

ROWAN COUNTY

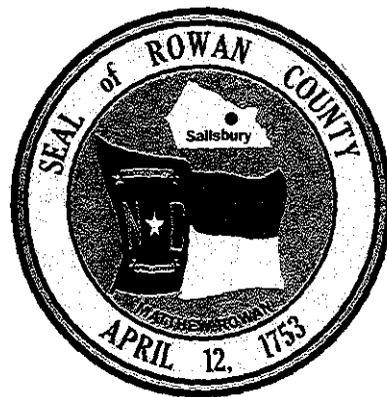
North Carolina

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2008

Prepared By
Finance Department

Finance Director
Leslie E. Heidrick



ROWAN COUNTY, NORTH CAROLINA
TABLE OF CONTENTS

	<u>Exhibit No.</u>	
	<u>Table No.</u>	<u>Page No.</u>
INTRODUCTORY SECTION		
Letter of Transmittal		1-3
List of Principal Officials – Elected and Designated		1-8
Organizational Chart		1-9
GFOA Certificate of Achievement for Excellence in Financial Reporting		1-10
FINANCIAL SECTION		
Independent Auditors’ Report		2-3
Management’s Discussion and Analysis		2-5
Basic Financial Statements		
Government-wide Financial Statements		
Statement of Net Assets	1	2-18
Statement of Activities	2	2-20
Fund Financial Statements		
Balance Sheet – Governmental Funds	3	2-22
Reconciliation of Balance Sheet to the Statement of Net Assets	3	2-24
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	4	2-25
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	4	2-27
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	5	2-28
Statement of Net Assets – Proprietary Funds	6	2-30
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	7	2-32
Statement of Cash Flows – Proprietary Funds	8	2-34
Statement of Fiduciary Net Assets – Fiduciary Funds	9	2-36
Notes to the Financial Statements		2-37

ROWAN COUNTY, NORTH CAROLINA
TABLE OF CONTENTS

	<u>Exhibit No.</u>	<u>Page No.</u>
	<u>Table No.</u>	
FINANCIAL SECTION (Continued)		
Required Supplemental Financial Data		
Law Enforcement Officers' Special Separation Allowance – Required Supplementary Information – Schedule of Funding Progress	A-1	2-90
Law Enforcement Officers' Special Separation Allowance – Required Supplementary Information – Schedule of Employer Contributions	A-2	2-91
Combining and Individual Fund Statements and Schedules		
Major Governmental Funds		
General Fund – Balance Sheet	B-1	2-96
General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	B-2	2-97
Nonmajor Governmental Funds		
Nonmajor Governmental Funds – Combining Balance Sheet	B-3	2-106
Nonmajor Governmental Funds – Combining Statement of Revenues, Expenditures and Changes in Fund Balances	B-4	2-107
Community Development Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	B-5	2-108
Emergency Telephone System Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	B-6	2-109
Fire District Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	B-7	2-110
DSS Facility Capital Projects Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	B-8	2-112
Justice Center III Capital Projects Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	B-9	2-113
Public Schools 2002 Capital Projects Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	B-10	2-114

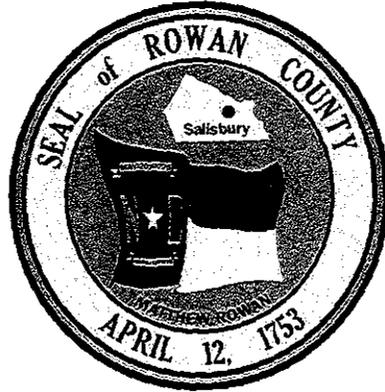
ROWAN COUNTY, NORTH CAROLINA
TABLE OF CONTENTS

	<u>Exhibit No.</u>	
	<u>Table No.</u>	<u>Page No.</u>
FINANCIAL SECTION (Continued)		
Combining and Individual Fund Statement and Schedules (Continued)		
Proprietary Funds		
Airport Fund – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	B-11	2-117
Landfill Fund – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	B-12	2-118
Sports Authority Fund – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	B-13	2-120
Risk Management Fund – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	B-14	2-122
Fiduciary Funds		
Agency Funds – Combining Statement of Changes in Assets and Liabilities	B-15	2-124
Other Schedules		
Schedule of Ad Valorem Taxes Receivable – General Fund	C-1	2-128
Analysis of Current Tax Levy – County-wide Levy	C-2	2-130
STATISTICAL SECTION		
Financial Trends		
Net Assets by Component	1	3-4
Changes in Net Assets	2	3-5
Fund Balances of Governmental Funds	3	3-8
Changes in Fund Balances of Governmental Funds	4	3-9
Revenue Capacity		
Assessed Value of Taxable Property	5	3-12
Direct and Overlapping Property Tax Rates	6	3-13
Principal Property Taxpayers	7	3-14
Property Tax Levies and Collections	8	3-15

ROWAN COUNTY, NORTH CAROLINA
TABLE OF CONTENTS

	<u>Exhibit No.</u>	<u>Page No.</u>
	<u>Table No.</u>	
STATISTICAL SECTION (Continued)		
Debt Capacity		
Ratios of Outstanding Debt by Type	9	3-18
Legal Debt Margin Information	10	3-19
Demographic and Economic Information		
Demographic and Economic Statistics	11	3-22
Principal Employers	12	3-23
Operating Information		
Full-time Equivalent County Government Employees by Function	13	3-27
Operating Indicators by Function	14	3-28
Capital Asset Statistics by Function	15	3-30
COMPLIANCE SECTION		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		4-3
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		4-5
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		4-7
Schedule of Findings and Questioned Costs	D-1	4-9
Corrective Action Plan	D-2	4-12
Summary Schedule of Prior Year Audit Findings	D-3	4-13
Schedule of Expenditures of Federal and State Awards	D-4	4-14

INTRODUCTORY SECTION





PROFILE OF ROWAN COUNTY

Rowan County, incorporated in 1753, is located in the southern piedmont region of North Carolina. It occupies 511 square miles and serves a population of 137,611. It lies approximately fifty miles southwest of Greensboro and forty-two miles northeast of Charlotte. The County's location offers quick access to international airports in each of these Cities. The County is bounded on the west by Iredell County, on the north by Davie County and Davidson County, and on the south by Cabarrus County and Stanly County.

October 27, 2008

To the Board of Commissioners and the
Citizens of Rowan County, North Carolina

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2008.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Potter & Company, P.A., Certified Public Accountants, have issued an unqualified ("clean") opinion on Rowan County's financial statements for the year ended June 30, 2008. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (M D & A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. M D & A complements this letter of transmittal and should be read in conjunction with it.



The County's population ranks twentieth among the State's one hundred counties. Approximately 43 percent of the population resides within the limits of ten municipalities. The largest municipality located totally within the County is the City of Salisbury, with a population of 28,736. The other municipalities are China Grove, Cleveland, East Spencer, Faith, Granite Quarry, Kannapolis, Landis, Rockwell and Spencer. A unique mix of urban and rural areas and small towns distinguishes Rowan from other counties and provides something for every lifestyle.

The County operates under the Commissioner-Manager form of government. The five members of the Board of Commissioners are elected at-large, on a partisan basis, and serve staggered four-year terms. Commissioners hold policy-making and legislative authority. They are also responsible for adopting the budget and appointing the County Manager, County Attorney, Tax Administrator and Clerk to the Board. The Manager is responsible for advising the Board on policy issues, implementing Board-adopted policies and ordinances, managing daily operations, appointing the heads of the various departments, and preparing the annual budget for consideration.

The County is empowered to levy a property tax on both real and personal property located within its boundaries. The levy provides funding for education and a full range of services, such as public safety, human services, culture and recreation, transportation, environmental services and other general governmental services as stipulated by North Carolina General Statutes.

The Board is required to adopt a budget for the next fiscal year by June 30th each year. This annual budget serves as the foundation for the County's financial planning and control. The budget is prepared by fund, function (e.g., public safety) and department (e.g., sheriff). The County Manager may transfer resources within a fund; however, transfers between funds require approval from the governing Board.

FACTORS AFFECTING ECONOMIC CONDITIONS

Local Economy

The regional economy encompassing Rowan County was originally one of common textiles and furniture. Currently, transportation equipment, nonmetallic mineral products, wood products, chemicals and textile mills comprise the County's notable industries. Particularly, motor vehicle parts and paper manufacturing companies have experienced strong, positive growth. Eleven of the County's top 15 existing industrial groups are a mix of low- and high-tech manufacturing industries. Additionally, Rowan County is one of the few counties in North Carolina where

manufacturing has exceeded services growth over the past two fiscal years. Given the local depth of diversified manufacturing industries and workforce, advanced manufacturing is expected to ignite collaboration between educational institutions, economic developers, workforce development agencies, private firms and the broader public sector.

For the past several years, the County's unemployment rate has generally followed a pattern similar to that of the region and the State. In July 2007, however, the County's rate rose to 7.7 percent, 2.4 percent higher than the State rate. This discrepancy was primarily due to an April 2007 layoff by one of the County's largest employers, Freightliner, LLC, and its continued ripple effect through the local economy. By February 2008, the rate had dropped to just 0.2 percent above the State rate and continued to mirror the region and the State for the remainder of the fiscal year. In June 2008, the County's unemployment rate was 6.3 percent, as compared to the State's rate of 6.2 percent.

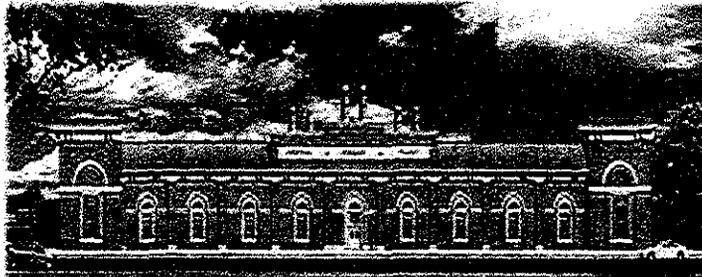
Several significant projects were announced or continued in fiscal year 2008. The projects' results will continue, or are expected, to positively impact the local economy.

Toyota Racing Development (TRD) has begun construction of a 35,000 square-foot engineering and design facility to support its affiliated racing teams, including NASCAR Nextel Cup and Craftsman Truck Series. This phase of the project is projected to cost \$22 million. The company expects to employ approximately 50 individuals, with average annual wages of \$70,000. The employees will focus primarily on chassis development.

Wind Tunnel eXtreme announced plans in November 2007 to construct a \$63 million state-of-the-art wind tunnel at the Performance Technical Park. The facility will be built specifically for automotive testing and will focus on vehicles used in NASCAR, Formula 1 and other racing circuits. The company plans to create 29 new jobs at the Rowan County facility. The average annual wage is expected to be approximately \$79,000. Both the TDR facility and this project allow the County a distinct advantage in recruiting motorsports, as the industry clusters around centers of technology.

Duke Energy has proposed adding a 620-megawatt natural-gas-fired combined-cycle plant at its existing Buck Steam Station. The \$600 million investment will be the largest in the County's history. To be built in two phases, operation of the simple cycle mode is anticipated to begin in May 2010. After the peak demand season passes, the second phase will be constructed. Full operation as a combined-cycle facility is projected to occur by May 2011. The company estimates that 20 to 25 new employees will be required at the new plant and that as many as 500 new jobs will be created during the 18-month construction period. The new facility affirms Duke Energy's century-long commitment to electricity production in the community.

Construction continues on the North Carolina Research Campus, which is centered on the former Pillowtex site in downtown Kannapolis. Occupancy of the Core Lab building and support facilities is planned for October 2008. The Campus is expected to generate more than 5,000 technology jobs, and potentially 30,000 jobs in the decades to come. This public-private venture on 350 acres will boast the most advanced biotechnological campus in the United States. It will combine the research and training power of the State's universities and community colleges with the intellectual capital and economic assets of private industry to create a one-stop shop for the development of biotechnology discoveries, processes and products with an emphasis on health and nutrition. The North Carolina Research Campus is a shining example of the transition from old economic engines to new ones.



Long-Term Planning

As discussed above, Rowan County has experienced the ripple effect from the State of North Carolina transitioning from textile and furniture manufacturing into other employment opportunities. Diversification has been one of the County's primary goals in the economic recruitment of industries, whereby no single industry dominates the job market and materially affects the County's economic future if it closes or relocates.

Rowan County's strategic location along the Interstate 85 corridor makes it vulnerable to excessive growth, with new businesses relocating or expanding in the area and new job opportunities being created daily. As Charlotte becomes one of the largest banking and commercial centers in the country, the region, including Rowan County, will be taxed by the demands of growth in the future.

The Salisbury-Rowan Economic Development Commission was established by the County and municipalities to coordinate the recruitment of businesses and jobs to Rowan County. To provide guidance for this effort, the County is currently in the process of developing a Land Use Plan. With an availability of sites, a well-trained workforce, a community college recognized nationally for its award-winning training programs, and local incentives, Rowan County is prepared to attract and assist industries seeking to locate in this region.

Capital Improvement Program

The primary goal of the Capital Improvement Program (CIP) is to ensure that the County is investing in infrastructure for a growing community and that quality services continue to be delivered to Rowan County citizens in a timely and efficient manner. The County ensures effective and efficient service delivery through investments in renovations and new capital improvements that preserve the integrity of facilities, maintain the quality of current capital assets, and provide new services when needed.

In May 2005, the Board of Commissioners adopted an \$83.3 million CIP for fiscal years 2006 through 2015. Six million dollars of the Program is

dedicated to the Rowan-Salisbury and Kannapolis School Systems. Additional school capital needs will continue to be evaluated. The remaining \$77.3 million will be invested in several areas of capital need, including the following: expansion of the County Airport (\$22.0 million), public safety improvements (\$20.7 million), consolidation of Social Services into a new facility (\$5.2 million), relocation of the County Fairgrounds (\$6.6 million), renovations to and expansion of library facilities (\$5.7 million), community college facilities (\$3.6 million), investments in parks (\$3.6 million), water and sewer projects (\$3.2 million), and a new central warehouse facility (\$1.9 million).

With two exceptions, the Board has traditionally met capital funding requirements through use of existing revenues within the General Fund, primarily from the normal growth in the County's tax base of approximately 3.0 percent annually. In North Carolina, counties are required by North Carolina General Statutes to provide adequate judicial and public school facilities. In these two areas, the Board must identify additional funds because the costs of these projects exceed the County's ability to absorb the required debt service.

In November 2002, the voters of Rowan County approved a \$76.9 million general obligation bond referendum to construct five new schools and renovate eight other schools. In 1993, the voters approved a \$44.0 million referendum for public schools. Thus, the citizens have responded favorably to improving their public school facilities when needed, even if it means additional property taxation to support the debt service.

The County sold its first installment of the 2002 school bonds totaling \$31.6 million in August 2003. The second and final installment of \$45.3 million was sold in April 2005. All related school construction projects should be completed in the next 12 months.

In 1995, the Board expanded the County's judicial and court facilities with a \$12.2 million capital improvement project using Certificates of Participation (COP's). The associated debt service was retired during the past fiscal year. The County is currently assessing future needs for additional jail space.

Cash Management Policies and Practices

Effective financial planning and cash management practices have aided in the efficient use of available resources. The County continues to have an aggressive cash management program designed to assure safety of principal, sufficient liquidity for current operations and the attainment of market-average rate of return. Idle cash is invested using competitive bidding among financial institutions with investments awarded based on the highest yield. Rowan County invests primarily in government agencies, commercial paper and the North Carolina Capital Management Trust.

Major Initiatives

During fiscal year 2009, the County will proceed with capital projects for the Department of Social Services (DSS) and Judicial Services.

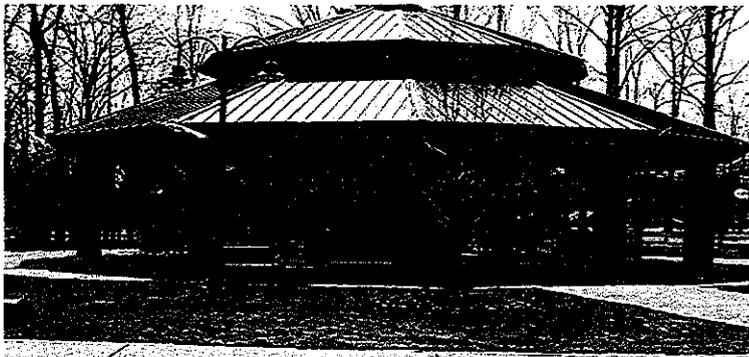
A new facility is planned for the DSS function. The capital project will include renovation of 18,500 square-feet of the existing Health Services Complex, located at 1811 East Innes Street in Salisbury, NC. Additionally, 27,000 square-feet of new space will be constructed and connected to the existing facility. Project costs are estimated at \$5.2 million, and the project's expected completion date is Spring 2010. After its completion, the Health Services Complex will comfortably accommodate not only current employees but also the increased number of employees expected over the next decade. In addition, many clients will benefit from the proximity of services provided by the Social Services and Health Departments.

Construction began on the Justice Center III Capital Project in April 2008. Total costs for the project are estimated at \$4.2 million. Two new courtrooms will be added on the third floor of the Rowan County Justice Center Rufty Building. Public restrooms and offices will also be built, as well as improvements to the existing storage space used by the Sheriff's Department. The completion of the unfinished pod in the current jail will create an additional 48 inmate cells, increasing the jail's capacity to 210. Other smaller renovations are planned for the Sheriff's Department, Clerk of Courts and Detention Center. All renovations are expected to be completed by June 2009.

Other Accomplishments

Rowan County received the Spotlight Award for its new "Recycling Guide" from the Carolina Recycling Association. The County's program was selected from among 600 members of the Association. The Award recognizes programs, persons or projects that promote recycling. The Guide details recyclable waste accepted by the County and how these items should be handled or separated. The Award has brought positive attention to the County's recycling efforts.

Rowan County has moved up to 28th in tourism among North Carolina's 100 counties. Visitor spending in the County increased significantly last year. Tourism expenditures rose 5.5 percent to \$118.3 million in 2007, up more than \$6 million from 2006. Popular County attractions include Dan Nicholas Park, the NC Transportation Museum and the Salisbury Downtown Historic District. A number of NASCAR events held in neighboring counties have also attracted visitors to Rowan County.



Dan Nicholas Park

Rowan-Cabarrus Community College has gained approval from the North Carolina Community College System to offer an associated degree in applied science (AAS) in biotechnology and an AAS program in agricultural biotechnology. The two-year programs will prepare students for many of the technical and research positions being created by the North Carolina Research Campus in Kannapolis. Program graduates may pursue employment as lab technicians, research assistants and quality control or quality assurance technicians.

AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Rowan County for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2007. This was the sixth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

I appreciate the assistance and dedication of the Finance Department staff throughout the year, especially during the preparation of this CAFR. I would like to thank all members of the Department who contributed to its preparation and the County's independent certified public accountants, Potter & Company, P.A., for their assistance. The cooperation of each County department is appreciated as we work together in conducting the County's financial operations. I would also like to express my appreciation to the members of the Board of Commissioners and the County Manager for their continued support, guidance and advice in planning and conducting the financial activities of the County in a responsible and progressive manner. The County's excellent financial status is a tribute to that involvement.

Respectfully submitted,

Leslie E. Heidrick

Leslie E. Heidrick
Finance Director

ROWAN COUNTY, NORTH CAROLINA
LIST OF PRINCIPAL OFFICIALS
ELECTED AND DESIGNATED
June 30, 2008

Board of County Commissioners

Chairman	Arnold S. Chamberlain
Vice-Chairman	Chad Mitchell
Member	Jon Barber
Member	Tina Hall
Member	Jim Sides

Other Elected Officials

Register of Deeds	Bobbie Earnhardt
Sheriff	George Wilhelm

County Manager

Gary L. Page

Clerk to the Board

Carolyn Athey

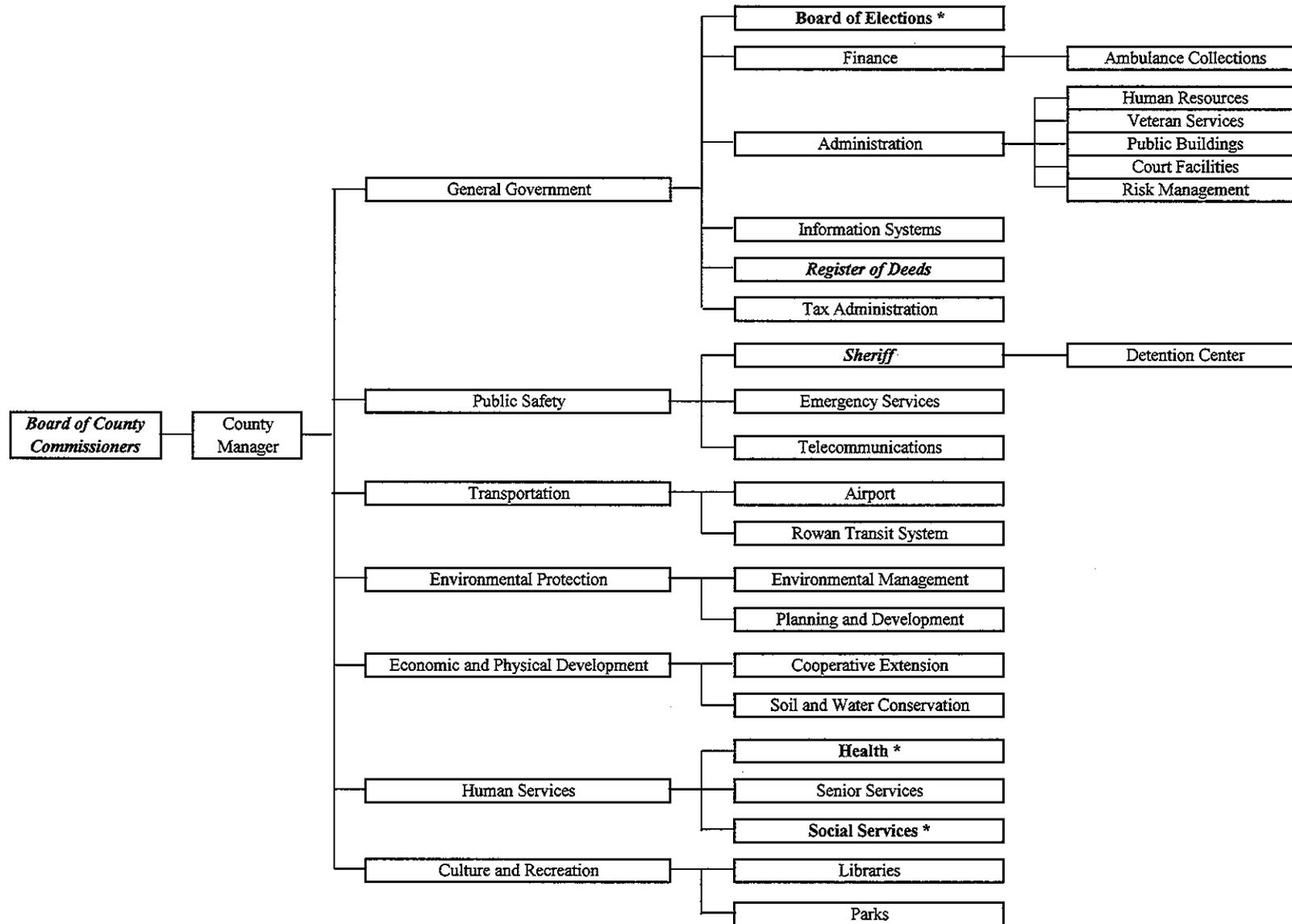
County Attorney

Jay Dees

County Department Directors

Administration	Ken Deal
Board of Elections	Nancy Evans
Cooperative Extension	Jim Cowden
Emergency Services	Frank Thomason
Environmental Management	Kathryn Jolly
Finance	Leslie Heidrick
Health	Leonard Wood
Information Systems	David Boling
Libraries	Jeff Hall
Parks	Don Bringle
Planning and Development	Ed Muire
Senior Services	Clyde Fahnestock
Social Services	Sandra Wilkes
Tax Administrator	Robert G. Rowland
Telecommunications	Robert Robinson

ROWAN COUNTY, NORTH CAROLINA
ORGANIZATIONAL CHART
(FUNDED BY COUNTY)



Legend
 Elected Officials
 Appointed in whole or in part by others *

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Rowan County
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Oliver S. Cox

President

Jeffrey R. Emmer

Executive Director

**FINANCIAL
SECTION**





POTTER & COMPANY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

The Board of County Commissioners
Rowan County, North Carolina
Salisbury, 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 **Rowan County, North Carolina**, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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 the Rowan/Kannapolis 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 opinions.

In our opinion, 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 **Rowan County, North Carolina** as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison of the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2008 on our consideration of **Rowan County's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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 and the Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions 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 on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of **Rowan County, North Carolina**. The combining and individual nonmajor fund financial statements and schedules, 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 schedules and the 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, are fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County. Such information has not been subjected to the auditing procedures in our audit of the basic financial statements and, accordingly, we express no opinion on them.

Potter + Company, P.A.

October 24, 2008
Concord, North Carolina

ROWAN COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Rowan County, North Carolina (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2008. 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

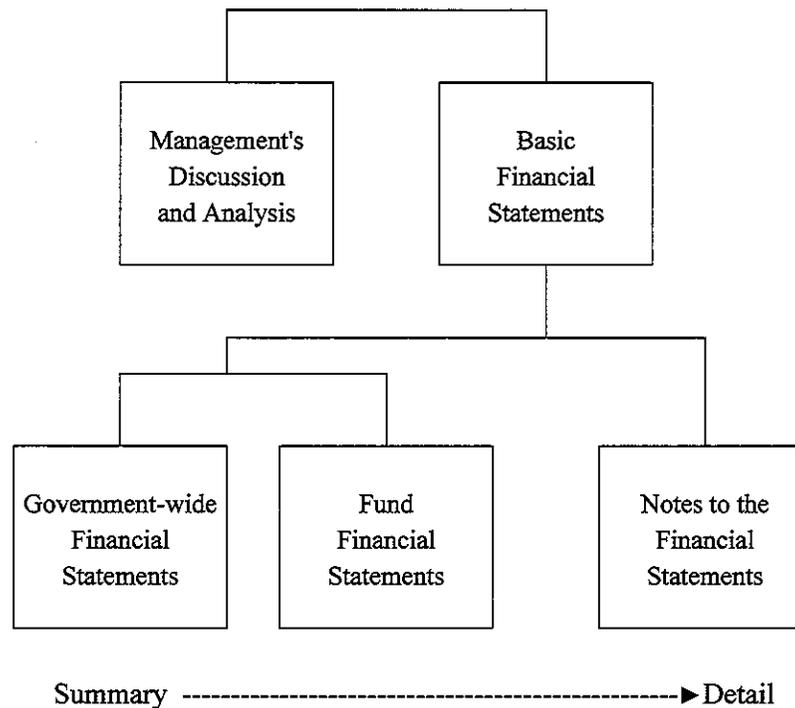
- On the government-wide statement of net assets, the assets of the County exceeded its liabilities at the close of the fiscal year by \$28.0 million (*net assets*). The County's net assets are impacted considerably by the debt the County has issued on behalf of the School Systems to fund school capital outlay. Under North Carolina law, the County is responsible for providing capital funding for public schools. The County has chosen to meet its legal obligation by issuing general obligation and installment purchase debt. The capital assets are funded by the County; however, they are titled to and utilized by the School Systems. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. At the end of the fiscal year, the outstanding balance of school-related debt exceeded \$90.1 million.
- The County's total net assets increased by \$11.1 million, primarily due to a \$5.6 million increase in property tax revenues following revaluation of real property and the retirement of \$5.6 million of general obligation bonds and installment purchase debt issued for school capital needs.
- On the government-wide statement of activities, the County's total revenues increased by \$13.3 million during the current fiscal year. The key factors in this increase were the \$5.6 million growth in property tax revenues due to revaluation and the receipt of \$3.8 million in Public School Building Capital Fund monies.
- As of the close of the 2008 fiscal year, the County's governmental funds reported combined ending fund balances of \$49.2 million, an increase of \$5.2 million in comparison with the prior year. This increase is primarily attributable to the receipt of \$3.8 million of installment purchase proceeds for the Justice Center III Project, that were offset by capital expenditures of only \$0.3 million during the year.
- At the end of the 2008 fiscal year, unreserved fund balance for the General Fund was \$31.2 million, or 24.0 percent of total General Fund expenditures and transfers out for the fiscal year. Of this amount, \$8.0 million has been designated for subsequent years' expenditures and \$3.2 million has been designated for special purposes, resulting in \$20.0 million being reported as unreserved and undesignated. This is the amount that is considered available for spending at the government's discretion.
- At the beginning of the 2008 fiscal year, the County created the Airport Fund, an enterprise fund, to account for the activity of the Rowan County Airport. This function had previously been accounted for in the General Fund. A \$5.7 million transfer of capital assets from governmental activities to business-type activities is reflected on the government-wide statements.
- The County maintained its Aa3 and A+ bond ratings from Moody's Investors Service and Standard and Poor's Corporation, respectively, for the sixth consecutive year, and its AA- rating from Fitch Ratings for the fourth consecutive year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. The statements provide both short and long-term information about the County's financial status, using the full-accrual basis of accounting in a manner similar to a private-sector business.

The two government-wide statements report the County's net assets and how they have changed. Net assets reported on the *statement of 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 *statement of activities* presents information showing how the County's net assets have changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The two government-wide statements are each divided into three categories: 1) governmental activities; 2) business-type activities; and 3) the component unit. The governmental activities include most of the County's basic services such as education, human services, public safety, culture and recreation, and general government services. Property and other taxes, as well as 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 lease of the baseball stadium and the aviation and landfill services offered by the County. The final category is the component unit. Although legally separate from the County, the Rowan/Kannapolis ABC Board is important to the County because 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.

The next statements within the basic financial statements are the **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government at a more detailed level than the government-wide statements. There are four parts to the fund financial statements: 1) the governmental funds statements; 2) the budgetary comparison statement; 3) the proprietary funds statements; and 4) the fiduciary funds statement.

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. The 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 the County can be divided into three categories: governmental funds, proprietary funds and fiduciary 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. Governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a current financial resources focus. 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.

The County adopts an annual budget for its General Fund, as required by the North Carolina 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 variance between the final budget and the actual resources and charges.

Proprietary Funds - The County has four proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its Airport activities, Landfill activities and for its stadium 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. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the functions of the County. The County uses an internal service fund to account for its risk management activity. Because this operation benefits both governmental and business-type activities, the internal service fund has been allocated between these activities in the government-wide financial statements.

Fiduciary Funds - The County has one type of fiduciary funds. *Agency Funds* are used to account for assets the County holds on behalf of others. The County has three agency funds that are used to account for monies held by the Rowan County Department of Social Services on behalf of clients, property taxes collected for and remitted to other municipalities within the County, and fines and forfeitures, which includes the three percent interest on the first month of delinquent motor vehicle taxes, that are collected from citizens and disbursed to the School Systems or the North Carolina Department of Motor Vehicles as required by North Carolina law.

The fund financial statements are on Exhibits 3 through 9 of this report.

The final section of the basic financial statements is the **Notes to the Financial Statements**. The notes are essential to a full understanding of the data provided in the government-wide and fund financial statements because they explain in detail some of the data contained in those statements. The notes to the financial statements can be found on pages 2-37 through 2-87 of this report.

After the notes, this report presents certain required supplemental information concerning the County's progress in funding its obligation to provide pension benefits to law enforcement personnel. The combining statements are then provided to show details about the County's major and non-major governmental funds, as well as enterprise, internal service and agency funds. Budgetary information required by the General Statutes also can be found in this part of the report. Finally, other schedules are provided to detail ad valorem tax information.

Government-wide Financial Analysis

Rowan County's Net Assets						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 62,100,839	\$ 58,937,177	\$ 8,958,064	\$ 6,702,397	\$ 71,058,903	\$ 65,639,574
Capital assets	<u>55,657,573</u>	<u>61,046,638</u>	<u>17,402,993</u>	<u>11,431,713</u>	<u>73,060,566</u>	<u>72,478,351</u>
Total assets	<u>117,758,412</u>	<u>119,983,815</u>	<u>26,361,057</u>	<u>18,134,110</u>	<u>144,119,469</u>	<u>138,117,925</u>
Long-term liabilities outstanding	102,743,748	107,457,673	5,703,988	5,300,960	108,447,736	112,758,633
Other liabilities	<u>6,607,422</u>	<u>8,346,415</u>	<u>1,039,626</u>	<u>111,838</u>	<u>7,647,048</u>	<u>8,458,253</u>
Total liabilities	<u>109,351,170</u>	<u>115,804,088</u>	<u>6,743,614</u>	<u>5,412,798</u>	<u>116,094,784</u>	<u>121,216,886</u>
Net assets:						
Invested in capital assets, net of related debt	49,923,512	53,747,420	17,402,993	11,431,713	67,326,505	65,179,133
Restricted	3,490,052	2,271,056	-	-	3,490,052	2,271,056
Unrestricted	<u>(45,006,322)</u>	<u>(51,838,749)</u>	<u>2,214,450</u>	<u>1,289,599</u>	<u>(42,791,872)</u>	<u>(50,549,150)</u>
Total net assets	<u>\$ 8,407,242</u>	<u>\$ 4,179,727</u>	<u>\$ 19,617,443</u>	<u>\$ 12,721,312</u>	<u>\$ 28,024,685</u>	<u>\$ 16,901,039</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial condition. The assets of the County exceeded liabilities by \$28.0 million as of June 30, 2008. Net assets are reported in three categories: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets or deficit.

At June 30, 2008, the County's largest portion of net assets reflects the County's investment in capital assets (e.g. land, buildings, machinery and equipment), less any related debt still outstanding that was issued to acquire those items. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of 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. The amount reported as invested in capital assets increased to \$67.3 million as of June 30, 2008, as compared to \$65.2 million at the end of the prior fiscal year. After consideration of the transfer of \$5.7 million of capital assets from governmental activities to the new Airport business-type activity, it's apparent that the increase is within the governmental activities and is primarily due to a decrease of \$3.2 million in debt related to capital assets.

The County's second largest category of net assets is restricted net assets. This category represents resources that are subject to specific external legal restrictions that limit the County's ability to access and use these funds beyond the purpose for which they were provided. Unexpended installment purchase proceeds for the Justice Center III Capital Project make up the majority of restricted net assets at fiscal year-end.

The final category of net assets is unrestricted net assets or deficit. The balance of this category may be used to meet the government's ongoing obligation to citizens and creditors. At June 30, 2008, the unrestricted deficit of \$42.8 million is due primarily to the portion of the County's outstanding debt incurred for the Rowan-Salisbury and Kannapolis City Boards of Education. Even though the debt was issued to finance school capital outlay, the Governmental Accounting Standards Board has determined that it is not capital debt of the County since it does not finance assets that are owned by the County. At June 30, 2008, \$90.1 million of the outstanding debt on the County's financial statements was related to assets included on the School Systems' financial statements. Had this debt not been reported as a reduction of unrestricted net assets, the balance of unrestricted net assets would be \$47.3 million.

The impact of the inclusion of the School Systems' debt, without the corresponding assets, was offset by the following positive operational initiatives and results:

- Continued diligence in the collection of property taxes by obtaining a collection percentage of 97.06 percent
- Continued low cost of debt due to the County's high bond ratings and the prevailing interest rate environment
- Increased charges for services revenue due to rate increases and growth in the use of County facilities

Rowan County's Changes in Net Assets						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues:						
Program revenues:						
Charges for services	\$ 12,287,181	\$ 13,013,681	\$ 5,470,851	\$ 3,857,329	\$ 17,758,032	\$ 16,871,010
Operating grants and contributions	19,858,300	19,418,170	235,590	202,735	20,093,890	19,620,905
Capital grants and contributions	8,569,079	5,092,908	1,018,397	-	9,587,476	5,092,908
General revenues:						
Property taxes	67,921,753	62,304,206	-	-	67,921,753	62,304,206
Local option sales taxes	22,913,112	22,489,470	-	-	22,913,112	22,489,470
Other taxes and licenses	1,034,175	1,089,157	-	-	1,034,175	1,089,157
Grants and contributions not restricted to specific programs	532,605	510,764	-	-	532,605	510,764
Other	<u>4,189,031</u>	<u>2,793,454</u>	<u>301,898</u>	<u>288,290</u>	<u>4,490,929</u>	<u>3,081,744</u>
Total revenues	<u>137,305,236</u>	<u>126,711,810</u>	<u>7,026,736</u>	<u>4,348,354</u>	<u>144,331,972</u>	<u>131,060,164</u>

Continued on next page.

Rowan County's Changes in Net Assets (Continued)

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Expenses:						
General government	\$ 10,599,815	\$ 9,991,802	\$ -	\$ -	\$ 10,599,815	\$ 9,991,802
Public safety	25,164,111	21,793,498	-	-	25,164,111	21,793,498
Transportation	527,881	2,186,788	-	-	527,881	2,186,788
Environmental protection	-	276,865	-	-	-	276,865
Economic and physical development	3,043,241	4,873,930	-	-	3,043,241	4,873,930
Human services	31,914,783	31,840,074	-	-	31,914,783	31,840,074
Culture and recreation	5,901,522	5,407,459	-	-	5,901,522	5,407,459
Education	45,329,970	49,549,906	-	-	45,329,970	49,549,906
Interest on long-term debt	4,253,385	4,416,075	-	-	4,253,385	4,416,075
Airport	-	-	2,216,581	-	2,216,581	-
Landfill	-	-	3,980,104	3,445,406	3,980,104	3,445,406
Sports Authority	-	-	276,933	263,169	276,933	263,169
Total expenses	<u>126,734,708</u>	<u>130,336,397</u>	<u>6,473,618</u>	<u>3,708,575</u>	<u>133,208,326</u>	<u>134,044,972</u>
Increase (decrease) in net assets before special item and transfers	10,570,528	(3,624,587)	553,118	639,779	11,123,646	(2,984,808)
Special item	(5,681,768)	-	5,681,768	-	-	-
Transfers	<u>(661,245)</u>	<u>153,000</u>	<u>661,245</u>	<u>(153,000)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	4,227,515	(3,471,587)	6,896,131	486,779	11,123,646	(2,984,808)
Net assets, beginning of year	<u>4,179,727</u>	<u>7,651,314</u>	<u>12,721,312</u>	<u>12,234,533</u>	<u>16,901,039</u>	<u>19,885,847</u>
Net assets, end of year	<u>\$ 8,407,242</u>	<u>\$ 4,179,727</u>	<u>\$ 19,617,443</u>	<u>\$ 12,721,312</u>	<u>\$ 28,024,685</u>	<u>\$ 16,901,039</u>

Governmental activities. Governmental activities increased the County's net assets by \$4.2 million, accounting for 38.0 percent of the total growth in the net assets of the County. Key elements of this increase are as follows:

- Increase in property tax revenues due to revaluation of real property and normal growth in the County's tax base
- Maintenance of the County's tax collection rate of approximately 97.0 percent

Business-type activities. Business-type activities increased the County's net assets by \$6.9 million, thereby accounting for 62.0 percent of the total growth in the net assets of the County. Key elements of this increase are as follows:

- Transfer of \$5.7 million of capital assets from governmental activities to the new Airport business-type activity
- Landfill fee increases that help cover the cost of providing the service
- Transfer to governmental activities from the Sports Authority Fund to supplement other funding sources

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of usable resources. Such information is useful in assessing the 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 the County. At the end of the current fiscal year, total fund balance of the General Fund was \$42.4 million, unreserved fund balance was \$31.2 million, and unreserved undesignated fund balance was \$20.0 million. As a measure of the General Fund's liquidity, it may be useful to compare unreserved undesignated fund balance, unreserved fund balance and total fund balance to total fund expenditures and transfers out. Unreserved undesignated fund balance represents 15.3 percent of total General Fund expenditures and transfers out, while unreserved fund balance and total fund balance represent 24.0 percent and 32.6 percent of that same amount, respectively.

At June 30, 2008, the governmental funds of the County reported a combined fund balance of \$49.2 million, an increase of \$5.2 million, or 11.9 percent, from the prior year. The primary reason for this increase is the unspent installment purchase proceeds in the Justice Center III Capital Projects Fund.

General Fund Budgetary Highlights

The County revised the budget on several occasions during the 2008 fiscal year. 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's budget increased expenditures by \$9.2 million, a 7.3 percent increase. The majority of this increase occurred in public safety and education, and was offset primarily by a combination of appropriated fund balance and restricted intergovernmental revenues.

Actual revenues and transfers in exceeded the amounts projected in the final budget by \$3.4 million, or 2.7 percent. The favorable variance is due mainly to higher than expected property tax revenues. Both the County's tax levy and collection percentage exceeded budgeted expectations.

Actual expenditures and transfers out were \$8.0 million, or 5.8 percent, less than appropriations as of June 30, 2008. Within the human services function, unspent public assistance funds contributed to this favorable variance.

Proprietary Funds. The 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 Landfill Fund at the end of the fiscal year amounted to \$1,331,552, and those for the Sports Authority Fund equaled \$739,497. The Airport Fund, in its first fiscal year, reported unrestricted net assets of \$374,909 at year-end. The total growth in net assets for the Airport Fund and the Landfill Fund was \$6,867,160 and \$358,859, respectively. The Sports Authority Fund experienced a decrease in net assets of \$269,234. Other factors concerning the finances of these three funds have already been addressed in the discussion of the County's financial highlights and business-type activities.

Capital Asset and Debt Administration

Capital Assets. The County's capital assets for its governmental and business-type activities as of June 30, 2008 total \$73.1 million (net of accumulated depreciation). These assets include land, buildings, other improvements, equipment and vehicles.

Major capital asset transactions during the year include:

- Purchase of new software for the Planning and Development Department
- Purchase of vehicles for the Rescue Units and Sheriff's Department
- Construction of a new EMS station located in Salisbury, North Carolina
- Construction in progress on the DSS Facility and Justice Center III Capital Projects
- Purchase of land and building in the County Airport runway protection zone
- Purchase of Caterpillar 730 articulated truck for the County Landfill

Rowan County's Capital Assets (Net of Accumulated Depreciation)						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land	\$ 12,093,086	\$ 14,037,808	\$ 4,193,190	\$ 2,085,541	\$ 16,286,276	\$ 16,123,349
Buildings	26,689,896	29,145,951	8,101,432	5,163,036	34,791,328	34,308,987
Other improvements	9,580,129	11,342,274	4,056,094	3,242,939	13,636,223	14,585,213
Equipment	3,939,580	4,051,199	906,717	737,445	4,846,297	4,788,644
Vehicles and motorized equipment	2,648,459	2,469,406	145,560	202,752	2,794,019	2,672,158
Construction in progress	<u>706,423</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>706,423</u>	<u>-</u>
Total	<u>\$ 55,657,573</u>	<u>\$ 61,046,638</u>	<u>\$ 17,402,993</u>	<u>\$ 11,431,713</u>	<u>\$ 73,060,566</u>	<u>\$ 72,478,351</u>

Additional information on the County's capital assets can be found in Note 2.A.5 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2008, the County’s general obligation debt, secured by the full faith and credit of the County, totaled \$84.7 million. Installment financings totaled \$14.6 million. A summary of total long-term debt is shown below.

Rowan County’s Outstanding Debt						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
General obligation bonds	\$ 84,745,444	\$ 89,932,032	\$ -	\$ -	\$ 84,745,444	\$ 89,932,032
Certificates of participation	-	1,040,000	-	-	-	1,040,000
Installment financing	14,571,095	13,355,446	-	-	14,571,095	13,355,446
Other	<u>3,427,209</u>	<u>3,130,195</u>	<u>5,703,988</u>	<u>5,300,960</u>	<u>9,131,197</u>	<u>8,431,155</u>
Total	<u>\$ 102,743,748</u>	<u>\$ 107,457,673</u>	<u>\$ 5,703,988</u>	<u>\$ 5,300,960</u>	<u>\$ 108,447,736</u>	<u>\$ 112,758,633</u>

The County’s total long-term debt decreased by \$4.3 million, or 3.8 percent, during the 2008 fiscal year. The decrease is primarily due to the retirement of \$5.2 million of general obligation bonds issued for school capital needs.

As mentioned in the financial highlights section of this document, Rowan County maintained its Aa3, AA- and A+ ratings from Moody’s Investors Service, Fitch Ratings, and Standard and Poor’s Corporation, respectively. These bond ratings are a clear indication of the sound financial condition of Rowan County and are a primary factor in keeping interest costs low on the County’s outstanding debt.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8.0 percent of the total assessed value of taxable property located within that government’s boundaries. The legal debt margin for the County is \$813,506,461. The County had no bonds authorized, but unissued, at June 30, 2008.

Additional information regarding the County’s long-term debt can be found in Note 2.B.9 of the Basic Financial Statements.

Economic Factors and Next Year’s Budgets and Rates

- The unemployment rate in the County was 6.3 percent at June 30, 2008, compared with federal and State rates of 5.7 percent and 6.2 percent, respectively. The rate for Rowan County was also 6.3 percent at end of the 2007 fiscal year.
- The County experienced natural growth in the tax base of 2.0 percent and an increase in retail sales of 1.9 percent during the current fiscal year. Similar modest increases are expected to continue into fiscal year 2009.

- The average yield on investments was 5.1 percent for fiscal year 2008, down from 5.3 percent for fiscal year 2007. However, investment earnings increased 11.7 percent due to higher portfolio balances. The County realized investment earnings in the General Fund of \$2.8 million for the fiscal year ended June 30, 2008, on an average portfolio balance of \$55.4 million. This compares to 2007 earnings of \$2.5 million, on an average portfolio balance of \$47.4 million.

Some of these factors, as well as others, were considered when management prepared the County's budget ordinances for the 2009 fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2009

Governmental Activities. The County has approved a \$131.2 million General Fund budget for fiscal year 2009, which represents a \$3.7 million, or 3.9 percent, increase over the original budget adopted for the 2008 fiscal year. The property tax rate remains constant at 59.5 cents. Substantial increases in General Fund expenditures are budgeted primarily in the following areas: employee compensation, current expense appropriated to the two public School Systems and additional capital outlay funding for the Community College.

During the 2008 fiscal year, unreserved fund balance in the General Fund increased to \$31.2 million. The County has appropriated \$8.0 million of this amount for spending in the 2009 fiscal year budget. It is intended that the use of available fund balance will avoid the need to raise the tax rate or charges for services during the 2009 fiscal year.

Business-type Activities. The County has budgeted a 3.0 percent increase in charges for services related to the Airport and Landfill functions. For the Airport, charges for services were under-budgeted in fiscal year 2008. For the Landfill, the tipping fee for construction and demolition waste has been raised. General operating expenses have been increased to cover increased personnel and fuel costs.

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 Finance, Rowan County, 130 West Innes Street, Salisbury, NC 28144.



Basic Financial Statements

ROWAN COUNTY, NORTH CAROLINA
STATEMENT OF NET ASSETS
June 30, 2008

EXHIBIT 1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Rowan/ Kannapolis ABC Board
ASSETS				
Cash and investments	\$ 43,739,707	\$ 7,128,755	\$ 50,868,462	\$ 676,729
Accounts receivable (net)	3,531,213	472,737	4,003,950	-
Taxes receivable (net)	2,027,496	-	2,027,496	-
Due from business-type activities	749,974	-	749,974	-
Due from other governments	6,059,047	1,097,823	7,156,870	-
Due from component unit	8,047	-	8,047	-
Inventories	24,562	191,410	215,972	864,121
Notes receivable	1,983,335	286,944	2,270,279	-
Accrued interest receivable	16,579	11,903	28,482	-
Prepaid items	-	-	-	29,052
Internal balances	231,508	(231,508)	-	-
Restricted cash and investments	3,437,034	-	3,437,034	-
Bond issuance costs	292,337	-	292,337	-
Capital assets:				
Land and construction in progress	12,799,509	4,193,190	16,992,699	207,832
Other capital assets (net of accumulated depreciation)	42,858,064	13,209,803	56,067,867	1,051,526
Total assets	117,758,412	26,361,057	144,119,469	2,829,260

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

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
STATEMENT OF NET ASSETS
June 30, 2008

EXHIBIT 1 (Continued)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Rowan/ Kannapolis ABC Board
LIABILITIES				
Accounts payable and accrued liabilities	\$ 5,283,825	\$ 289,652	\$ 5,573,477	\$ 612,457
Unearned revenue	69,425	-	69,425	-
Accrued interest payable	1,254,172	-	1,254,172	-
Due to governmental activities	-	749,974	749,974	-
Due to primary government	-	-	-	8,047
Long-term liabilities:				
Due within one year	10,555,932	35,000	10,590,932	40,220
Due in more than one year	92,187,816	5,668,988	97,856,804	310,379
Total liabilities	<u>109,351,170</u>	<u>6,743,614</u>	<u>116,094,784</u>	<u>971,103</u>
NET ASSETS				
Invested in capital assets, net of related debt	49,923,512	17,402,993	67,326,505	908,759
Restricted for:				
Law enforcement	3,437,034	-	3,437,034	38,665
Register of deeds	53,018	-	53,018	-
Working capital requirements	-	-	-	261,866
Unrestricted (deficit)	<u>(45,006,322)</u>	<u>2,214,450</u>	<u>(42,791,872)</u>	<u>648,867</u>
Total net assets	<u>\$ 8,407,242</u>	<u>\$ 19,617,443</u>	<u>\$ 28,024,685</u>	<u>\$ 1,858,157</u>

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

ROWAN COUNTY, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2008

EXHIBIT 2

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit Rowan/ Kannapolis ABC Board
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 10,599,815	\$ 1,642,981	\$ 727,730	\$ -	\$ (8,229,104)	\$ -	\$ (8,229,104)	
Public safety	25,164,111	7,955,611	952,040	-	(16,256,460)	-	(16,256,460)	
Transportation	527,881	7,889	375,852	138,496	(5,644)	-	(5,644)	
Economic and physical development	3,043,241	443,176	252,571	-	(2,347,494)	-	(2,347,494)	
Human services	31,914,783	601,077	16,912,759	-	(14,400,947)	-	(14,400,947)	
Culture and recreation	5,901,522	1,636,447	575,399	-	(3,689,676)	-	(3,689,676)	
Education	45,329,970	-	61,949	8,430,583	(36,837,438)	-	(36,837,438)	
Interest on long-term debt	4,253,385	-	-	-	(4,253,385)	-	(4,253,385)	
Total governmental activities	<u>126,734,708</u>	<u>12,287,181</u>	<u>19,858,300</u>	<u>8,569,079</u>	<u>(86,020,148)</u>	<u>-</u>	<u>(86,020,148)</u>	
Business-type activities:								
Airport	2,216,581	1,553,314	-	1,018,397	-	355,130	355,130	
Landfill	3,980,104	3,799,990	235,590	-	-	55,476	55,476	
Sports Authority	276,933	117,547	-	-	-	(159,386)	(159,386)	
Total business-type activities	<u>6,473,618</u>	<u>5,470,851</u>	<u>235,590</u>	<u>1,018,397</u>	<u>-</u>	<u>251,220</u>	<u>251,220</u>	
Total primary government	<u>\$ 133,208,326</u>	<u>\$ 17,758,032</u>	<u>\$ 20,093,890</u>	<u>\$ 9,587,476</u>	<u>(86,020,148)</u>	<u>251,220</u>	<u>(85,768,928)</u>	

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

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2008

EXHIBIT 2 (Continued)

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit Rowan/ Kannapolis ABC Board
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Component unit:								
ABC Board	\$ 6,637,747	\$ 6,808,510	\$ -	\$ -				\$ 170,763
General revenues:								
Taxes:								
Property taxes, levied for general purpose					\$ 67,921,753	\$ -	\$ 67,921,753	-
Local option sales taxes					22,913,112	-	22,913,112	-
Other taxes and licenses					1,034,175	-	1,034,175	-
Grants and contributions not restricted to specific programs					532,605	-	532,605	-
Investment earnings, unrestricted					2,935,327	301,898	3,237,225	8,254
Miscellaneous, unrestricted					1,253,704	-	1,253,704	6,468
Special item - transfer of capital assets					(5,681,768)	5,681,768	-	-
Transfers					(661,245)	661,245	-	-
Total general revenues and transfers					90,247,663	6,644,911	96,892,574	14,722
Change in net assets					4,227,515	6,896,131	11,123,646	185,485
Net assets, beginning of year, July 1					4,179,727	12,721,312	16,901,039	1,672,672
Net assets, end of year, June 30					\$ 8,407,242	\$ 19,617,443	\$ 28,024,685	\$ 1,858,157

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

ROWAN COUNTY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008

EXHIBIT 3

	<u>Major</u>	<u>Nonmajor</u>	
	General	Other	Total
	Fund	Governmental	Governmental
		Funds	Funds
ASSETS			
Cash and investments	\$ 37,295,691	\$ 4,059,441	\$ 41,355,132
Accounts receivable (net)	3,519,701	-	3,519,701
Taxes receivable (net)	1,850,556	176,940	2,027,496
Due from other funds	768,384	-	768,384
Due from other governments	5,971,130	87,917	6,059,047
Due from component unit	8,047	-	8,047
Inventories	24,562	-	24,562
Notes receivable	1,983,335	-	1,983,335
Restricted cash and investments	-	3,437,034	3,437,034
	<u>\$ 51,421,406</u>	<u>\$ 7,761,332</u>	<u>\$ 59,182,738</u>
Total assets			

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

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008

EXHIBIT 3 (Continued)

	Major	Nonmajor	
	General	Other	Total
	Fund	Governmental	Governmental
		Funds	Funds
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 4,417,031	\$ 265,073	\$ 4,682,104
Contract retainage	-	484,329	484,329
Due to other funds	-	18,410	18,410
Unearned revenue	63,140	6,285	69,425
Deferred revenue	4,561,912	176,940	4,738,852
Total liabilities	<u>9,042,083</u>	<u>951,037</u>	<u>9,993,120</u>
Fund balances:			
Reserved for inventories	24,562	-	24,562
Reserved for encumbrances	1,575,709	-	1,575,709
Reserved by State statute	9,539,241	69,507	9,608,748
Reserved for register of deeds	53,018	-	53,018
Unreserved, General Fund:			
Designated for subsequent year's expenditures	8,047,998	-	8,047,998
Designated for special purposes	3,186,388	-	3,186,388
Undesignated	19,952,407	-	19,952,407
Unreserved, reported in:			
Special revenue funds	-	489,969	489,969
Capital projects funds	-	6,250,819	6,250,819
Total fund balances	<u>42,379,323</u>	<u>6,810,295</u>	<u>49,189,618</u>
Total liabilities and fund balances	<u>\$ 51,421,406</u>	<u>\$ 7,761,332</u>	<u>\$ 59,182,738</u>

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

Continued on next page.

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS (EXHIBIT 1) ARE DIFFERENT BECAUSE:

Total fund balances - governmental funds	\$ 49,189,618
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	55,657,573
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	16,579
Liabilities for earned but deferred revenues in fund statements	4,738,852
An internal service fund is used by management to charge the costs of risk management to individual funds. The assets and liabilities of this internal service fund are included in governmental activities in the statement of net assets.	2,278,695
Internal balances due from business-type activities to governmental activities	231,508
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(103,705,583)</u>
Net assets of governmental activities	<u>\$ 8,407,242</u>

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2008

	Major	Nonmajor	
	General	Other	Total
	Fund	Governmental	Governmental
	Fund	Funds	Funds
REVENUES:			
Ad valorem taxes	\$ 67,785,699	\$ 3,382,756	\$ 71,168,455
Local option sales taxes	22,913,112	-	22,913,112
Other taxes and licenses	1,356,336	663,390	2,019,726
Unrestricted intergovernmental	398,072	-	398,072
Restricted intergovernmental	25,549,414	2,417,615	27,967,029
Permits and fees	1,840,387	-	1,840,387
Sales and services	5,859,779	-	5,859,779
Investment earnings	2,833,559	115,714	2,949,273
Miscellaneous	1,119,910	10,000	1,129,910
Total revenues	<u>129,656,268</u>	<u>6,589,475</u>	<u>136,245,743</u>
EXPENDITURES:			
Current:			
General government	9,695,234	-	9,695,234
Public safety	21,468,988	3,846,121	25,315,109
Transportation	558,727	-	558,727
Economic and physical development	2,255,280	232,437	2,487,717
Human services	31,925,238	-	31,925,238
Culture and recreation	5,534,016	-	5,534,016
Intergovernmental:			
Education	42,995,016	-	42,995,016
Capital outlay	-	3,041,377	3,041,377

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

Continued on next page.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 For the Fiscal Year Ended June 30, 2008

	Major	Nonmajor	
	General	Other	Total
	Fund	Governmental	Governmental
		Funds	Funds
EXPENDITURES (Continued):			
Debt service:			
Principal retirement	\$ 8,834,351	\$ -	\$ 8,834,351
Interest and other charges	4,229,306	-	4,229,306
Total expenditures	<u>127,496,156</u>	<u>7,119,935</u>	<u>134,616,091</u>
Excess (deficiency) of revenues over expenditures	<u>2,160,112</u>	<u>(530,460)</u>	<u>1,629,652</u>
OTHER FINANCING SOURCES (USES):			
Transfers from other funds	591,847	1,358,223	1,950,070
Transfers to other funds	(2,697,468)	(424,547)	(3,122,015)
Installment purchase obligations issued	-	3,800,000	3,800,000
Sale of capital assets	1,142,333	-	1,142,333
Total other financing sources (uses)	<u>(963,288)</u>	<u>4,733,676</u>	<u>3,770,388</u>
Net change in fund balances	1,196,824	4,203,216	5,400,040
FUND BALANCES:			
Beginning of year, July 1	41,353,328	2,607,079	43,960,407
Decrease in inventories	<u>(170,829)</u>	<u>-</u>	<u>(170,829)</u>
End of year, June 30	<u>\$ 42,379,323</u>	<u>\$ 6,810,295</u>	<u>\$ 49,189,618</u>

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

Continued on next page.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2008

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES (EXHIBIT 2) ARE DIFFERENT BECAUSE:

Net change in fund balances - total governmental funds	\$ 5,400,040
Change in fund balance due to change in reserve for inventory	(170,829)
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.	438,093
Cost of capital assets disposed of during the year, not recognized on modified accrual basis	(166,637)
Cost of capital assets transferred to business-type activities during the year, not recognized on modified accrual basis	(5,681,768)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(61,473)
The receipt of principal payments on notes receivable provides current financial resources in the governmental funds. However, these transactions have no effect on net assets.	(491,268)
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.	4,979,385
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.	(266,128)
An internal service fund is used by management to charge the costs of risk management to individual funds, resulting in a change in net assets associated with governmental activities.	<u>248,100</u>
Total change in net assets of governmental activities	<u>\$ 4,227,515</u>

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
REVENUES:				
Ad valorem taxes	\$ 65,727,159	\$ 65,893,159	\$ 67,785,699	\$ 1,892,540
Local option sales taxes	23,000,000	23,000,000	22,913,112	(86,888)
Other taxes and licenses	1,346,000	1,376,000	1,356,336	(19,664)
Unrestricted intergovernmental	384,000	384,000	398,072	14,072
Restricted intergovernmental	21,695,355	25,766,633	25,549,414	(217,219)
Permits and fees	1,820,500	1,828,164	1,840,387	12,223
Sales and services	5,173,584	5,241,668	5,859,779	618,111
Investment earnings	2,101,225	2,101,225	2,833,559	732,334
Miscellaneous	572,400	650,639	1,119,910	469,271
Total revenues	121,820,223	126,241,488	129,656,268	3,414,780
EXPENDITURES:				
Current:				
General government	11,635,098	11,538,915	9,695,234	1,843,681
Public safety	19,571,604	22,995,364	21,468,988	1,526,376
Transportation	601,004	619,681	558,727	60,954
Economic and physical development	1,783,476	2,616,864	2,255,280	361,584
Human services	35,080,316	34,767,667	31,925,238	2,842,429
Culture and recreation	5,466,121	5,793,405	5,534,016	259,389
Intergovernmental:				
Education	37,971,246	43,338,972	42,995,016	343,956

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

Continued on next page.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
EXPENDITURES (Continued):				
Debt service:				
Principal retirement	\$ 9,378,582	\$ 9,321,084	\$ 8,834,351	\$ 486,733
Interest and other charges	4,791,846	4,491,735	4,229,306	262,429
Total expenditures	<u>126,279,293</u>	<u>135,483,687</u>	<u>127,496,156</u>	<u>7,987,531</u>
Revenues over (under) expenditures	<u>(4,459,070)</u>	<u>(9,242,199)</u>	2,160,112	<u>11,402,311</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	167,300	591,847	591,847	-
Transfers to other funds	(1,173,315)	(2,697,468)	(2,697,468)	-
Sale of capital assets	-	41,555	1,142,333	1,100,778
Total other financing sources (uses)	<u>(1,006,015)</u>	<u>(2,064,066)</u>	<u>(963,288)</u>	<u>1,100,778</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(5,465,085)</u>	<u>(11,306,265)</u>	1,196,824	12,503,089
APPROPRIATED FUND BALANCE	<u>5,465,085</u>	<u>11,306,265</u>	<u>-</u>	<u>(11,306,265)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,196,824	<u>\$ 1,196,824</u>
FUND BALANCE:				
Beginning of year, July 1			41,353,328	
Decrease in inventories			<u>(170,829)</u>	
End of year, June 30			<u>\$ 42,379,323</u>	

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

ROWAN COUNTY, NORTH CAROLINA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2008

EXHIBIT 6

	Major Enterprise Funds				Internal
	Airport Fund	Landfill Fund	Sports Authority Fund	Total	Service Fund Risk Management Fund
ASSETS					
Current assets:					
Cash and investments	\$ 200	\$ 6,737,898	\$ 390,657	\$ 7,128,755	\$ 2,384,575
Accounts receivable (net)	31,070	384,936	56,731	472,737	11,512
Due from other governments	1,018,397	79,426	-	1,097,823	-
Inventories	191,410	-	-	191,410	-
Interest receivable - note	-	-	11,903	11,903	-
Note receivable	-	-	136,195	136,195	-
Total current assets	<u>1,241,077</u>	<u>7,202,260</u>	<u>595,486</u>	<u>9,038,823</u>	<u>2,396,087</u>
Noncurrent assets:					
Note receivable	-	-	150,749	150,749	-
Capital assets (net, where applicable, of accumulated depreciation)	6,492,251	5,557,718	5,353,024	17,402,993	-
Total noncurrent assets	<u>6,492,251</u>	<u>5,557,718</u>	<u>5,503,773</u>	<u>17,553,742</u>	<u>-</u>
Total assets	<u>7,733,328</u>	<u>12,759,978</u>	<u>6,099,259</u>	<u>26,592,565</u>	<u>2,396,087</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	116,194	166,720	6,738	289,652	2,850
Claims payable	-	-	-	-	114,542
Compensated absences	-	35,000	-	35,000	-
Due to other funds	749,974	-	-	749,974	-
Total current liabilities	<u>866,168</u>	<u>201,720</u>	<u>6,738</u>	<u>1,074,626</u>	<u>117,392</u>
Noncurrent liabilities:					
Accrued landfill closure and postclosure care costs	-	5,625,175	-	5,625,175	-
Compensated absences	-	43,813	-	43,813	-
Total noncurrent liabilities	<u>-</u>	<u>5,668,988</u>	<u>-</u>	<u>5,668,988</u>	<u>-</u>
Total liabilities	<u>866,168</u>	<u>5,870,708</u>	<u>6,738</u>	<u>6,743,614</u>	<u>117,392</u>

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

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2008

EXHIBIT 6 (Continued)

	Major Enterprise Funds			Total	Internal
	Airport Fund	Landfill Fund	Sports Authority Fund		Service Fund Risk Management Fund
NET ASSETS					
Invested in capital assets	\$ 6,492,251	\$ 5,557,718	\$ 5,353,024	\$ 17,402,993	\$ -
Unrestricted	<u>374,909</u>	<u>1,331,552</u>	<u>739,497</u>	<u>2,445,958</u>	<u>2,278,695</u>
Total net assets	<u>\$ 6,867,160</u>	<u>\$ 6,889,270</u>	<u>\$ 6,092,521</u>	19,848,951	<u>\$ 2,278,695</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(231,508)</u>	
Net assets of business-type activities				<u>\$ 19,617,443</u>	

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2008

	Major Enterprise Funds			Total	Internal
	Airport Fund	Landfill Fund	Sports Authority Fund		Service Fund Risk Management Fund
OPERATING REVENUES:					
Charges for services	\$ 1,553,314	\$ 3,799,990	\$ 117,547	\$ 5,470,851	\$ 600,979
OPERATING EXPENSES:					
Administration	-	-	-	-	108,411
Airport operations	1,695,034	-	-	1,695,034	-
Landfill operations	-	3,022,243	-	3,022,243	-
Sports Authority operations	-	-	115,474	115,474	-
Premiums and claims	-	-	-	-	1,623,189
Depreciation	505,530	913,224	161,459	1,580,213	-
Total operating expenses	2,200,564	3,935,467	276,933	6,412,964	1,731,600
Operating loss	(647,250)	(135,477)	(159,386)	(942,113)	(1,130,621)
NONOPERATING REVENUES:					
Scrap tire disposal tax	-	183,751	-	183,751	-
White goods disposal tax	-	51,839	-	51,839	-
State grants	1,018,397	-	-	1,018,397	-
Investment earnings	-	258,746	24,149	282,895	106,562
Interest earnings on note receivable	-	-	19,003	19,003	-
Insurance settlements	-	-	-	-	700,805
Total nonoperating revenues	1,018,397	494,336	43,152	1,555,885	807,367

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

Continued on next page.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2008

	Major Enterprise Funds			Total	Internal Service Fund Risk Management Fund
	Airport Fund	Landfill Fund	Sports Authority Fund		
Income (loss) before contributions and transfers	\$ 371,147	\$ 358,859	\$ (116,234)	\$ 613,772	\$ (323,254)
CONTRIBUTIONS AND TRANSFERS:					
Capital contributions	5,681,768	-	-	5,681,768	-
Transfers from other funds	814,245	-	-	814,245	525,000
Transfers to other funds	-	-	(153,000)	(153,000)	(14,300)
Total contributions and transfers	<u>6,496,013</u>	<u>-</u>	<u>(153,000)</u>	<u>6,343,013</u>	<u>510,700</u>
Change in net assets	6,867,160	358,859	(269,234)	6,956,785	187,446
TOTAL NET ASSETS:					
Beginning of year, July 1	<u>-</u>	<u>6,530,411</u>	<u>6,361,755</u>		<u>2,091,249</u>
End of year, June 30	<u>\$ 6,867,160</u>	<u>\$ 6,889,270</u>	<u>\$ 6,092,521</u>		<u>\$ 2,278,695</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(60,654)</u>	
Change in net assets - business-type activities				<u>\$ 6,896,131</u>	

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

ROWAN COUNTY, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2008

EXHIBIT 8

	Major Enterprise Funds				Internal Service Fund
	Airport Fund	Landfill Fund	Sports Authority Fund	Total	Risk Management Fund
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 1,522,244	\$ 3,765,740	\$ 61,432	\$ 5,349,416	\$ 599,908
Cash paid for goods and services	(1,315,097)	(1,201,499)	(116,842)	(2,633,438)	(1,670,094)
Cash paid to employees for services	(289,223)	(1,354,728)	-	(1,643,951)	(60,860)
Net cash provided (used) by operating activities	<u>(82,076)</u>	<u>1,209,513</u>	<u>(55,410)</u>	<u>1,072,027</u>	<u>(1,131,046)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	648,315	-	-	648,315	525,000
Transfers out	-	-	(153,000)	(153,000)	(14,300)
Proceeds from interfund loans	749,974	-	-	749,974	-
Net cash provided (used) by noncapital financing activities	<u>1,398,289</u>	<u>-</u>	<u>(153,000)</u>	<u>1,245,289</u>	<u>510,700</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(1,316,013)	(553,712)	-	(1,869,725)	-
Proceeds from insurance settlements	-	-	-	-	700,805
Principal received on note receivable	-	-	128,660	128,660	-
Interest received on note receivable	-	-	24,340	24,340	-
Capital contributions - tax revenues	-	206,509	-	206,509	-
Net cash provided (used) by capital and related financing activities	<u>(1,316,013)</u>	<u>(347,203)</u>	<u>153,000</u>	<u>(1,510,216)</u>	<u>700,805</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received on investments	-	258,746	24,149	282,895	106,562
Net increase (decrease) in cash and investments	200	1,121,056	(31,261)	1,089,995	187,021
CASH AND INVESTMENTS, July 1	-	5,616,842	421,918	6,038,760	2,197,554
CASH AND INVESTMENTS, June 30	<u>\$ 200</u>	<u>\$ 6,737,898</u>	<u>\$ 390,657</u>	<u>\$ 7,128,755</u>	<u>\$ 2,384,575</u>

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

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2008

EXHIBIT 8 (Continued)

	Major Enterprise Funds			Total	Internal
	Airport Fund	Landfill Fund	Sports Authority Fund		Service Fund Risk Management Fund
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating loss	\$ (647,250)	\$ (135,477)	\$ (159,386)	\$ (942,113)	\$ (1,130,621)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:					
Depreciation	505,530	913,224	161,459	1,580,213	-
Landfill closure and postclosure care costs	-	368,714	-	368,714	-
Changes in assets and liabilities:					
Increase in accounts receivable (net)	(31,070)	(34,250)	(56,115)	(121,435)	(1,071)
Increase in inventory	(25,480)	-	-	(25,480)	-
Increase (decrease) in accounts payable and accrued liabilities	116,194	62,988	(1,368)	177,814	1,092
Decrease in claims payable	-	-	-	-	(446)
Increase in compensated absences payable	-	34,314	-	34,314	-
Total adjustments	565,174	1,344,990	103,976	2,014,140	(425)
Net cash provided (used) by operating activities	\$ (82,076)	\$ 1,209,513	\$ (55,410)	\$ 1,072,027	\$ (1,131,046)
SUPPLEMENTAL SCHEDULE OF NON-CASH FINANCING ACTIVITIES:					
Acquisition of inventory through transfers	\$ 165,930	\$ -	\$ -	\$ 165,930	\$ -
Acquisition of capital assets through capital contributions	\$ 5,681,768	\$ -	\$ -	\$ 5,681,768	\$ -

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

ROWAN COUNTY, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2008

EXHIBIT 9

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 207,981
Accounts receivable	<u>84,484</u>
Total assets	<u>\$ 292,465</u>
LIABILITIES	
Miscellaneous liabilities	\$ 21,570
Intergovernmental payables:	
Rowan-Salisbury Schools	81,767
Kannapolis City Schools	4,475
Rowan County Municipalities	178,957
State of North Carolina	<u>5,696</u>
Total liabilities	<u>\$ 292,465</u>

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

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Rowan County, North Carolina (the County) and its component units conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The County, which is governed by a five-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 component units, legally separate entities for which the County is financially accountable. Rowan County Industrial Facilities 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. The Rowan/Kannapolis ABC Board (the ABC Board), which has a June 30 year-end, is presented as if it is a separate proprietary fund of the County (discrete presentation).

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
Rowan County Industrial Facilities and Pollution Control Financing Authority	Discrete	The Authority is governed by a seven-member board that is appointed by the County Commissioners. The County can remove any member with or without cause.	None issued
Rowan/Kannapolis ABC Board	Discrete	The members of the ABC Board's governing board are appointed by the County. The ABC Board is required by State statute to distribute its surpluses to the General Fund of the County.	Rowan/Kannapolis ABC Board 510 North Lee Street Salisbury, NC 28144

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued)

Basis of Presentation (Continued)

between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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

The County reports the following major governmental fund:

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued)

Basis of Presentation (Continued)

The County reports the following major enterprise funds:

Airport Fund. This fund accounts for the operations, maintenance and development of the Rowan County Airport.

Landfill Fund. This fund accounts for the operation, maintenance and development of the County's Landfill and disposal sites.

Sports Authority Fund. This fund accounts for the stadium operations of the Rowan County-Kannapolis Sports Authority.

The County reports the following fund types:

Internal Service Fund. Internal service funds are used to account for the financing of goods or services provided by one department to other departments of the County on a cost-reimbursement basis. The County has one internal service fund, the Risk Management Fund.

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to Rowan-Salisbury and Kannapolis City Boards of Education and the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles; and the Municipal Tax Fund, which accounts for property taxes that are billed and collected by the County for various municipalities within the County.

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.

Government-wide, Proprietary and Fiduciary Fund Financial Statements. The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued)

Measurement Focus, Basis of Accounting (Continued)

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.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as 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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued)

Measurement Focus, Basis of Accounting (Continued)

this change in the law, Rowan County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2007 through February 2008 apply to the fiscal year ended June 30, 2008. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements.

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.

All governmental and business-type activities and enterprise funds of the County follow FASB Statements and Interpretations issued on or 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 North Carolina General Statutes. An annual budget is adopted for the General Fund, the Emergency Telephone System and Fire District Special Revenue Funds, the Enterprise Funds and the Internal Service Fund. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Community Development Special Revenue Fund and the Capital Projects Funds. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. The County Manager is authorized by the budget ordinance to transfer appropriations within a fund; however, any revisions that alter the total

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Data (Continued)

appropriations of any fund must be approved by the governing board. 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 Rowan/Kannapolis 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.

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 monies from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Rowan/Kannapolis ABC Board considers demand deposits and investments purchased with an original maturity of three months or less to be cash and cash equivalents.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

3. Restricted Assets

The unexpended installment purchase loan proceeds are classified as restricted assets within the Justice Center III Capital Projects Fund because their use is completely restricted to the purpose for which the loan 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, 2007. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

6. Inventories

The inventories of the County and the ABC Board are valued at cost, which approximates market, using the first-in, first-out method. The County's General Fund inventory consists of expendable supplies that are recorded as expenditures when purchased. The inventory of the County's enterprise funds and the ABC Board consists of materials and supplies held for consumption or resale. In this case, the cost of the inventory is recorded as an expense when it is consumed or sold.

7. Capital Assets

Purchased or constructed capital assets are recorded at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The minimum capitalization cost is \$5,000 for all capital assets. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

7. Capital Assets (Continued)

The County holds title to certain Rowan-Salisbury Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Rowan-Salisbury Board of Education.

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

	<u>Useful Life</u>
Land improvements	10-15 years
Buildings	
Office and maintenance	50 years
Airport hangars	25 years
Recycling centers	15 years
Sports Authority stadium	40 years
Machinery and equipment	5-10 years
Furniture and fixtures	7 years
Vehicles	3-7 years

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

	<u>Useful Life</u>
Buildings and improvements	15-25 years
Furniture and equipment	5 years
Vehicles	5 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

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 other 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 provide for the accumulation of up to thirty days of earned vacation leave with such leave being fully vested when earned. For the County's government-wide and proprietary funds, 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 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 the County has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

10. Net Assets

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

11. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

11. Fund Balances (Continued)

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 for inventories - portion of fund balance *not* available for appropriation because it represents the year-end fund balance of ending inventories, which are not expendable, available resources.

Reserved for encumbrances - portion of fund balance available to pay for commitments related to purchase orders and contracts that remain unperformed at year-end.

Reserved by State statute - portion of fund balance, in addition to other reserved amounts, which is *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 register of deeds - portion of fund balance constituting the Automation Enhancement and Preservation Fund, funded by ten percent of the fees collected and maintained by the register of deeds' office. The funds are available for appropriation but are legally restricted for computer and imaging technology in the register of deeds' office.

Unreserved

Designated for subsequent year's expenditures - portion of total fund balance available for appropriation that has been designated for the adopted 2008-2009 budget ordinance.

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

11. Fund Balances (Continued)

Unreserved (Continued)

Designated for special purposes - portion of fund balance available for appropriation that represents unexpended restricted State-shared revenues, donations and grant funds.

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

E. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

F. Reconciliation of Government-wide and Fund Financial Statements

1. Explanation of the 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 \$40,782,376 consists of several elements as follows:

Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds.	\$ 87,593,941
Less accumulated depreciation	<u>(31,936,368)</u>
Net capital assets	<u>55,657,573</u>
Accrued interest receivable in the government-wide statements as these funds are not available and therefore are deferred in the fund statements	<u>16,579</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Reconciliation of Government-wide and Fund Financial Statements (Continued)

1. (Continued)

Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not the government-wide	\$ 4,738,852
Net assets of the internal service fund, incorporated into the government-wide statements, are not recorded in the governmental funds statements.	<u>2,278,695</u>
Internal balances due from business-type activities to governmental activities recorded in the government-wide statements are not recorded in the body of the governmental funds statements.	<u>231,508</u>
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 and installment financing	(100,672,235)
Deferred charge on refunding (to be amortized as interest expense)	1,355,696
Deferred charge for issuance costs (to be amortized over life of debt)	292,337
Accrued interest payable	(1,254,172)
Compensated absences	(2,347,887)
Unfunded pension cost	<u>(1,079,322)</u>
	<u>(103,705,583)</u>
Total adjustment	<u>\$ (40,782,376)</u>

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

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net change in fund balances - total governmental funds* and *change in net assets - governmental activities* as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$1,172,525 as follows:

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Reconciliation of Government-wide and Fund Financial Statements (Continued)

2. (Continued)

Cost of net inventories consumed during the year, recognized as a change in fund balance in the fund statements but not in the statement of activities	\$ (170,829)
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	4,123,721
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	<u>(3,685,628)</u>
	438,093
Cost of capital assets disposed of during the year recognized on the modified accrual basis in the fund statements, but recorded using the accrual basis on the statement of activities	<u>(166,637)</u>
Cost of capital assets transferred to business-type activities during the year, not recorded in the fund statements	<u>(5,681,768)</u>
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Fair value of assets donated that are not recorded in the fund statements but are recorded in the government-wide statements	21,247
Reversal of deferred tax revenue recorded at July 1, 2007	(1,868,232)
Recording of tax receipts deferred in the fund statements as of June 30, 2008	2,027,496
Reversal of deferred ambulance revenue recorded at July 1, 2007	(965,936)
Recording of ambulance receipts deferred in the fund statements as of June 30, 2008	728,021
Decrease in accrued interest receivable for the year ended June 30, 2008	<u>(4,069)</u>
	(61,473)
Principal payments on notes receivable are recorded as a source of funds on the fund statements; they have no effect on the statement of activities - they affect only the government-wide statement of net assets.	<u>(491,268)</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Reconciliation of Government-wide and Fund Financial Statements (Continued)

2. (Continued)

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.	
Installment purchase obligations	\$ (3,800,000)
Principal payments on debt owed and costs of issuing debt are recorded as uses of funds on the fund statements but again affect only the statement of net assets in the government-wide statements.	
Principal repayments:	
General obligation debt	5,210,000
Certificates of participation	1,040,000
Installment financing	2,584,351
Amortization of bond premium	141,277
Amortization of deferred charge on refunding	(164,689)
Amortization of bond issuance costs	(31,554)
	<u>4,979,385</u>
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)	30,886
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(216,407)
Net pension obligation is accrued in the government-wide statements but not in the fund statements because it does not use current resources.	(80,607)
	<u>(266,128)</u>
An internal service fund is reported in the fund statements. Only the change in net assets of the fund associated with governmental activities is recorded in the statement of activities.	<u>248,100</u>
Total adjustment	<u>\$ (1,172,525)</u>

NOTE 2 - 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 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, the ABC Board or 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.

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

At June 30, 2008, the County's deposits had a carrying amount of \$7,074,586 and a bank balance of \$7,858,166. Of the bank balance, \$322,553 was covered by federal depository insurance and \$7,535,613 in interest-bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2008, the County had \$7,975 cash on hand.

At June 30, 2008, the carrying amount of deposits for Rowan/Kannapolis ABC Board was \$661,518 and the bank balance was \$689,284. Of the bank balance, \$200,000 was covered by federal depository insurance and \$489,284 was covered by collateral held under the Dedicated Method.

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

2. Investments

As of June 30, 2008, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>	<u>6-12 Months</u>	<u>1-3 Years</u>
US Government Agencies	\$ 24,954,682	\$ 8,724,783	\$ 3,778,665	\$12,451,234
Commercial Paper	4,417,681	503,654	3,914,027	-
NC Capital Management Trust – Cash Portfolio	<u>18,058,553</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total	<u>\$ 47,430,916</u>	<u>\$ 9,228,437</u>	<u>\$ 7,692,692</u>	<u>\$12,451,234</u>

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits at least half of the County's investment portfolio to maturities of less than 12 months. Also, the County's investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than three years.

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). As of June 30, 2008, the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings and A1 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, 2008. The County's investments in US Agencies are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

2. Investments (Continued)

Concentration of Credit Risk. The County's Board places no limit on the amount that the County may invest in any one issuer. More than five percent of the County's investments are in JPMCC commercial paper, Freddie Mac securities, Fannie Mae securities and Federal Home Loan Bank securities. These investments are 6.2 percent, 11.8 percent, 6.3 percent and 27.1 percent, respectively, of the County's total investments.

The ABC Board had no investments at June 30, 2008.

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>
2005	\$ 2,350,714	\$ 558,294	\$ 2,909,008
2006	2,359,110	347,969	2,707,079
2007	4,184,910	240,632	4,425,542
2008	<u>4,234,141</u>	<u>-</u>	<u>4,234,141</u>
Total	<u>\$13,128,875</u>	<u>\$ 1,146,895</u>	<u>\$14,275,770</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

4. Receivables

a. Government-wide Receivables

Receivables at the government-wide level at June 30, 2008 were as follows:

	<u>Accounts</u>	<u>Taxes and Related Accrued Interest</u>	<u>Due From Other Governments</u>	<u>Notes</u>	<u>Other</u>	<u>Total</u>
Governmental activities:						
General	\$ 8,831,213	\$ 3,787,964	\$ 5,971,130	\$ 1,983,335	\$ 774,600	\$ 21,348,242
Other governmental	-	<u>176,940</u>	<u>87,917</u>	-	-	<u>264,857</u>
Total receivables	8,831,213	3,964,904	6,059,047	1,983,335	774,600	21,613,099
Allowance for doubtful accounts	<u>(5,300,000)</u>	<u>(1,937,408)</u>	-	-	-	<u>(7,237,408)</u>
Total governmental activities	<u>\$ 3,531,213</u>	<u>\$ 2,027,496</u>	<u>\$ 6,059,047</u>	<u>\$ 1,983,335</u>	<u>\$ 774,600</u>	<u>\$ 14,375,691</u>
Business-type activities:						
Airport	\$ 31,070	\$ -	\$ 1,018,397	\$ -	\$ -	\$ 1,049,467
Landfill	399,475	-	79,426	-	-	478,901
Sports Authority	<u>56,731</u>	-	-	<u>286,944</u>	<u>11,903</u>	<u>355,578</u>
Total receivables	487,276	-	1,097,823	286,944	11,903	1,883,946
Allowance for doubtful accounts	<u>(14,539)</u>	-	-	-	-	<u>(14,539)</u>
Total business-type activities	<u>\$ 472,737</u>	<u>\$ -</u>	<u>\$ 1,097,823</u>	<u>\$ 286,944</u>	<u>\$ 11,903</u>	<u>\$ 1,869,407</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

4. Receivables (Continued)

a. Government-wide Receivables (Continued)

The *due from other governments* that is owed to the County consists of the following:

Governmental activities:

Local option sales tax	\$ 5,855,043
Franchise fees	116,087
HOME grant	18,097
Single Family Rehabilitation grant	313
Emergency 911 fees	<u>69,507</u>
Total governmental activities	<u>\$ 6,059,047</u>

Business-type activities:

Aviation grants	\$ 1,018,397
Scrap tire disposal tax	67,790
White goods disposal tax	<u>11,636</u>
Total business-type activities	<u>\$ 1,097,823</u>

b. Notes Receivable

Rowan County has entered into interlocal governmental agreements with four municipalities for water extension projects. The County acted as the principle borrower of funds for the projects, with the municipalities' concurrence to participate financially in their share of the estimated costs. One agreement, between the County and the City of Salisbury, requires payments on September 1

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

4. Receivables (Continued)

b. Notes Receivable (Continued)

and March 1 in installments of \$44,104 through March 2012, including interest at 4.90%. The remaining agreements, between the County and the Town of China Grove, the City of Kannapolis and the Town of Landis, require payments on November 1 and May 1 in installments of \$44,460, \$120,555 and \$63,095, respectively, through May 2012, plus interest at 4.60%.

Additionally, the County has entered into an interlocal governmental agreement with the City of Kannapolis for the construction of a sports complex. The County acted as the principle borrower of funds and the City agreed to participate financially in its share of the costs. The agreement requires payments on October 17 in installments of \$153,000 through October 2009, including interest at 5.86%.

The following is a summary of notes receivable at June 30, 2008:

	<u>General Fund</u>	<u>Sports Authority Fund</u>
City of Salisbury	\$ 158,455	\$ -
Town of China Grove	355,680	-
City of Kannapolis	964,440	286,944
Town of Landis	<u>504,760</u>	<u>-</u>
Total	<u>\$ 1,983,335</u>	<u>\$ 286,944</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

5. Capital Assets

a. Primary Government

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 14,037,808	\$ 53,503	\$ (73,069)	\$ (1,925,156)	\$ 12,093,086
Construction in progress	<u>-</u>	<u>706,423</u>	<u>-</u>	<u>-</u>	<u>706,423</u>
Total capital assets not being depreciated	<u>14,037,808</u>	<u>\$ 759,926</u>	<u>\$ (73,069)</u>	<u>\$ (1,925,156)</u>	<u>12,799,509</u>
Capital assets being depreciated:					
Buildings	43,104,858	\$ 633,761	\$ -	\$ (3,765,919)	39,972,700
Other improvements	27,676,057	620,956	(9,099)	(10,482,016)	17,805,898
Equipment	9,975,915	1,025,553	(367,080)	(39,915)	10,594,473
Vehicles and motorized equipment	<u>6,086,380</u>	<u>1,104,772</u>	<u>(698,378)</u>	<u>(71,413)</u>	<u>6,421,361</u>
Total capital assets being depreciated	<u>86,843,210</u>	<u>\$ 3,385,042</u>	<u>\$(1,074,557)</u>	<u>\$(14,359,263)</u>	<u>74,794,432</u>
Less accumulated depreciation for:					
Buildings	13,958,907	\$ 872,652	\$ -	\$ (1,548,755)	13,282,804
Other improvements	16,333,783	843,653	(9,099)	(8,942,568)	8,225,769
Equipment	5,924,716	1,112,380	(342,288)	(39,915)	6,654,893
Vehicles and motorized equipment	<u>3,616,974</u>	<u>856,943</u>	<u>(629,602)</u>	<u>(71,413)</u>	<u>3,772,902</u>
Total accumulated depreciation	<u>39,834,380</u>	<u>\$ 3,685,628</u>	<u>\$ (980,989)</u>	<u>\$(10,602,651)</u>	<u>31,936,368</u>
Total capital assets being depreciated, net	<u>47,008,830</u>				<u>42,858,064</u>
Governmental activities capital assets, net	<u>\$ 61,046,638</u>				<u>\$ 55,657,573</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

5. Capital Assets (Continued)

a. Primary Government (Continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
Business-type activities:					
Airport					
Capital assets not being depreciated:					
Land	\$ -	\$ 182,493	\$ -	\$ 1,925,156	\$ 2,107,649
Capital assets being depreciated:					
Buildings	-	\$ 1,089,960	\$ -	\$ 3,765,919	4,855,879
Other improvements	-	15,525	-	10,482,016	10,497,541
Equipment	-	28,035	-	35,435	63,470
Vehicles and motorized equipment	-	-	-	71,413	71,413
Total capital assets being depreciated	-	\$ 1,133,520	\$ -	\$ 14,354,783	15,488,303
Less accumulated depreciation for:					
Buildings	-	\$ 197,960	\$ -	\$ 1,548,755	1,746,715
Other improvements	-	305,302	-	8,942,568	9,247,870
Equipment	-	2,268	-	35,435	37,703
Vehicles and motorized equipment	-	-	-	71,413	71,413
Total accumulated depreciation	-	\$ 505,530	\$ -	\$ 10,598,171	11,103,701
Total capital assets being depreciated, net	-				4,384,602
Airport capital assets, net	-				6,492,251

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

5. Capital Assets (Continued)

a. Primary Government (Continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
Business-type activities:					
Landfill					
Capital assets not being depreciated:					
Land	\$ 1,401,797	\$ _____	\$ _____	\$ _____	\$ 1,401,797
Capital assets being depreciated:					
Buildings	464,193	\$ -	\$ -	\$ -	464,193
Other improvements	11,663,415	248,268	-	-	11,911,683
Equipment	1,201,509	305,444	-	4,480	1,511,433
Vehicles and motorized equipment	<u>1,242,865</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,242,865</u>
Total capital assets being depreciated	<u>14,571,982</u>	<u>\$ 553,712</u>	<u>\$ -</u>	<u>\$ 4,480</u>	<u>15,130,174</u>
Less accumulated depreciation for:					
Buildings	110,674	\$ 13,079	\$ -	\$ -	123,753
Other improvements	8,427,037	683,326	-	-	9,110,363
Equipment	478,725	159,627	-	4,480	642,832
Vehicles and motorized equipment	<u>1,040,113</u>	<u>57,192</u>	<u>-</u>	<u>-</u>	<u>1,097,305</u>
Total accumulated depreciation	<u>10,056,549</u>	<u>\$ 913,224</u>	<u>\$ -</u>	<u>\$ 4,480</u>	<u>10,974,253</u>
Total capital assets being depreciated, net	<u>4,515,433</u>				<u>4,155,921</u>
Landfill capital assets, net	<u>5,917,230</u>				<u>5,557,718</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

5. Capital Assets (Continued)

a. Primary Government (Continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
Business-type activities:					
Sports Authority					
Capital assets not being depreciated:					
Land	\$ 683,744	\$ -	\$ -	\$ -	\$ 683,744
Capital assets being depreciated:					
Buildings	6,307,562	\$ -	\$ -	\$ -	6,307,562
Other improvements	433,007	-	-	-	433,007
Equipment	<u>60,770</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,770</u>
Total capital assets being depreciated	<u>6,801,339</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>6,801,339</u>
Less accumulated depreciation for:					
Buildings	1,498,045	\$ 157,689	\$ -	\$ -	1,655,734
Other improvements	426,446	1,458	-	-	427,904
Equipment	<u>46,109</u>	<u>2,312</u>	<u>-</u>	<u>-</u>	<u>48,421</u>
Total accumulated depreciation	<u>1,970,600</u>	<u>\$ 161,459</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2,132,059</u>
Total capital assets being depreciated, net	<u>4,830,739</u>				<u>4,669,280</u>
Sports Authority capital assets, net	<u>5,514,483</u>				<u>5,353,024</u>
Business-type activities capital assets net	<u>\$ 11,431,713</u>				<u>\$ 17,402,993</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

5. Capital Assets (Continued)

a. Primary Government (Continued)

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

Governmental activities:

General government	\$ 699,620
Public safety	1,425,160
Transportation	127,157
Economic and physical development	568,769
Human services	210,039
Culture and recreation	<u>654,883</u>
Total depreciation expense - governmental activities	<u>3,685,628</u>

Business-type activities:

Airport	505,530
Landfill	913,224
Sports Authority	<u>161,459</u>
Total depreciation expense - business-type activities	<u>1,580,213</u>

Total depreciation expense \$ 5,265,841

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

5. Capital Assets (Continued)

b. Construction Commitments

The County has active construction projects as of June 30, 2008. The projects include renovation and new construction for a Department of Social Services (DSS) facility, renovation of jail space and construction of two courtrooms, and construction of public schools. At year-end, the County's commitments with contractors are as follows:

<u>Project</u>	<u>Incurred-to-Date</u>	<u>Remaining Commitment</u>
DSS facility	\$ 134,074	\$ 238,743
Justice Center III	572,349	3,557,707
School construction	<u>88,236,032</u>	<u>46,238</u>
Total	<u>\$ 88,942,455</u>	<u>\$ 3,842,688</u>

c. Discretely Presented Component Unit

Activity for the ABC Board for the year ended June 30, 2008 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 207,832	\$ -	\$ -	\$ 207,832
Capital assets being depreciated:				
Buildings and improvements	1,342,662	\$ 74,321	\$ -	1,416,983
Furniture and equipment	573,752	28,930	(120,089)	482,593
Vehicles	<u>103,906</u>	<u>-</u>	<u>(19,320)</u>	<u>84,586</u>
Total capital assets being depreciated	<u>2,020,320</u>	<u>\$ 103,251</u>	<u>\$ (139,409)</u>	<u>1,984,162</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

5. Capital Assets (Continued)

c. Discretely Presented Component Unit (Continued)

Less accumulated depreciation for:

Buildings and improvements	\$ 574,078	\$ 38,669	\$ -	\$ 612,747
Furniture and equipment	342,443	48,717	(115,797)	275,363
Vehicles	<u>50,482</u>	<u>13,364</u>	<u>(19,320)</u>	<u>44,526</u>
Total accumulated depreciation	<u>967,003</u>	<u>\$ 100,750</u>	<u>\$ (135,117)</u>	<u>932,636</u>
Total capital assets being depreciated, net	<u>1,053,317</u>			<u>1,051,526</u>
ABC Board capital assets, net	<u>\$ 1,261,149</u>			<u>\$ 1,259,358</u>

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2008 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Other</u>	<u>Total</u>
Governmental activities:					
General	\$ 2,028,536	\$ 1,190,445	\$ 1,254,172	\$ 1,315,442	\$ 5,788,595
Other governmental	<u>747,375</u>	<u>2,027</u>	<u>-</u>	<u>-</u>	<u>749,402</u>
Total governmental activities	<u>\$ 2,775,911</u>	<u>\$ 1,192,472</u>	<u>\$ 1,254,172</u>	<u>\$ 1,315,442</u>	<u>\$ 6,537,997</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Payables (Continued)

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Other</u>	<u>Total</u>
Business-type activities:					
Airport	\$ 106,499	\$ 9,695	\$ -	\$ 749,974	\$ 866,168
Landfill	127,788	38,932	-	-	166,720
Sports Authority	<u>6,738</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,738</u>
Total business-type activities	<u>\$ 241,025</u>	<u>\$ 48,627</u>	<u>\$ -</u>	<u>\$ 749,974</u>	<u>\$ 1,039,626</u>

2. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

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

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and soil and water conservation is 4.90 percent of annual covered payroll. For law enforcement officers and employees of the Rowan Soil and Water Conservation District, the current rate is 4.86 percent and 5.84 percent, respectively, of annual covered payroll. The contribution requirements of members and of Rowan County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2008, 2007 and 2006 were \$1,340,827, \$1,255,581 and \$1,227,937, respectively. The contributions made by the County equaled the required contributions for each year.

b. Law Enforcement Officers' Special Separation Allowance

Plan Description. Rowan County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

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

Retirees receiving benefits	10
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>105</u>
Total	<u>115</u>

A separate report was not issued for the plan.

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

b. Law Enforcement Officers' Special Separation Allowance (Continued)

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 percent investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.5 percent to 12.3 percent per year. Both (a) and (b) included an inflation component of 3.75 percent. The assumptions did not include post-employment benefit increases.

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

b. Law Enforcement Officers' Special Separation Allowance (Continued)

Annual Pension Cost and Net Pension Obligation

The County's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 178,571
Interest on net pension obligation	72,407
Adjustment to annual required contribution	<u>(61,369)</u>
Annual pension cost	189,609
Contributions made	<u>109,002</u>
Increase in net pension obligation	80,607
Net pension obligation, beginning of year	<u>998,715</u>
Net pension obligation, end of year	<u>\$ 1,079,322</u>

Three-Year Trend Information

<u>For Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2006	\$ 184,128	41.43%	\$ 909,860
June 30, 2007	188,392	52.84%	998,715
June 30, 2008	189,609	57.49%	1,079,322

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

b. Law Enforcement Officers' Special Separation Allowance (Continued)

Funded Status and Funding Progress. As of December 31, 2006, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$1,679,673. The covered payroll (annual payroll of active employees covered by the plan) was \$3,927,493, and the ratio of the UAAL to the covered payroll was 42.8 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2008 were \$274,522, which consisted of \$214,397 from the County and \$60,125 from the law enforcement officers.

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

d. Supplemental Retirement Income Plan for Non-Law Enforcement Employees

Plan Description. The County contributes to the Supplemental Retirement Income Plan of North Carolina (401(k) Plan), a defined contribution pension plan sponsored by the State of North Carolina and governed by the Department of State Treasurer and a Board of Trustees. The Department and Board have contracted with Prudential Retirement to be the Plan Administrator. The Plan provides retirement benefits to benefited non-law enforcement employees of the County. The Rowan County Board of Commissioners has the authority to establish and amend benefit provisions.

Funding Policy. The County contributes to the Plan each month an amount equal to three percent of each eligible employee's salary, and all amounts contributed are vested immediately. County non-law enforcement employees may also make voluntary contributions to the Plan. Contributions for the year ended June 30, 2008 totaled \$1,171,210, which consisted of \$639,807 from the County and \$531,403 from non-law enforcement employees.

e. Register of Deeds' Supplemental Pension Fund

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

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

e. Register of Deeds' Supplemental Pension Fund

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to 1.5 percent of the monthly receipts collected pursuant to Article 1 of G.S. Chapter 161. Immediately following January 1 of each year, the Department of State Treasurer divides 93 percent 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 of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2008, the County's required and actual contributions were \$11,974.

3. Other Post-Employment Benefits

Under the terms of a County resolution, the County provides health care benefits to retirees of the County who participate in the LGERS, have at least twenty years of creditable service with the County and are between 55 and 65 years of age at the time of retirement. 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, 29 retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2008, the County made payments for post-retirement health benefits of \$203,450. The County's health care plan is self-insured. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.5 percent and 1.3 percent of covered payroll, respectively.

4. Other Employment Benefits

Under the terms of a County resolution, the County provides death benefits to employees through the Death Benefit Plan for members of the LGERS (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 LGERS or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the LGERS at the time of death are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

4. Other Employment Benefits (Continued)

payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. For the fiscal year ended June 30, 2008, the County made contributions to the State for death benefits of \$29,185. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

Under the terms of a County resolution, the County provides death and dismemberment benefits to employees through Reliastar Life Insurance Company (Reliastar). The beneficiaries of those employees who die in active service after the first day of the month following their ninetieth day of employment are eligible for death benefits. A lump-sum benefit payment of \$30,000 is paid to the employee's chosen beneficiary. Employees who sustain an accidental bodily injury resulting in certain losses of limbs and/or sight are eligible for dismemberment benefits. A lump-sum benefit payment not to exceed \$30,000 is paid to the insured employee. All benefit payments are made by Reliastar. The County has no liability beyond the payment of monthly contributions. Because the benefit payments are made by Reliastar and not by the County, the County does not determine the number of eligible participants. For the fiscal year ended June 30, 2008, the County made contributions to Reliastar totaling \$44,707.

If an employee's beneficiaries receive death benefits in excess of \$50,000, the amount greater than \$50,000 is considered taxable to the employee as a fringe benefit.

5. Closure and Postclosure Care Costs - Rowan County Landfill 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 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the Landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$5,625,175 reported as landfill closure and postclosure care liability at June 30, 2008 represents a cumulative amount reported to-date, based on the use of 71 percent of the total estimated capacity of the current landfill cells. The County will recognize the remaining

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

5. Closure and Postclosure Care Costs - Rowan County Landfill Facility (Continued)

estimated cost of closure and postclosure care of \$2,297,607 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2008. The County expects to close the Landfill facility in the year 2081. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

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. The County expects that future inflation costs will be paid from investment earnings in the Landfill Fund or by charges to future landfill users.

6. Deferred / Unearned Revenues

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

	<u>Deferred Revenue</u>	<u>Unearned Revenue</u>
Prepaid taxes not yet earned (General Fund)	\$ -	\$ 63,140
Prepaid taxes not yet earned (Special Revenue Funds)	-	6,285
Taxes receivable (net) (General Fund), less penalties	1,850,556	-
Taxes receivable (net) (Special Revenue Funds)	176,940	-
Ambulance receivable (net) (General Fund)	728,021	-
Notes receivable (General Fund)	<u>1,983,335</u>	-
Total	<u>\$ 4,738,852</u>	<u>\$ 69,425</u>

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

7. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded liability programs. Both programs are accounted for in the Internal Service Fund. The County retains independent third-party administrators to process and verify the programs' claims. For professional and property coverage, the County operates in conjunction with Carolina Governmental Alliance, Inc., a governmental corporation. The County retains the first \$350,000 in liability claims and claims expenses which are payable by Carolina Governmental Alliance, Inc. Excess liability insurance above the \$350,000 retention is purchased up to a total limit of \$2,000,000 per occurrence. For workers' compensation claims, the uninsured risk retention per incident is \$500,000 for emergency services and law enforcement employees and \$400,000 for all other County employees. The County has purchased commercial insurance for claims in excess of that amount.

In accordance with G.S. 159-29, County employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Finance Director, Tax Collector, Register of Deeds and Sheriff are individually bonded for \$200,000, \$200,000, \$50,000 and \$25,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$300,000.

The County carries commercial coverage, including flood insurance, 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.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Changes in the balances of claims liabilities during the past two years are as follows:

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

7. Risk Management (Continued)

	<u>Year Ended June 30</u>	
	<u>2008</u>	<u>2007</u>
Unpaid claims, beginning of fiscal year	\$ 114,988	\$ 114,352
Incurred claims (including IBNRs)	1,130,670	430,164
Claim payments	<u>(1,131,116)</u>	<u>(429,528)</u>
Unpaid claims, end of fiscal year	<u>\$ 114,542</u>	<u>\$ 114,988</u>

8. Contingent Liabilities

At June 30, 2008, the County was a defendant to various lawsuits. In the opinion of County management and the County attorney, the ultimate outcome of these legal matters will not have a material adverse effect on the County's financial position.

9. Long-term Obligations

a. 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. The bonds bear interest, payable semi-annually, at rates varying from 3.0 percent to 5.0 percent. Principal and interest payments are appropriated when due.

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

9. Long-term Obligations (Continued)

a. General Obligation Indebtedness (Continued)

The County's general obligation bonds payable at June 30, 2008 are comprised of the following individual issues:

\$19,800,000 2002 School Facility Refunding Serial Bonds due on May 1 in installments ranging from \$485,000 to \$1,845,000 through May 2016; interest ranging from 3.0% to 4.0%. The amount shown includes unamortized premium of \$63,600 and is net of unamortized deferred amount on refunding of \$1,112,921.	\$ 11,175,679
\$31,600,000 2003 School Facility Serial Bonds due on February 1 in installments ranging from \$800,000 to \$3,200,000 through February 2019; interest ranging from 3.0% to 5.0%. The amount shown includes unamortized premium of \$220,677.	28,620,677
\$6,635,000 2005 School Facility Refunding Serial Bonds due on February 1 in installments ranging from \$105,000 to \$1,130,000 through February 2016; interest ranging from 3.25% to 4.5%. The amount shown includes unamortized premium of \$61,092 and is net of unamortized deferred amount on refunding of \$242,775.	5,078,317
\$45,300,000 2005 School Facility Serial Bonds due on April 1 in installments ranging from \$2,000,000 to \$4,100,000 through April 2020; interest ranging from 3.0% to 5.0%. The amount shown includes unamortized premium of \$570,771.	<u>39,870,771</u>
Total general obligation bonds	<u>\$ 84,745,444</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

9. Long-term Obligations (Continued)

a. General Obligation Indebtedness (Continued)

Annual debt service requirements to maturity for the County's general obligation bonds are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 6,160,000	\$ 3,541,345
2010	6,315,000	3,343,945
2011	7,270,000	3,122,183
2012	7,545,000	2,842,902
2013	7,680,000	2,543,413
2014-2018	38,915,000	7,651,712
2019-2020	<u>11,300,000</u>	<u>638,000</u>
Total	<u>\$ 85,185,000</u>	<u>\$ 23,683,500</u>

At June 30, 2008, Rowan County had a legal debt margin of \$813,506,461.

b. Installment Purchase Agreements

As authorized by State law (G.S. 160A-20 and 153A-158.1), the County has entered into agreements to finance the acquisition and/or construction of certain assets such as land, facilities, water lines and equipment. All principal and interest payments are appropriated when due.

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

9. Long-term Obligations (Continued)

b. Installment Purchase Agreements (Continued)

Installment purchase agreements at June 30, 2008 involve separate agreements as described below:

Serviced by the General Fund:

\$480,845 1996 installment purchase agreement for regional sewer improvement project, payable on May 1 in installments of \$24,042 through May 2016, plus interest at 3.385%, unsecured	\$ 192,338
\$7,830,213 2002 installment purchase agreement for construction of a water line, payable on November 1 and May 1 in installments of \$391,511 through May 2012, plus interest at 4.60%, secured by water line	3,132,085
\$1,200,000 2004 installment purchase agreement for park renovations, payable on December 1 and June 1 in installments of \$120,000 through July 2009, plus interest at 2.95%, secured by real property	240,000
\$2,724,690 2004 installment purchase agreement for construction of a library, payable on October 1 and April 1 in installments of \$227,058 through April 2010, plus interest at 3.03%, secured by real property	908,230
\$460,000 2006 installment purchase agreement for the purchase of vehicles, payable on September 1 and March 1 in installments of \$81,459 through March 2009, including interest at 3.65%, secured by vehicles	158,564

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

9. Long-term Obligations (Continued)

b. Installment Purchase Agreements (Continued)

Serviced by the General Fund (Continued):

\$669,000 2006 installment purchase agreement for the purchase of telecommunications equipment, payable on September 1 and March 1 in installments of \$90,458 through March 2010, including interest at 3.66%, secured by equipment	\$ 345,866
\$587,000 2007 installment purchase agreement for the purchase of vehicles, payable on September 1 and March 1 in installments of \$103,201 through March 2010, including interest at 3.78%, secured by vehicles	394,012
\$6,000,000 2007 installment purchase agreement for construction of an elementary school, payable on February 1 and August 1 in installments of \$200,000 through August 2021, plus interest at 3.94%, secured by real property	5,400,000
\$3,800,000 2008 installment purchase agreement for renovation of Justice Center facilities, payable on September 1 and March 1 in installments of \$271,429 through March 2015, plus interest at 2.91%, secured by real property	<u>3,800,000</u>
Total installment purchase agreements	<u>\$14,571,095</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

9. Long-term Obligations (Continued)

b. Installment Purchase Agreements (Continued)

Annual debt service requirements to maturity for the County's installment purchase agreements are as follows:

Year Ending June 30	Government Activities	
	Principal	Interest
2009	\$ 2,965,714	\$ 513,519
2010	2,580,799	409,592
2011	1,749,921	320,327
2012	1,749,921	251,986
2013	966,899	192,477
2014-2018	3,157,841	536,876
2019-2022	<u>1,400,000</u>	<u>110,320</u>
Total	<u>\$ 14,571,095</u>	<u>\$ 2,335,097</u>

The Rowan/Kannapolis ABC Board executed a note payable, secured by land and improvements, on December 14, 2006 in the amount of \$400,000. The proceeds were used to finance (1) the renovation and equipping of two new stores and (2) the consolidation of the F&M Bank note and the revolving line of credit. One hundred twenty monthly payments of \$4,146, including interest at 4.5 percent, are required. The principal balance as of June 30, 2008 was \$331,072.

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

9. Long-term Obligations (Continued)

b. Installment Purchase Agreements (Continued)

The ABC Board executed a note payable on December 27, 2006 to purchase an automobile. The principal balance was \$27,895, with a zero percent interest rate, and requires payments of \$465 for 60 months. The principal balance at June 30, 2008 was \$19,527.

Annual debt service requirements to maturity for the ABC Board's installment purchase agreements are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 40,220	\$ 14,322
2010	41,815	12,692
2011	43,482	10,986
2012	42,410	9,229
2013	39,621	7,337
2014-2017	<u>143,051</u>	<u>9,940</u>
Total	<u>\$ 350,599</u>	<u>\$ 64,506</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

9. Long-term Obligations (Continued)

c. 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, 2008:

	<u>Balances</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances</u> <u>June 30, 2008</u>	<u>Current</u> <u>Portion of</u> <u>Balance</u>
Governmental activities:					
General obligation bonds	\$ 90,395,000	\$ -	\$ 5,210,000	\$ 85,185,000	\$ 6,160,000
Plus: Premium on issuance	1,057,417	-	141,277	916,140	135,888
Less: Deferred amount on refunding	<u>(1,520,385)</u>	<u>-</u>	<u>(164,689)</u>	<u>(1,355,696)</u>	<u>(163,007)</u>
Total general obligation debt	89,932,032	-	5,186,588	84,745,444	6,132,881
Certificates of participation	1,040,000	-	1,040,000	-	-
Installment purchase agreements	13,355,446	3,800,000	2,584,351	14,571,095	2,965,714
Compensated absences	2,131,480	1,744,184	1,527,777	2,347,887	1,457,337
Net pension obligation	<u>998,715</u>	<u>189,609</u>	<u>109,002</u>	<u>1,079,322</u>	<u>-</u>
Total governmental activities	<u>\$107,457,673</u>	<u>\$ 5,733,793</u>	<u>\$ 10,447,718</u>	<u>\$102,743,748</u>	<u>\$ 10,555,932</u>
Business-type activities:					
Accrued landfill closure and postclosure care costs	\$ 5,256,461	\$ 368,714	\$ -	\$ 5,625,175	\$ -
Compensated absences	<u>44,499</u>	<u>84,639</u>	<u>50,325</u>	<u>78,813</u>	<u>35,000</u>
Total business-type activities	<u>\$ 5,300,960</u>	<u>\$ 453,353</u>	<u>\$ 50,325</u>	<u>\$ 5,703,988</u>	<u>\$ 35,000</u>
Rowan/Kannapolis ABC Board:					
Installment purchase agreements	<u>\$ 432,504</u>	<u>\$ -</u>	<u>\$ 81,905</u>	<u>\$ 350,599</u>	<u>\$ 40,220</u>

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

9. Long-term Obligations (Continued)

c. Long-term Obligation Activity (Continued)

For governmental and business-type activities, compensated absences and pension liabilities typically have been liquidated in the General Fund. Compensated absences are accounted for on a last in, first out (LIFO) basis, assuming that employees are taking leave time as it is earned.

d. Conduit Debt Obligations

Rowan County Industrial Facilities and Pollution Control Financing 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, 2008, there were six series of industrial revenue bonds outstanding, with an aggregate principal amount payable of \$30,555,000.

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

C. Fund Balance - Designated for Special Purposes

The components of *fund balance - designated for special purposes* as of June 30, 2008 are as follows:

Designated for cooperative extension	\$ 66,382
Designated for emergency services	4,079
Designated for health	351,524
Designated for industrial park	1,662,047
Designated for library	46,713
Designated for parks	383,586
Designated for schools	268,600
Designated for senior services	24,633
Designated for sheriff's department	266,883
Designated for social services	<u>111,941</u>
Total	<u>\$ 3,186,388</u>

D. Interfund Balances and Activity

1. Interfund Balances

The composition of interfund balances at June 30, 2008 is as follows:

Due to the General Fund for repayment of funds for rehabilitation costs from the Community Development Fund	\$ 18,410
Due to General Fund from the Airport Fund for development expenditures for which grant reimbursements will be received	<u>749,974</u>
Total	<u>\$ 768,384</u>
Due to the General Fund of the Primary Government for taxes from the Component Unit	<u>\$ 8,047</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

D. Interfund Balances and Activity (Continued)

2. Interfund Activity

Transfers to/from other funds at June 30, 2008 consist of the following:

From the General Fund to the DSS Facility Capital Projects Fund for renovation and construction of the new DSS facility	\$ (800,000)
From the General Fund to the Justice Center III Capital Projects Fund for renovation of Justice Center facilities	(558,223)
From the General Fund to the Airport Fund to supplement other funding sources and to move inventory	(814,245)
From the General Fund to the Risk Management Fund for professional and property liability costs	<u>(525,000)</u>
Total	<u><u>\$(2,697,468)</u></u>
From the Emergency Telephone System Fund to the General Fund to move the remaining fund balance of the local wireline 911 tax as a result of State Statutes change	\$ 424,547
From the Sports Authority Fund to the General Fund to supplement other funding sources	153,000
From the Risk Management Fund to the General Fund for indirect costs	<u>14,300</u>
Total	<u><u>\$ 591,847</u></u>

NOTE 3 - JOINT VENTURES

The County participates in a joint venture to operate Piedmont Behavioral Healthcare (PBH) with four other local governments. Each participating government appoints four board members to the twenty-member board. The County has an ongoing financial responsibility for the joint venture because PBH's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in PBH, so no equity interest has been reflected in the financial statements at June 30, 2008. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$595,709 to PBH to supplement its activities. Complete financial statements for PBH may be obtained from their administrative offices at 245 Le Phillip Court NE, Concord, NC 28025.

The County, in conjunction with the State of North Carolina, Rowan Cabarrus Community College and Cabarrus County, participates in a joint venture to operate the Rowan Cabarrus Community College. Each of the four participants, except Cabarrus County who only appoints two members, appoints four members of the fifteen-member board of trustees of the community college. The president of the community college's student government association serves as a non-voting, *ex officio* member of the 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 \$398,988 and \$1,707,560 to the community college for capital and operating purposes, respectively, during the fiscal year ended June 30, 2008. 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, 2008. Complete financial statements for the community college may be obtained from the community college's administrative offices at P.O. Box 1595, Salisbury, NC 28145.

NOTE 4 - JOINTLY GOVERNED ORGANIZATION

The County, in conjunction with eight other counties and forty-nine municipalities, established the Centralina Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$36,001 to the Council during the fiscal year ended June 30, 2008. The County was the subrecipient of grants totaling \$1,042,921 from the Division of Aging of the North Carolina Department of Health and Human Services that was passed through the Council.

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

NOTE 5 - BENEFIT PAYMENTS ISSUED BY THE STATE

The amounts listed below were paid directly to individual recipients by the State from federal and State monies. County personnel are involved with certain functions, primarily eligibility determinations, that cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients and do not appear in the basic financial statements because they are not revenues and expenditures of the County.

	<u>Federal</u>	<u>State</u>
Medicaid	\$ 80,863,162	\$ 42,319,027
Food Stamp Program	15,583,610	-
Temporary Assistance to Needy Families Women, Infants and Children	1,101,177	(142)
Domiciliary Care	-	1,292,871
Energy Assistance	243,630	-
Refugee Assistance	1,543	-
Title IV-E Adoption Assistance	540,448	152,299
Title IV-B Adoption Assistance	-	317,324
	<u>\$ 100,890,882</u>	<u>\$ 44,081,379</u>

NOTE 6 - 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.

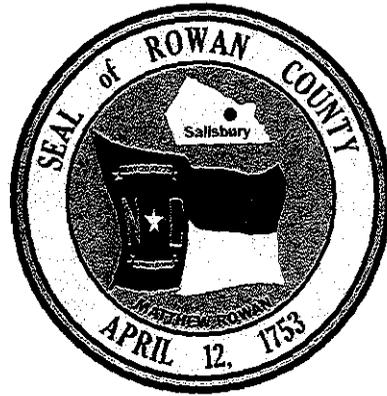
ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

NOTE 7 - SPECIAL ITEM

Effective July 1, 2007, the Airport Fund, an enterprise fund, was created to account for the activity of the Rowan County Airport. This activity had previously been accounted for in the General Fund. A transfer of capital assets totaling \$5,681,768 is reflected on the government-wide statements as a special item because it is unusual in nature, but under the control of management.

NOTE 8 - COMPARATIVE DATA / RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the County's financial position and operations. Comparative totals have not been included on the statements where their inclusion would not provide an enhanced understanding of the County's financial position or would cause the statements to be unduly complex or difficult to understand. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

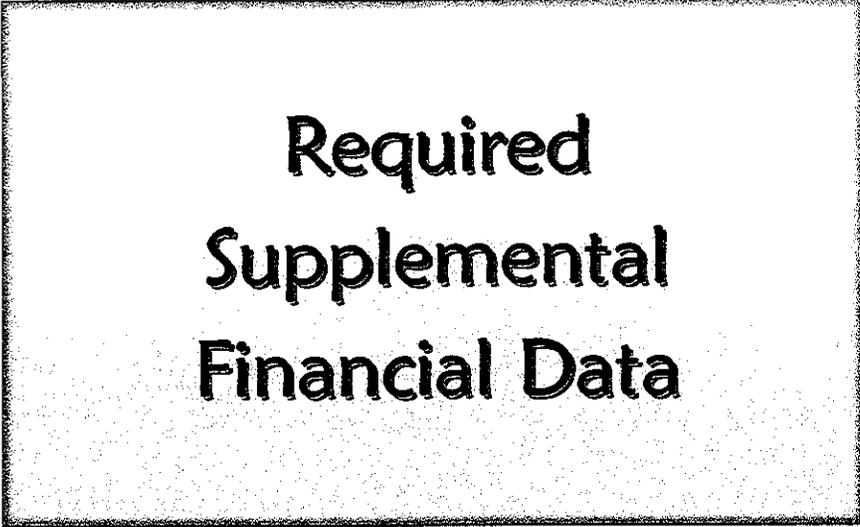


This section contains additional information required by generally accepted accounting principles.

Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance

Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance

Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance



**Required
Supplemental
Financial Data**

ROWAN 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 Percentage of Covered Payroll [(b - a) ÷ c]
12/31/98	\$ -	\$ 628,253	\$ 628,253	0%	\$ 2,639,171	23.8%
12/31/99	-	711,724	711,724	0%	2,938,039	24.2%
12/31/00	-	1,114,856	1,114,856	0%	3,027,418	36.8%
12/31/01	-	1,303,937	1,303,937	0%	3,171,958	41.1%
12/31/02	-	1,403,841	1,403,841	0%	3,427,767	41.0%
12/31/03	-	1,615,002	1,615,002	0%	3,443,637	46.9%
12/31/04	-	1,614,897	1,614,897	0%	3,511,008	46.0%
12/31/05	-	1,681,462	1,681,462	0%	3,967,984	42.4%
12/31/06	-	1,679,673	1,679,673	0%	3,927,493	42.8%

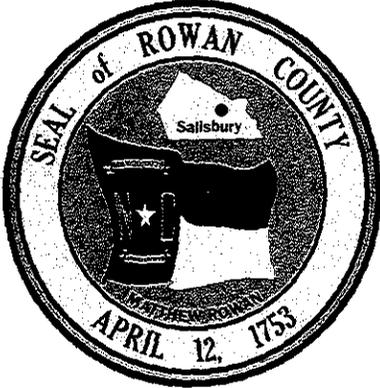
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Year Ended June 30	Annual Required Contribution	Actual Contribution	Percentage Contributed
1999	\$ 67,503	\$ 14,457	21.4%
2000	88,624	10,201	11.5%
2001	99,758	19,726	19.8%
2002	133,360	32,642	24.5%
2003	150,458	54,079	35.9%
2004	166,383	85,788	51.6%
2005	181,948	83,470	45.9%
2006	184,128	76,293	41.4%
2007	176,877	99,537	56.3%
2008	178,571	109,002	61.0%

Notes to the Required Schedules:

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

Valuation date	December 31, 2006
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	None



**Combining and
Individual Fund
Statements and
Schedules**



General Fund

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

**Major
Governmental
Funds**

GENERAL FUND

BALANCE SHEET

June 30, 2008

With Comparative Totals at June 30, 2007

	June 30, 2008	June 30, 2007
ASSETS		
Cash and investments	\$ 37,295,691	\$ 35,679,428
Accounts receivable (net)	3,519,701	4,158,153
Taxes receivable (net)	1,850,556	1,714,502
Due from other funds	768,384	7,200
Due from other governments	5,971,130	5,862,331
Due from component unit	8,047	7,532
Inventories	24,562	195,391
Notes receivable	1,983,335	2,474,603
Restricted assets:		
Cash and investments	-	1,296,228
Total assets	<u>\$ 51,421,406</u>	<u>\$ 51,395,368</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued liabilities	\$ 4,417,031	\$ 4,786,028
Unearned revenue	63,140	100,971
Deferred revenue	4,561,912	5,155,041
Total liabilities	<u>9,042,083</u>	<u>10,042,040</u>
Fund balance:		
Reserved for inventories	24,562	195,391
Reserved for encumbrances	1,575,709	4,512,118
Reserved by State statute	9,539,241	9,069,280
Reserved for Register of deeds	53,018	36,296
Unreserved:		
Designated for subsequent year's expenditures	8,047,998	5,465,085
Designated for special purposes	3,186,388	3,093,552
Undesignated	19,952,407	18,981,606
Total fund balance	<u>42,379,323</u>	<u>41,353,328</u>
Total liabilities and fund balance	<u>\$ 51,421,406</u>	<u>\$ 51,395,368</u>

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2008

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008		Variance Positive (Negative)	2007
	Final Budget	Actual		Actual
REVENUES:				
Ad valorem taxes:				
Taxes		\$ 66,932,426		\$ 61,786,459
Interest		853,273		790,725
Total ad valorem taxes	\$ 65,893,159	67,785,699	\$ 1,892,540	62,577,184
Local option sales taxes:				
Article 39: 1 percent		7,898,613		7,626,568
Article 40: .5 percent		5,476,458		5,425,657
Article 42: .5 percent		5,443,662		5,394,409
Article 44: .5 percent		4,094,379		4,042,836
Total local option sales taxes	23,000,000	22,913,112	(86,888)	22,489,470
Other taxes and licenses:				
Franchise fees	430,000	510,795	80,795	451,747
Occupancy tax	340,000	322,162	(17,838)	309,228
Privilege licenses	16,000	14,247	(1,753)	14,989
Real estate transfer tax	550,000	468,464	(81,536)	581,631
Rental vehicle tax	40,000	40,668	668	40,791
Total other taxes and licenses	1,376,000	1,356,336	(19,664)	1,398,386
Unrestricted intergovernmental:				
ABC profit distribution	15,000	25,000	10,000	15,000
Beer and wine tax	352,000	352,298	298	347,400
Payments in lieu of taxes - outside sources	17,000	20,774	3,774	16,935
Total unrestricted intergovernmental	384,000	398,072	14,072	379,335

Continued on next page.

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2008

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008		Variance Positive (Negative)	2007
	Final Budget	Actual		Actual
REVENUES (Continued):				
Restricted intergovernmental:				
Federal grants	\$ 14,787,021	\$ 14,776,569	\$ (10,452)	\$ 14,037,779
State grants	7,504,812	7,194,562	(310,250)	4,842,188
Local contributions	625,800	625,802	2	621,038
Lottery proceeds	2,500,000	2,602,529	102,529	1,929,971
ABC bottle taxes	34,000	32,289	(1,711)	29,769
Court facilities fees	315,000	317,663	2,663	317,555
Total restricted intergovernmental	<u>25,766,633</u>	<u>25,549,414</u>	<u>(217,219)</u>	<u>21,778,300</u>
Permits and fees:				
Building permits	960,000	1,014,485	54,485	861,285
Other permits	33,164	45,429	12,265	27,561
Register of deeds	835,000	780,473	(54,527)	847,882
Total permits and fees	<u>1,828,164</u>	<u>1,840,387</u>	<u>12,223</u>	<u>1,736,728</u>
Sales and services:				
Rents, concessions and fees	1,587,650	1,868,589	280,939	1,732,423
Ambulance fees	2,094,000	2,157,501	63,501	2,191,629
Airport fees	-	-	-	1,361,425
Health fees	522,158	563,669	41,511	458,838
Jail fees	180,000	209,497	29,497	181,227
Recreation fees	622,860	798,680	175,820	636,033
Tax collection fees	235,000	261,843	26,843	251,914
Total sales and services	<u>5,241,668</u>	<u>5,859,779</u>	<u>618,111</u>	<u>6,813,489</u>

Continued on next page.

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2008

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008		Variance	2007
	Final Budget	Actual	Positive (Negative)	Actual
REVENUES (Continued):				
Investment earnings	\$ 2,101,225	\$ 2,833,559	\$ 732,334	\$ 2,527,718
Miscellaneous:				
Sale of materials	175,150	295,878	120,728	232,236
Donations	387,896	563,005	175,109	499,608
Other	87,593	261,027	173,434	284,955
Total miscellaneous	650,639	1,119,910	469,271	1,016,799
Total revenues	126,241,488	129,656,268	3,414,780	120,717,409
EXPENDITURES:				
General government:				
Governing body	122,168	113,332	8,836	120,895
County manager	314,951	232,409	82,542	278,550
Finance	958,369	902,110	56,259	778,230
Administration	535,988	520,669	15,319	486,126
Elections	522,380	387,680	134,700	195,076
Tax assessor	1,616,963	1,582,488	34,475	1,511,575
Tax collector	673,081	626,028	47,053	594,275
Register of deeds	679,134	611,144	67,990	643,907
Public buildings	2,417,839	2,211,093	206,746	1,968,343
Court facilities	608,389	443,355	165,034	394,500
Information systems	1,846,824	1,658,903	187,921	1,346,376
Other general government	1,242,829	406,023	836,806	322,663
Total general government	11,538,915	9,695,234	1,843,681	8,640,516

Continued on next page.

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2008

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008		Variance Positive (Negative)	2007
	Final Budget	Actual		Actual
EXPENDITURES (Continued):				
Public safety:				
Sheriff	\$ 8,413,424	\$ 8,215,571	\$ 197,853	\$ 8,076,154
Jail	4,875,268	4,474,085	401,183	3,719,880
Emergency communications	1,595,855	1,399,238	196,617	1,168,509
Emergency management	691,280	603,091	88,189	496,641
Rescue units	5,022,933	4,446,202	576,731	3,248,874
Animal control	530,946	498,101	32,845	468,291
Medical examiner	80,000	72,600	7,400	77,600
Pre-trial services program	86,887	81,322	5,565	77,852
Codes enforcement	884,141	867,061	17,080	1,020,415
Other public safety	814,630	811,717	2,913	785,179
Total public safety	<u>22,995,364</u>	<u>21,468,988</u>	<u>1,526,376</u>	<u>19,139,395</u>
Transportation:				
Airport	-	-	-	2,418,319
Rowan Transit System	619,681	558,727	60,954	557,973
Total transportation	<u>619,681</u>	<u>558,727</u>	<u>60,954</u>	<u>2,976,292</u>
Economic and physical development:				
Planning	667,648	575,941	91,707	440,090
Tourism Authority	336,900	318,945	17,955	306,136
Agricultural extension	368,581	306,534	62,047	268,446
Soil and water conservation	87,418	51,942	35,476	52,156
Industrial parks	526,000	514,503	11,497	13,457
Other economic and physical development	630,317	487,415	142,902	2,935,198
Total economic and physical development	<u>2,616,864</u>	<u>2,255,280</u>	<u>361,584</u>	<u>4,015,483</u>

Continued on next page.

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2008

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008		Variance	2007
	Final Budget	Actual	Positive (Negative)	Actual
EXPENDITURES (Continued):				
Human services:				
Health:				
Administration		\$ 375,166		\$ 444,095
Dental clinic		604,806		548,033
Women's preventive health (Family planning)		519,343		472,889
Child health and primary care		570,894		537,782
Maternal health		673,044		618,198
Women, infants and children		478,704		416,546
Adult health		1,290,424		1,085,760
Environmental health		733,501		593,813
Total health	\$ 5,757,197	5,245,882	\$ 511,315	4,717,116
Mental health	597,420	595,709	1,711	593,189
Senior services	1,695,163	1,642,143	53,020	1,522,452
Social services:				
Administration		1,387,705		1,329,266
Child day care		4,902,427		5,281,025
Work first		2,168,497		2,065,984
Other social service programs		2,567,517		2,261,042
Income maintenance programs		3,321,472		2,897,919
Child support enforcement		992,568		1,068,821
Foster care program		1,165,544		1,028,695
Medical assistance program		5,588,668		6,907,999
Other programs		2,191,399		2,060,120
Total social services	26,557,195	24,285,797	2,271,398	24,900,871

Continued on next page.

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2008

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008		Variance Positive (Negative)	2007
	Final Budget	Actual		Actual
EXPENDITURES (Continued):				
Human services (Continued):				
Veterans service officer	\$ 40,660	\$ 35,675	\$ 4,985	\$ 46,864
Other human services	120,032	120,032	-	95,032
Total human services	34,767,667	31,925,238	2,842,429	31,875,524
Culture and recreation:				
Recreation	2,646,414	2,455,630	190,784	2,740,518
Libraries	3,067,589	3,008,984	58,605	2,908,076
Other culture and recreation	79,402	69,402	10,000	59,402
Total culture and recreation	5,793,405	5,534,016	259,389	5,707,996
Education:				
Public schools	40,917,297	40,888,468	28,829	33,024,221
Community college	2,421,675	2,106,548	315,127	1,913,855
Total education	43,338,972	42,995,016	343,956	34,938,076
Debt service:				
Principal retirement	9,321,084	8,834,351	486,733	9,030,018
Interest and other charges	4,491,735	4,229,306	262,429	4,337,611
Total debt service	13,812,819	13,063,657	749,162	13,367,629
Total expenditures	135,483,687	127,496,156	7,987,531	120,660,911

Continued on next page.

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2008

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008		Variance Positive (Negative)	2007
	Final Budget	Actual		Actual
Revenues over (under) expenditures	\$ (9,242,199)	\$ 2,160,112	\$ 11,402,311	\$ 56,498
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	591,847	591,847	-	241,736
Transfers to other funds	(2,697,468)	(2,697,468)	-	(450,000)
Installment purchase obligations issued	-	-	-	587,000
Sale of capital assets	41,555	1,142,333	1,100,778	714,852
Total other financing sources (uses)	(2,064,066)	(963,288)	1,100,778	1,093,588
Revenues and other financing sources over (under) expenditures and other financing uses	(11,306,265)	1,196,824	12,503,089	1,150,086
APPROPRIATED FUND BALANCE	11,306,265	-	(11,306,265)	-
Net change in fund balance	\$ -	1,196,824	\$ 1,196,824	1,150,086
FUND BALANCE:				
Beginning of year, July 1		41,353,328		40,217,647
Decrease in inventories		(170,829)		(14,405)
End of year, June 30		\$ 42,379,323		\$ 41,353,328



Community Development Fund

Accounts for the grant revenues received from the Community Development Block Grant and the HOME Consortium Grant to fund community development.

Emergency Telephone System Fund

Accounts for the 911 revenues collected by the telephone industry to fund the 911 emergency system.

Fire District Fund

Accounts for the tax revenues collected by the County on behalf of the various fire districts located within the County.

DSS Facility Capital Projects Fund

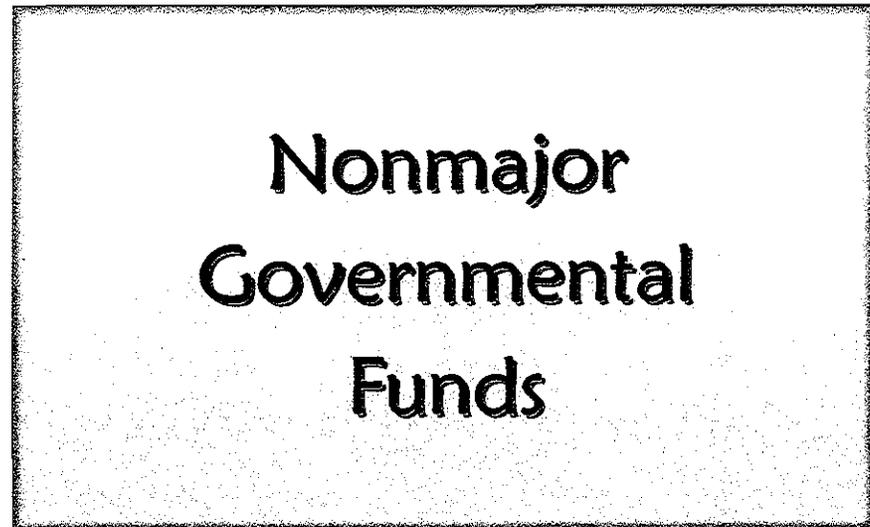
Accounts for funds used in the planning, design and construction of a new Department of Social Services facility.

Justice Center III Capital Projects Fund

Accounts for funds used in the planning, design and construction of new courtrooms and completion of the jail pod.

Public Schools 2002 Capital Projects Fund

Accounts for funds used in the planning, design, construction and renovation of the Rowan-Salisbury and Kannapolis City Schools from bonds authorized in 2002.



ROWAN COUNTY, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2008

EXHIBIT B-3

	Special Revenue Funds			Total Nonmajor Special Revenue Funds	Capital Projects Funds			Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	Community Development Fund	Emergency Telephone System Fund	Fire District Fund		DSS Facility Capital Projects Fund	Justice Center III Capital Projects Fund	Public Schools 2002 Capital Projects Fund		
ASSETS									
Cash and investments	\$ -	\$ 493,135	\$ 48,172	\$ 541,307	\$ 667,412	\$ 553,645	\$ 2,297,077	\$ 3,518,134	\$ 4,059,441
Taxes receivable (net)	-	-	176,940	176,940	-	-	-	-	176,940
Due from other governments	18,410	69,507	-	87,917	-	-	-	-	87,917
Restricted cash and investments	-	-	-	-	-	3,437,034	-	3,437,034	3,437,034
Total assets	\$ 18,410	\$ 562,642	\$ 225,112	\$ 806,164	\$ 667,412	\$ 3,990,679	\$ 2,297,077	\$ 6,955,168	\$ 7,761,332
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued liabilities	\$ -	\$ 3,166	\$ 41,887	\$ 45,053	\$ -	\$ 163,421	\$ 56,599	\$ 220,020	\$ 265,073
Contract retainage	-	-	-	-	-	22,684	461,645	484,329	484,329
Due to other funds	18,410	-	-	18,410	-	-	-	-	18,410
Unearned revenue	-	-	6,285	6,285	-	-	-	-	6,285
Deferred revenue	-	-	176,940	176,940	-	-	-	-	176,940
Total liabilities	18,410	3,166	225,112	246,688	-	186,105	518,244	704,349	951,037
Fund balances:									
Reserved by State statute	-	69,507	-	69,507	-	-	-	-	69,507
Unreserved	-	489,969	-	489,969	667,412	3,804,574	1,778,833	6,250,819	6,740,788
Total fund balances	-	559,476	-	559,476	667,412	3,804,574	1,778,833	6,250,819	6,810,295
Total liabilities and fund balances	\$ 18,410	\$ 562,642	\$ 225,112	\$ 806,164	\$ 667,412	\$ 3,990,679	\$ 2,297,077	\$ 6,955,168	\$ 7,761,332

**ROWAN COUNTY, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS**

EXHIBIT B-4

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the Fiscal Year Ended June 30, 2008

	Special Revenue Funds				Capital Projects Funds				
	Community Development Fund	Emergency Telephone System Fund	Fire District Fund	Total Nonmajor Special Revenue Funds	DSS Facility Capital Projects Fund	Justice Center III Capital Projects Fund	Public Schools 2002 Capital Projects Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES:									
Ad valorem taxes	\$ -	\$ -	\$ 3,382,756	\$ 3,382,756	\$ -	\$ -	\$ -	\$ -	\$ 3,382,756
Other taxes and licenses	-	663,390	-	663,390	-	-	-	-	663,390
Restricted intergovernmental	200,937	-	-	200,937	-	-	2,216,678	2,216,678	2,417,615
Investment earnings	-	33,579	-	33,579	1,486	18,700	61,949	82,135	115,714
Miscellaneous	10,000	-	-	10,000	-	-	-	-	10,000
Total revenues	<u>210,937</u>	<u>696,969</u>	<u>3,382,756</u>	<u>4,290,662</u>	<u>1,486</u>	<u>18,700</u>	<u>2,278,627</u>	<u>2,298,813</u>	<u>6,589,475</u>
EXPENDITURES:									
Current:									
Public safety	-	463,365	3,382,756	3,846,121	-	-	-	-	3,846,121
Economic and physical development	232,437	-	-	232,437	-	-	-	-	232,437
Capital outlay	-	-	-	-	134,074	572,349	2,334,954	3,041,377	3,041,377
Total expenditures	<u>232,437</u>	<u>463,365</u>	<u>3,382,756</u>	<u>4,078,558</u>	<u>134,074</u>	<u>572,349</u>	<u>2,334,954</u>	<u>3,041,377</u>	<u>7,119,935</u>
Excess (deficiency) of revenues over expenditures	<u>(21,500)</u>	<u>233,604</u>	<u>-</u>	<u>212,104</u>	<u>(132,588)</u>	<u>(553,649)</u>	<u>(56,327)</u>	<u>(742,564)</u>	<u>(530,460)</u>
OTHER FINANCING SOURCES (USES):									
Transfers from other funds	-	-	-	-	800,000	558,223	-	1,358,223	1,358,223
Transfers to other funds	-	(424,547)	-	(424,547)	-	-	-	-	(424,547)
Installment purchase obligations issued	-	-	-	-	-	3,800,000	-	3,800,000	3,800,000
Total other financing sources (uses)	<u>-</u>	<u>(424,547)</u>	<u>-</u>	<u>(424,547)</u>	<u>800,000</u>	<u>4,358,223</u>	<u>-</u>	<u>5,158,223</u>	<u>4,733,676</u>
Net change in fund balances	(21,500)	(190,943)	-	(212,443)	667,412	3,804,574	(56,327)	4,415,659	4,203,216
FUND BALANCES:									
Beginning of year, July 1	<u>21,500</u>	<u>750,419</u>	<u>-</u>	<u>771,919</u>	<u>-</u>	<u>-</u>	<u>1,835,160</u>	<u>1,835,160</u>	<u>2,607,079</u>
End of year, June 30	<u>\$ -</u>	<u>\$ 559,476</u>	<u>\$ -</u>	<u>\$ 559,476</u>	<u>\$ 667,412</u>	<u>\$ 3,804,574</u>	<u>\$ 1,778,833</u>	<u>\$ 6,250,819</u>	<u>\$ 6,810,295</u>

COMMUNITY DEVELOPMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
REVENUES:					
Restricted intergovernmental:					
Community Development Block Grant	\$ 400,000	\$ 332,176	\$ 67,318	\$ 399,494	\$ (506)
HOME Consortium Grant	373,924	29,353	133,306	162,659	(211,265)
Single Family Rehabilitation Program	397,000	-	313	313	(396,687)
Miscellaneous	10,000	-	10,000	10,000	-
Total revenues	<u>1,180,924</u>	<u>361,529</u>	<u>210,937</u>	<u>572,466</u>	<u>(608,458)</u>
EXPENDITURES:					
Economic and physical development:					
Administration	110,307	58,150	8,979	67,129	43,178
Down payment assistance	20,000	-	10,000	10,000	10,000
New construction	117,439	20,000	5,000	25,000	92,439
Rehabilitation	958,178	286,879	208,458	495,337	462,841
Total expenditures	<u>1,205,924</u>	<u>365,029</u>	<u>232,437</u>	<u>597,466</u>	<u>608,458</u>
Revenues under expenditures	(25,000)	(3,500)	(21,500)	(25,000)	-
OTHER FINANCING SOURCES:					
Transfers from other funds	25,000	25,000	-	25,000	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 21,500</u>	(21,500)	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCE:					
Beginning of year, July 1			<u>21,500</u>		
End of year, June 30			<u>\$ -</u>		

EMERGENCY TELEPHONE SYSTEM FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2008

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008		Variance Positive (Negative)	2007
	Final Budget	Actual		Actual
REVENUES:				
Other taxes and licenses	\$ 660,000	\$ 663,390	\$ 3,390	\$ 767,861
Restricted intergovernmental:				
Federal grants	-	-	-	26,078
Investment earnings	20,000	33,579	13,579	52,434
Total revenues	680,000	696,969	16,969	846,373
EXPENDITURES:				
Current:				
Public safety:				
Emergency communications	772,848	463,365	309,483	1,136,580
Revenues over (under) expenditures	(92,848)	233,604	326,452	(290,207)
OTHER FINANCING USES:				
Transfers to other funds	(424,547)	(424,547)	-	-
Revenues under expenditures and other financing uses	(517,395)	(190,943)	326,452	(290,207)
APPROPRIATED FUND BALANCE	517,395	-	(517,395)	-
Net change in fund balance	\$ -	(190,943)	\$ (190,943)	(290,207)
FUND BALANCE:				
Beginning of year, July 1		750,419		1,040,626
End of year, June 30		\$ 559,476		\$ 750,419

FIRE DISTRICT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2008

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008		Variance	2007
	Final Budget	Actual	Positive (Negative)	Actual
REVENUES:				
Ad valorem taxes	\$ 3,483,257	\$ 3,382,756	\$ (100,501)	\$ 2,896,473
EXPENDITURES:				
Current:				
Public safety:				
Atwell Township Fire District	304,322	295,004	9,318	246,808
Bostian Heights Fire District	375,828	371,441	4,387	310,033
Cleveland Fire District	267,256	264,481	2,775	257,594
East Gold Hill Fire District	81,785	77,085	4,700	61,809
East Landis Fire District	4,766	3,885	881	3,601
East Rowan Fire District	13,466	11,993	1,473	10,562
Ellis Cross Country Fire District	80,150	77,976	2,174	69,705
Enochville Fire District	177,008	169,844	7,164	96,894
Franklin Fire District	140,879	136,876	4,003	118,595
Liberty Fire District	197,108	189,732	7,376	154,887
Locke Township Fire District	366,106	353,476	12,630	340,816
Miller Ferry Fire District	158,469	150,559	7,910	108,275
Mount Mitchell Fire District	68,957	65,175	3,782	51,289
Poole Town Fire District	50,838	49,872	966	41,643
Richfield-Misenheimer Fire District	9,502	7,683	1,819	6,349

Continued on next page.

FIRE DISTRICT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2008

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008		Variance Positive (Negative)	2007
	Final Budget	Actual		Actual
EXPENDITURES (Continued):				
Current (Continued):				
Public safety (Continued):				
Rockwell Rural Fire District	\$ 332,439	\$ 327,735	\$ 4,704	\$ 284,016
Rowan Iredell Fire District	33,651	32,731	920	27,541
Scotch Irish Fire District	46,090	44,742	1,348	38,867
South Rowan Fire District	20,124	19,000	1,124	16,112
South Salisbury Fire District	222,452	214,090	8,362	196,768
Union Fire District	141,324	137,494	3,830	101,415
West Rowan Fire District	171,541	167,107	4,434	129,545
Woodleaf Fire District	219,196	214,775	4,421	223,349
Total expenditures	<u>3,483,257</u>	<u>3,382,756</u>	<u>100,501</u>	<u>2,896,473</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>	-
FUND BALANCE:				
Beginning of year, July 1		-		-
End of year, June 30		<u>\$ -</u>		<u>\$ -</u>

DSS FACILITY CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
REVENUES:					
Investment earnings	\$ 100,000	\$ -	\$ 1,486	\$ 1,486	\$ (98,514)
EXPENDITURES:					
Capital outlay:					
Human services:					
Building	6,432,000	-	134,074	134,074	6,297,926
Revenues under expenditures	(6,332,000)	-	(132,588)	(132,588)	6,199,412
OTHER FINANCING SOURCES:					
Transfers from other funds	800,000	-	800,000	800,000	-
Installment purchase obligations issued	5,532,000	-	-	-	(5,532,000)
Total other financing sources	6,332,000	-	800,000	800,000	(5,532,000)
Revenues and other financing sources over expenditures	\$ -	\$ -	667,412	\$ 667,412	\$ 667,412
FUND BALANCE:					
Beginning of year, July 1			-		
End of year, June 30			\$ 667,412		

JUSTICE CENTER III CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
REVENUES:					
Investment earnings	\$ 60,000	\$ -	\$ 18,700	\$ 18,700	\$ (41,300)
EXPENDITURES:					
Capital outlay:					
Public safety:					
Other improvements	4,418,223	-	572,349	572,349	3,845,874
Revenues under expenditures	(4,358,223)	-	(553,649)	(553,649)	3,804,574
OTHER FINANCING SOURCES:					
Transfers from other funds	558,223	-	558,223	558,223	-
Installment purchase obligations issued	3,800,000	-	3,800,000	3,800,000	-
Total other financing sources	4,358,223	-	4,358,223	4,358,223	-
Revenues and other financing sources over expenditures	\$ -	\$ -	3,804,574	\$ 3,804,574	\$ 3,804,574
FUND BALANCE:					
Beginning of year, July 1			-		
End of year, June 30			\$ 3,804,574		

PUBLIC SCHOOLS 2002 CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
REVENUES:					
Restricted intergovernmental:					
Public School Building Bond Act of 1996	\$ 472,152	\$ 472,152	\$ -	\$ 472,152	\$ -
Public School Building Capital Fund	197,000	-	197,000	197,000	-
Contributions from Rowan-Salisbury Schools	4,360,303	2,252,278	2,019,678	4,271,956	(88,347)
Investment earnings	1,700,000	2,295,945	61,949	2,357,894	657,894
Total revenues	<u>6,729,455</u>	<u>5,020,375</u>	<u>2,278,627</u>	<u>7,299,002</u>	<u>569,547</u>
EXPENDITURES:					
Capital outlay:					
Education:					
Rowan-Salisbury Schools	84,978,647	81,688,937	2,083,953	83,772,890	1,205,757
Kannapolis City Schools	4,466,670	4,212,141	251,001	4,463,142	3,528
Total expenditures	<u>89,445,317</u>	<u>85,901,078</u>	<u>2,334,954</u>	<u>88,236,032</u>	<u>1,209,285</u>
Revenues under expenditures	<u>(82,715,862)</u>	<u>(80,880,703)</u>	<u>(56,327)</u>	<u>(80,937,030)</u>	<u>1,778,832</u>
OTHER FINANCING SOURCES (USES):					
Transfers to other funds	(184,138)	(184,137)	-	(184,137)	1
Installment purchase obligations issued	6,000,000	6,000,000	-	6,000,000	-
General obligation bonds issued	76,900,000	76,900,000	-	76,900,000	-
Total other financing sources (uses)	<u>82,715,862</u>	<u>82,715,863</u>	<u>-</u>	<u>82,715,863</u>	<u>1</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,835,160</u>	<u>(56,327)</u>	<u>\$ 1,778,833</u>	<u>\$ 1,778,833</u>
FUND BALANCE:					
Beginning of year, July 1			<u>1,835,160</u>		
End of year, June 30			<u>\$ 1,778,833</u>		

Airport Fund

Accounts for the operations and development of the Rowan County Airport.

Landfill Fund

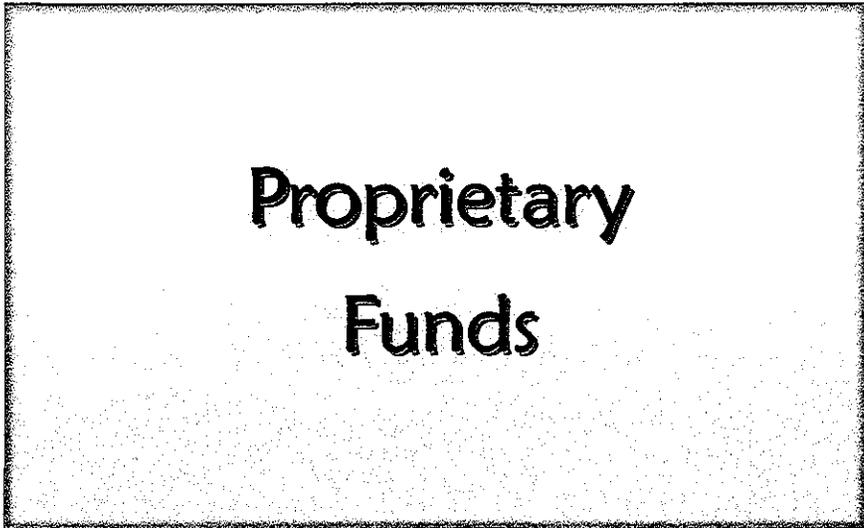
Accounts for the County's solid waste activities.

Sports Authority Fund

Accounts for the stadium operations of the Rowan County-Kannapolis Sports Authority.

Risk Management Fund

Accounts for the operations of the County's professional and property liability and workers' compensation self-funded programs.





AIRPORT FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)

For the Fiscal Year Ended June 30, 2008

	2008		
	Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Operating revenues:			
Charges for services	\$ 1,464,500	\$ 1,553,314	\$ 88,814
Nonoperating revenues:			
State grants	1,498,043	1,018,397	(479,646)
Total revenues	2,962,543	2,571,711	(390,832)
EXPENDITURES:			
Airport operations	3,776,788	3,011,047	765,741
Revenues under expenditures	(814,245)	(439,336)	374,909
OTHER FINANCING SOURCES:			
Capital contributions	-	5,681,768	5,681,768
Transfers in	814,245	814,245	-
Revenues and other financing sources over expenditures	\$ -	6,056,677	\$ 6,056,677
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL)			
TO FULL ACCRUAL:			
Reconciling items:			
Capital outlays		1,316,013	
Depreciation		(505,530)	
Total reconciling items		810,483	
Change in net assets		\$ 6,867,160	

LANDFILL FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)

For the Fiscal Year Ended June 30, 2008

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008		Variance Positive (Negative)	2007
	Final Budget	Actual		Actual
REVENUES:				
Operating revenues:				
Charges for services	\$ 4,128,000	\$ 3,799,990	\$ (328,010)	\$ 3,782,329
Nonoperating revenues:				
Scrap tire disposal tax	145,000	183,751	38,751	143,453
White goods disposal tax	56,000	51,839	(4,161)	56,169
State grants	-	-	-	3,113
Investment earnings	150,000	258,746	108,746	230,007
Miscellaneous	-	-	-	1,980
Total nonoperating revenues	351,000	494,336	143,336	434,722
Total revenues	4,479,000	4,294,326	(184,674)	4,217,051
EXPENDITURES:				
Administration	297,654	291,865	5,789	-
Landfill operations	2,894,086	1,506,098	1,387,988	1,307,833
Recycling operations	1,010,798	824,320	186,478	606,203
Sanitation operations	613,147	550,644	62,503	502,330
Total expenditures	4,815,685	3,172,927	1,642,758	2,416,366
Revenues over (under) expenditures	(336,685)	1,121,399	1,458,084	1,800,685
APPROPRIATED FUND BALANCE	336,685	-	(336,685)	-
Revenues and appropriated fund balance over expenditures	\$ -	1,121,399	\$ 1,121,399	1,800,685

Continued on next page.

LANDFILL FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)

For the Fiscal Year Ended June 30, 2008

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008		Variance	2007
	Final Budget	Actual	Positive (Negative)	Actual
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL)				
TO FULL ACCRUAL:				
Reconciling items:				
Capital outlays		\$ 553,712		\$ 443,045
Depreciation		(913,224)		(1,068,838)
Increase in accrued landfill closure and postclosure care costs		(368,714)		(370,242)
Decrease (increase) in accrued vacation pay		(34,314)		5,330
Total reconciling items		<u>(762,540)</u>		<u>(990,705)</u>
Change in net assets		<u>\$ 358,859</u>		<u>\$ 809,980</u>

SPORTS AUTHORITY FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)

For the Fiscal Year Ended June 30, 2008

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008		Variance Positive (Negative)	2007
	Final Budget	Actual		Actual
REVENUES:				
Operating revenues:				
Charges for services	\$ 75,000	\$ 117,547	\$ 42,547	\$ 75,000
Nonoperating revenues:				
Contributions	153,000	153,000	-	153,000
Investment earnings	25,000	24,149	(851)	29,888
Total nonoperating revenues	178,000	177,149	(851)	182,888
Total revenues	253,000	294,696	41,696	257,888
EXPENDITURES:				
Sports Authority operations	136,000	115,474	20,526	101,710
Revenues over expenditures	117,000	179,222	62,222	156,178
OTHER FINANCING USES:				
Transfers out	(153,000)	(153,000)	-	(153,000)
Revenues over (under) expenditures and other financing uses	(36,000)	26,222	62,222	3,178
APPROPRIATED FUND BALANCE	36,000	-	(36,000)	-
Revenues and appropriated fund balance over expenditures and other financing uses	\$ -	26,222	\$ 26,222	3,178

Continued on next page.

SPORTS AUTHORITY FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)

For the Fiscal Year Ended June 30, 2008

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008	Variance Positive (Negative)	2007
Final Budget	Actual		Actual
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL)			
TO FULL ACCRUAL:			
Reconciling items:			
Note receivable principal	\$ (128,660)		\$ (121,542)
Decrease in interest receivable	(5,337)		(5,043)
Depreciation	(161,459)		(161,459)
Total reconciling items	<u>(295,456)</u>		<u>(288,044)</u>
Change in net assets	<u>\$ (269,234)</u>		<u>\$ (284,866)</u>

RISK MANAGEMENT FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)

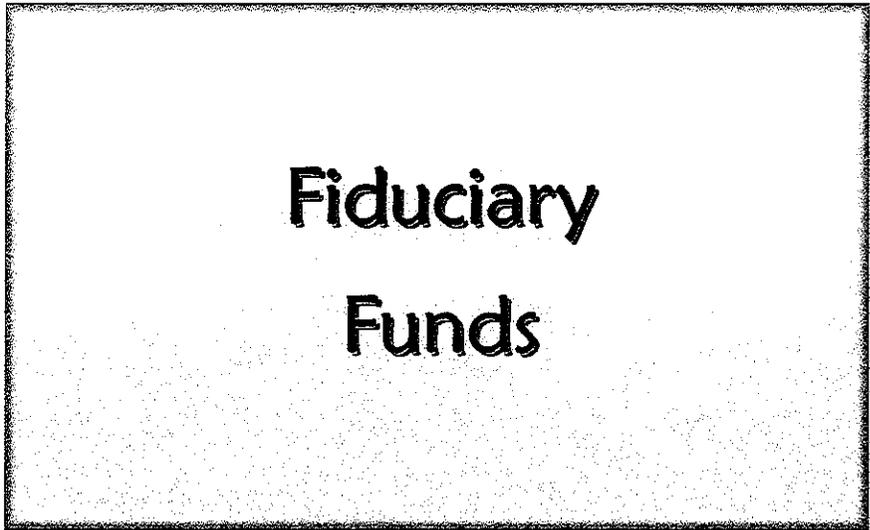
For the Fiscal Year Ended June 30, 2008

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008		Variance Positive (Negative)	2007
	Final Budget	Actual		Actual
REVENUES:				
Operating revenues:				
Charges for services	\$ 580,824	\$ 600,979	\$ 20,155	\$ 564,206
Nonoperating revenues:				
Investment earnings	82,000	106,562	24,562	88,844
Insurance settlements	577,653	700,805	123,152	384,248
Total nonoperating revenues	659,653	807,367	147,714	473,092
Total revenues	1,240,477	1,408,346	167,869	1,037,298
EXPENDITURES:				
Administration	115,613	108,411	7,202	100,249
Professional and property liability	507,400	495,944	11,456	446,068
Workers' compensation	1,128,164	1,127,245	919	422,327
Total expenditures	1,751,177	1,731,600	19,577	968,644
Revenues over (under) expenditures	(510,700)	(323,254)	187,446	68,654
OTHER FINANCING SOURCES (USES):				
Transfers in	525,000	525,000	-	425,000
Transfers out	(14,300)	(14,300)	-	(14,300)
Total other financing sources (uses)	510,700	510,700	-	410,700
Revenues and other financing sources over expenditures and other financing uses	\$ -	\$ 187,446	\$ 187,446	\$ 479,354

Agency Fund

Accounts for assets held by the County as an agent for individuals, private organizations, other governments and/or other funds.



**Fiduciary
Funds**

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Fiscal Year Ended June 30, 2008

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
Social Services Fund:				
Assets:				
Cash and investments	\$ 39,061	\$ 215,700	\$ 233,191	\$ 21,570
Liabilities:				
Miscellaneous liabilities	\$ 39,061	\$ 215,700	\$ 233,191	\$ 21,570
Fines and Forfeitures Fund:				
Assets:				
Cash and investments	\$ 49,135	\$ 1,462,443	\$ 1,504,124	\$ 7,454
Accounts receivable	103,276	84,484	103,276	84,484
Total assets	<u>\$ 152,411</u>	<u>\$ 1,546,927</u>	<u>\$ 1,607,400</u>	<u>\$ 91,938</u>
Liabilities:				
Intergovernmental payables:				
Rowan-Salisbury Schools	\$ 139,864	\$ 1,392,509	\$ 1,450,606	\$ 81,767
Kannapolis City Schools	7,562	76,258	79,345	4,475
State of North Carolina	4,985	78,160	77,449	5,696
Total liabilities	<u>\$ 152,411</u>	<u>\$ 1,546,927</u>	<u>\$ 1,607,400</u>	<u>\$ 91,938</u>
Municipal Tax Fund				
Assets:				
Cash and investments	\$ 176,832	\$ 24,644,933	\$ 24,642,808	\$ 178,957
Liabilities:				
Intergovernmental payables:				
Rowan County Municipalities	\$ 176,832	\$ 24,644,933	\$ 24,642,808	\$ 178,957

Continued on next page.

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Fiscal Year Ended June 30, 2008

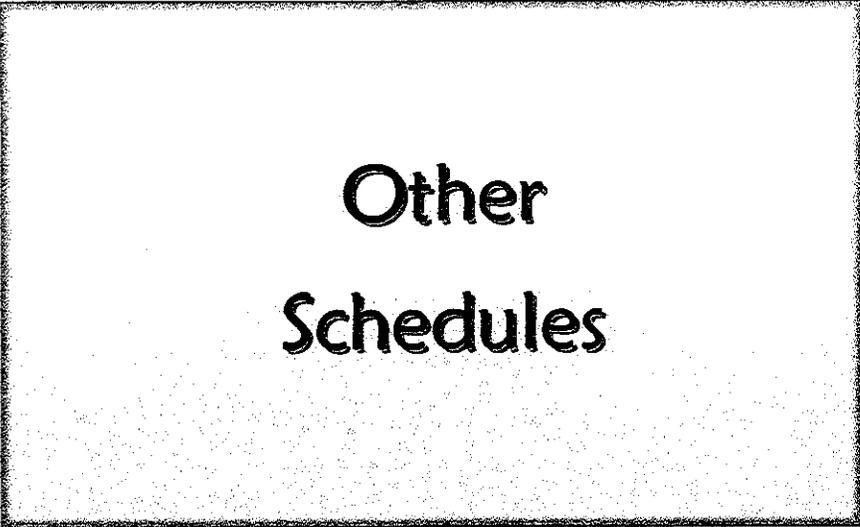
	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
Totals - All Agency Funds:				
Assets:				
Cash and investments	\$ 265,028	\$ 26,323,076	\$ 26,380,123	\$ 207,981
Accounts receivable	103,276	84,484	103,276	84,484
Total assets	<u>\$ 368,304</u>	<u>\$ 26,407,560</u>	<u>\$ 26,483,399</u>	<u>\$ 292,465</u>
Liabilities:				
Miscellaneous liabilities	\$ 39,061	\$ 215,700	\$ 233,191	\$ 21,570
Intergovernmental payables:				
Rowan-Salisbury Schools	139,864	1,392,509	1,450,606	81,767
Kannapolis City Schools	7,562	76,258	79,345	4,475
Rowan County Municipalities	176,832	24,644,933	24,642,808	178,957
State of North Carolina	4,985	78,160	77,449	5,696
Total liabilities	<u>\$ 368,304</u>	<u>\$ 26,407,560</u>	<u>\$ 26,483,399</u>	<u>\$ 292,465</u>



This section contains additional information on property taxes.

*Schedule of Ad Valorem Taxes
Receivable - General Fund*

*Analysis of Current Tax Levy -
County-wide Levy*



Other Schedules

ROWAN COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2008

EXHIBIT C-1

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2007</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2008</u>
2007-2008	\$ -	\$ 68,327,243	\$ 66,317,476	\$ 2,009,767
2006-2007	1,783,639	-	1,340,191	443,448
2005-2006	502,797	-	198,948	303,849
2004-2005	319,840	-	96,799	223,041
2003-2004	202,819	-	54,557	148,262
2002-2003	198,702	-	26,947	171,755
2001-2002	153,760	-	21,333	132,427
2000-2001	154,907	-	15,362	139,545
1999-2000	130,066	-	12,651	117,415
1998-1999	105,178	-	6,765	98,413
1997-1998	99,969	-	99,969	-
	<u>\$ 3,651,677</u>	<u>\$ 68,327,243</u>	<u>\$ 68,190,998</u>	3,787,922
Plus: Uncollected 2008-2009 ad valorem taxes receivable on annually registered vehicles				42
Less: Allowance for uncollectible accounts:				
General Fund				<u>(1,937,408)</u>
Ad valorem taxes receivable (net):				
General Fund				<u>\$ 1,850,556</u>

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2008

EXHIBIT C-1 (Continued)

Reconciliation with revenues:

Ad valorem taxes - General Fund	\$ 66,932,426
Penalties collected on ad valorem taxes - Agency Fund	<u>301,306</u>
Total ad valorem taxes, penalties and interest	<u>67,233,732</u>

Reconciling items:

Abatement of prior year taxes	390,177
Discounts allowed	467,120
Taxes written off	95,794
Taxes over ten years old collected	<u>4,175</u>
Total reconciling items	<u>957,266</u>
Total collections and credits	<u>\$ 68,190,998</u>

ROWAN COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
For the Fiscal Year Ended June 30, 2008

EXHIBIT C-2

	County-wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$11,002,073,593	0.595	\$ 65,462,338	\$ 61,536,912	\$ 3,925,426
Motor vehicles taxed at prior year's rate	375,431,963	0.630	2,365,221	-	2,365,221
Penalties	-		282,094	225,675	56,419
Total original levy	<u>11,377,505,556</u>		<u>68,109,653</u>	<u>61,762,587</u>	<u>6,347,066</u>
Discoveries:					
Current year taxes	111,451,491	0.595	663,136	643,423	19,713
Prior year taxes	-		3,375	45	3,330
Penalties	-		19,212	19,212	-
Total discoveries	<u>111,451,491</u>		<u>685,723</u>	<u>662,680</u>	<u>23,043</u>
Abatements	<u>(78,677,913)</u>		<u>(468,133)</u>	<u>(371,064)</u>	<u>(97,069)</u>
Total property valuation	<u>\$11,410,279,134</u>				
Net levy			68,327,244	62,054,203	6,273,041
Uncollected taxes at June 30, 2008			<u>2,009,767</u>	<u>1,364,620</u>	<u>645,147</u>
Current year's taxes collected			<u>\$ 66,317,477</u>	<u>\$ 60,689,583</u>	<u>\$ 5,627,894</u>
Current levy collection percentage			<u>97.06%</u>	<u>97.80%</u>	<u>89.72%</u>

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
For the Fiscal Year Ended June 30, 2008

EXHIBIT C-2 (Continued)

Secondary Market Disclosures:

Assessed valuation:

Assessment ratio ¹	100%
Real property	\$ 8,821,879,961
Personal property	2,175,132,697
Public service companies ²	<u>413,266,476</u>
Total assessed valuation	<u>\$11,410,279,134</u>
Tax rate per \$100	0.5950
Levy (includes discoveries, releases and abatements) ³	<u>\$ 68,327,243</u>

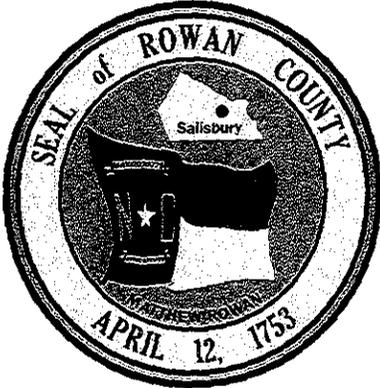
In addition to the County-wide rate, the following lists the levy by the County on behalf of fire protection districts for the fiscal year ended June 30:

Fire Protection Districts	<u>\$ 3,427,409</u>
---------------------------	---------------------

¹ Percentage of appraised value has been established by statute.

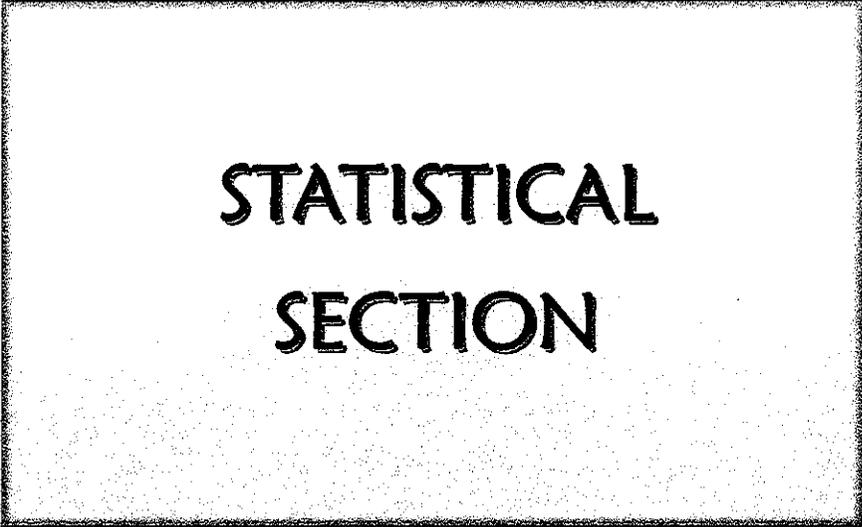
² Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.

³ The levy includes interest and penalties.



This part of the County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the County's overall financial health.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The County implemented Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.



STATISTICAL SECTION



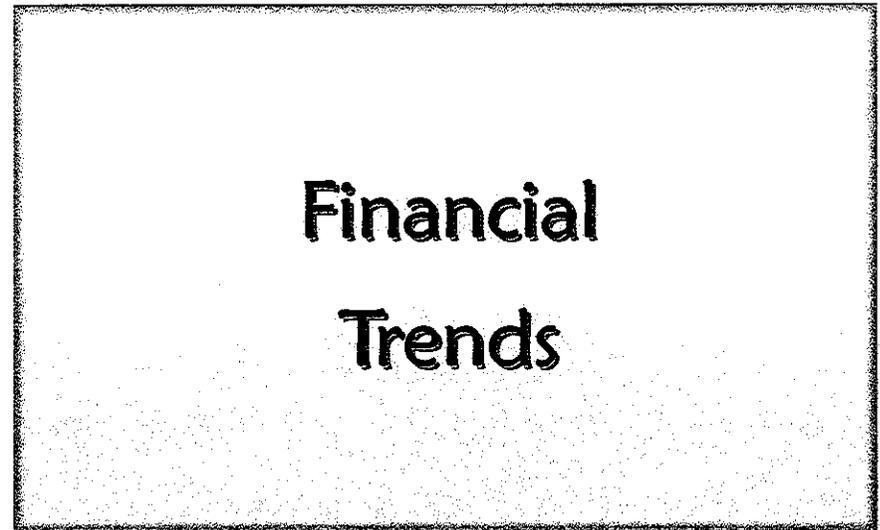
Net Assets by Component

Changes in Net Assets

Fund Balances of Governmental Funds

*Changes in Fund Balances of
Governmental Funds*

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.



NET ASSETS BY COMPONENT

Last Five Fiscal Years

(Accrual Basis of Accounting)

(Dollars in Thousands)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Governmental activities:						
Invested in capital assets, net of related debt ^a	\$ 38,830	\$ 44,054	\$ 45,781	\$ 49,310	\$ 53,747	\$ 49,923
Restricted ^b	1,830	24,286	47,231	11,566	2,271	3,490
Unrestricted ^c	4,716	(19,442)	(58,878)	(53,225)	(51,838)	(45,006)
Total governmental activities net assets	<u>\$ 45,376</u>	<u>\$ 48,898</u>	<u>\$ 34,134</u>	<u>\$ 7,651</u>	<u>\$ 4,180</u>	<u>\$ 8,407</u>
Business-type activities:						
Invested in capital assets, net of related debt ^d	\$ 9,367	\$ 9,064	\$ 13,092	\$ 12,219	\$ 11,432	\$ 17,403
Unrestricted	2,902	3,627	(815)	16	1,289	2,215
Total business-type activities net assets	<u>\$ 12,269</u>	<u>\$ 12,691</u>	<u>\$ 12,277</u>	<u>\$ 12,235</u>	<u>\$ 12,721</u>	<u>\$ 19,618</u>
Primary government:						
Invested in capital assets, net of related debt	\$ 48,197	\$ 53,118	\$ 58,873	\$ 61,529	\$ 65,179	\$ 67,326
Restricted	1,830	24,286	47,231	11,566	2,271	3,490
Unrestricted	7,618	(15,815)	(59,693)	(53,209)	(50,549)	(42,791)
Total primary government net assets	<u>\$ 57,645</u>	<u>\$ 61,589</u>	<u>\$ 46,411</u>	<u>\$ 19,886</u>	<u>\$ 16,901</u>	<u>\$ 28,025</u>

Notes: Accrual basis financial information for the County government as a whole is only available back to 2003, the year GASB Statement 34 was implemented.

^a The decrease from the prior period in 2008 was caused by the transfer of capital assets to the new Airport business-type activity.

^b The fluctuations from the prior period in 2004, 2005, 2006 and 2007 were due to unexpended bond proceeds for school capital outlay on hand at fiscal year-end.

^c The decreases from the prior period in 2004 and 2005 were caused by increases in the County's outstanding debt incurred for the school construction program.

^d The increases from the prior period in 2005 and 2008 were caused by the construction of a new cell at the Rowan County Landfill and the transfer in of capital assets for the new Airport business-type activity.

ROWAN COUNTY, NORTH CAROLINA
CHANGES IN NET ASSETS
Last Five Fiscal Years
(Accrual Basis of Accounting)
(Dollars in Thousands)

TABLE 2

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Governmental activities:						
Expenses:						
General government	\$ 9,490	\$ 9,115	\$ 10,330	\$ 10,926	\$ 9,992	\$ 10,600
Public safety	17,519	18,715	20,964	20,493	21,793	25,164
Transportation ^a	1,300	1,272	1,794	2,167	2,187	528
Environmental protection ^b	244	262	276	271	277	-
Economic and physical development	2,025	4,006	3,906	3,962	4,874	3,043
Human services	26,713	28,733	30,085	31,466	31,840	31,915
Culture and recreation	4,116	4,512	4,817	5,200	5,407	5,902
Education ^c	28,572	39,117	54,777	67,266	49,550	45,330
Interest on long-term debt	2,716	3,183	3,352	4,569	4,416	4,253
Total expenses	<u>92,695</u>	<u>108,915</u>	<u>130,301</u>	<u>146,320</u>	<u>130,336</u>	<u>126,735</u>
 Program revenues:						
Charges for services:						
General government	1,701	1,620	2,078	1,683	1,688	1,643
Public safety	6,089	7,012	7,020	6,933	7,692	7,956
Transportation ^{d,a}	131	130	732	1,165	1,370	8
Economic and physical development	429	327	349	385	409	443
Human services	393	458	446	472	514	601
Culture and recreation	827	969	1,031	1,138	1,340	1,637
Operating grants and contributions	15,693	17,640	18,710	20,395	19,418	19,858
Capital grants and contributions ^e	990	1,378	2,184	852	5,093	8,569
Total program revenues	<u>26,253</u>	<u>29,534</u>	<u>32,550</u>	<u>33,023</u>	<u>37,524</u>	<u>40,715</u>
 Total governmental activities net program expense	<u>(66,442)</u>	<u>(79,381)</u>	<u>(97,751)</u>	<u>(113,297)</u>	<u>(92,812)</u>	<u>(86,020)</u>

Continued on next page.

CHANGES IN NET ASSETS

Last Five Fiscal Years

(Accrual Basis of Accounting)

(Dollars in Thousands)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Governmental activities (Continued):						
General revenues and other changes in net assets:						
Taxes:						
Property taxes, levied for general purpose	\$ 51,705	\$ 59,014	\$ 59,015	\$ 61,500	\$ 62,304	\$ 67,922
Local option sales taxes	16,729	20,699	20,598	21,513	22,489	22,913
Other taxes and licenses	759	803	906	986	1,089	1,034
Unrestricted grants and contributions	658	596	587	512	511	533
Unrestricted investment earnings ^f	598	461	983	1,621	2,612	2,935
Unrestricted miscellaneous ^g	84	1,499	454	429	182	1,254
Special item - transfer of capital assets ^a	-	-	-	-	-	(5,682)
Transfers	(170)	(169)	444	253	153	(661)
Total general revenues and other changes in net assets	<u>70,363</u>	<u>82,903</u>	<u>82,987</u>	<u>86,814</u>	<u>89,340</u>	<u>90,248</u>
Total governmental activities change in net assets	<u>\$ 3,921</u>	<u>\$ 3,522</u>	<u>\$ (14,764)</u>	<u>\$ (26,483)</u>	<u>\$ (3,472)</u>	<u>\$ 4,228</u>
Business-type activities:						
Expenses:						
Airport ^a	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,217
Landfill	2,584	2,928	3,175	3,683	3,445	3,980
Sports Authority	376	338	269	242	263	277
Total expenses	<u>2,960</u>	<u>3,266</u>	<u>3,444</u>	<u>3,925</u>	<u>3,708</u>	<u>6,474</u>
Revenues:						
Charges for services:						
Airport ^a	-	-	-	-	-	1,553
Landfill	2,409	2,710	3,035	3,686	3,782	3,800
Sports Authority	160	123	75	75	75	118
Operating grants and contributions	205	258	207	228	203	236
Capital grants and contributions ^a	-	-	-	-	-	1,018
Total revenues	<u>2,774</u>	<u>3,091</u>	<u>3,317</u>	<u>3,989</u>	<u>4,060</u>	<u>6,725</u>

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
CHANGES IN NET ASSETS
Last Five Fiscal Years
(Accrual Basis of Accounting)
(Dollars in Thousands)

TABLE 2 (Continued)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Business-type activities (Continued):						
Total business-type activities net program expense	\$ (186)	\$ (175)	\$ (127)	\$ 64	\$ 352	\$ 251
Other changes in net assets:						
Unrestricted investment earnings	96	83	157	147	286	302
Unrestricted miscellaneous ^b	3	345	-	-	2	-
Special item - transfer of capital assets ^a	-	-	-	-	-	5,682
Transfers	170	169	(444)	(253)	(153)	661
Total other changes in net assets	269	597	(287)	(106)	135	6,645
Total business-type activities change in net assets	\$ 83	\$ 422	\$ (414)	\$ (42)	\$ 487	\$ 6,896
Total primary government change in net assets	\$ 4,004	\$ 3,944	\$ (15,178)	\$ (26,525)	\$ (2,985)	\$ 11,124

Notes: Accrual basis financial information for the County government as a whole is only available back to 2003, the year GASB Statement 34 was implemented.

^a In 2008, the County began to account for operations of the Rowan County Airport as a business-type activity.

^b The decrease from the prior period in 2008 was due to a reorganization, with these expenditures moved to the Landfill business-type activity.

^c The increases from the prior period in 2004, 2005 and 2006 were caused by increases in school capital outlay expenses.

^d The increases from the prior period in 2005 and 2006 were caused by the County's takeover of fixed-based operations at the Rowan County Airport in October 2004.

^e In 2005, the County received two one-time grants for park renovations. In 2007 and 2008, the County received lottery proceeds and contributions from Rowan-Salisbury Schools for the school construction program.

^f The increases from the prior period in 2005, 2006 and 2007 were caused primarily by the increase in interest rates on investments.

^g In 2004 and 2008, the County had gains on the sale of capital assets.

^h In 2004, the County had a gain on the sale of capital assets.

ROWAN COUNTY, NORTH CAROLINA
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Dollars in Thousands)

TABLE 3

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund:										
Reserved	\$ 8,798	\$ 9,230	\$ 10,200	\$ 8,061	\$ 9,186	\$ 11,054	\$ 9,456	\$ 10,245	\$ 13,813	\$ 11,193
Unreserved:										
Designated ^a	-	-	-	1,149	1,132	6,037	7,675	11,022	8,558	11,234
Undesignated	7,023	9,408	10,925	14,271	15,041	15,394	20,988	18,951	18,982	19,952
Total General Fund ^b	<u>\$ 15,821</u>	<u>\$ 18,638</u>	<u>\$ 21,125</u>	<u>\$ 23,481</u>	<u>\$ 25,359</u>	<u>\$ 32,485</u>	<u>\$ 38,119</u>	<u>\$ 40,218</u>	<u>\$ 41,353</u>	<u>\$ 42,379</u>
All other governmental funds:										
Reserved	\$ 45	\$ 44	\$ 45	\$ 60	\$ 57	\$ 58	\$ 51	\$ 58	\$ 133	\$ 69
Unreserved, reported in:										
Special revenue funds	449	693	910	629	565	691	815	983	639	490
Capital project funds	1,336	1,515	237	5,870	885	21,527	44,702	8,269	1,835	6,251
Total all other governmental funds ^c	<u>\$ 1,830</u>	<u>\$ 2,252</u>	<u>\$ 1,192</u>	<u>\$ 6,559</u>	<u>\$ 1,507</u>	<u>\$ 22,276</u>	<u>\$ 45,568</u>	<u>\$ 9,310</u>	<u>\$ 2,607</u>	<u>\$ 6,810</u>

Notes: ^a The amounts in this row primarily reflect the appropriation of fund balance for subsequent year's expenditures.

^b The increase from the prior year in 2004 was due primarily to a greater than anticipated increase in sales tax revenues and the delay of capital expenditures until the following year.

^c The increases from the prior year in 2002, 2004, 2005 and 2008 were due to unspent debt proceeds from issuances during the periods for capital projects.

ROWAN COUNTY, NORTH CAROLINA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Dollars in Thousands)

TABLE 4

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues:										
Ad valorem taxes ^a	\$ 39,650	\$ 47,818	\$ 48,940	\$ 52,281	\$ 53,967	\$ 60,971	\$ 62,845	\$ 64,424	\$ 65,474	\$ 71,168
Sales taxes ^b	14,081	14,898	15,619	15,326	16,729	20,699	20,597	21,513	22,489	22,913
Other taxes and licenses	1,456	1,658	1,597	1,673	1,753	1,743	1,863	2,017	2,166	2,020
Intergovernmental revenues ^c	26,731	26,405	22,855	25,342	17,687	19,397	20,808	20,627	24,427	28,365
Permits and fees	1,103	1,175	1,114	1,511	1,645	1,597	1,691	1,729	1,737	1,840
Sales and services	3,397	3,189	3,708	3,833	4,141	4,610	5,066	6,283	6,813	5,860
Investment earnings	1,204	1,390	1,583	737	593	671	1,493	2,904	2,869	2,949
Miscellaneous	424	648	780	621	672	1,024	1,263	817	1,042	1,130
Total revenues	88,046	97,181	96,196	101,324	97,187	110,712	115,626	120,314	127,017	136,245
Expenditures:										
General government	6,262	8,476	7,117	7,507	8,668	8,091	8,878	10,197	8,640	9,695
Public safety	14,285	13,292	15,483	16,385	16,449	19,691	20,521	20,069	22,890	25,315
Transportation ^d	1,491	557	363	1,227	779	1,220	1,955	3,128	2,976	559
Environmental protection ^e	217	222	264	240	247	265	280	276	282	-
Economic and physical development ^f	1,603	1,789	1,328	1,293	1,260	4,101	3,793	3,746	4,310	2,488
Human services	21,418	23,580	24,874	26,166	26,805	28,880	30,081	31,693	31,876	31,925
Culture and recreation	3,594	3,790	4,028	4,170	3,991	4,478	4,923	5,337	5,708	5,534
Education	23,546	27,565	30,344	30,187	28,257	30,070	29,502	30,446	34,938	42,995
Capital outlay	10,479	9,397	4,769	7,505	5,564	11,684	27,854	37,442	14,626	3,041
Debt service:										
Principal	4,462	4,827	4,897	4,992	5,560	5,669	7,235	9,072	9,030	8,834
Interest	3,074	2,929	2,772	2,539	2,361	2,720	3,154	4,567	4,338	4,229
Total expenditures	90,431	96,424	96,239	102,211	99,941	116,869	138,176	155,973	139,614	134,615
Excess of revenues over (under) expenditures	(2,385)	757	(43)	(887)	(2,754)	(6,157)	(22,550)	(35,659)	(12,597)	1,630

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Dollars in Thousands)

TABLE 4 (Continued)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Other financing sources (uses):										
Transfers from other funds	\$ 2,508	\$ 1,388	\$ 1,530	\$ 1,144	\$ 285	\$ 1,378	\$ 660	\$ 842	\$ 267	\$ 1,950
Transfers to other funds	(1,830)	(1,937)	(810)	(1,184)	(628)	(1,908)	(577)	(1,000)	(525)	(3,122)
General obligation bonds issued	-	-	-	-	-	31,600	45,300	-	-	-
Installment purchase obligations issued	3,840	1,855	614	8,146	-	1,059	4,430	1,129	6,587	3,800
Refunding bonds issued	-	-	-	-	19,800	-	6,635	-	-	-
Premium on refunding bonds issued	-	-	-	-	147	-	101	-	-	-
Premium on bonds issued	-	-	-	-	-	372	821	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	(20,059)	-	(6,621)	-	-	-
Sale of capital assets	91	1,177	134	476	25	1,555	610	470	715	1,142
Total other financing sources (uses)	<u>4,609</u>	<u>2,483</u>	<u>1,468</u>	<u>8,582</u>	<u>(430)</u>	<u>34,056</u>	<u>51,359</u>	<u>1,441</u>	<u>7,044</u>	<u>3,770</u>
Net change in fund balances	<u>\$ 2,224</u>	<u>\$ 3,240</u>	<u>\$ 1,425</u>	<u>\$ 7,695</u>	<u>\$ (3,184)</u>	<u>\$ 27,899</u>	<u>\$ 28,809</u>	<u>\$(34,218)</u>	<u>\$ (5,553)</u>	<u>\$ 5,400</u>
Debt service as a percentage of noncapital expenditures	9.43%	8.91%	8.38%	7.95%	8.45%	7.59%	7.84%	9.00%	9.90%	10.01%

Notes: ^a The increases from the prior period in 2000, 2004 and 2008 were caused by County-wide property tax revaluations, with only minimal decreases in the tax rate.

^b The increases from the prior year in 2003 and 2004 were due to the implementation of an additional one-half percent local option sales tax, effective December 1, 2002.

^c The spike in intergovernmental revenues in 1999, 2000, 2001, 2002, 2007 and 2008 was caused by school capital expenditures, with corresponding reimbursement from the Public School Building Bond Act of 1996, lottery proceeds and/or contributions from Rowan-Salisbury Schools.

^d The increases from the prior period in 2005 and 2006 were caused by the County's takeover of fixed-based operations at the Rowan County Airport in October 2004. In 2008, the County began to account for Airport operations in a proprietary fund, the Airport Fund.

^e The decrease from the prior period in 2008 was due to a reorganization, with these expenditures moved to a proprietary fund, the Landfill Fund.

^f The increase from 2004 through 2007 was caused by the payment of location incentive grants.

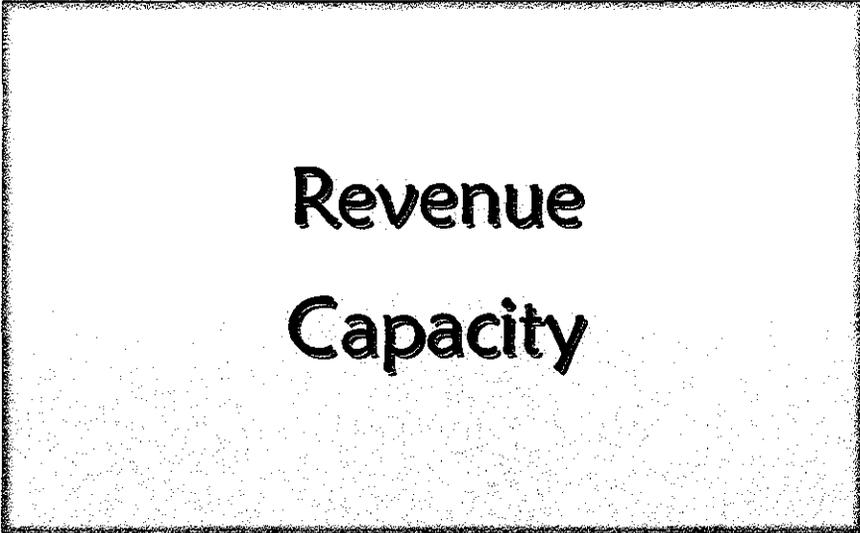
Assessed Value of Taxable Property

Direct and Overlapping Property Tax Rates

Principal Property Taxpayers

Property Tax Levies and Collections

These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.



**Revenue
Capacity**

ROWAN COUNTY, NORTH CAROLINA
ASSESSED VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(Dollars in Thousands)

TABLE 5

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial/ Industrial Property</u>	<u>Public Service Companies</u>	<u>Registered Motor Vehicles</u>	<u>Total</u>	<u>Total Direct Tax Rate</u>
1999	\$ 3,389,898	\$ 1,524,438	\$ 359,699	\$ 720,961	\$ 5,994,996	0.6375
2000	4,193,345	1,869,265	441,064	847,384	7,351,058	0.6350
2001	4,335,759	1,916,653	403,899	881,104	7,537,415	0.6350
2002	4,564,743	1,977,556	403,899	913,250	7,859,448	0.6350
2003	4,619,944	2,024,187	543,035	942,113	8,129,279	0.6350
2004	5,668,861	2,383,025	387,904	931,679	9,371,469	0.6300
2005	5,668,426	2,393,180	395,393	936,453	9,393,452	0.6300
2006	5,801,871	2,490,015	388,469	1,074,579	9,754,934	0.6300
2007	5,990,124	2,522,127	404,394	1,010,736	9,927,381	0.6300
2008	7,188,716	2,769,288	413,266	1,039,009	11,410,279	0.5950

Source: Rowan County Tax Administration

Note: Property in the County is reassessed once every four years on average. Property is assessed at actual market value. Tax rates are per \$100 of assessed value.

ROWAN COUNTY, NORTH CAROLINA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years
(Rate Per \$100 of Assessed Value)

TABLE 6

	Year Taxes are Payable									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
County direct rate:										
General	\$0.6375	\$0.6350	\$0.6350	\$0.6350	\$0.6350	\$0.6300	\$0.6300	\$0.6300	\$0.6300	\$0.5950
Municipal rates:										
China Grove	0.4100	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.3800
Cleveland	0.1900	0.1900	0.1900	0.1900	0.1900	0.1900	0.1900	0.1900	0.1900	0.1900
East Spencer	0.6300	0.6300	0.6300	0.6300	0.6300	0.6300	0.6300	0.6300	0.6300	0.6300
Faith	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100
Granite Quarry	0.3700	0.3500	0.3500	0.3500	0.3500	0.3300	0.3300	0.3300	0.3300	0.3300
Kannapolis	0.4900	0.4700	0.4900	0.4900	0.5300	0.5300	0.4970	0.4970	0.4970	0.4970
Landis	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.3200	0.3200	0.4000
Rockwell	0.3200	0.2700	0.2700	0.2700	0.2700	0.2500	0.2500	0.2500	0.2500	0.2500
Salisbury	0.6200	0.5700	0.6000	0.6000	0.6000	0.5800	0.6150	0.6150	0.6250	0.5900
Salisbury - Downtown	0.7800	0.7300	0.7600	0.7600	0.7600	0.7400	0.7750	0.7750	0.7850	0.7500
Spencer	0.5100	0.4800	0.5100	0.5500	0.5800	0.5800	0.5800	0.5800	0.5800	0.6000

Source: Rowan County Tax Administration

ROWAN COUNTY, NORTH CAROLINA
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

TABLE 7

Taxpayer	Fiscal Year 2008			Fiscal Year 1999		
	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Southern Power Company	\$ 352,132,633	1	3.09%	\$ -	-	-
Duke Energy Corp.	249,895,239	2	2.19%	223,899,156	1	3.73%
Food Lion, LLC	148,410,543	3	1.30%	94,562,144	3	1.58%
Freightliner, LLC	87,177,135	4	0.76%	93,601,026	4	1.56%
Invista S A R L	80,483,329	5	0.71%	-	-	-
Yadkin, Inc.	37,924,898	6	0.33%	-	-	-
Bell South Telephone	28,656,004	7	0.25%	32,958,461	7	0.55%
Aldi, Inc.	27,671,016	8	0.24%	-	-	-
Norfolk Southern Railway	26,939,478	9	0.24%	24,602,995	10	0.41%
Hitachi Metals NC, Ltd.	26,030,458	10	0.23%	65,975,741	5	1.10%
Hoechst Celanese	-	-	-	181,478,833	2	3.03%
Parkdale Mills	-	-	-	55,626,591	6	0.93%
Draftex	-	-	-	28,816,149	8	0.48%
Norandal USA	-	-	-	26,611,488	9	0.44%
Total	\$1,065,320,733		9.34%	\$ 828,132,584		13.81%

Source: Rowan County Tax Administration

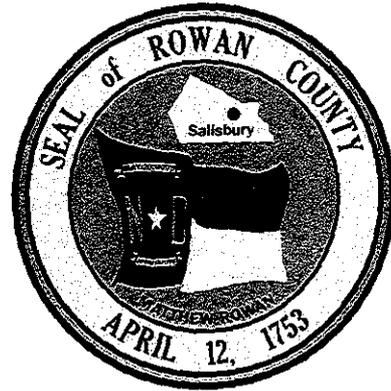
ROWAN COUNTY, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

TABLE 8

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Adjusted Levy		Amount	Percentage of Adjusted Levy
1999	\$ 37,941,290	\$ 306,051	\$ 38,247,341	\$ 36,929,749	96.56%	\$ 1,221,798	\$ 38,151,547	99.75%
2000	47,012,455	(207,704)	46,804,751	44,748,038	95.61%	1,939,298	46,687,336	99.75%
2001	47,596,214	398,185	47,994,399	45,783,665	95.39%	2,071,189	47,854,854	99.71%
2002	50,225,832	(148,490)	50,077,342	48,093,955	96.04%	1,850,960	49,944,915	99.74%
2003	51,836,134	(115,588)	51,720,546	49,828,949	96.34%	1,719,842	51,548,791	99.67%
2004	59,021,918	91,119	59,113,037	56,623,124	95.79%	2,341,651	58,964,775	99.75%
2005	59,262,601	20,964	59,283,565	57,592,328	97.15%	1,468,196	59,060,524	99.62%
2006	61,409,200	99,528	61,508,728	59,711,235	97.08%	1,493,644	61,204,879	99.51%
2007	62,867,564	(145,250)	62,722,314	60,938,675	97.16%	1,340,191	62,278,866	99.29%
2008	68,109,653	217,590	68,327,243	66,317,476	97.06%	-	66,317,476	97.06%

Source: Rowan County Tax Administration

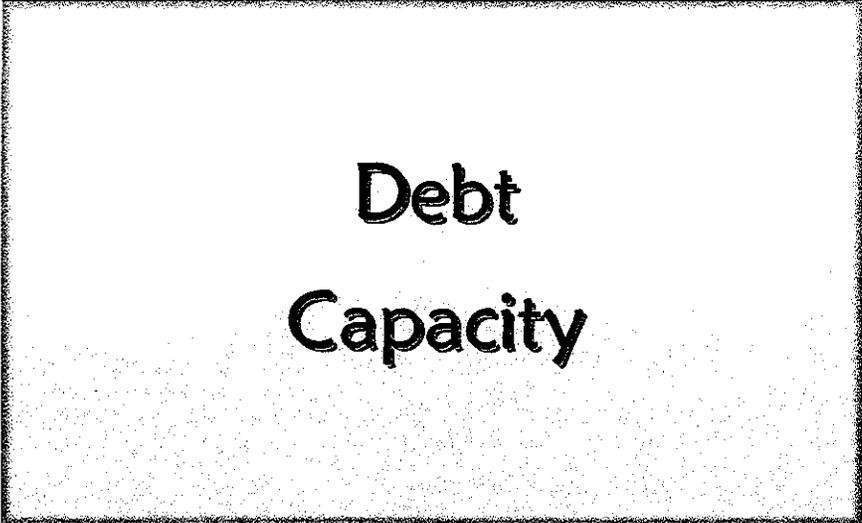
Note: The information in this schedule relates to the County's own property tax levies, and does not include those it collects on behalf of other governments.



Ratios of Outstanding Debt by Type

Legal Debt Margin Information

These schedules contain information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.



**Debt
Capacity**

ROWAN COUNTY, NORTH CAROLINA
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

TABLE 9

Fiscal Year	General Bonded Debt	Percentage of Taxable Value of Property ^b	Per Capita ^c	Other Governmental Activities Debt		Business-type Activities Debt	Total Primary Government ^d	Percentage of Personal Income ^c	Per Capita ^c
	General Obligation Bonds ^a			Certificates of Participation	Installment Financing	Installment Financing			
1999	\$ 36,750,000	0.61%	\$ 285	\$ 7,695,000	\$ 9,147,616	\$ 1,835,920	\$ 55,428,536	1.96%	\$ 430
2000	34,575,000	0.47%	265	6,800,000	9,245,836	1,540,904	52,161,740	1.75%	400
2001	32,400,000	0.43%	246	6,115,000	7,822,205	1,229,018	47,566,223	1.51%	361
2002	30,225,000	0.38%	225	5,390,000	13,875,384	899,375	50,389,759	1.57%	375
2003	27,906,771	0.34%	205	4,620,000	11,321,224	556,916	44,404,911	1.34%	329
2004	57,448,983	0.61%	425	3,805,000	9,961,396	193,786	71,409,165	2.13%	528
2005	100,488,186	1.07%	749	2,940,000	11,261,420	-	114,689,606	3.28%	855
2006	95,165,202	0.98%	707	2,020,000	9,563,464	-	106,748,666	2.89%	794
2007	89,932,032	0.91%	662	1,040,000	13,355,446	-	104,327,478	2.66%	768
2008	84,745,444	0.74%	616	-	14,571,095	-	99,316,539	*	722

* Information not yet available.

Notes: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

^a The County issued \$31.6 million and \$45.3 million of general obligation bonds in 2004 and 2005, respectively.

^b See Table 5 for taxable property value data.

^c See Table 11 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

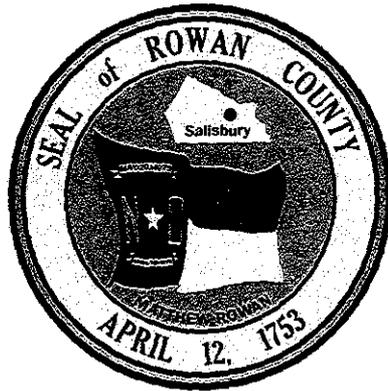
^d Includes general bonded debt, other governmental activities debt and business-type activities debt.

ROWAN COUNTY, NORTH CAROLINA
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(Dollars in Thousands)

TABLE 10

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Assessed value of property	\$ 5,994,996	\$ 7,351,058	\$ 7,537,415	\$ 7,859,448	\$ 8,129,279	\$ 9,371,469	\$ 9,393,452	\$ 9,754,934	\$ 9,927,381	\$ 11,410,279
Debt limit, 8% of assessed value (statutory limitation)	479,600	588,085	602,993	628,756	650,342	749,718	751,476	780,395	794,190	912,822
Amount of debt applicable to limit:										
General obligation bonds	36,750	34,575	32,400	30,225	27,907	57,449	100,488	95,165	89,932	84,745
General obligation bonds authorized and unissued	-	-	-	-	-	45,300	-	-	-	-
Certificates of Participation	7,695	6,800	6,115	5,390	4,620	3,805	2,940	2,020	1,040	-
Installment Purchase Agreements	9,148	9,246	7,822	13,875	11,321	9,961	11,262	9,564	13,355	14,571
Total net debt applicable to limit	53,593	50,621	46,337	49,490	43,848	116,515	114,690	106,749	104,327	99,316
Legal debt margin	\$ 426,007	\$ 537,464	\$ 556,656	\$ 579,266	\$ 606,494	\$ 633,203	\$ 636,786	\$ 673,646	\$ 689,863	\$ 813,506
Total net debt applicable to the limit as a percentage of debt limit	11.17%	8.61%	7.68%	7.87%	6.74%	15.54%	15.26%	13.68%	13.14%	10.88%

Note: Section 159-55 of State Finance Law limits the County's outstanding general obligation long-term debts (less debt service reserves) to no more than eight percent of the assessed value of property. The legal debt margin is the difference between the debt limit and the County's net debt outstanding applicable to the limit, and represents the County's legal borrowing authority.



Demographic and Economic Statistics

Principal Employers

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

**Demographic
and Economic
Information**

ROWAN COUNTY, NORTH CAROLINA
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

TABLE 11

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u> (Dollars in Thousands)	<u>Per Capita Personal Income</u>	<u>Public School Enrollment ^c</u>	<u>Unemployment Rate ^d</u>
1999	128,826	\$2,825,963	\$ 21,936	20,572	3.0%
2000	130,340	2,980,868	22,870	21,011	4.9%
2001	131,723	3,156,074	23,960	21,334	6.6%
2002	134,525	3,207,573	23,844	21,597	5.6%
2003	134,836	3,312,212	24,565	21,978	5.9%
2004	135,147	3,358,830	24,853	22,106	6.5%
2005	134,094	3,501,321	26,111	22,122	5.7%
2006	134,511	3,689,822	27,431	22,080	5.5%
2007	135,931	3,929,345	28,907	22,077	6.3%
2008	137,611	*	*	22,119	6.3%

* Information not yet available.

Notes: ^a Fiscal Year 2000 is U.S. Census figure. All other figures were estimated by the North Carolina Data Center.

^b Bureau of Economic Analysis, U.S. Department of Commerce. Figures are for the prior calendar year.

^c North Carolina Department of Public Instruction

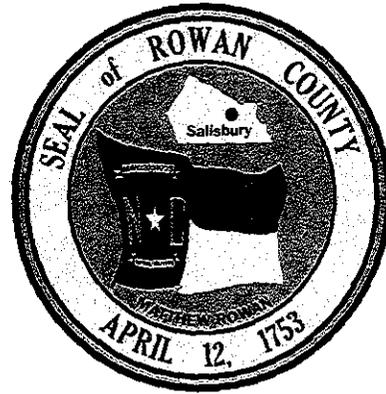
^d Employment Security Commission of North Carolina

ROWAN COUNTY, NORTH CAROLINA
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

TABLE 12

Employer	Fiscal Year 2008			Fiscal Year 1999		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Rowan-Salisbury Schools	3,455	1	5.24%	2,400	2	3.71%
Food Lion, LLC	2,330	2	3.53%	2,100	3	3.24%
Freightliner, LLC	1,985	3	3.01%	3,600	1	5.56%
W.G. (Bill) Hefner VA Medical Center	1,730	4	2.62%	1,300	5	2.01%
Rowan Regional Medical Center	1,250	5	1.89%	1,100	6	1.70%
Rowan County	745	6	1.13%	650	9	1.00%
Performance Fibers	660	7	1.00%	-	-	-
City of Salisbury	455	8	0.69%	-	-	-
Piedmont Correctional Institution	450	9	0.68%	-	-	-
Meridian Automotive Systems	360	10	0.55%	-	-	-
KOSA	-	-	-	1,400	4	2.16%
Pillowtex	-	-	-	1,000	7	1.54%
Draftex	-	-	-	900	8	1.39%
China Grove Textiles	-	-	-	500	10	0.77%
Total	13,420		20.34%	14,950		23.08%

Source: Rowan County Chamber of Commerce and Employment Security Commission of North Carolina

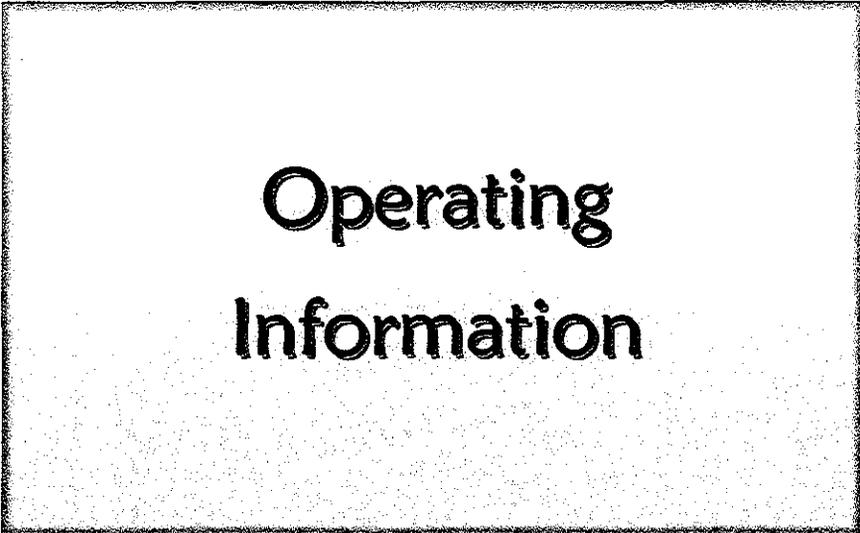


*Full-time Equivalent County Government
Employees by Function*

Operating Indicators by Function

Capital Asset Statistics by Function

These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.



**Operating
Information**



FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government	94	93	90	90	90	93	96	98	101	107
Public safety	242	240	250	258	265	279	295	300	313	338
Transportation	2	2	2	2	2	2	2	2	2	2
Environmental protection	3	3	3	3	3	3	3	3	3	-
Economic and physical development	13	14	15	14	10	10	11	11	10	10
Human services	274	276	282	281	284	291	291	294	295	305
Culture and recreation	78	79	82	83	81	87	91	97	98	100
Airport	-	-	-	-	-	-	5	7	7	8
Landfill	26	26	27	28	28	29	29	28	28	30
Total	<u>732</u>	<u>733</u>	<u>751</u>	<u>759</u>	<u>763</u>	<u>794</u>	<u>823</u>	<u>840</u>	<u>857</u>	<u>900</u>

Source: Rowan County Information Systems

Note: A full-time employee is scheduled to work 260 days per year (approximately 365 minus two days off per week). At eight hours per day, 2,080 hours are scheduled per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

ROWAN COUNTY, NORTH CAROLINA
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

TABLE 14

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government:										
Registered voters	76,344	80,517	82,997	80,510	80,241	79,809	82,812	84,417	82,281	86,901
Number of recorded deeds	29,948	30,870	26,388	30,495	33,159	36,536	29,840	29,719	29,301	28,558
Number of births	966	925	985	973	915	992	925	865	929	921
Number of marriages	1,015	1,008	988	970	905	869	831	818	846	802
Public safety:										
Number of arrest charges	5,563	4,811	5,097	4,772	5,445	6,125	6,408	6,146	5,525	3,832
Average daily detention population	193	167	178	206	229	202	199	223	269	275
Number of 911 calls received	106,485	102,554	113,839	119,815	129,964	123,641	127,632	130,302	135,575	138,819
Number of EMS calls answered	15,273	14,583	15,384	15,515	17,187	13,157	14,119	15,260	15,323	13,882
Transportation:										
Number of based aircraft	101	92	85	80	80	80	80	100	87	84
Number of Rowan Transit System rides ^a	*	*	*	78,463	73,408	69,303	70,066	65,626	65,479	74,275
Environmental protection:										
Number of building permits issued	2,047	1,983	1,890	2,002	1,734	1,805	1,702	1,861	1,586	3,842
Economic and physical development:										
Citizens reached through:										
Agricultural Extension program attendance	19,523	25,233	19,443	14,302	15,001	21,119	19,568	13,195	14,841	20,315

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

TABLE 14 (Continued)

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Human services:										
Number of Health Department clients	25,956	24,489	26,091	22,588	21,470	21,953	21,699	20,016	18,450	20,051
Number of permitted restaurants	195	201	213	208	211	214	218	225	224	233
Average number of Medicaid recipients per month	12,617	11,300	13,388	14,663	15,295	16,057	16,251	16,909	17,419	18,661
Average number of Work First recipients per month	1,962	1,452	1,314	1,463	1,398	991	834	749	728	703
Number of Senior Services clients	*	6,743	5,113	5,595	5,836	4,089	5,452	8,835	5,282	5,665
Number of veterans served	8,434	10,898	7,806	8,692	6,952	3,871	4,193	4,827	5,287	5,759
Culture and recreation:										
Number of park campers	18,267	18,960	23,769	19,947	18,479	18,640	19,883	24,330	24,068	26,624
Library attendance	307,719	259,366	291,518	264,978	242,237	248,355	296,980	324,964	359,093	394,943
Library program attendance	33,150	35,298	33,961	31,142	35,104	34,237	33,504	33,753	40,609	57,482
Library internet users	-	-	2,447	3,679	3,879	66,692	76,212	77,295	104,196	113,080
Landfill:										
Average daily landfill trips	116	125	123	122	120	139	155	170	175	154
Average daily tonnage dumped	223	282	243	242	256	319	386	481	491	392

* Information not available.

Sources: Various County departments.

Note: ^a Rowan Transit System became a County department effective July 1, 2001.

ROWAN COUNTY, NORTH CAROLINA
CAPITAL ASSET STATISTICS BY FUNCTION
Last Ten Fiscal Years

TABLE 15

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public safety:										
Number of patrol cars	88	88	90	90	96	98	101	105	105	109
Detention center capacity	162	162	162	162	162	162	162	162	162	162
Number of EMS stations	4	4	4	4	4	5	5	5	5	5
Number of volunteer fire stations	36	36	36	36	37	38	39	39	39	39
Transportation:										
Airport acreage	540	540	540	540	540	540	540	540	540	543
Number of airport hangars	51	52	52	52	52	53	53	83	83	83
Number of Rowan Transit System vans ^a	*	*	*	32	31	27	30	30	28	30
Economic and physical development:										
Industrial parks acreage	879	879	879	879	879	879	879	879	879	879
Culture and recreation:										
Number of County parks	3	3	3	4	4	4	4	5	5	5
Parks acreage	509	509	509	609	609	609	609	691	696	696
Number of camp sites	80	80	80	80	80	78	78	78	78	78
Number of library branches	3	3	3	3	3	3	3	3	3	3
Number of library media	204,158	206,646	215,615	224,476	210,057	213,869	240,667	250,765	260,753	281,238
Landfill:										
Landfill acreage	370	370	370	370	370	370	370	370	370	370
Convenience sites	9	9	9	9	9	9	9	8	8	8

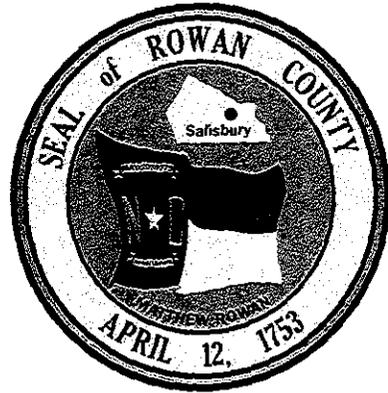
* Information not available.

Sources: Various County departments.

Notes: No capital asset indicators are available for the general government function.

^a Rowan Transit System became a County department effective July 1, 2001.

**COMPLIANCE
SECTION**





POTTER & COMPANY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

**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 Commissioners
Rowan County, North Carolina
Salisbury, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregated remaining fund information of **Rowan County, North Carolina**, as of and for the year ended June 30, 2008, which collectively comprise **Rowan County, North Carolina's** basic financial statements and have issued our report thereon dated October 24, 2008. 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 Rowan/Kannapolis ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **Rowan County, North Carolina'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 **Rowan County, North Carolina'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.

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.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a 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 internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Rowan County, North Carolina'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*.

We noted certain matters that we reported to management of **Rowan County, North Carolina** in a separate letter dated October 24, 2008.

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.

Potter + Company, P.A.

October 24, 2008
Concord, North Carolina



POTTER & COMPANY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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 Commissioners
Rowan County, North Carolina
Salisbury, North Carolina

Compliance

We have audited the compliance of **Rowan 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, 2008. **Rowan County, North Carolina'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 **Rowan County, North Carolina's** management. Our responsibility is to express an opinion on **Rowan County, North Carolina'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 **Rowan County, North Carolina'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 **Rowan County, North Carolina's** compliance with those requirements.

In our opinion, **Rowan 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, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 08-01.

Internal Control Over Compliance

The management of **Rowan 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 **Rowan County, North Carolina'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, 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.

Our consideration of the 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 as defined below. However, as 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 compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 08-01 to be a significant deficiency.

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 the County's internal control. We do not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

Rowan County, North Carolina's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit **Rowan County, North Carolina'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.

Potts + Company, P.A.

October 24, 2008

Concord, North Carolina



POTTER & COMPANY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

**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 Commissioners
Rowan County, North Carolina
Salisbury, North Carolina

Compliance

We have audited the compliance of **Rowan 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, 2008. **Rowan County, North Carolina'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 **Rowan County, North Carolina's** management. Our responsibility is to express an opinion on **Rowan County, North Carolina'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 **Rowan County, North Carolina'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 **Rowan County, North Carolina's** compliance with those requirements.

In our opinion, **Rowan County, North Carolina** 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, 2008.

Internal Control Over Compliance

The management of **Rowan County, North Carolina** 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 **Rowan County, North Carolina'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 on compliance, 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 a 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 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.

Potter + Company, P.A.

October 24, 2008
Concord, North Carolina

I. Summary of Auditor's Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? Yes No
 - Significant deficiency identified that are not considered to be material weakness Yes None reported

Noncompliance material to financial statements noted Yes No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? Yes No
 - Significant deficiency identified that are not considered to be material weakness Yes None reported

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

Any audit findings disclosed that are required to be reported in accordance with
 Section 510(a) of Circular A-133 Yes No

Identification of major federal programs:

CFDA #	Program Name
93.778	Medical Assistance Program
93.575, 93.596, 93.667, 93.558	Subsidized Child Care Program
93.563	Child Support Enforcement
93.568	Low-Income Home Energy Assistance
10.557	Special Supplemental Nutrition Program for Women, Infants and Children

Continued on next page.

I. Summary of Auditor's Results (Continued)

Federal Awards (Continued)

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 \$3,000,000

Auditee qualified as low-risk auditee? Yes No

State Awards

Internal control over major State programs:

- Material weaknesses identified? Yes No

- Significant deficiency identified that are not considered to be material weakness Yes None reported

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 No

Identification of major State programs:

Program Name

Medical Assistance

II. Financial Statement Findings

None reported.

III. Federal Award Findings and Questioned Costs

U.S. Department of Health and Human Services

Program Name: Low-Income Home Energy Assistance

Finding 08-1

SIGNIFICANT DEFICIENCY

Activities Allowed or Unallowed

- Criteria: To ensure compliance with this requirement that the highest level of assistance must be provided in a timely manner to households that have the lowest incomes and highest energy costs (Public Law 97-35, Section 2605(b)(5);42 U.S.C. 8624), local agencies must accurately record the household's income and energy type.
- Condition: The County incorrectly coded four applicants energy type.
- Effect: Incorrect benefits have been issued to four households for a net underpayment by the County of \$21.
- Cause: The four applicants that were coded incorrectly are in the Food Stamp Program and their food stamp application is used to evaluate eligibility. The County was not notified when these applicants changed address or energy type.
- Recommendation: The County's Low-Income Home Energy Assistance Program work with the Food Stamp Program to ensure applicants notify the Low-Income Home Energy Assistance Program when they have changes in energy type.
- Management Response: The County agrees with this finding.

IV. State Award Findings and Questioned Costs

None reported.

Section III – Federal Award Findings

Finding 08-01

Name of Contact Person: Pat Spears

Corrective Action: Communicate with program representative for Food Stamp Program to put energy type on re-certification form.

Proposed Completion Date: Immediately

ROWAN COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2008

EXHIBIT D-3

There were no findings reported for the year ending June 30, 2007.

ROWAN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2008

EXHIBIT D-4

Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures
FEDERAL GRANTS					
CASH PROGRAMS					
U.S. DEPARTMENT OF AGRICULTURE					
Food and Nutrition Services:					
Passed-through N.C. Department of Health and Human Services:					
Division of Social Services:					
Administration:					
Food Stamp Cluster (Note 3):					
Food Stamp Program - Noncash	10.551	XXXX	\$ 15,583,610	\$ -	\$ -
State Administrative Matching Grants for Food Stamp Program	10.561	XXXX	<u>674,812</u>	<u>-</u>	<u>674,812</u>
Total Food Stamp Cluster			<u>16,258,422</u>	<u>-</u>	<u>674,812</u>
Division of Public Health:					
Administration:					
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	XXXX	<u>466,725</u>	<u>-</u>	<u>-</u>
AGRI-SFP Food Program Meal	10.559	XXXX	<u>3,506</u>	<u>-</u>	<u>-</u>
Direct Benefit Payments:					
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	XXXX	<u>2,557,312</u>	<u>-</u>	<u>-</u>
Passed-through N.C. Department of Agriculture:					
Emergency Food Assistance Cluster (Note 3):					
Emergency Food Assistance Program - Administrative Cost	10.568	XXXX	10,365	-	-
Emergency Food Assistance Program - Food Commodities	10.569	XXXX	<u>82,085</u>	<u>-</u>	<u>-</u>
Total Emergency Food Assistance Cluster			<u>92,450</u>	<u>-</u>	<u>-</u>
Passed-through Centralina Council of Governments:					
Nutrition Services for the Elderly	10.570	XXXX	<u>39,543</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>19,417,958</u>	<u>-</u>	<u>674,812</u>

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2008

EXHIBIT D-4 (Continued)

Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures
U.S. DEPARTMENT OF JUSTICE					
Bureau of Justice Assistance:					
Passed-through N.C. Department of Crime Control and Public Safety:					
SCAAP Grant		XXXX	\$ 17,876	\$ -	\$ -
Bullet Proof Vest Program		XXXX	6,715	-	672
Total U.S. Department of Justice			24,591	-	672
U.S. DEPARTMENT OF LABOR					
Employment and Training Administration:					
Passed-through N.C. Department of Health and Human Services:					
Division of Aging:					
Passed-through Centralina Council of Governments:					
Senior Community Service Employment Program - Title V	17.235	XXXX	213,289	-	23,654
U.S. DEPARTMENT OF TRANSPORTATION					
Federal Aviation Administration:					
Passed-through N.C. Department of Transportation:					
State Block Grant Program	20.106	XXXX	1,018,397	-	113,155
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Administration on Aging:					
Passed-through Centralina Council of Governments:					
Aging Cluster:					
Special Programs for the Aging - Title III-B					
Grants for Supportive Services and Senior Centers	93.044	XXXX	131,669	315,015	49,630
Special Programs for the Aging - Title III-C					
Nutrition Services	93.045	XXXX	234,016	63,412	33,048
Special Programs for the Aging - Title III-E					
Caregivers Support Grant	93.052	XXXX	43,110	2,874	9,197
Total Aging Cluster			408,795	381,301	91,875

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2008

EXHIBIT D-4 (Continued)

Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)					
Administration on Aging (Continued):					
Passed-through N.C. Department of Health and Human Services:					
Division of Public Health:					
Family Planning Services	93.217	XXXX	\$ 61,340	\$ -	\$ -
Immunization Program / Aid to County Funding	93.268	XXXX	35,368	-	-
Prevention Investigations and Technical Assistance	93.283	XXXX	114,947	-	-
Temporary Assistance for Needy Families	93.558	XXXX	15,857	-	-
Statewide Health Promotion Program	93.991	XXXX	22,574	-	-
Maternal and Child Health Services Block Grant	93.994	XXXX	193,157	-	-
Total Division of Public Health			<u>443,243</u>	<u>-</u>	<u>-</u>
Administration for Children and Families:					
Passed-through N.C. Department of Health and Human Services:					
Division of Social Services:					
Foster Care and Adoption Cluster (Note 3):					
Title IV-E Foster Care	93.658	XXXX	582,427	186,594	282,952
Adoption Assistance - Direct Benefit Payments	93.659	XXXX	540,448	152,299	152,299
Adoption / Foster Care	93.658	XXXX	659,710	436,322	-
Total Foster Care and Adoption Cluster			<u>1,782,585</u>	<u>775,215</u>	<u>435,251</u>
Temporary Assistance for Needy Families	93.558	XXXX	760,544	-	1,693,955
TANF - Direct Benefit Payments	93.558	XXXX	1,101,177	(142)	5,096
Child Support Enforcement	93.563	XXXX	997,739	-	514,864
Refugee Assistance - Cash and Medical Payments	93.566	XXXX	1,543	-	-
Energy Assistance - Direct Benefit	93.568	XXXX	243,630	-	-
Crisis Intervention	93.568	XXXX	378,195	-	-
Child Welfare Services - State Grant:					
Adoption Subsidy Direct Benefit Payments	93.645	XXXX	-	317,324	86,091

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2008

EXHIBIT D-4 (Continued)

Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)					
Administration for Children and Families (Continued):					
Passed-through N.C. Department of Health and Human Services (Continued):					
Division of Social Services (Continued):					
Permanency Planning	93.645	XXXX	\$ 38,640	\$ 10,406	\$ 2,474
SSBG - Adult Day Care	93.667	XXXX	432,015	59,285	135,184
Independent Living Grant	93.674	XXXX	64,494	14,494	-
Total Division of Social Services			<u>5,800,562</u>	<u>1,176,582</u>	<u>2,872,915</u>
Subsidized Child Care Cluster (Note 3):					
Child Care Development Fund Cluster:					
Division of Child Development:					
Child Care Development Fund - Administration	93.596	XXXX	212,267	-	-
Child Care Development Fund - Discretionary	93.575	XXXX	1,427,939	-	-
Child Care Development Fund - Mandatory	93.596	XXXX	704,391	-	-
Child Care Development Fund - Match	93.596	XXXX	523,477	291,885	-
Total Child Care Development Fund Cluster			<u>2,868,074</u>	<u>291,885</u>	<u>-</u>
Social Services Block Grant	93.667	XXXX	14,669	-	-
Temporary Assistance for Needy Families	93.558	XXXX	891,099	-	-
Smart Start		XXXX	-	2,924	-
State Appropriations		XXXX	-	98,168	-
TANF-MOE		XXXX	-	667,571	-
Total Subsidized Child Care Cluster			<u>3,773,842</u>	<u>1,060,548</u>	<u>-</u>
Centers for Medicare and Medicaid Services:					
Passed-through N.C. Department of Health and Human Services:					
Division of Medical Assistance:					
Direct Benefit Payments:					
Medical Assistance Program	93.778	XXXX	80,863,162	42,319,027	5,607,055

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2008

EXHIBIT D-4 (Continued)

Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)					
Centers for Medicare and Medicaid Services (Continued):					
Passed-through N.C. Department of Health and Human Services (Continued):					
Division of Social Services:					
Administration:					
Medical Assistance Program	93.778	XXXX	\$ 1,315,039	\$ 83,590	\$ 1,225,148
Health Choice	93.767	XXXX	59,823	6,127	13,887
Total Division of Social Services			<u>1,374,862</u>	<u>89,717</u>	<u>1,239,035</u>
Total U.S. Department of Health and Human Services			<u>92,664,466</u>	<u>45,027,175</u>	<u>9,810,880</u>
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION					
Passed-through N.C. Department of Transportation:					
N.C. Governor's Highway Safety Program:					
North Carolina Highway Safety Plan	20.600	XXXX	<u>5,612</u>	-	<u>45,680</u>
ENVIRONMENTAL PROTECTION AGENCY					
Carolina Land and Lakes Resource Conservation and Development	66.460	XXXX	<u>9,449</u>	-	-
U.S. DEPARTMENT OF HOMELAND SECURITY					
Passed-through N.C. Department of Crime Control and Public Safety:					
Division of Emergency Management:					
Homeland Security Program	97.004	XXXX	<u>11,963</u>	-	<u>7,872</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Division of Community Planning and Development:					
HOME Investment Partnerships Program	14.239	XXXX	<u>133,306</u>	-	<u>21,500</u>
U.S. ELECTION ASSISTANCE COMMISSION					
Passed-through N.C. State Board of Elections:					
Help America Vote Act:					
Grants to States	90.401	XXXX	<u>12,329</u>	-	-

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2008

EXHIBIT D-4 (Continued)

Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures
DEPARTMENT OF THE INTERIOR					
Passed-through N.C. Department of Environmental and Natural Resources:					
Geospatial Programs	15.809	XXXX	\$ 26,079	\$ -	\$ -
INSTITUTE OF MUSEUM AND LIBRARY SERVICES					
Passed-through N.C. Department of Cultural Resources:					
Library Services and Technology Act	45.31	XXXX	10,825	-	-
TOTAL FEDERAL AWARDS			<u>113,548,264</u>	<u>45,027,175</u>	<u>10,698,225</u>
STATE GRANTS					
CASH PROGRAMS					
N.C. DEPARTMENT OF CULTURAL RESOURCES					
Division of State Library:					
State Aid to Libraries		XXXX	-	204,345	2,547,199
N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Division of Public Health:					
General		XXXX	-	86,950	-
Communicable Disease		XXXX	-	11,271	-
Tuberculosis		XXXX	-	17,128	-
AIDS		XXXX	-	12,500	-
Targeted Infant Mortality Reduction		XXXX	-	50,000	-
Women's Preventative Health		XXXX	-	25,016	-
Arthritis		XXXX	-	7,833	-
TB Medical Services		XXXX	-	1,282	-
Cancer Control		XXXX	-	2,250	-
Healthy Carolinas Partnership Support		XXXX	-	12,048	-
Environmental Health		XXXX	-	14,824	-
Total Division of Public Health			<u>-</u>	<u>241,102</u>	<u>-</u>

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2008

EXHIBIT D-4 (Continued)

Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures
N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)					
Division of Social Services:					
State / County Special Assistance for Adults - Direct Benefit Payments		XXXX	\$ -	\$ 1,292,871	\$ 1,292,871
CPS Expansion State		XXXX	-	66,008	-
Foster Care at Risk		XXXX	-	28,888	15,985
Adult Protective Services		XXXX	-	40,205	-
Program Integrity Plan		XXXX	-	7,077	-
State Aid to Counties		XXXX	-	61,790	-
State Foster Home		XXXX	-	113,357	103,838
DCD - Smart Start		XXXX	-	82,456	-
Total Division of Social Services			-	<u>1,692,652</u>	<u>1,412,694</u>
Total N.C. Department of Health and Human Services			-	<u>1,933,754</u>	<u>1,412,694</u>
N.C. DEPARTMENT OF COMMERCE					
Division of Community Assistance:					
Community Development Block Grant		XXXX	-	<u>67,318</u>	<u>-</u>
N.C. DEPARTMENT OF ENVIRONMENTAL AND NATURAL RESOURCES					
Division of Waste Management:					
White Goods Management Program		XXXX	-	51,839	-
Scrap Tire Program		XXXX	-	<u>183,751</u>	<u>-</u>
Total Division of Waste Management			-	235,590	-
Soil and Water Grant		XXXX	-	16,228	16,228
Soil and Water Conservation		XXXX	-	5,248	-
Wells Permitting and Water Quality Testing		XXXX	-	<u>60,000</u>	<u>-</u>
Total N.C. Department of Environmental and Natural Resources			-	<u>317,066</u>	<u>16,228</u>

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2008

EXHIBIT D-4 (Continued)

Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures
N.C. DIVISION OF VETERANS AFFAIRS					
Veterans Service Grant		XXXX	\$ -	\$ 2,000	\$ 33,675
N.C. DEPARTMENT OF PUBLIC INSTRUCTION					
Public School Building Capital Fund:					
Corporate Income Tax Collections		XXXX	-	3,808,375	3,216,250
Lottery Proceeds		XXXX	-	2,602,529	-
Total Public School Building Capital Fund			-	6,410,904	3,216,250
N.C. DIVISION OF MEDICAL ASSISTANCE					
Southern Piedmont Community Care Network		XXXX	-	32,965	-
N.C. DEPARTMENT OF TRANSPORTATION					
CTP Capital Grant	20.509	XXXX	123,107	15,388	15,388
CTP Administration Grant	20.509	XXXX	119,105	7,444	22,332
Bicycle Transportation Improvement Program		XXXX	-	8,000	-
Rural Operating Assistance Program:					
WorkFirst / Employment Transportation		XXXX	-	20,218	-
Rural General Public Grant		XXXX	-	120,898	13,433
Elderly-Handicapped Transportation		XXXX	-	123,475	-
Total Rural Operating Assistance Program			-	264,591	13,433
Total N.C. Department of Transportation			242,212	295,423	51,153
N.C. DEPARTMENT OF CORRECTIONS					
Criminal Justice Partnership Program		XXXX	-	129,662	-

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2008

EXHIBIT D-4 (Continued)

Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures
N.C. DEPARTMENT OF INSURANCE					
Division of Seniors' Health Insurance Information Program		XXXX	\$ -	\$ 5,000	\$ -
N.C. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY					
Division of Emergency Management:					
Emergency Management Program Grant		XXXX	-	28,721	-
N.C. HEALTH AND WELLNESS TRUST FUND COMMISSION					
Teen Tobacco Use Prevention and Cessation		XXXX	-	86,506	-
N.C. PARTNERSHIP FOR CHILDREN					
Passed-through Rowan Partnership for Children:					
Health Link		XXXX	-	69,310	-
Healthy Services for Children		XXXX	-	73,000	-
Smart Start		XXXX	-	83,569	-
Smile Savers		XXXX	-	68,754	-
Total N.C. Partnership for Children			-	294,633	-
N.C. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION					
Juvenile Crime Prevention Programs:					
Adolescent and Family Enrichment Council:					
Nurturing Program		XXXX	-	45,849	-
Rowan County Youth Services Bureau:					
Juvenile Restitution Program		XXXX	-	50,074	-
Kids Health Matters		XXXX	-	55,841	-
Psychological Services for Juvenile Court		XXXX	-	67,687	-
Teen Court		XXXX	-	22,037	-

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2008

EXHIBIT D-4 (Continued)

Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures
N.C. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY					
PREVENTION (Continued)					
Juvenile Crime Prevention Programs (Continued):					
Communities in Schools:					
On Track with CIS		XXXX	\$ -	\$ 62,364	\$ -
Genesis Counseling Services:					
Alpha (SAY) Program		XXXX	-	29,200	-
Total N.C. Department of Juvenile Justice and Delinquency Prevention			-	333,052	-
STATE BOARD OF ELECTIONS					
One-Stop Site Grant		XXXX	-	14,596	-
TOTAL STATE AWARDS			242,212	10,155,945	7,277,199
TOTAL FEDERAL AND STATE AWARDS			<u>\$ 113,790,476</u>	<u>\$ 55,183,120</u>	<u>\$ 17,975,424</u>

Notes to the Schedule of Expenditures of Federal and State Awards:

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Rowan County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the State Single Audit Implementation Act. 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 the schedule.

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2008

EXHIBIT D-4 (Continued)

Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures
Notes to the Schedule of Expenditures of Federal and State Awards (Continued):					
2. Subrecipients					
Of the federal and State expenditures presented in the schedule, Rowan County provided State awards to subrecipients as follows:					
N.C. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION					
Adolescent and Family Enrichment Council:					
Nurturing Program		XXXX	\$ -	\$ 45,849	\$ -
Rowan County Youth Services Bureau:					
Juvenile Restitution Program		XXXX	-	50,074	-
Kids Health Matters		XXXX	-	55,841	-
Psychological Services for Juvenile Court		XXXX	-	67,687	-
Teen Court		XXXX	-	22,037	-
Communities in Schools:					
On Track with CIS		XXXX	-	62,364	-
Genesis Counseling Services:					
Alpha (SAY) Program		XXXX	-	29,200	-
Total N.C. Department of Juvenile Justice and Delinquency Prevention			<u>\$ -</u>	<u>\$ 333,052</u>	<u>\$ -</u>

3. The following are clustered by the NC Department of Health and Human Services and are treated separately for State audit requirement purposes:

- Emergency Food Assistance
- Food Stamp
- Foster Care & Adoption
- Subsidized Child Care and Foster Care and Adoption Care