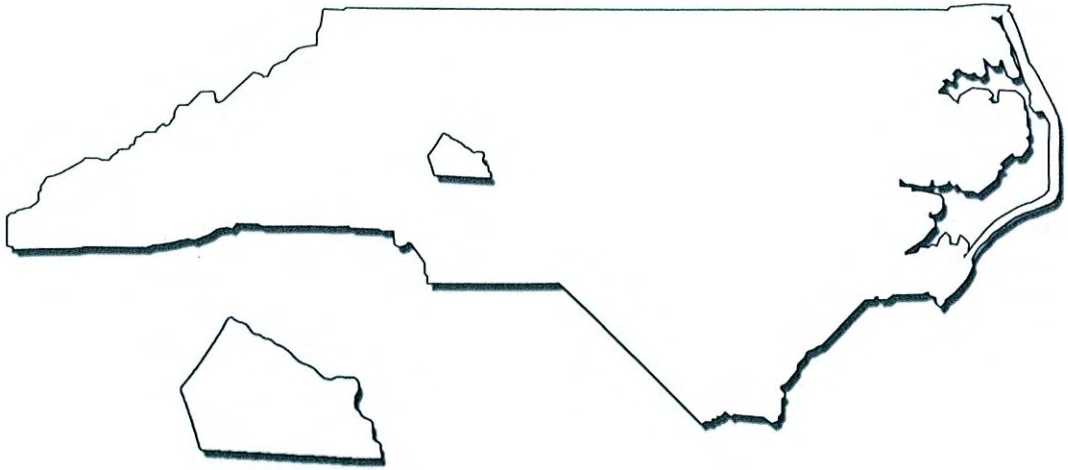


ROWAN COUNTY, North Carolina

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2009

ROWAN COUNTY
North Carolina

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2009

Prepared By
Finance Department

Finance Director
Leslie E. Heidrick

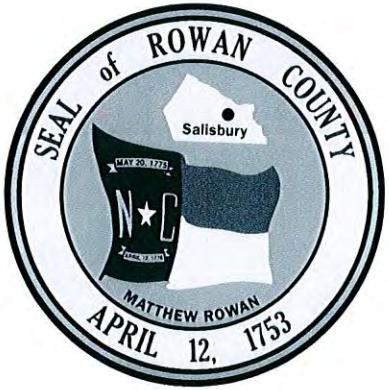

SEAL of ROWAN COUNTY
Salisbury
MAY 20, 1775
N★C
DEC. 12, 1776
MATTHEW ROWAN
APRIL 12, 1753

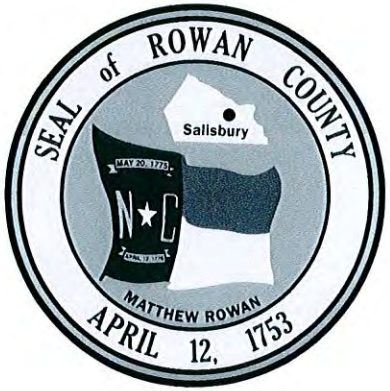
	Exhibit No. Table No.	Page No.
INTRODUCTORY SECTION		
Letter of Transmittal		1-3
List of Principal Officials – Elected and Designated		1-9
Organizational Chart		1-10
GFOA Certificate of Achievement for Excellence in Financial Reporting		1-11
FINANCIAL SECTION		
Independent Auditors' Report		2-3
Management's 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

	Exhibit No. Table No.	Page No.
FINANCIAL SECTION (Continued)		
Required Supplemental Financial Data		
Law Enforcement Officers' Special Separation Allowance – Required Supplementary Information – Schedule of Funding Progress	A-1	2-91
Law Enforcement Officers' Special Separation Allowance – Required Supplementary Information – Schedule of Employer Contributions	A-2	2-92
Other Postemployment Benefits – Required Supplementary Information – Schedule of Funding Progress	A-3	2-93
Other Postemployment Benefits – Required Supplementary Information – Schedule of Employer Contributions	A-4	2-94
Combining and Individual Fund Statements and Schedules		
Major Governmental Fund		
General Fund – Balance Sheet	B-1	2-98
General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	B-2	2-99
Nonmajor Governmental Funds		
Nonmajor Governmental Funds – Combining Balance Sheet	B-3	2-108
Nonmajor Governmental Funds – Combining Statement of Revenues, Expenditures and Changes in Fund Balances	B-4	2-109
Community Development Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	B-5	2-110
Emergency Telephone System Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	B-6	2-111
Fire District Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	B-7	2-112
DSS Facility Capital Projects Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	B-8	2-114
Justice Center III Capital Projects Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	B-9	2-115
Public Schools 2002 Capital Projects Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	B-10	2-116

	Exhibit No. Table No.	Page No.
FINANCIAL SECTION (Continued)		
Combining and Individual Fund Statement and Schedules (Continued)		
Nonmajor Governmental Funds (Continued)		
RCCC Building Capital Projects Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	B-11	2-117
RDH Water Capital Projects Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	B-12	2-118
Proprietary Funds		
Airport Fund – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	B-13	2-121
Landfill Fund – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	B-14	2-122
Sports Authority Fund – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	B-15	2-124
Risk Management Fund – Schedule of Revenues and Expenditures – Financial Plan and Actual (Non-GAAP)	B-16	2-126
Fiduciary Funds		
Agency Funds – Combining Statement of Changes in Assets and Liabilities	B-17	2-128
Other Schedules		
Schedule of Ad Valorem Taxes Receivable – General Fund	C-1	2-132
Analysis of Current Tax Levy – County-wide Levy	C-2	2-134
STATISTICAL SECTION		
Financial Trends		
Net Assets by Component	1	3-5
Changes in Net Assets	2	3-6
Fund Balances of Governmental Funds	3	3-10
Changes in Fund Balances of Governmental Funds	4	3-11

	Exhibit No. Table No.	Page No.
STATISTICAL SECTION (Continued)		
Revenue Capacity		
Assessed Value of Taxable Property	5	3-14
Direct and Overlapping Property Tax Rates	6	3-15
Principal Property Taxpayers	7	3-16
Property Tax Levies and Collections	8	3-17
Debt Capacity		
Ratios of Outstanding Debt by Type	9	3-20
Legal Debt Margin Information	10	3-21
Demographic and Economic Information		
Demographic and Economic Statistics	11	3-24
Principal Employers	12	3-25
Operating Information		
Full-time Equivalent County Government Employees by Function	13	3-29
Operating Indicators by Function	14	3-30
Capital Asset Statistics by Function	15	3-32
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 *Government Auditing Standards*		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
Summary Schedule of Prior Year Findings and Questioned Costs	D-2	4-11
Schedule of Expenditures of Federal and State Awards	D-3	4-12

INTRODUCTORY SECTION


SEAL of ROWAN COUNTY
Salisbury
MAY 20, 1775
N★C
APRIL 12, 1776
MATTHEW ROWAN
APRIL 12, 1753

October 26, 2009

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

Laws of the State of North Carolina, along with policies and procedures of the North Carolina Local Government Commission, require that all local governments in the State publish a complete set of financial statements annually. The financial statements must be presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to those requirements, the annual financial report of Rowan County (the County) is hereby issued for the fiscal year ended June 30, 2009.

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

The County's financial statements have been audited by Martin Starnes & Associates, CPAs, P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2009 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2009 are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal and State grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements. Results of the Single Audit can be found in the compliance section of this report.

The County is required to present a Management's Discussion and Analysis (MD&A) section as an introduction to the financial information. This section immediately follows the auditor's opinion and provides an overview and analysis of the County's significant transactions in fiscal year 2009. This letter of transmittal is written to complement the MD&A.

PROFILE OF ROWAN COUNTY

Rowan County was established in 1753 and is located in the southern piedmont section of the State. It occupies 511 square miles and 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.

The County's population of 138,545 ranks twentieth among the State's one hundred counties. Approximately 40 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 28,972. 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 Commission-Manager form of government. Policy-making and legislative authority are vested in a governing board consisting of five commissioners. The governing board is responsible for, among other things, approving ordinances, adopting a balanced budget, appointing committees, and hiring both the County's manager and attorney. The board is elected on a partisan basis. Board members serve four-year staggered terms, with new members (two or three) elected every two years. The County's manager serves at the pleasure of the board as the County's chief executive officer. The manager's responsibilities include carrying out the policies and ordinances of the governing board, overseeing the day-to-day operations of the government, appointing the heads of the various departments, and submitting the annual budget for consideration.

The County provides a wide range of services, such as public safety, human services, cultural and recreational activities, and general administrative services, as well as funds for education. Additionally, the County owns and operates an airport, landfill and baseball stadium. This annual report includes all funds of the County, including all activities considered to be part of (controlled by or dependent on) the County.

The budget serves as the foundation for the County's financial planning and control. As required by the North Carolina Budget and Fiscal Control Act, the County adopts an annual budget for all governmental and proprietary operating funds, except those authorized by project ordinances that are multi-year in nature. The budget is prepared by fund, function (e.g., public safety) and department (e.g., law enforcement). The County's manager may transfer amounts between objects of expenditures and revenues within a fund without limitation. However, appropriations that increase or decrease a fund's total budget and transfers between funds require approval from the governing board.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

Rowan County was not immune to the economic slowdown that was experienced nation-wide during the 2009 fiscal year. In the past year, retail sales dropped by 9.2 percent and the local unemployment rate rose from 6.3 percent to 13.1 percent. The County saw several long-standing businesses, such as Hanesbrands, Inc. and Freightliner, LLC, close or downsize. However, despite these setbacks, there are reasons to be optimistic about the County's economic future. The past year has also included the announcement of exciting new projects that will create employment opportunities and expand the local tax base.

Fiscal year 2009 saw the completion of Toyota Racing Development's $30 million Research and Development Headquarters, continued growth by companies such as Harmony Labs and PGT Industries, and the opening of Wallace Commons, a new retail center that includes several restaurants and national retail chains. Numerous other projects are under construction or have been announced, such as:

- Duke Energy Carolinas – Duke Energy has begun construction of a 620-megawatt natural gas-fired, combined-cycle plant at its existing Buck Steam Station. The projected $680 million investment will be the largest in the County's history. Full operation of the new facility is scheduled for May 2012. The Company estimates that 20 to 25 new employees will be required at the facility and that as many as 500 jobs will be created during the construction period. The new plant affirms Duke Energy's century-long commitment to electricity production in the community.

- Henkel Corporation – In April 2008, Henkel purchased land and buildings in the County and acquired 81 employees from National Starch and Chemical Company. Henkel plans to create 103 new jobs, paying an average wage exceeding $54,000 annually, and invest $23 million in new buildings, site improvements and equipment. Henkel is the world market leader for adhesives, sealants and surface treatments, with a presence in more than 125 countries.

- Sustainable Textile Group – STG is a subsidiary of Strateline Industries and produces non-woven fiber fabric made from manufacturing waste streams such as textiles, carpet and leather. The Company has purchased the vacant Hanesbrands, Inc. building and plans to invest $10 million in capital improvements and equipment before January 2010. An estimated 223 new jobs will be created.

- Daimler Trucks North America – Daimler Trucks is the largest heavy-duty truck manufacturer in North America and a leading producer of medium-duty vehicles. The Company plans to relocate its military truck production operations from the State of Oregon to its Freightliner facility in Rowan County. The Company will invest approximately $16 million in renovations and equipment at the facility and retain the current Freightliner workforce of 695 employees. The move will also help to stabilize the Company's direct suppliers located within the County, which represent an additional 427 jobs.

- Southern Power – Southern Power, upon securing a contract for power generation, proposes to construct a new natural gas-fired, combined-cycle plant at its existing location in the County. This $400 million investment will add 630 megawatts of new power generation capacity. The Company plans to maintain a minimum of 20 employees at the facility. Southern Power is a subsidiary of Southern Company, the leading producer of electricity in the United States.

If these projects meet their stated goals, the County will add over $1.1 billion to its tax base and more than 700 jobs to the local economy. Meanwhile, the County continues to work with the Small Business Administration and the North Carolina Military Procurement Center to explore new ways that our local businesses, large and small, can access the world's largest customer, the United States Government. Rowan County is a federally designated Hubzone, and many of our locally produced products meet the military's strict requirements for quality and security.

The County's unique combination of affordable land, transportation access and available infrastructure, combined with its history of innovative entrepreneurism, make Rowan County one of the safest harbors from which to weather this economic storm.

Long-Term Planning

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.

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 recently completed 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 Rowan County Board of Commissioners (Board) 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. Other areas of capital needs approved in the CIP include 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 the 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 public school and judicial 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 1993 and 2002, Rowan County citizens passed bond referenda in the amounts of $44.0 million and $76.9 million, respectively, to support the use of general obligation bonds for school construction. Citizens were informed on both occasions that passage of the referenda would lead to property tax rate increases. The citizens responded favorably to improving public school facilities.

In August 2009, the Board adopted a Resolution in support of a one-quarter cent local option sales and use tax referendum. Revenue from this tax, if approved by a majority of the citizens in November, will be used to support public safety improvements listed in the CIP. Two immediate capital needs include a satellite jail facility to hold 160 inmates and the upgrade of emergency radio equipment used by all public safety agencies within the County.

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, the North Carolina Capital Management Trust and certificates of deposit.

Debt Administration

The County maintained its Aa3/AA-/A+ general obligation bond ratings from Moody's Investor Service, Fitch Ratings, and Standard and Poor's Corporation, respectively, during fiscal year 2009. The County's key financial ratios relating to debt are summarized in the following table.

Rowan County's Debt Ratios

	Fiscal Year				
	2005	2006	2007	2008	2009
Debt per assessed value	1.22%	1.09%	1.05%	0.87%	0.84%
Debt service per General Fund expenditures and transfers out	9.68%	11.81%	11.04%	10.03%	10.68%
Available fund balance per General Fund expenditures and transfers out	26.88%	26.15%	22.93%	24.01%	25.47%
Debt per capita	$ 855	$ 794	$ 768	$722	$ 715

These key ratios are monitored throughout the year and considered with each change to the Capital Improvement Program.

MAJOR INITIATIVES

During fiscal year 2009, the County began construction of a new facility for the Department of Social Services (DSS). The facility will encompass approximately 46,000 square feet and consolidate into one location all DSS functions. The employees of DSS currently occupy four sites scattered around the City of Salisbury. The project's expected completion date is May 2010, at a total cost of $5.2 million.

Due to overcrowding in the County's jail, architects have been hired to design a satellite jail facility. The County anticipates building a 27,000 square foot minimum-security facility to house 160 inmates in dormitory style beds. The facility will also accommodate video visitation, offices and a kitchen. The cost of the project is estimated to be $6 million. Completion is tentatively scheduled for September 2011.

The County must upgrade its 800-megahertz trunking radio system because of new Federal Communications Commission (FCC) regulations that require all radio equipment to be converted from analog signal to digital signal by January 1, 2013. To comply with this new directive, the County plans to replace or upgrade approximately 1,400 radios for County government, municipal and volunteer fire department personnel. The upgrade in radio equipment will also require the erection of up to three radio towers to maximize County-wide telecommunications coverage. The estimated cost of the conversion and capital improvements is $12 million.

OTHER ACCOMPLISHMENTS

Carolina Field Trips magazine has listed three Rowan County sites among the State's top 25 field-trip destinations for the 2008-2009 school year. Lazy 5 Ranch, ranked number two, is a 3.5-mile exotic animal drive-through park. Dan Nicholas Park, operated by the County, features a carousel, miniature train, campground and lake for paddleboats and fishing, as well as gem mining activities, playground areas and sporting facilities. It is ranked number four. Patterson Farm Market also made the list at number 20. The fourth-generation working farm grows and sells tomatoes, strawberries, pumpkins and poinsettias.

Dan Nicholas Park

Rowan-Cabarrus Community College has gained approval from the North Carolina Community College System to offer an associates 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, 2008. This was the seventh 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 report. I would like to thank the County's independent certified public accountants, Martin Starnes & Associates, CPAs, P.A., for their assistance and each County department for their cooperation as we work together to conduct 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 and guidance 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

Board of County Commissioners

Chairman	Carl Ford
Vice-Chairman	Jon Barber
Member	Chad Mitchell
Member	Tina Hall
Member	Raymond Coltrain

Other Elected Officials

Register of Deeds	Jonathan Brindle, Appointee
Sheriff	George Wilhelm

County Manager Gary L. Page

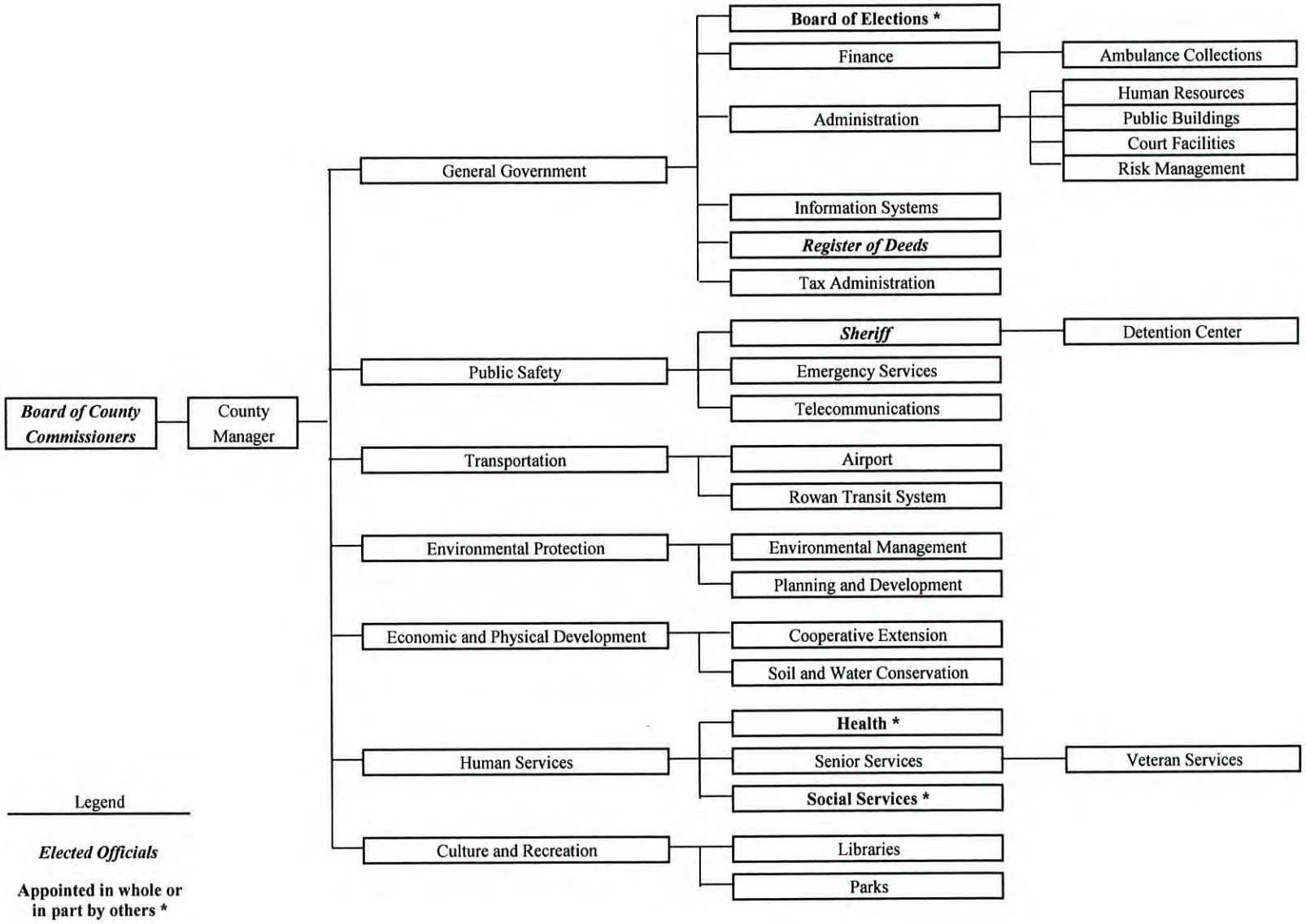
Clerk to the Board Carolyn Athey

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 Administration	Robert G. Rowland
Telecommunications	Robert Robinson

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



Certificate of Achievement for Excellence in Financial Reporting

Presented to

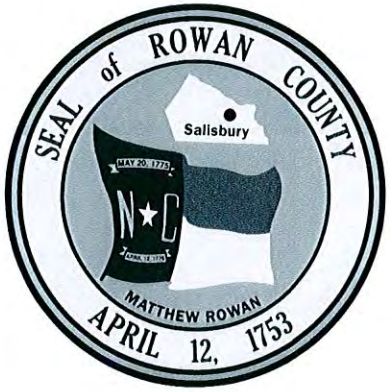
Rowan County
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

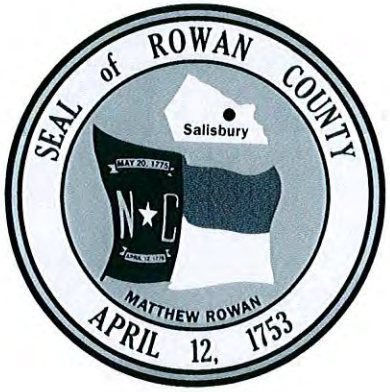
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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

President

Executive Director


SEAL of ROWAN COUNTY
Salisbury
MAY 20, 1775
N★C
APRIL 12, 1776
MATTHEW ROWAN
APRIL 12, 1753

FINANCIAL SECTION


SEAL of ROWAN COUNTY
Salisbury
MAY 20, 1775
N★C
APRIL 12, 1776
MATTHEW ROWAN
APRIL 12, 1753

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

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

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Rowan County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Rowan County, North Carolina, as of and for the year ended June 30, 2009, which collectively comprise Rowan County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Rowan 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Rowan County as of June 30, 2009, 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 a report dated November 19, 2009, 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.

730 13th Avenue Drive SE ♦ Hickory, North Carolina 28602 ♦ Phone 828-327-2727 ♦ Fax 828-328-2324
13 South Center Street ♦ Taylorsville, North Carolina 28681 ♦ Phone 828-632-9025 ♦ Fax 828-632-9085
Toll Free Both Locations 1-800-948-0585 ♦ Website: www.martinstarnes.com

Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance, and Other Post-Employment Benefit Required Supplementary Information are not required parts 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 the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of Rowan County, North Carolina. The introductory information, combining and individual nonmajor fund 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 Not-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 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, based on our audit report, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory information and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Martin Starnes + Associates CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
November 19, 2009

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, 2009. 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 $32.8 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 $83.6 million.

- The County's total net assets increased by $4.7 million, primarily due to increased restricted net assets in the Capital Projects Funds.

- As of the close of the 2009 fiscal year, the County's governmental funds reported combined ending fund balances of $50.4 million, an increase of $1.2 million in comparison with the prior year. This increase is primarily attributable to the receipt of $8.5 million of installment purchase proceeds for the Department of Social Services (DSS) and Rowan-Cabarrus Community College (RCCC) construction projects, that were offset by capital expenditures of only $2.3 million during the year.

- At the end of the 2009 fiscal year, unreserved fund balance for the General Fund was $32.3 million, or 25.4 percent of total General Fund expenditures and transfers out for the fiscal year. Of this amount, $7.2 million has been designated for subsequent years' expenditures and $2.9 million has been designated for special purposes, resulting in $22.2 million being reported as unreserved and undesignated. This is the amount that is considered available for spending at the government's discretion.

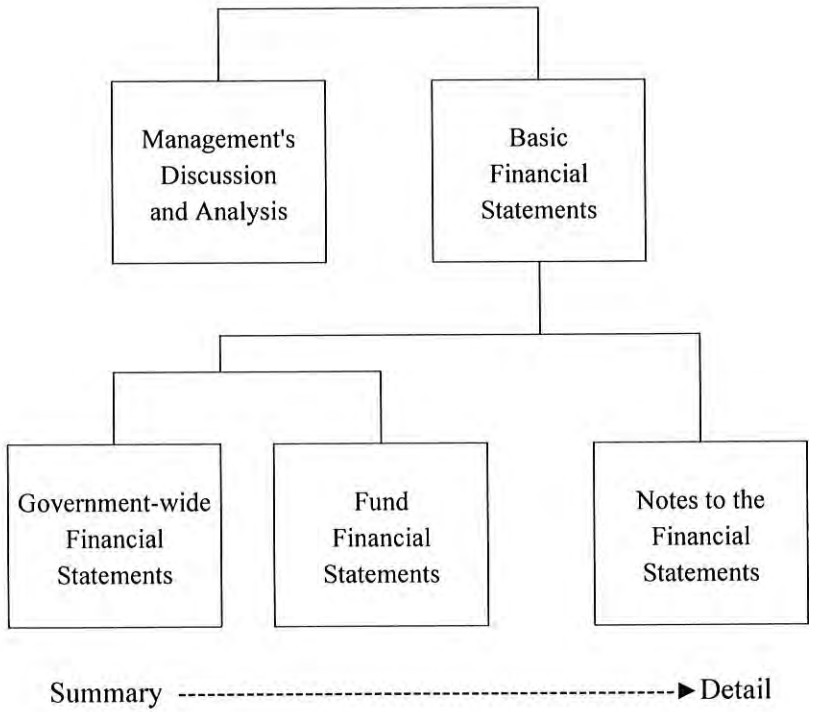
- The County maintained its Aa3 and A+ bond ratings from Moody's Investors Service and Standard and Poor's Corporation, respectively, for the seventh consecutive year, and its AA- rating from Fitch Ratings for the fourth consecutive year.

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 2-88 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 and other postemployment benefits. 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

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	$ 64,165,708	$ 62,100,839	$ 10,670,384	$ 8,958,064	$ 74,836,092	$ 71,058,903
Capital assets	59,383,281	55,657,573	16,091,508	17,402,993	75,474,789	73,060,566
Total assets	123,548,989	117,758,412	26,761,892	26,361,057	150,310,881	144,119,469
Long-term liabilities outstanding	103,331,399	102,743,748	6,763,640	5,703,988	110,095,039	108,447,736
Other liabilities	7,210,777	6,607,422	251,714	1,039,626	7,462,491	7,647,048
Total liabilities	110,542,176	109,351,170	7,015,354	6,743,614	117,557,530	116,094,784
Net assets:						
Invested in capital assets, net of related debt	51,148,752	49,923,512	16,091,508	17,402,993	67,240,260	67,326,505
Restricted	7,297,992	3,490,052	-	-	7,297,992	3,490,052
Unrestricted	(45,439,931)	(45,006,322)	3,655,030	2,214,450	(41,784,901)	(42,791,872)
Total net assets	$ 13,006,813	$ 8,407,242	$ 19,746,538	$ 19,617,443	$ 32,753,351	$ 28,024,685

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 $32.8 million as of June 30, 2009. 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, 2009, 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 decreased slightly to $67.2 million as of June 30, 2009, as compared to $67.3 million at the end of the prior fiscal year.

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. Restricted net assets grew by $3.8 million during fiscal year 2009 because installment purchase proceeds for three capital projects remained unspent 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, 2009, the unrestricted deficit of $41.8 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, 2009, $83.6 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 $41.8 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 maintaining a collection percentage of 96.2 percent
- Continued low cost of debt due to the County's high bond ratings and the prevailing interest rate environment
- Management's implementation of measures to reduce expenditures as the County experienced a decline in revenues

Rowan County's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	$ 12,287,107	$ 12,287,181	$ 6,409,013	$ 5,470,851	$ 18,696,120	$ 17,758,032
Operating grants and contributions	21,090,461	19,858,300	369,563	235,590	21,460,024	20,093,890
Capital grants and contributions	4,624,513	8,569,079	-	1,018,397	4,624,513	9,587,476
General revenues:						
Property taxes	70,229,568	67,921,753	-	-	70,229,568	67,921,753
Local option sales taxes	18,580,485	22,913,112	-	-	18,580,485	22,913,112
Other taxes and licenses	886,697	1,034,175	-	-	886,697	1,034,175
Grants and contributions not restricted to specific programs	735,923	532,605	-	-	735,923	532,605
Other	1,453,274	4,189,031	300,838	301,898	1,754,112	4,490,929
Total revenues	129,888,028	137,305,236	7,079,414	7,026,736	136,967,442	144,331,972

Continued on next page.

Rowan County's Changes in Net Assets (Continued)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Expenses:						
General government	$ 11,455,439	$ 10,599,815	$ -	$ -	$ 11,455,439	$ 10,599,815
Public safety	26,591,685	25,164,111	-	-	26,591,685	25,164,111
Transportation	574,509	527,881	-	-	574,509	527,881
Economic and physical development	2,584,134	3,043,241	-	-	2,584,134	3,043,241
Human services	31,228,466	31,914,783	-	-	31,228,466	31,914,783
Culture and recreation	6,044,167	5,901,522	-	-	6,044,167	5,901,522
Education	42,572,400	45,329,970	-	-	42,572,400	45,329,970
Interest on long-term debt	4,128,555	4,253,385	-	-	4,128,555	4,253,385
Airport	-	-	1,732,716	2,216,581	1,732,716	2,216,581
Landfill	-	-	4,970,855	3,980,104	4,970,855	3,980,104
Sports Authority	-	-	355,850	276,933	355,850	276,933
Total expenses	125,179,355	126,734,708	7,059,421	6,473,618	132,238,776	133,208,326
Increase in net assets before special item and transfers	4,708,673	10,570,528	19,993	553,118	4,728,666	11,123,646
Special item	-	(5,681,768)	-	5,681,768	-	-
Transfers	(109,102)	(661,245)	109,102	661,245	-	-
Increase in net assets	4,599,571	4,227,515	129,095	6,896,131	4,728,666	11,123,646
Net assets, beginning of year	8,407,242	4,179,727	19,617,443	12,721,312	28,024,685	16,901,039
Net assets, end of year	$ 13,006,813	$ 8,407,242	$ 19,746,538	$ 19,617,443	$ 32,753,351	$ 28,024,685

Governmental activities. Governmental activities increased the County's net assets by $4.6 million, accounting for 97.3 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 of $2.3 million due to normal growth in the County's tax base and the tax collection rate of 96.2 percent
- Decrease in total expenditures of $1.6 million due to management's mid-year budget cuts

Business-type activities. Business-type activities increased the County's net assets by $129,095, thereby accounting for 2.7 percent of the total growth in the net assets of the County. This increase is primarily due to landfill fee increases, from construction and demolition waste being charged at solid waste rates and a 22.2 percent increase in tonnage, that help cover the cost of providing the service.

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 $41.3 million, unreserved fund balance was $32.3 million, and unreserved undesignated fund balance was $22.2 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 17.4 percent of total General Fund expenditures and transfers out, while unreserved fund balance and total fund balance represent 25.4 percent and 32.5 percent of that same amount, respectively.

At June 30, 2009, the governmental funds of the County reported a combined fund balance of $50.4 million, an increase of $1.2 million, or 2.4 percent, from the prior year. The primary reason for this increase is the unspent installment purchase proceeds in the DSS Facility and the RCCC Building Capital Projects Funds.

General Fund Budgetary Highlights

The County revised the budget on several occasions during the 2009 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 increased budgeted expenditures by $7.6 million, a 5.8 percent increase. The majority of this increase occurred in public safety and education, and was offset primarily by a combination of restricted intergovernmental revenues and installment purchase proceeds.

Actual revenues and transfers in were less than the amounts projected in the final budget by $3.2 million, or 2.5 percent, during the 2009 fiscal year. The negative variance is mainly attributable to unrealized local option sales taxes, permits and fees due to the significant slowdown in the local economy.

Actual expenditures and transfers out were $11.5 million, or 8.3 percent, less than appropriations as of June 30, 2009. Key elements of this positive variance are as follows:

- A $1.0 million grant budgeted within the public safety function with current year expenditures of only $168,462
- Unspent public assistance appropriations of $1.7 million within the human services function

- Management's response to the economic downturn that included measures such as: a hiring, travel and capital assets freeze for selected appropriations; a 5.0 percent departmental budget cut; implementation of three furlough days for employees; a 1.0 percent cut in public schools current expense appropriation; and financing an education capital project instead of paying cash for the project as originally budgeted.

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 Airport, Landfill and Sports Authority Funds at the end of the fiscal year amounted to $658,705, $2,776,549 and $525,756, respectively. The total growth in net assets for the Landfill Fund was $719,553. The Airport Fund and Sports Authority Fund experienced decreases in net assets of $150,786 and $375,200, respectively. 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, 2009 total $75.5 million (net of accumulated depreciation). These assets include land, buildings, other improvements, equipment, vehicles and construction in progress.

Major capital asset transactions during the year include:

- Addition of construction in progress on DSS, Justice Center and RCCC facilities
- Purchase of vehicles for the Rescue Units and Sheriff's Department
- Purchase of Caterpillar 963D track loader for the County Landfill

Rowan County's Capital Assets
(Net of Accumulated Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	$ 11,796,184	$ 12,093,086	$ 4,193,190	$ 4,193,190	$ 15,989,374	$ 16,286,276
Buildings	26,340,947	26,689,896	7,752,101	8,101,432	34,093,048	34,791,328
Other improvements	9,132,279	9,580,129	3,093,903	4,056,094	12,226,182	13,636,223
Equipment	3,603,673	3,939,580	720,418	906,717	4,324,091	4,846,297
Vehicles and motorized equipment	2,546,660	2,648,459	331,896	145,560	2,878,556	2,794,019
Construction in progress	5,963,538	706,423	-	-	5,963,538	706,423
Total	$ 59,383,281	$ 55,657,573	$ 16,091,508	$ 17,402,993	$ 75,474,789	$ 73,060,566

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, 2009, the County's general obligation debt, secured by the full faith and credit of the County, totaled $78.6 million. Installment financings totaled $20.5 million. A summary of outstanding debt is shown below.

Rowan County's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds	$ 78,612,563	$ 84,745,444	$ -	$ -	$ 78,612,563	$ 84,745,444
Installment financing	20,481,694	14,571,095	-	-	20,481,694	14,571,095
Other	4,237,142	3,427,209	6,763,640	5,703,988	11,000,782	9,131,197
Total	$ 103,331,399	$ 102,743,748	$ 6,763,640	$ 5,703,988	$ 110,095,039	$ 108,447,736

The County's total long-term debt increased by $1.6 million, or 1.5 percent, during the 2009 fiscal year. The increase is primarily due to the addition of $8.5 million in installment purchase agreements issued for DSS and RCCC facility improvements, which was partially offset by the retirement of $6.1 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 $843,720,051. The County had no bonds authorized, but unissued, at June 30, 2009.

Additional information regarding the County's long-term debt can be found in Note 2.B.8 of the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate in the County was 13.1 percent at June 30, 2009, compared with federal and State rates of 9.5 percent and 11.0 percent, respectively. The rate for Rowan County was 6.3 percent at end of the 2008 fiscal year.

- The County experienced natural growth in the tax base of 3.3 percent during the current fiscal year. A modest increase is expected to continue into fiscal year 2010.

- Retail sales during the 2009 fiscal year suffered due to higher unemployment, tightening of the credit market, and public perception of the recession. This resulted in sales tax collections falling short of budget by 10.2 percent.

- The average yield on investments was 2.5 percent for fiscal year 2009, down from 5.1 percent for fiscal year 2008. This decline in yield resulted in a 46.2 percent decrease in total investment earnings for the year. The County realized investment earnings in the General Fund of $1.4 million for the fiscal year ended June 30, 2009, on an average portfolio balance of $54.4 million. This compares to 2008 earnings of $2.8 million, on an average portfolio balance of $55.4 million.

These factors, as well as others, were considered when management prepared the County's budget ordinances for the 2010 fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2010

Governmental Activities. The County has approved a $125.8 million General Fund budget for fiscal year 2010, which represents a $5.5 million, or 4.2 percent, decrease from the original budget adopted for the 2009 fiscal year. The property tax rate remains constant at 59.5 cents. The decrease in General Fund expenditures represents primarily the elimination of Medicaid expenditures that have been transferred to the State of North Carolina and capital expenditures for an education project.

During the 2009 fiscal year, unreserved fund balance in the General Fund increased to $32.3 million. The County has appropriated $7.2 million of this amount for spending in the 2010 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 2010 fiscal year.

Business-type Activities. In the Airport function, the County budgeted a 10.9 percent and 8.9 percent decrease in charges for services and operations expenditures, respectively, due primarily to a decrease in aviation fuel prices. For the Landfill, charges for services are budgeted to increase by 3.0 percent because an increase in tonnage is anticipated. This growth in revenues will cover an increase in operating costs, mainly in design fees for a new landfill cell.

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.

SEAL of ROWAN COUNTY
Salisbury
MAY 20, 1775
N★C
APRIL 12, 1776
MATTHEW ROWAN
APRIL 12, 1753

Basic Financial Statements

ROWAN COUNTY, NORTH CAROLINA
STATEMENT OF NET ASSETS
June 30, 2009

EXHIBIT 1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Rowan/ Kannapolis ABC Board
ASSETS				
Cash and cash equivalents	$ 42,561,462	$ 9,613,539	$ 52,175,001	$ 835,184
Receivables (net)	7,264,472	621,129	7,885,601	-
Due from other governments	4,763,216	342,876	5,106,092	-
Due from component unit	219,346	-	219,346	-
Inventories	50,474	231,817	282,291	861,736
Accrued interest receivable	12,480	6,254	18,734	-
Notes receivable	1,490,330	150,749	1,641,079	-
Prepaid items	-	-	-	27,746
Internal balances	295,980	(295,980)	-	-
Restricted cash and cash equivalents	7,247,165	-	7,247,165	-
Bond issuance costs	260,783	-	260,783	-
Capital assets:				
Land and construction in progress	17,759,722	4,193,190	21,952,912	207,832
Other capital assets (net of accumulated depreciation)	41,623,559	11,898,318	53,521,877	977,863
Total assets	123,548,989	26,761,892	150,310,881	2,910,361

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

Continued on next page.

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Rowan/ Kannapolis ABC Board
LIABILITIES				
Accounts payable and accrued liabilities	$ 5,953,560	$ 251,714	$ 6,205,274	$ 706,714
Unearned revenue	33,864	-	33,864	-
Accrued interest payable	1,223,353	-	1,223,353	-
Due to primary government	-	-	-	219,346
Long-term liabilities:				
Due within one year	11,538,011	41,000	11,579,011	41,815
Due in more than one year	91,793,388	6,722,640	98,516,028	121,922
Total liabilities	110,542,176	7,015,354	117,557,530	1,089,797
NET ASSETS				
Invested in capital assets, net of related debt	51,148,752	16,091,508	67,240,260	1,021,958
Restricted for:				
Education	3,216,285	-	3,216,285	-
Human services	3,484,260	-	3,484,260	-
Law enforcement	546,620	-	546,620	4,568
Register of deeds	50,827	-	50,827	-
Working capital requirements	-	-	-	285,852
Unrestricted (deficit)	(45,439,931)	3,655,030	(41,784,901)	508,186
Total net assets	$ 13,006,813	$ 19,746,538	$ 32,753,351	$ 1,820,564

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

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
					Primary Government			Component Unit
Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Rowan/ Kannapolis ABC Board
Primary government:								
Governmental activities:								
General government	$ 11,455,439	$ 1,432,907	$ 133,838	$ -	$ (9,888,694)	$ -	$ (9,888,694)	
Public safety	26,591,685	8,392,200	1,161,242	-	(17,038,243)	-	(17,038,243)	
Transportation	574,509	4,436	425,960	80,066	(64,047)	-	(64,047)	
Economic and physical development	2,584,134	372,175	619,581	-	(1,592,378)	-	(1,592,378)	
Human services	31,228,466	508,360	18,349,221	-	(12,370,885)	-	(12,370,885)	
Culture and recreation	6,044,167	1,577,029	378,772	-	(4,088,366)	-	(4,088,366)	
Education	42,572,400	-	21,847	4,544,447	(38,006,106)	-	(38,006,106)	
Interest on long-term debt	4,128,555	-	-	-	(4,128,555)	-	(4,128,555)	
Total governmental activities	125,179,355	12,287,107	21,090,461	4,624,513	(87,177,274)	-	(87,177,274)	
Business-type activities:								
Airport	1,732,716	1,204,022	96,978	-	-	(431,716)	(431,716)	
Landfill	4,970,855	5,088,872	272,585	-	-	390,602	390,602	
Sports Authority	355,850	116,119	-	-	-	(239,731)	(239,731)	
Total business-type activities	7,059,421	6,409,013	369,563	-	-	(280,845)	(280,845)	
Total primary government	$132,238,776	$ 18,696,120	$ 21,460,024	$ 4,624,513	(87,177,274)	(280,845)	(87,458,119)	

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

Continued on next page.

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
					Primary Government			Component Unit
Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Rowan/ Kannapolis ABC Board
Component unit:								
ABC Board	$ 7,481,053	$ 7,432,141	$ -	$ -				$ (48,912)
General revenues:								
Taxes:								
Property taxes, levied for general purpose					$ 70,229,568	$ -	$ 70,229,568	-
Local option sales taxes					18,580,485	-	18,580,485	-
Other taxes and licenses					886,697	-	886,697	-
Grants and contributions not restricted to specific programs					735,923	-	735,923	-
Investment earnings, unrestricted					1,440,253	300,838	1,741,091	3,484
Miscellaneous, unrestricted					13,021	-	13,021	7,835
Transfers					(109,102)	109,102	-	-
Total general revenues and transfers					91,776,845	409,940	92,186,785	11,319
Change in net assets					4,599,571	129,095	4,728,666	(37,593)
Net assets, beginning of year, July 1					8,407,242	19,617,443	28,024,685	1,858,157
Net assets, end of year, June 30					$ 13,006,813	$ 19,746,538	$ 32,753,351	$ 1,820,564

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

ROWAN COUNTY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

EXHIBIT 3

	Major	Nonmajor	
	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 37,416,284	$ 2,825,287	$ 40,241,571
Receivables (net)	6,994,315	232,064	7,226,379
Due from other funds	259,155	-	259,155
Due from other governments	4,439,459	323,757	4,763,216
Due from component unit	219,346	-	219,346
Inventories	50,474	-	50,474
Notes receivable	1,490,330	-	1,490,330
Restricted cash and cash equivalents	-	7,247,165	7,247,165
Total assets	$ 50,869,363	$ 10,628,273	$ 61,497,636

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

Continued on next page.

	Major	Nonmajor	
	General Fund	Other Governmental Funds	Total Governmental Funds
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	$ 4,688,996	$ 869,808	$ 5,558,804
Due to other funds	-	259,155	259,155
Contract retainage	-	245,371	245,371
Unearned revenue	32,033	1,831	33,864
Deferred revenue	4,806,484	229,546	5,036,030
Total liabilities	9,527,513	1,605,711	11,133,224
Fund balances:			
Reserved for inventories	50,474	-	50,474
Reserved for encumbrances	318,132	-	318,132
Reserved by State statute	8,596,121	62,464	8,658,585
Reserved for register of deeds	50,827	-	50,827
Unreserved, General Fund:			
Designated for subsequent year's expenditures	7,213,310	-	7,213,310
Designated for special purposes	2,925,466	-	2,925,466
Undesignated	22,187,520	-	22,187,520
Unreserved, reported in:			
Special revenue funds	-	678,672	678,672
Capital projects funds	-	8,281,426	8,281,426
Total fund balances	41,341,850	9,022,562	50,364,412
Total liabilities and fund balances	$ 50,869,363	$ 10,628,273	$ 61,497,636

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	$ 50,364,412
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	59,383,281
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	12,480
Liabilities for earned but deferred revenues in fund statements	5,036,030
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.	2,208,599
Internal balances due from business-type activities to governmental activities	295,980
Some liabilities, including bonds payable and other postemployment benefits, are not due and payable in the current period and, therefore, are not reported in the funds.	(104,293,969)
Net assets of governmental activities	$ 13,006,813

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

ROWAN COUNTY, NORTH CAROLINA

EXHIBIT 4

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2009

	Major	Nonmajor	
	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:			
Ad valorem taxes	$ 69,309,890	$ 3,682,000	$ 72,991,890
Local option sales taxes	18,580,485	-	18,580,485
Other taxes and licenses	1,189,363	-	1,189,363
Unrestricted intergovernmental	649,863	-	649,863
Restricted intergovernmental	25,574,513	1,360,810	26,935,323
Permits and fees	1,240,654	-	1,240,654
Sales and services	6,015,189	-	6,015,189
Investment earnings	1,371,553	75,403	1,446,956
Miscellaneous	603,129	35,000	638,129
Total revenues	124,534,639	5,153,213	129,687,852
EXPENDITURES:			
Current:			
General government	10,258,428	-	10,258,428
Public safety	21,968,480	4,345,950	26,314,430
Transportation	530,758	-	530,758
Economic and physical development	1,883,893	140,870	2,024,763
Human services	31,020,647	-	31,020,647
Culture and recreation	5,534,225	-	5,534,225
Intergovernmental:			
Education	41,643,389	-	41,643,389
Capital outlay	-	6,186,126	6,186,126

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, 2009

	Major	Nonmajor	
	General Fund	Other Governmental Funds	Total Governmental Funds
EXPENDITURES (Continued):			
Debt service:			
Principal retirement	$ 9,503,401	$ -	$ 9,503,401
Interest and other charges	4,100,701	-	4,100,701
Total expenditures	126,443,922	10,672,946	137,116,868
Excess (deficiency) of revenues over expenditures	(1,909,283)	(5,519,733)	(7,429,016)
OTHER FINANCING SOURCES (USES):			
Transfers from other funds	953,000	-	953,000
Transfers to other funds	(887,102)	(800,000)	(1,687,102)
Installment purchase obligations issued	722,000	8,532,000	9,254,000
Sale of capital assets	58,000	-	58,000
Total other financing sources (uses)	845,898	7,732,000	8,577,898
Net change in fund balances	(1,063,385)	2,212,267	1,148,882
FUND BALANCES:			
Beginning of year, July 1	42,379,323	6,810,295	49,189,618
Increase in inventories	25,912	-	25,912
End of year, June 30	$ 41,341,850	$ 9,022,562	$ 50,364,412

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 ACTIVITIES (EXHIBIT 2) ARE DIFFERENT BECAUSE:

Net change in fund balances - total governmental funds	$ 1,148,882
Change in fund balance due to change in reserve for inventory	25,912
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.	4,041,938
Cost of capital assets disposed of during the year, not recognized on modified accrual basis	(316,230)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	786,084
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.	(493,005)
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.	190,728
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.	(779,114)
Net expense of internal service fund determined to be governmental-type.	(5,624)
Total change in net assets of governmental activities	$ 4,599,571

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

ROWAN COUNTY, NORTH CAROLINA

EXHIBIT 5

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
REVENUES:				
Ad valorem taxes	$ 68,577,472	$ 68,793,941	$ 69,309,890	$ 515,949
Local option sales taxes	20,680,000	20,680,000	18,580,485	(2,099,515)
Other taxes and licenses	1,305,000	1,305,000	1,189,363	(115,637)
Unrestricted intergovernmental	384,000	419,000	649,863	230,863
Restricted intergovernmental	22,566,720	26,849,107	25,574,513	(1,274,594)
Permits and fees	1,720,000	1,787,795	1,240,654	(547,141)
Sales and services	5,610,971	5,666,134	6,015,189	349,055
Investment earnings	1,601,225	1,601,225	1,371,553	(229,672)
Miscellaneous	567,642	667,795	603,129	(64,666)
Total revenues	123,013,030	127,769,997	124,534,639	(3,235,358)
EXPENDITURES:				
Current:				
General government	12,284,766	12,650,997	10,258,428	2,392,569
Public safety	21,059,726	24,096,593	21,968,480	2,128,113
Transportation	653,077	724,855	530,758	194,097
Economic and physical development	2,070,040	2,766,616	1,883,893	882,723
Human services	33,142,444	33,859,943	31,020,647	2,839,296
Culture and recreation	5,832,129	5,941,219	5,534,225	406,994
Intergovernmental:				
Education	41,253,411	44,010,910	41,643,389	2,367,521

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, 2009

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
EXPENDITURES (Continued):				
Debt service:				
Principal retirement	$ 9,607,817	$ 9,532,487	$ 9,503,401	$ 29,086
Interest and other charges	4,294,066	4,230,827	4,100,701	130,126
Total expenditures	130,197,476	137,814,447	126,443,922	11,370,525
Revenues under expenditures	(7,184,446)	(10,044,450)	(1,909,283)	8,135,167
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	167,300	953,000	953,000	-
Transfers to other funds	(1,030,852)	(1,030,852)	(887,102)	143,750
Installment purchase obligations issued	-	722,000	722,000	-
Sale of capital assets	-	-	58,000	58,000
Total other financing sources (uses)	(863,552)	644,148	845,898	201,750
Revenues and other financing sources under expenditures and other financing uses	(8,047,998)	(9,400,302)	(1,063,385)	8,336,917
APPROPRIATED FUND BALANCE	8,047,998	9,400,302	-	(9,400,302)
Net change in fund balance	$ -	$ -	(1,063,385)	$ (1,063,385)
FUND BALANCE:				
Beginning of year, July 1			42,379,323	
Increase in inventories			25,912	
End of year, June 30			$ 41,341,850	

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, 2009

EXHIBIT 6

	Major Enterprise Funds				Internal Service Fund
	Airport Fund	Landfill Fund	Sports Authority Fund	Total	Risk Management Fund
ASSETS					
Current assets:					
Cash and cash equivalents	$ 237,158	$ 9,031,620	$ 344,761	$ 9,613,539	$ 2,319,891
Receivables (net)	7,521	574,893	38,715	621,129	38,093
Due from other governments	265,375	77,501	-	342,876	-
Inventories	231,817	-	-	231,817	-
Interest receivable - note	-	-	6,254	6,254	-
Note receivable	-	-	150,749	150,749	-
Total current assets	741,871	9,684,014	540,479	10,966,364	2,357,984
Noncurrent assets:					
Capital assets (net, where applicable, of accumulated depreciation)	6,057,669	4,842,274	5,191,565	16,091,508	-
Total assets	6,799,540	14,526,288	5,732,044	27,057,872	2,357,984
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	61,349	175,642	14,723	251,714	1,901
Claims payable	-	-	-	-	147,484
Compensated absences	6,000	35,000	-	41,000	-
Total current liabilities	67,349	210,642	14,723	292,714	149,385
Noncurrent liabilities:					
Accrued landfill closure and postclosure care costs	-	6,622,285	-	6,622,285	-
Compensated absences	10,018	48,582	-	58,600	-
Other postemployement benefits	5,799	35,956	-	41,755	-
Total noncurrent liabilities	15,817	6,706,823	-	6,722,640	-
Total liabilities	83,166	6,917,465	14,723	7,015,354	149,385

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, 2009

EXHIBIT 6 (Continued)

	Major Enterprise Funds				Internal Service Fund
	Airport Fund	Landfill Fund	Sports Authority Fund	Total	Risk Management Fund
NET ASSETS					
Invested in capital assets	$ 6,057,669	$ 4,842,274	$ 5,191,565	$ 16,091,508	$ -
Unrestricted	658,705	2,766,549	525,756	3,951,010	2,208,599
Total net assets	$ 6,716,374	$ 7,608,823	$ 5,717,321	20,042,518	$ 2,208,599
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(295,980)	
Net assets of business-type activities				$ 19,746,538	

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

ROWAN COUNTY, NORTH CAROLINA

EXHIBIT 7

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2009

	Major Enterprise Funds				Internal Service Fund
	Airport Fund	Landfill Fund	Sports Authority Fund	Total	Risk Management Fund
OPERATING REVENUES:					
Charges for services	$ 1,204,022	$ 5,088,872	$ 116,119	$ 6,409,013	$ 644,103
OPERATING EXPENSES:					
Administration	-	-	-	-	118,798
Airport operations	1,272,583	-	-	1,272,583	-
Landfill operations	-	2,963,253	-	2,963,253	-
Sports Authority operations	-	-	194,391	194,391	-
Premiums and claims	-	-	-	-	1,359,816
Landfill closure and postclosure care costs	-	997,110	-	997,110	-
Depreciation	443,515	962,638	161,459	1,567,612	-
Total operating expenses	1,716,098	4,923,001	355,850	6,994,949	1,478,614
Operating income (loss)	(512,076)	165,871	(239,731)	(585,936)	(834,511)
NONOPERATING REVENUES:					
Solid waste disposal tax	-	42,833	-	42,833	-
Scrap tire disposal tax	-	186,845	-	186,845	-
White goods disposal tax	-	42,907	-	42,907	-
State grants	96,978	-	-	96,978	-
Investment earnings	2,210	281,097	6,375	289,682	73,524
Interest earnings on note receivable	-	-	11,156	11,156	-
Insurance settlements	-	-	-	-	65,891
Total nonoperating revenues	99,188	553,682	17,531	670,401	139,415

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

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA

EXHIBIT 7 (Continued)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2009

	Major Enterprise Funds				Internal Service Fund
	Airport Fund	Landfill Fund	Sports Authority Fund	Total	Risk Management Fund
Income (loss) before transfers	$ (412,888)	$ 719,553	$ (222,200)	$ 84,465	$ (695,096)
TRANSFERS:					
Transfers from other funds	262,102	-	-	262,102	625,000
Transfers to other funds	-	-	(153,000)	(153,000)	-
Total transfers	262,102	-	(153,000)	109,102	625,000
Change in net assets	(150,786)	719,553	(375,200)	193,567	(70,096)
TOTAL NET ASSETS:					
Beginning of year, July 1	6,867,160	6,889,270	6,092,521		2,278,695
End of year, June 30	$ 6,716,374	$ 7,608,823	$ 5,717,321		$ 2,208,599
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(64,472)	
Change in net assets - business-type activities				$ 129,095	

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, 2009

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	$ 1,227,571	$ 4,898,915	$ 134,135	$ 6,260,621	$ 617,522
Cash paid for goods and services	(1,035,417)	(1,459,949)	(186,406)	(2,681,772)	(1,383,654)
Cash paid to employees for services	(310,601)	(1,453,657)	-	(1,764,258)	(62,967)
Net cash provided (used) by operating activities	(118,447)	1,985,309	(52,271)	1,814,591	(829,099)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	262,102	-	-	262,102	625,000
Transfers out	-	-	(153,000)	(153,000)	-
Payment of interfund loans	(749,974)	-	-	(749,974)	-
Net cash provided (used) by noncapital financing activities	(487,872)	-	(153,000)	(640,872)	625,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(8,933)	(247,194)	-	(256,127)	-
Proceeds from insurance settlements	-	-	-	-	65,891
Principal received on note receivable	-	-	136,195	136,195	-
Interest received on note receivable	-	-	16,805	16,805	-
Capital contributions - grant revenues	850,000	-	-	850,000	-
Capital contributions - tax revenues	-	274,510	-	274,510	-
Net cash provided by capital and related financing activities	841,067	27,316	153,000	1,021,383	65,891
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received on investments	2,210	281,097	6,375	289,682	73,524
Net increase (decrease) in cash and investments	236,958	2,293,722	(45,896)	2,484,784	(64,684)
CASH AND CASH EQUIVALENTS, July 1	200	6,737,898	390,657	7,128,755	2,384,575
CASH AND CASH EQUIVALENTS, June 30	$ 237,158	$ 9,031,620	$ 344,761	$ 9,613,539	$ 2,319,891

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

Continued on next page.

	Major Enterprise Funds				Internal Service Fund
	Airport Fund	Landfill Fund	Sports Authority Fund	Total	Risk Management Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	$ (512,076)	$ 165,871	$ (239,731)	$ (585,936)	$ (834,511)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	443,515	962,638	161,459	1,567,612	-
Landfill closure and postclosure care costs	-	997,110	-	997,110	-
Changes in assets and liabilities:					
Decrease (increase) in receivables (net)	23,549	(189,957)	18,016	(148,392)	(26,581)
Increase in inventory	(40,407)	-	-	(40,407)	-
Increase (decrease) in accounts payable and accrued liabilities	(54,845)	8,922	7,985	(37,938)	(949)
Increase in claims payable	-	-	-	-	32,942
Increase in compensated absences payable	16,018	4,769	-	20,787	-
Increase in other postemployment benefits payable	5,799	35,956	-	41,755	-
Total adjustments	393,629	1,819,438	187,460	2,400,527	5,412
Net cash provided (used) by operating activities	$ (118,447)	$ 1,985,309	$ (52,271)	$ 1,814,591	$ (829,099)

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, 2009

EXHIBIT 9

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 365,257
Accounts receivable	69,213
Total assets	$ 434,470
LIABILITIES	
Intergovernmental payables:	
Rowan-Salisbury Schools	$ 66,935
Kannapolis City Schools	3,787
State of North Carolina	5,658
Rowan County Municipalities	313,325
Miscellaneous liabilities	44,765
Total liabilities	$ 434,470

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

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 2008 through February 2009 apply to the fiscal year ended June 30, 2009. 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 DSS Facility, Justice Center III and RCCC Building Capital Projects Funds because their use is completely restricted to the purpose for which the loans were 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, 2008. 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:

	Useful Life
Land improvements	10-15 years
Buildings	
Office and other	30-50 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:

	Useful Life
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 2009-2010 budget ordinance.

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 $37,357,599 consists of several elements as follows:

Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds.	$ 95,125,238
Less accumulated depreciation	(35,741,957)
Net capital assets	59,383,281
Accrued interest receivable in the government-wide statements as these funds are not available and therefore are deferred in the fund statements	12,480

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	$ 5,036,030
Net assets of the internal service fund, incorporated into the government-wide statements, are not recorded in the governmental funds statements.	2,208,599
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.	295,980
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 financings	(100,286,946)
Deferred charge on refunding (to be amortized as interest expense)	1,192,689
Deferred charge for issuance costs (to be amortized over life of debt)	260,783
Accrued interest payable	(1,223,353)
Compensated absences	(2,457,327)
Unfunded pension cost	(1,179,004)
Other postemployment benefits	(600,811)
	(104,293,969)
Total adjustment	$ (37,357,599)

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 $3,450,689 as follows:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. (Continued)

Cost of net inventories gained during the year, recognized as a change in fund balance in the fund statements but not in the statement of activities	$ 25,912
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	7,855,810
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	(3,813,872)
	4,041,938
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	(316,230)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Increase in deferred tax revenue at end of year	919,678
Decrease in deferred ambulance revenue at end of year	(129,495)
Decrease in accrued interest receivable at end of year	(4,099)
	786,084
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.	(493,005)

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	$ (9,254,000)
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	6,160,000
Installment financing	3,343,401
Amortization of bond premium	135,888
Amortization of deferred charge on refunding	(163,007)
Amortization of bond issuance costs	(31,554)
	190,728
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)	30,819
Compensated absences	(109,440)
Net pension obligation	(99,682)
Other postemployment benefits	(600,811)
	(779,114)
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.	(5,624)
Total adjustment	$ 3,450,689

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, 2009, the County's deposits had a carrying amount of $25,292,643 and a bank balance of $25,567,542. Of the bank balance, $1,065,827 was covered by federal depository insurance and $24,501,715 in interest-bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2009, the County had $7,865 cash on hand.

At June 30, 2009, the carrying amount of deposits for Rowan/Kannapolis ABC Board was $835,184 and the bank balance was $851,054. Of the bank balance, $454,693 was covered by federal depository insurance and $396,361 was covered by collateral held under the Dedicated Method.

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

2. Investments

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

Investment Type	Fair Value	Less Than 6 Months	6-12 Months	1-3 Years
US Government Agencies	$ 10,610,795	$ 1,532,969	$ 4,330,125	$ 4,747,701
Commercial Paper	6,467,695	1,998,448	4,469,247	-
NC Capital Management Trust – Cash Portfolio	17,408,425	N/A	N/A	N/A
Total	$ 34,486,915	$ 3,531,417	$ 8,799,372	$ 4,747,701

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, 2009, 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, 2009. The County's investments in US Agencies are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

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 Federal Home Loan Bank securities, HSBC Finance Corporation commercial paper and Fannie Mae securities. These investments are 17.9 percent, 8.6 percent and 5.1 percent, respectively, of the County's total investments.

The ABC Board had no investments at June 30, 2009.

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.

Year Levied	Tax	Interest	Total
2006	$ 2,359,111	$ 560,288	$ 2,919,399
2007	4,197,986	619,203	4,817,189
2008	4,256,355	244,740	4,501,095
2009	4,315,550	-	4,315,550
Total	$15,129,002	$ 1,424,231	$16,553,233

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, 2009 were as follows:

	Accounts	Taxes and Related Accrued Interest	Total
Governmental activities:			
General	$ 10,414,780	$ 4,655,036	$ 15,069,816
Other governmental	-	232,064	232,064
Total receivables	10,414,780	4,887,100	15,301,880
Allowance for doubtful accounts	(6,100,000)	(1,937,408)	(8,037,408)
Total governmental activities	$ 4,314,780	$ 2,949,692	$ 7,264,472
Business-type activities:			
Airport	$ 7,521	$ -	$ 7,521
Landfill	626,289	-	626,289
Sports Authority	38,715	-	38,715
Total receivables	672,525	-	672,525
Allowance for doubtful accounts	(51,396)	-	(51,396)
Total business-type activities	$ 621,129	$ -	$ 621,129

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	$ 4,315,282
Franchise fees	124,177
Community Development Block grant	8,972
Duke Home Energy Loan Pool	17,682
HOME grant	83,323
NC Rural Center grant	151,316
Emergency 911 fees	62,464
Total governmental activities	$ 4,763,216
Business-type activities:	
Aviation grants	$ 265,375
Solid waste disposal tax	15,153
Scrap tire tax disposal tax	52,705
White goods disposal tax	9,643
Total business-type activities	$ 342,876

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

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, 2009:

	General Fund	Sports Authority Fund
City of Salisbury	$ 121,670	$ -
Town of China Grove	266,760	-
City of Kannapolis	723,330	150,749
Town of Landis	378,570	-
Total	$ 1,490,330	$ 150,749

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, 2009 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 12,093,086	$ -	$ (296,902)	$ 11,796,184
Construction in progress	706,423	5,257,115	-	5,963,538
Total capital assets not being depreciated	12,799,509	$ 5,257,115	$ (296,902)	17,759,722
Capital assets being depreciated:				
Buildings	39,972,700	$ 537,780	$ -	40,510,480
Other improvements	17,805,898	429,452	-	18,235,350
Equipment	10,594,473	779,820	-	11,374,293
Vehicles and motorized equipment	6,421,361	851,643	(27,611)	7,245,393
Total capital assets being depreciated	74,794,432	$ 2,598,695	$ (27,611)	77,365,516
Less accumulated depreciation for:				
Buildings	13,282,804	$ 886,729	$ -	14,169,533
Other improvements	8,225,769	877,302	-	9,103,071
Equipment	6,654,893	1,115,727	-	7,770,620
Vehicles and motorized equipment	3,772,902	934,114	(8,283)	4,698,733
Total accumulated depreciation	31,936,368	$ 3,813,872	$ (8,283)	35,741,957
Total capital assets being depreciated, net	42,858,064			41,623,559
Governmental activity capital assets, net	$ 55,657,573			$ 59,383,281

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

5. Capital Assets (Continued)

a. Primary Government (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Airport				
Capital assets not being depreciated:				
Land	$ 2,107,649	$ -	$ -	$ 2,107,649
Capital assets being depreciated:				
Buildings	4,855,879	$ -	$ -	4,855,879
Other improvements	10,497,541	-	-	10,497,541
Equipment	63,470	8,933	-	72,403
Vehicles and motorized equipment	71,413	-	-	71,413
Total capital assets being depreciated	15,488,303	$ 8,933	$ -	15,497,236
Less accumulated depreciation for:				
Buildings	1,746,715	$ 178,563	$ -	1,925,278
Other improvements	9,247,870	259,673	-	9,507,543
Equipment	37,703	5,279	-	42,982
Vehicles and motorized equipment	71,413	-	-	71,413
Total accumulated depreciation	11,103,701	$ 443,515	$ -	11,547,216
Total capital assets being depreciated, net	4,384,602			3,950,020
Airport capital assets, net	6,492,251			6,057,669

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

5. Capital Assets (Continued)

a. Primary Government (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
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	11,911,683	-	-	11,911,683
Equipment	1,511,433	-	-	1,511,433
Vehicles and motorized equipment	1,242,865	247,194	-	1,490,059
Total capital assets being depreciated	15,130,174	$ 247,194	$ -	15,377,368
Less accumulated depreciation for:				
Buildings	123,753	$ 13,079	$ -	136,832
Other improvements	9,110,363	701,060	-	9,811,423
Equipment	642,832	187,641	-	830,473
Vehicles and motorized equipment	1,097,305	60,858	-	1,158,163
Total accumulated depreciation	10,974,253	$ 962,638	$ -	11,936,891
Total capital assets being depreciated, net	4,155,921			3,440,477
Landfill capital assets, net	5,557,718			4,842,274

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

5. Capital Assets (Continued)

a. Primary Government (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
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	60,770	-	-	60,770
Total capital assets being depreciated	6,801,339	$ -	$ -	6,801,339
Less accumulated depreciation for:				
Buildings	1,655,734	$ 157,689	$ -	1,813,423
Other improvements	427,904	1,458	-	429,362
Equipment	48,421	2,312	-	50,733
Total accumulated depreciation	2,132,059	$ 161,459	$ -	2,293,518
Total capital assets being depreciated, net	4,669,280			4,507,821
Sports Authority capital assets, net	5,353,024			5,191,565
Business-type activities capital assets, net	$ 17,402,993			$ 16,091,508

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	$ 715,272
Public safety	1,539,375
Transportation	133,177
Economic and physical development	568,650
Human services	198,651
Culture and recreation	658,747
Total depreciation expense - governmental activities	3,813,872
Business-type activities:	
Airport	443,515
Landfill	962,638
Sports Authority	161,459
Total depreciation expense - business-type activities	1,567,612
Total depreciation expense	$ 5,381,484

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, 2009. The projects include renovation and new construction for a Department of Social Services (DSS) facility, renovation of jail space and construction of two courtrooms. At year-end, the County's commitments with contractors were as follows:

Project	Incurred-to-Date	Remaining Commitment
DSS facility	$ 1,856,469	$ 2,722,775
Justice Center III	3,727,326	487,208
Total	$ 5,583,795	$ 3,209,983

c. Discretely Presented Component Unit

Activity for the ABC Board for the year ended June 30, 2009 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 207,832	$ -	$ -	$ 207,832
Capital assets being depreciated:				
Buildings and improvements	1,416,983	$ 10,041	$ -	1,427,024
Furniture and equipment	482,593	16,671	(19,573)	479,691
Vehicles	84,586	12,730	(14,150)	83,166
Total capital assets being depreciated	1,984,162	$ 39,442	$ (33,723)	1,989,881

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	$ 612,747	$ 41,713	$ -	$ 654,460
Furniture and equipment	275,363	45,946	(19,436)	301,873
Vehicles	44,526	12,579	(1,420)	55,685
Total accumulated depreciation	932,636	$ 100,238	$ (20,856)	1,012,018
Total capital assets being depreciated, net	1,051,526			977,863
ABC Board capital assets, net	$ 1,259,358			$ 1,185,695

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2009 were as follows:

	Vendors	Salaries and Benefits	Other	Total
Governmental activities:				
General	$ 2,627,054	$ 1,210,311	$ 1,246,387	$ 5,083,752
Other governmental	867,643	2,165	-	869,808
Total governmental activities	$ 3,494,697	$ 1,212,476	$ 1,246,387	$ 5,953,560

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Payables (Continued)

	Vendors	Salaries and Benefits	Other	Total
Business-type activities:				
Airport	$ 50,797	$ 10,552	$ -	$ 61,349
Landfill	130,064	45,578	-	175,642
Sports Authority	14,723	-	-	14,723
Total business-type activities	$ 195,584	$ 56,130	$ -	$ 251,714

2. Pension Plan and Other Postemployment 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.

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Pension Plan and Other Postemployment 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, 2009, 2008 and 2007 were $1,415,569, $1,340,827 and $1,255,581, 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, 2007, the Separation Allowance's membership consisted of:

Retirees receiving benefits	9
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	110
Total	119

A separate report was not issued for the plan.

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Pension Plan and Other Postemployment 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, 2007 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. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2007 was 23 years.

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Pension Plan and Other Postemployment 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	$ 203,058
Interest on net pension obligation	78,251
Adjustment to annual required contribution	(68,213)
Annual pension cost	213,096
Contributions made	113,414
Increase in net pension obligation	99,682
Net pension obligation, beginning of year	1,079,322
Net pension obligation, end of year	$ 1,179,004

Three-Year Trend Information

For Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2007	$ 188,392	52.84%	$ 998,715
June 30, 2008	189,609	57.49%	1,079,322
June 30, 2009	213,096	53.22%	1,179,004

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Pension Plan and Other Postemployment Obligations (Continued)

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

Funded Status and Funding Progress. As of December 31, 2007, 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 $1,949,165. The covered payroll (annual payroll of active employees covered by the plan) was $4,220,556, and the ratio of the UAAL to the covered payroll was 46.2 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 is 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, 2009 were $285,882, which consisted of $223,296 from the County and $62,586 from the law enforcement officers.

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Pension Plan and Other Postemployment 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, 2009 totaled $1,149,299, which consisted of $686,761 from the County and $462,538 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 and Other Postemployment 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, 2009, the County's required and actual contributions were $9,184.

f. Healthcare Benefits Plan

Plan Description. Under the terms of a County resolution, the County administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). As of December 1, 2002, this plan provides postemployment healthcare benefits to retirees of the County, provided they participate in the Local Governmental Employees' Retirement System (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, the County's retirees can purchase coverage for their dependents at the County's group rates. The Rowan County Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at December 31, 2007, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	18	8
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	626	104
Total	644	112

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Pension Plan and Other Postemployment Obligations (Continued)

f. Healthcare Benefits Plan (Continued)

Funding Policy. The County pays the full cost of healthcare benefits received by qualified retirees under a County resolution that can be amended by the County Board of Commissioners. The County's members pay $196 per month for dependent coverage. The County has chosen to fund the HCB Plan on a pay-as-you-go basis.

The current annual required contribution (ARC) rate is 3.3 percent of annual covered payroll. For the current year, the County contributed $240,096 or 0.8 percent of annual covered payroll. The County's healthcare plan is self-insured. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.6 percent and 1.7 percent of covered payroll, respectively. There were no contributions made by employees, except for dependent coverage in the amount of $4,704. The County's obligation to contribute to the HCB Plan is established and may be amended by the Board of Commissioners.

Summary of Significant Accounting Policies:

Basis of Accounting. Postemployment 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.

Annual Other Postemployment Benefit (OPEB) Cost and Net OPEB Obligation. The County's annual OPEB cost (expense) is calculated based on the ARC of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the healthcare benefits:

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Pension Plan and Other Postemployment Obligations (Continued)

f. Healthcare Benefits Plan (Continued)

Annual required contribution	$ 882,662
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	882,662
Contributions made	(240,096)
Increase in net OPEB obligation	642,566
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	$ 642,566

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 were as follows:

For Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	$ 882,662	27.2%	$ 642,566

Funding Status and Funding Progress. As of December 31, 2007, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was $8,349,720. The covered payroll (annual payroll of active employees covered by the plan) was $26,629,686 and the ratio of the UAAL to the covered payroll was 31.4 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Pension Plan and Other Postemployment Obligations (Continued)

f. Healthcare Benefits Plan (Continued)

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 is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2007 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 11.0 to 5.0 percent over ten years. The investment rate included a 3.75 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2007 was 30 years.

3. 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 Local Governmental Employees' Retirement System (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

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

3. Other Employment Benefits (Continued)

Benefit Plan. The County has no liability beyond the payment of monthly contributions. 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, 2009, the County made contributions to the State for death benefits of $30,784. 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. For the fiscal year ended June 30, 2009, the County made contributions to Reliastar totaling $45,528.

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.

4. 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 $6,622,285 reported as landfill closure and postclosure care liability at June 30, 2009 represents a cumulative amount reported to-date, based on the use of 83 percent of the total estimated capacity of the current landfill cells. The County will recognize the remaining estimated cost of closure and postclosure care of $1,404,727 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2009. 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.

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

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

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.

5. 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:

	Deferred Revenue	Unearned Revenue
Prepaid taxes not yet earned (General Fund)	$ -	$ 32,033
Prepaid taxes not yet earned (Special Revenue Funds)	-	1,831
Taxes receivable (net) (General Fund), less penalties	2,717,628	-
Taxes receivable (net) (Special Revenue Funds)	229,546	-
Ambulance receivable (net) (General Fund)	598,526	-
Notes receivable (General Fund)	1,490,330	-
Total	$ 5,036,030	$ 33,864

6. 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,

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

6. Risk Management (Continued)

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. 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 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:

	Year Ended June 30	
	2009	2008
Unpaid claims, beginning of fiscal year	$ 114,542	$ 114,988
Incurred claims (including IBNRs)	804,004	1,130,670
Claim payments	(771,062)	(1,131,116)
Unpaid claims, end of fiscal year	$ 147,484	$ 114,542

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

7. Contingent Liabilities

At June 30, 2009, 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.

8. 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.

The County's general obligation bonds payable at June 30, 2009 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 $49,918 and is net of unamortized deferred amount on refunding of $975,914.	$ 9,559,004
$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 $188,741.	26,788,741
$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 $48,763 and is net of unamortized deferred amount on refunding of $216,775.	4,471,988

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

8. Long-term Obligations (Continued)

a. General Obligation Indebtedness (Continued)

$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 $492,830.	$ 37,792,830
Total general obligation bonds	$ 78,612,563

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

Year Ending June 30	Governmental Activities Principal	Governmental Activities Interest
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	7,735,000	2,238,163
2015-2019	38,480,000	5,886,550
2020	4,000,000	165,000
Total	$ 79,025,000	$ 20,142,156

At June 30, 2009, Rowan County had a legal debt margin of $843,720,051.

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

8. Long-term Obligations (Continued)

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.

Installment purchase agreements at June 30, 2009 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	$ 168,296
$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	2,349,064
$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	454,115
$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	176,068
$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	200,694

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

8. Long-term Obligations (Continued)

b. Installment Purchase Agreements (Continued)

$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	$ 5,000,000
$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	3,257,143
$3,400,000 2009 installment purchase agreement for construction of a classroom building at Rowan-Cabarrus Community College, payable on December 1 and June 1 in installments of 170,000 through June 2019, plus interest at 3.59%, secured by real property	3,400,000
$5,132,000 2009 installment purchase agreement for building renovations and expansion, payable on September 1 and March 1 in installments of $256,600 through September 2018, plus interest at 3.54%, secured by real property	4,875,400
$722,000 2009 installment purchase agreement for the purchase of vehicles and equipment, payable on September 1 and March 1 in installments of $125,094 through September 2011, plus interest at 2.70%, secured by vehicles and equipment	600,914
Total installment purchase agreements	$20,481,694

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

8. 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	Government Activities Interest
2010	$ 3,669,540	$ 704,173
2011	2,845,065	585,252
2012	2,726,548	479,962
2013	1,820,100	388,413
2014	1,820,099	325,669
2015-2019	6,600,342	802,645
2020-2022	1,000,000	59,100
Total	$ 20,481,694	$ 3,345,214

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, 2009 was $149,789.

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, 2009 was $13,948.

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

8. Long-term Obligations (Continued)

b. Installment Purchase Agreements (Continued)

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

Year Ending June 30	Principal	Interest
2010	$ 41,815	$ 6,740
2011	43,482	5,110
2012	42,410	3,405
2013	36,030	1,620
Total	$ 163,737	$ 16,875

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, 2009:

	Balances July 1, 2008	Additions	Retirements	Balances June 30, 2009	Current Portion of Balance
Governmental activities:					
General obligation bonds	$ 85,185,000	$ -	$ 6,160,000	$ 79,025,000	$ 6,315,000
Plus: Premium on issuance	916,140	-	135,888	780,252	125,668
Less: Deferred amount on refunding	(1,355,696)	-	(163,007)	(1,192,689)	(171,019)
Total general obligation debt	84,745,444	-	6,132,881	78,612,563	6,269,649
Installment purchase agreements	14,571,095	9,254,000	3,343,401	20,481,694	3,669,540
Compensated absences	2,347,887	1,868,075	1,758,635	2,457,327	1,598,822
Net pension obligation	1,079,322	213,096	113,414	1,179,004	-
Other postemployment benefits	-	840,907	240,096	600,811	-
Total governmental activities	$102,743,748	$ 12,176,078	$ 11,588,427	$103,331,399	$ 11,538,011

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

8. Long-term Obligations (Continued)

c. Long-term Obligation Activity (Continued)

	Balances July 1, 2008	Additions	Retirements	Balances June 30, 2009	Current Portion of Balance
Business-type activities:					
Accrued landfill closure and postclosure care costs	$ 5,625,175	$ 997,110	$ -	$ 6,622,285	$ -
Compensated absences	78,813	78,898	58,111	99,600	41,000
Other postemployment benefits	-	41,755	-	41,755	-
Total business-type activities	$ 5,703,988	$ 1,117,763	$ 58,111	$ 6,763,640	$ 41,000
Rowan/Kannapolis ABC Board:					
Installment purchase agreements	$ 350,599	$ -	$ 186,862	$ 163,737	$ 41,815

Compensated absences for governmental activities typically have been liquidated in the General Fund and 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, 2009, there were six series of industrial revenue bonds outstanding, with an aggregate principal amount payable of $28,420,000.

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, 2009 are as follows:

Designated for cooperative extension	$ 63,774
Designated for emergency services	1,923
Designated for health	232,951
Designated for industrial park	1,718,547
Designated for library	26,046
Designated for parks	399,856
Designated for senior services	15,226
Designated for sheriff's department	301,943
Designated for social services	156,738
Designated for soil and water	8,462
Total	$ 2,925,466

D. Interfund Balances and Activity

1. Interfund Balances

The composition of interfund balances at June 30, 2009 is as follows:

Due to the General Fund from the Community Development Fund for rehabilitation costs for which grant reimbursements will be received	$ 108,005
Due to General Fund from the RDH Water Capital Projects Fund for water line expenditures for which grant reimbursements will be received	151,150
Total	$ 259,155
Due to the General Fund of the Primary Government for taxes and profit distribution from the Component Unit	$ 219,346

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, 2009 consist of the following:

From the General Fund to the Airport Fund to supplement other funding sources	$ (262,102)
From the General Fund to the Risk Management Fund for professional and property liability costs	(625,000)
Total	$ (887,102)
From the Sports Authority Fund to the General Fund to supplement other funding sources	$ 153,000
From the DSS Facility Capital Projects Fund to the General Fund to supplement other funding sources due to budget under runs in the Capital Projects Fund	800,000
Total	$ 953,000

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, 2009. In accordance with the intergovernmental agreement between the participating governments, the County appropriated $563,420 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.

NOTE 3 - JOINT VENTURES (Continued)

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 $948,637 and $1,781,190 to the community college for capital and operating purposes, respectively, during the fiscal year ended June 30, 2009. 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, 2009. 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 $37,671 to the Council during the fiscal year ended June 30, 2009. The County was the subrecipient of grants totaling $1,041,095 from the Division of Aging of the North Carolina Department of Health and Human Services that was passed through the Council.

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.

	Federal	State
Medicaid	$100,994,832	$ 40,099,896
Food Stamp Program	21,770,978	-
Temporary Assistance to Needy Families	1,013,208	-
Women, Infants and Children	2,823,049	-
Domiciliary Care	-	1,228,724
Energy Assistance	716,281	-
Title IV-E Adoption Assistance	676,288	128,291
Title IV-B Adoption Assistance	-	368,145
	$127,994,636	$ 41,825,056

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.

NOTE 7 - 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

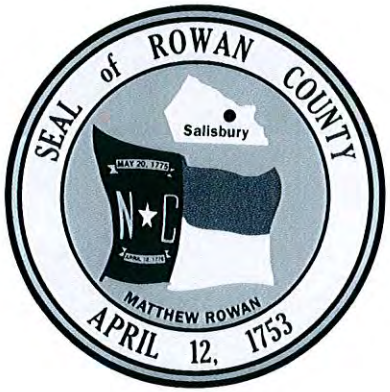
Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance

Schedule of Funding Progress for Other Postemployment Benefits

Schedule of Employer Contributions for Other Postemployment Benefits

Notes to the Required Schedules for Other Postemployment Benefits

Required Supplemental Financial Data


SEAL of ROWAN COUNTY
Salisbury
MAY 20, 1775
N★C
MATTHEW ROWAN
APRIL 12, 1753

ROWAN COUNTY, NORTH CAROLINA

EXHIBIT A-1

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

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%
12/31/07	-	1,949,165	1,949,165	0%	4,220,556	46.2%

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2000	$ 88,624	11.5%
2001	99,758	19.8%
2002	133,360	24.5%
2003	150,458	35.9%
2004	166,383	51.6%
2005	181,948	45.9%
2006	184,128	41.4%
2007	176,877	56.3%
2008	178,571	61.0%
2009	203,058	55.9%

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, 2007
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	23 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

OTHER POSTEMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

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]
12/31/07	-	$ 8,349,720	$ 8,349,720	0%	$ 26,629,686	31.4%

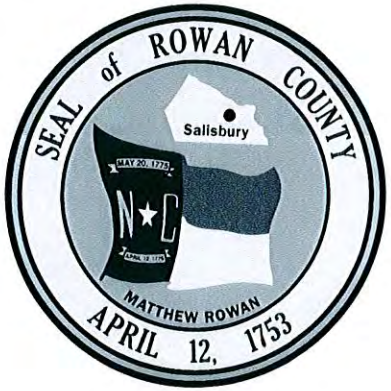
Year Ended June 30	Annual Required Contribution	Percentage Contributed
2009	$ 882,662	27.2%

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, 2007
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend	11.00 - 5.00%
*Includes inflation at	3.75%

Combining and Individual Fund Statements and Schedules


SEAL of ROWAN COUNTY
Salisbury
MAY 20, 1775
N★C
APRIL 12, 1775
MATTHEW ROWAN
APRIL 12, 1753

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 Fund

ROWAN COUNTY, NORTH CAROLINA

EXHIBIT B-1

GENERAL FUND
BALANCE SHEET
June 30, 2009
With Comparative Totals at June 30, 2008

	June 30, 2009	June 30, 2008
ASSETS		
Cash and cash equivalents	$ 37,416,284	$ 37,295,691
Receivables (net)	6,994,315	5,370,257
Due from other funds	259,155	768,384
Due from other governments	4,439,459	5,971,130
Due from component unit	219,346	8,047
Inventories	50,474	24,562
Notes receivable	1,490,330	1,983,335
Total assets	$ 50,869,363	$ 51,421,406
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued liabilities	$ 4,688,996	$ 4,417,031
Unearned revenue	32,033	63,140
Deferred revenue	4,806,484	4,561,912
Total liabilities	9,527,513	9,042,083
Fund balance:		
Reserved for inventories	50,474	24,562
Reserved for encumbrances	318,132	1,575,709
Reserved by State statute	8,596,121	9,539,241
Reserved for Register of deeds	50,827	53,018
Unreserved:		
Designated for subsequent year's expenditures	7,213,310	8,047,998
Designated for special purposes	2,925,466	3,186,388
Undesignated	22,187,520	19,952,407
Total fund balance	41,341,850	42,379,323
Total liabilities and fund balance	$ 50,869,363	$ 51,421,406

ROWAN COUNTY, NORTH CAROLINA **EXHIBIT B-2**

GENERAL FUND

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

For the Fiscal Year Ended June 30, 2009

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	2009			2008
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES:				
Ad valorem taxes:				
Taxes		$ 68,486,428		$ 66,932,426
Interest		823,462		853,273
Total ad valorem taxes	$ 68,793,941	69,309,890	$ 515,949	67,785,699
Local option sales taxes:				
Article 39 and 44: 1 percent		8,778,782		11,992,992
Article 40: .5 percent		4,919,324		5,476,458
Article 42: .5 percent		4,882,379		5,443,662
Total local option sales taxes	20,680,000	18,580,485	(2,099,515)	22,913,112
Other taxes and licenses:				
Franchise fees		554,467		510,795
Occupancy tax		302,666		322,162
Privilege licenses		14,521		14,247
Real estate transfer tax		280,396		468,464
Rental vehicle tax		37,313		40,668
Total other taxes and licenses	1,305,000	1,189,363	(115,637)	1,356,336
Unrestricted intergovernmental:				
ABC profit distribution		281,000		25,000
Beer and wine tax		348,181		352,298
Payments in lieu of taxes - outside sources		20,682		20,774
Total unrestricted intergovernmental	419,000	649,863	230,863	398,072

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, 2009

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	2009			2008
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES (Continued):				
Restricted intergovernmental:				
Federal grants		$ 15,785,569		$ 14,776,569
State grants		6,621,923		7,194,562
Local contributions		693,297		625,802
Lottery proceeds		2,145,000		2,602,529
ABC bottle taxes		34,393		32,289
Court facilities fees		294,331		317,663
Total restricted intergovernmental	$ 26,849,107	25,574,513	$ (1,274,594)	25,549,414
Permits and fees:				
Building permits		498,132		1,014,485
Other permits		149,670		45,429
Register of deeds		592,852		780,473
Total permits and fees	1,787,795	1,240,654	(547,141)	1,840,387
Sales and services:				
Rents, concessions and fees		1,702,418		1,868,589
Ambulance fees		2,491,033		2,157,501
Health fees		428,236		563,669
Jail fees		275,843		209,497
Recreation fees		831,263		798,680
Tax collection fees		286,396		261,843
Total sales and services	5,666,134	6,015,189	349,055	5,859,779

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, 2009

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	2009			2008
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES (Continued):				
Investment earnings	$ 1,601,225	$ 1,371,553	$ (229,672)	$ 2,833,559
Miscellaneous:				
Sale of materials		300,688		295,878
Donations		246,893		563,005
Other		55,548		261,027
Total miscellaneous	667,795	603,129	(64,666)	1,119,910
Total revenues	127,769,997	124,534,639	(3,235,358)	129,656,268
EXPENDITURES:				
General government:				
Governing body	118,525	111,722	6,803	113,332
County manager	301,598	284,834	16,764	232,409
Finance	903,531	860,079	43,452	902,110
Administration	557,288	520,688	36,600	520,669
Elections	432,531	389,133	43,398	387,680
Tax assessor	1,738,556	1,640,034	98,522	1,582,488
Tax collector	631,130	564,976	66,154	626,028
Register of deeds	637,642	604,181	33,461	611,144
Public buildings	2,489,629	2,405,531	84,098	2,211,093
Court facilities	490,977	436,341	54,636	443,355
Information systems	2,027,697	1,917,914	109,783	1,658,903
Other general government	2,321,893	522,995	1,798,898	406,023
Total general government	12,650,997	10,258,428	2,392,569	9,695,234

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, 2009

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	2009			2008
	Final Budget	Actual	Variance Positive (Negative)	Actual
EXPENDITURES (Continued):				
Public safety:				
Sheriff	$ 8,735,341	$ 8,330,139	$ 405,202	$ 8,215,571
Jail	5,110,793	4,622,146	488,647	4,474,085
Emergency communications	1,695,536	1,591,099	104,437	1,399,238
Emergency management	608,973	505,018	103,955	603,091
Rescue units	4,305,381	4,184,439	120,942	4,446,202
Animal control	601,613	571,423	30,190	498,101
Medical examiner	83,000	76,100	6,900	72,600
Pre-trial services program	87,338	76,885	10,453	81,322
Codes enforcement	995,725	973,787	21,938	867,061
Other public safety	1,872,893	1,037,444	835,449	811,717
Total public safety	24,096,593	21,968,480	2,128,113	21,468,988
Transportation:				
Rowan Transit System	724,855	530,758	194,097	558,727
Total transportation	724,855	530,758	194,097	558,727
Economic and physical development:				
Planning	703,973	636,115	67,858	575,941
Tourism Authority	316,800	299,639	17,161	318,945
Agricultural extension	320,486	268,114	52,372	306,534
Soil and water conservation	455,969	83,183	372,786	51,942
Industrial parks	26,950	14,651	12,299	514,503
Other economic and physical development	942,438	582,191	360,247	487,415
Total economic and physical development	2,766,616	1,883,893	882,723	2,255,280

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, 2009

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	2009			2008
	Final Budget	Actual	Variance Positive (Negative)	Actual
EXPENDITURES (Continued):				
Human services:				
Health:				
Administration		$ 447,073		$ 375,166
Dental clinic		640,358		604,806
Women's preventive health (Family planning)		568,199		519,343
Child health and primary care		680,230		570,894
Maternal health		711,497		673,044
Women, infants and children		511,317		478,704
Adult health		1,297,823		1,290,424
Environmental health		817,487		733,501
Total health	$ 6,090,338	5,673,984	$ 416,354	5,245,882
Mental health	598,420	597,813	607	595,709
Senior services	1,699,140	1,601,505	97,635	1,642,143
Social services:				
Administration		1,523,922		1,387,705
Child day care		4,594,612		4,902,427
Work first		2,141,942		2,168,497
Other social service programs		2,545,856		2,567,517
Income maintenance programs		3,715,812		3,321,472
Child support enforcement		1,092,476		992,568
Foster care program		1,998,493		1,165,544
Medical assistance program		2,854,412		5,588,668
Other programs		2,521,021		2,191,399
Total social services	25,312,306	22,988,546	2,323,760	24,285,797

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, 2009

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	2009			2008
	Final Budget	Actual	Variance Positive (Negative)	Actual
EXPENDITURES (Continued):				
Human services (Continued):				
Veterans service officer	$ 49,707	$ 48,767	$ 940	$ 35,675
Other human services	110,032	110,032	-	120,032
Total human services	33,859,943	31,020,647	2,839,296	31,925,238
Culture and recreation:				
Recreation	2,758,579	2,471,075	287,504	2,455,630
Libraries	3,103,238	2,993,748	109,490	3,008,984
Other culture and recreation	79,402	69,402	10,000	69,402
Total culture and recreation	5,941,219	5,534,225	406,994	5,534,016
Education:				
Public schools	40,053,473	39,485,787	567,686	40,888,468
Community college	3,957,437	2,157,602	1,799,835	2,106,548
Total education	44,010,910	41,643,389	2,367,521	42,995,016
Debt service:				
Principal retirement	9,532,487	9,503,401	29,086	8,834,351
Interest and other charges	4,230,827	4,100,701	130,126	4,229,306
Total debt service	13,763,314	13,604,102	159,212	13,063,657
Total expenditures	137,814,447	126,443,922	11,370,525	127,496,156

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA **EXHIBIT B-2 (Continued)**

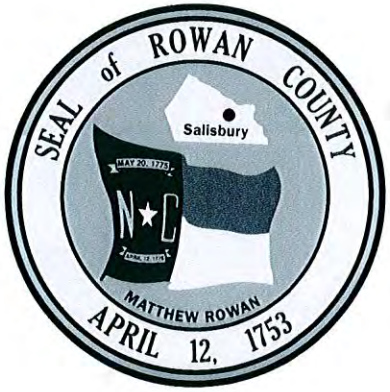
GENERAL FUND

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

For the Fiscal Year Ended June 30, 2009

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	2009			2008
	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues over (under) expenditures	$(10,044,450)	$ (1,909,283)	$ 8,135,167	$ 2,160,112
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	953,000	953,000	-	591,847
Transfers to other funds	(1,030,852)	(887,102)	143,750	(2,697,468)
Installment purchase obligations issued	722,000	722,000	-	-
Sale of capital assets	-	58,000	58,000	1,142,333
Total other financing sources (uses)	644,148	845,898	201,750	(963,288)
Revenues and other financing sources over (under) expenditures and other financing uses	(9,400,302)	(1,063,385)	8,336,917	1,196,824
APPROPRIATED FUND BALANCE	9,400,302	-	(9,400,302)	-
Net change in fund balance	$ -	(1,063,385)	$ (1,063,385)	1,196,824
FUND BALANCE:				
Beginning of year, July 1		42,379,323		41,353,328
Increase (decrease) in inventories		25,912		(170,829)
End of year, June 30		$ 41,341,850		$ 42,379,323


SEAL of ROWAN COUNTY
Salisbury
MAY 20, 1775
N★C
MATTHEW ROWAN
APRIL 12, 1753

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.

RCCC Building Capital Projects Fund

Accounts for funds used in the planning, design and construction of new classroom building on Rowan-Cabarrus Community College's North Campus.

RDH Water Capital Projects Fund

Accounts for funds used in the planning, design and construction of a water line to provide domestic water and fire protection to RDH Properties, LLC.

Nonmajor Governmental Funds

ROWAN COUNTY, NORTH CAROLINA

EXHIBIT B-3

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2009

	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	RCCC Building Capital Projects Fund	RDH Water Capital Projects Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS											
Cash and cash equivalents	$ -	$ 690,548	$ 110,114	$ 800,662	$ -	$ 538,857	$ 1,485,768	$ -	$ -	$ 2,024,625	$ 2,825,287
Receivables (net)	-	-	232,064	232,064	-	-	-	-	-	-	232,064
Due from other governments	109,755	62,464	-	172,219	-	-	-	-	151,538	151,538	323,757
Restricted cash and cash equivalents	-	-	-	-	3,484,260	546,620	-	3,216,285	-	7,247,165	7,247,165
Total assets	$ 109,755	$ 753,012	$ 342,178	$ 1,204,945	$ 3,484,260	$ 1,085,477	$ 1,485,768	$ 3,216,285	$ 151,538	$ 9,423,328	$10,628,273
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable and accrued liabilities	$ 1,750	$ 11,876	$ 110,801	$ 124,427	$ 120,305	$ 233,751	$ 2,497	$ 388,440	$ 388	$ 745,381	$ 869,808
Due to other funds	108,005	-	-	108,005	-	-	-	-	151,150	151,150	259,155
Contract retainage	-	-	-	-	71,760	173,611	-	-	-	245,371	245,371
Unearned revenue	-	-	1,831	1,831	-	-	-	-	-	-	1,831
Deferred revenue	-	-	229,546	229,546	-	-	-	-	-	-	229,546
Total liabilities	109,755	11,876	342,178	463,809	192,065	407,362	2,497	388,440	151,538	1,141,902	1,605,711
Fund balances:											
Reserved by State statute	-	62,464	-	62,464	-	-	-	-	-	-	62,464
Unreserved	-	678,672	-	678,672	3,292,195	678,115	1,483,271	2,827,845	-	8,281,426	8,960,098
Total fund balances	-	741,136	-	741,136	3,292,195	678,115	1,483,271	2,827,845	-	8,281,426	9,022,562
Total liabilities and fund balances	$ 109,755	$ 753,012	$ 342,178	$ 1,204,945	$ 3,484,260	$ 1,085,477	$ 1,485,768	$ 3,216,285	$ 151,538	$ 9,423,328	$10,628,273

ROWAN COUNTY, NORTH CAROLINA

EXHIBIT B-4

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the Fiscal Year Ended June 30, 2009

	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	RCCC Building Capital Projects Fund	RDH Water Capital Projects Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES:											
Ad valorem taxes	$ -	$ -	$ 3,682,000	$ 3,682,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,682,000
Restricted intergovernmental	140,870	835,750	-	976,620	-	-	39,447	-	344,743	384,190	1,360,810
Investment earnings	-	9,860	-	9,860	15,178	28,518	21,777	70	-	65,543	75,403
Miscellaneous	-	-	-	-	-	-	-	-	35,000	35,000	35,000
Total revenues	140,870	845,610	3,682,000	4,668,480	15,178	28,518	61,224	70	379,743	484,733	5,153,213
EXPENDITURES:											
Current:											
Public safety	-	663,950	3,682,000	4,345,950	-	-	-	-	-	-	4,345,950
Economic and physical development	140,870	-	-	140,870	-	-	-	-	-	-	140,870
Capital outlay	-	-	-	-	1,722,395	3,154,977	356,786	572,225	379,743	6,186,126	6,186,126
Total expenditures	140,870	663,950	3,682,000	4,486,820	1,722,395	3,154,977	356,786	572,225	379,743	6,186,126	10,672,946
Excess (deficiency) of revenues over expenditures	-	181,660	-	181,660	(1,707,217)	(3,126,459)	(295,562)	(572,155)	-	(5,701,393)	(5,519,733)
OTHER FINANCING SOURCES (USES):											
Transfers to other funds	-	-	-	-	(800,000)	-	-	-	-	(800,000)	(800,000)
Installment purchase obligations issued	-	-	-	-	5,132,000	-	-	3,400,000	-	8,532,000	8,532,000
Total other financing sources (uses)	-	-	-	-	4,332,000	-	-	3,400,000	-	7,732,000	7,732,000
Net change in fund balances	-	181,660	-	181,660	2,624,783	(3,126,459)	(295,562)	2,827,845	-	2,030,607	2,212,267
FUND BALANCES:											
Beginning of year, July 1	-	559,476	-	559,476	667,412	3,804,574	1,778,833	-	-	6,250,819	6,810,295
End of year, June 30	$ -	$ 741,136	$ -	$ 741,136	$ 3,292,195	$ 678,115	$ 1,483,271	$ 2,827,845	$ -	$ 8,281,426	$ 9,022,562

ROWAN COUNTY, NORTH CAROLINA **EXHIBIT B-5**

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, 2009

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total To Date	Variance Positive (Negative)
REVENUES:					
Restricted intergovernmental:					
Community Development Block Grant	$ 800,000	$ 399,494	$ 8,749	$ 408,243	$ (391,757)
Duke Home Energy Loan Pool	80,000	-	17,682	17,682	(62,318)
HOME Consortium Grant	373,924	162,659	86,325	248,984	(124,940)
Lead Assistance Partnership Loan Pool	88,000	-	-	-	(88,000)
Single Family Rehabilitation Program	397,000	313	28,114	28,427	(368,573)
Miscellaneous	10,000	10,000	-	10,000	-
Total revenues	1,748,924	572,466	140,870	713,336	(1,035,588)
EXPENDITURES:					
Economic and physical development:					
Administration	195,307	67,129	12,247	79,376	115,931
Down payment assistance	20,000	10,000	-	10,000	10,000
New construction	117,439	25,000	47,447	72,447	44,992
Rehabilitation	1,441,178	495,337	81,176	576,513	864,665
Total expenditures	1,773,924	597,466	140,870	738,336	1,035,588
Revenues under expenditures	(25,000)	(25,000)	-	(25,000)	-
OTHER FINANCING SOURCES:					
Transfers from other funds	25,000	25,000	-	25,000	-
Net change in fund balance	$ -	$ -	-	$ -	$ -
FUND BALANCE:					
Beginning of year, July 1			-		
End of year, June 30			$ -		

ROWAN COUNTY, NORTH CAROLINA **EXHIBIT B-6**

EMERGENCY TELEPHONE SYSTEM FUND

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

For the Fiscal Year Ended June 30, 2009

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	2009			2008
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES:				
Restricted intergovernmental State 911 fees	$ 750,000	$ 835,750	$ 85,750	$ 663,390
Investment earnings	20,000	9,860	(10,140)	33,579
Total revenues	770,000	845,610	75,610	696,969
EXPENDITURES:				
Current:				
Public safety:				
Emergency communications	770,000	663,950	106,050	463,365
Revenues over expenditures	-	181,660	181,660	233,604
OTHER FINANCING USES:				
Transfers to other funds	-	-	-	(424,547)
Net change in fund balance	$ -	181,660	$ 181,660	(190,943)
FUND BALANCE:				
Beginning of year, July 1		559,476		750,419
End of year, June 30		$ 741,136		$ 559,476

ROWAN COUNTY, NORTH CAROLINA **EXHIBIT B-7**

FIRE DISTRICT FUND

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

For the Fiscal Year Ended June 30, 2009

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	2009			2008
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES:				
Ad valorem taxes	$ 3,692,042	$ 3,682,000	$ (10,042)	$ 3,382,756
EXPENDITURES:				
Current:				
Public safety:				
Atwell Township Fire District	310,924	310,924	-	295,004
Bostian Heights Fire District	444,238	443,951	287	371,441
Cleveland Fire District	336,421	334,524	1,897	264,481
East Gold Hill Fire District	74,304	73,657	647	77,085
East Landis Fire District	3,911	3,797	114	3,885
East Rowan Fire District	14,450	14,156	294	11,993
Ellis Cross Country Fire District	79,012	78,942	70	77,976
Enochville Fire District	174,749	174,587	162	169,844
Franklin Fire District	169,946	169,938	8	136,876
Liberty Fire District	192,176	192,046	130	189,732
Locke Township Fire District	440,200	440,079	121	353,476
Miller Ferry Fire District	147,716	147,407	309	150,559
Mount Mitchell Fire District	67,679	66,832	847	65,175
Poole Town Fire District	58,760	58,051	709	49,872
Richfield-Misenheimer Fire District	7,094	6,817	277	7,683

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, 2009

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	2009			2008
	Final Budget	Actual	Variance Positive (Negative)	Actual
EXPENDITURES (Continued):				
Current (Continued):				
Public safety (Continued):				
Rockwell Rural Fire District	$ 331,280	$ 331,118	$ 162	$ 327,735
Rowan Iredell Fire District	32,214	31,117	1,097	32,731
Scotch Irish Fire District	45,352	45,119	233	44,742
South Rowan Fire District	18,432	18,249	183	19,000
South Salisbury Fire District	222,629	222,615	14	214,090
Union Fire District	121,216	120,025	1,191	137,494
West Rowan Fire District	181,855	180,624	1,231	167,107
Woodleaf Fire District	217,484	217,425	59	214,775
Total expenditures	3,692,042	3,682,000	10,042	3,382,756
Net change in fund balance	$ -	-	$ -	-
FUND BALANCE:				
Beginning of year, July 1		-		-
End of year, June 30		$ -		$ -

ROWAN COUNTY, NORTH CAROLINA **EXHIBIT B-8**

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, 2009

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total To Date	Variance Positive (Negative)
REVENUES:					
Investment earnings	$ 35,000	$ 1,486	$ 15,178	$ 16,664	$ (18,336)
EXPENDITURES:					
Capital outlay:					
Human services:					
Building	5,167,000	134,074	1,722,395	1,856,469	3,310,531
Revenues under expenditures	(5,132,000)	(132,588)	(1,707,217)	(1,839,805)	3,292,195
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	800,000	800,000	-	800,000	-
Transfers to other funds	(800,000)	-	(800,000)	(800,000)	-
Installment purchase obligations issued	5,132,000	-	5,132,000	5,132,000	-
Total other financing sources (uses)	5,132,000	800,000	4,332,000	5,132,000	-
Revenues and other financing sources over expenditures and other financing uses	$ -	$ 667,412	2,624,783	$ 3,292,195	$ 3,292,195
FUND BALANCE:					
Beginning of year, July 1			667,412		
End of year, June 30			$ 3,292,195		

ROWAN COUNTY, NORTH CAROLINA **EXHIBIT B-9**

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, 2009

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total To Date	Variance Positive (Negative)
REVENUES:					
Investment earnings	$ 60,000	$ 18,700	$ 28,518	$ 47,218	$ (12,782)
EXPENDITURES:					
Capital outlay:					
Public safety:					
Other improvements	4,418,223	572,349	3,154,977	3,727,326	690,897
Revenues under expenditures	(4,358,223)	(553,649)	(3,126,459)	(3,680,108)	678,115
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 (under) expenditures	$ -	$ 3,804,574	(3,126,459)	$ 678,115	$ 678,115
FUND BALANCE:					
Beginning of year, July 1			3,804,574		
End of year, June 30			$ 678,115		

ROWAN COUNTY, NORTH CAROLINA **EXHIBIT B-10**

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, 2009

	Project Authorization	Actual Prior Years	Actual Current Year	Actual 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	4,271,956	39,447	4,311,403	(48,900)
Investment earnings	1,700,000	2,357,894	21,777	2,379,671	679,671
Total revenues	6,729,455	7,299,002	61,224	7,360,226	630,771
EXPENDITURES:					
Capital outlay:					
Education:					
Rowan-Salisbury Schools	84,978,647	83,772,890	353,258	84,126,148	852,499
Kannapolis City Schools	4,466,670	4,463,142	3,528	4,466,670	-
Total expenditures	89,445,317	88,236,032	356,786	88,592,818	852,499
Revenues under expenditures	(82,715,862)	(80,937,030)	(295,562)	(81,232,592)	1,483,270
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)	82,715,862	82,715,863	-	82,715,863	1
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	$ 1,778,833	(295,562)	$ 1,483,271	$ 1,483,271
FUND BALANCE:					
Beginning of year, July 1			1,778,833		
End of year, June 30			$ 1,483,271		

ROWAN COUNTY, NORTH CAROLINA **EXHIBIT B-11**

RCCC BUILDING 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, 2009

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total To Date	Variance Positive (Negative)
REVENUES:					
Investment earnings	$ -	$ -	$ 70	$ 70	$ 70
EXPENDITURES:					
Capital outlay:					
Education:					
Building	3,400,000	-	572,225	572,225	2,827,775
Revenues under expenditures	(3,400,000)	-	(572,155)	(572,155)	2,827,845
OTHER FINANCING SOURCES:					
Installment purchase obligations issued	3,400,000	-	3,400,000	3,400,000	-
Revenues and other financing sources over expenditures	$ -	$ -	2,827,845	$ 2,827,845	$ 2,827,845
FUND BALANCE:					
Beginning of year, July 1			-		
End of year, June 30			$ 2,827,845		

ROWAN COUNTY, NORTH CAROLINA **EXHIBIT B-12**

RDH WATER 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, 2009

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total To Date	Variance Positive (Negative)
REVENUES:					
Restricted intergovernmental:					
Community Development Block Grant	$ 384,000	$ -	$ 193,427	$ 193,427	$ (190,573)
North Carolina Rural Center Grant	281,000	-	151,316	151,316	(129,684)
Miscellaneous:					
Donations	35,000	-	35,000	35,000	-
Total revenues	700,000	-	379,743	379,743	(320,257)
EXPENDITURES:					
Capital outlay:					
Economic and physical development:					
Waterline	700,000	-	379,743	379,743	320,257
Revenues over expenditures	$ -	$ -	-	$ -	$ -
FUND BALANCE:					
Beginning of year, July 1			-		
End of year, June 30			$ -		

Proprietary Funds

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.

SEAL of ROWAN COUNTY
Salisbury
MAY 20, 1775
N★C
APRIL 12, 1776
MATTHEW ROWAN
APRIL 12, 1753

ROWAN COUNTY, NORTH CAROLINA **EXHIBIT B-13**

AIRPORT FUND

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

For the Fiscal Year Ended June 30, 2009

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	2009			2008
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES:				
Operating revenues:				
Charges for services	$ 1,508,100	$ 1,204,022	$ (304,078)	$ 1,553,314
Nonoperating revenues:				
State grants	1,104,792	96,978	(1,007,814)	1,018,397
Investment earnings	-	2,210	2,210	-
Total nonoperating revenues	1,104,792	99,188	(1,005,604)	1,018,397
Total revenues	2,612,892	1,303,210	(1,309,682)	2,571,711
EXPENDITURES:				
Airport operations	3,018,744	1,259,699	1,759,045	3,011,047
Revenues over (under) expenditures	(405,852)	43,511	449,363	(439,336)
OTHER FINANCING SOURCES:				
Capital contributions	-	-	-	5,681,768
Transfers in	405,852	262,102	(143,750)	814,245
Revenues and other financing sources over expenditures	$ -	305,613	$ 305,613	6,056,677
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL:				
Reconciling items:				
Capital outlays		8,933		1,316,013
Depreciation		(443,515)		(505,530)
Increase in accrued vacation pay		(16,018)		-
Increase in other postemployment benefits		(5,799)		-
Total reconciling items		(456,399)		810,483
Change in net assets		$ (150,786)		$ 6,867,160

ROWAN COUNTY, NORTH CAROLINA **EXHIBIT B-14**

LANDFILL FUND

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

For the Fiscal Year Ended June 30, 2009

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	2009			2008
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES:				
Operating revenues:				
Charges for services	$ 4,625,385	$ 5,088,872	$ 463,487	$ 3,799,990
Nonoperating revenues:				
Solid waste disposal tax	-	42,833	42,833	-
Scrap tire disposal tax	120,000	186,845	66,845	183,751
White goods disposal tax	56,000	42,907	(13,093)	51,839
Investment earnings	150,000	281,097	131,097	258,746
Total nonoperating revenues	326,000	553,682	227,682	494,336
Total revenues	4,951,385	5,642,554	691,169	4,294,326
EXPENDITURES:				
Administration	304,324	295,064	9,260	291,865
Recycling operations	619,017	507,813	111,204	824,320
Sanitation operations	682,100	633,960	48,140	550,644
Solid waste operations	3,090,944	1,459,383	1,631,561	1,506,098
Solid waste disposal tax remittance	375,000	273,502	101,498	-
Total expenditures	5,071,385	3,169,722	1,901,663	3,172,927
Revenues over (under) expenditures	(120,000)	2,472,832	2,592,832	1,121,399
APPROPRIATED FUND BALANCE	120,000	-	(120,000)	-
Revenues and appropriated fund balance over expenditures	$ -	2,472,832	$ 2,472,832	1,121,399

Continued on next page.

LANDFILL FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2009
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	2009			2008
	Final Budget	Actual	Variance Positive (Negative)	Actual
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL)				
TO FULL ACCRUAL:				
Reconciling items:				
Capital outlays		$ 247,194		$ 553,712
Depreciation		(962,638)		(913,224)
Increase in accrued landfill closure and postclosure care costs		(997,110)		(368,714)
Increase in accrued vacation pay		(4,769)		(34,314)
Increase in other postemployment benefits		(35,956)		-
Total reconciling items		(1,753,279)		(762,540)
Change in net assets		$ 719,553		$ 358,859

ROWAN COUNTY, NORTH CAROLINA **EXHIBIT B-15**

SPORTS AUTHORITY FUND

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

For the Fiscal Year Ended June 30, 2009

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	2009			2008
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES:				
Operating revenues:				
Charges for services	$ 100,000	$ 116,119	$ 16,119	$ 117,547
Nonoperating revenues:				
Contributions	153,000	153,000	-	153,000
Investment earnings	18,000	6,375	(11,625)	24,149
Total nonoperating revenues	171,000	159,375	(11,625)	177,149
Total revenues	271,000	275,494	4,494	294,696
EXPENDITURES:				
Sports Authority operations	220,197	194,391	25,806	115,474
Revenues over expenditures	50,803	81,103	30,300	179,222
OTHER FINANCING USES:				
Transfers out	(153,000)	(153,000)	-	(153,000)
Revenues over (under) expenditures and other financing uses	(102,197)	(71,897)	30,300	26,222
APPROPRIATED FUND BALANCE	102,197	-	(102,197)	-
Revenues and appropriated fund balance over (under) expenditures and other financing uses	$ -	(71,897)	$ (71,897)	26,222

Continued on next page.

SPORTS AUTHORITY FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2009
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	2009			2008
	Final Budget	Actual	Variance Positive (Negative)	Actual
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL:				
Reconciling items:				
Note receivable principal		$ (136,195)		$ (128,660)
Decrease in interest receivable		(5,649)		(5,337)
Depreciation		(161,459)		(161,459)
Total reconciling items		(303,303)		(295,456)
Change in net assets		$ (375,200)		$ (269,234)

ROWAN COUNTY, NORTH CAROLINA **EXHIBIT B-16**

RISK MANAGEMENT FUND

SCHEDULE OF REVENUES AND EXPENDITURES - FINANCIAL PLAN AND ACTUAL (NON-GAAP)

For the Fiscal Year Ended June 30, 2009

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	2009			2008
	Final Financial Plan	Actual	Variance Positive (Negative)	Actual
REVENUES:				
Operating revenues:				
Charges for services	$ 660,932	$ 644,103	$ (16,829)	$ 600,979
Nonoperating revenues:				
Investment earnings	73,400	73,524	124	106,562
Insurance settlements	11,778	65,891	54,113	700,805
Total nonoperating revenues	85,178	139,415	54,237	807,367
Total revenues	746,110	783,518	37,408	1,408,346
EXPENDITURES:				
Administration	129,456	118,798	10,658	108,411
Professional and property liability	608,100	601,633	6,467	495,944
Workers' compensation	771,776	758,183	13,593	1,127,245
Total expenditures	1,509,332	1,478,614	30,718	1,731,600
Revenues under expenditures	(763,222)	(695,096)	68,126	(323,254)
OTHER FINANCING SOURCES (USES):				
Transfers in	625,000	625,000	-	525,000
Transfers out	-	-	-	(14,300)
Total other financing sources	625,000	625,000	-	510,700
Revenues and other financing sources over (under) expenditures and other financing uses	(138,222)	(70,096)	68,126	187,446
APPROPRIATED FUND BALANCE	138,222	-	(138,222)	-
Revenues and appropriated fund balance over (under) expenditures and other financing uses	$ -	$ (70,096)	$ (70,096)	$ 187,446

Agency Funds

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

- Fines and Forfeitures Fund
- Municipal Tax Fund
- Social Services Fund

Fiduciary Funds

ROWAN COUNTY, NORTH CAROLINA **EXHIBIT B-17**

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Fiscal Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
Fines and Forfeitures Fund:				
Assets:				
Cash and cash equivalents	$ 7,454	$ 1,194,755	$ 1,195,042	$ 7,167
Accounts receivable	84,484	69,213	84,484	69,213
Total assets	$ 91,938	$ 1,263,968	$ 1,279,526	$ 76,380
Liabilities:				
Intergovernmental payables:				
Rowan-Salisbury Schools	$ 81,767	$ 1,120,394	$ 1,135,226	$ 66,935
Kannapolis City Schools	4,475	62,890	63,578	3,787
State of North Carolina	5,696	80,684	80,722	5,658
Total liabilities	$ 91,938	$ 1,263,968	$ 1,279,526	$ 76,380
Municipal Tax Fund				
Assets:				
Cash and cash equivalents	$ 178,957	$ 25,299,441	$ 25,165,073	$ 313,325
Liabilities:				
Intergovernmental payables:				
Rowan County Municipalities	$ 178,957	$ 25,299,441	$ 25,165,073	$ 313,325
Social Services Fund:				
Assets:				
Cash and cash equivalents	$ 21,570	$ 194,957	$ 171,762	$ 44,765
Liabilities:				
Miscellaneous liabilities	$ 21,570	$ 194,957	$ 171,762	$ 44,765

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA **EXHIBIT B-17 (Continued)**

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Fiscal Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
Totals - All Agency Funds:				
Assets:				
Cash and cash equivalents	$ 207,981	$ 26,689,153	$ 26,531,877	$ 365,257
Accounts receivable	84,484	69,213	84,484	69,213
Total assets	$ 292,465	$ 26,758,366	$ 26,616,361	$ 434,470
Liabilities:				
Intergovernmental payables:				
Rowan-Salisbury Schools	$ 81,767	$ 1,120,394	$ 1,135,226	$ 66,935
Kannapolis City Schools	4,475	62,890	63,578	3,787
State of North Carolina	5,696	80,684	80,722	5,658
Rowan County Municipalities	178,957	25,299,441	25,165,073	313,325
Miscellaneous liabilities	21,570	194,957	171,762	44,765
Total liabilities	$ 292,465	$ 26,758,366	$ 26,616,361	$ 434,470

SEAL of ROWAN COUNTY
Salisbury
MAY 20, 1775
N★C
APRIL 12, 1776
MATTHEW ROWAN
APRIL 12, 1753

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, 2009

EXHIBIT C-1

Fiscal Year	Uncollected Balance June 30, 2008	Additions	Collections and Credits	Uncollected Balance June 30, 2009
2008-2009	$ -	$ 70,402,211	$ 67,739,278	$ 2,662,933
2007-2008	2,009,767	-	1,337,228	672,539
2006-2007	443,448	-	170,117	273,331
2005-2006	303,849	-	80,844	223,005
2004-2005	223,041	-	33,531	189,510
2003-2004	148,262	-	21,827	126,435
2002-2003	171,755	-	26,735	145,020
2001-2002	132,427	-	10,802	121,625
2000-2001	139,545	-	9,640	129,905
1999-2000	117,415	-	6,682	110,733
1998-1999	98,413	-	98,413	-
	$ 3,787,922	$ 70,402,211	$ 69,535,097	4,655,036
Less: Allowance for uncollectible accounts: General Fund				(1,937,408)
Ad valorem taxes receivable (net): General Fund				$ 2,717,628

Continued on next page.

Reconcilement with revenues:	
Ad valorem taxes - General Fund	$ 68,486,428
Penalties collected on ad valorem taxes - Agency Fund	279,615
Total ad valorem taxes, penalties and interest	68,766,043
Reconciling items:	
Abatement of prior year taxes	267,866
Discounts allowed	503,005
Taxes written off	93,985
Taxes over ten years old collected	(95,802)
Total reconciling items	769,054
Total collections and credits	$ 69,535,097

ROWAN COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
For the Fiscal Year Ended June 30, 2009

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	$11,380,973,613	0.595	$ 67,716,793	$ 64,002,190	$ 3,714,603
Motor vehicles taxed at prior year's rate	371,277,674	0.595	2,209,102	-	2,209,102
Penalties	-		261,445	204,066	57,379
Total original levy	11,752,251,287		70,187,340	64,206,256	5,981,084
Discoveries:					
Current year taxes	82,805,721	0.595	492,694	473,590	19,104
Prior year taxes	-		782	-	782
Penalties	-		18,170	18,170	-
Total discoveries	82,805,721		511,646	491,760	19,886
Abatements	(49,878,151)		(296,775)	(218,917)	(77,858)
Total property valuation	$11,785,178,857				
Net levy			70,402,211	64,479,099	5,923,112
Uncollected taxes at June 30, 2009			2,662,933	2,038,829	624,104
Current year's taxes collected			$ 67,739,278	$ 62,440,270	$ 5,299,008
Current levy collection percentage			96.22%	96.84%	89.46%

Continued on next page.

Secondary Market Disclosures:

Assessed valuation:	
Assessment ratio[1]	100%
Real property	$ 9,103,103,108
Personal property	2,251,460,511
Public service companies[2]	430,615,238
Total assessed valuation	$11,785,178,857
Tax rate per $100	0.5950
Levy (includes discoveries, releases and abatements)[3]	$ 70,402,211

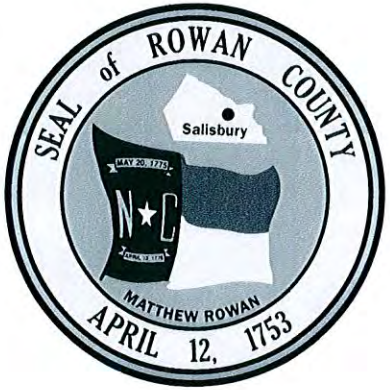
In addition to the County-wide rate, the following lists the levy by the County on behalf of fire protection districts for the fiscal year ended June 30:

Fire Protection Districts	$ 3,757,135

[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.

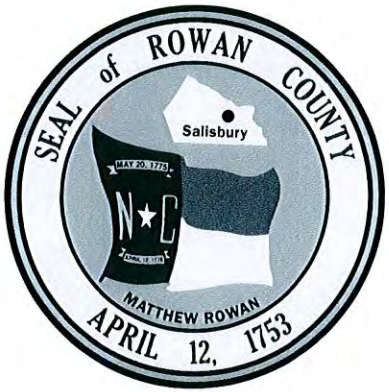
[3] The levy includes interest and penalties.


SEAL of ROWAN COUNTY
Salisbury
MAY 20, 1775
N★C
APRIL 12, 1776
MATTHEW ROWAN
APRIL 12, 1753

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


SEAL of ROWAN COUNTY
Salisbury
MAY 20, 1775
N★C
MATTHEW ROWAN
APRIL 12, 1753

Net Assets by Component

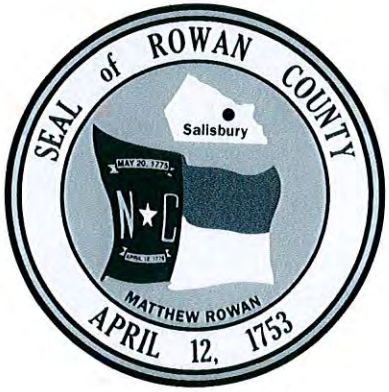
Changes in Net Assets

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.

Financial Trends


SEAL of ROWAN COUNTY
Salisbury
MAY 20, 1775
N★C
MATTHEW ROWAN
APRIL 12, 1753

ROWAN COUNTY, NORTH CAROLINA

TABLE 1

NET ASSETS BY COMPONENT
Last Seven Fiscal Years
(Accrual Basis of Accounting)
(Dollars in Thousands)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Governmental activities:							
Invested in capital assets, net of related debt [a]	$ 38,830	$ 44,054	$ 45,781	$ 49,310	$ 53,747	$ 49,923	$ 51,149
Restricted [b]	1,830	24,286	47,231	11,566	2,271	3,490	7,298
Unrestricted [c]	4,716	(19,442)	(58,878)	(53,225)	(51,838)	(45,006)	(45,440)
Total governmental activities net assets	$ 45,376	$ 48,898	$ 34,134	$ 7,651	$ 4,180	$ 8,407	$ 13,007
Business-type activities:							
Invested in capital assets, net of related debt [d]	$ 9,367	$ 9,064	$ 13,092	$ 12,219	$ 11,432	$ 17,403	$ 16,091
Unrestricted	2,902	3,627	(815)	16	1,289	2,215	3,655
Total business-type activities net assets	$ 12,269	$ 12,691	$ 12,277	$ 12,235	$ 12,721	$ 19,618	$ 19,746
Primary government:							
Invested in capital assets, net of related debt	$ 48,197	$ 53,118	$ 58,873	$ 61,529	$ 65,179	$ 67,326	$ 67,240
Restricted	1,830	24,286	47,231	11,566	2,271	3,490	7,298
Unrestricted	7,618	(15,815)	(59,693)	(53,209)	(50,549)	(42,791)	(41,785)
Total primary government net assets	$ 57,645	$ 61,589	$ 46,411	$ 19,886	$ 16,901	$ 28,025	$ 32,753

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

TABLE 2

CHANGES IN NET ASSETS
Last Seven Fiscal Years
(Accrual Basis of Accounting)
(Dollars in Thousands)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Governmental activities:							
Expenses:							
General government	$ 9,490	$ 9,115	$ 10,330	$ 10,926	$ 9,992	$ 10,600	$ 11,455
Public safety	17,519	18,715	20,964	20,493	21,793	25,164	26,592
Transportation [a]	1,300	1,272	1,794	2,167	2,187	528	575
Environmental protection [b]	244	262	276	271	277	-	-
Economic and physical development	2,025	4,006	3,906	3,962	4,874	3,043	2,584
Human services	26,713	28,733	30,085	31,466	31,840	31,915	31,228
Culture and recreation	4,116	4,512	4,817	5,200	5,407	5,902	6,044
Education [c]	28,572	39,117	54,777	67,266	49,550	45,330	42,572
Interest on long-term debt	2,716	3,183	3,352	4,569	4,416	4,253	4,129
Total expenses	92,695	108,915	130,301	146,320	130,336	126,735	125,179
Program revenues:							
Charges for services:							
General government	1,701	1,620	2,078	1,683	1,688	1,643	1,433
Public safety	6,089	7,012	7,020	6,933	7,692	7,956	8,392
Transportation [d, a]	131	130	732	1,165	1,370	8	5
Economic and physical development	429	327	349	385	409	443	372
Human services	393	458	446	472	514	601	508
Culture and recreation	827	969	1,031	1,138	1,340	1,637	1,577
Operating grants and contributions	15,693	17,640	18,710	20,395	19,418	19,858	21,090
Capital grants and contributions [e]	990	1,378	2,184	852	5,093	8,569	4,625
Total program revenues	26,253	29,534	32,550	33,023	37,524	40,715	38,002
Total governmental activities net program expense	(66,442)	(79,381)	(97,751)	(113,297)	(92,812)	(86,020)	(87,177)

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA **TABLE 2 (Continued)**

CHANGES IN NET ASSETS
Last Seven Fiscal Years
(Accrual Basis of Accounting)
(Dollars in Thousands)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
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	$ 70,230
Local option sales taxes [f]	16,729	20,699	20,598	21,513	22,489	22,913	18,580
Other taxes and licenses	759	803	906	986	1,089	1,034	887
Unrestricted grants and contributions	658	596	587	512	511	533	736
Unrestricted investment earnings	598	461	983	1,621	2,612	2,935	1,440
Unrestricted miscellaneous [g]	84	1,499	454	429	182	1,254	13
Special item - transfer of capital assets [a]	-	-	-	-	-	(5,682)	-
Transfers	(170)	(169)	444	253	153	(661)	(109)
Total general revenues and other changes in net assets	70,363	82,903	82,987	86,814	89,340	90,248	91,777
Total governmental activities change in net assets	$ 3,921	$ 3,522	$ (14,764)	$ (26,483)	$ (3,472)	$ 4,228	$ 4,600
Business-type activities:							
Expenses:							
Airport [a]	$ -	$ -	$ -	$ -	$ -	$ 2,217	$ 1,733
Landfill	2,584	2,928	3,175	3,683	3,445	3,980	4,971
Sports Authority	376	338	269	242	263	277	356
Total expenses	2,960	3,266	3,444	3,925	3,708	6,474	7,060
Revenues:							
Charges for services:							
Airport [a]	-	-	-	-	-	1,553	1,204
Landfill	2,409	2,710	3,035	3,686	3,782	3,800	5,089
Sports Authority	160	123	75	75	75	118	116

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA

TABLE 2 (Continued)

CHANGES IN NET ASSETS
Last Seven Fiscal Years
(Accrual Basis of Accounting)
(Dollars in Thousands)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Business-type activities (Continued):							
Revenues (Continued):							
Operating grants and contributions	$ 205	$ 258	$ 207	$ 228	$ 203	$ 236	$ 370
Capital grants and contributions [a]	-	-	-	-	-	1,018	-
Total revenues	2,774	3,091	3,317	3,989	4,060	6,725	6,779
Total business-type activities net program expense	(186)	(175)	(127)	64	352	251	(281)
Other changes in net assets:							
Unrestricted investment earnings	96	83	157	147	286	302	301
Unrestricted miscellaneous [h]	3	345	-	-	2	-	-
Special item - transfer of capital assets [a]	-	-	-	-	-	5,682	-
Transfers	170	169	(444)	(253)	(153)	661	109
Total other changes in net assets	269	597	(287)	(106)	135	6,645	410
Total business-type activities change in net assets	$ 3,062	$ 3,771	$ (414)	$ 4,175	$ 4,750	$ 14,875	$ 7,278
Total primary government change in net assets	$ 6,983	$ 7,293	$ (15,178)	$ (22,308)	$ 1,278	$ 19,103	$ 11,878

Continued on next page.

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] In 2008, the County reorganized the environmental protection function and 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, the County began receiving lottery proceeds for school capital outlay. In 2008, the County received contributions from Rowan-Salisbury Schools for the school construction program.

[f] The decrease from the prior period in 2009 was primarily due to the State's Medicaid Relief Swap Program.

[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 **TABLE 3**

FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Dollars in Thousands)

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund:										
Reserved	$ 9,230	$ 10,200	$ 8,061	$ 9,186	$ 11,054	$ 9,456	$ 10,245	$ 13,813	$ 11,193	$ 9,015
Unreserved:										
Designated [a]	-	-	1,149	1,132	6,037	7,675	11,022	8,558	11,234	10,139
Undesignated	9,408	10,925	14,271	15,041	15,394	20,988	18,951	18,982	19,952	22,188
Total General Fund [b]	$ 18,638	$ 21,125	$ 23,481	$ 25,359	$ 32,485	$ 38,119	$ 40,218	$ 41,353	$ 42,379	$ 41,342
All other governmental funds:										
Reserved	$ 44	$ 45	$ 60	$ 57	$ 58	$ 51	$ 58	$ 133	$ 69	$ 62
Unreserved, reported in:										
Special revenue funds	693	910	629	565	691	815	983	639	490	679
Capital project funds	1,515	237	5,870	885	21,527	44,702	8,269	1,835	6,251	8,281
Total all other governmental funds [c]	$ 2,252	$ 1,192	$ 6,559	$ 1,507	$ 22,276	$ 45,568	$ 9,310	$ 2,607	$ 6,810	$ 9,022

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 2004 and 2005 were due to unspent debt proceeds from issuances during the periods for school capital projects.

ROWAN COUNTY, NORTH CAROLINA **TABLE 4**

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

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues:										
Ad valorem taxes **a**	$ 47,818	$ 48,940	$ 52,281	$ 53,967	$ 60,971	$ 62,845	$ 64,424	$ 65,474	$ 71,168	$ 72,992
Sales taxes **b**	14,898	15,619	15,326	16,729	20,699	20,597	21,513	22,489	22,913	18,581
Other taxes and licenses	1,658	1,597	1,673	1,753	1,743	1,863	2,017	2,166	2,020	1,189
Intergovernmental revenues **c**	26,405	22,855	25,342	17,687	19,397	20,808	20,627	24,427	28,365	27,585
Permits and fees	1,175	1,114	1,511	1,645	1,597	1,691	1,729	1,737	1,840	1,241
Sales and services	3,189	3,708	3,833	4,141	4,610	5,066	6,283	6,813	5,860	6,015
Investment earnings	1,390	1,583	737	593	671	1,493	2,904	2,869	2,949	1,447
Miscellaneous	648	780	621	672	1,024	1,263	817	1,042	1,130	638
Total revenues	97,181	96,196	101,324	97,187	110,712	115,626	120,314	127,017	136,245	129,688
Expenditures:										
General government	8,476	7,117	7,507	8,668	8,091	8,878	10,197	8,640	9,695	10,258
Public safety	13,292	15,483	16,385	16,449	19,691	20,521	20,069	22,890	25,315	26,315
Transportation **d**	557	363	1,227	779	1,220	1,955	3,128	2,976	559	531
Environmental protection **e**	222	264	240	247	265	280	276	282	-	-
Economic and physical development **f**	1,789	1,328	1,293	1,260	4,101	3,793	3,746	4,310	2,488	2,025
Human services	23,580	24,874	26,166	26,805	28,880	30,081	31,693	31,876	31,925	31,021
Culture and recreation	3,790	4,028	4,170	3,991	4,478	4,923	5,337	5,708	5,534	5,534
Education	27,565	30,344	30,187	28,257	30,070	29,502	30,446	34,938	42,995	41,643
Capital outlay	9,397	4,769	7,505	5,564	11,684	27,854	37,442	14,626	3,041	6,186
Debt service:										
Principal	4,827	4,897	4,992	5,560	5,669	7,235	9,072	9,030	8,834	9,503
Interest	2,929	2,772	2,539	2,361	2,720	3,154	4,567	4,338	4,229	4,101
Total expenditures	96,424	96,239	102,211	99,941	116,869	138,176	155,973	139,614	134,615	137,117
Excess of revenues over (under) expenditures	757	(43)	(887)	(2,754)	(6,157)	(22,550)	(35,659)	(12,597)	1,630	(7,429)

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA **TABLE 4 (Continued)**

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

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Other financing sources (uses):										
Transfers from other funds	$ 1,388	$ 1,530	$ 1,144	$ 285	$ 1,378	$ 660	$ 842	$ 267	$ 1,950	$ 953
Transfers to other funds	(1,937)	(810)	(1,184)	(628)	(1,908)	(577)	(1,000)	(525)	(3,122)	(1,687)
General obligation bonds issued	-	-	-	-	31,600	45,300	-	-	-	-
Installment purchase obligations issued	1,855	614	8,146	-	1,059	4,430	1,129	6,587	3,800	9,254
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	1,177	134	476	25	1,555	610	470	715	1,142	58
Total other financing sources (uses)	2,483	1,468	8,582	(430)	34,056	51,359	1,441	7,044	3,770	8,578
Net change in fund balances	$ 3,240	$ 1,425	$ 7,695	$ (3,184)	$ 27,899	$ 28,809	$ (34,218)	$ (5,553)	$ 5,400	$ 1,149
Debt service as a percentage of noncapital expenditures	8.91%	8.38%	7.95%	8.45%	7.59%	7.84%	9.00%	9.90%	10.01%	10.52%

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

[b] The increases from the prior period in 2003 and 2004 were due to the implementation of an additional one-half percent local option sales tax, effective December 1, 2002. The decrease from the prior period in 2009 was primarily due to the State's Medicaid Relief Swap Program.

[c] The spike in intergovernmental revenues in 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 **TABLE 5**

ASSESSED VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

(Dollars in Thousands)

Fiscal Year	Residential Property	Commercial/ Industrial Property	Public Service Companies	Registered Motor Vehicles	Total	Total Direct Tax Rate
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
2009	7,446,830	2,908,811	430,615	998,923	11,785,179	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 **TABLE 6**

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years

(Rate Per $100 of Assessed Value)

	Year Taxes are Payable									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
County direct rate:										
General	$0.6350	$0.6350	$0.6350	$0.6350	$0.6300	$0.6300	$0.6300	$0.6300	$0.5950	$0.5950
Municipal rates:										
China Grove	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.3800	0.3800
Cleveland	0.1900	0.1900	0.1900	0.1900	0.1900	0.1900	0.1900	0.1900	0.1900	0.2100
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	0.3500	0.3500	0.3500	0.3500	0.3300	0.3300	0.3300	0.3300	0.3300	0.3300
Kannapolis	0.4700	0.4900	0.4900	0.5300	0.5300	0.4970	0.4970	0.4970	0.4970	0.4900
Landis	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.3200	0.3200	0.4000	0.4000
Rockwell	0.2700	0.2700	0.2700	0.2700	0.2500	0.2500	0.2500	0.2500	0.2500	0.2700
Salisbury	0.5700	0.6000	0.6000	0.6000	0.5800	0.6150	0.6150	0.6250	0.5900	0.5900
Salisbury - Downtown	0.7300	0.7600	0.7600	0.7600	0.7400	0.7750	0.7750	0.7850	0.7500	0.7500
Spencer	0.4800	0.5100	0.5500	0.5800	0.5800	0.5800	0.5800	0.5800	0.6000	0.6000

Source: Rowan County Tax Administration

ROWAN COUNTY, NORTH CAROLINA

TABLE 7

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

	Fiscal Year 2009			Fiscal Year 2000		
Taxpayer	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Southern Power Company	$ 357,072,738	1	3.03%	$ -		-
Duke Energy Corp.	253,917,805	2	2.15%	224,661,556	1	3.06%
Food Lion, LLC	152,147,290	3	1.29%	90,827,367	4	1.24%
Freightliner, LLC	150,936,637	4	1.28%	111,864,978	3	1.52%
Invista S A R L	62,562,634	5	0.53%	-		-
ICI Ameritas/Indopco	46,441,633	6	0.39%	-		-
Yadkin, Inc.	32,561,278	7	0.28%	-		-
Aldi, Inc.	31,141,040	8	0.26%	-		-
Norandal USA	30,110,433	9	0.26%	29,887,743	9	0.41%
Norfolk Southern Railway	29,331,210	10	0.25%	27,199,940	10	0.37%
Arteva Specialties (KOSA)	-		-	169,424,986	2	2.30%
Hitachi Metals NC, Ltd.	-		-	67,593,562	5	0.92%
Parkdale Mills	-		-	53,495,885	6	0.73%
Draftex	-		-	49,559,085	7	0.67%
Bell South Telephone	-		-	34,732,247	8	0.47%
Total	$1,146,222,698		9.72%	$ 859,247,349		11.69%

Source: Rowan County Tax Administration

ROWAN COUNTY, NORTH CAROLINA

TABLE 8

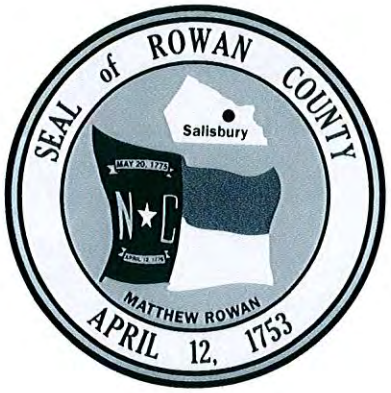
PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

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
2000	$ 47,012,455	$ (207,704)	$ 46,804,751	$ 44,748,038	95.61%	$ 1,945,980	$ 46,694,018	99.76%
2001	47,596,214	398,185	47,994,399	45,783,665	95.39%	2,080,829	47,864,494	99.73%
2002	50,225,832	(148,490)	50,077,342	48,093,955	96.04%	1,861,762	49,955,717	99.76%
2003	51,836,134	(115,588)	51,720,546	49,828,949	96.34%	1,746,577	51,575,526	99.72%
2004	59,021,918	91,119	59,113,037	56,623,124	95.79%	2,363,478	58,986,602	99.79%
2005	59,262,601	20,964	59,283,565	57,592,328	97.15%	1,501,727	59,094,055	99.68%
2006	61,409,200	99,528	61,508,728	59,711,235	97.08%	1,574,488	61,285,723	99.64%
2007	62,867,564	(145,250)	62,722,314	60,938,675	97.16%	1,510,308	62,448,983	99.56%
2008	68,109,653	217,590	68,327,243	66,317,476	97.06%	1,337,228	67,654,704	99.02%
2009	70,187,340	214,871	70,402,211	67,739,278	96.22%	-	67,739,278	96.22%

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.


SEAL of ROWAN COUNTY
Salisbury
MAY 20, 1775
N★C
MATTHEW ROWAN
APRIL 12, 1753

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 **TABLE 9**

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

	General Bonded Debt			Other Governmental Activities Debt		Business-type Activities Debt			
Fiscal Year	General Obligation Bonds [a]	Percentage of Taxable Value of Property [b]	Per Capita [c]	Certificates of Participation	Installment Financing	Installment Financing	Total Primary Government [d]	Percentage of Personal Income [c]	Per Capita [c]
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	2.46%	722
2009	78,612,563	0.67%	567	-	20,481,694	-	99,094,257	*	715

* 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

TABLE 10

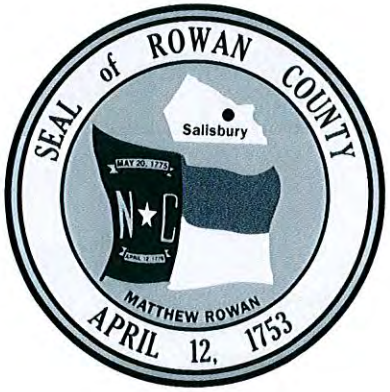
LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(Dollars in Thousands)

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Assessed value of property	$ 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	$ 11,785,179
Debt limit, 8% of assessed value (statutory limitation)	588,085	602,993	628,756	650,342	749,718	751,476	780,395	794,190	912,822	942,814
Amount of debt applicable to limit:										
General obligation bonds	34,575	32,400	30,225	27,907	57,449	100,488	95,165	89,932	84,745	78,612
General obligation bonds authorized and unissued	-	-	-	-	45,300	-	-	-	-	-
Certificates of Participation	6,800	6,115	5,390	4,620	3,805	2,940	2,020	1,040	-	-
Installment Purchase Agreements	9,246	7,822	13,875	11,321	9,961	11,262	9,564	13,355	14,571	20,482
Total net debt applicable to limit	50,621	46,337	49,490	43,848	116,515	114,690	106,749	104,327	99,316	99,094
Legal debt margin	$ 537,464	$ 556,656	$ 579,266	$ 606,494	$ 633,203	$ 636,786	$ 673,646	$ 689,863	$ 813,506	$ 843,720
Total net debt applicable to the limit as a percentage of debt limit	8.61%	7.68%	7.87%	6.74%	15.54%	15.26%	13.68%	13.14%	10.88%	10.51%

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.


SEAL of ROWAN COUNTY
Salisbury
MAY 20, 1775
N★C
APRIL 12, 1776
MATTHEW ROWAN
APRIL 12, 1753

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 **TABLE 11**

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Year	Population [a]	Personal Income [b] (Dollars in Thousands)	Per Capita Personal Income	Public School Enrollment [c]	Unemployment Rate [d]
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	4,029,907	29,285	22,119	6.3%
2009	138,545	*	*	22,048	13.1%

* 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

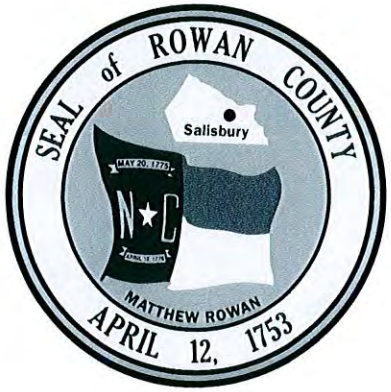
[d] Employment Security Commission of North Carolina

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

TABLE 12

	Fiscal Year 2009			Fiscal Year 2000		
Employer	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Rowan-Salisbury School System	3,123	1	4.90%	2,500	2	3.91%
Food Lion, LLC	2,330	2	3.66%	2,100	3	3.28%
W.G. (Bill) Hefner VA Medical Center	1,795	3	2.82%	1,300	5	2.03%
Rowan Regional Medical Center	1,095	4	1.72%	1,100	6	1.72%
Freightliner, LLC	800	5	1.26%	2,500	1	3.91%
Rowan County	740	6	1.16%	650	9	1.02%
City of Salisbury	455	7	0.71%	-		-
Performance Fibers	450	8	0.70%	-		-
Piedmont Correctional Institution - Rowan Correctional Center	450	9	0.70%	-		-
PGT Industries	365	10	0.58%	-		-
Arteva Specialties (KOSA)	-		-	1,400	4	2.19%
Draftex	-		-	855	7	1.34%
Pillowtex	-		-	840	8	1.31%
Parkdale Mills	-		-	485	10	0.76%
Total	11,603		18.20%	13,730		21.47%

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


SEAL of ROWAN COUNTY
Salisbury
MAY 20, 1775
N★C
MATTHEW ROWAN
APRIL 12, 1753

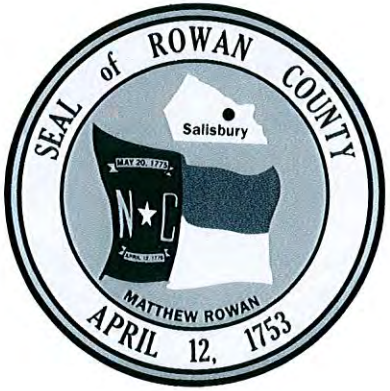
Full-time Equivalent County Government Employees by Function

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


SEAL of ROWAN COUNTY
Salisbury
MAY 20, 1775
N★C
MATTHEW ROWAN
APRIL 12, 1753

ROWAN COUNTY, NORTH CAROLINA **TABLE 13**

FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government	93	90	90	90	93	96	98	101	107	109
Public safety	240	250	258	265	279	295	300	313	338	339
Transportation	2	2	2	2	2	2	2	2	2	2
Environmental protection	3	3	3	3	3	3	3	3	-	-
Economic and physical development	14	15	14	10	10	11	11	10	10	11
Human services	276	282	281	284	291	291	294	295	305	311
Culture and recreation	79	82	83	81	87	91	97	98	100	98
Airport	-	-	-	-	-	5	7	7	8	7
Landfill	26	27	28	28	29	29	28	28	30	31
Total	733	751	759	763	794	823	840	857	900	908

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

TABLE 14

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

Function/Program	Fiscal Year 2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government:										
Registered voters	80,517	82,997	80,510	80,241	79,809	82,812	84,417	82,281	86,901	89,523
Number of recorded deeds	11,266	11,506	12,478	10,189	5,797	6,107	6,650	6,369	5,584	3,931
Number of births	925	985	973	915	992	925	865	929	921	980
Number of marriages	1,008	988	970	905	869	831	818	846	802	777
Public safety:										
Number of arrest charges	4,811	5,097	4,772	5,445	6,125	6,408	6,146	5,525	3,832	3,675
Average daily detention population	167	178	206	229	202	199	223	269	275	267
Number of 911 calls received	102,554	113,839	119,815	129,964	123,641	127,632	130,302	135,575	138,819	98,400
Number of EMS calls answered	14,583	15,384	15,515	17,187	13,157	14,119	15,260	15,323	13,882	12,955
Transportation:										
Number of based aircraft	92	85	80	80	80	80	100	87	84	90
Number of Rowan Transit System rides [a]	*	*	78,463	73,408	69,303	70,066	65,626	65,479	74,275	72,876
Environmental protection:										
Number of building permits issued	1,983	1,890	2,002	1,734	1,805	1,702	1,861	1,586	3,842	4,712
Economic and physical development:										
Citizens reached through:										
Agricultural Extension program attendance	25,233	19,443	14,302	15,001	21,119	19,568	13,195	14,841	20,315	15,104

Continued on next page.

Function/Program	Fiscal Year 2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Human services:										
Number of Health Department clients	24,489	26,091	22,588	21,470	21,953	21,699	20,016	18,450	20,051	19,862
Number of permitted restaurants	201	213	208	211	214	218	225	224	233	252
Average number of Medicaid recipients per month	11,300	13,388	14,663	15,295	16,057	16,251	16,909	17,419	18,661	20,217
Average number of Work First recipients per month	1,452	1,314	1,463	1,398	991	834	749	728	703	693
Number of Senior Services clients	6,743	5,113	5,595	5,836	4,089	5,452	8,835	5,282	5,665	4,932
Number of veterans served	10,898	7,806	8,692	6,952	3,871	4,193	4,827	5,287	5,759	6,012
Culture and recreation:										
Number of park campers	18,960	23,769	19,947	18,479	18,640	19,883	24,330	24,068	26,624	23,964
Library attendance	259,366	291,518	264,978	242,237	248,355	296,980	324,964	359,093	394,943	438,857
Library program attendance	35,298	33,961	31,142	35,104	34,237	33,504	33,753	40,609	57,482	87,008
Library internet users	-	2,447	3,679	3,879	66,692	76,212	77,295	104,196	113,080	117,813
Landfill:										
Average daily landfill trips	125	123	122	120	139	155	170	175	154	161
Average daily tonage dumped	282	243	242	256	319	386	481	491	392	478

* Information not available.

Sources: Various County departments.

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

ROWAN COUNTY, NORTH CAROLINA **TABLE 15**

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years

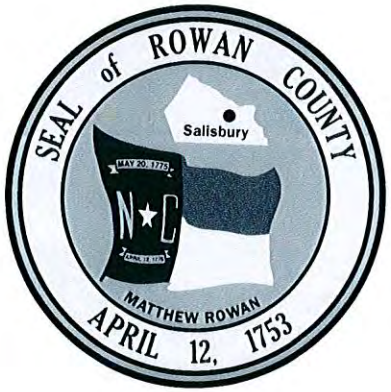
Function/Program	Fiscal Year 2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public safety:										
Number of patrol cars	88	90	90	96	98	101	105	105	109	109
Detention center capacity	162	162	162	162	162	162	162	162	162	162
Number of EMS stations	4	4	4	4	5	5	5	5	5	6
Transportation:										
Airport acreage	540	540	540	540	540	540	540	540	527	527
Number of airport hangars	52	52	52	52	53	53	81	81	81	81
Number of Rowan Transit System vans [a]	*	*	32	31	27	30	30	28	30	28
Economic and physical development:										
Industrial parks acreage	546	534	534	534	534	479	415	415	401	368
Culture and recreation:										
Number of County parks	3	3	4	4	4	4	5	5	5	5
Parks acreage	509	509	609	609	609	609	691	696	696	696
Number of camp sites	80	80	80	80	78	78	78	78	78	78
Number of library branches	3	3	3	3	3	3	3	3	3	3
Number of library media	206,646	215,615	224,476	210,057	213,869	240,667	250,765	260,753	281,238	291,628
Landfill:										
Landfill acreage	375	375	375	375	375	375	375	375	375	375
Convenience sites	9	9	9	9	9	9	8	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


SEAL of ROWAN COUNTY
Salisbury
MAY 20, 1775
N★C
MATTHEW ROWAN
APRIL 12, 1753

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

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Rowan County, North Carolina, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 19, 2009. 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.

Internal Control Over Financial Reporting

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

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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

730 13th Avenue Drive SE ♦ Hickory, North Carolina 28602 ♦ Phone 828-327-2727 ♦ Fax 828-328-2324
13 South Center Street ♦ Taylorsville, North Carolina 28681 ♦ Phone 828-632-9025 ♦ Fax 828-632-9085
Toll Free Both Locations 1-800-948-0585 ♦ Website: www.martinstarnes.com

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 entity's internal control.

Our consideration of 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'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.

This report is intended solely for the information and use of the board of commissioners, management, 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.

Martin Starnes + Associates CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
November 19, 2009

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

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

**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

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, 2009. Rowan County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Rowan County's management. Our responsibility is to express an opinion on Rowan County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Rowan County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Rowan County's compliance with those requirements.

730 13th Avenue Drive SE ♦ Hickory, North Carolina 28602 ♦ Phone 828-327-2727 ♦ Fax 828-328-2324
13 South Center Street ♦ Taylorsville, North Carolina 28681 ♦ Phone 828-632-9025 ♦ Fax 828-632-9085
Toll Free Both Locations 1-800-948-0585 ♦ Website: www.martinstarnes.com

In our opinion, Rowan County 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, 2009.

Internal Control Over Compliance

The management of Rowan County 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'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 and opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in a County'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 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.

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 entity's internal control.

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 the County's internal control that might be significant deficiencies or material weakness. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Martin Starnes & Associates CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
November 19, 2009

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

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

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

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, 2009. Rowan County's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of Rowan County's management. Our responsibility is to express an opinion on Rowan County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the State Single Audit Implementation Act. Those standards, *OMB Circular A-133*, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Rowan County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Rowan County's compliance with those requirements.

730 13th Avenue Drive SE ♦ Hickory, North Carolina 28602 ♦ Phone 828-327-2727 ♦ Fax 828-328-2324
13 South Center Street ♦ Taylorsville, North Carolina 28681 ♦ Phone 828-632-9025 ♦ Fax 828-632-9085
Toll Free Both Locations 1-800-948-0585 ♦ Website: www.martinstarnes.com

In our opinion, Rowan County complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2009.

Internal Control Over Compliance

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

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

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 the County's internal control that might be significant deficiencies or material weakness. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the board of commissioners, management, 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.

Martin Starnes + Associates CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
November 19, 2009

1. Summary of Auditors' Results

A. An unqualified opinion was issued on the financial statements of Rowan County, North Carolina.

B. Our audit of the basic financial statements disclosed no significant deficiencies or material weaknesses in internal controls.

C. Our audit of the basic financial statements disclosed no instances of noncompliance with laws, regulations and the provisions of contracts and grant agreements that are material to the basic financial statements.

D. Our audit of compliance with the types of compliance requirements applicable to the County's major programs disclosed no significant deficiencies or material weaknesses in internal controls over major programs.

E. An unqualified opinion was issued on Rowan County, North Carolina's compliance with the types of compliance requirements applicable to its major federal programs.

F. An unqualified opinion was issued on Rowan County, North Carolina's compliance with the types of compliance requirements applicable to its major State programs.

G. Our audit disclosed no audit findings which related to federal and State awards.

H. Major federal programs for Rowan County, North Carolina for the fiscal year ended June 30, 2009 are:

Program Name	CFDA #
Medical Assistance	93.778
Temporary Assistance For Needy Families	93.558
Subsidized Childcare Cluster	93.558, 93.575, 93.596, 93.667
Food Stamp Cluster:	
Food Stamp Program	10.551
State Administrative Matching Grants for Food Stamps	10.561
IV-E Foster Care and Adoption Cluster	93.658/93.659
Aging Cluster	93.044, 93.045, 93.052

Continued on next page.

I. Major State programs for Rowan County, North Carolina for the fiscal year ended June 30, 2009 are:

Program Name
Medical Assistance
Subsidized Childcare Cluster
IV-E Foster Care and Adoption Cluster
Aging Cluster
Public School Building Capital Fund
State/County Special Assistance
State Foster Home
Adoption Subsidy

J. The threshold for determining Type A programs for Rowan County, North Carolina is $3,000,000.

K. Rowan County, North Carolina did not qualify as a low risk auditee under Section .530 of Circular No. A-133.

2. Findings Related to the Audit of the Basic Financial Statements

None

3. Findings and Questioned Costs Related to the Audit of Federal Awards

None

4. Findings and Questioned Costs Related to the Audit of State Awards

None

Finding: 08-1

Status: During the current year, procedures were put into place to ensure that programs are notified when changes are made to applicants' files by another program; therefore, this finding was not repeated.

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	$ 21,770,978	$ -	$ -
State Administrative Matching Grants for Food Stamp Program	10.561	XXXX	768,920	-	734,217
Total Food Stamp Cluster			22,539,898	-	734,217
Division of Public Health:					
Administration:					
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	XXXX	511,572	-	-
AGRI-SFP Food Program Meal	10.559	XXXX	3,457	-	-
Direct Benefit Payments:					
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	XXXX	2,823,049	-	-
Passed-through N.C. Department of Agriculture:					
Emergency Food Assistance Cluster (Note 3):					
Emergency Food Assistance Program - Administrative Cost	10.568	XXXX	12,938	-	-
Emergency Food Assistance Program - Food Commodities	10.569	XXXX	130,848	-	-
Total Emergency Food Assistance Cluster			143,786	-	-
Passed-through Centralina Council of Governments:					
Nutrition Services for the Elderly	10.570	XXXX	39,058	-	7,812
Total U.S. Department of Agriculture			26,060,820	-	742,029

Continued on next page.

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	$ 28,194	$ -	$ -
Bullet Proof Vest Program		XXXX	1,104	-	110
Community Oriented Policing Services:					
Secure Our Schools	16.200	XXXX	84,231	-	-
Total U.S. Department of Justice			113,529	-	110
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	208,094	-	26,503
U.S. DEPARTMENT OF TRANSPORTATION					
Federal Aviation Administration:					
Passed-through N.C. Department of Transportation:					
State Block Grant Program	20.106	XXXX	96,978	-	10,776
Congestion Mitigation and Air Quality	20.205	XXXX	36,737	-	9,184
Total U.S. Department of Transportation			133,715	-	19,960

Continued on next page.

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					
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	$ 158,964	$ 283,019	$ 49,108
Special Programs for the Aging - Title III-C					
Nutrition Services	93.045	XXXX	260,829	40,081	33,434
Special Programs for the Aging - Title III-E					
Caregivers Support Grant	93.052	XXXX	43,741	2,916	9,331
Total Aging Cluster			463,534	326,016	91,873
Passed-through N.C. Department of Health and Human Services:					
Division of Public Health:					
Family Planning Services	93.217	XXXX	78,560	-	-
Immunization Program / Aid to County Funding	93.268	XXXX	35,368	-	-
Prevention Investigations and Technical Assistance	93.283	XXXX	24,929	-	-
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	193,083	-	-
Total Division of Public Health			370,371	-	-
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	949,909	211,634	428,683
Adoption Assistance - Direct Benefit Payments	93.659	XXXX	676,288	128,291	175,054
Adoption / Foster Care	93.658	XXXX	603,334	274,206	-
Total Foster Care and Adoption Cluster			2,229,531	614,131	603,737

Continued on next page.

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):					
Family Preservation	93.556	XXXX	$ 2,100	$ -	$ -
Temporary Assistance for Needy Families	93.558	XXXX	745,068	-	1,580,010
TANF - Direct Benefit Payments	93.558	XXXX	1,013,208	-	1,278
Special Children Adoption	93.558	XXXX	142,500	-	-
Child Support Enforcement	93.563	XXXX	1,138,684	859	585,736
Refugee Assistance - Administration	93.566	XXXX	86	-	-
Energy Assistance - Direct Benefit	93.568	XXXX	716,281	-	44
Crisis Intervention	93.568	XXXX	713,823	-	-
Child Welfare Services - State Grant:					
Adoption Subsidy Direct Benefit Payments	93.645	XXXX	-	368,145	102,032
Permanency Planning	93.645	XXXX	41,635	9,493	4,385
SSBG - Adult Day Care	93.667	XXXX	402,107	73,025	128,140
Independent Living Grant	93.674	XXXX	49,438	10,417	-
Total Division of Social Services			7,194,461	1,076,070	3,005,362
Subsidized Child Care Cluster (Note 3):					
Child Care Development Fund Cluster:					
Division of Child Development:					
Child Care Development Fund - Administration	93.596	XXXX	219,085	-	-
Child Care Development Fund - Discretionary	93.575	XXXX	2,070,621	-	-
Child Care Development Fund - Mandatory	93.596	XXXX	890,313	-	-
Child Care Development Fund - Match	93.596	XXXX	258,378	142,147	-
Total Child Care Development Fund Cluster			3,438,397	142,147	-

Continued on next page.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2009

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):					
Subsidized Child Care Cluster (Note 3) (Continued):					
Social Services Block Grant	93.667	XXXX	$ 9,298	$ -	$ -
Temporary Assistance for Needy Families	93.558	XXXX	830,412	-	-
State Appropriations		XXXX	-	74,108	-
TANF-MOE		XXXX	-	(5,664)	-
Total Subsidized Child Care Cluster			4,278,107	210,591	-
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	100,994,832	40,099,896	2,850,624
Division of Social Services:					
Administration:					
Medical Assistance Program	93.778	XXXX	1,400,287	78,886	1,315,030
Health Choice	93.767	XXXX	53,447	5,676	12,015
Total Division of Social Services			1,453,734	84,562	1,327,045
Total U.S. Department of Health and Human Services			114,755,039	41,797,135	7,274,904
ENVIRONMENTAL PROTECTION AGENCY					
Carolina Land and Lakes Resource Conservation and Development	66.460	XXXX	5,466	-	-
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	2,874	-	-

Continued on next page.

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 HOUSING AND URBAN DEVELOPMENT					
Division of Community Planning and Development:					
HOME Investment Partnerships Program	14.239	XXXX	$ 86,326	$ -	$ -
Single Family Rehabilitation Program	14.239	XXXX	28,427	-	-
Total U.S. Department of Housing and Urban Development			114,753	-	-
U.S. ELECTION ASSISTANCE COMMISSION					
Passed-through N.C. State Board of Elections:					
Help America Vote Act:					
Grants to States	90.401	XXXX	9,297	-	-
INSTITUTE OF MUSEUM AND LIBRARY SERVICES					
Passed-through N.C. Department of Cultural Resources:					
Library Services and Technology Act	45.31	XXXX	17,030	-	-
TOTAL FEDERAL AWARDS			141,420,617	41,797,135	8,063,506
STATE GRANTS					
CASH PROGRAMS					
N.C. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES					
Conservation Easement		XXXX	-	18,000	-
N.C. DEPARTMENT OF CULTURAL RESOURCES					
Division of State Library:					
State Aid to Libraries		XXXX	-	188,847	2,511,862

Continued on next page.

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					
Division of Public Health:					
General		XXXX	$ -	$ 134,950	$ -
Minority Health		XXXX	-	35,565	-
Public Health Nurse Training		XXXX	-	400	-
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	-	19,686	-
Risk Reduction/Health Promotion		XXXX	-	7,833	-
TB Medical Services		XXXX	-	1,282	-
Breast and Cervical Cancer Control		XXXX	-	12,495	-
Healthy Carolinas Partnership Support		XXXX	-	5,727	-
Preparedness and Response		XXXX	-	40,996	-
Environmental Health		XXXX	-	20,357	-
Total Division of Public Health			-	370,190	-
Division of Social Services:					
State / County Special Assistance for Adults - Direct Benefit Payments		XXXX	-	1,228,724	1,228,723
CPS Expansion State		XXXX	-	66,520	-
Energy Assistance Private Grant		XXXX	-	2,546	-
Foster Care at Risk		XXXX	-	163,712	6,368
Adult Protective Services		XXXX	-	35,598	-
Program Integrity Plan		XXXX	-	8,169	-
State Aid to Counties		XXXX	-	61,790	-
State Foster Home		XXXX	-	380,554	366,154
DCD - Smart Start		XXXX	-	-	-
Total Division of Social Services			-	1,947,613	1,601,245
Total N.C. Department of Health and Human Services			-	2,317,803	1,601,245

Continued on next page.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2009

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 COMMERCE					
Division of Community Assistance:					
Community Development Block Grant					
Scattered Site Grant		XXXX	$ -	$ 8,749	$ -
Economic Development Grant		XXXX	-	193,426	-
Total N.C. Department of Commerce			-	202,175	-
N.C. DEPARTMENT OF ENVIRONMENTAL AND NATURAL RESOURCES					
Division of Waste Management:					
White Goods Management Program		XXXX	-	42,907	-
Scrap Tire Program		XXXX	-	186,845	-
Solid Waste Disposal		XXXX	-	42,833	-
Total Division of Waste Management			-	272,585	-
Soil and Water Grant		XXXX	-	22,829	22,829
Soil and Water Conservation		XXXX	-	17,786	-
Total N.C. Department of Environmental and Natural Resources			-	313,200	22,829
N.C. DIVISION OF VETERANS AFFAIRS					
Veterans Service Grant		XXXX	-	2,000	46,767
N.C. DEPARTMENT OF PUBLIC INSTRUCTION					
Public School Building Capital Fund:					
Corporate Income Tax Collections		XXXX	-	2,360,000	1,500,000
Lottery Proceeds		XXXX	-	2,145,000	-
Total N.C. Department of Public Instruction			-	4,505,000	1,500,000
N.C. DIVISION OF MEDICAL ASSISTANCE					
Southern Piedmont Community Care Network		XXXX	-	26,813	-

Continued on next page.

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 TRANSPORTATION					
CTP Capital Grant	20.509	XXXX	$ 71,256	$ 8,907	$ 8,907
CTP Administration Grant	20.509	XXXX	125,544	7,847	23,539
Bicycle Transportation Improvement Program		XXXX	-	34,350	-
Rural Operating Assistance Program:					
WorkFirst / Employment Transportation		XXXX	-	19,916	-
Rural General Public Grant		XXXX	-	98,044	10,894
Elderly-Handicapped Transportation		XXXX	-	122,042	-
Total Rural Operating Assistance Program			-	240,002	10,894
Total N.C. Department of Transportation			196,800	291,106	43,340
N.C. DEPARTMENT OF CORRECTIONS					
Criminal Justice Partnership Program		XXXX	-	128,065	-
N.C. DEPARTMENT OF INSURANCE					
Division of Seniors' Health Insurance Information Program		XXXX	-	4,200	-
N.C. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY					
Division of Emergency Management:					
Emergency Management Program Grant		XXXX	-	46,642	-
N.C. HEALTH AND WELLNESS TRUST FUND COMMISSION					
Teen Tobacco Use Prevention and Cessation		XXXX	-	88,548	-

Continued on next page.

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. PARTNERSHIP FOR CHILDREN					
Passed-through Rowan Partnership for Children:					
Child Health Consultant		XXXX	$ -	$ 23,020	$ -
Health Link		XXXX	-	72,160	-
Healthy Services for Children		XXXX	-	76,689	-
Smart Start		XXXX	-	127,412	-
Smile Savers		XXXX	-	95,905	-
Total N.C. Partnership for Children			-	395,186	-
N.C. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION					
Juvenile Crime Prevention Programs:					
Adolescent and Family Enrichment Council:					
Nurturing Program		XXXX	-	47,578	-
Rowan County Youth Services Bureau:					
Juvenile Restitution Program		XXXX	-	50,828	-
Psychological Services for Juvenile Court		XXXX	-	71,770	-
YOUth Train		XXXX	-	51,331	-
Rowan County:					
JCPC Certification		XXXX	-	3,654	-
Communities in Schools:					
On Track with CIS		XXXX	-	61,599	-
Genesis Counseling Services:					
Alpha (SAY) Program		XXXX	-	38,333	-
Total N.C. Department of Juvenile Justice and Delinquency Prevention			-	325,093	-
N.C. HOUSING FINANCE AGENCY					
Duke Home Energy Assistance Loan Pool		XXXX	-	17,682	-

Continued on next page.

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. RURAL ECONOMIC DEVELOPMENT CENTER					
e-NC Capital Expenditure Grants for Qualified PEG Channels		XXXX	$ -	$ 24,742	$ -
Water/Sewer Grant Program		XXXX	-	149,816	-
Total N.C. Rural Economic Development Center			-	174,558	-
STATE BOARD OF ELECTIONS					
One-Stop Site Grant		XXXX	-	33,908	-
TOTAL STATE AWARDS			196,800	9,078,826	5,726,043
TOTAL FEDERAL AND STATE AWARDS			$ 141,617,417	$ 50,875,961	$ 13,789,549

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

1. Basis of Presentation

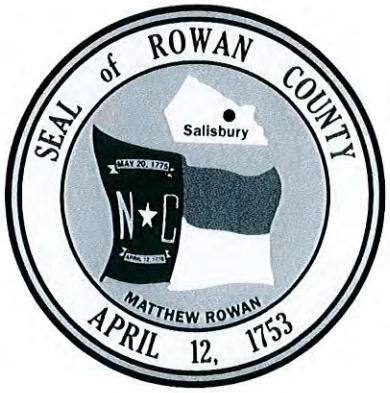
The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Rowan County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits 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.

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	$ -	$ 47,578	$ -
Rowan County Youth Services Bureau:					
Juvenile Restitution Program		XXXX	-	50,828	-
Psychological Services for Juvenile Court		XXXX	-	71,770	-
YOUth Train		XXXX	-	51,331	-
Communities in Schools:					
On Track with CIS		XXXX	-	61,599	-
Genesis Counseling Services:					
Alpha (SAY) Program		XXXX	-	38,333	-
Total N.C. Department of Juvenile Justice and Delinquency Prevention			$ -	$ 321,439	$ -

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 and Adoption
Subsidized Child Care and Foster Care and Adoption Care


SEAL of ROWAN COUNTY
Salisbury
MAY 20, 1775
N★C
APRIL 12, 1776
MATTHEW ROWAN
APRIL 12, 1753