

Edgecombe County, North Carolina

Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2007

Prepared by
Finance Department

Finance Director
JoAnne J. Harrell

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Edgecombe County, North Carolina

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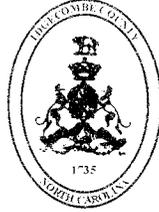
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Introductory Section

Edgecombe County

Phone: (252) 641-7834
Fax: (252) 641-0456

FINANCE DEPARTMENT



December 3, 2007

The Board of Commissioners
Edgecombe County, North Carolina

We are pleased to submit the Comprehensive Annual Financial Report for Edgecombe County, North Carolina for the fiscal year ended June 30, 2007. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

The Comprehensive Annual Financial Report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed to protect County assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of the internal controls should not outweigh their benefits, the County's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by Flowers, Stanley & Redman, L.L.P., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2007, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2007 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was a part of a broader, federal and state mandated "Single Audit" designed to meet the special needs of grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These auditor reports are available in the Single Audit section of this report.

GAAP requirements specify that management provide a narrative introduction, overview, and analysis to accompany the basis financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Some information traditionally reported in the letter of transmittal is now included in the MD&A as required. The County's MD&A can be found immediately following the report of the independent auditors.

The financial reporting entity includes all the funds and the account groups of the primary government, Edgecombe County, as well as its component unit. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are reported in a separate column in the general purpose financial statements to emphasize that they are legally separate from the primary government and to distinguish their financial positions, results of operations, and cash flows from those of the primary government. The Edgecombe County ABC Board is reported as a discretely presented component unit. This organization is reported in the financial statements in a manner similar to a Proprietary Fund.

DESCRIPTION OF THE COUNTY:

Edgecombe County, founded in 1735 is located in the northeastern part of the State. The County has a land area of 511 square miles and a population of 52,644.

Edgecombe County has a diversified economy. Although farming and agricultural services represent the traditional and historic economic base, manufacturing and distribution has become an important sector in the County's economy. The County also has significant transportation, distribution, construction and state/local government sectors. Also in an effort to find new ways to generate revenues we are exploring opportunities such as tourism.

Edgecombe County, like most counties in the state, has a Commissioner/Manager form of government. The seven members of the Board are elected by district and serve staggered four-year terms.

The County provides its citizens a wide range of services that include education, human services, public safety, cultural and recreational activities, environmental protection, general administration, and others. This report includes all of the County's activities in maintaining these services, except schools, which are administered by the Edgecombe County Board of Education. The County also extends financial support to certain boards, agencies and commissions to assist their efforts in serving citizens, including Edgecombe-Nash Mental Health, Edgecombe Memorial Library, Edgecombe Community College, Braswell Library and the Carolinas Gateway Partnership.

ECONOMIC CONDITIONS AND OUTLOOK:

As with many economies throughout North Carolina and the US, Edgecombe County continues to experience change and evolution in its local economy. The challenges have been daunting (Hurricane Floyd Recovery, decline in the textile industry and major overhauls to Federal agricultural programs). Although there have been some job losses from the textile industry over the past few years there have been gains in other areas. The County's average unemployment rate decreased from 8.8% to 7.8% in the last calendar year. In addition, the County saw an increase in sales tax revenue during fiscal year 06-07.

Edgecombe County's opportunity for growth is promising. There are large state certified industrial sites available with one site having a QVC distribution center as an anchor. During the past fiscal year, the County secured ownership of a 152-acre tract of land within this same industrial park area with potential industry showing interest. Being a Tier 1 county, there are tax credits available for businesses creating new jobs and investments in the county. This along with a supportive Board of Commissioners has positioned Edgecombe County to be very competitive in the economic development market. More information on Edgecombe County can be found at www.edgecombecountync.gov.

Though the loss of federal support in key agricultural commodities such as peanuts and tobacco has affected our tax base as well as farm management, it remains important to our economy and new opportunities for growth are on the horizon. For example, there are already numerous, large scale attempts to replace traditional crops with new truck farming ventures such as melons, pumpkins, butter beans and string beans. Edgecombe County produce is shipped all over the world. Also burley tobacco is continuing to be grown in Edgecombe County. In 2006 we experienced a 25% increase in tobacco acreage since the price support program ended. In 2007 tobacco acreage increased over 2006 by 19%. Currently Edgecombe County ranks 21 out of 100 counties in agricultural income. Edgecombe County's farmers rank 5th in North Carolina for the amount of USDA payments received. In spite of all this change, it is expected that Edgecombe County will remain one of the most viable producers of food and fiber in North Carolina. To aid in this transition, the trend toward animal agriculture in Edgecombe County will continue to grow, taking its share of the farm income from less than 10%, 50 years ago, to 30% now. This figure is expected to approach 40% over the next few years.

MAJOR INITIATIVES:

- It is the County's goal to develop a countywide public water system in order to provide a quality potable water supply to its citizens. This will be accomplished by the purchase of water from Tarboro and Rocky Mount and offering it for sale through water and sewer districts. Water and Sewer Districts No. 1, 2 and 3 are complete and self-supporting. District No. 5 has some phases complete and the remaining phases in process. District No. 4 has been created and we are currently soliciting customers and funding. Sewer is currently provided at Kingsboro Industrial Park and for two of the schools but there are other projects underway to provide sewer in other areas especially where residents and other schools have failing septic systems.
- During the year we have had one industry expansion and two new industries to locate in Edgecombe County.
- In an effort to provide economic development through tourism in the County, we are working with the Town of Tarboro, the Tarboro Edgecombe Chamber of Commerce and other interested parties to market our tourism assets. Our first step has been to develop billboards along Highway 64 and other heavily traveled roads in the County. Our goal is to tap into the travel and tourism industry by highlighting our rich historic background and our environmental resources such as hunting, fishing and canoeing on the Tar River to name a few.
- In November 2004 the people of Edgecombe County voted to approve the sale of \$12.8 million in bonds for school renovations. In February 2006, \$9.37 million of these bonds were sold for various school renovation projects. Four schools are substantially complete and a final project is underway to spend the remaining funds. Moody's and Standard & Poor's rated the bonds A3 and A respectively.
- In the 2006 tax levy public utilities value had a decrease in value of approximately 10 million, which had an adverse affect on our expected tax revenues for the current fiscal year.
- Our fund balance decreased last year but still maintained an undesignated fund balance of 18.21% of current year expenditures. Approximately \$300,000 of the utilized fund balance was from not receiving the Medicaid Cap on expenditures as projected by the State and approximately \$600,000 increase in actual medical claims for employees.

THE FUTURE:

The fiscal year 2007-2008 budget included a no tax rate increase with the expectation of State Medicaid relief of some form. We are continuing to aggressively collect delinquent taxes by enforcing foreclosure procedures when necessary and cutting costs in all areas possible realizing we are still one budget cycle away from a revaluation of our property tax base. We have learned to manage the slow to moderate growth of revenues here in Edgecombe County. The challenges over the years have been the uncontrollable loss of revenues and the growth of the Medicaid and insurance costs while still trying to meet the needs of the citizens. In the current fiscal year, although we budgeted for the full amount of expected Medicaid, the State subsequent to our budget adoption, implemented a three-year phase in of Medicaid relief with some give and take along the way. In the fiscal year 07-08 there is a potential savings of at least \$500,000 in State relief and hopefully \$2 million in fiscal year 08-09.

The major highlights of the 2007-08 budget are as follows:

- Worker's Compensation costs increased 99%
- Health insurance costs increased 20.71%
- Property & Liability Insurance increased 12.79%
- Prior to budget adoption the State Legislature had not reached a Medicaid solution for the Counties. Although promised much relief there was no law therefore the County budgeted Medicaid as if little or no relief would occur. Once relief is determined various items such as COLA for employees will be revisited.
- Moderate increase to various partnering agencies such as schools and the community college
- Total increase in General Fund Budgeted Expenditures from prior year of 5.2%
- Continued enforcement of foreclosures for delinquent taxes to increase collections

CASH MANAGEMENT:

Cash, which is temporarily idle during the year, was invested in demand deposits, money market accounts, commercial paper, U.S. Government Securities and mutual funds. At all times consideration was given to receiving the highest reasonable yields available while maintaining the safety and liquidity of those monies.

RISK MANAGEMENT:

The County is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in the self-funded insurance pools administered by the NC Association of County Commissioners to cover property insurance, general liability, and workmen's compensation. The pools are reinsured through commercial companies. Employee health coverage is also provided through a self-insured program administered by CIGNA beginning July 1, 2006.

ACKNOWLEDGMENTS:

The preparation of the comprehensive annual financial report was made possible by a combined effort of Flowers, Stanley & Redman, L.L.P., the entire staff of Edgecombe County Finance Department, the administration & staff of Edgecombe County, and other various agencies. We offer each our sincere appreciation for their contribution toward the preparation of this report.

In closing, without the leadership and support of the Board of Commissioners, preparation of this report would not have been possible.

Respectfully submitted,



JoAnne Harrell
Finance Director



Lorenzo Carmon
County Manager

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EDGECOMBE COUNTY
NORTH CAROLINA

LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2007

BOARD OF COUNTY COMMISSIONERS

CHARLIE R. HARRELL
Chairman

LEONARD WIGGINS
Vice-Chairman

JONATHAN K. FELTON

CALVIN C. ANDERSON

VIOLA S. HARRIS

THOMAS C. CHERRY

E. WAYNE HINES

COUNTY OFFICIALS

LORENZO CARMON
County Manager

JAMES KNIGHT
Sheriff

ROBIN CARPENTER
Register of Deeds

CAROLYN HEDGEPEETH
Clerk to the Board

JAMES PEARCE
Cooperative Extension
Director

JAMES PRICE
Maintenance Supervisor

MINTON BEACH
Emergency Services Director

DANNY BAGLEY
Solid Waste Supervisor

CINDY COKER
Tax Assessor

MAYLON DELOATCH
County Attorney

JOANNE J. HARRELL
Director of Fiscal Services

MARVA SCOTT
Social Services Director

KAREN LACHAPELLE
Health Director

GAYLE HUDSON
Director of Elections

LARRY FLOWERS
Information Resources Director

OLA PITTMAN
Planning and Inspections
Director

GLORIA LYNDAKER
Tax Collector

MICHAEL C. MATTHEWS
Water and Sewer
Director

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Financial Section

Flowers, Stanley & Redman, L.L.P.
Certified Public Accountants
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Charles R. Flowers Jr., CPA
Michael L. Stanley, CPA
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Fred A. Turlington Jr., CPA
Eric B. Harrell, CPA

Members
North Carolina Association of
Certified Public Accountants

American Institute of
Certified Public Accountants

Independent Auditor's Report

To the Board of County Commissioners
Edgecombe County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Edgecombe County, North Carolina as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Edgecombe County's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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 of material misstatement. The financial statements of Edgecombe County ABC Board were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Edgecombe County, North Carolina as of June 30, 2007, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2007, on our consideration of Edgecombe County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis, the schedules of funding progress, employer contributions and the notes to the required schedules for the law Enforcement Officers' Special Separation allowance are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion thereon.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of Edgecombe County, North Carolina. The introductory information, combining and individual nonmajor fund financial statements and schedules and the statistical tables, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 nonmajor fund financial statements and other statements and schedules and accompanying schedule of expenditures of federal and State awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit report, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory information and the statistical tables have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

Flower, Stanley & Redman, LLP

Tarboro, North Carolina
November 29, 2007

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Management Discussion and Analysis

Management's Discussion and Analysis

As management of Edgecombe County, we offer readers of Edgecombe County's financial statements this narrative overview and analysis of the financial activities of Edgecombe County for the fiscal year ended June 30, 2007. 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.

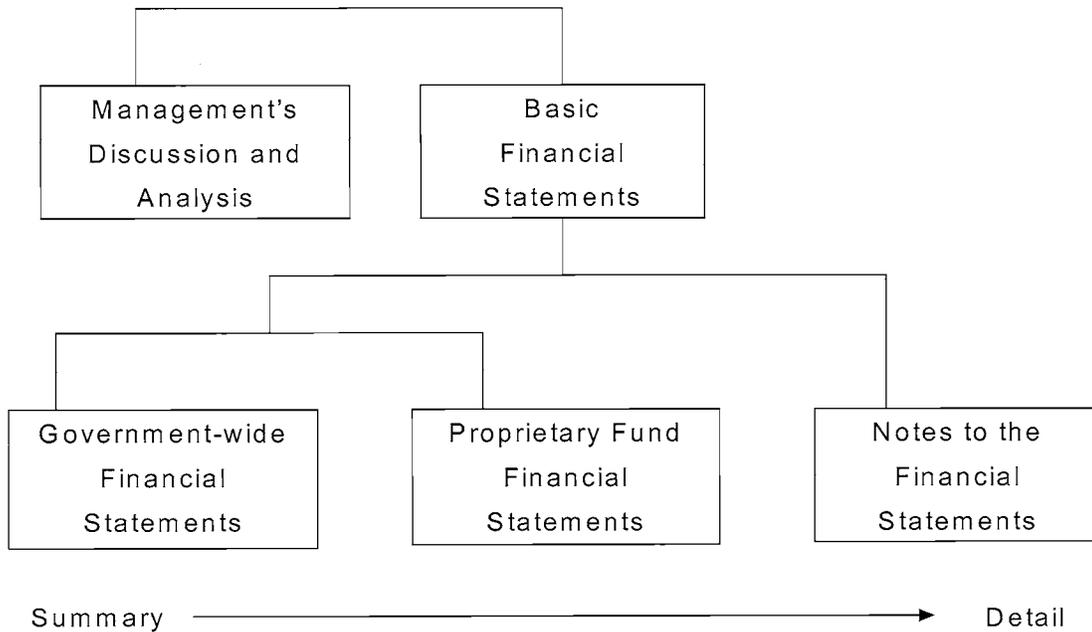
Financial Highlights

- The assets of Edgecombe County exceeded its liabilities at the close of the fiscal year by \$57,180,313 (*net assets*).
- The government's total net assets increased by \$855,771, primarily due to grants for water and sewer infrastructure.
- As of the close of the current fiscal year, Edgecombe County's governmental funds reported combined ending fund balances of \$ 19,248,897 a decrease of \$9,434,520 in comparison with the prior year. Approximately 57 percent of this total amount, or \$10,995,261 is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$10,364,998 or 18.21 percent of total general fund expenditures for the fiscal year.
- Edgecombe County's total debt decreased by \$658,631 (2%) during the past fiscal year.
- Edgecombe County maintains bond ratings from Moody's and Standard & Poor's of A3 and A respectively.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Edgecombe 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 Edgecombe County.

Required Components of Annual Financial Report
Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 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 through 9) 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 governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary 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 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 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 assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets 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 unit. The governmental activities include most of the County's basic services such as public safety, human services, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water and sewer and solid waste services offered by Edgecombe County. The final category is the component units. Although legally separate from the County, the ABC Board is important to the County. The County is financially accountable for the Board by appointing its members and because the Board is required to distribute its profits to the County.

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

Fund Financial Statements

The fund financial statements 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. Edgecombe 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 General Statutes or the County's budget ordinance. All of the funds of Edgecombe County can be divided into two categories: governmental funds and proprietary funds.

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

Edgecombe 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. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds – Edgecombe 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. Edgecombe County uses enterprise funds to account for its water and sewer activity and for its solid waste operations. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Edgecombe County has one fiduciary fund, which is an agency 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. The notes to the financial statements start on page 33 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Edgecombe County’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 72 of this report.

Government-wide Financial Analysis

**Edgecombe County's Net Assets
Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Assets:						
Current & other assets	\$ 27,993,981	\$ 37,133,341	\$ 8,015,415	\$ 6,552,881	\$ 36,009,396	\$ 43,686,222
Capital assets	31,725,257	25,002,110	28,378,523	27,429,233	60,103,780	52,431,343
Total Assets	<u>\$ 59,719,238</u>	<u>\$ 62,135,451</u>	<u>\$ 36,393,938</u>	<u>\$ 33,982,114</u>	<u>\$ 96,113,176</u>	<u>\$ 96,117,565</u>
Liabilities:						
Long-term liabilities						
outstanding	\$ 18,366,722	\$ 18,526,286	\$ 13,523,264	\$ 13,705,877	\$ 31,889,986	\$ 32,232,163
Other liabilities	5,815,985	6,403,315	1,226,892	721,083	7,042,877	7,124,398
Total Liabilities	<u>\$ 24,182,707</u>	<u>\$ 24,929,601</u>	<u>\$ 14,750,156</u>	<u>\$ 14,426,960</u>	<u>\$ 38,932,863</u>	<u>\$ 39,356,561</u>
Net Assets:						
Invested in capital assets, net of related debt	16,171,252	6,490,271	17,512,165	16,130,877	33,683,417	22,621,148
Restricted	2,572,793	2,402,398	-	-	2,572,793	2,402,398
Unrestricted	16,792,486	28,313,181	4,131,617	3,424,277	20,924,103	31,737,458
Total Net Assets	<u>\$ 35,536,531</u>	<u>\$ 37,205,850</u>	<u>\$ 21,643,782</u>	<u>\$ 19,555,154</u>	<u>\$ 57,180,313</u>	<u>\$ 56,761,004</u>

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of Edgecombe County exceeded liabilities by \$57,180,313 as of June 30, 2007. The County's net assets increased by \$855,771 for the fiscal year ended June 30, 2007. One of the largest portions (58.9 %) reflects the County's investment in capital assets (e.g. land, buildings, equipment and water distribution systems), less any related debt still outstanding that was issued to acquire those items. Edgecombe County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Edgecombe 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 by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Edgecombe County's net assets (4.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$20,924,103 is unrestricted.

Edgecombe County's Changes in Net Assets
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program Revenues:						
Charges for services	\$ 7,424,946	\$ 8,029,242	\$ 4,131,674	\$ 3,829,127	\$ 11,556,620	\$ 11,858,369
Operating grants and contributions	13,201,642	14,253,265	-	-	13,201,642	14,253,265
Capital grants and contributions	709,489	151,525	2,110,152	1,767,148	2,819,641	1,918,673
General Revenues:						
Property taxes	24,273,073	24,257,519	-	-	24,273,073	24,257,519
Other taxes	8,450,183	8,035,358	-	-	8,450,183	8,035,358
Grants & contributions not restricted to specific programs	233,730	344,780	-	-	233,730	344,780
Other	1,378,251	9,577,438	223,135	162,099	1,601,386	9,739,537
	310,384					
Total Revenues	<u>\$ 55,981,698</u>	<u>\$ 64,649,127</u>	<u>\$ 6,464,961</u>	<u>\$ 5,758,374</u>	<u>\$ 62,136,275</u>	<u>\$ 70,407,501</u>
Expenses:						
General government	\$ 4,490,345	\$ 4,453,545	\$ -	\$ -	\$ 4,490,345	\$ 4,453,545
Public safety	10,715,161	9,517,145	-	-	10,715,161	9,517,145
Transportation	56,308	57,335	-	-	56,308	57,335
Economic & physical development	1,929,463	1,060,364	-	-	1,929,463	1,060,364
Human services	26,632,334	26,639,846	-	-	26,632,334	26,639,846
Cultural & recreation	691,766	662,671	-	-	691,766	662,671
Education	11,941,455	12,769,896	-	-	11,941,455	12,769,896
Interest on long-term debt	757,723	605,335	-	-	757,723	605,335
Landfill	-	-	2,169,389	1,902,529	2,169,389	1,902,529
Water and Sewer	-	-	2,206,944	2,078,309	2,206,944	2,078,309
Total Expenses	<u>\$ 57,214,555</u>	<u>\$ 55,766,137</u>	<u>\$ 4,376,333</u>	<u>\$ 3,980,838</u>	<u>\$ 61,590,888</u>	<u>\$ 59,746,975</u>
Increase in Net Assets	\$ (1,232,857)	\$ 8,882,990	\$ 2,088,628	\$ 1,777,536	\$ 855,771	\$ 10,660,526
Net Assets, July 1	37,205,850	27,486,392	19,555,154	17,777,618	56,761,004	45,264,010
Prior Period Adjustment	(436,462)	836,468	-	-	(436,462)	836,468
Net Assets, June 30	<u>\$ 35,536,531</u>	<u>\$ 37,205,850</u>	<u>\$ 21,643,782</u>	<u>\$ 19,555,154</u>	<u>\$ 57,180,313</u>	<u>\$ 56,761,004</u>

Governmental activities. Governmental activities decreased the County's net assets by \$1,232,857, thereby accounting for a 2.17% decrease in the total net assets of Edgecombe County. A prior period adjustment was created due to an internal audit of our Child Service Coordination program, which resulted in a Medicaid payback for prior years of \$ 436,462.

Business-type Activities: Business-type activities increased Edgecombe County's net assets by \$2,088,628, accounting for 3.68% growth in the government's net assets. This increase is attributed to capital grants and contributions for the construction and expansion of a water distribution system.

Financial Analysis of the County's Funds

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

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

The general fund is the chief operating fund of Edgecombe County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$10,364,998 while total fund balance was \$16,075,914. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 18.21% of total General Fund expenditures, while total fund balance represents 28.24% of that same amount.

At June 30, 2007, the governmental funds of Edgecombe County reported a combined fund balance of \$19,248,897, a 32.89% decrease from last year. The primary reason for this decrease is the decrease of School Bond proceeds in the School Bond Capital Project Fund. In the general fund, the Health Department billings were lower than expected during the examinations of service provision and program review. Also, tax revenues were less than expected due to a reduction in value of public utilities for the County.

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. Total amendments to the General Fund increase revenues by \$2,701,535.

Budgets are educated projections of expected operations in a coming year. At the time the budget is prepared there are many unknowns. Some expenditures are determined by the number of citizens that utilize the service, which could be more or less than expected or an unforeseen need that arises during the year that was not expected during the budget process. Also revenues budgeted in certain programs depends on the expenditures eligible for reimbursement in the various programs. In these cases, the actual revenue received may be less but in turn the expenditures are less also.

Proprietary Funds. Edgecombe County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Solid Waste Fund at the end of the fiscal year amounted to \$2,723,183, and those for the Water and Sewer Districts equaled \$1,408,434. The total growth (decline) in net assets for both funds was \$122,534 and \$1,966,094 respectively. Other factors concerning the finances of these two funds have already been addressed in the discussion of Edgecombe County's business-type activities.

Capital Asset and Debt Administration

Capital assets. Edgecombe County's capital assets for its governmental and business – type activities as of June 30, 2007, totals \$60,103,780 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, water distribution equipment and lines, and vehicles.

Capital asset transactions were kept to a minimum over the past year. Major capital asset transactions during the year include:

- Purchase of new Sheriff vehicles
- Additions to the Sheriff Department Firing Range
- Additions to water and sewer distribution system

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

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 1,180,054	\$ 1,171,464	\$ 505,181	\$ 505,181	\$ 1,685,235	\$ 1,676,645
Buildings & system	21,174,325	21,693,319	1,209,208	1,251,030	22,383,533	22,944,349
Machinery & equipment	1,728,437	1,470,221	97,445	98,875	1,825,882	1,569,096
Infrastructure	-	-	24,632,432	25,169,712	24,632,432	25,169,712
Vehicles & motorized equipment	710,276	667,106	390,989	404,435	1,101,265	1,071,541
Construction in progress	6,932,165	-	1,543,268	-	8,475,433	-
Total Net Assets	\$ 31,725,257	\$ 25,002,110	\$ 28,378,523	\$ 27,429,233	\$ 60,103,780	\$ 52,431,343

Additional information on the County's capital assets can be found in Note III. A. 5, of the Basic Financial Statements.

Long-term Debt. As of June 30, 2007, Edgecombe County had total bonded debt outstanding of \$15,726,000 all of which is debt backed by the full faith and credit of the County.

**Edgecombe County's Outstanding Debt
 General Obligation Bonds
 Figure 5**

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$ 8,820,000	\$ 9,370,000	\$ 6,906,000	\$ 6,994,000	\$ 15,726,000	\$ 16,364,000

Edgecombe County's total debt decreased by \$658,631 (2%) during the past fiscal year.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Edgecombe County is \$178,049,276. The County has \$9,430,000 in bonds authorized but un-issued at June 30, 2007.

Additional information regarding Edgecombe County's long-term debt can be found in Note III. B. 7., beginning on page 60 of this audited financial report.

Budget Highlights for the Fiscal Year Ending June 30, 2008

Governmental Activities: In the 2007-2008 Budget Ordinance Edgecombe County maintained a tax rate of 94 cents. With the expectation of Medicaid relief from the State in some form, \$4,544,165 was appropriated from fund balance with only necessary increases to the various county agencies.

In addition to looking for other revenue sources, management has implemented many changes to reduce expenditures where possible and evaluate the cost benefit of services provided. Understanding that Edgecombe County is limited in some revenue resources, reduction of expenditures has been and continues to be a major focal point. The driving forces other than our soon to be eliminated Medicaid, are increases in health insurance and workers' compensation. Cost of living increases were put on hold.

Business – type Activities: The water and sewer rates in the County will increase by 10%, primarily to cover increased costs of operations. With continued construction on the fourth district, new operations building and the expectation of one additional district in the next year, this will be a new opportunity for the County to not only serve its citizens but boost economic development with the water infrastructure to support industry. Rates for solid waste services will increase by 5% to cover an equal increase in operating costs, primarily in personnel costs and equipment maintenance expense. As in the Governmental Activities we are looking for different ways to reduce expenditures and operate more efficiently.

Requests for Information

This report is designed to provide an overview of the 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 Director of Fiscal Services, Edgecombe County, PO Box 10, Tarboro, NC 27886.

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Basic Financial Statements

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Government-wide Financial Statements

Edgecombe County, North Carolina
Statement of Net Assets
June 30, 2007

Exhibit 1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Edgecombe County ABC Board
Assets				
Current Assets:				
Cash and cash equivalents	\$ 17,009,670	\$ 5,890,040	\$ 22,899,710	\$ 549,775
Receivables (net)	5,434,014	827,174	6,261,188	-
Due from other governments	2,961,685	22,204	2,983,889	-
Due from component unit	52,016	-	52,016	-
Internal balances	-	-	-	-
Inventories	-	-	-	338,031
Prepaid items	51,991	-	51,991	11,275
Deferred charges	1,199	-	1,199	-
Total Current Assets	\$ 25,510,575	\$ 6,739,418	\$ 32,249,993	\$ 899,081
Restricted Assets:				
Cash and cash equivalents	\$ 2,483,406	\$ 142,257	\$ 2,625,663	\$ -
Accounts receivable	-	1,133,740	1,133,740	-
Total Restricted Assets	\$ 2,483,406	\$ 1,275,997	\$ 3,759,403	\$ -
Capital Assets:				
Land, improvements, and construction in progress	\$ 8,112,219	\$ 2,048,449	\$ 10,160,668	\$ 62,299
Other capital assets, net of depreciation	23,613,038	26,330,074	49,943,112	674,543
Total Capital Assets	\$ 31,725,257	\$ 28,378,523	\$ 60,103,780	\$ 736,842
Total Assets	\$ 59,719,238	\$ 36,393,938	\$ 96,113,176	\$ 1,635,923

(continued)

Edgecombe County, North Carolina
Statement of Net Assets
June 30, 2007

Exhibit 1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Edgecombe County ABC Board
(continued)				
Liabilities				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 3,144,267	\$ 173,615	\$ 3,317,882	\$ 195,749
Unearned revenue	239,031	-	239,031	-
Accrued interest payable	198,991	52,682	251,673	-
Customer deposits	-	74,182	74,182	-
Due to primary government	-	-	-	52,016
Due to other governments	-	-	-	-
Current portion of long term liabilities	2,233,696	316,672	2,550,368	-
Liabilities to be Paid from Restricted Assets:				
Accounts payable	-	609,741	609,741	-
Total Current Liabilities	\$ 5,815,985	\$ 1,226,892	\$ 7,042,877	\$ 247,765
Non Current Liabilities:				
Compensated absences	\$ 844,557	\$ -	\$ 844,557	\$ 21,487
Bonds, notes, & installment debt	17,522,165	13,523,264	31,045,429	-
Total Non Current Liabilities	\$ 18,366,722	\$ 13,523,264	\$ 31,889,986	\$ 21,487
Total Liabilities	\$ 24,182,707	\$ 14,750,156	\$ 38,932,863	\$ 269,252
Net Assets				
Invested in capital assets, net of related debt	\$ 16,171,252	\$ 17,512,165	\$ 33,683,417	\$ 736,842
Restricted for:				
Education	2,254,231	-	2,254,231	-
Public Safety	318,562	-	318,562	-
Other purposes	-	-	-	545,470
Unrestricted (deficit)	16,792,486	4,131,617	20,924,103	84,359
Total Net Assets	\$ 35,536,531	\$ 21,643,782	\$ 57,180,313	\$ 1,366,671

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

Edgecombe County, North Carolina
Statement of Activities
For the Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
General Government	\$ 4,490,345	\$ 811,435	\$ -	\$ -
Public Safety	10,715,161	2,229,040	715,568	201,358
Transportation	56,308	-	-	-
Economic and Physical Development	1,929,463	-	53,589	-
Human Services	26,632,334	4,384,471	12,432,485	-
Cultural and Recreation	691,766	-	-	-
Education	11,941,455	-	-	508,131
Interest on long-term debt	757,723	-	-	-
Total Governmental Activities	<u>\$ 57,214,555</u>	<u>\$ 7,424,946</u>	<u>\$ 13,201,642</u>	<u>\$ 709,489</u>
Business-type Activities:				
Landfill	\$ 2,169,389	\$ 2,071,620	\$ -	\$ -
Water and Sewer	2,206,944	2,060,054	-	2,110,152
Total Business-type Activities	<u>\$ 4,376,333</u>	<u>\$ 4,131,674</u>	<u>\$ -</u>	<u>\$ 2,110,152</u>
Total Primary Government	<u>\$ 61,590,888</u>	<u>\$ 11,556,620</u>	<u>\$ 13,201,642</u>	<u>\$ 2,819,641</u>
Component units: ABC Board	<u>\$ 3,486,938</u>	<u>\$ 3,465,990</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

- Taxes:
 - Property taxes, levied for general purpose
 - Local option sales tax
 - Other taxes and licenses
- Grants and contributions not restricted to specific programs
- Investment earnings, unrestricted
- Miscellaneous, unrestricted
- Sale of capital assets
- Special Item - Edgecombe County Schools transfer of buildings

Total General Revenues, Special Items, and Transfers

- Change in net assets
- Net Assets-beginning
- Prior period adjustment
- Net Assets-ending

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Edgecombe County ABC Board
\$ (3,678,910)	\$ -	\$ (3,678,910)	
(7,569,195)	-	(7,569,195)	
(56,308)	-	(56,308)	
(1,875,874)	-	(1,875,874)	
(9,815,378)	-	(9,815,378)	
(691,766)	-	(691,766)	
(11,433,324)	-	(11,433,324)	
(757,723)	-	(757,723)	
<u>\$ (35,878,478)</u>	<u>\$ -</u>	<u>\$ (35,878,478)</u>	
\$ -	\$ (97,769)	\$ (97,769)	
-	1,963,262	1,963,262	
<u>\$ -</u>	<u>\$ 1,865,493</u>	<u>\$ 1,865,493</u>	
<u>\$ (35,878,478)</u>	<u>\$ 1,865,493</u>	<u>\$ (34,012,985)</u>	
			<u>\$ (20,948)</u>
\$ 24,273,073	\$ -	\$ 24,273,073	\$ -
8,249,404	-	8,249,404	-
200,779	-	200,779	-
233,730	-	233,730	-
1,378,251	223,135	1,601,386	21,111
310,384	-	310,384	-
-	-	-	(163)
-	-	-	-
<u>\$ 34,645,621</u>	<u>\$ 223,135</u>	<u>\$ 34,868,756</u>	<u>\$ 20,948</u>
\$ (1,232,857)	\$ 2,088,628	\$ 855,771	\$ -
37,205,850	19,555,154	56,761,004	1,366,671
(436,462)	-	(436,462)	
<u>\$ 35,536,531</u>	<u>\$ 21,643,782</u>	<u>\$ 57,180,313</u>	<u>\$ 1,366,671</u>

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Fund Financial Statements

Edgecombe County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2007

Exhibit 3

	Major Funds			Total Governmental Funds
	General Fund	School Bond Fund	Nonmajor Governmental Funds	
Assets				
Cash and cash equivalents	\$ 15,970,976	\$ -	\$ 1,038,694	\$ 17,009,670
Receivables, net	3,398,496	-	257,523	3,656,019
Taxes receivable	3,722,105	-	137,315	3,859,420
Due from other funds	7,028	-	-	7,028
Prepaid expenses	51,991	-	-	51,991
Restricted assets - cash	-	2,483,406	-	2,483,406
Total Assets	\$ 23,150,596	\$ 2,483,406	\$ 1,433,532	\$ 27,067,534
Liabilities and Fund Balances				
Liabilities:				
Accounts payable & accrued liabilities	\$ 2,544,656	\$ 261,285	\$ 338,327	\$ 3,144,268
Unearned revenue	239,031	-	-	239,031
Deferred revenue	4,290,995	-	137,315	4,428,310
Due to other funds	-	-	7,028	7,028
Total Liabilities	\$ 7,074,682	\$ 261,285	\$ 482,670	\$ 7,818,637
Fund Balances:				
Reserved for:				
Education	\$ 2,254,231	\$ -	\$ -	\$ 2,254,231
Public Safety	-	-	318,562	318,562
Public Health	568,060	-	-	568,060
State Statute	2,888,625	-	2,037	2,890,662
Capital projects funds	-	2,222,121	-	2,222,121
Unreserved:				
Undesignated	5,820,833	-	-	5,820,833
Designated for subsequent year's expenditures	4,544,165	-	-	4,544,165
Unreserved, Reported in Nonmajor:				
Special revenue funds	-	-	630,263	630,263
Total Fund Balances	\$ 16,075,914	\$ 2,222,121	\$ 950,862	\$ 19,248,897
Total Liabilities and Fund Balances	\$ 23,150,596	\$ 2,483,406	\$ 1,433,532	\$ 27,067,534

(continued)

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

Edgecombe County, North Carolina
Balance Sheet
Governmental Funds
For the Year Ended June 30, 2007

Exhibit 3

(continued)

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets:

Total fund balance	\$ 19,248,897
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Amounts reported for governmental activities in the Statement of Net Assets (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	31,725,257
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Other long-term assets are not available to pay current-period expenditures and therefore are deferred in the funds.	933,475
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Liabilities for earned but deferred revenues in fund statements.	4,428,310
--	-----------

Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	(20,799,408)
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Net Assets of Governmental Activities	\$ 35,536,531
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The notes to the financial statements are an integral part of this statement.

Edgecombe County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2007

Exhibit 4

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>School Bond Fund</u>	<u>Nonmajor Governmental Funds</u>	
Revenues				
Ad valorem taxes	\$ 23,257,657	\$ -	\$ 648,913	\$ 23,906,570
Local option sales tax	6,973,368	-	1,276,036	8,249,404
Other taxes and licenses	84,064	-	242,881	326,945
Unrestricted intergovernmental	168,266	-	-	168,266
Restricted intergovernmental	13,534,595	-	122,303	13,656,898
Permits and fees	910,324	-	-	910,324
Sales and services	6,293,458	-	-	6,293,458
Investment earnings	1,034,152	334,725	9,374	1,378,251
Miscellaneous	539,247	-	-	539,247
Total Revenues	<u>\$ 52,795,131</u>	<u>\$ 334,725</u>	<u>\$ 2,299,507</u>	<u>\$ 55,429,363</u>
Expenditures				
Current:				
General Government	\$ 4,641,478	\$ -	\$ -	\$ 4,641,478
Public Safety	9,786,029	-	861,385	10,647,414
Transportation	56,308	-	-	56,308
Economic and Physical Development	1,819,106	-	130,417	1,949,523
Human services	26,722,695	-	-	26,722,695
Cultural and Recreational	691,766	-	-	691,766
Intergovernmental:				
Education	10,725,661	-	800,529	11,526,190
Capital outlay	-	6,932,165	-	6,932,165
Debt service:				
Principal	1,711,307	-	-	1,711,307
Interest and other charges	769,003	-	-	769,003
Total Expenditures	<u>\$ 56,923,353</u>	<u>\$ 6,932,165</u>	<u>\$ 1,792,331</u>	<u>\$ 65,647,849</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (4,128,222)</u>	<u>\$ (6,597,440)</u>	<u>\$ 507,176</u>	<u>\$ (10,218,486)</u>

(continued)

Edgecombe County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2007

Exhibit 4

	Major Funds			Total Governmental Funds
	General Fund	School Bond Fund	Nonmajor Governmental Funds	
(continued)				
Other Financing Sources (Uses)				
Transfers from (to) other funds	\$ 370,733	\$ -	\$ (370,733)	\$ -
Proceeds from installment financing	760,000	-	-	760,000
Sale of capital assets	23,966	-	-	23,966
	\$ 1,154,699	\$ -	\$ (370,733)	\$ 783,966
Total Other Financing Sources and Uses				
Net Change in Fund Balance	\$ (2,973,523)	\$ (6,597,440)	\$ 136,443	\$ (9,434,520)
Fund Balance:				
Beginning	19,049,437	8,819,561	814,419	28,683,417
Ending	\$ 16,075,914	\$ 2,222,121	\$ 950,862	\$ 19,248,897

(continued)

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

Edgecombe County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2007

Exhibit 4

(continued)

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

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

Net changes in fund balances - total governmental funds	\$ (9,434,520)
---	----------------

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 exceeded depreciation in the current period.	6,726,366
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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.	528,369
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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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	945,832
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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	(16,524)
Net pension obligations	865
Accrued interest	16,755

Total Changes in Net Assets of Governmental Activities	\$ (1,232,857)
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The notes to the financial statements are an integral part of this statement.

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Edgecombe County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2007

Exhibit 5

General Fund

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 23,469,700	\$ 23,469,700	\$ 23,257,657	\$ (212,043)
Local option sales tax	6,637,641	6,637,641	6,973,368	335,727
Other taxes and licenses	84,753	84,753	84,064	(689)
Unrestricted intergovernmental	167,359	167,359	168,266	907
Restricted intergovernmental	12,906,629	14,562,074	13,534,595	(1,027,479)
Permits and fees	785,500	785,500	910,324	124,824
Sales and services	6,748,797	7,219,699	6,293,458	(926,241)
Investment earnings	400,000	583,563	1,034,152	450,589
Miscellaneous	110,000	501,625	539,247	37,622
Total Revenues	<u>\$ 51,310,379</u>	<u>\$ 54,011,914</u>	<u>\$ 52,795,131</u>	<u>\$ (1,216,783)</u>
Expenditures				
Current:				
General Government	\$ 4,963,462	\$ 5,140,806	\$ 4,641,478	\$ 499,328
Public Safety	8,754,684	10,144,344	9,786,029	358,315
Transportation	47,974	56,308	56,308	-
Economic and				
Physical Development	943,276	2,815,857	1,819,106	996,751
Human Services	28,192,587	29,283,769	26,722,695	2,561,074
Cultural and Recreational	697,369	697,369	691,766	5,603
Intergovernmental:				
Education	10,617,529	11,217,529	10,725,661	491,868
Debt Service:				
Principal retirement	1,525,634	1,711,309	1,711,307	2
Interest and other charges	736,462	769,107	769,003	104
Contingency	50,000	-	-	-
Total Expenditures	<u>\$ 56,528,977</u>	<u>\$ 61,836,398</u>	<u>\$ 56,923,353</u>	<u>\$ 4,913,045</u>

(continued)

Edgecombe County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2007

Exhibit 5

	General Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	(Negative)
(continued)				
Revenues Over (Under) Expenditures	\$ (5,218,598)	\$ (7,824,484)	\$ (4,128,222)	\$ 3,696,262
Other Financing Sources (Uses):				
Transfers from (to) other funds	\$ 475,733	\$ 370,733	\$ 370,733	\$ -
Installment loan proceeds	-	760,000	760,000	-
Sale of capital assets	-	118,739	23,966	(94,773)
Appropriated fund balance	4,742,865	6,575,012	-	(6,575,012)
Total Other Financing Sources (Uses)	\$ 5,218,598	\$ 7,824,484	\$ 1,154,699	\$ (6,669,785)
Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ -	\$ -	\$ (2,973,523)	\$ (2,973,523)
Fund Balance:				
Beginning of year, July 1			19,049,437	
End of year, June 30			<u>\$ 16,075,914</u>	

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

Edgecombe County, North Carolina
Statement of Fund Net Assets
Proprietary Funds
June 30, 2007

	<u>Water & Sewer Operations</u>	<u>Water & Sewer District #1</u>	<u>Water & Sewer District #2</u>
Assets			
Current Assets:			
Cash and cash equivalents	\$ 842,386	\$ -	\$ -
Receivables, net	214,628	-	-
Investment in direct financing leases	(11,008,615)	4,037,920	3,881,402
Total Current Assets	<u>\$ (9,951,601)</u>	<u>\$ 4,037,920</u>	<u>\$ 3,881,402</u>
Noncurrent Assets:			
Restricted Assets:			
Cash and cash equivalents	\$ 142,257	\$ -	\$ -
Accounts receivable	1,133,740	-	-
Total Restricted Assets	<u>\$ 1,275,997</u>	<u>\$ -</u>	<u>\$ -</u>
Capital Assets:			
Land, improvements, & construction in progress	\$ 1,571,560	\$ -	\$ -
Fixed assets (net)	24,802,205	-	-
Total Capital Assets	<u>\$ 26,373,765</u>	<u>\$ -</u>	<u>\$ -</u>
Total Noncurrent Assets	<u>\$ 27,649,762</u>	<u>\$ -</u>	<u>\$ -</u>
Total Assets	<u>\$ 17,698,161</u>	<u>\$ 4,037,920</u>	<u>\$ 3,881,402</u>
Liabilities			
Current Liabilities:			
Liabilities to be Paid from Restricted Assets:			
Accounts payable	\$ 609,741	\$ -	\$ -
Due to other funds	-	-	-
Accounts payable	72,764	-	-
Customer deposits	74,182	-	-
Accrued vacation	25,634	-	-
Accrued interest	-	15,920	14,902
General obligation bonds payable	-	64,000	49,000
Due to other funds	-	-	-
Total Current Liabilities	<u>\$ 782,321</u>	<u>\$ 79,920</u>	<u>\$ 63,902</u>
Noncurrent Liabilities:			
Accrued landfill closure & postclosure care costs	\$ -	\$ -	\$ -
General obligation bonds payable	-	3,958,000	3,817,500
Total Noncurrent Liabilities	<u>\$ -</u>	<u>\$ 3,958,000</u>	<u>\$ 3,817,500</u>
Total Liabilities	<u>\$ 782,321</u>	<u>\$ 4,037,920</u>	<u>\$ 3,881,402</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 15,507,406	\$ -	\$ -
Unrestricted	1,408,434	-	-
Total Net Assets	<u>\$ 16,915,840</u>	<u>\$ -</u>	<u>\$ -</u>

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

Exhibit 6

Water & Sewer District #3	Water & Sewer District #5	Total Water & Sewer	Solid Waste Fund	Total
\$ -	\$ -	\$ 842,386	\$ 5,047,654	\$ 5,890,040
-	-	214,628	634,750	849,378
2,860,784	228,509	-	-	-
<u>\$ 2,860,784</u>	<u>\$ 228,509</u>	<u>\$ 1,057,014</u>	<u>\$ 5,682,404</u>	<u>\$ 6,739,418</u>
\$ -	\$ -	\$ 142,257	\$ -	\$ 142,257
-	-	1,133,740	-	1,133,740
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,275,997</u>	<u>\$ -</u>	<u>\$ 1,275,997</u>
\$ -	\$ -	\$ 1,571,560	\$ 476,889	\$ 2,048,449
-	-	24,802,205	1,527,869	26,330,074
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,373,765</u>	<u>\$ 2,004,758</u>	<u>\$ 28,378,523</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,649,762</u>	<u>\$ 2,004,758</u>	<u>\$ 29,654,520</u>
<u>\$ 2,860,784</u>	<u>\$ 228,509</u>	<u>\$ 28,706,776</u>	<u>\$ 7,687,162</u>	<u>\$ 36,393,938</u>
\$ -	\$ -	\$ 609,741	\$ -	\$ 609,741
-	-	-	-	-
-	-	72,764	100,851	173,615
-	-	74,182	-	74,182
-	-	25,634	18,939	44,573
18,117	3,743	52,682	-	52,682
144,593	14,506	272,099	-	272,099
-	-	-	-	-
<u>\$ 162,710</u>	<u>\$ 18,249</u>	<u>\$ 1,107,102</u>	<u>\$ 119,790</u>	<u>\$ 1,226,892</u>
\$ -	\$ -	\$ -	\$ 2,839,430	\$ 2,839,430
2,698,074	210,260	10,683,834	-	10,683,834
<u>\$ 2,698,074</u>	<u>\$ 210,260</u>	<u>\$ 10,683,834</u>	<u>\$ 2,839,430</u>	<u>\$ 13,523,264</u>
<u>\$ 2,860,784</u>	<u>\$ 228,509</u>	<u>\$ 11,790,936</u>	<u>\$ 2,959,220</u>	<u>\$ 14,750,156</u>
\$ -	\$ -	\$ 15,507,406	\$ 2,004,759	\$ 17,512,165
-	-	1,408,434	2,723,183	4,131,617
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,915,840</u>	<u>\$ 4,727,942</u>	<u>\$ 21,643,782</u>

Edgecombe County, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2007

	<u>Water & Sewer Operations</u>	<u>Water & Sewer District #1</u>	<u>Water & Sewer District #2</u>
Operating Revenues			
Charges for services and other	\$ 2,060,054	\$ -	\$ -
Operating Expenses			
Salaries and Employee Benefits	\$ 363,302	\$ -	\$ -
Water purchases	593,871	-	-
Landfill operations	-	-	-
Water operations	222,693	-	-
Depreciation	565,207	-	-
Total Operating Expenses	<u>\$ 1,745,073</u>	<u>\$ -</u>	<u>\$ -</u>
Operating Income (Loss)	<u>\$ 314,981</u>	<u>\$ -</u>	<u>\$ -</u>
Nonoperating Revenues (Expenses)			
Interest and investment revenue	\$ 2,832	\$ -	\$ -
Bad debt expense	(35,004)	-	-
Interest expense	-	(193,701)	(180,797)
Total Nonoperating Revenue (Expenses)	<u>\$ (32,172)</u>	<u>\$ (193,701)</u>	<u>\$ (180,797)</u>
Income (Loss) before Contributions and Transfers	<u>\$ 282,809</u>	<u>\$ (193,701)</u>	<u>\$ (180,797)</u>
Capital contributions	\$ 2,110,152	\$ -	\$ -
Transfers in (out)	(426,867)	193,701	180,797
Residual equity transfers	-	-	-
Total Contributions and Transfers	<u>\$ 1,683,285</u>	<u>\$ 193,701</u>	<u>\$ 180,797</u>
Change in Net Assets	\$ 1,966,094	\$ -	\$ -
Total Net Assets - beginning	14,949,746	-	-
Total Net Assets - ending	<u><u>\$ 16,915,840</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

Exhibit 7

<u>Water & Sewer District #3</u>	<u>Water & Sewer District #5</u>	<u>Total Water & Sewer</u>	<u>Solid Waste Fund</u>	<u>Total</u>
\$ -	\$ -	\$ 2,060,054	\$ 2,071,620	\$ 4,131,674
\$ -	\$ -	\$ 363,302	\$ 664,996	\$ 1,028,298
-	-	593,871	-	593,871
-	-	-	1,376,275	1,376,275
-	-	222,693	-	222,693
-	-	565,207	97,399	662,606
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,745,073</u>	<u>\$ 2,138,670</u>	<u>\$ 3,883,743</u>
\$ -	\$ -	\$ 314,981	\$ (67,050)	\$ 247,931
\$ -	\$ -	\$ 2,832	\$ 220,303	\$ 223,135
-	-	(35,004)	(30,719)	(65,723)
(40,386)	(11,983)	(426,867)	-	(426,867)
<u>\$ (40,386)</u>	<u>\$ (11,983)</u>	<u>\$ (459,039)</u>	<u>\$ 189,584</u>	<u>\$ (269,455)</u>
\$ (40,386)	\$ (11,983)	\$ (144,058)	\$ 122,534	\$ (21,524)
\$ -	\$ -	\$ 2,110,152	\$ -	\$ 2,110,152
40,386	11,983	-	-	-
-	-	-	-	-
<u>\$ 40,386</u>	<u>\$ 11,983</u>	<u>\$ 2,110,152</u>	<u>\$ -</u>	<u>\$ 2,110,152</u>
\$ -	\$ -	\$ 1,966,094	\$ 122,534	\$ 2,088,628
-	-	14,949,746	4,605,408	19,555,154
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,915,840</u>	<u>\$ 4,727,942</u>	<u>\$ 21,643,782</u>

Edgecombe County, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2007

	<u>Water & Sewer Operations</u>	<u>Water & Sewer District #1</u>	<u>Water & Sewer District #2</u>
Cash Flows from Operating Activities:			
Cash received from customers	\$ 1,902,758	\$ -	\$ -
Cash paid for goods and services	(800,107)	-	-
Cash paid to employees for services	(359,236)	-	-
Customer deposits (returned)	35,052	-	-
	<u>\$ 778,467</u>	<u>\$ -</u>	<u>\$ -</u>
Net Cash Provided (Used) by Operating Activities			
Cash Flows from Non-capital Activities:			
Transfers in (out)	<u>\$ (689,680)</u>	<u>\$ -</u>	<u>\$ -</u>
Cash Flows from Capital and Related Financing Activities:			
Proceeds from investment in direct financing leases	\$ (716,608)	\$ 254,943	\$ 227,476
Acquisition and construction of capital assets	(1,036,726)	-	-
Bond/Debt proceeds	-	-	-
Principal paid on bond maturities and equipment contracts	-	(61,000)	(46,500)
Interest paid on bond maturities and equipment contracts	-	(193,943)	(180,976)
Capital contributions - grants	<u>1,568,661</u>	<u>-</u>	<u>-</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ (184,673)</u>	<u>\$ -</u>	<u>\$ -</u>
Cash Flows from Investing Activities:			
Interest on investments	<u>\$ 2,832</u>	<u>\$ -</u>	<u>\$ -</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (93,054)	\$ -	\$ -
Cash and Cash Equivalents:			
Beginning of year, July 1	1,077,697	-	-
End of year, June 30	<u>\$ 984,643</u>	<u>\$ -</u>	<u>\$ -</u>

Exhibit 8

Water & Sewer District #3	Water & Sewer District #5	Total Water & Sewer	Solid Waste Fund	Total
\$ -	\$ -	\$ 1,902,758	\$ 2,029,746	\$ 3,932,504
-	-	(800,107)	(1,354,610)	(2,154,717)
-	-	(359,236)	(667,353)	(1,026,589)
-	-	35,052	-	35,052
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 778,467</u>	<u>\$ 7,783</u>	<u>\$ 786,250</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (689,680)</u>	<u>\$ -</u>	<u>\$ (689,680)</u>
\$ 208,162	\$ 26,027	\$ -	\$ -	\$ -
-	-	(1,036,726)	(37,118)	(1,073,844)
-	-	-	-	-
(141,592)	(13,798)	(262,890)	-	(262,890)
(66,570)	(12,229)	(453,718)	-	(453,718)
-	-	1,568,661	-	1,568,661
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (184,673)</u>	<u>\$ (37,118)</u>	<u>\$ (221,791)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,832</u>	<u>\$ 220,303</u>	<u>\$ 223,135</u>
\$ -	\$ -	\$ (93,054)	\$ 190,968	\$ 97,914
-	-	1,077,697	4,856,686	5,934,383
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 984,643</u>	<u>\$ 5,047,654</u>	<u>\$ 6,032,297</u>

(continued)

Edgecombe County, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2007

	Water & Sewer Operations	Water & Sewer District #1	Water & Sewer District #2
(continued)			
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating Income	\$ 314,981	\$ -	\$ -
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	\$ 565,207	\$ -	\$ -
Changes in Assets and Liabilities:			
Decrease (increase) in accounts receivable	(122,292)	-	-
Increase (decrease) in accounts payable and accrued liabilities	20,523	-	-
Increase (decrease) in allowance for bad debts	(35,004)	-	-
Increase (decrease) in customer deposits	35,052	-	-
Total Adjustments	\$ 463,486	\$ -	\$ -
Net Cash Provided (Used) by Operating Activities	\$ 778,467	\$ -	\$ -

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

Exhibit 8

<u>Water & Sewer District #3</u>	<u>Water & Sewer District #5</u>	<u>Total Water & Sewer</u>	<u>Solid Waste Fund</u>	<u>Total</u>
\$ -	\$ -	\$ 314,981	\$ (67,050)	\$ 247,931
\$ -	\$ -	\$ 565,207	\$ 97,399	\$ 662,606
-	-	(122,292)	(11,155)	(133,447)
-	-	20,523	19,308	39,831
-	-	(35,004)	(30,719)	(65,723)
-	-	35,052	-	35,052
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 463,486</u>	<u>\$ 74,833</u>	<u>\$ 538,319</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 778,467</u>	<u>\$ 7,783</u>	<u>\$ 786,250</u>

Edgecombe County, North Carolina
Statement of Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2007

Exhibit 9

	Agency Fund
Assets	
Cash and cash equivalents	<u>\$ 6,761</u>
Liabilities and Net Assets	
Liabilities:	
Accounts payable and accrued liabilities	<u>\$ 6,761</u>
Net Assets:	
Assets held in trust	<u>\$ -</u>

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

Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

I. Summary of Significant Accounting Policies

The accounting policies of Edgecombe County and its component unit 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. As required by generally accepted accounting principles, these financial statements present the County and its discretely presented component unit, a legally separate entity for which the County is financially accountable.

Edgecombe County Water Districts (the "Districts") exist to provide and maintain a water system for the County residents within the districts. The County's board of commissioners also serves as the governing board for the Districts. Therefore, the Districts are reported as enterprise funds in the County's financial statements. The Districts do not issue separate financial statements. The County entered into an agreement during fiscal year 2006, with each existing District and which will encompass additional Districts as they are created, that transferred all assets, liabilities (excluding bond indebtedness, loans, and installment notes, along with accrued interest payable), operational rights, and responsibilities to the County. In consideration for this agreement, along with related accrued interest payable, the County agreed to pay the Districts an amount equal to debt service costs for the respective Districts for the duration of the respective bonds, loans, and notes. The County maintains the Districts' assets, provides water and sewer operations and makes payments on outstanding debts on behalf of the respective Districts. Therefore, the County's financial statements reflect the assets and debts in the Edgecombe County Water Operations Fund. The board of county commissioners sits as the board of each District. No separate financial statements are issued by these Districts, as they have no operations, only certain outstanding debt that is paid on their behalf by the County.

Edgecombe County Industrial Facility and Pollution Control Financing Authority (the "Authority") exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements.

Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

The Edgecombe County ABC Board, which has a June 30 year-end, is a discretely presented component unit, as if it is a separate proprietary fund of the County. The blended presentation method presents component units as a department or unit of the County, and offers no separate presentation as with the discrete method. Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at Edgecombe County ABC Board, 404 West Wilson St., Tarboro, N.C. 27886.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus - Basis of Accounting

Government-Wide Statements

The statement of net assets and the statement of activities display information about the primary government (the County) and its component unit. These statements include the financial activities of the overall government. 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 and blended component units. Separate statements for each fund category - *governmental* and *proprietary* - 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.

Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

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.

2006 School Bond Capital Project Fund - This fund accounts for the various school renovation projects being funded by the 2006 School Bonds sold in February 2006.

The County reports the following major enterprise funds:

Water and Sewer Operations and Districts 1, 2, 3, & 5 - These funds are used to account for the operations of Edgecombe Water and Sewer and the four Water and Sewer districts within the County. Water Capital Projects funds are consolidated with the operations fund for financial reporting purposes.

Solid Waste Fund - This fund accounts for the operations of the County's Solid Waste and Landfill activities. The Landfill Closure and Postclosure Reserve Fund is a reserve established by the County to accumulate the funds necessary to cover the closure and postclosure care costs that will be incurred by the landfill in the future. The Landfill Closure and Postclosure Reserve Fund is consolidated with the solid waste operating fund for financial reporting purposes.

The County reports the following fund type:

Agency Fund - Agency Funds are custodial in nature and do not involve the measurement of operating results. The Agency Fund is used to account for assets the County holds on behalf of others. The County maintains as an agency fund the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the N.C. Department of Motor Vehicles.

Measurement Focus, Basis of Accounting

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

Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

Government-wide and Proprietary Fund Financial Statements

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary 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. 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.

Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

The County considers all revenues available if they are collected within 60 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 are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, 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, Edgecombe County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County. For those motor vehicles registered under the staggered system and for vehicles newly registered under the annual system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2006 through February 2007 apply to the fiscal year ended June 30, 2007. Uncollected taxes, which were billed during this period, are shown as a receivable on these financial statements. In addition, as of January 1, 2006, State law implemented a staggered expiration date system for annually registered vehicles as part of the conversion into the staggered registration. Originally, annually registration expired December 31st each year with taxes due by May 1st of the following year. To transition from the staggered into the annual registration, the initial 2006 registration renewals will vary from 7 to 18 months after December 31, 2005. Once these initial renewals have expired, all vehicles that were previously annually registered will be in the staggered system.

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

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

Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

All governmental and business-type activities and enterprise funds of the County follow FASB Statements and Interpretations issued before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

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, the Schools Capital Outlay Fund, Revaluation Fund, Fire Districts Fund, Industrial Sites Development Fund, Emergency Telephone System Fund, and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for 2006 School Bond Capital Project Fund, Community Development Block Grant - Scattered Site Fund, the Golden Leaf Grant, Homeland Security Fund, Economic Development and Housing Recovery Fund, and the Enterprise Capital Projects Funds, which are consolidated with the enterprise operating funds 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 the annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$5,000. The governing board must approve all amendments. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

D. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

All deposits of the County and Edgecombe County ABC Board are made in board-designated official depositories and are secured as required by G.S. 159-31. The County 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 and the ABC Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

State law [G.S. 159-30(c)] authorizes the County 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 County and the ABC Board's investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

The County pools moneys from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The ABC Board considers demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

3. Restricted Assets

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

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, 2006.

Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectable 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 cost of the inventory carried of the ABC Board is recorded as an expense as it is consumed or sold.

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

7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization cost is \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

	<u>Years</u>
Buildings	31-50
Improvements	25
Furniture and equipment	10
Vehicles	3-5
Computer Equipment	3

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

	<u>Years</u>
Buildings	20
Furniture and equipment	10
Vehicles	3-5
Leasehold improvements	10-20

Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

8. Long-term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

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

9. Compensated Absences

The vacation policies of the County and the ABC Board provide for the accumulation of up to thirty days earned vacation leave for regular employees and forty-five days for law enforcement officers, with such leave being fully vested when earned. For the County's government-wide and proprietary funds and the ABC Board, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The sick leave policies of the County and the ABC Board provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither the County nor the ABC Board have any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

10. Net Assets/Fund Balances

Net Assets

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

Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

Fund Balances

In the governmental fund financial statements, reservations or restrictions of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State law [G.S. 159-13(b)(16)] restricts the appropriation of fund balance to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

RESERVED

Reserved by State Statute - portion of fund balance not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables that are not offset by deferred revenues.

Reserved for Education - portion of total fund balance available for appropriation, which has been designated for school debt retirement.

Reserved for Public Safety - Portion of fund balance restricted by General Statute and/or funding agencies for public safety expenditures.

Reserved for Public Health Programs - portion of fund balance available for appropriation, which has been designated for specific health programs.

UNRESERVED

Designated for subsequent year's expenditures - portion of total fund balance available for appropriation, which has been designated for the adopted 2007 - 2008 budget ordinance.

Undesignated - portion of total fund balance available for appropriation that is uncommitted at year-end.

Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

E. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. The net adjustment of \$16,287,634 consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 56,605,718
Less Accumulated Depreciation	(24,880,461)
Net Capital Assets	\$ 31,725,257
Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not in the government-wide.	5,361,785
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:	
Bonds, leases, and installment financing	(19,153,231)
Compensated absences/Pension	(1,447,186)
Accrued interest payable	(198,991)
Total Adjustment	\$ 16,287,634

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 - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$8,201,663 as follows:

Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 8,176,367
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	(1,450,001)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities, it affects only the government-wide statement of net assets.	(760,000)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statements	1,711,307
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	11,280
Compensated absences and pension obligations are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(15,659)
Property tax and other revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	528,369
Total Adjustment	\$ 8,201,663

Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

II. Stewardship, Compliance, and Accountability

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

The results of an internal audit showed that documentation errors in the Health Department's Child Service Coordination program resulted in an obligation to repay Medicaid funds totaling \$436,462. The refund is for the period 2000-2006 and is reflected in the financial statements as a prior period adjustment.

The program was suspended and three employees terminated. Procedures to provide for proper documentation were installed and the program reinstated in November 2006.

III Detail Notes on All Funds

A. Assets

1. Deposits

All of the County'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 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 and the ABC Board, these deposits are considered to be held by the their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the ABC Board, or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County or the ABC Board under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

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. Neither the County nor the ABC Board has any formal policy regarding custodial credit risk for deposits.

At June 30, 2007, the County's deposits had a carrying amount of \$1,171,911 and a bank balance of \$1,562,667. Of the bank balance, \$100,000 was covered by federal depository insurance, \$44,854 in non-interest bearing deposits and \$1,417,813 in interest-bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2007, Edgecombe County had \$2,395 cash on hand.

At June 30, 2007, the carrying amount of deposits for Edgecombe County ABC Board was \$549,775 and the bank balance was \$370,000. Of the bank balance \$138,545 was covered by federal depository insurance and \$231,455 in interest-bearing deposits was insured under the Pooling Method.

2. Investments

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>	<u>6-12 Months</u>	<u>Over 1 Year</u>
U.S. Government Agencies	\$ 1,888,885	\$ 1,130,289	\$ -	\$ 758,596
Commercial Paper	2,545,049	2,545,049	-	-
N.C. Capital Management Trust				
- Cash Portfolio	19,917,133	N/A	N/A	N/A
Total	<u>\$24,351,067</u>	<u>\$ 3,675,338</u>	<u>\$ -</u>	<u>\$ 758,596</u>

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment practice limits at least half of the County's investment portfolio to maturities of less than 12 months.

Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

Credit Risk. The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs); however, the County had no formal policy on managing credit risk. As of June 30, 2007, the County's investments in commercial paper were rated P1 or AAA by Standard & Poor's and A-1, A-1+, or Aaa by Moody's Investors Service. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2007. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended. The County's investments in US Agencies (Federal Home Loan Bank) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

At June 30, 2007, the ABC Board had no investments.

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 three 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.

<u>Year Levied</u>	<u>Tax</u>	<u>Interest*</u>	<u>Total</u>
2006	\$ 752,707	\$ -	\$ 752,707
2005	724,757	41,674	766,431
2004	719,497	106,126	825,623
2003	690,259	163,937	854,196
Total	<u>\$ 2,887,220</u>	<u>\$ 311,737</u>	<u>\$ 3,198,957</u>
	=====	=====	=====

* (Interest figured through fiscal year-end 6/30/07)

Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

4. Receivables

Receivables at the government-wide level at June 30, 2007, were as follows:

	<u>Accounts</u>	<u>Taxes & Related Accrued Interest</u>	<u>Due from Other Governments</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:					
General	\$ 721,423	\$5,326,534	\$ 2,704,162	\$ 52,016	\$8,804,135
Other governmental	-	137,315	257,523	-	394,838
Total Receivables	<u>\$ 721,423</u>	<u>\$5,463,849</u>	<u>\$ 2,961,685</u>	<u>\$ 52,016</u>	<u>\$9,198,973</u>
Allowance for doubtful accounts	<u>(116,219)</u>	<u>(635,039)</u>	<u>-</u>	<u>-</u>	<u>(751,258)</u>
Total Governmental Activities	<u>\$ 605,204</u>	<u>\$4,828,810</u>	<u>\$ 2,961,685</u>	<u>\$ 52,016</u>	<u>\$8,447,715</u>
Business-type Activities:					
Landfill	\$ 281,689	\$ 501,583	\$ 22,204	\$ -	\$ 805,476
Water & Sewer	415,216	-	-	-	415,216
Total Receivables	\$ 696,905	\$ 501,583	\$ 22,204	\$ -	\$1,220,692
Allowance for doubtful accounts	<u>(371,314)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(371,314)</u>
Total Business-type Activities	<u>\$ 325,591</u>	<u>\$ 501,583</u>	<u>\$ 22,204</u>	<u>\$ -</u>	<u>\$ 849,378</u>

The due from other governments that is owed to the County governmental activities consist of the following:

	<u>Governmental Activities</u>
Sales & Use Tax	\$ 1,410,703
Inmate Housing	140,623
Jail reimbursement	10,452
Other misc.	268,076
Medicaid/Medicare	51,963
Admin. Reimbursement	643,997
Child Day Care	392,661
Wireless fees	23,470
Other grants - Homeland Security	10,045
Other grants - Economic Development	9,695
Total	<u>\$ 2,961,685</u>

Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

5. Capital Assets

Capital asset activity for the year ended June 30, 2007, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 1,171,464	\$ 8,590	\$ -	\$ 1,180,054
Construction in progress	-	6,932,165	-	6,932,165
Total	<u>\$ 1,171,464</u>	<u>\$ 6,940,755</u>	<u>\$ -</u>	<u>\$ 8,112,219</u>
Capital Assets Being Depreciated:				
Building & improvements	\$ 20,855,217	\$ 431,342	\$ -	\$ 21,286,559
Special Item - Schools	20,412,657	-	-	20,412,657
Equipment	3,785,058	357,276	172,083	3,970,251
Vehicles & motor equipment	2,560,230	446,994	183,192	2,824,032
Total	<u>\$ 47,613,162</u>	<u>\$ 1,235,612</u>	<u>\$ 355,275</u>	<u>\$ 48,493,499</u>
Less Accumulated Depreciation For:				
Buildings	\$ 6,766,512	\$ 523,900	\$ -	\$ 7,290,412
Building & improvements	221,530	11,171	-	232,701
Special Item - Schools	12,586,513	415,265		13,001,778
Equipment	2,314,837	279,034	352,057	2,241,814
Vehicles & motor equipment	1,893,124	220,632	-	2,113,756
Total	<u>\$ 23,782,516</u>	<u>\$ 1,450,002</u>	<u>\$ 352,057</u>	<u>\$ 24,880,461</u>
Total Capital Assets Being Depreciated, Net				
	<u>\$ 23,830,646</u>			<u>\$ 23,613,038</u>
Governmental Activity Capital Assets, Net				
	<u>\$ 25,002,110</u>			<u>\$ 31,725,257</u>

Primary Government

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

General Government	\$ 287,141
Public Safety	634,434
Economic and Physical Development	2,329
Human Services	110,833
Education	415,265
 Total Depreciation Expense	 <u>\$ 1,450,002</u> =====

Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

Special Item - Schools - During 2006, General Obligation Bonds of \$9.37 million were issued for renovation projects on four schools. The titles of these four schools were transferred to the County through an agreement with the Edgecombe County School Board. This will facilitate accounting for the renovation projects and enable the County to request a refund of sales tax related to the construction. The cost of the schools and the accumulated depreciation were adjustments to the capital assets for the County. Once the bond debt is repaid the title for the schools will revert back to the Edgecombe County School Board.

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Adjustments Decreases</u>	<u>Ending Balances</u>
Business-type Activities:				
Landfill:				
Capital Assets Not Being Depreciated:				
Land	\$ 476,889	\$ -	\$ -	\$ 476,889
Capital Assets Being Depreciated:				
Buildings & improvements	\$ 1,701,303	\$ -	\$ -	\$ 1,701,303
Furniture & maintenance equipment	254,505	8,963	-	263,468
Vehicles	1,081,904	28,155	15,493	1,094,566
Total	<u>\$ 3,037,712</u>	<u>\$ 37,118</u>	<u>\$ 15,493</u>	<u>\$ 3,059,337</u>
Less Accumulated Depreciation For:				
Buildings & improvements	\$ 450,273	\$ 41,822	\$ -	\$ 492,095
Furniture & maintenance equipment	172,470	6,502	-	178,972
Vehicles	826,818	49,075	15,492	860,401
Total	<u>\$ 1,449,561</u>	<u>\$ 97,399</u>	<u>\$ 15,492</u>	<u>\$ 1,531,468</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 1,588,151</u>			<u>\$ 1,527,869</u>
Landfill Capital Assets, Net	<u>\$ 2,065,040</u>			<u>\$ 2,004,758</u>

(continued)

Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

	Beginning Balances	Increases	Adjustments Decreases	Ending Balances
Business-type Activities: (continued)				
Edgecombe County Water Districts:				
Capital Assets Not Being Depreciated:				
Land	\$ 28,292	\$ -	\$ -	\$ 28,292
Construction in progress	-	1,543,268	-	1,543,268
Total	\$ 28,292	\$1,543,268	\$ -	\$ 1,571,560
Capital Assets Being Depreciated:				
Plant & distribution systems	\$ 27,021,492	\$ -	\$ -	\$ 27,021,492
Furniture & maintenance equipment	40,708	-	-	40,708
Vehicles	166,025	31,511	-	197,536
Total	\$ 27,228,225	\$ 31,511	\$ -	\$ 27,259,736
Less Accumulated Depreciation For:				
Plant & distribution systems	\$ 1,851,780	\$ 537,279	\$ -	\$ 2,389,060
Furniture & maintenance equipment	23,868	3,892	-	27,759
Vehicles	16,676	24,036	-	40,712
Total	\$ 1,892,324	\$ 565,207	\$ -	\$ 2,457,531
Total Capital Assets Being Depreciated, Net				
	\$ 25,335,901			\$ 24,802,205
Edgecombe County Water Districts				
Capital Assets, Net	\$ 25,364,193			\$ 26,373,765
Business-Type Activity				
Capital Assets, Net	\$ 27,429,233			\$ 28,378,523

Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

Construction Commitments

The government has active construction projects as of June 30, 2007 for the Water Distribution System. At year-end, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Water Distribution System	\$ 1,235,028 =====	\$ 1,271,768 =====
School Bond Renovations	\$ 7,073,271 =====	\$ 1,285,671 =====

Discretely Presented Component Units

Activity for the ABC Board for the year ended June 30, 2007, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets Not Being Depreciated:				
Land	\$ 62,299	\$ -	\$ -	\$ 62,299
Capital Assets Being Depreciated:				
Buildings	\$ 1,050,888	\$ 5,701	\$ -	\$ 1,056,589
Furniture and equipment	286,308	27,264	32,481	281,091
Total	\$ 1,337,196	\$ 32,965	\$ 32,481	\$ 1,337,680
Less Accumulated Depreciation For:				
Buildings	\$ 454,947	\$ 22,043	\$ -	\$ 476,990
Furniture and equipment	198,631	19,624	32,108	186,147
Total	\$ 653,578	\$ 41,667 =====	\$ 32,108 =====	\$ 663,137
Capital Assets, Net	\$ 683,618			\$ 674,543
Total Capital Assets, Net	\$ 745,917 =====			\$ 736,842 =====

**Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007**

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2007, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:					
General	\$ 1,607,344	\$ 649,326	\$ 198,991	\$ 287,985	\$ 2,743,646
Other					
Governmental	268,907	-	-	330,705	599,612
Total Governmental Activities	\$ 1,876,251	\$ 649,326	\$ 198,991	\$ 618,690	\$ 3,343,258
Business-type Activities:					
Solid Waste	\$ 92,998	\$ 622	\$ -	\$ 7,233	\$ 100,853
Water and Sewer District	68,393	4,369	52,682	-	125,444
Total Business-type Activities	\$ 161,391	\$ 4,991	\$ 52,682	\$ 7,233	\$ 226,297

2. Pension Plan Obligations

Local Governmental Employees' Retirement System

Plan Description

Edgecombe County and the ABC Board contribute to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

**Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007**

Funding Policy

Plan members are required to contribute six percent of their annual covered salary. The County and the ABC Board are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.9% and 4.78%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 5.01% of annual covered payroll. The contribution requirements of members and of Edgecombe County and the ABC Board are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2007, 2006, and 2005 were \$721,503, \$712,505, and \$692,794, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2007, 2006, and 2005 were \$13,205, \$10,908, and \$10,701, respectively. The contributions made by the County and the ABC Board equaled the required contributions for each year.

Law Enforcement Officers Special Separation Allowance

Plan Description

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

All full-time law enforcement officers of the County are covered by the Separation Allowance. At December 31, 2006, the Separation Allowance's membership consisted of:

Retirees receiving benefits	8
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	51
Total	59

**Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007**

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.

Method Used to Value Investments

No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Contributions

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

The annual required contribution for the current year was determined as part of the December 31, 2006 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.5% to 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at December 31, 2005 was 24 years.

3 Year Trend Information			
For Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2005	\$ 77,630	90.65%	\$ 237,400
2006	86,223	90.43%	245,651
2007	75,756	101.09%	244,786

Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description

Edgecombe 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.

Funding Policy

Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2007 were \$94,971, which consisted of \$94,971 from the County and \$0 from the law enforcement officers.

Registers of Deeds' Supplemental Pension Fund

Plan Description

The County also contributes to the Registers of Deeds' Supplemental Pension Fund (the Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy

On a monthly basis, the County remits to the Department of State Treasurer an amount equal to four and one-half percent (4.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2007, the County's required and actual contributions were \$11,519.

Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

Other Post-Employment Benefits

According to a county ordinance, the County provides health care benefits to retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least five years of creditable service with the State Retirement System. The County pays the full cost of coverage for these benefits. Also, retirees can purchase coverage for their dependents at the County's group rates. Currently twenty-eight retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2007, the County made payments for post-retirement health benefit premiums of \$116,920. The County obtains health care coverage through private insurers.

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 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. Effective July 1, 2007, the death benefit payments to beneficiaries must be between \$25,000 and \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. For the fiscal year ended June 30, 2007, the County made contributions to the State for death benefits of \$15,524. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .10% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

3. Closure and Post-closure Care Costs - Edgecombe County Solid Waste Facility

State and federal laws and regulations require the County to place a final cover on its landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The landfill stopped accepting municipal solid waste on January 1, 1998.

The County is also permitted to accept construction and demolition waste on top of a closed landfill site for maximum period of five years or until maximum capacity has been reached. The estimated closure and postclosure liability at June 30, 2007 is \$2,737,695.

The County has met the requirements of a local government financial test that is one option under State and federal laws and regulations that helps determine if a unit is financially able to meet closure and postclosure care requirements. However, the County has also elected to establish a reserve fund that accumulates resources through annual contributions for the payment of closure and postclosure care costs. At June 30, 2007, those funds are held in investments with a cost and market value of \$2,735,706. The County expects that future inflation costs will be paid from the interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or by future tax revenues.

4. Deferred/Unearned Revenues

The balance in deferred revenue on the fund statements and unearned revenues on the government-wide statements at year-end is composed of the following elements:

	Deferred Revenue	Unearned Revenue
Prepaid taxes not yet earned (General)	\$ -	\$ 186,894
Taxes receivable (net) (General)	3,768,722	-
Taxes receivable (net) (Special Revenue)	137,315	-
Other revenue not earned (General)	522,273	52,137
Total	\$ 4,428,310	\$ 239,031

Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

5. Risk Management

The County is exposed to various risks of loss 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 pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$125.5 million for any one occurrence, general liability coverage of \$2 million per occurrence, and workers' compensation coverage up to the statutory limits. The pools are reinsured through commercial companies for single occurrence losses in excess of \$500,000 up to a \$2 million limit for general liability coverage, \$600,000 of aggregate annual losses in excess of \$50,000 per occurrence for property coverage, and single occurrence losses of \$350,000 for workers' compensation.

The County carries flood insurance through the North Carolina Association of County Commissioners (NCACC). Because the County is in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency, the County has purchased adequate flood insurance coverage with a \$25,000 deductible per flood occurrence.

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.

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

Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

The County operates a limited risk, self-insurance program to provide health benefits to County employees. Premiums are paid into the General Fund by all other funds (including amounts withheld from employees) and are available to pay claims and administrative costs of the program. The Interfund premiums are based upon actual estimates of the amounts needed to pay prior and current year claims. Administrative services are contracted with Blue Cross and Blue Shield of North Carolina. Aggregate stop loss is purchased in the amount of 125% of expected annual claims and losses above \$75,000 on any one claim. Premiums are paid to the fund by the County for employees and by the employee for dependents. A total of \$3,660,995 in claims were incurred for benefits during the year ended June 30, 2007. Changes in the fund's claims liability amount was as follows:

	Year Ended June 30,	
	2007	2006
Unpaid claims, beginning of year	\$ 410,643	\$ 336,817
Incurred claims (including IBNRs)	3,660,995	2,405,475
Claim payments	3,600,017	2,331,649
Unpaid claims, end of year	\$ 471,621	\$ 410,643

6. Contingent Liabilities

At June 30, 2007, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate outcome of these legal matters will not have a materially adverse effect on the County's financial position.

7. Long-Term Obligations

General Obligation Indebtedness

All general obligation bonds serviced by the County's general fund are collateralized by the full faith, credit, and taxing power of the County. Edgecombe County Water District issues general obligation bonds to provide funds for the acquisition and construction of major water system capital improvements. These bonds, which are recorded in the Water District Fund, are collateralized by the full faith, credit, and taxing power of the District. Principal and interest payments are appropriated when due.

Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

The County's general obligation bonds payable at June 30, 2007 is comprised of the following individual issues:

	Balance <u>6-30-07</u>
General Obligation Bonds:	
Serviced by the County's General Fund:	
\$9,370,000 2006 School Bonds - February 1, 2006; due in annual principal payments of \$250,000 to \$550,000 and semi-annual interest payments of 3.45% to 4% payable August 1 and February 1	\$ 8,820,000
Serviced by the Water and Sewer District #1:	
\$3,000,000 2001 USDA/Rural Development Water Bonds Series A and Series B General Obligation:	
Series A - \$2,696,000 Water Bond due in annual installments of \$28,500 to \$112,500 plus interest @ 4.75% through June of 2038.	2,467,500
Series B - \$304,000 Water Bond due in annual installments of \$3,500 to \$14,000 plus interest @ 4.75% through June of 2038.	278,000
Serviced by the Water and Sewer District #2:	
Series A - \$2,707,000 Water Bond due in annual installments of \$29,000 to \$116,000 (beginning 2005) plus interest @ 4.625% through June of 2042	2,616,500
Series B - \$1,293,000 Water Bond due in annual installments of \$14,000 to \$56,000 (beginning 2005) plus interest @ 4.625% through June of 2042	1,250,000
Serviced by the Water and Sewer District #3:	
Series 2005 Water General Obligation Bond June 20, 2007; due in annual installments of \$3,000 to \$12,000 plus interest @ 4.25% through 2045	294,000
Total General Obligation Bonds	<u>\$ 15,726,000</u> =====

Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

The County's financing debt at June 30, 2007 is comprised of the following:

	Balance 6-30-07
Notes Payable:	
\$150,000 Note Payable - August 5, 1998; due in annual principal and interest payments of \$18,725 through June 2008; interest @ 4.25%	\$ 16,377
\$300,000 Note Payable - June 1, 1999; due in quarterly principal and interest payments of \$9,083 through March 2009; interest at 3.875%; payable on September 1, December 1, March 1, and June 1	59,266
\$379,000 Note Payable - August 5, 1998; due in annual principal and interest payments of \$47,311 through June 2008; interest @ 4.25%	41,380
\$760,000 Note Payable - June 22, 2007; due in quarterly principal and interest payments of \$23,284 through June 2017; interest at 4.125%; payable on September 1, December 1, March 1, and June 1	760,000
\$436,463 Note Payable - June 30, 2007; due in monthly principal payments of \$36,372 plus interest at 8% through August, 2008	436,463
Installment Purchases:	
\$4,000,000 Installment Agreement - January 15, 1996; due in semi-annual principal and interest payments of \$179,815 through January 2011; interest @ 3.9%; payable on July 15 and January 15	1,320,075
\$1,300,000 Installment Agreement - December 19, 2003; due in semi-annual principal and interest payments of \$65,000 through June 2013; interest @ 3.66%; payable on June 19 and December 19	845,000
\$9,500,000 Installment Agreement - November 10, 1997; due in semi-annual principal and interest payments of \$362,750 through December 2017; interest @ 4.25%; payable on December 1 and June 1	6,093,805
\$1,800,000 Installment Agreement - March 21, 2001; due in quarterly principal and interest payments of \$54,580 through March 2011; interest @ 3.72%; payable on September 21, December 21, March 21, and June 21	760,866
Total	\$ 10,333,232

Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

The County's Water and Sewer District financing debt at June 30, 2007 is comprised of the following:

Water and Sewer Notes Payable:

Serviced by the Water and Sewer District #3:

\$2,690,259 State Clean Water Bond; due in annual principal payments of \$141,593 plus semi-annual interest payments @ 4.02% payable November 1 and May 1, beginning November 1, 2006. \$ 2,548,666

Serviced by the Water and Sewer District #5:

\$116,530 Debt Assumption Note Payable for Leggett Community Water Association, Inc. - January 1, 2002; due in annual principal and interest payments of \$10,848 through June 2017; interest @ 5.13% 83,260

\$181,565 Debt Assumption Note Payable for Leggett Community Water Association, Inc. - April 10, 2002; due in annual principal and interest payments of \$15,180 through April 2020; interest at 5.13% 141,506

Total Water and Sewer Notes Payable \$ 2,773,432
=====

The following table summarizes the annual requirements to amortize all long-term debt outstanding (excluding compensated absence, accrued separation allowance, enterprise revenue bonds payables, and closure/post closure accrual):

Year	Business-type Activities		Governmental Activities		
	General		Notes Payable	Installment Purchases	General
	Obligation Bonds	Notes Payable			Obligation Bonds
Principal	Principal	Principal	Principal	Principal	
2007-2008	\$ 95,500	\$ 156,099	\$ 520,549	\$ 1,105,304	\$ 250,000
2008-2009	99,000	156,842	162,929	1,145,076	350,000
2009-2010	105,000	157,624	68,193	1,186,474	400,000
2010-2011	109,500	158,446	71,050	1,174,984	485,000
2011-2012	115,000	159,309	74,027	687,841	485,000
2012-2017	657,500	811,135	416,738	3,364,864	2,430,000
2018-2022	823,500	749,201	-	355,203	2,450,000
2023-2027	1,033,500	424,776	-	-	1,970,000
2028-2032	1,292,500	-	-	-	-
2033-2037	1,505,500	-	-	-	-
2038-2042	1,033,500	-	-	-	-
2043-2047	36,000	-	-	-	-
Total	<u>\$ 6,906,000</u>	<u>\$ 2,773,432</u>	<u>\$ 1,313,486</u>	<u>\$ 9,019,746</u>	<u>\$ 8,820,000</u>
	=====	=====	=====	=====	=====

Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

Year	Total		Total	
	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2007-2008	\$ 1,875,853	\$ 744,590	\$ 251,599	\$ 375,076
2008-2009	1,658,005	669,841	255,843	365,155
2009-2010	1,654,667	606,239	262,624	355,078
2010-2011	1,731,034	539,533	267,946	344,731
2011-2012	1,246,868	476,173	274,309	334,181
2013-2017	6,211,600	1,613,617	1,468,635	1,504,053
2018-2022	2,805,205	657,574	1,572,701	1,206,077
2023-2027	1,970,000	193,680	1,458,276	900,943
2028-2032	-	-	1,292,500	658,544
2033-2037	-	-	1,505,500	402,793
2038-2042	-	-	1,033,500	137,162
2043-2047	-	-	36,000	3,060
Total	<u>\$ 19,153,232</u>	<u>\$ 5,501,247</u>	<u>\$ 9,679,433</u>	<u>\$ 6,586,853</u>

At June 30, 2007, Edgecombe County Water and Sewer district No. 5, had bonds authorized but unissued of \$6,000,000.

On November 9, 2005, Edgecombe County voters approved the issuance of \$12,800,000 in school bonds. At June 30, 2007, \$3,430,000 of these bonds remained unissued.

The County's legal debt margin was \$178,049,276 at June 30, 2007.

Revenue Bonds

In April 1999, the County issued \$1,396,000 of Water Revenue Bonds to finance water lines for Edgecombe Water and Sewer District No. 1. At 4.75% interest, the interest on the bonds is payable annually on June 1. The revenue bonds, which mature through June 1, 2038, are reported on the Edgecombe Water and Sewer District No. 1's financial statements because the principal and interest on the bonds are payable from the net revenues of the system. The revenue bonds do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any of the County's property or upon its income, receipts, or revenues. The taxing power of the County is not pledged for the payment of the principal or interest on the revenue bonds, and no owner has the right to compel the exercise of the taxing power of the County or the forfeiture of any of its property in connection with any default under the bond order.

Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest
2008	\$ 20,500	\$ 60,634
2009	21,500	59,660
2010	22,500	58,639
2011	23,500	57,570
2012	24,500	56,454
2013-2017	140,500	263,768
2018-2022	175,500	227,122
2023-2027	218,000	181,498
2028-2032	270,000	125,116
2033-2037	300,000	57,000
2038-2042	60,000	2,850
Total	<u>\$ 1,276,500</u>	<u>\$ 1,150,311</u>

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, 2007:

	Balance July 1, 2006	Increases	Decreases	Balance June 30, 2007	Current Portion of Balance
Governmental Activities:					
General obligation debt	\$ 9,370,000	\$ -	\$ 550,000	\$ 8,820,000	\$ 250,000
Notes payable	211,237	1,196,463	94,214	1,313,486	520,549
Installment purchase	10,086,839	-	1,067,093	9,019,746	1,105,304
Compensated absences	1,185,876	374,367	357,843	1,202,400	357,843
Unfunded Special Separation Allowance	245,651	-	865	244,786	-
Total Governmental Activities	<u>\$21,099,603</u>	<u>\$ 1,570,830</u>	<u>\$2,070,015</u>	<u>\$20,600,418</u>	<u>\$2,233,696</u>

(continued)

Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

	Balance July 1, 2006	Increases	Decreases	Balance June 30, 2007	Current Portion of Balance
(continued)					
Business-type Activities:					
General					
obligation					
debt	\$ 6,994,000	\$ -	\$ 88,000	\$ 6,906,000	\$ 95,500
Revenue bonds	1,296,000	-	19,500	1,276,500	20,500
Notes payable	2,928,823	-	155,390	2,773,433	156,099
Accrued landfill					
closure &					
postclosure					
care costs	2,737,695	101,735	-	2,839,430	-
Compensated					
absences	42,864	11,861	10,152	44,573	44,573
Total Business-type					
Activities	\$13,999,382	\$ 113,596	\$ 273,042	\$13,839,936	\$ 316,672

Discretely Presented Component Units:

Compensated					
absences	\$ 19,459	\$ 2,028	\$ -	\$ 21,487	\$ -
	=====	=====	=====	=====	=====

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

Edgecombe County Industrial Facility and Pollution Control Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2007, there was one series of industrial revenue bonds outstanding. The Company for whom they were issued is in bankruptcy and it is impossible to determine what the unpaid balance is at June 30, 2007.

**Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007**

Interfund Balances and Activity (General Fund)

Transfers to/from other funds at June 30, 2007, consists of the following:

From the General Fund to the Revaluation Fund (to accumulate resources for the octennial revaluation of real property)	\$ (80,000)
From the General Fund to Emergency Telephone System Fund	(25,000)
To General Fund from Schools Capital Outlay Fund	475,733
Total	<u>\$ 370,733</u> =====

IV. Joint Ventures

The County, in conjunction with the Town of Tarboro, participates in the Tarboro-Edgecombe Airport Authority. Each participating government appoints three members to the six-member board. The Airport is a joint venture established to facilitate economic expansion within the County and improve the quality of life for its citizens. The Airport is not self-sustaining. The County has an ongoing financial responsibility for the Airport because it and the Town are legally obligated under the intergovernmental agreement that created the Airport to honor any deficiencies in the event that proceeds from other default remedies are insufficient. The County contributed \$5,260 for operations and \$8,334 for capital outlay to the Airport during the fiscal year ended June 30, 2007. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2007. Complete financial statements for the Airport can be obtained from the Airport's administrative offices at 201 St Andrew Street, Tarboro, North Carolina 27886.

Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

The County also participates in a joint venture to operate the Edgecombe Memorial Library and Braswell Memorial Library along with local municipalities. The County Board of Commissioners appoints three board members to the six-member boards of the Libraries. The County has an ongoing financial responsibility for the joint venture because the Libraries' continued existence depends on the participating governments' continued funding. None of the participating governments has any equity interest in the Libraries, so no equity interest has been reflected in the financial statements at June 30, 2007. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$528,648 to the Libraries to supplement its activities. In addition, the City of Rocky Mount borrowed funds to build the new Braswell Memorial Library facility, of which the County has an intergovernmental agreement with the City to appropriate funds for a portion of the annual debt service payments. The County appropriated \$83,290 for the debt service payments. Complete financial statements for the Libraries can be obtained from the Libraries' offices at 909 Main Street, Tarboro, North Carolina 27886 and 727 N. Grace Street, Rocky Mount, North Carolina, respectively.

The County, in conjunction with the State of North Carolina and the Edgecombe County Board of Education, participates in a joint venture to operate the Edgecombe County Community College. Each of the participants appoints four members of the thirteen-member board of trustees of the community college. The president of the community college's student government serves as an ex officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$1,037,000 for operations and \$300,000 for capital outlay to the community college during the fiscal year ended June 30, 2007. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2007. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at 2009 W. Wilson Street Ext., Tarboro, North Carolina 27886.

Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

V. Jointly Governed Organization

The County, in conjunction with the City of Wilson, City of Rocky Mount, County of Wilson, and County of Nash, participates in the Rocky Mount - Wilson Regional Airport Authority. Each participating City appoints two members and each participating County appoints one member to the seven-member board. The Airport is a joint venture established to facilitate economic expansion within the region and improve the quality of life for its citizens. The County has an ongoing financial responsibility for the Airport because it and the other participants are legally obligated under the intergovernmental agreement that created the Airport to honor any deficiencies in the event that proceeds from other default remedies are insufficient. The County contributed \$40,214 for operations and \$2,500 for capital outlay to the Airport during the fiscal year ended June 30, 2007. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2007. Complete financial statements for the Airport can be obtained from the Airport's administrative offices at 250 Airport Drive, Elm City, North Carolina 27822.

The County participates in a joint venture with Nash County to provide mental health services to the two Counties through the Edgecombe-Nash Mental Health/Developmental Disabilities/Substance Abuse Services Area Authority. Each County appoints one of its County Commissioners to the Area Authority. Thirteen of the Authority members are selected by these Commissioners. The County has an ongoing financial responsibility for the joint venture based on annual funding appropriations. Neither of the Counties have an equity interest in the Area Authority, so no equity interest has been reflected in the financial statements at June 30, 2007. The County appropriated \$214,416 to the Area Authority for year ended June 30, 2007. Complete financial statements for the Area Authority may be obtained from the Area Authority's offices at 500 Nash Medical Arts Mall, Rocky Mount, North Carolina.

The County participates in a joint venture with the Town of Tarboro to operate the Edgecombe County Cultural Arts Council, Inc. The County appoints thirteen of the nineteen board members to the Board of Arts Council. Neither participating government has any equity interest in the Arts Council, so no equity interest has been reflected in the financial statements at June 30, 2007. The County contributed \$35,431 to the Arts Council during the year ended June 30, 2007. Complete financial statements for the Arts Council can be obtained from the Arts Council office at 130 Bridgers Street, Tarboro, North Carolina 27886.

Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

The County participates in a joint venture with the City of Rocky Mount and Nash County to operate the Down East Home Consortium, (the "DEHC"). The agreement commenced on June 30, 1996, and covered three consecutive fiscal years. After the initial period, the members of the DEHC chose to continue as a consortium and must notify HUD when it has dissolved. The participating governments mutually agree that Rocky Mount shall act as the lead entity. Each of the entities appoint one member of the three-member DEHC Home Coordinating committee. Each participating government shall receive a percentage of the home funds based on a proration of the population. Each participating government shall be responsible for providing matching funds required by federal regulations for any home funds allocated and accepted for use by that government. For fiscal year June 30, 2007, the County made no contributions to DEHC.

The County participates in a joint venture with Nash County, the Town of Tarboro, and the City of Rocky Mount to operate Carolinas Gateway Partnership, Inc. The partnership's bylaws state that private sector funds are matched on an equal basis by the public partners. For fiscal year June 30, 2007, the County contributed \$135,286 to support the partnership.

VI. 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 recipients, which do not appear in the basic financial statements because they are not revenues and expenditures of the County.

	<u>Federal</u>	<u>State</u>
Temporary Assistance for Needy Families	\$ 836,136	\$ -
Medicaid	58,829,475	29,848,202
Food Stamp Program	12,351,813	-
Energy Assistance	269,822	-
Title IV-E, Adoption Subsidy	248,777	69,216
Title IV-E, Foster Care	126,902	30,467
State/County Special Assistance	746,510	749,900
F/C At Risk Maximization	22,402	12,430
CWS Adoption Subsidy	-	212,850
State Foster Home	-	95,251
Special Supplemental Nutrition Program for WIC	1,391,454	-
LINKS	5,817	-
	<u>\$ 74,829,108</u>	<u>\$ 31,018,316</u>
	=====	=====
Total		

Edgecombe County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

VII. Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

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

Contingency

Subsequent to year-end, management became aware of potential billing issues in one of the Health Department units. On October 4, 2006, the County notified the Division of Medical Assistance that the County is conducting a billing audit of this program over the last six years. The total revenues under review are approximately \$1.1 million. Although it is probable there will be some sort of payback, an estimate cannot be determined at this time. At June 30, 2007 in the Fund Balance Reserved for Public Health, there is approximately \$500,000 available in this particular program. If there is a payback, these funds would be available for appropriation.

Operating Leases

The County is obligated under operating leases to make monthly payments ranging from \$152 to \$4,722 through March 2012. Lease expenditures for the fiscal year ended June 30, 2007 totaled \$102,652. Under these leases, minimum lease payments for the fiscal year ending June 30, 2007 total \$81,816.

Prior Period Adjustment

As described in Note II-A above, a prior period adjustment of \$436,462 was required because certain Health Department revenue was overstated during the period 2000 - 2006.

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Required Supplemental Financial Data

Edgecombe County, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Funding Progress

Exhibit A-1

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/94	\$ -	\$ 204,738	\$ 204,738	\$ -	\$ 976,889	20.96%
12/31/95	-	246,470	246,470	-	1,048,731	23.50%
12/31/96	-	332,050	332,050	-	1,088,328	30.51%
12/31/97	-	347,380	347,380	-	1,108,039	31.35%
12/31/98	-	352,569	352,569	-	1,182,195	29.82%
12/31/99	-	391,485	391,485	-	1,394,619	28.07%
12/31/00	-	642,145	642,145	-	1,384,109	46.39%
12/31/01	-	634,387	634,387	-	1,533,872	41.36%
12/31/02	-	655,749	655,749	-	1,549,290	42.33%
12/31/03	-	743,010	743,010	-	1,600,376	46.43%
12/31/04	-	873,911	873,911	-	1,625,775	53.75%
12/31/05	-	817,612	817,612	-	1,784,149	45.83%
12/31/06	-	815,976	815,976	-	1,859,394	43.88%

**Edgecombe County, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Employer Contributions**

Exhibit A-2

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2004	\$ 90,553	58.17%
2005	77,630	90.65%
2006	86,223	90.43%
2007	79,336	101.09%

Notes to the Required Schedules:

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

Valuation date	12-31-06
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	24 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	4.5% - 12.3%
*Includes inflation at	3.75%
Cost-of living adjustments	N/A

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Individual Fund Schedules

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Major Governmental Funds

Edgecombe County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2007

Exhibit B-1

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad Valorem Taxes:			
Taxes	\$ 23,189,700	\$ 22,865,217	\$ (324,483)
Penalties and interest	280,000	392,440	112,440
Total Ad Valorem Taxes	\$ 23,469,700	\$ 23,257,657	\$ (212,043)
Local Option Sales Taxes:			
Article 39 one percent	\$ 2,800,000	\$ 2,522,137	\$ (277,863)
Article 40 one - half of one percent	1,720,000	2,137,567	417,567
Article 42 one - half of one percent	700,000	850,691	150,691
Article 44 sales tax	1,417,641	1,462,973	45,332
Total Local Option Sales Taxes	\$ 6,637,641	\$ 6,973,368	\$ 335,727
Other Taxes and Licenses:			
Animal tax	\$ 21,753	\$ 14,272	\$ (7,481)
Franchise tax	50,000	55,507	5,507
Privilege licenses	6,000	5,397	(603)
Gross receipt tax	7,000	8,888	1,888
Total Other Taxes and Licenses	\$ 84,753	\$ 84,064	\$ (689)
Unrestricted Intergovernmental:			
Hold Harmless Provision	\$ 72,359	\$ 72,359	\$ -
Beer and wine tax	95,000	95,907	907
Total Unrestricted Intergovernmental	\$ 167,359	\$ 168,266	\$ 907

(continued)

Edgecombe County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2007

Exhibit B-1

	Budget	Actual	Variance Positive (Negative)
Revenues (continued):			
Restricted Intergovernmental:			
General Fund	\$ 1,640,090	\$ 1,128,658	\$ (511,432)
Health Department	2,022,967	1,900,987	(121,980)
Department of Social Services	10,719,155	10,318,398	(400,757)
Court facility fees	125,000	122,140	(2,860)
Nash County - Veteran Services Officer	36,862	47,562	10,700
ABC bottle taxes	18,000	16,850	(1,150)
Total Restricted Intergovernmental	\$ 14,562,074	\$ 13,534,595	\$ (1,027,479)
Permits and Fees:			
Building and zoning permits	\$ 62,500	\$ 103,928	\$ 41,428
Election fees	-	567	567
Register of Deeds	400,000	461,662	61,662
Sheriff, Jail, and other law fees	253,000	291,713	38,713
Legal fee reimbursement	70,000	52,454	(17,546)
Total Permits and Fees	\$ 785,500	\$ 910,324	\$ 124,824
Sales and Services:			
Rents, concessions, and fees	\$ 462,985	\$ 478,138	\$ 15,153
Inmate housing	1,700,000	1,694,089	(5,911)
Health fees	4,724,829	3,853,302	(871,527)
Social Services fees	311,885	248,227	(63,658)
Vehicle tax collection fees	20,000	19,702	(298)
Total Sales and Services	\$ 7,219,699	\$ 6,293,458	\$ (926,241)

(continued)

Edgecombe County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	Exhibit B-1 Variance Positive (Negative)
Revenues (continued):			
Investment earnings	\$ 583,563	\$ 1,034,152	\$ 450,589
Miscellaneous:			
Other	\$ 10,250	\$ 28,389	\$ 18,139
Donations	163,769	164,586	817
Insurance claims	77,996	96,662	18,666
Medicaid reimbursement - ambulance	249,610	249,610	-
Total Miscellaneous	<u>\$ 501,625</u>	<u>\$ 539,247</u>	<u>\$ 37,622</u>
 Total Revenues	 <u>\$ 54,011,914</u>	 <u>\$ 52,795,131</u>	 <u>\$ (1,216,783)</u>
Expenditures:			
General Government:			
Governing Body:			
Salaries and employee benefits	\$ 74,440	\$ 73,369	\$ 1,071
Other operating expenditures	167,587	157,703	9,884
Dues and meetings	58,860	55,137	3,723
Total Governing Body	<u>\$ 300,887</u>	<u>\$ 286,209</u>	<u>\$ 14,678</u>
Administration:			
Salaries and employee benefits	\$ 281,784	\$ 281,104	\$ 680
Other operating expenditures	58,050	51,706	6,344
Capital outlay	-	-	-
Total Administration	<u>\$ 339,834</u>	<u>\$ 332,810</u>	<u>\$ 7,024</u>

(continued)

Edgecombe County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2007

Exhibit B-1

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued):			
General Government (continued):			
Elections:			
Salaries and employee benefits	\$ 182,296	\$ 178,848	\$ 3,448
Other operating expenditures	100,730	61,922	38,808
Capital outlay	11,000	-	11,000
Total Elections	<u>\$ 294,026</u>	<u>\$ 240,770</u>	<u>\$ 53,256</u>
Finance:			
Salaries and employee benefits	\$ 289,610	\$ 287,354	\$ 2,256
Audit	47,000	46,500	500
Other operating expenditures	62,100	54,855	7,245
Total Finance	<u>\$ 398,710</u>	<u>\$ 388,709</u>	<u>\$ 10,001</u>
Tax Collector:			
Salaries and employee benefits	\$ 222,810	\$ 219,621	\$ 3,189
Other operating expenditures	225,225	189,808	35,417
Total Tax Collector	<u>\$ 448,035</u>	<u>\$ 409,429</u>	<u>\$ 38,606</u>
Tax Assessor:			
Salaries and employee benefits	\$ 340,580	\$ 337,690	\$ 2,890
Other operating expenditures	233,764	126,994	106,770
Total Tax Assessor	<u>\$ 574,344</u>	<u>\$ 464,684</u>	<u>\$ 109,660</u>
Legal:			
Contracted services	<u>\$ 53,991</u>	<u>\$ 44,161</u>	<u>\$ 9,830</u>

(continued)

Edgecombe County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2007

Exhibit B-1

	Budget	Actual	Variance Positive (Negative)
Expenditures (continued):			
General Government (continued):			
Data Processing:			
Salaries and employee benefits	\$ 200,415	\$ 198,978	\$ 1,437
Other operating expenditures	119,100	83,888	35,212
Total Data Processing	\$ 319,515	\$ 282,866	\$ 36,649
Register of Deeds:			
Salaries and employee benefits	\$ 224,025	\$ 220,803	\$ 3,222
Other operating expenditures	151,925	141,802	10,123
Capital outlay	139,250	139,248	2
Children's trust fund	1,800	1,400	400
Domestic violence fund	7,000	5,600	1,400
Total Register of Deeds	\$ 524,000	\$ 508,853	\$ 15,147
Public Buildings:			
Salaries and employee benefits	\$ 353,650	\$ 342,747	\$ 10,903
Other operating expenditures	20,100	13,023	7,077
Utilities	470,700	426,120	44,580
Maintenance	420,412	336,524	83,888
Capital outlay	264,200	238,212	25,988
Total Public Buildings	\$ 1,529,062	\$ 1,356,626	\$ 172,436
Court Facilities:			
Rent - Courts of Justice	\$ 16,800	\$ 16,800	\$ -
Law library	9,500	6,095	3,405
Juvenile detention	60,000	32,712	27,288
Total Court Facilities	\$ 86,300	\$ 55,607	\$ 30,693

(continued)

Edgecombe County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2007

Exhibit B-1

	Budget	Actual	Variance Positive (Negative)
Expenditures (continued):			
General Government (continued):			
Central Services:			
Insurance and other	\$ 252,102	\$ 267,053	\$ (14,951)
Copy machine rental	20,000	3,701	16,299
Total Central Services	\$ 272,102	\$ 270,754	\$ 1,348
Total General Government	\$ 5,140,806	\$ 4,641,478	\$ 499,328
Public Safety:			
Sheriff:			
Salaries and employee benefits	\$ 2,844,840	\$ 2,840,795	\$ 4,045
Other operating expenditures	1,393,536	1,328,511	65,025
Narcotics control	12,500	8,259	4,241
Total Public Safety	\$ 4,250,876	\$ 4,177,565	\$ 73,311
Jail:			
Salaries and employee benefits	\$ 1,986,640	\$ 1,912,972	\$ 73,668
Other operating expenditures	1,383,700	1,347,752	35,948
Capital outlay	26,000	26,721	(721)
Total Jail	\$ 3,396,340	\$ 3,287,445	\$ 108,895
Fire:			
Forest fire contracts	\$ 78,382	\$ 73,023	\$ 5,359
Workman's compensation	14,000	12,100	1,900
Assistance to local fire departments	92,502	91,620	882
Total Fire	\$ 184,884	\$ 176,743	\$ 8,141

(continued)

Edgecombe County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2007

Exhibit B-1

	Budget	Actual	Variance Positive (Negative)
Expenditures (continued):			
Public Safety (continued):			
Emergency Management Coordinator:			
Salaries and employee benefits	\$ 153,120	\$ 150,619	\$ 2,501
Other operating expenditures	66,081	63,782	2,299
Capital outlay	55,000	9,500	45,500
Total Emergency Mgmt Coordinator	\$ 274,201	\$ 223,901	\$ 50,300
Criminal Justice Partnership:			
Salaries and employee benefits	\$ 48,530	\$ 45,083	\$ 3,447
Other operating expenditures	51,288	49,824	1,464
Capital outlay	38,000	36,359	1,641
Total Criminal Justice Partnership	\$ 137,818	\$ 131,266	\$ 6,552
Gang Violence Prevention Grant			
Salaries and employee benefits	\$ 40,917	\$ 13,993	\$ 26,924
Other operating expenditures	1,110	-	1,110
Capital outlay	6,500	-	6,500
Total Gang Violence Prevention Grant	\$ 48,527	\$ 13,993	\$ 34,534
Communications:			
Salaries and employee benefits	\$ 390,526	\$ 382,000	\$ 8,526
Other operating expenditures	135,072	121,237	13,835
Total Communications	\$ 525,598	\$ 503,237	\$ 22,361
Rescue Squads:			
Contracted services	\$ 981,748	\$ 967,864	\$ 13,884

(continued)

Edgecombe County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2007

Exhibit B-1

	Budget	Actual	Variance Positive (Negative)
Expenditures (continued):			
Public Safety (continued):			
Medical Examiner:			
Fees	\$ 7,000	\$ 5,100	\$ 1,900
Autopsies	35,000	19,000	16,000
Total Medical Examiner	\$ 42,000	\$ 24,100	\$ 17,900
Animal Control:			
Salaries and employee benefits	\$ 92,601	\$ 83,190	\$ 9,411
Other operating expenditures	36,100	31,381	4,719
Total Animal Control	\$ 128,701	\$ 114,571	\$ 14,130
Inspections:			
Salaries and employee benefits	\$ 149,555	\$ 146,087	\$ 3,468
Other operating expenditures	23,550	18,916	4,634
Total Inspections	\$ 173,105	\$ 165,003	\$ 8,102
Homeland Security Grant:			
Other operating expenditures	\$ 341	\$ 341	\$ -
Capital outlay	205	-	205
Total Homeland Security Grant	\$ 546	\$ 341	\$ 205
Total Public Safety	\$ 10,144,344	\$ 9,786,029	\$ 358,315
Transportation:			
Contribution to regional airport	\$ 56,308	\$ 56,308	\$ -
Economic and Physical Development:			
Water and Sewer Projects:			
Other operating expenditures	\$ 898,831	\$ 80,192	\$ 818,639

(continued)

Edgecombe County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	Exhibit B-1 Variance Positive (Negative)
Expenditures (continued):			
Economic and Physical Development: (continued)			
Agricultural Extension:			
Salaries and employee benefits	\$ 286,906	\$ 282,083	\$ 4,823
Other operating expenditures	59,692	57,902	1,790
Total Agricultural Extension	<u>\$ 346,598</u>	<u>\$ 339,985</u>	<u>\$ 6,613</u>
Soil and Water Conservation:			
Salaries and employee benefits	\$ 129,894	\$ 127,179	\$ 2,715
Other operating expenditures	14,916	12,000	2,916
Total Soil & Water Conservation	<u>\$ 144,810</u>	<u>\$ 139,179</u>	<u>\$ 5,631</u>
Economic Development:			
Industrial Incentive	\$ 66,750	\$ 63,572	\$ 3,178
Carolina Gateway Partnership	135,286	135,286	-
Rocky Mount/Edgecombe County			
Community Development Corporation	23,227	23,227	-
Land/right of way	893,500	804,558	88,942
Down East Home Consortium	25,000	-	25,000
Total Economic Development	<u>\$ 1,143,763</u>	<u>\$ 1,026,643</u>	<u>\$ 117,120</u>
Planning:			
Salaries and employee benefits	\$ 159,755	\$ 157,209	\$ 2,546
Other operating expenditures	94,100	53,335	40,765
Capital outlay	28,000	22,563	5,437
Total Planning	<u>\$ 281,855</u>	<u>\$ 233,107</u>	<u>\$ 48,748</u>
Total Economic and Physical Development	<u>\$ 2,815,857</u>	<u>\$ 1,819,106</u>	<u>\$ 996,751</u>

(continued)

Edgecombe County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2007

Exhibit B-1

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued):			
Human Services:			
Veterans Service Officer:			
Salaries and employee benefits	\$ 71,081	\$ 71,080	\$ 1
Other operating expenditures	3,490	3,125	365
Total Veterans Service Officer	<u>\$ 74,571</u>	<u>\$ 74,205</u>	<u>\$ 366</u>
Other:			
Youth services	\$ 215,974	\$ 210,441	\$ 5,533
Misc. Human Services	50,563	47,736	2,827
Total Other	<u>\$ 266,537</u>	<u>\$ 258,177</u>	<u>\$ 8,360</u>
Health Department:			
Administration:			
Salaries and employee benefits	\$ 77,274	\$ 72,759	\$ 4,515
Other operating expenditures	36,466	26,032	10,434
Capital outlay	-	-	-
Total	<u>\$ 113,740</u>	<u>\$ 98,791</u>	<u>\$ 14,949</u>
Maternal and Child Health:			
Salaries and employee benefits	\$ 732,111	\$ 659,853	\$ 72,258
Other operating expenditures	337,589	182,030	155,559
Total Maternal and Child Health	<u>\$ 1,069,700</u>	<u>\$ 841,883</u>	<u>\$ 227,817</u>
Family Planning:			
Salaries and employee benefits	\$ 452,217	\$ 417,783	\$ 34,434
Other operating expenditures	350,248	209,082	141,166
Total Family Planning	<u>\$ 802,465</u>	<u>\$ 626,865</u>	<u>\$ 175,600</u>

(continued)

Edgecombe County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2007

Exhibit B-1

	Budget	Actual	Variance Positive (Negative)
Expenditures (continued):			
Human Services (continued):			
Child Service Coordination:			
Salaries and employee benefits	\$ 248,368	\$ 149,736	\$ 98,632
Other operating expenditures	26,029	14,788	11,241
Total Child Service Coordination	\$ 274,397	\$ 164,524	\$ 109,873
School Nurse Initiative Program:			
Salaries and employee benefits	\$ 95,363	\$ 74,266	\$ 21,097
Other operating expenditures	4,637	340	4,297
Total School Nurse Initiative Program	\$ 100,000	\$ 74,606	\$ 25,394
Healthy Start:			
Salaries and employee benefits	\$ 124,475	\$ 103,198	\$ 21,277
Other operating expenditures	23,241	19,286	3,955
Total Healthy Start	\$ 147,716	\$ 122,484	\$ 25,232
Environmental Health:			
Salaries and employee benefits	\$ 338,658	\$ 318,843	\$ 19,815
Other operating expenditures	36,321	28,589	7,732
Total Environmental Health	\$ 374,979	\$ 347,432	\$ 27,547
Tuberculosis:			
Salaries and employee benefits	\$ 92,675	\$ 92,866	\$ (191)
Other operating expenditures	20,787	13,358	7,429
Total Tuberculosis	\$ 113,462	\$ 106,224	\$ 7,238

(continued)

Edgecombe County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2007

Exhibit B-1

	Budget	Actual	Variance Positive (Negative)
Expenditures (continued):			
Human Services (continued):			
Health Department (continued):			
Adult Health Services:			
Salaries and employee benefits	\$ 175,708	\$ 169,161	\$ 6,547
Other operating expenditures	49,292	44,783	4,509
Total Adult Health Services	\$ 225,000	\$ 213,944	\$ 11,056
Health Works:			
Salaries and employee benefits	\$ 38,638	\$ 38,054	\$ 584
Other operating expenditures	34,988	25,678	9,310
Total Health Works	\$ 73,626	\$ 63,732	\$ 9,894
Home Health Services:			
Salaries and employee benefits	\$ 1,326,923	\$ 1,113,631	\$ 213,292
Other operating expenditures	986,708	863,852	122,856
Capital outlay	17,411	16,991	420
Total Home Health Services	\$ 2,331,042	\$ 1,994,474	\$ 336,568
Health Promotion:			
Salaries and employee benefits	\$ 56,701	\$ 34,665	\$ 22,036
Other operating expenditures	6,682	5,107	1,575
Total Health Promotion	\$ 63,383	\$ 39,772	\$ 23,611
Community Health Services:			
Salaries and employee benefits	\$ 97,647	\$ 85,487	\$ 12,160
Other operating expenditures	31,605	31,303	302
Total Community Health Services	\$ 129,252	\$ 116,790	\$ 12,462

(continued)

Edgecombe County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2007

Exhibit B-1

	Budget	Actual	Variance Positive (Negative)
Expenditures (continued):			
Human Services (continued):			
Health Department (continued):			
Immunization Action Plan:			
Salaries and employee benefits	\$ 55,937	\$ 52,555	\$ 3,382
Other operating expenditures	900	246	654
Capital outlay	-	-	-
Total Immunization Action Plan	\$ 56,837	\$ 52,801	\$ 4,036
MCV4 Vaccination Initiative:			
Salaries and employee benefits	\$ 3,488	\$ 1,356	\$ 2,132
Other operating expenditures	300	-	300
Total MCV4 Vaccination Initiative	\$ 3,788	\$ 1,356	\$ 2,432
Communicable Disease:			
Salaries and employee benefits	\$ 263,332	\$ 241,075	\$ 22,257
Other operating expenditures	46,414	42,245	4,169
Total Communicable Disease	\$ 309,746	\$ 283,320	\$ 26,426
Comprehensive Breast:			
Salaries and employee benefits	\$ 23,295	\$ 13,075	\$ 10,220
Other operating expenditures	11,780	6,566	5,214
Total Comprehensive Breast	\$ 35,075	\$ 19,641	\$ 15,434
Breast Health Initiative:			
Salaries and employee benefits	\$ 15,450	\$ 15,281	\$ 169
Other operating expenditures	20,463	13,772	6,691
Total Breast Health Initiative	\$ 35,913	\$ 29,053	\$ 6,860

(continued)

Edgecombe County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2007

Exhibit B-1

	Budget	Actual	Variance Positive (Negative)
Expenditures (continued):			
Human Services (continued):			
Health Department (continued):			
HIV/STD Prevention Risk Reduction:			
Salaries and employee benefits	\$ 78,719	\$ 46,847	\$ 31,872
Other operating expenditures	16,635	13,684	2,951
Total HIV/STD Prevention Risk Reduction	\$ 95,354	\$ 60,531	\$ 34,823
Medicaid Outreach:			
Salaries and employee benefits	\$ 50,603	\$ 41,884	\$ 8,719
Other operating expenditures	4,467	4,227	240
Total Medicaid Outreach	\$ 55,070	\$ 46,111	\$ 8,959
Hospice:			
Salaries and employee benefits	\$ 286,076	\$ 265,159	\$ 20,917
Other operating expenditures	283,792	231,338	52,454
Capital outlay	14,600	13,292	1,308
Total Hospice	\$ 584,468	\$ 509,789	\$ 74,679
WIC:			
Salaries and employee benefits	\$ 300,922	\$ 248,723	\$ 52,199
Other operating expenditures	55,473	45,551	9,922
Total WIC	\$ 356,395	\$ 294,274	\$ 62,121
CDC/DENR Lead Grant:			
Salaries and employee benefits	\$ 50,242	\$ 51,829	\$ (1,587)
Other operating expenditures	5,199	4,420	779
Total CDC/DENR Lead Grant	\$ 55,441	\$ 56,249	\$ (808)

(continued)

Edgecombe County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2007

Exhibit B-1

	Budget	Actual	Variance Positive (Negative)
Expenditures (continued):			
Human Services (continued):			
Health Department (continued):			
Special Programs:			
Salaries and employee benefits	\$ 227,437	\$ 222,702	\$ 4,735
Other operating expenditures	112,565	103,883	8,682
Total Special Programs	\$ 340,002	\$ 326,585	\$ 13,417
Pandemic Flu-Emergency Prepared:			
Other operating expenditures	\$ 17,500	\$ 16,728	\$ 772
EPSDT Outreach:			
Salaries and employee benefits	\$ 85,826	\$ 75,506	\$ 10,320
Other operating expenditures	8,361	6,398	1,963
Total EPSDT Outreach	\$ 94,187	\$ 81,904	\$ 12,283
Children's Special Orthopedic:			
Salaries and employee benefits	\$ 19,146	\$ 18,009	\$ 1,137
Other operating expenditures	3,900	3,500	400
Total Children's Special Orthopedic	\$ 23,046	\$ 21,509	\$ 1,537
Dental Program:			
Salaries and employee benefits	\$ 180,846	\$ 34,531	\$ 146,315
Other operating expenditures	116,288	90,314	25,974
Capital outlay	75,263	70,511	4,752
Total Dental Program	\$ 372,397	\$ 195,356	\$ 177,041

(continued)

Edgecombe County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2007

Exhibit B-1

	Budget	Actual	Variance Positive (Negative)
Expenditures (continued):			
Human Services (continued):			
Health Department (continued):			
Diabetes:			
Salaries and employee benefits	\$ 76,049	\$ 62,123	\$ 13,926
Other operating expenditures	49,873	9,859	40,014
Total Diabetes	\$ 125,922	\$ 71,982	\$ 53,940
BT Preparedness:			
Salaries and employee benefits	\$ 19,462	\$ 17,142	\$ 2,320
Other operating expenditures	25,220	22,747	2,473
Total BT Preparedness	\$ 44,682	\$ 39,889	\$ 4,793
Other Grants:			
March of Dimes	\$ 3,000	\$ 3,000	\$ -
SG Komen Breast Cancer Project:			
Salaries and employee benefits	\$ 7,800	\$ 3,779	\$ 4,021
Other operating expenditures	12,933	3,224	9,709
Total Breast Cancer Project	\$ 20,733	\$ 7,003	\$ 13,730
Total Health Department	\$ 8,448,318	\$ 6,928,602	\$ 1,519,716
Mental Health:			
Assist to ENMH	\$ 232,416	\$ 231,266	\$ 1,150
Aging:			
Salaries and employee benefits	\$ 65,095	\$ 37,507	\$ 27,588
Other operating expenditures	38,030	14,935	23,095
Total Aging	\$ 103,125	\$ 52,442	\$ 50,683

(continued)

Edgecombe County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2007

Exhibit B-1

	Budget	Actual	Variance Positive (Negative)
Expenditures (continued):			
Human Services (continued):			
Social Services:			
Administration:			
Salaries and employee benefits	\$ 7,089,412	\$ 6,875,783	\$ 213,629
Other operating expenditures	1,050,018	825,829	224,189
Total Social Services	\$ 8,139,430	\$ 7,701,612	\$ 437,818
Public Assistance:			
Assistance payments	\$ 12,019,372	\$ 11,476,391	\$ 542,981
Total Social Services	\$ 20,158,802	\$ 19,178,003	\$ 980,799
Total Human Services	\$ 29,283,769	\$ 26,722,695	\$ 2,561,074
Cultural and Recreational:			
Contribution to local library	\$ 611,938	\$ 611,938	\$ -
Cultural Arts Council	35,431	35,431	-
School recreation	50,000	44,397	5,603
Total Cultural and Recreational	\$ 697,369	\$ 691,766	\$ 5,603
Education:			
Public Schools:			
Current	\$ 8,880,529	\$ 8,880,529	\$ -
Building capital fund (PSBCF)	1,000,000	508,132	491,868
Community Colleges:			
Current	1,037,000	1,037,000	-
Capital outlay	300,000	300,000	-
Total Education	\$ 11,217,529	\$ 10,725,661	\$ 491,868

(continued)

Edgecombe County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2007

Exhibit B-1

	Budget	Actual	Variance Positive (Negative)
Expenditures (continued):			
Debt Service:			
Principal retirement	\$ 1,711,309	\$ 1,711,307	\$ 2
Interest and other charges	769,107	769,003	104
Total Debt Service	\$ 2,480,416	\$ 2,480,310	\$ 106
Total Expenditures	\$ 61,836,398	\$ 56,923,353	\$ 4,913,045
Revenues Over (Under) Expenditures	\$ (7,824,484)	\$ (4,128,222)	\$ 3,696,262
Other Financing Sources (Uses):			
Transfers To/From Other Funds:			
Revaluation Fund	\$ (80,000)	\$ (80,000)	\$ -
Emergency Telephone System Fund	(25,000)	(25,000)	-
School Capital Outlay Fund	475,733	475,733	-
Installment loan proceeds	760,000	760,000	-
Sale of fixed assets	118,739	23,966	(94,773)
Appropriated fund balance	6,575,012	-	(6,575,012)
Total Other Financing Sources (Uses)	\$ 7,824,484	\$ 1,154,699	\$ (6,669,785)
Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	\$ -	\$ (2,973,523)	\$ (2,973,523)
Fund Balance:			
Beginning of year, July 1		19,049,437	
End of year, June 30		\$ 16,075,914	

Edgecombe County, North Carolina
2006 School Bond Capital Project
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

Exhibit B-2

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Investment Income	\$ 553,500	\$ 245,147	\$ 334,725	\$ 579,872	\$ 26,372
Expenditures:					
Southwest High School:					
Construction	\$ 1,937,400	\$ -	\$ 1,840,353	\$ 1,840,353	\$ 97,047
Engineering	194,400	139,021	21,567	160,588	33,812
Legal & Administration	8,000	3,814	-	3,814	4,186
Total	<u>\$ 2,139,800</u>	<u>\$ 142,835</u>	<u>\$ 1,861,920</u>	<u>\$ 2,004,755</u>	<u>\$ 135,045</u>
Carver Elementary:					
Construction	\$ 1,118,000	\$ 52,200	\$ 891,226	\$ 943,426	\$ 174,574
Engineering	95,195	53,717	13,258	66,975	28,220
Legal & Administration	10,000	5,635	-	5,635	4,365
Total	<u>\$ 1,223,195</u>	<u>\$ 111,552</u>	<u>\$ 904,484</u>	<u>\$ 1,016,036</u>	<u>\$ 207,159</u>
Bullock Elementary:					
Construction	\$ 3,831,005	\$ 171,720	\$ 2,886,692	\$ 3,058,412	\$ 772,593
Engineering	250,000	175,320	43,868	219,188	30,812
Legal & Administration	10,000	4,635	-	4,635	5,365
Total	<u>\$ 4,091,005</u>	<u>\$ 351,675</u>	<u>\$ 2,930,560</u>	<u>\$ 3,282,235</u>	<u>\$ 808,770</u>
Coker Wimberly Middle:					
Construction	\$ 1,678,000	\$ 26,080	\$ 1,210,351	\$ 1,236,431	\$ 441,569
Engineering	130,000	87,357	21,952	109,309	20,691
Legal & Administration	10,000	7,535	-	7,535	2,465
Total	<u>\$ 1,818,000</u>	<u>\$ 120,972</u>	<u>\$ 1,232,303</u>	<u>\$ 1,353,275</u>	<u>\$ 464,725</u>
Phillips School:					
Construction	\$ 551,500	\$ -	\$ -	\$ -	\$ 551,500
Legal and Administration	<u>\$ 100,000</u>	<u>\$ 68,552</u>	<u>\$ 2,898</u>	<u>\$ 71,450</u>	<u>\$ 28,550</u>
Total Expenditures	<u>\$ 9,923,500</u>	<u>\$ 795,586</u>	<u>\$ 6,932,165</u>	<u>\$ 7,727,751</u>	<u>\$ 2,195,749</u>

(continued)

Edgecombe County, North Carolina
2006 School Bond Capital Project
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

Exhibit B-2

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
(continued)					
Revenues Over					
(Under) Expenditures	\$ (9,370,000)	\$ (550,439)	\$ (6,597,440)	\$ (7,147,879)	\$ 2,222,121
Other Financing Sources:					
Bond proceeds	<u>\$ 9,370,000</u>	<u>\$ 9,370,000</u>	<u>\$ -</u>	<u>\$ 9,370,000</u>	<u>\$ -</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 8,819,561</u>	<u>\$ (6,597,440)</u>	<u>\$ 2,222,121</u>	<u>\$ 2,222,121</u>
Fund Balance:					
Beginning of year, July 1			8,819,561		
End of year, June 30			<u>\$ 2,222,121</u>		

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Non-major Governmental Funds

Edgecombe County, North Carolina
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2007

					Special
	Revaluation Fund	CDBG 06-C-1525 Scattered Sites Project Fund	Fire Districts Fund	Industrial Sites Development Fund	Emergency Telephone System
Assets					
Cash and cash equivalents	\$ 391,285	\$ -	\$ 16,641	\$ 214,496	\$ 291,544
Accounts receivable, net	-	9,695	-	-	31,973
Taxes receivable, net	-	-	137,315	-	-
Total Assets	\$ 391,285	\$ 9,695	\$ 153,956	\$ 214,496	\$ 323,517
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ 2,667	\$ 16,641	\$ -	\$ 4,955
Due to other funds	-	7,028	-	-	-
Deferred revenue	-	-	137,315	-	-
Total Liabilities	\$ -	\$ 9,695	\$ 153,956	\$ -	\$ 4,955
Fund balances:					
Reserved by state statute	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved for Public Safety - Wireless	-	-	-	-	318,562
Unreserved - Designated	391,285	-	-	214,496	-
Total Fund Balances	\$ 391,285	\$ -	\$ -	\$ 214,496	\$ 318,562
Total Liabilities and Fund Balances	\$ 391,285	\$ 9,695	\$ 153,956	\$ 214,496	\$ 323,517

Exhibit C-1

Revenue Funds

Schools Capital Outlay Fund	Golden Leaf Grant Fund	Homeland Security Grant Fund	Economic Development & Housing Recovery Fund	School Districts Fund	Total Nonmajor Special Revenue Funds
\$ 100,246	\$ -	\$ -	\$ 24,482	\$ -	\$ 1,038,694
213,818	-	-	2,037	-	257,523
-	-	-	-	-	137,315
<u>\$ 314,064</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,519</u>	<u>\$ -</u>	<u>\$ 1,433,532</u>
\$ 314,064	\$ -	\$ -	\$ -	\$ -	\$ 338,327
-	-	-	-	-	7,028
-	-	-	-	-	137,315
<u>\$ 314,064</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 482,670</u>
\$ -	\$ -	\$ -	\$ 2,037	\$ -	\$ 2,037
-	-	-	-	-	318,562
-	-	-	24,482	-	630,263
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,519</u>	<u>\$ -</u>	<u>\$ 950,862</u>
<u>\$ 314,064</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,519</u>	<u>\$ -</u>	<u>\$ 1,433,532</u>

Edgecombe County, North Carolina
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2007

	Special				
	Revaluation Fund	CDBG 06-C-1525 Scattered Sites Fund	Fire Districts Fund	Industrial Sites Development Fund	Emergency Telephone System
Revenues					
Ad valorem taxes	\$ -	\$ -	\$ 648,687	\$ -	\$ -
Local option sales tax	-	-	-	-	-
Restricted intergovernmental	-	22,866	-	-	-
Other taxes and licenses	-	-	-	-	242,881
Investment earnings	-	-	-	9,374	-
Total Revenues	\$ -	\$ 22,866	\$ 648,687	\$ 9,374	\$ 242,881
Expenditures					
Public Safety	\$ -	\$ -	\$ 648,687	\$ -	\$ 179,806
Education	-	-	-	-	-
Economic and Physical Development	-	22,866	-	30,000	-
Total Expenditures	\$ -	\$ 22,866	\$ 648,687	\$ 30,000	\$ 179,806
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ -	\$ -	\$ (20,626)	\$ 63,075
Other Financing Sources (Uses)					
Transfers to/from other funds	80,000	-	-	-	25,000
Net Change in Fund Balances	\$ 80,000	\$ -	\$ -	\$ (20,626)	\$ 88,075
Fund Balances:					
Beginning of year, July 1	311,285	-	-	235,122	230,487
End of year, June 30	<u>\$ 391,285</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 214,496</u>	<u>\$ 318,562</u>

Exhibit C-2

Revenue Funds

Schools Capital Outlay Fund	Golden Leaf Grant Fund	Homeland Security Grant Fund	Economic Development & Housing Recovery Fund	School Districts Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 226	\$ 648,913
1,276,036	-	-	-	-	1,276,036
-	42,300	32,892	24,245	-	122,303
-	-	-	-	-	242,881
-	-	-	-	-	9,374
<u>\$ 1,276,036</u>	<u>\$ 42,300</u>	<u>\$ 32,892</u>	<u>\$ 24,245</u>	<u>\$ 226</u>	<u>\$ 2,299,507</u>
\$ -	\$ -	\$ 32,892	\$ -	\$ -	\$ 861,385
800,303	-	-	-	226	800,529
-	42,300	-	35,251	-	-
-	-	-	-	-	130,417
<u>\$ 800,303</u>	<u>\$ 42,300</u>	<u>\$ 32,892</u>	<u>\$ 35,251</u>	<u>\$ 226</u>	<u>\$ 1,792,331</u>
\$ 475,733	\$ -	\$ -	\$ (11,006)	\$ -	\$ 507,176
(475,733)	-	-	-	-	(370,733)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,006)</u>	<u>\$ -</u>	<u>\$ 136,443</u>
-	-	-	37,525	-	814,419
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,519</u>	<u>\$ -</u>	<u>\$ 950,862</u>

Edgecombe County, North Carolina
Revaluation Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2007

Exhibit C-3

	2007		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Investment earnings	\$ -	\$ -	\$ -
Expenditures:			
General Government:			
Tax listing	-	-	-
Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -
Other Financing Sources:			
Transfer In:			
General Fund	-	80,000	80,000
Revenues and Other Sources Over (Under) Expenditures	\$ -	\$ 80,000	\$ 80,000
Appropriated fund balance	-	-	-
Revenues, Other Sources, and Appropriated Fund Balance Over (Under) Expenditures	\$ -	\$ 80,000	\$ 80,000
Fund Balance:			
Beginning of year, July 1		311,285	
End of year, June 30		\$ 391,285	

Edgecombe County, North Carolina
Community Development Block Grant Fund
Scattered Site Project Fund - 06-C-1525
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

Exhibit C-4

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Restricted Intergovernmental:					
Community Development Block Grant 06-C-1525	\$ 400,000	\$ -	\$ 22,866	\$ 22,866	\$ (377,134)
Expenditures:					
Economic and Physical Development:					
Rehabilitation	\$ 360,000	\$ -	\$ 10,124	\$ 10,124	\$ 349,876
Administration	40,000	-	12,742	12,742	27,258
Total Expenditures	<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ 22,866</u>	<u>\$ 22,866</u>	<u>\$ 377,134</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	\$ -	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ -</u>		

Edgecombe County, North Carolina
Fire Districts Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2007

Exhibit C-5

	2007		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Ad valorem taxes	\$ 740,500	\$ 648,687	\$ (91,813)
Expenditures:			
Public Safety:			
Fire Districts	740,500	648,687	91,813
Revenues Over Expenditures	\$ -	\$ -	\$ -
Fund Balance:			
Beginning of year, July 1		-	
End of year, June 30		\$ -	

**Edgecombe County, North Carolina
Industrial Sites Development Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2007**

Exhibit C-6

	2007		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Investment earnings	\$ -	\$ 9,374	\$ 9,374
Property sale/lease payments	-	-	-
Total Revenues	\$ -	\$ 9,374	\$ 9,374
Expenditures:			
Economic and Physical Development:			
Engineering	\$ 2,100	\$ -	\$ 2,100
Incentives	30,000	30,000	-
Total Expenditures	\$ 32,100	\$ 30,000	\$ 2,100
Revenues Over Expenditures	\$ (32,100)	\$ (20,626)	\$ 11,474
Other Financing Sources (Uses):			
Fund Balance appropriated	32,100	-	(32,100)
Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	\$ -	\$ (20,626)	\$ (20,626)
Fund Balance:			
Beginning of year, July 1		235,122	
End of year, June 30		\$ 214,496	

Edgecombe County, North Carolina
Emergency Telephone System Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2007

Exhibit C-7

	2007		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
911 Fees	\$ 139,578	\$ 116,715	\$ (22,863)
911 Wireless fees	49,000	126,166	77,166
Total Revenues	\$ 188,578	\$ 242,881	\$ 54,303
Expenditures:			
Public Safety:			
Enhanced 911:			
Salaries and benefits	\$ 68,793	\$ 67,643	\$ 1,150
Operating expenses	70,785	62,739	8,046
Total Enhanced 911	\$ 139,578	\$ 130,382	\$ 9,196
Wireless 911:			
Operating expenses	54,882	49,424	5,458
Total Expenditures	\$ 194,460	\$ 179,806	\$ 14,654
Revenues Over (Under) Expenditures	\$ (5,882)	\$ 63,075	\$ 68,957
Other Financing Sources (Uses):			
Transfer In:			
General Fund	\$ -	\$ 25,000	\$ 25,000
Fund balance appropriated	5,882	-	(5,882)
Total Other Financing Sources (Uses)	\$ 5,882	\$ 25,000	\$ 19,118
Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	\$ -	\$ 88,075	\$ 88,075
Fund Balance:			
Beginning of year, July 1		230,487	
End of year, June 30		\$ 318,562	

Edgecombe County, North Carolina
Schools Capital Outlay Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2007

Exhibit C-8

	2007		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Local Sales Tax - Restricted Portion	\$ 1,300,000	\$ 1,276,036	\$ (23,964)
Expenditures:			
Education:			
Schools - Capital outlay	824,267	800,303	23,964
Revenues Over Expenditures	\$ 475,733	\$ 475,733	\$ -
Other Financing Sources (Uses):			
Transfer Out:			
General Fund for School Debt Service	(475,733)	(475,733)	-
Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	\$ -	\$ -	\$ -
Fund Balance:			
Beginning of year, July 1		-	
End of year, June 30		\$ -	

Edgecombe County, North Carolina
Golden Leaf Grant Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

Exhibit C-9

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Restricted Intergovernmental:					
Golden Leaf Grant	\$ 480,000	\$ 360,000	\$ 42,300	\$ 402,300	\$ (77,700)
Expenditures:					
Economic and Physical Development:					
Eastern Carolina Livestock Arena	480,000	360,000	42,300	402,300	77,700
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	\$ -	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ -</u>		

Edgecombe County, North Carolina
Homeland Security Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

Exhibit C-10

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Restricted Intergovernmental:					
NC Department of Crime					
Control and Public Safety:					
Homeland Security:					
SHSGP 2003	\$ 171,157	\$ 154,751	\$ 14,521	\$ 169,272	\$ (1,885)
SHSGP 2004	116,704	98,120	18,371	116,491	(213)
Total Revenues	<u>\$ 287,861</u>	<u>\$ 252,871</u>	<u>\$ 32,892</u>	<u>\$ 285,763</u>	<u>\$ (2,098)</u>
Expenditures:					
Public Safety:					
SHSGP 2003 Homeland Security:					
Supplies	\$ 55,804	\$ 39,355	\$ 14,521	\$ 53,876	\$ 1,928
Training	5,225	5,225	-	5,225	-
Capital outlay	110,128	110,171	-	110,171	(43)
Total	<u>\$ 171,157</u>	<u>\$ 154,751</u>	<u>\$ 14,521</u>	<u>\$ 169,272</u>	<u>\$ 1,885</u>
SHSGP 2004 Homeland Security:					
Local fire departments	\$ 67,500	\$ 55,000	\$ 12,330	\$ 67,330	\$ 170
Supplies	6,084	-	6,041	6,041	43
Capital outlay	43,120	43,120	-	43,120	-
Total	<u>\$ 116,704</u>	<u>\$ 98,120</u>	<u>\$ 18,371</u>	<u>\$ 116,491</u>	<u>\$ 213</u>
Total Expenditures	<u>\$ 287,861</u>	<u>\$ 252,871</u>	<u>\$ 32,892</u>	<u>\$ 285,763</u>	<u>\$ 2,098</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ -</u>		

Edgecombe County, North Carolina
Economic Development & Housing Recovery Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

Exhibit C-11

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Restricted Intergovernmental:					
NC Housing & Finance:					
Nash County - Urgent Repair					
Grant - URP 0520	\$ 30,250	\$ 9,079	\$ 20,961	\$ 30,040	\$ (210)
2006 Urgent Repair	75,000	37,500	-	37,500	(37,500)
Investment income	-	441	1,247	1,688	1,688
Total	<u>\$ 105,250</u>	<u>\$ 47,020</u>	<u>\$ 22,208</u>	<u>\$ 69,228</u>	<u>\$ (36,022)</u>
NC Department of Environmental and Natural Resources:					
Shiloh Farm Drainage Project	\$ 16,630	\$ -	\$ 2,037	\$ 2,037	\$ (14,593)
Buffer Awareness Project	8,000	-	-	-	(8,000)
Total	<u>\$ 24,630</u>	<u>\$ -</u>	<u>\$ 2,037</u>	<u>\$ 2,037</u>	<u>\$ (22,593)</u>
Total Revenues	<u>\$ 129,880</u>	<u>\$ 47,020</u>	<u>\$ 24,245</u>	<u>\$ 71,265</u>	<u>\$ (58,615)</u>
Expenditures:					
Economic and Physical Development:					
Nash County - Urgent					
Repair Grant	\$ 30,250	\$ 9,079	\$ 21,086	\$ 30,165	\$ 85
2006 Urgent Repair	75,000	138	12,128	12,266	62,734
Shiloh Farm Drainage Project	16,630	-	2,037	2,037	14,593
Buffer Awareness Project	8,000	-	-	-	8,000
Total Expenditures	<u>\$ 129,880</u>	<u>\$ 9,217</u>	<u>\$ 35,251</u>	<u>\$ 44,468</u>	<u>\$ 85,412</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 37,803</u>	<u>\$ (11,006)</u>	<u>\$ 26,797</u>	<u>\$ 26,797</u>
Fund Balance:					
Beginning of year, July 1			37,525		
End of year, June 30			<u>\$ 26,519</u>		

Edgecombe County, North Carolina
School Districts Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2007

Exhibit C-12

	2007		
	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes	\$ 1,000	\$ 226	\$ (774)
Expenditures:			
Intergovernmental:			
Education:			
Edgecombe County Schools	1,000	226	774
Revenues Over Expenditures	\$ -	\$ -	\$ -
Fund Balance:			
Beginning of year, July 1		-	
End of year, June 30		\$ -	

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Enterprise Funds

Edgecombe County, North Carolina
Water District Capital Projects Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2007

Exhibit D-1

	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Actual</u>		<u>Variance Positive (Negative)</u>
			<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Water District No. 3:					
Restricted Intergovernmental:					
USDA/Rural Development	\$ 3,900,000	\$ 1,798,117	\$ 1,002,228	\$ 2,800,345	\$ (1,099,655)
NC Clean Water & Utilities Bond - Loan	2,690,259	2,690,259	-	2,690,259	-
NC Clean Water & Utilities Bond - Grant	3,000,000	3,000,000	-	3,000,000	-
Rural Center	200,000	-	200,000	200,000	-
County Appropriation	43,500	43,500	-	43,500	-
General Obligation Bonds	294,000	294,000	-	294,000	-
Sales Tax Refunds	-	55,896	-	55,896	55,896
Total	<u>\$ 10,127,759</u>	<u>\$ 7,881,772</u>	<u>\$ 1,202,228</u>	<u>\$ 9,084,000</u>	<u>\$ (1,043,759)</u>
Leggett Connector:					
Restricted Intergovernmental:					
Rural Center	\$ 325,000	\$ 312,619	\$ 312	\$ 312,931	\$ (12,069)
County Appropriation	40,000	40,000	-	40,000	-
Total	<u>\$ 365,000</u>	<u>\$ 352,619</u>	<u>\$ 312</u>	<u>\$ 352,931</u>	<u>\$ (12,069)</u>
West Edgecombe/Bulluck Sewer Project:					
Restricted Intergovernmental:					
Rural Center	\$ 350,000	\$ -	\$ -	\$ -	\$ (350,000)
NC Clean Water Mgmt Trust	1,505,000	-	907,612	907,612	(597,388)
Total	<u>\$ 1,855,000</u>	<u>\$ -</u>	<u>\$ 907,612</u>	<u>\$ 907,612</u>	<u>\$ (947,388)</u>
 Total Revenues	 <u>\$ 12,347,759</u>	 <u>\$ 8,234,391</u>	 <u>\$ 2,110,152</u>	 <u>\$ 10,344,543</u>	 <u>\$ (2,003,216)</u>

(continued)

Edgecombe County, North Carolina
Water District Capital Projects Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2007

Exhibit D-1

	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
(continued)					
Expenditures:					
Water District No. 3:					
Capital Outlay	\$ 270,500	\$ 219,823	\$ 31,511	\$ 251,334	\$ 19,166
Construction	8,375,459	6,615,804	502,636	7,118,440	1,257,019
Engineering Fees	760,800	688,413	51,796	740,209	20,591
Land Right of Way	196,618	196,595	-	196,595	23
Administration & Legal	50,000	29,012	702	29,714	20,286
Capitalized Interest	246,882	91,304	80,210	171,514	75,368
Contingency	227,500	12,072	-	12,072	215,428
Total	<u>\$ 10,127,759</u>	<u>\$ 7,853,023</u>	<u>\$ 666,855</u>	<u>\$ 8,519,878</u>	<u>\$ 1,607,881</u>
Leggett Connector:					
Construction	\$ 300,300	\$ 293,431	\$ -	\$ 293,431	\$ 6,869
Engineering Fees	54,000	53,689	312	54,001	(1)
Administration & Legal	10,700	5,500	-	5,500	5,200
Contingency	-	-	-	-	-
Total	<u>\$ 365,000</u>	<u>\$ 352,620</u>	<u>\$ 312</u>	<u>\$ 352,932</u>	<u>\$ 12,068</u>
West Edgecombe/Bulluck Sewer Project:					
Construction	\$ 1,436,400	\$ -	\$ 719,448	\$ 719,448	\$ 716,952
Engineering Fees	235,000	-	176,243	176,243	58,757
Land Right of Way	20,000	-	5,125	5,125	14,875
Administration & Legal	25,000	-	6,796	6,796	18,204
Contingency	138,600	-	-	-	138,600
Total	<u>\$ 1,855,000</u>	<u>\$ -</u>	<u>\$ 907,612</u>	<u>\$ 907,612</u>	<u>\$ 947,388</u>
Total Expenditures	<u>\$ 12,347,759</u>	<u>\$ 8,205,643</u>	<u>\$ 1,574,779</u>	<u>\$ 9,780,422</u>	<u>\$ 2,567,337</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 28,748</u>	<u>\$ 535,373</u>	<u>\$ 564,121</u>	<u>\$ 564,121</u>

Edgecombe County, North Carolina
Water and Sewer Operations
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2007

Exhibit D-2

	2007		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Operating Revenues:			
Water Sales - charges for service	\$ 1,833,845	\$ 1,888,972	\$ 55,127
Late charges and penalties	111,000	99,975	(11,025)
Total Operating Revenues	\$ 1,944,845	\$ 1,988,947	\$ 44,102
Non-operating Revenues:			
Water tap fees	\$ 70,000	\$ 62,290	\$ (7,710)
Investment Income	-	2,832	2,832
Transfer from Capital Project	-	-	-
Other	6,600	8,816	2,216
Total Non-operating Revenues	\$ 76,600	\$ 73,938	\$ (2,662)
Total Revenues	\$ 2,021,445	\$ 2,062,885	\$ 41,440
Expenditures:			
Water Operation and Administration:			
Salaries and employee benefits	\$ 360,945	\$ 359,236	\$ 1,709
Water purchases	600,000	593,871	6,129
Operating expenditures	343,892	222,692	121,200
Lease (transfers)	716,608	716,608	-
Total Expenditures	\$ 2,021,445	\$ 1,892,407	\$ 129,038
Revenues Over Expenditures	\$ -	\$ 170,478	\$ 170,478

(continued)

Edgecombe County, North Carolina
Water and Sewer Operations
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2007

Exhibit D-2

	2007		Variance Positive (Negative)
	Budget	Actual	
(continued)			
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues Over Expenditures		\$ 170,478	
Reconciling Items:			
Transfer from Capital Project		\$ 2,110,152	
Decrease in accrued vacation pay		(4,066)	
Provision for bad debt		(35,004)	
Depreciation		(565,207)	
Residual equity transfer		289,741	
Total Reconciling Items		\$ 1,795,616	
Change in Net Assets		\$ 1,966,094	

Edgecombe County, North Carolina
Non-operating Enterprise Funds
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2007

	Water & Sewer District 1		Water & Sewer District 2	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
Expenditures:				
Budgetary Appropriations:				
Interest paid	\$ 202,074	\$ 193,943	\$ 180,977	\$ 180,976
Debt principal	61,000	61,000	46,500	46,500
 Total Expenditures	<u>\$ 263,074</u>	<u>\$ 254,943</u>	<u>\$ 227,477</u>	<u>\$ 227,476</u>
Other Financing Sources:				
Capital lease transfers in	<u>263,074</u>	<u>254,943</u>	<u>227,477</u>	<u>227,476</u>
Revenues and Other Financing Sources				
Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Reconciliation of Modified Accrual Basis to Full Accrual:

Payment of debt principal	\$ 61,000	\$ 46,500
Change in interest accrual	242	179
Reduction of investment in direct financing lease receivable	(61,242)	(46,679)
Residual Equity Transfer	-	-
 Change in Net Assets	<u>\$ -</u>	<u>\$ -</u>

Exhibit D-3

Water & Sewer District 3		Water & Sewer District 5		Total Non-operating Enterprise Funds		Variance Positive (Negative)
Budget	Actual	Budget	Actual	Budget	Actual	
\$ 114,952	\$ 66,569	\$ 12,230	\$ 12,229	\$ 510,233	\$ 453,717	\$ 56,516
141,593	141,593	13,799	13,798	262,892	262,891	1
<u>\$ 256,545</u>	<u>\$ 208,162</u>	<u>\$ 26,029</u>	<u>\$ 26,027</u>	<u>\$ 773,125</u>	<u>\$ 716,608</u>	<u>\$ 56,517</u>
256,545	208,162	26,029	26,027	773,125	716,608	(56,517)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

\$ 141,593	\$ 13,798	\$ 262,891
26,183	246	26,850
(167,776)	(14,044)	(289,741)
-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Edgecombe County, North Carolina
Solid Waste Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2007

Exhibit D-4

	2007		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Operating Revenues:			
Charges for Services:			
Solid Waste charges	\$ 2,130,000	\$ 1,917,612	\$ (212,388)
Recycling	30,886	15,443	(15,443)
Total Operating Revenues	<u>\$ 2,160,886</u>	<u>\$ 1,933,055</u>	<u>\$ (227,831)</u>
Non-operating Revenues:			
Investment earnings	\$ 50,000	\$ 220,303	\$ 170,303
Scrap tire	55,000	73,769	18,769
White goods	30,000	25,960	(4,040)
Other income	-	38,835	38,835
Total Non-operating Revenues	<u>\$ 135,000</u>	<u>\$ 358,867</u>	<u>\$ 223,867</u>
Total Revenues	<u>\$ 2,295,886</u>	<u>\$ 2,291,922</u>	<u>\$ (3,964)</u>
Expenditures:			
Operating Expenditures:			
Salaries and employee benefits	\$ 680,506	\$ 657,353	\$ 23,153
Other operating expenditures	1,691,585	1,284,539	407,046
Total Operating Expenditures	<u>\$ 2,372,091</u>	<u>\$ 1,941,892</u>	<u>\$ 430,199</u>
Capital outlays	39,000	37,117	1,883
Total Expenditures	<u>\$ 2,411,091</u>	<u>\$ 1,979,009</u>	<u>\$ 432,082</u>

(continued)

Edgecombe County, North Carolina
Solid Waste Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2007

Exhibit D-4

	2007		
	Budget	Actual	Variance Positive (Negative)
(continued)			
Revenues Over (Under) Expenditures	\$ (115,205)	\$ 312,913	\$ 428,118
Other Financing Sources (Uses):			
Fund Balance Appropriated	115,205	-	(115,205)
Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	\$ -	\$ 312,913	\$ 312,913

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

Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	\$ 312,913
Reconciling Items:	
Capital outlays	\$ 37,117
Depreciation	(97,399)
Provision for bad debt	(30,719)
(Increase) decrease in accrued landfill closure and postclosure care costs	(101,735)
(Increase) decrease in accrued vacation pay	2,357
Total Reconciling Items	\$ (190,379)
Change in Net Assets	\$ 122,534

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Other Schedules

This section contains additional information on property taxes.

- Schedule of Ad Valorem Taxes Receivable.
- Analysis of Current Tax Levy – County-Wide Levy
- Analysis of Current Tax Levy – Fire Districts
- Schedule of Changes in Assets and Liabilities – Agency Funds

Edgecombe County, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2007

Exhibit E-1

Fiscal Year	Uncollected Balance June 30, 2006	Additions	Collections And Credits	Uncollected Balance June 30, 2006
2006-2007	\$ -	\$ 23,244,190	\$ 21,634,223	\$ 1,609,967
2005-2006	1,506,092	-	855,498	650,594
2004-2005	619,522	-	161,341	458,181
2003-2004	508,929	-	101,575	407,354
2002-2003	406,101	-	60,849	345,252
2001-2002	312,127	-	32,231	279,896
2000-2001	196,125	-	18,760	177,365
1999-2000	194,451	-	16,111	178,340
1998-1999	152,126	-	8,848	143,278
1997-1998	113,436	-	6,519	106,917
1996-1997	112,765	-	112,765	-
	\$ 4,121,674	\$ 23,244,190	\$ 23,008,720	\$ 4,357,144
				Less: allowance for uncollectible accounts 635,039
				\$ 3,722,105
 Reconciliation with Revenues:				
				\$ 23,257,657
				Reconciling Items:
				Ad valorem taxes collected
				\$ 23,257,657
				Penalties and Interest collected
				\$ (392,440)
				Taxes written off
				143,503
				\$ (248,937)
				Total Reconciling Items
				\$ 23,008,720
				Total Collections and Credits

Edgecombe County, North Carolina
Analysis of Current Tax Levy
County-Wide Levy
For the Fiscal Year Ended June 30, 2007

Exhibit E-2

	<u>County - Wide</u>			<u>Total Levy</u>	
	<u>Property</u>	<u>Rate</u>	<u>Amount</u>	<u>Property</u>	<u>Registered</u>
	<u>Valuation</u>			<u>of Levy</u>	<u>excluding</u>
				<u>Registered</u>	<u>Motor</u>
				<u>Motor</u>	<u>Vehicles</u>
				<u>Vehicles</u>	<u>Vehicles</u>
Original Levy:					
Property Taxed At:					
Prior year's rate	\$ 134,386,022	0.93	\$ 1,249,790	\$ -	1,249,790
Current year's rate	\$ 2,308,705,851	0.94	\$ 21,701,835	\$ 19,992,232	1,709,603
Penalties	-		86,372	86,372	-
Total	<u>\$ 2,443,091,873</u>		<u>\$ 23,037,997</u>	<u>\$ 20,078,604</u>	<u>\$ 2,959,393</u>
Discoveries At:					
Prior year's rate	1,828,172	0.93	17,002	-	17,002
Current year's rate	40,462,447	0.94	380,347	291,139	89,208
Abatements At:					
Prior year's rate	(1,447,312)	0.93	(13,460)	-	(13,460)
Current year's rate	(18,903,830)	0.94	(177,696)	(98,649)	(79,047)
Total Property Valuation	<u><u>\$ 2,465,031,350</u></u>				
Net Levy			\$ 23,244,190	\$ 20,271,094	\$ 2,973,096
Uncollected taxes at June 30, 2007			1,609,967	1,014,829	595,138
Current Year's Taxes Collected			<u><u>\$ 21,634,223</u></u>	<u><u>\$ 19,256,265</u></u>	<u><u>\$ 2,377,958</u></u>
Current levy collection percentage			<u><u>93.07%</u></u>	<u><u>94.99%</u></u>	<u><u>79.98%</u></u>

Edgecombe County, North Carolina
Analysis of Current Tax Levy - Fire Districts
For the Fiscal Year Ended June 30, 2007

Exhibit E-3

	Original Levy	Accounts Receivable
Harrison	\$ 76,076	\$ 3,412
Tri-County	34,713	3,293
Davenport	19,147	2,077
Heartsease	100,139	4,884
Princeville	76,782	6,386
Speed	48,783	3,271
South Edgecombe	36,771	3,277
Macclesfield	42,081	2,128
Leggett	35,211	2,825
West Edgecombe	88,282	6,805
Lewis	37,782	2,232
Conetoe	59,787	5,677
Sharp Point	3,099	322
Total Original Levy	\$ 658,653	\$ 46,589
Less uncollected at June 30, 2007	(46,589)	
Current Year's Taxes Collected	\$ 612,064	
Percent Current Year Collected	92.93%	

Edgecombe County, North Carolina
Agency Funds
Schedule of Changes in Assets and Liabilities
For The Fiscal Year Ended June 30, 2007

Exhibit E-4

	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2007</u>
State Motor Vehicle Interest				
Assets:				
Cash and cash equivalents	\$ 2,289	\$ 49,685	\$ 45,213	\$ 6,761
Liabilities:				
Miscellaneous liabilities	\$ 2,289	\$ 49,685	\$ 45,213	\$ 6,761

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Statistical Section
(Unaudited)

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Statistical Section

Categories for Statistical Information

Financial Trend Data:

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Edgecombe County, North Carolina
Net Assets by Component
Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year				Schedule 1
	2003	2004	2005	2006	2007
Governmental Activities					
Invested in capital assets, net of related debt	\$ 5,878,139	\$ 6,421,042	\$ 6,828,247	\$ 6,490,271	\$ 16,171,252
Restricted	3,167,385	1,876,405	2,017,147	2,402,398	2,572,793
Unrestricted	10,135,575	14,886,632	18,640,998	28,313,181	16,792,486
Total Governmental Activities Net Assets	\$ 19,181,099	\$ 23,184,079	\$ 27,486,392	\$ 37,205,850	\$ 35,536,531
Business-type Activities					
Invested in capital assets, net of related debt	\$ 9,677,241	\$ 11,499,447	\$ 14,823,757	\$ 16,130,877	\$ 17,512,165
Restricted for other purposes	469,927	-	-	-	
Unrestricted	3,134,880	2,728,005	2,953,861	3,424,277	4,131,617
Total Business-type Activities Net Assets	\$ 13,282,048	\$ 14,227,452	\$ 17,777,618	\$ 19,555,154	\$ 21,643,782
Primary Government					
Invested in capital assets, net of related debt	\$ 15,555,380	\$ 17,920,489	\$ 21,652,004	\$ 22,621,148	\$ 33,683,417
Restricted for other purposes	3,637,312	1,876,405	2,017,147	2,402,398	2,572,793
Unrestricted	13,270,455	17,614,637	21,594,859	31,737,458	20,924,103
Total Primary Government Net Assets	\$ 32,463,147	\$ 37,411,531	\$ 45,264,010	\$ 56,761,004	\$ 57,180,313

Note: The county began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

Edgecombe County, North Carolina
Changes In Net Assets
Last Five Fiscal Years
(accrual basis of accounting)

Schedule 2

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Governmental Activities:					
General Government	\$ 4,530,069	\$ 3,750,662	\$ 3,917,021	\$ 4,453,545	\$ 4,490,345
Public Safety	15,507,091	8,682,140	9,248,881	9,517,145	10,715,161
Transportation	40,350	44,641	44,699	57,335	56,308
Economic and physical development	2,057,241	1,345,582	1,717,941	1,060,364	1,929,463
Human Services	24,423,956	23,501,280	25,504,524	26,639,846	26,632,334
Cultural and recreation	648,861	640,331	652,125	662,671	691,766
Education	9,581,139	10,475,008	11,133,616	12,769,896	11,941,455
Interest on long-term debt	698,836	542,825	499,600	605,335	757,723
Total Governmental Activities Expenses	<u>\$ 57,487,543</u>	<u>\$ 48,982,469</u>	<u>\$ 52,718,407</u>	<u>\$ 55,766,137</u>	<u>\$ 57,214,555</u>
Business-type Activities:					
Landfill	\$ 2,124,599	\$ 2,612,624	\$ 2,049,532	\$ 1,902,529	\$ 2,169,389
Water and Sewer	1,356,846	1,734,542	1,936,697	2,078,309	2,206,944
Total Business-type Activities Expenses	<u>\$ 3,481,445</u>	<u>\$ 4,347,166</u>	<u>\$ 3,986,229</u>	<u>\$ 3,980,838</u>	<u>\$ 4,376,333</u>
Total Primary Government Expenses	<u>\$ 60,968,988</u>	<u>\$ 53,329,635</u>	<u>\$ 56,704,636</u>	<u>\$ 59,746,975</u>	<u>\$ 61,590,888</u>
Program Revenues					
Governmental Activities:					
Charges for services:					
General Government	\$ 445,514	\$ 1,413,144	\$ 769,267	\$ 1,140,117	\$ 811,435
Public Safety	1,054,503	1,289,123	1,961,950	2,296,095	2,229,040
Economic & Physical Development	125,178	-	352,066	6,097	-
Human Services	4,925,316	5,410,325	5,911,403	4,586,933	4,384,471
Operating grants and contributions	20,670,186	11,817,315	14,379,467	14,253,265	13,201,642
Capital Grants and contributions	310,582	1,082,374	190,617	151,525	709,489
Total Governmental Activities Program Revenues	<u>\$ 27,531,279</u>	<u>\$ 21,012,281</u>	<u>\$ 23,564,770</u>	<u>\$ 22,434,032</u>	<u>\$ 21,336,077</u>
Business-type Activities:					
Charges for services:					
Water and Sewer	\$ 1,159,096	\$ 1,404,068	\$ 1,692,537	\$ 1,794,211	\$ 2,060,054
Solid Waste	2,819,233	2,499,147	2,104,326	2,034,916	2,071,620
Capital grants and contributions	2,749,959	1,798,679	3,661,623	1,767,148	2,110,152
Total Business-type Activities Program Revenues	<u>\$ 6,728,288</u>	<u>\$ 5,701,894</u>	<u>\$ 7,458,486</u>	<u>\$ 5,596,275</u>	<u>\$ 6,241,826</u>
Total Primary Government Program Revenues	<u>\$ 34,259,567</u>	<u>\$ 26,714,175</u>	<u>\$ 31,023,256</u>	<u>\$ 28,030,307</u>	<u>\$ 27,577,903</u>

(continued)

Edgecombe County, North Carolina
Changes In Net Assets
Last Five Fiscal Years
(accrual basis of accounting)

	Schedule 2				
	Fiscal Year				
	2003	2004	2005	2006	2007
(continued)					
Net (Expense)/Revenue					
Governmental activities	\$ (29,956,264)	\$ (27,970,188)	\$ (29,153,637)	\$ (33,332,105)	\$ (35,878,478)
Business-type activities	3,246,843	1,354,728	3,472,257	1,615,437	1,865,493
Total Primary Government Net Expense	<u>\$ (26,709,421)</u>	<u>\$ (26,615,460)</u>	<u>\$ (25,681,380)</u>	<u>\$ (31,716,668)</u>	<u>\$ (34,012,985)</u>
General Revenues and Other Changes in Net Assets					
Governmental Activities:					
Taxes	\$ 29,190,106	\$ 31,196,000	\$ 32,241,560	\$ 32,292,877	\$ 32,723,256
Grants and contributions not restricted	216,944	98,568	358,295	344,780	233,730
Investment earnings, unrestricted	498,490	59,192	428,914	1,099,236	1,378,251
Miscellaneous, unrestricted	303,370	106,721	416,805	198,252	310,384
Sale of capital assets		92,187	10,432	38,542	-
Transfers/Distributions	525,000	420,500	(56)	8,241,408	-
Total Governmental Activities	<u>\$ 30,733,910</u>	<u>\$ 31,973,168</u>	<u>\$ 33,455,950</u>	<u>\$ 42,215,095</u>	<u>\$ 34,645,621</u>
Business-type Activities:					
Investment earnings	\$ 7,366	\$ 11,176	\$ 77,853	\$ 162,099	\$ 223,135
Transfers	(525,000)	(420,500)	56	-	-
Total Business-type Activities	<u>\$ (517,634)</u>	<u>\$ (409,324)</u>	<u>\$ 77,909</u>	<u>\$ 162,099</u>	<u>\$ 223,135</u>
Total Primary Government	<u>\$ 30,216,276</u>	<u>\$ 31,563,844</u>	<u>\$ 33,533,859</u>	<u>\$ 42,377,194</u>	<u>\$ 34,868,756</u>
Change in Net Assets					
Governmental activities	\$ 777,646	\$ 4,002,980	\$ 4,302,313	\$ 8,882,990	\$ (1,232,857)
Business-type activities	2,729,209	945,404	3,550,166	1,777,536	2,088,628
Total Primary Government	<u>\$ 3,506,855</u>	<u>\$ 4,948,384</u>	<u>\$ 7,852,479</u>	<u>\$ 10,660,526</u>	<u>\$ 855,771</u>

Note: The County began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

Edgecombe County, North Carolina
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
General Fund:				
Reserved	\$ 4,208,413	\$ 5,088,535	\$ 7,860,511	\$ 6,550,918
Unreserved				
Undesignated	8,257,877	8,255,524	3,345,651	4,646,987
Designated	1,845,370	1,755,033	3,217,021	2,583,425
Total General Fund	<u>\$ 14,311,660.00</u>	<u>\$ 15,099,092.00</u>	<u>\$ 14,423,183.00</u>	<u>\$ 13,781,330.00</u>
All Other Governmental Funds:				
Reserved	\$ 289,944	\$ 296,552	\$ 313,540	\$ 918,138
Unreserved, reported in:				
Special revenue funds	144,538	209,322	93,032	(28,480)
Capital projects funds	4,287,800	447,012	42,266	(573,556)
Debt service funds	-	-	-	-
Total All Other Governmental Funds'	<u>\$ 4,722,282</u>	<u>\$ 952,886</u>	<u>\$ 448,838</u>	<u>\$ 316,102</u>

Schedule 3

2002	2003	2004	2005	2006	2007
\$ 8,668,385	\$ 8,635,153	\$ 7,453,863	\$ 8,159,272	\$ 8,264,914	\$ 5,710,916
3,670,964	3,617,053	6,401,260	6,814,311	6,041,658	5,820,833
2,459,995	1,297,990	2,177,343	3,793,919	4,742,865	4,544,165
<u>\$ 14,799,344.00</u>	<u>\$ 13,550,196.00</u>	<u>\$ 16,032,466.00</u>	<u>\$ 18,767,502.00</u>	<u>\$ 19,049,437.00</u>	<u>\$ 16,075,914.00</u>
\$ 1,789,474	\$ 19,105	\$ 156,428	\$ 185,627	\$ 9,054,199	\$ 2,542,720
30,649	451,002	350,011	476,420	579,781	318,562
(1,360,751)	(66,314)	46,067	3,771	-	2,222,121
-	-	-	-	-	-
<u>\$ 459,372</u>	<u>\$ 403,793</u>	<u>\$ 552,506</u>	<u>\$ 665,818</u>	<u>\$ 9,633,980</u>	<u>\$ 5,083,403</u>

Edgecombe County, North Carolina
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Revenues:				
Ad valorem taxes	\$ 17,957,527	\$ 18,606,329	\$ 18,519,950	\$ 18,767,702
Local option sales tax	4,363,255	4,544,188	4,816,327	4,741,138
Other taxes and licenses	181,243	168,482	164,517	139,174
Unrestricted intergovernmental	1,826,847	1,835,155	2,704,914	2,046,296
Restricted intergovernmental	11,674,371	17,536,853	31,328,849	32,443,858
Permits and fees	400,774	566,485	526,748	535,074
Sales and services	6,302,451	6,636,878	6,150,105	7,471,448
Investment earnings	1,024,533	833,488	974,691	866,875
Miscellaneous	95,727	215,105	7,117,575	1,480,178
Total Revenues	<u>\$ 43,826,728</u>	<u>\$ 50,942,963</u>	<u>\$ 72,303,676</u>	<u>\$ 68,491,743</u>
Expenditures:				
General Government	\$ 3,121,752	\$ 3,069,803	\$ 3,286,643	\$ 3,579,420
Public safety	5,178,173	5,677,211	11,760,964	8,668,893
Transportation	66,103	88,277	69,233	62,732
Economic and physical development	1,257,613	2,659,924	2,351,591	1,375,852
Human services	21,223,737	22,872,467	36,473,048	29,646,305
Cultural and recreational	456,142	485,597	610,723	670,252
Intergovernmental:				
Education	9,064,173	9,199,834	9,559,449	9,873,570
Capital Outlay	-	-	-	-
Debt service:				
Principal	598,096	883,211	733,802	863,738
Interest and other charges	439,200	686,123	678,943	702,506
Capital Outlay	7,808,944	10,230,965	8,698,206	17,456,807
Total expenditures	<u>\$ 49,213,933</u>	<u>\$ 55,853,412</u>	<u>\$ 74,222,602</u>	<u>\$ 72,900,075</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (5,387,205)</u>	<u>\$ (4,910,449)</u>	<u>\$ (1,918,926)</u>	<u>\$ (4,408,332)</u>
Other Financing Sources (Uses)				
Bonds Issued	\$ -	\$ -	\$ -	\$ -
Transfers from other funds	20,000	-	-	670,000
Transfers to other funds	(20,000)	-	350,000	(220,000)
Transfer from component unit	42,639	40,000	91,197	155,962
Loan proceeds	9,500,000	1,529,000	289,072	3,000,000
Sale of capital assets	29,218	359,485	8,700	27,781
Total Other Financing Sources (Uses)	<u>\$ 9,571,857</u>	<u>\$ 1,928,485</u>	<u>\$ 738,969</u>	<u>\$ 3,633,743</u>
Net Change in Fund Balances	<u>\$ 4,184,652</u>	<u>\$ (2,981,964)</u>	<u>\$ (1,179,957)</u>	<u>\$ (774,589)</u>
Debt service as a Percentage of Noncapital Expenditures	<u>2.51%</u>	<u>3.44%</u>	<u>2.16%</u>	<u>2.82%</u>

Schedule 4

2002	2003	2004	2005	2006	2007
\$ 21,860,761	\$ 22,544,391	\$ 23,303,444	\$ 24,673,143	\$ 24,161,582	\$ 23,906,570
4,674,222	6,308,937	7,170,852	7,530,351	7,712,329	8,249,404
95,724	319,496	313,058	306,050	323,029	326,945
1,552,646	118,936	510,363	391,087	298,907	168,266
24,082,880	20,132,473	12,867,033	15,097,186	14,532,891	13,656,898
558,348	533,419	628,442	526,208	691,419	910,324
8,592,902	6,963,395	6,522,210	7,514,326	7,327,063	6,293,458
499,270	498,490	59,191	428,914	1,099,236	1,378,251
607,412	210,389	282,131	464,185	339,481	539,247
<u>\$ 62,524,165</u>	<u>\$ 57,629,926</u>	<u>\$ 51,656,724</u>	<u>\$ 56,931,450</u>	<u>\$ 56,485,937</u>	<u>\$ 55,429,363</u>
\$ 3,673,805	\$ 4,468,250	\$ 4,259,323	\$ 4,045,265	\$ 4,541,248	\$ 4,641,478
7,426,827	15,118,884	8,317,468	8,993,401	9,686,322	10,647,414
76,115	40,350	44,641	44,699	57,335	56,308
2,164,879	2,022,829	1,531,062	1,713,868	1,053,162	1,949,523
25,949,464	24,515,249	23,446,929	25,382,074	26,587,036	26,722,695
674,034	648,861	640,331	652,125	662,671	691,766
10,551,154	10,620,867	10,476,092	11,133,616	11,559,046	11,526,190
-	-	-	-	795,586	6,932,165
1,107,643	1,407,776	1,550,098	1,618,855	1,257,878	1,711,307
755,672	709,568	572,484	509,575	454,560	769,003
10,672,660					
<u>\$ 63,052,253</u>	<u>\$ 59,552,634</u>	<u>\$ 50,838,428</u>	<u>\$ 54,093,478</u>	<u>\$ 56,654,844</u>	<u>\$ 65,647,849</u>
<u>\$ (528,088)</u>	<u>\$ (1,922,708)</u>	<u>\$ 818,296</u>	<u>\$ 2,837,972</u>	<u>\$ (168,907)</u>	<u>\$ (10,218,486)</u>
\$ -	\$ -	\$ -	\$ -	\$ 9,370,000	\$ -
740,654	733,872	822,526	73,697	-	-
(237,567)	(208,872)	(402,026)	(73,753)	-	-
153,825	85,105	-	-	-	-
-	-	1,300,000	-	-	760,000
10,492	7,876	92,187	10,432	49,004	23,966
<u>\$ 667,404</u>	<u>\$ 617,981</u>	<u>\$ 1,812,687</u>	<u>\$ 10,376</u>	<u>\$ 9,419,004</u>	<u>\$ 783,966</u>
<u>\$ 139,316</u>	<u>\$ (1,304,727)</u>	<u>\$ 2,630,983</u>	<u>\$ 2,848,348</u>	<u>\$ 9,250,097</u>	<u>\$ (9,434,520)</u>
<u>3.56%</u>	<u>3.56%</u>	<u>4.18%</u>	<u>3.93%</u>	<u>3.02%</u>	<u>3.78%</u>

Edgecombe County, North Carolina
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year	Real Property			Personal Property	Less: Tax-Exempt Property
	Residential Property	Commercial/ Manufacturing Property	Other		
1998	659,743	599,031	122,002	629,284	86,956
1999	655,486	626,890	129,509	661,607	85,411
2000	692,669	598,355	132,400	684,267	84,563
2001	695,217	566,607	152,956	703,812	80,539
2002	835,986	845,913	157,637	728,963	97,523
2003	896,924	766,259	140,769	789,924	101,329
2004	900,012	783,427	170,348	721,573	101,786
2005	940,838	788,969	129,133	743,151	106,538
2006	944,475	731,907	128,019	785,651	105,448
2007	1,047,114	673,500	118,501	732,253	106,337

Source: Edgecombe County Tax Assessor

Notes: The County assesses property every eight years. The last revaluation was in 2001.

Schedule 5

Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
1,923,104	0.91%	2,262,475
1,988,081	0.91%	2,395,278
2,023,128	0.91%	2,504,388
2,038,053	0.91%	2,547,566
2,470,976	0.87%	2,534,334
2,492,547	0.91%	2,771,184
2,473,574	0.91%	2,865,018
2,495,553	0.93%	2,873,826
2,484,604	0.93%	3,105,755
2,465,031	0.94%	3,201,339

Edgecombe County, North Carolina
Direct and Overlapping Property Tax Rates
Last Ten Years
(rate per \$100 of assessed value)

Year Taxes Are Payable

	2007	2006	2005	2004	2003
County Direct Rate					
General - Edgecombe(1)	0.94	0.93	0.93	0.91	0.91
City Rates					
City of Rocky Mount	0.55	0.50	0.50	0.50	0.48
Town Rates					
Town of Conetoe	0.17	0.17	0.18	0.20	0.20
Town of Leggett	0.25	0.25	0.25	0.25	0.25
Town of Macclesfield	0.45	0.45	0.45	0.45	0.45
Town of Pinetops	0.36	0.36	0.36	0.36	0.36
Town of Princeville	0.78	0.78	0.78	0.78	0.78
Town of Sharpsburg	0.45	0.45	0.45	0.45	0.45
Town of Speed	0.30	0.25	0.25	0.25	0.25
Town of Tarboro	0.42	0.42	0.42	0.42	0.42
Town of Whitakers	0.69	0.69	0.69	0.69	0.67

Notes:

- (1) Property was revalued in 2001.
- (2) The property tax rates for each of the governments listed above are base unit-wide tax rates. For each government, certain motor vehicles were taxed at the preceding year's rate.
- (3) No school tax levied after Fiscal Year 1995/96.

Source: Tax Assessor for the respective entities.

Schedule 6

2002	2001	2000	1999	1998
0.87	0.91	0.91	0.91	0.91
0.44	0.46	0.46	0.46	0.46
0.20	0.21	0.21	0.21	0.25
0.25	0.25	0.25	0.25	0.25
0.45	0.45	0.45	0.45	0.45
0.34	0.37	0.37	0.37	0.37
0.78	0.78	0.78	0.78	0.78
0.45	0.41	0.41	0.41	0.41
0.25	0.25	0.25	0.25	0.25
0.42	0.46	0.46	0.46	0.47
0.67	0.67	0.67	0.67	0.67

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**Edgecombe County, North Carolina
Principal Property Tax Payers
Current Year and Nine Years Ago**

Schedule 7

<u>Taxpayer</u>	<u>1997</u>		<u>1998</u>	
	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
QVC Rocky Mount, Inc.	\$ -	0.00%	\$ -	0.00%
Sprint	56,682,444	2.92%	56,682,444	2.92%
Keihin Carolina Systems Technology	-	0.00%	-	0.00%
Cogentrix	62,432,302	3.21%	62,432,302	3.21%
A T & T Communications	31,682,583	1.63%	31,682,583	1.63%
Sara Lee Bakery	41,117,183	2.12%	41,117,183	2.12%
Amoco Fabrics & Fibers	30,359,798	1.56%	30,359,798	1.56%
Empire Industries	18,589,851	0.96%	18,589,851	0.96%
Dixie Yarn/Fieldcrest Cannon	17,319,285	0.89%	17,319,285	0.89%
Heritage Hospital Inc.	26,874,704	1.38%	26,874,704	1.38%
Superior Telecommunications	17,862,217	0.92%	17,862,217	0.92%
Glenoit Mills	23,796,187	1.22%	23,796,187	1.22%
EMC	-	0.00%	-	0.00%
American Fibers & Yarns	-	0.00%	-	0.00%
CSX	-	0.00%	-	0.00%
Carlisle Plastics LP	-	0.00%	-	0.00%
Air Systems Components	-	0.00%	-	0.00%
Total	<u>\$ 326,716,554</u>	<u>16.81%</u>	<u>\$ 326,716,554</u>	<u>16.81%</u>

Source: Tax Assessor for the entity.

**Edgecombe County, North Carolina
Principal Property Tax Payers
Current Year and Nine Years Ago**

Schedule 7

Taxpayer	1999		2000	
	Assessed Valuation	% of Total Assessed Valuation	Assessed Valuation	% of Total Assessed Valuation
QVC Rocky Mount, Inc.	\$ -	0.00%	\$ -	0.00%
Sprint	54,944,158	2.74%	49,100,590	2.28%
Keihin Carolina Systems Technology	-	0.00%	17,205,060	0.86%
Cogentrix	60,929,101	3.04%	58,929,262	2.73%
A T & T Communications	32,017,916	1.60%	25,812,855	1.19%
Sara Lee Bakery	41,060,852	2.05%	43,362,064	2.01%
Amoco Fabrics & Fibers	23,358,206	1.17%	-	0.00%
Empire Industries	17,167,834	0	-	-
Dixie Yarn/Fieldcrest Cannon	15,026,096	0.75%	23,295,824	1.08%
Heritage Hospital Inc.	-	0.00%	-	0.00%
Superior Telecommunications	23,932,401	1.19%	24,777,472	1.15%
Glenoit Mills	33,292,943	1.66%	26,344,969	1.22%
EMC	13,779,582	0.69%	-	0.00%
American Fibers & Yarns	-	0.00%	19,746,373	0.92%
CSX	-	0.00%	-	0.00%
Carlisle Plastics LP	-	0.00%	15,411,638	0.72%
Air Systems Components	-	0.00%	-	0.00%
Total	<u>\$ 315,509,089</u>	<u>15.75%</u>	<u>\$ 303,986,107</u>	<u>14.16%</u>

Source: Tax Assessor for the entity.

**Edgecombe County, North Carolina
Principal Property Tax Payers
Current Year and Nine Years Ago**

Schedule 7

Taxpayer	2001		2002	
	Assessed Valuation	% of Total Assessed Valuation	Assessed Valuation	% of Total Assessed Valuation
QVC Rocky Mount, Inc.	\$ 61,614,080	2.74%	\$ 62,530,718	2.48%
Sprint	64,346,582	2.86%	63,507,922	2.52%
Keihin Carolina Systems Technology	33,587,691	1.49%	44,701,599	1.78%
Cogentrix	58,247,693	2.59%	57,065,659	2.27%
A T & T Communications	23,172,788	1.03%	-	0.00%
Sara Lee Bakery	67,492,015	3.00%	64,062,187	2.54%
Amoco Fabrics & Fibers	-	0.00%	-	0.00%
Empire Industries	-	0.00%	-	0.00%
Dixie Yarn/Fieldcrest Cannon	-	0.00%	-	0.00%
Heritage Hospital Inc.	-	0.00%	-	0.00%
Superior Telecommunications	19,655,110	0.87%	21,731,630	0.86%
Glenoit Mills	24,060,720	1.07%	20,699,894	0.82%
EMC	17,118,018	0.76%	17,939,452	0.71%
American Fibers & Yarns	19,213,796	0.85%	18,157,257	0.72%
CSX	-	0.00%	-	0.00%
Carlisle Plastics LP	-	0.00%	15,267,046	0.61%
Air Systems Components	-	0.00%	-	0.00%
Total	<u>\$ 388,508,493</u>	<u>17.26%</u>	<u>\$ 385,663,364</u>	<u>15.31%</u>

Source: Tax Assessor for the entity.

**Edgecombe County, North Carolina
Principal Property Tax Payers
Current Year and Nine Years Ago**

Schedule 7

Taxpayer	2003		2004	
	Assessed Valuation	% of Total Assessed Valuation	Assessed Valuation	% of Total Assessed Valuation
QVC Rocky Mount, Inc.	\$ 73,703,681	2.98%	\$ 81,043,588	3.22%
Sprint	62,454,297	2.52%	61,806,698	2.45%
Keihin Carolina Systems Technology	48,366,714	1.95%	56,190,873	2.23%
Cogentrix	47,912,247	1.94%	51,843,151	2.06%
A T & T Communications	-	0.00%	13,031,564	0.52%
Sara Lee Bakery	71,971,615	2.91%	54,646,983	2.17%
Amoco Fabrics & Fibers	-	0.00%	-	0.00%
Empire Industries	-	0.00%	-	0.00%
Dixie Yarn/Fieldcrest Cannon	-	0.00%	-	0.00%
Heritage Hospital Inc.	-	0.00%	-	0.00%
Superior Telecommunications	19,845,620	0.80%	17,630,200	0.70%
Glenoit Mills	-	0.00%	-	0.00%
EMC	18,224,126	0.74%	18,749,478	0.74%
American Fibers & Yarns	25,355,872	1.02%	24,514,529	0.97%
CSX	14,810,087	0.60%	-	0.00%
Carlisle Plastics LP	12,735,074	0.51%	13,444,522	0.53%
Air Systems Components	-	0.00%	-	0.00%
Total	<u>\$ 395,379,333</u>	<u>15.97%</u>	<u>\$ 392,901,586</u>	<u>15.59%</u>

Source: Tax Assessor for the entity.

**Edgecombe County, North Carolina
Principal Property Tax Payers
Current Year and Nine Years Ago**

Schedule 7

Taxpayer	2005		2006	
	Assessed Valuation	% of Total Assessed Valuation	Assessed Valuation	% of Total Assessed Valuation
QVC Rocky Mount, Inc.	\$ 71,915,287	2.83%	\$ 69,489,661	3.23%
Sprint	67,184,075	2.64%	58,849,236	2.74%
Keihin Carolina Systems Technology	59,623,706	2.34%	66,333,882	3.09%
Cogentrix	46,748,445	1.84%	45,583,521	2.12%
A T & T Communications	-	0.00%		0.00%
Sara Lee Bakery	63,461,613	2.50%	58,557,623	2.72%
Amoco Fabrics & Fibers	-	0.00%	-	0.00%
Empire Industries	-	0.00%	-	0.00%
Dixie Yarn/Fieldcrest Cannon	-	0.00%	-	0.00%
Heritage Hospital Inc.	-	0.00%	-	0.00%
Superior Telecommunications	16,427,150	0.65%	17,329,980	0.81%
Glenoit Mills	-	0.00%	-	0.00%
EMC	20,043,954	0.79%	20,467,170	0.95%
American Fibers & Yarns	12,835,571	0.50%		0.00%
CSX	13,957,580	0.55%	13,486,537	0.63%
Carlisle Plastics LP	15,715,109	0.62%	16,202,318	0.75%
Air Systems Components	-	0.00%	9,498,365	0.44%
Total	<u>\$ 387,912,490</u>	<u>15.26%</u>	<u>\$ 375,798,293</u>	<u>17.48%</u>

Source: Tax Assessor for the entity.

**Edgecombe County, North Carolina
Property Tax Levies and Collections
Last Ten Fiscal Years**

Year	Taxes Levied for the Fiscal Year (Original Levy)		Collected within the Fiscal Year of the Levy		
			Amount	Percentage of Levy	
1997	\$	17,520,571	\$	16,511,607	94.24%
1998		18,116,306		17,142,044	94.62%
1999		18,473,429		17,225,786	93.25%
2000		18,599,076		17,218,279	92.58%
2001		21,601,406		19,968,594	92.44%
2002		22,779,178		20,680,173	90.79%
2003		22,560,839		20,754,985	92.00%
2004		23,253,954		21,797,535	93.74%
2005		23,151,447		21,645,355	93.49%
2006		23,244,190		21,634,223	93.07%

Source: Audited annual financial reports of this entity.

Notes: The information in this schedule relates to the County's own property tax levies, and does not include those it collects on behalf of other governments.

Schedule 8

Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy
\$ 902,047	\$ 17,413,654	99.39%
830,984	17,973,028	99.21%
1,069,303	18,295,089	99.03%
1,203,432	18,421,711	99.05%
1,352,916	21,321,510	98.70%
1,753,753	22,433,926	98.48%
1,398,500	22,153,485	98.19%
998,238	22,795,773	98.03%
855,498	22,500,853	97.19%
-	21,634,223	93.07%

Edgecombe County, North Carolina
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Schedule 9

Fiscal Year	Governmental Activities <u>General Obligation Bonds</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>	<u>General Bonded Debt As A % of Actual Value of Taxable Property</u>
2007	\$ 8,820,000	n/a	\$ 168	0.36%
2006	9,370,000	n/a	173	0.38%
2005	-	0.00%	-	0.00%
2004	-	0.00%	-	0.00%
2003	-	0.00%	-	0.00%
2002	-	0.00%	-	0.00%
2001	-	0.00%	-	0.00%
2000	-	0.00%	-	0.00%
1999	150,000	0.02%	3	0.01%
1998	500,000	0.05%	9	0.03%

Notes:

Population and personal income can be found in Schedule 11.

See Schedule 5 for property value data.

Edgecombe County, North Carolina
Legal Debt Margin Information
Last Ten Fiscal Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	Schedule 10 2007
Legal Debt Margin Calculation										
Assessed Value--January 1,	\$ 1,923,103,737	\$ 1,988,080,658	\$ 2,023,128,132	\$ 2,038,053,077	\$ 2,470,975,862	\$ 2,492,546,665	\$ 2,473,573,956	\$ 2,495,552,804	\$ 2,484,604,466	\$ 2,465,031,350
Debt limit - 8% of assessed value	\$ 153,848,299	\$ 159,046,453	\$ 161,850,251	\$ 163,044,246	\$ 197,678,069	\$ 199,403,733	\$ 197,885,916	\$ 199,644,224	\$ 198,768,357	\$ 197,202,508
Gross Debt:										
Total bonded debt	3,500,000	4,546,000	4,396,000	4,349,000	4,300,500	8,250,000	8,491,000	8,392,000	16,364,000	\$ 15,726,000
Revenue Bonds									1,296,000	1,276,500
Installment Purchase	13,444,714	12,899,928	12,616,091	14,765,896	13,995,627	12,595,757	12,836,116	11,434,509	10,086,839	9,019,746
Notes Payable	400,000	1,433,895	1,341,719	1,235,281	1,124,405	829,150	602,869	2,870,729	3,140,060	4,086,919
Gross Debt	\$ 17,344,714	\$ 18,879,823	\$ 18,353,810	\$ 20,350,177	\$ 19,420,532	\$ 21,674,907	\$ 21,929,985	\$ 22,697,238	\$ 30,886,899	\$ 30,109,165
Less Water Debt	3,000,000	4,396,000	4,396,000	4,349,000	4,587,849	8,526,051	8,755,175	11,141,283	11,218,823	10,955,933
Net bonded debt applicable to debt limit	\$ 14,344,714	\$ 14,483,823	\$ 13,957,810	\$ 16,001,177	\$ 14,832,683	\$ 13,148,856	\$ 13,174,810	\$ 11,555,955	\$ 19,668,076	\$ 19,153,232
Legal Debt Margin	\$ 139,503,585	\$ 144,562,630	\$ 147,892,441	\$ 147,043,069	\$ 182,845,386	\$ 186,254,877	\$ 184,711,106	\$ 188,088,269	\$ 179,100,281	\$ 178,049,276
Total net debt applicable to the limit as a percentage of debt limit	9.32%	9.11%	8.62%	9.81%	7.50%	6.59%	6.66%	5.79%	9.89%	# 9.71%

**Edgecombe County, North Carolina
Demographic and Economic Statistics
Last Ten Calendar Years**

Schedule 11

Calendar Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	School ADM	Unemployment Rate
	(1)	(2)	(2)	(1)	(3)	(4)
1998	55,396	1,071,857	19,349	34.55	7,699	11.5%
1999	54,702	938,303	17,153	34.55	7,704	9.5%
2000	54,659	789,003	14,435	35.01	7,771	8.5%
2001	55,606	1,181,294	21,244	35.85	7,468	5.9%
2002	54,698	1,229,009	22,469	36.23	7,544	8.4%
2003	54,945	1,226,812	22,328	36.20	7,643	11.0%
2004	54,077	1,293,684	23,923	36.20	7,621	10.1%
2005	53,916	1,370,000	25,373	37.58	7,495	8.8%
2006	53,034	*	*	37.84	7,469	8.6%
2007	52,644	*	*	38.00	7,385	7.8%

*Information not yet available.

Source:

- # North Carolina Data Center
- # Bureau of Economic Analysis
- # North Carolina Department of Public Instruction
- # Employment Security Commission of North Carolina

Edgecombe County, North Carolina
Principal Employers
Current Year and Nine Years Ago

Schedule 12

Employer	1998		1999		2000		2001		2002	
	Employees	Percentage of Total County Employment	Employees	Percentage of Total County Employment	Employees	Percentage of Total County Employment	Employees	Percentage of Total County Employment	Employees	Percentage of Total County Employment
Edgecombe County Schools	-	0.00%	1,100	4.77%	1,100	4.65%	1,110	4.83%	1,100	4.98%
Sara Lee Bakery	600	2.57%	500	2.17%	1,000	4.23%	930	4.05%	935	4.23%
GVC, Inc.	-	0.00%	-	0.00%	-	0.00%	400	1.74%	400	1.81%
Edgecombe County	550	2.35%	600	2.60%	600	2.54%	640	2.79%	680	3.08%
MBM Corporation	400	1.71%	350	1.52%	350	1.48%	350	1.52%	700	3.17%
Carolina Telephone/Embarq	-	0.00%	650	2.82%	-	0.00%	650	2.83%	1,206	5.46%
Tyco Plastics	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Keihin Carolina System Technology	-	0.00%	-	0.00%	300	1.27%	400	1.74%	-	0.00%
Air System Components	-	0.00%	300	1.30%	-	0.00%	170	0.74%	287	1.30%
Barcalounger Company	350	1.50%	400	1.74%	425	1.80%	430	1.87%	430	1.95%
Heritage Hospital Inc.	-	0.00%	450	1.95%	350	1.48%	360	1.57%	489	2.21%
Superior Telecommunications	450	1.93%	400	1.69%	400	1.69%	400	1.74%	222	1.01%
Barnhill Contracting Company	250	1.07%	200	0.87%	200	0.85%	200	0.87%	735	3.33%
Long Agribusiness	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
General Foam Plastics	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Focal Point	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Glenoit LLC	900	3.95%	850	3.69%	1,000	4.23%	1,000	4.38%	447	2.02%
ABB Power T&D Company, Inc.	200	0.86%	200	0.87%	200	0.85%	200	0.87%	176	0.80%
Glenoit Fabrics (GH) Corporation	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Mayo Knitting Mills	325	1.39%	325	1.41%	350	1.48%	310	1.35%	221	1.00%
Tri-County Industries	150	0.64%	175	0.76%	175	0.74%	175	0.76%	175	0.79%
HC Composites LLC	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Stretchlon, Inc.	-	0.00%	100	0.43%	100	0.42%	100	0.44%	100	0.45%
Royster Clark, Inc.	100	0.43%	-	0.00%	-	0.00%	100	0.44%	100	0.45%
Inco, Inc.	400	1.71%	325	1.41%	350	1.48%	350	1.52%	320	1.45%
Carlisle Plastics, Inc.	200	0.86%	325	1.41%	325	1.37%	320	1.39%	270	1.22%
Long Manufacturing Co., Inc.	250	1.07%	300	1.30%	225	0.95%	210	0.91%	181	0.82%
SE&M	-	0.00%	200	0.87%	200	0.85%	200	0.87%	117	0.53%
Pilotex Corporation	200	0.86%	300	1.30%	300	1.27%	250	1.09%	250	1.13%
Empire Industries, Inc.	450	1.93%	400	1.74%	400	1.69%	200	0.87%	200	0.91%
American Fabrics & Fibers	300	1.28%	300	1.30%	300	1.27%	275	1.20%	-	0.00%
Ansell Edmont Industrial	200	0.86%	200	0.87%	200	0.85%	200	0.87%	-	0.00%
Heilig-Meyers Distribution	150	0.64%	160	0.68%	160	0.68%	160	0.70%	-	0.00%
Engine Systems	-	0.00%	125	0.54%	125	0.53%	100	0.44%	-	0.00%
Trinity Industries	100	0.43%	100	0.43%	100	0.42%	100	0.44%	-	0.00%
Carolina Farms	75	0.32%	100	0.43%	100	0.42%	-	0.00%	-	0.00%
Walker-Ross Printing Co.	75	0.32%	100	0.43%	100	0.42%	-	0.00%	-	0.00%
Amerigold Logistics	-	0.00%	100	0.43%	100	0.42%	-	0.00%	-	0.00%
MKW- Power Systems	150	0.64%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Standard Electric	150	0.64%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Narricot Industries, Inc.	100	0.43%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Covaleance Plastica	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Farm Trac	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Town of Tarboro	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total	7,075	30.28%	9,685	42.04%	10,185	43.08%	10,290	44.82%	10,171	46.06%

Source:
Carolina Gateway Partnership
Employment Security Commission of
North Carolina

Edgecombe County, North Carolina
Principal Employers
Current Year and Nine Years Ago

Schedule 12

Employer	2003		2004		2005		2006		2007	
	Employees	Percentage of Total County Employment								
Edgecombe County Schools	1,100	4.92%	1,100	4.94%	1,100	4.95%	1,100	4.92%	1,100	4.92%
Sara Lee Bakery	935	4.18%	850	3.81%	850	3.82%	850	3.80%	800	3.58%
QVC, Inc.	400	1.79%	850	3.81%	850	3.82%	850	3.80%	850	3.80%
Edgecombe County	680	3.04%	650	2.92%	650	2.92%	550	2.46%	550	2.46%
MBM Corporation	700	3.13%	400	1.79%	600	2.70%	600	2.68%	600	2.68%
Carolina Telephone/Embarq	1,206	5.40%	600	2.69%	600	2.70%	600	2.68%	1,100	4.92%
Tyco Plastics	-	0.00%	550	2.47%	550	2.47%	550	2.46%	-	0.00%
Keihin Carolina System Technology	430	1.92%	500	2.24%	500	2.25%	500	2.24%	500	2.24%
Air System Components	287	1.28%	325	1.46%	425	1.91%	450	2.01%	450	2.01%
Barcalounger Company	430	1.92%	400	1.79%	400	1.80%	400	1.79%	200	0.89%
Heritage Hospital Inc.	489	2.19%	485	2.18%	380	1.71%	380	1.70%	380	1.70%
Superior Telecommunications	222	0.99%	400	1.79%	340	1.53%	340	1.52%	300	1.34%
Bambill Contracting Company	735	3.29%	250	1.12%	250	1.12%	250	1.12%	275	1.23%
Long Agribusiness	-	0.00%	225	1.01%	200	0.90%	200	0.89%	-	0.00%
General Foam Plastics	200	0.90%	200	0.90%	200	0.90%	200	0.89%	200	0.89%
Focal Point	-	0.00%	200	0.90%	200	0.90%	200	0.89%	100	0.45%
Glenoit LLC	447	2.00%	200	0.90%	200	0.90%	200	0.89%	-	0.00%
ABB Power T&D Company, Inc.	176	0.79%	180	0.81%	180	0.81%	180	0.80%	220	0.98%
Glenoit Fabrics (GH) Corporation	-	0.00%	200	0.90%	160	0.72%	160	0.72%	-	0.00%
Mayo Knitting Mills	221	0.99%	200	0.90%	150	0.67%	150	0.67%	140	0.63%
Tri-County Industries	175	0.78%	125	0.56%	130	0.58%	125	0.56%	100	0.45%
HC Composites LLC	-	0.00%	150	0.67%	125	0.56%	150	0.67%	100	0.45%
Stretchlon, Inc.	100	0.45%	100	0.45%	100	0.45%	100	0.45%	100	0.45%
Royster Clark, Inc.	100	0.45%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Inco, Inc.	320	1.43%	375	1.68%	-	0.00%	-	0.00%	-	0.00%
Carlisle Plastics, Inc.	270	1.21%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Long Manufacturing Co., Inc.	181	0.81%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
SE&M	117	0.52%	140	0.63%	-	0.00%	-	0.00%	-	0.00%
Pilotex Corporation	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Empire Industries, Inc.	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
American Fabrics & Fibers	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Ansell Edmont Industrial	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Heilig-Meyers Distribution	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Engine Systems	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Trinity Industries	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Carolina Farms	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Walker-Ross Printing Co.	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Amerigold Logistics	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
MKW- Power Systems	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Standard Electric	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Narricot Industries, Inc.	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Covallence Plastica	-	0.00%	-	0.00%	-	0.00%	-	0.00%	600	2.68%
Farm Trac	-	0.00%	-	0.00%	-	0.00%	-	0.00%	175	0.78%
Town of Tarboro	-	0.00%	-	0.00%	-	0.00%	-	0.00%	170	0.76%
Total	9,921	44.40%	9,655	43.32%	9,140	41.10%	9,085	40.62%	9,010	40.29%

Source:
Carolina Gateway Partnership
Employment Security Commission of
North Carolina

Edgecombe County, North Carolina
Full Time Equivalent Employees by Function/Program
Last Ten Fiscal Years

Schedule 13

<u>Function/Program</u>	<u>Full-time Equivalent Employees as of December 31,</u>									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Government										
County Manager	3	3	3	3	3	3	3	3	3	3
Finance	6	6	6	6	6	6	6	6	6	6
Tax Assessor	8	8	8	8	8	8	8	8	8	8
Tax Collector	6	6	6	6	6	6	6	6	6	6
Board of Elections	4	4	4	4	4	4	4	4	4	4
Register of Deeds	5	5	5	5	5	5	5	5	5	5
Data Processing	3	3	3	3	3	3	3	4	4	4
Public Buildings	10	10	10	10	10	10	10	10	10	10
Public Safety										
Sheriff	52	52	52	52	53	54	55	56	56	58
Dispatchers	10	10	10	10	10	10	10	10	10	11
Jail	20	50	50	50	50	50	50	50	61	61
Emergency Services	2	2	2	2	2	2	2	2	2	3
Building Inspections	3	3	3	3	3	3	3	3	3	3
Economic Development										
Planning	5	5	5	5	5	5	5	5	5	5
Housing Recovery		1	2	2	1	1	1	1	1	1
CoOp. Extension	10	10	10	10	10	10	10	10	10	10
Soil Conservation	4	4	4	4	4	4	4	4	4	3
Human Services										
Health Department	80	80	80	80	80	80	81	81	81	81
HomeHealth	45	45	45	45	34	34	34	34	34	34
Social Serives	165	165	165	165	165	161	161	166	166	166
Veterans	1	1	1	1	1	2	2	2	2	2
Landfill										
	8	8	8	8	8	8	8	8	8	8
Water and Sewer										
	2	2	3	3	3	4	4	9	9	9
Total	483	485	485	474	473	475	487	498	501	

Source: Human Resource Manager of the entity

Notes: A full-time employee is scheduled to work 2,088 hours per year(including vacation and sick leave

Full-time equivalent employment is calculated by dividing total labor hours by 2,088.

Edgecombe County, North Carolina
Operating Indicators by Function/Program
Last Ten Fiscal Years

Schedule 14

Function/Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Board of Elections										
Number of registered voters	34,980	35,431	35,990	35,408	35,475	35,752	36,344	34,908	35,450	34,861
Planning/Inspections										
Building permits issued	39	50	57	108	87	83	47	25	38	35
Emergency Services										
Fire-Number of calls answered	2,000	3,000	2,224	571	1,369	1,284	1,388	1,585	1,571	1,641
Fire-Number of inspections conducted	1,000	1,250	250	250	250	156	217	143	116	185
Veterans										
Number of clients served	1,574	1,526	1,375	1,558	2,119	7,105	3,942	5,814	3,141	2,561
Water										
Number of water customers	-	948	957	1,375	2,148	2,390	3,014	3,199	3,724	3,845

Source: County departments

*Information not available

Edgecombe County, North Carolina
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Schedule 15

Function/Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Fire Protection										
Number of Fire personnel and officers	420	500	450	450	450	500	238	231	233	233
Number of stations	12	15	15	15	15	15	9	9	9	9
Law Enforcement										
Number of stations	7	6	4	2	3	3	3	3	3	4
Patrol units	81	81	59	68	68	68	68	68	68	91
Public Works										
Paved/unpaved highways(miles)	700	700	700	700	700	700	700	700	730	730
Number of traffic lights	69	69	69	69	69	69	69	69	77	85
Cultural and recreation										
Community Centers	4	4	4	4	4	4	4	4	4	4
Parks	5	5	5	5	5	5	5	5	5	5
Golf Courses	2	2	2	2	3	2	2	2	3	3
Swimming pools	4	6	4	4	4	4	4	4	4	4
Tennis Courts	6	6	6	6	6	6	6	6	6	6
Museums and Art Centers	3	4	4	4	4	4	4	4	4	4
Water										
Water mains(miles)	0	96	96	96	210	210	210	210	560	560
Fire hydrants	0	96	96	96	211	211	211	211	426	426
Storage capacity(millions of gallons)	0	1.5	1.5	1.5	1.5	1.5	1.5	1.5	2.1	2.1
Facilities and Services not included in Reporting Entity:										
Education										
Number of school systems	1	1	1	1	1	1	1	1	1	1
Number of Secondary Schools	4	4	4	4	4	4	4	4	4	4
Number of Elementary Schools	11	11	11	11	11	11	11	11	11	11
Number of Community Colleges	1	1	1	1	1	1	1	1	1	1
Hospitals										
Number of hospitals	1	1	1	1	1	1	1	1	1	1
Number of patient beds	127	127	127	127	127	127	127	127	127	127

Sources:
 County departments
 North Carolina Department of Transportation
 North Carolina Department of Public Instruction

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Compliance Section

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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***

To the Board of County Commissioners
Edgecombe County, North Carolina

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregated remaining fund information of Edgecombe County, North Carolina, as of and for the year ended June 30, 2007, which collectively comprises Edgecombe County's basic financial statements, and have issued our report thereon dated November 29, 2007. 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. The financial statements of the Edgecombe County ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Edgecombe County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Edgecombe County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting. These significant deficiencies are referenced as findings 07-1, 07-2, and 07-3.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider finding 07-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Edgecombe County's financial statements are free of 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*.

The County's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the organization, federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Flower, Stanley & Redman, LLP

Tarboro, North Carolina
November 29, 2007

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**Report on Compliance with Requirements Applicable to Each Major Federal
Program and Internal Control Over Compliance in Accordance with OMB Circular A-133
And the State Single Audit Implementation Act**

To the Board of County Commissioners
Edgecombe County, North Carolina

Compliance

We have audited the compliance of Edgecombe County, North Carolina, with the types of compliance requirements described in the U.S. Office of Management and Budget (*OMB Circular A-133 Compliance Supplement*) and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2007. Edgecombe County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Edgecombe County's management. Our responsibility is to express an opinion on Edgecombe County's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, 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 Edgecombe 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. Our audit does not provide a legal determination on Edgecombe County's compliance with those requirements.

In our opinion, Edgecombe County, North Carolina complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133, and the State Single Audit Implementation Act, and which are described in the accompanying schedule of findings and questioned costs as finding 07-4.

Internal Control Over Compliance

The management of Edgecombe County, North Carolina is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Edgecombe County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 Edgecombe County's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as we discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of a compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by Edgecombe County's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as finding 07-5 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Edgecombe County's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

Edgecombe County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of the Board of County Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Flowers, Stanley & Redman, LLP

Tarboro, North Carolina
November 29, 2007

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**Report on Compliance with Requirements Applicable to Each Major State
Program and Internal Control Over Compliance in Accordance with Applicable
Sections of OMB Circular A-133 and the State Single Audit Implementation Act**

To the Board of County Commissioners
Edgecombe County, North Carolina

Compliance

We have audited the compliance of Edgecombe County, North Carolina, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2007. Edgecombe County's major State programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major State programs is the responsibility of Edgecombe County's management. Our responsibility is to express an opinion on Edgecombe County's compliance based on our audit.

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; applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*; and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, 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 Edgecombe 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. Our audit does not provide a legal determination on Edgecombe County's compliance with those requirements.

In our opinion, Edgecombe County complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Edgecombe County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to State programs. In planning and performing our audit, we considered Edgecombe County's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a State program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a State program will not be prevented or detected by the County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control 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, as defined above.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the organization, federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Flowers, Stanley & Redman, LLP

Tarboro, North Carolina
November 29, 2007

**Edgecombe County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2007**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses yes none reported

Noncompliance material to financial statements noted yes no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses yes none reported

Noncompliance material to federal awards yes no

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

Any audit findings disclosed that are Required to be reported in accordance with Section 510(a) of Circular A-133 yes no

**Edgecombe County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2007**

Identification of major federal programs:

<u>CFDA#</u>	<u>Names of Federal Program or Cluster</u>
93.558	Temporary Assistance for Needy Families
93.778	Title XIX - Medicaid
93.778	Adult Care Home Case Management
93.778	Medical Transportation
93.778	MA Expansion
10.551 and 10.561	Food Stamp Cluster
	Child Development Cluster:
93.575	Child Care and Development Fund - Discretionary
93.667	Social Services Block Grant
93.596	Child Care Development Fund
93.558	Temporary Assistance for Needy Families
93.667	Social Services Block Grant

Federal programs that, did not meet the criteria for a major program using the criteria discussed in OMB Circular No. A-133 Section .520 but were tested as a major program because the State awards met the threshold for a major State program, are included in the list of major federal programs.

Dollar threshold used to distinguish
between Type A and Type B Programs \$ 2,493,982

Auditee qualified as low-risk auditee yes X no

State Awards

Internal control over major State programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies)
identified that are not considered
to be material weaknesses yes X none reported

Noncompliance material to federal awards yes X no

Type of auditor's report issued on compliance for major State programs:
Unqualified.

Any audit findings disclosed that are required
to be reported in accordance with the State
Single Audit Implementation Act yes X no

**Edgecombe County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2007**

Identification of major State programs:

<u>Program Name</u>	<u>CFDA #</u>
State/County Special Assistance	N/A
Subsidized Child Care Cluster	N/A
Rural Center Grant	N/A

Section II - Financial Statement Findings

Finding 07-1.

Criteria: The County, through its Health Department, operated a "Child Service Coordination" program from 2000 until 2006.

Condition: Service to clients was not properly documented.

Effect: Medicaid revenues totaling \$436,462 were required to be refunded resulting in a prior period adjustment in the financial statements.

Cause: Improper documentation of service provided and lack of internal control oversight of the procedures.

Recommendation: Internal control procedures should be implemented to provide for proper documentation and timely internal audits to ensure procedures are followed.

Management Response: An internal review and assessment was conducted which resulted in self-reporting of the issue. Management has implemented internal control procedures, which include a comprehensive review of billing and documentation procedures. Existing and new staff will continue to attend training classes to ensure compliance with State and federal regulations.

Finding 07-2.

Criteria: The County through its Water Department provides metered water sales to certain residential and commercial customers.

Condition: In some instances the employee(s) responsible for preparing the monthly billing and maintaining the accounts receivable subsidiary records are also collecting payments from customers. Also, there are no formal authorization procedures for making adjustments to the amounts billed customers.

Edgecombe County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2007

Effect: This lack of segregation of duties increases the likelihood that errors or defalcations could occur and not be detected in a timely manner.

Cause: Lack of segregation of duties and authorization procedures.

Recommendation: Segregation of duties and authorization procedures should be implemented.

Management Response: Steps are in place to assure that the billing clerk will not receive and/or post payments to accounts. The Tax Collector's office is charged with the task of posting payments, both mail-in and walk-in. During the times of increase walk-in customers, Water department personnel have been assisting in the posting of mail-in payments only. Account adjustments are approved by the Director and/or County Manager only.

Finding 07-3.

Criteria: The County through its Water Department provides metered water sales to certain residential and commercial customers. Deposits are required before service is begun and upon termination of service the deposit is first applied to any unpaid utility accounts with the balance (if any) refunded to the customer.

Condition: There are currently no procedures to ensure that the subsidiary record of meter deposits is reconciled to the general ledger control account on a periodic basis.

Effect: The lack of reconciliation procedures increases the likelihood that errors or defalcations could occur and not be detected in a timely manner.

Cause: Lack of procedures.

Recommendation: Install procedures that require reconciliation of the subsidiary to the control account at least monthly.

Management Response: Management will develop and implement procedures for monthly account reconciliation for deposits versus the general ledger.

Edgecombe County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2007

Section III - Federal Award Findings and Questioned Costs

U.S. Department of Health and Human Services
Passed through N.C. Department of Health and Human Services
Program Name: Medical Assistance Program (Medicaid)
CFDA #: 93.778

Finding 07-4

Criteria: The County Department of Social Services establishes a local case record when a person initially applies for Medicaid. The case file (paper or electronic) is maintained and updated as needed throughout the period of eligibility.

Condition: Of the 60 cases requested for examination, 2 files were not provided to the Auditor.

Effect: The Auditor is required to review the local case files to assure that the process is being completed properly by verifying that the file contains the necessary documents. If a file is not provided, the auditor is unable to perform this task.

Cause: The files could not be located.

Recommendation: All files (paper or electronic) should be filed properly.

Management Response: The Department of Social Services has implemented an electronic scanning system during the fiscal year, which should eliminate this problem in the future. All files within the agency are currently being scanned into the electronic system.

U.S. Department of Agriculture
Passed through N.C. Department of Health and Human Services
Program Name: Food Stamp Cluster
CFDA #: 10.551 and 10.561

Finding 07-5

Criteria: Food Stamp case files should contain a completed, signed, and dated Food Stamp application. The Auditor is to test a sample of case files to ensure proper documentation is contained in the case record to verify eligibility and allotment amount.

Edgecombe County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2007

Condition: Of the 60 case files examined, 3 of them had calculation errors that resulted in over-issuance of food stamp allotments.

Effect: 5% of the case files examined had over-issuance errors totaling \$2,299.

Cause: Calculation and input errors by Social Services employees.

Recommendation: Implement and maintain a monitoring process for Food Stamp applications.

Management Response: The Department of Social Services has implemented more second party review by the food stamp lead worker and supervisor in order to eliminate errors in calculations.

Section IV - State Award Findings and Questioned Costs

NONE

**Edgecombe County, North Carolina
Corrective Action Plan
For the Year Ended June 30, 2007**

Section II - Financial Statement Findings

Significant Deficiencies

Finding 07-1 -

Name of Contract Person: Lorenzo Carmon
County Manager

Corrective Action: Existing and new staff will continue to attend training classes to ensure compliance with State and federal regulations.

Proposed Completion Date: Immediately.

Finding 07-2 -

Name of Contract Person: Lorenzo Carmon
County Manager

Corrective Action: Steps are in place to assure that the billing clerk will not receive and/or post payments to accounts. Account adjustments are approved by the Director and/or County Manager only.

Proposed Completion Date: Immediately.

Finding 07-3 -

Name of Contract Person: Lorenzo Carmon
County Manager

Corrective Action: Management will develop and implement procedures for monthly account reconciliation for deposits versus the general ledger.

Proposed Completion: Immediately.

**Edgecombe County, North Carolina
Corrective Action Plan
For the Year Ended June 30, 2007**

Section III - Federal Award Findings and Questioned Costs

Finding 07-4-

Name of Contract Person: Marva G. Scott, MSA
Director, Department of Social Services

Corrective Action: An electronic scanning system has been implemented which should eliminate this problem in the future.

Proposed Completion Date: Immediately.

Finding 07-5 -

Name of Contract Person: Marva G. Scott, MSA
Director, Department of Social Services

Corrective Action: More second party reviews by the food stamp lead worker and supervisor have been implemented in order to eliminate errors in calculations.

Proposed Completion Date: Immediately.

Section IV - State Award Findings and Questioned Costs

N/A

**Edgecombe County, North Carolina
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2007**

None Reported

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Edgecombe County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2007

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number
FEDERAL GRANTS:	
U.S. Department of Health and Human Services:	
Passed-through N.C. Department of Health and Human Services:	
Division of Social Services:	
Administration:	
Temporary Assistance for Needy Families	93.558
Low Income Home Energy Assistance	93.568
Crisis Intervention	93.568
Social Services Block Grant	93.667
Child Support Enforcement	93.563
Links	93.674
Permanency Planning	93.645
NC Health Choice	93.767
Direct Benefit Payments:	
Temporary Assistance for Needy Families	93.558
Low Income Home Energy Assistance	93.568
Links	93.674
Total Administration:	
Foster Care and Adoption Cluster:	
Adoption/Foster Care	93.659
Title IV-E CPS	93.658
Title IV-E Adoption Subsidy	93.659
Title IV-E Foster Care Administration	93.658
CWS Adoption Subsidy	N/A
State Foster Home	N/A
Title IV-E Foster Care	93.658
Title IV-E Foster Care Subsidy	93.658
Total Foster Care and Adoption Cluster	

<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
\$ 1,356,408	\$ -	\$ 1,180,207
24,915	-	-
334,266	-	-
344,202	58,037	123,843
1,002,175	-	516,002
22,775	5,694	-
16,135	4,147	1,231
26,793	2,718	6,230
836,136	(98)	(173)
269,822	-	-
5,817	-	-
<u>\$ 4,239,444</u>	<u>\$ 70,498</u>	<u>\$ 1,827,340</u>
\$ 178,576	\$ -	\$ 2,808
134,345	58,259	76,086
248,777	69,216	69,216
181,037	-	181,009
-	212,850	54,317
-	95,251	95,251
-	355	-
126,902	30,467	40,173
<u>\$ 869,637</u>	<u>\$ 466,398</u>	<u>\$ 518,860</u>

(continued)

Edgecombe County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2007

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number
FEDERAL GRANTS: (continued)	
U.S. Department of Health and Human Services: (continued)	
Passed-through N.C. Department of Health and Human Services: (continued)	
Division of Medical Assistance:	
Administration:	
Title XIX - Medicaid	93.778
Adult Care Home Case Mgmt	93.778
MA Expansion	93.778
Medical Transportation	93.778
Direct Benefit Payments:	
Title XIX - Medicaid	93.778
Total Division of Medical Assistance	
Subsidized Child Care (Note 4):	
Child Care Development Fund Cluster:	
Division of Social Services:	
Child Care Development Fund - Administration	93.596
Division of Child Development:	
Child Care and Development Fund - Discretionary	93.575
Child Care and Development Fund - Mandatory	93.596
Child Care and Development Fund - Match	93.596
Social Services Block Grant	93.667
Temporary Assistance for Needy Families	93.558
Total Child Care Development Fund Cluster	
State Appropriations	N/A
TANF-MOE	N/A
Total Subsidized Child Care Cluster	

<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
\$ 834,068	\$ -	\$ 834,068
49,223	22,530	26,693
30,485	30,485	-
18,769	-	18,769
58,829,475	29,848,202	5,273,896
<u>\$ 59,762,020</u>	<u>\$ 29,901,217</u>	<u>\$ 6,153,426</u>
\$ 123,562	\$ -	\$ -
1,370,834	-	-
546,265	-	-
156,446	86,699	-
29,257	-	-
500,383	-	-
<u>\$ 2,726,747</u>	<u>\$ 86,699</u>	<u>\$ -</u>
-	220,145	-
-	370,268	-
<u>\$ 2,726,747</u>	<u>\$ 677,112</u>	<u>\$ -</u>

(continued)

Edgecombe County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2007

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number
FEDERAL GRANTS: (continued)	
U.S. Department of Health and Human Services: (continued)	
Passed-through N.C. Department of Health and Human Services: (continued)	
N.C. Department of Health and Human Services:	
Prevention Investigations and Technical Assistance	93.283
Coop Agreement for Breast and Cervical Cancer	93.919
Maternal and Child Health Services Block Grant	93.994
Tuberculosis Control	93.116
Statewide Health Promotion Program	93.991
Childhood Immunization Grant	93.268
Aids - State SSBG	93.667
Healthy Start	93.926
Bioterrorism Grant	93.283
Cardiovascular Health Program	93.945
Temporary Assistance for Needy Families	93.558
Family Planning Services	93.217
Total N.C. Department of Health and Human Services	
Total U.S. Department of Health and Human Services	
U.S. Department of Agriculture:	
Passed-through N.C. Department of Health and Human Services:	
Division of Social Services:	
Food Stamp Cluster:	
Food Stamp Program - Noncash	10.551
Food Stamp Program	10.561
Total Division of Social Services	

<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
\$ 18,925	\$ -	\$ -
-	-	-
377,660	-	-
30,534	-	-
22,633	-	-
24,056	111	-
9,916	-	-
117,367	-	-
57,389	-	-
-	-	-
15,902	-	-
81,526	-	-
\$ 755,908	\$ 111	\$ -
\$ 68,353,756	\$ 31,115,336	\$ 8,499,626
\$ 12,351,813	\$ -	\$ -
584,964	-	584,964
\$ 12,936,777	\$ -	\$ 584,964

(continued)

Edgecombe County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2007

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number
FEDERAL GRANTS: (continued)	
U.S. Department of Agriculture: (continued)	
Passed-through N.C. Department of Health and Human Services: (continued)	
Division of Public Health:	
Administration:	
Special Supplemental Nutrition Program for WIC	10.557
Direct Benefit Payments:	
Special Supplemental Nutrition Program for WIC	10.557
Total Division of Public Health	
Total U.S. Department of Agriculture	
U.S. Department of Homeland Security:	
Passed-through N.C. Department of Crime Control and Public Safety:	
Emergency Management Services	97.042
Homeland Security Grant	97.004
Total U.S. Department of Homeland Security	
U.S. Department of Housing and Urban Development:	
Passed-through N.C. Department of Commerce:	
Community Development Block Grant/State's Program	14.228
U.S. Department of Justice:	
Passed-through N.C. Department of Correction:	
Criminal Justice	16.541
U.S. Department of Aging:	
Passed-through N.C. Division of Aging:	
Aging Cluster:	
Title III-B	93.044
Title III-C	93.045
Social Services Block Grant	93.667
NSIP - Nutrition	93.053
Total U.S. Department of Aging	

<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
\$ 287,081	\$ -	\$ -
<u>1,391,454</u>	<u>-</u>	<u>-</u>
<u>\$ 1,678,535</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 14,615,312</u>	<u>\$ -</u>	<u>\$ 584,964</u>
<u>\$ 21,441</u>	<u>\$ -</u>	<u>\$ -</u>
36,530	-	-
<u>\$ 57,971</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 22,866</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 82,820</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 68,776	\$ 4,045	\$ 8,092
79,270	4,663	9,326
87,668	2,505	1,019
20,083	-	-
<u>\$ 255,797</u>	<u>\$ 11,213</u>	<u>\$ 18,437</u>

(continued)

Edgecombe County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2007

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number
STATE GRANTS:	
N.C. Department of Human and Health Services:	
Division of Social Services:	
Administration:	
State Aid to Counties	N/A
State/County Special Assistance for Adults	N/A
Direct Benefit Payments:	
State/County Special Assistance for Adults	N/A
F/C At Risk Maximization	N/A
Energy Assistance	N/A
State Adult Protection Services	N/A
Smart Start	N/A
TANF Program Integrity	N/A
Total Division of Social Services	
Division of Health Services:	
Emergency Preparedness	N/A
AIDS	N/A
Women's Preventative Health	N/A
General Health	N/A
Communicable Disease	N/A
Children's Special Health Services	N/A
Risk Reduction/Health Promotion	N/A
TB Medical Services	N/A
Tuberculosis	N/A
HIV Counsel	N/A
N.C. Healthy Start	N/A
Lead Grant	N/A
Public Health Nurse Training	N/A
Total Division of Health Services	
Total N.C. Department of Human and Health Services	

<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
\$ -	\$ 77,145	\$ 104,271
-	-	46,118
-	746,510	749,900
-	22,402	12,430
-	1,001	-
-	27,510	-
-	87,962	-
-	4,227	7,304
<u>\$ -</u>	<u>\$ 966,757</u>	<u>\$ 920,023</u>
\$ -	\$ 16,727	\$ -
-	55,231	-
-	6,354	-
-	151,898	-
-	7,367	-
-	6,521	-
-	11,760	-
-	1,766	-
-	48,478	-
-	54,731	-
-	117,367	-
-	46,947	-
-	2,400	-
<u>\$ -</u>	<u>\$ 527,547</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ 1,494,304</u>	<u>\$ 920,023</u>

(continued)

Edgecombe County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2007

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number
STATE GRANTS: (continued)	
N.C. Department of Crime Control and Public Safety:	
Edgecombe County Technology Project	N/A
N.C. Department of Transportation:	
Operating Assistance	N/A
N.C. Department of Environment and Natural Resources	
NC Clean Water Bond Program	N/A
Rural Center Grants	N/A
White Goods Management Program	N/A
Scrap Tire Program	N/A
BT Preparedness	N/A
Recycling Grant	N/A
Total N.C. Department of Environment and Natural Resources	
N.C. Division of Aging:	
Passed-through Upper Coastal Plains Council of Government:	
Access Services	N/A
Congregate Nutrition	N/A
Home Delivered Meals	N/A
In - Home Services	N/A
Total N.C. Division of Aging	
N.C. Department of Juvenile Justice & Delinquency Prevention:	
Youth Services	N/A
Governor's One on One Mentoring	N/A
Total N.C. Department of Juvenile Justice & Delinquency Prevention	

<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
\$ -	\$ 100,000	\$ -
\$ -	\$ 139,296	\$ -
\$ -	\$ 907,612	\$ -
-	1,002,228	-
-	3,390	-
-	19,165	-
-	43,344	-
-	15,443	-
<u>\$ -</u>	<u>\$ 1,991,182</u>	<u>\$ -</u>
\$ -	\$ 19,883	\$ 2,209
-	36,415	4,046
-	11,755	1,306
-	180,449	20,050
<u>\$ -</u>	<u>\$ 248,502</u>	<u>\$ 27,611</u>
\$ -	\$ 187,517	\$ -
-	-	-
<u>\$ -</u>	<u>\$ 187,517</u>	<u>\$ -</u>

(continued)

Edgecombe County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2007

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number
STATE GRANTS: (continued)	
N.C. Department of Administration:	
Voting Site Operation Grant	N/A
N.C. Department of Public Instruction:	
Public School Building Capital Fund	N/A
Total Financial Assistance	

Note 1:

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Edgecombe County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirement of OMB Circular A-133, Audits of States, Local Government, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Benefit payments are paid directly to recipients and are not included in the County's basic financial statements. However, due to the County's involvement in determining eligibility, they are considered federal awards to the County and are included on this schedule.

<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u><u>\$ 83,388,522</u></u>	<u><u>\$ 35,287,350</u></u>	<u><u>\$ 10,050,661</u></u>

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