 949,396	
Solid Waste Fund	73,235		Expenditures
Cares Act Relief Fund		\$ 73,235	
Projects Fund	\$ 564,372		Capital expenditures
Capital Project Fund		159,972	
General Capital Reserve Fund		\$ 404,400	
General Fund	\$ 34,522		Capital expenditures
E 911 Fund		\$ 34,522	
Emergency Medical Services Fund	\$ 728,013		Operations
General Fund		\$ 728,013	
Total	\$ 4,455,278	\$ 4,455,278	

b. Interfund Balances

The composition of internal balances as of June 30, 2021 is as follows:

<b>Payable Fund</b>	<b>Receivable Fund</b>	
	<b>General Fund</b>	
Emergency Medical Services Fund	\$	393,240
Total	\$	393,240

All of the above were for operating expenditures.

c. Fund Balance

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

<b>Total fund balance - General Fund</b>	<b>\$ 10,566,147</b>
<b>Less:</b>	
<b>Stabilization by State Statute</b>	1,450,335
<b>Register of Deeds</b>	28,104
<b>School Capital</b>	142,603
<b>Capital Reserve</b>	1,194,008
<b>Tax Revaluation</b>	139,238
<b>Remaining Fund Balance</b>	<b>\$ 7,611,859</b>

VIII. Component Unit Transactions

In fiscal year 2021, the County received \$210,000 in profit distributions from its component unit, Chowan County ABC Board.

IX. Significant Effects of Subsequent Events

There are no subsequent events that would have a material affect on the financial statements. Subsequent events have been analyzed through the date that the financial statements were available to be issued.

X. Change in Accounting Principle

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, effective July 1, 2020. The statement establishes criteria for identifying fiduciary activities of all state and local governments and provides guidance on how to report fiduciary activities within the financial statements. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement also describes four fiduciary funds that should be reported if criteria outlined in the statement are met: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The use of agency funds was eliminated. The statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

Governmental Activities Net Position - Increase (Decrease)	General Fund Balance - Increase (Decrease)	Nonmajor Special Revenue Fund Balance - Increase (Decrease)	Fiduciary Net Position - Custodial Fund - Increase (Decrease)
3,947	-	3,947	-
-	-	-	19,231
<u>\$ 3,947</u>	<u>\$ -</u>	<u>\$ 3,947</u>	<u>\$ 19,231</u>

Cash received under the Social Security Administration's Representative Payee Program net of liabilities owed for payments on behalf of beneficiaries were reclassified out of the Agency Fund into a newly created Representative Payee Special Revenue Fund. The portion of liabilities in the Agency Fund representing net cash available at the beginning of the year were restated as fund balance.

Municipal Tax Custodial Fund.

## REQUIRED SUPPLEMENTAL FINANCIAL DATA

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This section contains additional information required by generally  
accounting principals.

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Schedule of the Proportionate Share of the Net Pension  
Liability – Local Government Employees’ Retirement System

Schedule of Contributions – Local Government Employees’  
Retirement System

Schedule of the Proportionate Share of the Net Pension  
Asset – Register of Deeds

Schedule of Contributions – Register of Deeds

Schedule of Changes in Total Pension Liability - Law Enforcement Officer's  
Special Separation Allowance

Schedule of Changes in the Net OPEB Liability and Related Ratios

Schedule of County Contributions - OPEB

**Chowan County, North Carolina**  
**Chowan County's Proportionate Share of Net Pension Liability (Asset)**  
**Required Supplementary Information**  
**Last Eight Fiscal Years\***

	<b>Local Government Employees' Retirement System</b>							
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
County's proportion of the net pension liability (asset) (%)	0.07687%	0.07870%	0.08183%	0.08521%	0.08690%	0.09180%	0.0892%	0.0854%
County's proportion of the net pension liability (asset) (\$)	\$ 2,746,893	\$ 2,149,236	\$ 1,941,287	\$ 1,301,774	\$ 1,843,672	\$ 411,768	\$ (525,937)	\$ 1,029,399
County's covered-employee payroll	\$ 5,421,432	\$ 5,151,727	\$ 5,026,837	\$ 5,018,623	\$ 5,057,790	\$ 4,952,004	\$ 4,852,635	\$ 4,609,153
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	50.67%	41.72%	38.62%	25.94%	36.45%	8.32%	( 10.84%)	22.33%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

\*\* This will be the same percentage for all participant employers in the LGERS plan.

**Chowan County, North Carolina**  
**Chowan County's Contributions**  
**Required Supplementary Information**  
**Last Eight Fiscal Years**

<b>Local Government Employees' Retirement System</b>								
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 544,263	\$ 495,391	\$ 409,475	\$ 390,420	\$ 367,636	\$ 338,339	\$ 359,849	\$ 347,958
Contributions in relation to the contractually required contribution	544,263	495,391	409,475	390,420	367,636	338,339	359,849	347,958
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 5,273,522	\$ 5,421,432	\$ 5,151,727	\$ 5,026,837	\$ 5,018,623	\$ 5,057,790	\$ 4,952,004	\$ 4,852,635
Contributions as a percentage of covered-employee payroll	10.32%	9.14%	7.95%	7.77%	7.33%	6.69%	7.27%	7.17%

**Chowan County, North Carolina**  
**Chowan County's Proportionate Share of Net Pension Liability (Asset)**  
**Required Supplementary Information**  
**Last Eight Fiscal Years\***

	<b>Registers of Deeds' Supplemental Pension Fund</b>							
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
County's proportion of the net pension liability (asset) (%)	0.13300%	0.14211%	0.15900%	0.15244%	0.15720%	0.16090%	0.1651%	0.1555%
County's proportion of the net pension liability (asset) (\$)	\$ (30,481)	\$ (28,055)	\$ (26,335)	\$ (26,020)	\$ (29,383)	\$ (37,280)	\$ (37,417)	\$ (33,213)
Plan fiduciary net position as a percentage of the total pension liability**	173.62%	164.11%	153.31%	153.77%	160.17%	197.29%	193.88%	190.50%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

\*\* This will be the same percentage for all participant employers in the ROD plan.



**Chowan County, North Carolina  
Chowan County's Contributions  
Required Supplementary Information  
Last Eight Fiscal Years\***

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	<b>Registers of Deeds' Supplemental Pension Fund</b>							
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 1,659	\$ 1,422	\$ 3,715	\$ 3,488	\$ 3,368	\$ 1,286	\$ 2,861	\$ 1,348
Contributions in relation to the contractually required contribution	1,659	1,422	3,715	3,488	3,368	1,286	2,861	1,348
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Chowan County, North Carolina**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2021**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Beginning balance	654,883	578,105	576,693	524,331	511,668
Service Cost	25,332	25,752	24,251	19,798	21,950
Interest on the total pension liability	20,760	20,666	17,795	19,716	17,996
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(37,669)	31,461	8,053	7,960	-
Changes of assumptions or other inputs	245,418	19,602	(21,591)	31,984	(12,112)
Benefit payments	(36,167)	(20,703)	(27,096)	(27,096)	(15,171)
Other changes	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 872,557</u>	<u>\$ 654,883</u>	<u>\$ 578,105</u>	<u>\$ 576,693</u>	<u>\$ 524,331</u>

The amounts presented for each fiscal year were determined as of the prior fiscal year ending December 31.

**Chowan County, North Carolina**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2021**

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	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total pension liability	\$ 872,557	\$ 654,883	\$ 578,105	\$ 576,693	\$ 524,331
Covered payroll	919,008	978,375	913,642	843,753	877,856
Total pension liability as a percentage of covered payroll	94.95%	66.94%	63.27%	68.35%	59.73%

Notes to the schedules:

Chowan County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

**Chowan County, North Carolina**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios**  
**Healthcare Benefits Plan**  
**For the Year Ended June 30, 2021\***

	2021	2020	2019	2018
<b>Total OPEB Liability</b>				
Service cost	301,211	267,329	278,896	320,501
Interest	290,681	274,697	253,598	226,037
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(1,206,955)	28,194	(28,856)	4,057
Changes of assumptions	1,652,414	539,949	(403,866)	(787,759)
Benefit payments	(166,580)	(168,894)	(154,700)	(143,305)
<b>Net change in total OPEB liability</b>	<b>870,771</b>	<b>941,275</b>	<b>(54,928)</b>	<b>(380,469)</b>
<b>Total OPEB liability - beginning</b>	<b>8,086,547</b>	<b>7,145,272</b>	<b>7,200,200</b>	<b>7,580,669</b>
<b>Total OPEB liability - ending</b>	<b>8,957,318</b>	<b>8,086,547</b>	<b>7,145,272</b>	<b>7,200,200</b>
County's covered-employee payroll	5,123,163	4,775,317	4,775,317	4,485,143
County's OPEB liability as a percentage of its covered-employee payroll	174.84%	169.34%	149.63%	160.53%

\* Plan measurement date is the reporting date. Employer measurement date is one year prior to reporting date.

**Notes to Schedule**

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u>Fiscal year</u>	<u>Rate</u>
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

## GENERAL FUND

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The General Fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

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**Chowan County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Ad valorem taxes:			
Taxes		\$ 11,598,045	
Penalties and interest		57,487	
Total	11,243,703	11,655,532	411,829
Other Taxes and Licenses:			
Local option sales tax		2,777,118	
Video franchise fee		12,996	
Medicaid hold harmless		74,988	
Tax refunds		5	
Total	2,119,505	2,865,107	745,602
Unrestricted Intergovernmental revenues:			
Beer and wine tax		39,798	
Payments in lieu of taxes		2,299	
ABC profit distribution		216,231	
Total	136,231	258,328	122,097
Restricted Intergovernmental:			
State and federal grants		2,068,907	
ABC profits for law enforcement		-	
Court facilities fees		37,947	
Total	2,634,734	2,106,854	(527,880)
Permits and Fees:			
Filing fees		144	
Senior center fees		35,732	
Fines and forfeitures		45,557	
Recreation fees		108,768	
Register of deeds		316,903	
Town fees		126,640	
Administrative fees		109,500	
Animal control fees		185,016	
Other fees		56,182	
Building permits and inspections, including land use fees		119,414	
Total	1,113,252	1,103,856	(9,396)

**Chowan County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**

	Final Budget	Actual	Variance Positive (Negative)
Sales and Services:			
Rent and concessions		247,626	
Jail fees		63,675	
Officer fees		51,308	
Total	314,812	362,609	47,797
Investment earnings	37,500	4,899	(32,601)
Miscellaneous:			
Insurance proceeds		37,129	
Other		77,671	
Total	82,129	114,800	32,671
<b>Total Revenues</b>	17,681,866	18,471,985	790,119
<b>Expenditures:</b>			
General Government:			
Governing body		95,288	
Administration and finance		473,360	
Tax administration		383,750	
Information technology		311,546	
Legal		31,314	
Register of deeds		303,733	
Elections		217,910	
Public buildings		502,664	
Central maintenance		372,422	
Land records		119,135	
Other		189,764	
Court facilities		3,327	
Total general government	3,229,486	3,004,213	225,273

**Chowan County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public Safety:			
Sheriff		1,418,727	
Jail		852,486	
Juvenile justice and delinquency program		52,478	
School resource officer		179,269	
Inspections		185,943	
Animal control and shelter		279,123	
Medical examiner		11,950	
Emergency management		58,273	
Central communications		518,362	
Total	<u>3,925,675</u>	<u>3,556,611</u>	<u>369,064</u>
Economic and physical development:			
Agricultural extension		240,927	
Planning		105,870	
Central services		377,460	
Special app		65,391	
Soil/water conservation		277,478	
Total	<u>1,212,549</u>	<u>1,067,126</u>	<u>145,423</u>
Human services:			
Health:			
Veteran services		8,940	
Health		84,152	
Other health programs		36,156	
Total human services	<u>144,376</u>	<u>129,248</u>	<u>15,128</u>



**Chowan County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**

	Final Budget	Actual	Variance Positive (Negative)
Social services:			
Administration		1,637,828	
Title XX		6,623	
Medical travel		32,595	
County provided assistance		103,968	
Adoptions		9,711	
Aid to the blind program		2,244	
Foster care		51,577	
Professional services IV-D		271,695	
Crisis intervention		24,063	
Work first program		5,318	
LIEAP expenses		174,007	
Other assistance		31,346	
Total social services	2,832,506	2,350,975	481,531
Total human services	2,976,882	2,480,223	496,659
Cultural and recreational:			
Recreation		482,255	
Library		252,165	
College of the Albemarle		25,000	
Other recreation projects		52,010	
Total cultural and recreational	905,930	811,430	94,500
Environmental protection:			
Forestry program		66,523	
Total environmental protection	82,783	66,523	16,260
Education:			
Public schools:			
Current expense		3,500,000	
Fines		45,557	
Capital outlay		200,000	
Total education	3,745,885	3,745,557	328
Debt service:			
Principal retirement		-	
Total debt service	-	-	-
<b>Total Expenditures</b>	16,079,190	14,731,683	1,347,507
Revenues over expenditures	1,602,676	3,740,302	2,137,626

**Chowan County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**

	Final Budget	Actual	Variance Positive (Negative)
Other financing sources (uses):			
Fund balance appropriated	1,277,246	-	
Transfers (to)/from other funds:			
Transfer to E-911 fund		(34,522)	
Transfer to EMS fund		(728,013)	
Transfer to capital projects fund		(159,971)	
Transfer to debt service fund		(1,614,758)	
Transfer to revaluation fund		(131,240)	
Transfer to JAHHS fund		(182,934)	
Total other financing sources (uses)	<u>(1,602,676)</u>	<u>(2,851,438)</u>	<u>(1,248,762)</u>
 Net change in fund balance	 <u>\$ -</u>	 888,864	 <u>\$ 888,864</u>
 Fund balances:			
Beginning of year, July 1		<u>8,171,813</u>	
 End of year, June 30		 <u>\$ 9,060,677</u>	

**Chowan County, North Carolina**  
**Revaluation Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Investment earnings		\$ 56	
Total revenues	\$ -	56	\$ 56
Expenditures:			
General government:			
Revaluation		191,027	
Total expenditures	231,240	191,027	40,213
Revenues over (under) expenditures	(231,240)	(190,971)	40,269
Other financing sources (uses):			
Transfers in (out)		131,240	-
Total other financing sources (uses)	131,240	131,240	-
Revenues and other financing sources over (under) uses	(100,000)	(59,731)	40,269
Fund balance appropriated	100,000	-	(100,000)
Net change in fund balance	\$ -	(59,731)	\$ (59,731)
Fund balance:			
Beginning of year, July 1		198,969	
End of year, June 30		\$ 139,238	

**Chowan County, North Carolina**  
**Projects Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Miscellaneous revenue		\$ -	
Tax refunds		1,275	
Total revenues	<u>\$ 787,353</u>	<u>1,275</u>	<u>\$ (786,078)</u>
Expenditures:			
General government:			
Improvements		565,647	
Total expenditures	<u>787,353</u>	<u>565,647</u>	<u>221,706</u>
Revenues over (under) expenditures	<u>-</u>	<u>(564,372)</u>	<u>(564,372)</u>
Other financing sources (uses):			
Transfers in (out)		564,372	564,372
Total other financing sources (uses)	<u>-</u>	<u>564,372</u>	<u>564,372</u>
Revenues and other financing sources over (under) uses	-	-	-
Fund balance appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u><u>\$ -</u></u>	-	<u><u>\$ -</u></u>
Fund balance:			
Beginning of year, July 1		<u>14,629</u>	
End of year, June 30		<u><u>\$ 14,629</u></u>	

**Chowan County, North Carolina**  
**School Capital Reserve Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Local option sales tax		\$ 949,747	
Investment earnings		209	
Total revenue	<u>\$ 949,396</u>	<u>949,956</u>	<u>\$ 560</u>
Expenditures			
Education:			
Capital outlay		-	
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>949,396</u>	<u>949,956</u>	<u>560</u>
Other financing sources (uses):			
Transfer in (out) to school capital projects fund		(949,396)	-
Total other financing sources (uses)	<u>(949,396)</u>	<u>(949,396)</u>	<u>-</u>
Revenues and other financing sources over (under) uses	-	560	560
Fund balance appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u><u>\$ -</u></u>	560	<u><u>\$ 560</u></u>
Fund balance:			
Beginning of year, July 1		<u>142,043</u>	
End of year, June 30		<u><u>\$ 142,603</u></u>	

**Chowan County, North Carolina**  
**General Capital Reserve Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Other taxes and licenses		\$ 777,334	
Interest income		523	
Total revenue	<u>\$ 300,000</u>	<u>777,857</u>	<u>\$ 477,857</u>
Expenditures			
General government:			
Operating expenditures		-	
Contingency		-	
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>300,000</u>	<u>777,857</u>	<u>477,857</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfer (out) to capital projects fund	-	(404,400)	(404,400)
Transfer (out) to school capital projects fund	-	-	-
Total other financing sources (uses)	<u>(626,107)</u>	<u>(404,400)</u>	<u>(404,400)</u>
Revenues and other financing sources over (under) uses	(326,107)	373,457	73,457
Fund balance appropriated	<u>326,107</u>	<u>-</u>	<u>(326,107)</u>
Net change in fund balance	<u><u>\$ -</u></u>	373,457	<u><u>\$ (252,650)</u></u>
Fund balance:			
Beginning of year, July 1		<u>820,551</u>	
End of year, June 30		<u><u>\$ 1,194,008</u></u>	

## OTHER MAJOR GOVERNMENTAL FUNDS

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Major Governmental Funds - Debt Service Fund

Major Governmental Funds - ARPA Fund

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**Chowan County, North Carolina**  
**Debt Service Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Other taxes and licenses		\$ -	
Miscellaneous		-	
Total revenue	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Expenditures			
Principal retirement		1,568,139	
Interest and fees		150,192	
Total expenditures	<u>1,728,473</u>	<u>1,718,331</u>	<u>10,142</u>
Revenues over (under) expenditures	<u>(1,728,473)</u>	<u>(1,718,331)</u>	<u>10,142</u>
Other financing sources (uses):			
Transfers in		1,718,331	(10,142)
Total other financing sources (uses)	<u>1,728,473</u>	<u>1,718,331</u>	<u>(10,142)</u>
Revenues and other financing sources over (under) uses	-	-	-
Fund balance appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>-</u>	<u><u>\$ -</u></u>
Fund balance:			
Beginning of year, July 1		<u>-</u>	
End of year, June 30		<u><u>\$ -</u></u>	



**Chowan County, North Carolina**  
**ARPA Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Other taxes and licenses		\$ -	
Miscellaneous		-	
Total revenue	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Expenditures			
Operating expenditures		-	
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):			
Transfers in		-	
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) uses	-	-	-
Fund balance appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>-</u>	<u><u>\$ -</u></u>
Fund balance:			
Beginning of year, July 1		<u>-</u>	
End of year, June 30		<u><u>\$ -</u></u>	

**Chowan County, North Carolina**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2021**

	Fire District Fund	Hurricane Recovery Fund	Emergency Telephone System Fund	Cares Act Relief Fund	Representative Payee Fund	Total Nonmajor Special Revenue Funds	49 Lottery Project	42 School Capital Project	36 D.F. Walker Gym Renovation Project	45 JAHHS Renovation Project	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>												
Cash and cash equivalents	\$ 194,497	\$ -	\$ 268,877	\$ 2,349	\$ 3,733	\$ 469,456	\$ -	\$ 118,099	\$ 120,957	\$ -	\$ 239,056	\$ 708,512
Accounts receivable, net	18,158	51,109	30,903	3,683	-	103,853	-	-	184	-	184	104,037
Taxes receivable (net)	-	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 212,655</u>	<u>\$ 51,109</u>	<u>\$ 299,780</u>	<u>\$ 6,032</u>	<u>\$ 3,733</u>	<u>\$ 573,309</u>	<u>\$ -</u>	<u>\$ 118,099</u>	<u>\$ 121,141</u>	<u>\$ -</u>	<u>\$ 239,240</u>	<u>\$ 812,549</u>
<b>Liabilities and fund balances:</b>												
<b>Current liabilities:</b>												
Accounts payable	\$ 34	\$ -	\$ 8,251	\$ -	\$ -	\$ 8,285	\$ -	\$ 118,099	\$ -	\$ -	\$ 118,099	\$ 126,384
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	43,120	-	-	-	43,120	-	-	-	-	-	43,120
Total liabilities	<u>34</u>	<u>43,120</u>	<u>8,251</u>	<u>-</u>	<u>-</u>	<u>51,405</u>	<u>-</u>	<u>118,099</u>	<u>-</u>	<u>-</u>	<u>118,099</u>	<u>169,504</u>
<b>Deferred inflows of resources</b>												
Property taxes receivable	-	-	-	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances:</b>												
Restricted												
Stabilization by state statute	18,158	51,109	30,903	3,683	-	103,853	-	-	184	-	184	104,037
Public safety	194,463	-	260,626	-	-	455,089	-	-	-	-	-	455,089
Human Services	-	-	-	-	3,733	3,733	-	-	-	-	-	3,733
Economic development	-	(43,120)	-	2,349	-	(40,771)	-	-	120,957	-	120,957	80,186
Total fund balances	<u>212,621</u>	<u>7,989</u>	<u>291,529</u>	<u>6,032</u>	<u>3,733</u>	<u>521,904</u>	<u>-</u>	<u>-</u>	<u>121,141</u>	<u>-</u>	<u>121,141</u>	<u>643,045</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>												
	<u>\$ 212,655</u>	<u>\$ 51,109</u>	<u>\$ 299,780</u>	<u>\$ 6,032</u>	<u>\$ 3,733</u>	<u>\$ 573,309</u>	<u>\$ -</u>	<u>\$ 118,099</u>	<u>\$ 121,141</u>	<u>\$ -</u>	<u>\$ 239,240</u>	<u>\$ 812,549</u>

**Chowan County, North Carolina**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance**  
**For the Fiscal Year Ended June 30, 2021**

	Fire District Fund	Hurricane Recovery Fund	Emergency Telephone System Fund	Cares Act Relief Fund	Representative Payee Fund	Total Nonmajor Special Revenue Funds	Lottery Projects	School Capital Projects	D.F. Walker Gym Renovation Project	JAHHS Renovation Project	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>												
Ad valorem taxes	\$ 560,062	\$ -	\$ -	\$ -	\$ -	\$ 560,062	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 560,062
Local option sales tax	60,915	-	-	-	-	60,915	-	-	-	-	-	60,915
Other taxes and licenses	-	-	261,498	-	-	261,498	-	-	-	-	-	261,498
Restricted intergovernmental	-	6,275	-	753,890	21,291	781,456	103,573	-	-	548,803	652,376	1,433,832
Investment earnings	186	-	65	-	-	251	-	-	-	-	-	251
Local funds	-	-	-	-	-	-	-	-	20,353	-	20,353	20,353
Total revenues	<u>621,163</u>	<u>6,275</u>	<u>261,563</u>	<u>753,890</u>	<u>21,291</u>	<u>1,664,182</u>	<u>103,573</u>	<u>-</u>	<u>20,353</u>	<u>548,803</u>	<u>672,729</u>	<u>2,336,911</u>
<b>Expenditures:</b>												
General government	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	621,756	-	173,770	-	-	795,526	-	-	-	-	-	795,526
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-
Economic and physical development	-	6,275	-	-	-	6,275	-	949,396	195,745	-	1,145,141	1,151,416
Cultural and recreation	-	-	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	731,737	731,737	731,737
Cares Act relief	-	-	-	674,623	-	674,623	-	-	-	-	-	674,623
Human Services	-	-	-	-	-	-	-	-	-	-	-	-
Debt service:	-	-	-	-	21,505	21,505	-	-	-	-	-	21,505
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>621,756</u>	<u>6,275</u>	<u>173,770</u>	<u>674,623</u>	<u>21,505</u>	<u>1,497,929</u>	<u>-</u>	<u>949,396</u>	<u>195,745</u>	<u>731,737</u>	<u>1,876,878</u>	<u>3,374,807</u>
Revenues over (under) expenditures	<u>(593)</u>	<u>-</u>	<u>87,793</u>	<u>79,267</u>	<u>(214)</u>	<u>166,253</u>	<u>103,573</u>	<u>(949,396)</u>	<u>(175,392)</u>	<u>(182,934)</u>	<u>(1,204,149)</u>	<u>(1,037,896)</u>
<b>Other financing sources (uses):</b>												
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from (to) other sources	-	-	34,521	-	-	34,521	-	949,396	-	182,934	1,132,330	1,166,851
Transfers from (to) CU	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from (to) other sources	-	-	-	(73,235)	-	(73,235)	(103,573)	-	-	-	(103,573)	(176,808)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>34,521</u>	<u>(73,235)</u>	<u>-</u>	<u>(38,714)</u>	<u>(103,573)</u>	<u>949,396</u>	<u>-</u>	<u>182,934</u>	<u>1,028,757</u>	<u>990,043</u>
Net change in Fund Balance	(593)	-	122,314	6,032	(214)	127,539	-	-	(175,392)	-	(175,392)	(47,853)
<b>Fund balances:</b>												
Beginning of year, July 1, previously reported	213,214	7,989	169,215	-	-	390,418	-	-	296,533	-	296,533	686,951
Prior period restatement - change in accounting principle	-	-	-	-	3,947	3,947	-	-	-	-	-	3,947
Fund balances, beginning, as restated	<u>213,214</u>	<u>7,989</u>	<u>169,215</u>	<u>-</u>	<u>3,947</u>	<u>394,365</u>	<u>-</u>	<u>-</u>	<u>296,533</u>	<u>-</u>	<u>296,533</u>	<u>690,898</u>
End of year, June 30	<u>\$ 212,621</u>	<u>\$ 7,989</u>	<u>\$ 291,529</u>	<u>\$ 6,032</u>	<u>\$ 3,733</u>	<u>\$ 521,904</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,141</u>	<u>\$ -</u>	<u>\$ 121,141</u>	<u>\$ 643,045</u>

## SPECIAL REVENUE FUNDS

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Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

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**Chowan County, North Carolina**  
**Fire Districts Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Ad valorem taxes		\$ 560,062	
Local option sales tax		60,915	
Miscellaneous revenue		-	
Investment earnings		186	
Total revenues	<u>\$ 575,514</u>	<u>621,163</u>	<u>\$ 45,649</u>
Expenditures:			
Public safety:			
Town of Edenton		409,586	
Salaries and benefits		81,906	
Telephone and postage		2,555	
Utilities		9,253	
Maintenance and repair		18,082	
Capital outlay		38,130	
Other operating expenses		52,744	
Overhead charged by other departments		9,500	
Total expenditures	<u>717,845</u>	<u>621,756</u>	<u>96,089</u>
Revenues over (under) expenditures	<u>(142,331)</u>	<u>(593)</u>	<u>141,738</u>
Other financing sources (uses):			
Transfer in (out)	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(142,331)	(593)	141,738
Fund balance appropriated	<u>142,331</u>	<u>-</u>	<u>(142,331)</u>
Net change in fund balance	<u>\$ -</u>	<u>(593)</u>	<u>\$ (593)</u>
Fund balance:			
Beginning of year, July 1		<u>213,214</u>	
End of year, June 30		<u>\$ 212,621</u>	

**Chowan County, North Carolina**  
**Hurricane Recovery Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Restricted intergovernmental		\$ 6,275	
Other income		-	
Investment earnings		-	
Total revenues	\$ 6,275	6,275	\$ -
Expenditures:			
COVID-19 FEMA		6,275	
Total expenditures	6,275	6,275	-
Revenues over (under) expenditures	-	-	-
Fund balance appropriated	-	-	-
Net change in fund balance	\$ -	-	\$ -
Fund balance:			
Beginning of year, July 1		7,989	
End of year, June 30		\$ 7,989	

**Chowan County, North Carolina**  
**Emergency Telephone System Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Other taxes and licenses:		\$ 261,498	
911 system subscriber fees		-	
Investment earnings		65	
Total revenues	<u>\$ 261,498</u>	<u>261,563</u>	<u>\$ 65</u>
Expenditures:			
Public Safety:			
Telephone		33,464	
Software maintenance		20,003	
Hardware maintenance		77,057	
Other		43,246	
Total expenditures	<u>239,151</u>	<u>173,770</u>	<u>65,381</u>
Revenues over (under) expenditures	<u>22,347</u>	<u>87,793</u>	<u>65,446</u>
Other financing sources (uses):			
Transfers from other funds		-	
Transfers to other funds		34,521	
Total other financing sources (uses)	<u>-</u>	<u>34,521</u>	<u>34,521</u>
Revenues and other financing sources over (under) uses	22,347	122,314	99,967
Fund balance appropriated	<u>(22,347)</u>	<u>-</u>	<u>22,347</u>
Net change in fund balance	<u><u>\$ -</u></u>	122,314	<u><u>\$ 122,314</u></u>
Fund balance:			
Beginning of year, July 1		<u>169,215</u>	
End of year, June 30		<u><u>\$ 291,529</u></u>	

**Chowan County, North Carolina**  
**Cares Act Relief Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Restricted intergovernmental		\$ 753,890	
Total revenues	\$ 753,890	753,890	\$ -
Expenditures:			
Cares Act Relief		674,623	
Total expenditures	680,655	674,623	6,032
Revenues over (under) expenditures	73,235	79,267	6,032
Other financing sources (uses):			
Transfers from other funds		-	
Transfers to other funds		(73,235)	
Total other financing sources (uses)	73,235	(73,235)	-
Revenues and other financing sources over (under) uses	-	6,032	6,032
Fund balance appropriated	-	-	-
Net change in fund balance	\$ -	6,032	\$ 6,032
Fund balance:			
Beginning of year, July 1		-	
End of year, June 30		\$ 6,032	



**Chowan County, North Carolina**  
**Representative Payee Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Restricted intergovernmental		\$ 21,291	
Total revenues	\$ 22,000	21,291	\$ (709)
Expenditures:			
Human Services			
Payments made for benefit of beneficiaries		21,505	
Total expenditures	22,000	21,505	495
Revenues over (under) expenditures	-	(214)	(214)
Fund balance appropriated	-	-	-
Net change in fund balance	\$ -	(214)	\$ (214)
Fund balance:			
Beginning of year, July 1, as previously reported		-	
Prior period restatement - change in accounting principle		3,947	
Fund balances, beginning, as restated		3,947	
End of year, June 30		\$ 3,733	

## CAPITAL PROJECTS FUNDS

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Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds

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**Chowan County, North Carolina**  
**Capital Projects - Lottery**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Restricted intergovernmental revenues:					
Lottery proceeds	\$ 213,573	\$ 419,550	\$ 103,573	\$ 523,123	\$ -
Total revenues	<u>213,573</u>	<u>419,550</u>	<u>103,573</u>	<u>523,123</u>	<u>309,550</u>
Expenditures:					
Education:					
Capital outlay:					
School projects	<u>110,000</u>	<u>108,831</u>	<u>-</u>	<u>108,831</u>	<u>1,169</u>
Revenues over expenditures	<u>103,573</u>	<u>310,719</u>	<u>103,573</u>	<u>414,292</u>	<u>310,719</u>
Other financing sources (uses):					
Transfers in (out) to debt service fund	<u>(103,573)</u>	<u>(310,719)</u>	<u>(103,573)</u>	<u>(414,292)</u>	<u>(310,719)</u>
Total other financing sources (uses)	<u>(103,573)</u>	<u>(310,719)</u>	<u>(103,573)</u>	<u>(414,292)</u>	<u>(310,719)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance:					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u>\$ -</u>		

**Chowan County, North Carolina**  
**School Capital Projects**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Lottery proceeds	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
Expenditures:					
Education:					
Capital outlay:					
School projects	1,460,000	509,687	949,396	1,459,083	917
Revenues over expenditures	(1,460,000)	(509,687)	(949,396)	(1,459,083)	917
Other financing sources (uses):					
Transfers in (out)	1,460,000	509,687	949,396	1,459,083	917
Total other financing sources (uses)	1,460,000	509,687	949,396	1,459,083	917
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ -		

**Chowan County, North Carolina**  
**D.F. Walker Gym Renovation Project**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Local funds	\$ 101,790	\$ 101,790	\$ 20,353	\$ 122,143	\$ 20,353
Total revenues	<u>101,790</u>	<u>101,790</u>	<u>20,353</u>	<u>122,143</u>	<u>20,353</u>
Expenditures:					
General government - improvements					
Professional services	67,431	46,911	2,783	49,694	17,737
Contracted services	1,549,448	1,408,346	141,058	1,549,404	44
Repairs and maintenance	51,904	-	51,904	51,904	-
Bank fees	5,900	-	-	-	5,900
Contingency	77,107	-	-	-	77,107
Total expenditures	<u>1,751,790</u>	<u>1,455,257</u>	<u>195,745</u>	<u>1,651,002</u>	<u>100,788</u>
Revenues over expenditures	<u>(1,650,000)</u>	<u>(1,353,467)</u>	<u>(175,392)</u>	<u>(1,528,859)</u>	<u>121,141</u>
Other financing sources (uses):					
Transfers in (out)	1,650,000	1,650,000	-	1,650,000	-
Total other financing sources (uses)	<u>1,650,000</u>	<u>1,650,000</u>	<u>-</u>	<u>1,650,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 296,533</u>	<u>\$ (175,392)</u>	<u>\$ 121,141</u>	<u>\$ 121,141</u>
Fund balance:					
Beginning of year, July 1			<u>296,533</u>		
End of year, June 30			<u>\$ 121,141</u>		

**Chowan County, North Carolina**  
**JAHHS Renovation Project**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Needs-Based Public School	\$ 550,000	\$ -	\$ 548,803	\$ 548,803	\$ (1,197)
Total revenues	<u>550,000</u>	<u>-</u>	<u>548,803</u>	<u>548,803</u>	<u>(1,197)</u>
Expenditures:					
Educator - improvements					
Professional services	735,000	-	731,737	731,737	3,263
Contracted services	-	-	-	-	-
Repairs and maintenance	-	-	-	-	-
Contingency	-	-	-	-	-
Total expenditures	<u>735,000</u>	<u>-</u>	<u>731,737</u>	<u>731,737</u>	<u>3,263</u>
Revenues over expenditures	<u>(185,000)</u>	<u>-</u>	<u>(182,934)</u>	<u>(182,934)</u>	<u>2,066</u>
Other financing sources (uses):					
Transfers in (out)	185,000	-	182,934	182,934	2,066
Total other financing sources (uses)	<u>185,000</u>	<u>-</u>	<u>182,934</u>	<u>182,934</u>	<u>2,066</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance:					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ -</u>		

## PROPRIETARY FUNDS

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Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

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**Chowan County, North Carolina**  
**Water Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual - (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2021**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues			
Water sales		\$ 1,651,953	
Reconnection fees		43,832	
Miscellaneous revenue		50,271	
Sales tax and other refunds		-	
Taps and connection fees		36,025	
Total operating revenues	<u>\$ 2,047,791</u>	<u>1,782,081</u>	<u>\$ (265,710)</u>
Nonoperating revenues			
Interest on investments	<u>9,745</u>	<u>955</u>	<u>(8,790)</u>
Total revenues	<u>2,057,536</u>	<u>1,783,036</u>	<u>(274,500)</u>
Expenditures:			
Operating expenditures:			
Salaries and employee benefits		404,544	
Utilities		112,880	
Repairs and maintenance		43,673	
Supplies and materials		114,102	
Professional services		75,155	
Contracted services		316,026	
Overhead charges by other departments		100,000	
Other		158,047	
Total	<u>1,931,573</u>	<u>1,324,427</u>	<u>607,146</u>
Capital outlay	<u>87,367</u>	<u>87,367</u>	<u>-</u>
Total expenditures	<u>2,018,940</u>	<u>1,411,794</u>	<u>607,146</u>
Revenues Over (Under) Expenditures	<u>38,596</u>	<u>371,242</u>	<u>332,646</u>
Other financing sources (uses):			
Transfer from other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenses and other uses	38,596	371,242	332,646
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Revenues, other sources and appropriated fund balance over (under) expenditures and other uses	<u><u>\$ 38,596</u></u>	<u><u>\$ 371,242</u></u>	<u><u>\$ (332,646)</u></u>



**Chowan County, North Carolina**  
**Water Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual - (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2021**

	Final Budget	Actual	Variance Positive (Negative)
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Revenues, other sources and appropriated fund balance over (under) expenditures and other uses		\$ 371,242	
Reconciling items:			
Capital outlay		87,367	
Other revenues from capital projects		215	
Other expenses from capital projects		-	
Change in accrued vacation pay		3,530	
(Increase) decrease in net pension liability		(29,883)	
Increase (decrease) in deferred outflows of resources for pensions		79,208	
(Increase) decrease in deferred inflows of resources for pensions		(44,142)	
Change in inventory		19,943	
Change in accrued OPEB		(43,538)	
Depreciation		(349,926)	
Total reconciling items		(277,226)	
Change in net position		\$ 94,016	

**Chowan County, North Carolina**  
**Water Development Capital Project Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual - (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2021**

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Water development fees	\$ -	\$ -	
Investment earnings	5,000	215	
Total revenues	<u>\$ 5,000</u>	<u>215</u>	<u>\$ (4,785)</u>
Other financing sources (uses):			
Transfers from other funds	-	-	-
Transfers to other funds	<u>(5,000)</u>	<u>-</u>	<u>5,000</u>
Total other financing sources (uses)	<u>(5,000)</u>	<u>-</u>	<u>5,000</u>
Revenues and other financing sources over (under) uses	-	215	215
Fund balance appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ 215</u></u>	<u><u>\$ 215</u></u>

**Chowan County, North Carolina**  
**Water Capital Project Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual - (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2021**

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Restricted intergovernmental		\$ -	
Total revenues	\$ -	-	\$ -
Expenditures:			
Professional services	-	-	
Total expenditures	-	-	-
Revenues Over (Under) Expenditures	-	-	-
Other financing sources (uses):			
Transfers from other funds	-	-	-
Transfers to other funds		-	-
Total other financing sources (uses)	-	-	-
Revenues and other financing sources over (under) uses	-	-	-
Fund balance appropriated	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -

**Chowan County, North Carolina**  
**Solid Waste Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual - (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2021**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues			
Tipping fees		\$ 1,169,912	
Restricted intergovernmental		23,513	
Other taxes and licenses		8,988	
Total operating revenues	<u>\$ 1,202,412</u>	<u>1,202,413</u>	<u>\$ 1</u>
Nonoperating revenues			
Interest on investments	<u>34</u>	<u>34</u>	<u>-</u>
Total revenues	<u>1,202,446</u>	<u>1,202,447</u>	<u>1</u>
Expenditures:			
Operating expenditures		1,337,171	
Total	<u>1,337,171</u>	<u>1,337,171</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>(134,725)</u>	<u>(134,724)</u>	<u>(1)</u>
Other financing sources (uses):			
Transfer in (out)	<u>-</u>	<u>73,235</u>	<u>-</u>
Total other financing sources (uses)	<u>73,236</u>	<u>73,235</u>	<u>(1)</u>
Revenues and other sources over (under) expenses and other uses	<u>(61,489)</u>	<u>(61,489)</u>	<u>-</u>
Appropriated fund balance	<u>61,489</u>	<u>-</u>	<u>(61,489)</u>
Revenues, other sources and appropriated fund balance over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ (61,489)</u>	<u>\$ 61,489</u>
No Reconciling Items From Budgetary Basis (Modified Accrual) to Full Accrual			
Change in Net Position		<u>\$ (61,489)</u>	

**Chowan County, North Carolina**  
**Emergency Medical Services Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual - (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2021**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues			
Ambulance fees		\$ 783,468	
Miscellaneous revenue		300	
Total operating revenues	<u>\$ 900,300</u>	<u>783,768</u>	<u>\$ (116,532)</u>
Nonoperating revenues			
Interest on investments	<u>5,230</u>	<u>-</u>	<u>(5,230)</u>
Total revenues	<u>905,530</u>	<u>783,768</u>	<u>(121,762)</u>
Expenditures:			
Administration and operating:			
Salaries and employee benefits		1,250,838	
Utilities		14,441	
Repairs and maintenance		44,270	
Automotive supplies		16,677	
Supplies and materials		7,110	
Contracted services		87,542	
Other expenses		94,935	
Interest		614	
Principal		-	
Total	<u>1,865,949</u>	<u>1,516,427</u>	<u>349,522</u>
Capital outlay		<u>-</u>	<u>-</u>
Total expenditures	<u>1,865,949</u>	<u>1,516,427</u>	<u>349,522</u>
Revenues Over (Under) Expenditures	<u>(960,419)</u>	<u>(732,659)</u>	<u>227,760</u>
Other financing sources (uses):			
Direct placement intallment loan proceeds		-	-
Transfers in (out)		728,013	-
Total other financing sources (uses)	<u>963,723</u>	<u>728,013</u>	<u>(235,710)</u>
Revenues and other sources over (under) expenses and other uses	3,304	(4,646)	(7,950)
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Revenues, other sources and appropriated fund balance over (under) expenditures and other uses	<u>\$ 3,304</u>	<u>\$ (4,646)</u>	<u>\$ 7,950</u>

**Chowan County, North Carolina  
Emergency Medical Services Fund  
Schedule of Revenues and Expenditures  
Budget and Actual - (Non-GAAP)  
For the Fiscal Year Ended June 30, 2021**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Revenues, other sources and appropriated fund balance over (under)			
expenditures and other uses		\$ (4,646)	
Reconciling items:			
Change in accrued vacation pay		4,645	
(Increase) decrease in net pension liability		(47,812)	
Increase (decrease) in deferred outflows of resources for pensions		126,732	
(Increase) decrease in deferred inflows of resources for pensions		(70,627)	
Change in accrued OPEB		(69,661)	
Depreciation		(93,596)	
Total reconciling items		(150,319)	
Change in net position		<u>\$ (154,965)</u>	

## CUSTODIAL FUNDS

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Custodial funds are used to account for assets the County holds on behalf of others.

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**Chowan County, North Carolina**  
**Statement of Fiduciary Net Position**  
**Custodial Fund**  
**June 30, 2021**

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	Municipal Tax Fund	Total Custodial Funds
Assets		
Cash and cash equivalents	\$ -	\$ -
Taxes receivable for other governments, net	22,849	22,849
Total assets	<u>22,849</u>	<u>22,849</u>
Liabilities		
Accounts payable and accrued liabilities	5,604	5,604
Due to other governments	-	-
Total liabilities	<u>5,604</u>	<u>5,604</u>
Net Position		
Restricted for:		
Individuals, organizations, and other governments	17,245	17,245
Total net position	<u>\$ 17,245</u>	<u>\$ 17,245</u>



**Chowan County, North Carolina**  
**Statement of Changes in Fiduciary Net Position**  
**Custodial Fund**  
**For the Fiscal Year Ended June 30, 2021**

	Municipal Tax Fund	Total Custodial Funds
Additions:		
Ad valorem taxes for other governments	\$ 2,441,955	\$ 2,441,955
Total additions	<u>2,441,955</u>	<u>2,441,955</u>
Deductions:		
Tax distributions to other governments	<u>2,443,941</u>	<u>2,443,941</u>
Total deductions	<u>2,443,941</u>	<u>2,443,941</u>
Net increase (decrease) in fiduciary net position	<u>(1,986)</u>	<u>(1,986)</u>
Net position, beginning, as previously reported	-	-
Prior period restatement - change in accounting principle	19,231	19,231
Net position, beginning, as restated	<u>19,231</u>	<u>19,231</u>
Net position, ending	<u>\$ 17,245</u>	<u>\$ 17,245</u>

## COMPONENT UNIT

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Chowan County Tourism Development Authority

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**Chowan County, North Carolina**  
**Tourism Development Authority**  
**Discretely Presented Component Unit**  
**Supplemental Balance Sheet**  
**June 30, 2021**

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<b>Assets:</b>		
Cash and cash equivalents	\$	334,983
Accounts receivable		<u>415</u>
Total assets		<u><u>335,398</u></u>
 <b>Liabilities and Fund Balance:</b>		
<b>Liabilities:</b>		
Accounts payable and accrued liabilities		<u>677</u>
 <b>Fund Balance:</b>		
Restricted:		
Stabilization by State Statute		415
Unassigned		<u>334,306</u>
Total fund balances		<u><u>334,721</u></u>
 Total liabilities and fund balance	\$	<u><u>335,398</u></u>

**Chowan County, North Carolina**  
**Tourism Development Authority**  
**Discretely Presented Component Unit**  
**Supplemental Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Year Ended June 30, 2021**

**Revenues:**

Tourism grant	\$ 25,750
Occupancy taxes	194,925
Investment earnings	153
Miscellaneous revenues	11,024
Total revenues	<u>231,852</u>

**Expenditures:**

Current:

Salaries and employee benefits	82,217
Office	6,499
Advertising	52,830
Professional Fees	6,826
Grants	25,363
Total expenditures	<u>173,735</u>

Net change in fund balance	58,117
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Fund balance, beginning	<u>276,604</u>
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Fund balance, ending	<u><u>\$ 334,721</u></u>
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**Chowan County, North Carolina**  
**Tourism Development Authority**  
**Discretely Presented Component Unit**  
**Supplemental Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2021**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		<b>Positive(Negative)</b>
<b>Revenues:</b>				
Tourism grant	\$ -	\$ 25,750	\$ 25,750	\$ -
Occupancy taxes	144,058	155,082	194,925	39,843
Investment earnings	-	319	153	(166)
Miscellaneous revenues	-	-	11,024	11,024
Total revenues	<u>144,058</u>	<u>181,151</u>	<u>231,852</u>	<u>50,701</u>
<b>Expenditures:</b>				
Current:				
Salaries and employee benefits	55,006	82,217	82,217	-
Office	7,500	8,733	6,499	2,234
Advertising	80,155	72,879	52,830	20,049
Professional Fees	11,000	8,500	6,826	1,674
Grants	-	25,750	25,363	387
Total expenditures	<u>153,661</u>	<u>198,079</u>	<u>173,735</u>	<u>24,344</u>
Revenues over (under) expenditures	<u>(9,603)</u>	<u>(16,928)</u>	<u>58,117</u>	<u>75,045</u>
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	<u>9,603</u>	<u>16,928</u>	<u>-</u>	<u>(16,928)</u>
Total other financing sources (uses)	<u>9,603</u>	<u>16,928</u>	<u>-</u>	<u>(16,928)</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	58,117	\$ <u>58,117</u>
Fund balance, beginning			276,604	
Fund balance, ending			<u>\$ 334,721</u>	

## OTHER SCHEDULES

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This section includes additional information on property taxes.

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- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy
- Secondary Market Disclosures
- Ten Largest Taxpayers

**Chowan County, North Carolina**  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2021**

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2020</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2020-2021	\$	\$ 11,546,487	\$ 11,456,969	\$ 89,518
2019-2020	162,867	-	110,165	52,702
2018-2019	63,474	-	31,781	31,693
2017-2018	29,136	-	8,744	20,392
2016-2017	21,421	-	6,141	15,280
2015-2016	16,194	-	3,028	13,166
2014-2015	16,119	-	1,986	14,133
2013-2014	21,178	-	2,486	18,692
2012-2013	21,893	-	3,115	18,778
2011-2012	20,875	-	2,939	17,936
2010-2011	15,255	-	15,255	-
TOTALS	\$ <u>388,412</u>	\$ <u>11,546,487</u>	\$ <u>11,642,609</u>	\$ 292,290
Less: Allowance for uncollectable taxes				<u>(200,000)</u>
Ad valorem taxes - General Fund				\$ <u>92,290</u>
<u>Reconcilement with revenues:</u>				
Ad valorem taxes - General Fund				\$ 11,655,532
Reconciling items:				
Penalties and Interest				(57,487)
Releases				<u>44,564</u>
Total Reconciling Items				<u>(12,923)</u>
Total Collections and Credits				\$ <u>11,642,609</u>

**Chowan County, North Carolina**  
**Analysis of Current Tax Levy**  
**County - Wide Levy**  
**For the Fiscal Year Ended June 30, 2021**

	County - wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property Taxes at Current Year Rate	\$ 1,480,071,921	0.7550%	\$ 11,174,543	\$ 9,931,789	\$ 1,242,754
Total Original Levy	<u>1,480,071,921</u>		<u>11,174,543</u>	<u>9,931,789</u>	<u>1,242,754</u>
Discoveries:					
Current year taxes	50,901,192	0.7550%	384,304	384,304	-
Total Discoveries	<u>50,901,192</u>		<u>384,304</u>	<u>384,304</u>	<u>-</u>
Abatements:					
Current year taxes	(1,637,086)	0.7550%	(12,360)	(12,360)	-
Total Abatements	<u>(1,637,086)</u>		<u>(12,360)</u>	<u>(12,360)</u>	<u>-</u>
Total for Year	\$ <u>1,529,336,026</u>		11,546,487	10,303,733	1,242,754
Uncollected taxes at June 30, 2021			(89,518)	(89,518)	-
Current year's taxes collected			\$ <u>11,456,969</u>	\$ <u>10,214,215</u>	\$ <u>1,242,754</u>
Current levy collection percentage			<u>99.22%</u>	<u>99.13%</u>	<u>100.00%</u>



**Chowan County, North Carolina**  
**Analysis of Current Tax Levy**  
**County - wide Levy**  
**For the Fiscal Year Ended June 30, 2021**

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**Secondary Market Disclosures:**

Assessed Valuation:

Assessment Ratio <sup>1</sup>	100 %
Real Property	\$ 1,198,502,647
Personal Property <sup>3</sup>	254,070,642
Public Service Companies <sup>2</sup>	76,762,781
Total Assessed Valuation	<u>1,529,336,070</u>
Tax Rate per \$100	0.755
Levy (includes discoveries, releases and abatements) <sup>3</sup>	<u><u>\$ 11,546,487</u></u>

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

Fire Protection Districts	<u><u>\$ 560,062</u></u>
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<sup>1</sup> Percentage of appraised value has been established by statute.

<sup>2</sup> Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.

<sup>3</sup> The levy includes penalties and multi-rate for motor vehicles.

**Chowan County, North Carolina**  
**Schedule of Ten Largest Taxpayers**  
**For the Fiscal Year Ended June 30, 2021**

<b>Taxpayer</b>	<b>Type of Business</b>	<b>2020 Assessed Valuation</b>	<b>Percentage of Total Assessed Valuation</b>
Jimbos Jumbos, Inc.	Real Estate	\$ 28,875,424	1.89%
Dominion North Carolina Power	Utility	22,654,305	1.48%
Jimbos Jumbos Inc.	Real Estate	12,598,940	0.82%
Stevens Towing Co	Service	11,059,205	0.72%
Banc of America Leasing	Real Estate	9,188,079	0.60%
Cameron-Edenton Company LLC	Real Estate	8,957,881	0.59%
Gemini Edenton Village 14 LLC	Real Estate	8,578,808	0.56%
Mitek USA Inc	Manufacturing	8,312,980	0.54%
Seabrook Enterprises Inc	Agriculture	8,283,311	0.54%
CB of Edenton LLC	Real Estate	7,489,404	0.49%
Total		<u>\$ 125,998,338</u>	<u>8.24%</u>

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## COMPLIANCE

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**Report on Internal Control Over Financial Reporting And On Compliance  
And Other Matters Based On An Audit Of Financial Statements  
Performed In Accordance With *Government Auditing Standards***

**Independent Auditor's Report**

To the Board of County Commissioners  
Chowan County, North Carolina

We have audited, in accordance with the 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, 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 Chowan County, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprises Chowan County's basic financial statements, and have issued our report thereon dated December 20, 2021. Our report includes a reference to other auditors who audited the financial statements of the Chowan County ABC Board, as described in our report on Chowan County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of Chowan County ABC Board and Chowan County TDA were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Chowan County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Chowan County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency

or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Thompson, Price, Scott, Adams & Co., PA  
Wilmington, North Carolina  
December 20, 2021



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## **Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; With OMB Uniform Guidance and the State Single Audit Implementation Act**

### **Independent Auditor's Report**

To the Board of County Commissioners  
Chowan County, North Carolina

#### **Report on Compliance for Each Major Federal Program**

We have audited Chowan County, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Chowan County's major federal programs for the year ended June 30, 2021. Chowan County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

Management is responsible for compliance with Federal and State Statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Chowan County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Chowan County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Chowan County's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, Chowan County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2021 – 001. Our opinion on each major federal program is not modified with respect to these matters.

Chowan County's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Chowan County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of Chowan County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Chowan County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that

were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2021 – 001 that we consider to be a significant deficiency.

Chowan County's response to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Chowan County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Thompson, Price, Scott, Adams & Co., PA*

*Wilmington, North Carolina*

*December 20, 2021*





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**Report On Compliance For Each Major State Program; Report on Internal Control  
Over Compliance; In accordance with OMB Uniform Guidance; and the State Single  
Audit Implementation Act**

**Independent Auditors' Report**

To the Board of County Commissioners  
Chowan County, North Carolina

**Report on Compliance for Each Major State Program**

We have audited Chowan County, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Chowan County's major state programs for the year ended June 30, 2021. Chowan County's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance State Statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Chowan County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about

Chowan County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Chowan County's compliance.

### **Opinion on Each Major State Program**

In our opinion, Chowan County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2021.

### **Report on Internal Control Over Compliance**

Management of Chowan County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Chowan County's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Thompson, Price, Scott, Adams & Co., PA

Wilmington, North Carolina

December 20, 2021

**Chowan County, North Carolina**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2021**

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Section I. Summary of Auditor's Results

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Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

Material weaknesses identified? ☐ Yes ☒ No  
 Significant Deficiency(s) identified? ☐ Yes ☒ None Reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major federal programs:

Material weaknesses identified? ☐ Yes ☒ No  
 Significant Deficiency(s) identified? ☒ Yes ☐ None Reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☒ Yes ☐ No

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund
93.778	Medical Assistance Program (Title XIX - Medicaid)

Dollar threshold used to distinguish between Type A and Type B Programs \$ 750,000

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

State Awards

Internal control over major state programs:

Material weaknesses identified? ☐ Yes ☒ No  
 Significant Deficiency(s) identified? ☐ Yes ☒ None Reported

Type of auditor's report issued on compliance for major state programs: Unmodified.

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act ☐ Yes ☒ No

Identification of major state programs:

Program Name  
 Public School Building Capital Funds

**Chowan County, North Carolina**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2021**

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Section II. Financial Statement Findings

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None reported.

**Chowan County, North Carolina  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2021**

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Section III. Federal Award Findings and Question Costs

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**Significant Deficiency/Noncompliance**

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX)

CFDA # 93.778

**Finding: 2021 – 001**

**Eligibility**

Criteria: Medicaid for Aged, Blind and Disabled case records should contain documentation that verifications were done in preparation of the application and these items will agree to reports in the NC FAST system. In this process, documentation should be present and agree back to the records in the NC FAST system. Any items discovered in the process should be considered resources and explained within the documentation.

Condition: There were seven (7) errors discovered during our procedures that resources in the county documentation and those same resources contained in NC FAST were not the same amounts or files containing resources were not properly documented to be considered countable or non-countable. The errors were as follows: Three (3) cases did not have accurate resource calculations, Two (2) cases did not have accurate budget calculations, One (1) case lacked required compliance component, and One (1) case failed to run online data for all household members.

Questioned Costs: There was no affect to eligibility and there were no questioned costs.

Context: We examined 60 Medicaid applicants to re-determine eligibility. These findings were disclosed in a separately issued spreadsheet to the North Carolina Department of Health and Human Services and are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2020-001.

Effect: For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to NC FAST which affected countable resource and a participant could have been approved for benefits that they were not eligible.

Cause: Ineffective record keeping and ineffective case review process, incomplete documentation, and incorrect application of rules for purposes of determining eligibility.

Recommendation: Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping. We recommend that all files include online verifications, documented resources of income and those amounts agree to information in NC FAST.

Views of responsible officials and planned corrective actions: The County agrees with the finding. Supervisors will perform second party reviews to ensure proper documentation is contained in files to support eligibility determinations. Workers will be retrained on what information should be maintained in case files, the importance of complete and accurate record keeping, and reserve calculations. The County finance office will also participating in the review process.



**Chowan County, North Carolina  
Corrective Action Plan  
For the Fiscal Year Ended June 30, 2021**

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Section I. Financial Statement Findings

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None reported.

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Section II. Federal Award Findings and Question Costs

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Finding 2021 – 001      Name of contact person: Christine M. Dowdell, MSW, Director of Social Services

Corrective Action: New Procedures and controls are being developed for all Medicaid caseworkers to follow. Medicaid caseworkers will receive new tools “Check off list” to assist with Applications and Recertifications. Additional training will be provided and the newly created “Documentation Template” for Applications, Recertifications, and Change of Circumstance will be used by all Medicaid workers. Supervisor will complete all Second Party Reviews for each quarter for all Medicaid workers to determine if correct tools that were provided are being used. Workers will work as a group each day to review all applications that has been completed before scanning into system. Workers and new workers will complete trainings as a group and individually. Workers will continue to have Round Table Meetings to discuss policy, administrative letters, and cases. All workers will be retrained on what information should be maintain in case files, and the importance of keeping the case record accurate and reserve calculations correct. The County finance office will also be participating in the review process.

Proposed Completion Date: November 1, 2021. Certain controls are currently being created and reviewed. Management will continue to monitor the progress of this issue and modify the controls as needed.

**Chowan County, North Carolina**  
**Summary Schedule of Prior Year Audit Findings**  
**For the Year Ended June 30, 2021**

Status:      2019-001.   Still occurring.  
                 2020-001.   Still occurring.



**CHOWAN COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2021**

Grantor/Pass-through Grantor/Program Title	Federal AL#/ CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures	Provided to Subrecipients
<b>Federal Awards:</b>						
<u>U.S. Dept. of Agriculture</u>						
Passed-through the N.C. Dept. of Health and Human Services: Division of Social Services: Administration:						
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		211,559	-	211,559	-
Total U.S. Department of Agriculture			211,559	-	211,559	-
<u>U.S. Dept. of Housing and Urban Development</u>						
Passed-through N.C. Department of Commerce: Community Development Block Grants - Special Purpose Grants - CARES Act	14.225		522	-	-	-
Total CDBG - Special Purpose Grants - CARES Act			522	-	-	-
<u>U.S. Dept. of Justice</u>						
Passed-through NC Department of Public Safety Coronavirus Emergency Supplemental Funding	16.034		745	-	-	-
Total U.S. Dept. of Justice			745	-	-	-
<u>U.S. Dept. of Treasury</u>						
Passed-through the Office of State Budget and Management: NC Pandemic Recovery Office Coronavirus Relief Fund	21.019		667,641	-	-	346,866
Total U.S. Dept. of Treasury			667,641	-	-	346,866
<u>U. S. Department of Homeland Security</u>						
Passed-through N.C. Dept. of Public Safety: Emergency Service Performance Grant	97.042		45,878	-	-	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		105,540	35,180	-	-
Total U. S. Department of Homeland Security			151,418	35,180	-	-
<u>U.S. Department of Health and Human Services</u>						
Division of Social Services: Temporary Assistance for Needy Families Cluster TANF - Work First	93.558		191,126	-	75,375	-
Total TANF Cluster			191,126	-	75,375	-
AFDC Payments & Penalties	93.560		43,988	-	-	-
<u>Foster Care and Adoption Cluster (Note 4 &amp; 5)</u>						
Foster Care - Title IV-E	93.658		42,766	10,257	27,694	-
Foster Care			1,205	-	1,048	-
Adoption Assistance	93.659		346	-	346	-
Total Foster Care and Adoption Cluster (Note 4)			44,317	10,257	29,088	-
Child Support Enforcement	93.563		221,767	169	114,075	-
Low-Income Home Energy Assistance:						
Administration	93.568		12,318	-	-	-
Energy Assistance Payments	93.568		26,233	-	-	-
Crisis Intervention Program	93.568		24,063	-	-	-
Low Income Energy Assistance Program - COVID			81,973	-	-	-
Total Low-Income Home Energy Assistance			144,588	-	-	-
Stephanie Tubbs Jones Child Welfare Services Program: - Permanency Planning - Families for Kids	93.645		5,908	-	1,969	-
Total Stephanie Tubbs Jones Child Welfare Services Program			5,908	-	1,969	-
John H. Chafee Foster Care Program For Successful Transition to Adult Hood	93.674		4,585	442	-	-
SSBG - Other Service and Training	93.667		72,084	-	24,028	-
Division of Aging and Adult Services: Division of Social Services:						
SSBG - State In Home Service Fund	93.667		534	-	76	-
SSBG - Adult Protective Care	93.667		5,572	-	1,857	-
Total Social Service Block Grant			78,190	-	25,961	-
<u>Division of Child Development and Early Education</u>						
<u>Subsidized Child Care (Note 5)</u>						
<u>Child Care Development Fund Cluster:</u>						
Division of Social Services:						
Child Care Development Mandatory and Match Fund - Administration	93.596		32,963	-	-	-
Total Child Care Fund Cluster			32,963	-	-	-
Total Subsidized Child Care (Note 4)			32,963	-	-	-

**CHOWAN COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2021**

Grantor/Pass-through Grantor/Program Title	Federal AL#/ CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures	Provided to Subrecipients
Passed-through the N.C. Dept. of Insurance: Medicare Enrollment Assistance Program MIPPA Grant	93.071		2,249	-	-	-
Total Medicare Enrollment Assistance Program			2,249	-	-	-
Passed-through the N.C. Dept. of Health and Human Services: Division of Health Benefits Division of Social Services: Administration: Medical Assistance Program(Note 5)	93.778		554,675	2,164	229,408	-
Total Medical Assistance Program			554,675	2,164	229,408	-
Division of Social Services: Administration: Children's Health Insurance Program - N.C. Health Choice(Note 5)	93.767		12,990	34	2,581	-
Total Children's Health Insurance Program - N.C. Health Choice			12,990	34	2,581	-
Total U.S. Dept. of Health and Human Services			1,337,347	13,066	478,458	-
Total federal awards			2,369,232	48,246	690,016	346,866
<b>State Awards:</b>						
<u>N.C. Dept. of Administration</u>						
Division of Veterans Affairs: Veterans Services			-	2,084	-	-
Total N.C. Dept. of Administration			-	2,084	-	-
<u>N.C. Dept. of Agriculture</u>						
Conservation Reserve Enhancement Program			-	1,190	-	-
Spay and Neuter Program			-	13,759	-	-
NC Agriculture Cost Share - Technical Assistance			-	28,827	-	-
Soil Conservation State Match			-	3,673	-	-
Total N.C. Dept. of Agriculture			-	47,449	-	-
<u>N.C. Department of Environmental Quality</u>						
Division of Waste Management						
Electronic Management Program			-	2,446	-	-
Scrap Tire Program			-	4,022	-	-
Total Division of Waste Management			-	6,468	-	-
Division of Environmental Assessment						
Office Waste Red Trust Fund			-	6,702	-	-
Total Division of Environmental Assessment			-	6,702	-	-
N.C. Clean Water Revolving Loan & Grant Program						
Merger-Regionalization Feasibility Grant		H-MRF-D-20-0031	-	47,500	-	-
Total N.C. Dept. Environmental Quality			-	60,670	-	-
<u>N.C. Dept. of Health and Human Services</u>						
Division of Social Services						
ST Child Welfare/CPS/CS LD			-	4,404	-	-
State Foster Home			-	18,151	12,512	-
Non-Allocating Reimbursable			-	-	123,265	-
Work First Non Reimbursable			-	-	5,195	-
APS/CPS Care COVID			-	9,712	-	-
County Funded Programs			-	-	136,477	-
Total Division of Social Services			-	32,267	277,450	-
Total N. C. Department of Health and Human Services			-	32,267	277,450	-
<u>N.C. Dept. of Insurance</u>						
SHIIP Grant			-	4,774	-	-
Total N.C. Dept. of Insurance			-	4,774	-	-
<u>N.C. Dept. of Public Instruction</u>						
Public School Building Capital Fund - Needs-Based Lottery Proceeds			-	548,803	-	-
Public School Building Capital Fund - Lottery Proceeds			-	103,573	-	-
Total N.C. Dept. of Public Instruction			-	652,376	-	-
<u>N.C. Dept. of Public Safety</u>						
Juvenile Crime Prevention Programs			-	98,997	-	-
Total Juvenile Crime Prevention Programs			-	98,997	-	-
Total N. C. Department of Public Safety			-	98,997	-	-
<u>Administrative Office of the Courts</u>						
Safe Roads Act			-	824	-	-
Total State awards			-	899,441	277,450	-
Total federal and State awards			\$ 2,369,232	\$ 947,687	\$ 967,466	\$ 346,866

**CHOWAN COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2021**

Grantor/Pass-through Grantor/Program Title	Federal AL#/ CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures	Provided to Subrecipients
Notes to the Schedule of Expenditures of Federal and State Financial Awards:						

**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Chowan County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Chowan County, it is not intended to and does not present the financial position, changes in net position or cash flows of Chowan County.

**Note 2: Summary of Significant Accounting Policies**

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3: Indirect Cost Rate**

Chowan County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note 4: Cluster of Programs**

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care and Foster Care and Adoption

**Note 5: Benefit Payments Issued by the State**

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

Program Title	CFDA No.	Federal	State
Special Supplemental Nutrition Program for Women Infant and Children	10.557	214,512	-
Supplemental Nutrition Assistance Program	10.551	6,829,181	-
Temporary Assistance for Needy Families	93.558	1,399	-
Adoption Assistance	93.659	43,473	7,821
Family Preservation	93.556	3,922	-
Medical Assistance Program	93.778	21,384,705	8,476,538
Children's Health Insurance Program	93.767	310,492	60,551
Child Welfare Services Adoption	N/A	-	5,706
SAA/SAD HB 1030	N/A	-	60,651
SC/SA Domiciliary Care	N/A	-	100,750