

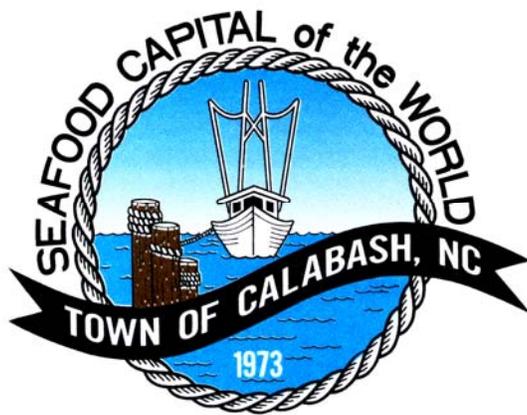
TOWN OF CALABASH, NORTH CAROLINA

Report of Audit

For the Fiscal Year Ended June 30, 2009



S. PRESTON DOUGLAS & ASSOCIATES, LLP
Certified Public Accountants



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S. Preston Douglas & Associates, LLP
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS
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Independent Auditor's Report

To the Honorable Mayor
and Board of Commissioners
Calabash, North Carolina

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit and each major fund of the Town of Calabash, North Carolina, as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Calabash's management. Our responsibility is to express opinions 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the discretely presented component unit and each major fund of the Town of Calabash, North Carolina as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Calabash's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Town of Calabash, North Carolina. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

S. Preston Douglas & Associates, LLP

October 2, 2009

Management's Discussion and Analysis

As management of the Town of Calabash, we offer readers of the Town of Calabash's financial statements this narrative overview and analysis of the financial activities of the Town of Calabash 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 Town's financial statements, which follow this narrative.

Financial Highlights

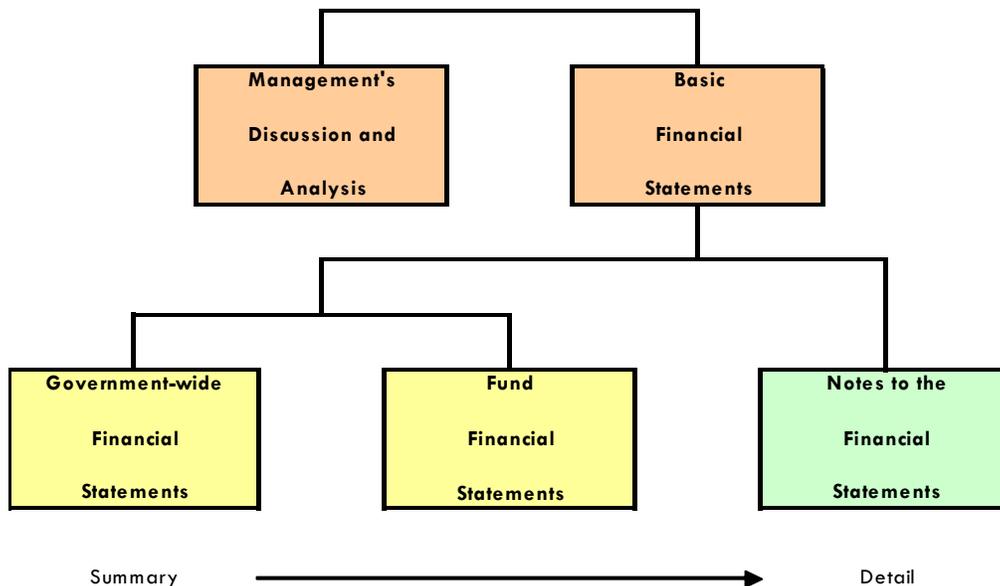
- The assets of the Town of Calabash exceeded its liabilities at the close of the fiscal year by \$2,237,270.
- The government's total net assets increased by \$128,877, due to increases in the governmental activities net assets.
- As of the close of the current fiscal year, the Town of Calabash's governmental funds reported combined ending fund balances of \$1,404,580, a decrease of \$47,869 in comparison with the prior year. Approximately 85 percent of this total amount, or \$1,190,017, is available for spending at the government's discretion.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$783,596, or 82 percent of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Town of Calabash's basic financial statements. The Town's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town 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 Town of Calabash.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (pages 16 through 19) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements (pages 20 through 25) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the budgetary comparison statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Town's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

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

The two government-wide statements report the Town's net assets and how they have changed. Net assets are the difference between the Town's total assets and total liabilities. Measuring net assets is one way to gauge the Town's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) component units. The governmental activities include most of the Town's basic services such as administration, streets and highways, and inspections. Property taxes and state and federal grant funds finance most of these activities. The final category is the component unit. Although legally separate from the Town, the Calabash ABC Board is important to the Town because the Town exercises control over the Board by appointing its members and because the Board is required to distribute its profits to the Town.

The government-wide financial statements are on pages 16 through 19 of this report.

Fund Financial Statements

The fund financial statements (see Figure 2) provide a more detailed look at the Town'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 Town of Calabash, 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 Town's budget ordinance. All of the funds of Town of Calabash can be divided into one category: governmental 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 Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs.

Management's Discussion and Analysis (Continued)

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 Town of Calabash adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 26 through 38 of this report.

Management's Discussion and Analysis (Continued)

Government-Wide Financial Analysis

The Town of Calabash's Net Assets

Figure 2

| | Governmental | | Business-Type | | Total | |
|---|---------------------|---------------------|---------------|-------------|---------------------|---------------------|
| | Activities | | Activities | | | |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Current and other assets | \$ 1,471,908 | \$ 1,483,690 | \$ - | \$ - | \$ 1,471,908 | \$ 1,483,690 |
| Capital assets | 806,577 | 651,373 | - | - | 806,577 | 651,373 |
| Total assets | <u>2,278,485</u> | <u>2,135,063</u> | <u>-</u> | <u>-</u> | <u>2,278,485</u> | <u>2,135,063</u> |
| Long-term liabilities outstanding | 6,295 | 4,512 | - | - | 6,295 | 4,512 |
| Other liabilities | 34,920 | 22,158 | - | - | 34,920 | 22,158 |
| Total liabilities | <u>41,215</u> | <u>26,670</u> | <u>-</u> | <u>-</u> | <u>41,215</u> | <u>26,670</u> |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 806,577 | 637,800 | - | - | 806,577 | 637,800 |
| Restricted | 81,243 | 65,780 | - | - | 81,243 | 65,780 |
| Unrestricted | <u>1,349,450</u> | <u>1,404,813</u> | <u>-</u> | <u>-</u> | <u>1,349,450</u> | <u>1,404,813</u> |
| Total net assets | <u>\$ 2,237,270</u> | <u>\$ 2,108,393</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,237,270</u> | <u>\$ 2,108,393</u> |

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Calabash exceeded liabilities by \$2,237,270 as of June 30, 2009. The Town's net assets increased by \$128,877 for the fiscal year ended June 30, 2009. However, the second largest portion (36%) reflects the Town'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 Town of Calabash uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Calabash's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Calabash's net assets (4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance (6%) or \$1,349,450 is unrestricted.

Several particular aspects of the Town's financial operations influenced the total unrestricted governmental net assets:

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 92.12%.
- Increased ABC profit distributions by \$28,438.
- Decreased Building Permit Fees revenues by \$69,421.

Management's Discussion and Analysis (Continued)

The Town of Calabash's Changes in Net Assets

Figure 3

| | Governmental | | Business-Type | | Total | |
|---|----------------|----------------|---------------|----------|----------------|----------------|
| | Activities | | Activities | | | |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 49,760 | \$ 135,107 | \$ - | \$ - | \$ 49,760 | \$ 135,107 |
| Operating grants and contributions | 78,846 | 55,573 | - | - | 78,846 | 55,573 |
| Capital grants and contributions | - | - | - | - | - | - |
| General Revenues | | | | | | |
| Property taxes | 225,049 | 212,444 | - | - | 225,049 | 212,444 |
| Local Option Sales Taxes | 316,470 | 348,884 | - | - | 316,470 | 348,884 |
| Other taxes | 107,633 | 101,041 | - | - | 107,633 | 101,041 |
| ABC Profit Distribution | 127,498 | 99,060 | - | - | 127,498 | 99,060 |
| Other | 14,270 | 40,254 | - | - | 14,270 | 40,254 |
| Total revenues | 919,526 | 992,363 | - | - | 919,526 | 992,363 |
| Expenses: | | | | | | |
| Governing body | 11,250 | 8,151 | - | - | 11,250 | 8,151 |
| Administration | 305,212 | 254,028 | - | - | 305,212 | 254,028 |
| Elections | - | 1,189 | - | - | - | 1,189 |
| Public buildings | 55,256 | 22,699 | - | - | 55,256 | 22,699 |
| Fire and rescue | 8,970 | 36,732 | - | - | 8,970 | 36,732 |
| Inspections | 160,042 | 105,744 | - | - | 160,042 | 105,744 |
| Streets and highways | 161,362 | 124,894 | - | - | 161,362 | 124,894 |
| Powell Bill | 35,288 | 46,255 | - | - | 35,288 | 46,255 |
| Sanitation | 22,676 | 10,646 | - | - | 22,676 | 10,646 |
| Drainage and watershed | 23,288 | 6,666 | - | - | 23,288 | 6,666 |
| Planning and zoning | 7,305 | 10,805 | - | - | 7,305 | 10,805 |
| Town beautification | - | 16,980 | - | - | - | 16,980 |
| Interest on long-term debt | - | - | - | - | - | - |
| Total expenses | 790,649 | 644,789 | - | - | 790,649 | 644,789 |
| Increase(Decrease) in net assets before transfers | 128,877 | 347,574 | - | - | 128,877 | 347,574 |
| Transfers | - | - | - | - | - | - |
| Change in net assets | 128,877 | 347,574 | - | - | 128,877 | 347,574 |
| Net assets, July 1 | 2,108,393 | 1,760,819 | - | - | 2,108,393 | 1,760,819 |
| Net assets, June 30 | \$ 2,237,270 | \$ 2,108,393 | \$ - | \$ - | \$ 2,237,270 | \$ 2,108,393 |

Governmental activities. Governmental activities increased the Town's net assets by \$128,877, thereby accounting for 100% of the total increase in the net assets of the Town of Calabash. Key element of this increase is as follows:

- Property Tax revenues increased during the year.
- ABC Profit Distribution revenues increased during the year.

Management's Discussion and Analysis (Continued)

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Calabash's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Calabash'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 Town of Calabash. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$783,596, while total fund balance reached \$998,159. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 82 percent of total General Fund expenditures.

At June 30, 2009, the governmental funds of Town of Calabash reported a combined fund balance of \$1,404,580, a 3.4 percent decrease over last year. Included in this change in fund balance are decreases in fund balance in the General and Special Revenue Funds.

General Fund Budgetary Highlights: During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Revenues were more than the budgeted amounts primarily because of an increase in State shared revenues that the Town originally had not expected to receive. However, expenditures were held below budget and the Town was able to comply with its budgetary requirements.

Capital Asset and Debt Administration

Capital assets. The Town of Calabash's investment in capital assets for its governmental and business-type activities as of June 30, 2009, totals \$806,577 (net of accumulated depreciation). These assets include buildings, land, and equipment.

Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

- Acquisitions of vehicles totaling \$19,900
- Purchase of land totaling \$164,381.
- Purchase of equipment totaling \$12,494.

Management's Discussion and Analysis (Continued)

The Town of Calabash's Capital Assets

Figure 4

(Net of depreciation)

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------|----------------------------|-------------------|-----------------------------|-------------|-------------------|-------------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Land | \$ 385,013 | \$ 220,632 | \$ - | \$ - | \$ 385,013 | \$ 220,632 |
| Buildings | 331,318 | 338,521 | - | - | 331,318 | 338,521 |
| Vehicles | 54,172 | 55,645 | - | - | 54,172 | 55,645 |
| Equipment | 36,074 | 36,575 | - | - | 36,074 | 36,575 |
| Total | \$ 806,577 | \$ 651,373 | \$ - | \$ - | \$ 806,577 | \$ 651,373 |

Additional information on the Town's capital assets can be found in Note I of the Basic Financial Statements.

Long-term Debt. As of June 30, 2009, the Town of Calabash had no total long-term debt outstanding.

The Town of Calabash's Outstanding Debt Installment Purchases and Capital Leases

Figure 5

| | Governmental Activities | | Business-Type Activities | | Total | |
|-----------------------|----------------------------|------------------|-----------------------------|-------------|-------------|------------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Installment purchases | \$ - | \$ 13,573 | \$ - | \$ - | \$ - | \$ 13,573 |
| Capital leases | - | - | - | - | - | - |
| Total | \$ - | \$ 13,573 | \$ - | \$ - | \$ - | \$ 13,573 |

The Town of Calabash's total debt decreased by \$13,573 (100%) during the fiscal year.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Calabash is \$25,442,766. The Town of Calabash does not have any authorized but un-issued debt at June 30, 2009.

Additional information regarding the Town of Calabash's long-term debt can be found in Note II beginning on page 37 of this report.

Management's Discussion and Analysis (Continued)

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the Town.

- Population growth. The Town's slow population growth reflects the stagnant economic growth within Town limits. The main cause is the lack of sewer service.
- Rates on office and retail space. The Town's occupancy rates run between 85% to 90% for the year. With the lack of sewer service we are trying to maintain the status quo.

Budget Highlights for the Fiscal Year Ending June 30, 2010

Governmental Activities: Property taxes (benefiting from the economic growth) and revenues from the Town of Calabash ABC Board are expected to lead the budgeted revenue.

Budgeted expenditures in the General Fund are expected to decrease 1.4%.

Requests for Information

This report is designed to provide an overview of the Town 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 following:

**Kelly Southward
Town Clerk
Post Office Box 4967
882 Persimmon Road
Calabash, NC 28467
Telephone: (910) 579-6747
Fax: (910) 579-5494
Email: towncalabash@atmc.net**

Basic Financial Statements

TOWN OF CALABASH, NORTH CAROLINA

Statement of Net Assets

June 30, 2009

| | <u>Primary Government</u> | | <u>Calabash ABC Board</u> |
|--|------------------------------------|---------------------|-------------------------------|
| | <u>Governmental Activities</u> | <u>Total</u> | |
| ASSETS | | | |
| Current Assets: | | | |
| Cash and Cash Equivalents | \$ 1,306,180 | \$ 1,306,180 | \$ 403,620 |
| Receivables (net): | | | |
| Ad Valorem Taxes | 27,697 | 27,697 | - |
| Accrued Interest - Taxes | 3,100 | 3,100 | - |
| Inventory | - | - | 131,520 |
| Due from Component Unit | 54,205 | 54,205 | - |
| Due from Other Governments | 80,726 | 80,726 | - |
| | | | |
| Total Current Assets | <u>1,471,908</u> | <u>1,471,908</u> | <u>535,140</u> |
| Noncurrent Assets: | | | |
| Capital Assets | | | |
| Land, Nondepreciable Improvements, and Construction in Progress | 385,013 | 385,013 | 121,201 |
| Other Capital Assets, Net of Depreciation | 421,564 | 421,564 | 130,871 |
| | | | |
| Total Capital Assets | <u>806,577</u> | <u>806,577</u> | <u>252,072</u> |
| | | | |
| Total Assets | <u>\$ 2,278,485</u> | <u>\$ 2,278,485</u> | <u>\$ 787,212</u> |

TOWN OF CALABASH, NORTH CAROLINA

Statement of Net Assets (Continued)

June 30, 2009

| | <u>Primary Government</u> | | <u>Calabash ABC Board</u> |
|--|------------------------------------|---------------------|-------------------------------|
| | <u>Governmental Activities</u> | <u>Total</u> | |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts Payable and Accrued Liabilities | \$ 34,920 | \$ 34,920 | \$ 68,109 |
| Distributions Payable | - | - | 24,175 |
| Due to Primary Government | - | - | 54,205 |
| Current Portion of Long-Term Liabilities | - | - | - |
| Total Current Liabilities | 34,920 | 34,920 | 146,489 |
| Long-Term Liabilities: | | | |
| Due in More Than One year | 6,295 | 6,295 | - |
| Total Liabilities | 41,215 | 41,215 | 146,489 |
| NET ASSETS | | | |
| Invested in Capital Assets, Net of Related Debt | 806,577 | 806,577 | 252,072 |
| Restricted For: | | | |
| Transportation | 81,243 | 81,243 | - |
| Working Capital | - | - | 44,889 |
| Unrestricted | 1,349,450 | 1,349,450 | 343,762 |
| Total Net Assets | \$ 2,237,270 | \$ 2,237,270 | \$ 640,723 |

TOWN OF CALABASH, NORTH CAROLINA

Statement of Activities

For the Year Ended June 30, 2009

| Functions/Programs | Expenses | Program Revenues | | |
|--------------------------------------|---------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| Governing Body | \$ 11,250 | \$ - | \$ - | \$ - |
| Administration | 305,212 | - | - | - |
| Elections | - | - | - | - |
| Public Buildings | 55,256 | - | - | - |
| Fire and Rescue | 8,970 | - | - | - |
| Inspections | 160,042 | 42,034 | - | - |
| Streets and Highways | 161,362 | - | - | - |
| Powell Bill | 35,288 | - | 49,919 | - |
| Sanitation | 22,676 | - | 28,927 | - |
| Drainage and Watershed | 23,288 | - | - | - |
| Planning and Zoning | 7,305 | 7,726 | - | - |
| Town Beautification | - | - | - | - |
| Interest on Long-Term Debt | - | - | - | - |
| Total Governmental Activities | 790,649 | 49,760 | 78,846 | - |
| Total Primary Government | 790,649 | 49,760 | 78,846 | - |
| Component Units: | | | | |
| Calabash ABC Board | 1,510,910 | 1,472,706 | - | - |
| Total Component Units | \$ 1,510,910 | \$ 1,472,706 | \$ - | \$ - |

General Revenues:

- Property Taxes, Levied for General Purpose
- Local Option Sales Tax
- Utility Franchise Tax
- Telecommunications Tax
- Video Franchise Fee
- Beer and Wine Tax
- ABC Profit Distribution
- Unrestricted Investment Earnings
- Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets - Beginning of Year

Net Assets - End of Year

Net (Expense) Revenue and Changes in Net Assets
Primary Government

| Governmental Activities | Total | Calabash ABC Board |
|------------------------------------|--------------|-------------------------------|
| \$ (11,250) | \$ (11,250) | \$ - |
| (305,212) | (305,212) | - |
| - | - | - |
| (55,256) | (55,256) | - |
| (8,970) | (8,970) | - |
| (118,008) | (118,008) | - |
| (161,362) | (161,362) | - |
| 14,631 | 14,631 | - |
| 6,251 | 6,251 | - |
| (23,288) | (23,288) | - |
| 421 | 421 | - |
| - | - | - |
| - | - | - |
| (662,043) | (662,043) | - |
| (662,043) | (662,043) | - |
| - | - | (38,204) |
| - | - | (38,204) |
| 225,049 | 225,049 | - |
| 316,470 | 316,470 | - |
| 75,836 | 75,836 | - |
| 19,067 | 19,067 | - |
| 6,309 | 6,309 | - |
| 6,421 | 6,421 | - |
| 127,498 | 127,498 | - |
| 12,898 | 12,898 | 10,176 |
| 1,372 | 1,372 | 6,839 |
| - | - | - |
| 790,920 | 790,920 | 17,015 |
| 128,877 | 128,877 | (21,189) |
| 2,108,393 | 2,108,393 | 661,912 |
| \$ 2,237,270 | \$ 2,237,270 | \$ 640,723 |

TOWN OF CALABASH, NORTH CAROLINA
 Balance Sheet
 Governmental Funds
 June 30, 2009

| | Major Funds | | Total Non-Major Funds | Total Governmental Funds |
|---|---------------------|-------------------------------------|--------------------------------------|---|
| | General | Sewer Expansion Fund | | |
| ASSETS | | | | |
| Cash and Investments | \$ 899,759 | \$ 248,331 | \$ 158,090 | \$ 1,306,180 |
| Receivables (net): | | | | |
| Ad Valorem Taxes | 27,697 | - | - | 27,697 |
| Due from Component Unit | 54,205 | - | - | 54,205 |
| Due from Other Governments | 80,726 | - | - | 80,726 |
| Total Assets | \$ 1,062,387 | \$ 248,331 | \$ 158,090 | \$ 1,468,808 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts Payable and Accrued Liabilities | \$ 34,920 | \$ - | \$ - | \$ 34,920 |
| Deferred Revenues | 29,308 | - | - | 29,308 |
| Total Liabilities | 64,228 | - | - | 64,228 |
| Fund Balances: | | | | |
| Reserved For: | | | | |
| State Statute | 133,320 | - | - | 133,320 |
| Streets - Powell Bill | 81,243 | - | - | 81,243 |
| Unreserved: | | | | |
| Designated For Subsequent Year's Expenditures: | | | | |
| General Fund | 123,853 | - | - | 123,853 |
| Undesignated: | | | | |
| General Fund | 659,743 | - | - | 659,743 |
| Special Revenue Funds | - | 248,331 | 158,090 | 406,421 |
| Total Fund Balances | 998,159 | 248,331 | 158,090 | 1,404,580 |
| Total Liabilities and Fund Balances | \$ 1,062,387 | \$ 248,331 | \$ 158,090 | \$ 1,468,808 |

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

TOWN OF CALABASH, NORTH CAROLINA

Balance Sheet (Continued)

Governmental Funds

June 30, 2009

| | | Total Governmental Funds |
|---|------------------|---|
| | | <u> </u> |
| Amounts reported for governmental activities in the statement of net assets are different because: | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | |
| Gross capital assets at historical costs | \$ 930,698 | |
| Accumulated depreciation | <u>(124,121)</u> | \$ 806,577 |
| Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred | | |
| Accrued interest - taxes | <u>3,100</u> | 3,100 |
| Liabilities for earned but deferred revenues in fund statements. | | |
| Ad valorem taxes | 27,697 | |
| Beer and wine taxes | <u>1,611</u> | 29,308 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. | | |
| Installment purchases | - | |
| Compensated absences | <u>(6,295)</u> | (6,295) |
| Net assets of governmental activities. | | <u><u>\$ 2,237,270</u></u> |

TOWN OF CALABASH, NORTH CAROLINA

Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental Funds

For the Year Ended June 30, 2009

| | Major Funds | | Total Non-Major Funds | Total Governmental Funds |
|---|-------------------------|-------------------------------------|--------------------------------------|---|
| | General Fund | Sewer Expansion Fund | | |
| Revenues | | | | |
| Ad Valorem Taxes | \$ 215,273 | \$ - | \$ - | \$ 215,273 |
| Other Taxes and Licenses | 7,726 | - | - | 7,726 |
| Unrestricted Intergovernmental | 551,625 | - | - | 551,625 |
| Restricted Intergovernmental | 78,846 | - | - | 78,846 |
| Permits and Fees | 42,034 | - | - | 42,034 |
| Investment Earnings | 11,886 | 1,012 | - | 12,898 |
| Miscellaneous | 242 | - | - | 242 |
| Total Revenues | 907,632 | 1,012 | - | 908,644 |
| Expenditures | | | | |
| Governing Body | 11,250 | - | - | 11,250 |
| Administration | 310,902 | - | - | 310,902 |
| Public Buildings | 208,384 | - | - | 208,384 |
| Fire and Rescue | 8,970 | - | - | 8,970 |
| Inspections | 171,851 | - | - | 171,851 |
| Streets and Highways | 154,431 | - | - | 154,431 |
| Powell Bill | 35,288 | - | - | 35,288 |
| Sanitation | 12,402 | - | - | 12,402 |
| Drainage and Watershed | 23,288 | - | - | 23,288 |
| Planning and Zoning | 7,305 | - | - | 7,305 |
| Debt Service | 12,442 | - | - | 12,442 |
| Total Expenditures | 956,513 | - | - | 956,513 |
| Revenues Over (Under) Expenditures | (48,881) | 1,012 | - | (47,869) |
| Other Financing Sources (Uses) | | | | |
| Transfers from Other Funds | - | 146,677 | 15,000 | 161,677 |
| Transfers to Other Funds | (130,000) | - | (31,677) | (161,677) |
| Total Other Financing Sources (Uses) | (130,000) | 146,677 | (16,677) | - |
| Net Change in Fund Balance | (178,881) | 147,689 | (16,677) | (47,869) |
| Fund Balance - Beginning of Year | 1,177,040 | 100,642 | 174,767 | 1,452,449 |
| Fund Balance - End of Year | \$ 998,159 | \$ 248,331 | \$ 158,090 | \$ 1,404,580 |

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

TOWN OF CALABASH, NORTH CAROLINA

Statement of Revenues, Expenditures, and Changes in Fund Balance (Continued)

Governmental Funds

For the Year Ended June 30, 2009

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

Net changes in fund balances - total governmental funds \$ (47,869)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense.

| | | |
|--|-----------------|---------|
| Capital outlay expenditures which were capitalized | \$ 196,775 | |
| Depreciation expense | <u>(41,571)</u> | 155,204 |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.

| | | |
|--|--------------|--------|
| Change in deferred revenue for ad valorem tax revenues | 8,357 | |
| Change in deferred revenue for other taxes | (24) | |
| Interest earned on investments | 1,130 | |
| Interest earned on ad valorem taxes | <u>1,419</u> | 10,882 |

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.

| | | |
|-----------------|---------------|--------|
| Debt issuance | - | |
| Debt retirement | <u>12,442</u> | 12,442 |

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

| | | |
|----------------------|----------------|---------|
| Compensated absences | <u>(1,782)</u> | (1,782) |
|----------------------|----------------|---------|

Total changes in net assets of governmental activities \$ 128,877

TOWN OF CALABASH, NORTH CAROLINA

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Fiscal Year Ended June 30, 2009

| | General Fund | | | |
|--|----------------------------|-------------------------|---------------------------|---|
| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
| Revenues | | | | |
| Ad Valorem Taxes | \$ 203,100 | \$ 203,100 | \$ 215,273 | \$ 12,173 |
| Other Taxes and Licenses | 6,050 | 6,050 | 7,726 | 1,676 |
| Unrestricted Intergovernmental | 536,000 | 536,000 | 551,625 | 15,625 |
| Restricted Intergovernmental | 52,000 | 52,000 | 78,846 | 26,846 |
| Permits and Fees | 131,120 | 131,120 | 42,034 | (89,086) |
| Investment Earnings | 27,000 | 27,000 | 11,886 | (15,114) |
| Miscellaneous | 500 | 500 | 242 | (258) |
| Total Revenues | 955,770 | 955,770 | 907,632 | (48,138) |
| Expenditures | | | | |
| Governing Body | 16,200 | 16,200 | 11,250 | 4,950 |
| Administration | 369,850 | 375,850 | 310,902 | 64,948 |
| Elections | 2,500 | 2,500 | - | 2,500 |
| Public Buildings | 54,800 | 218,150 | 208,384 | 9,766 |
| Fire and Rescue | 21,250 | 15,250 | 8,970 | 6,280 |
| Inspections | 94,300 | 174,116 | 171,851 | 2,265 |
| Streets and Highways | 187,550 | 187,550 | 154,431 | 33,119 |
| Powell Bill | 81,500 | 81,500 | 35,288 | 46,212 |
| Sanitation | 12,500 | 12,500 | 12,402 | 98 |
| Drainage and Watershed | 61,000 | 40,000 | 23,288 | 16,712 |
| Planning and Zoning | 29,000 | 29,000 | 7,305 | 21,695 |
| Debt Service | 14,000 | 14,000 | 12,442 | 1,558 |
| Contingency | 30,000 | 30,000 | - | 30,000 |
| Total Expenditures | 974,450 | 1,196,616 | 956,513 | 240,103 |
| Revenues Over (Under) Expenditures | (18,680) | (240,846) | (48,881) | 191,965 |
| Other Financing Sources (Uses) | | | | |
| Transfers from Other Funds | - | - | - | - |
| Transfers to Other Funds | (130,000) | (130,000) | (130,000) | - |
| Total Other Financing Sources (Uses) | (130,000) | (130,000) | (130,000) | - |
| Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (148,680) | (370,846) | (178,881) | 191,965 |
| Appropriated Fund Balance | 148,680 | 370,846 | - | (370,846) |
| Net Change in Fund Balance | \$ - | \$ - | (178,881) | \$ (178,881) |
| Fund Balance - Beginning of Year | | | 1,177,040 | |
| Fund Balance - End of Year | | | \$ 998,159 | |

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

TOWN OF CALABASH, NORTH CAROLINA

Sewer Expansion Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Fiscal Year Ended June 30, 2009

| | Sewer Expansion Fund | | | Variance with Final Budget Positive (Negative) |
|---|-----------------------------|-------------------------|---------------------------|---|
| | Original Budget | Final Budget | Actual Amounts | |
| Revenues | | | | |
| Investment Earnings | \$ - | \$ - | \$ 1,012 | \$ 1,012 |
| Other Financing Sources (Uses) | | | | |
| Transfers from Other Funds | 146,677 | 146,677 | 146,677 | - |
| Total Other Financing Sources (Uses) | <u>146,677</u> | <u>146,677</u> | <u>146,677</u> | <u>-</u> |
| Revenues and Other Financing Sources | 146,677 | 146,677 | 147,689 | 1,012 |
| Appropriated Fund Balance | <u>(146,677)</u> | <u>(146,677)</u> | - | <u>146,677</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ -</u> | 147,689 | <u>\$ 147,689</u> |
| Fund Balance - Beginning of Year | | | <u>100,642</u> | |
| Fund Balance - End of Year | | | <u>\$ 248,331</u> | |

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

TOWN OF CALABASH, NORTH CAROLINA

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Calabash and its discretely presented component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Calabash is a municipal corporation that is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements present the Town and its component unit, a legally separate entity for which the Town is financially accountable. The discretely presented component unit presented below is reported in a separate column in the Town's financial statements in order to emphasize that it is legally separate from the Town.

Town of Calabash ABC Board

The members of the ABC Board's governing board are appointed by the Town. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the Town. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at Town of Calabash ABC Board, 10223 Beach Road, Calabash, NC 28467.

B. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town'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 Town's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental are aggregated and reported as nonmajor funds.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies result from nonexchange transactions. Other nonoperating revenues are ancillary activities such as investment earnings.

The Town reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State funds, and various other taxes and licenses. The primary expenditures are for inspections, street maintenance and construction, and general administration.

Sewer Expansion Fund. This fund is used to account for funds held for future costs associated with sewer expansion.

The Town reports the following non-major governmental funds:

Capital Improvement Fund. This fund is used to account for funds held for future capital expenditures.

Future Stormwater Fund. This fund is used to account for funds held for future costs associated with stormwater.

Future Police Department Fund. This fund is used to account for funds held for future costs associated with a police department.

C. Measurement Focus and Basis of Accounting

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

Government-wide. The government-wide statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, 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 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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 Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable 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 this change in the law, Brunswick County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the Town of Calabash. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the Town's vehicle taxes for vehicles registered in Brunswick County 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 in these financial statements and are offset by deferred revenues.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town 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. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Town 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 Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

As permitted by generally accepted accounting principles, the Town has elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989 that do not contradict GASB pronouncements in its accounting and reporting practices for its proprietary operations.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Capital Improvement Fund, Future Stormwater Fund, Future Police Department Fund, and Sewer Expansion Fund. All annual appropriations lapse at the fiscal-year end.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. The Budget Officer is authorized to transfer appropriations within a department; however, such changes should not result in increases in recurring obligations such as salaries and may transfer amounts up to \$1000 between departments within the same fund. A budget amendment must be made for of all such transfers at the next regular Board meeting. No amounts may be transferred between funds except as approved by the Governing Board in the Budget Ordinance. All amendments 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.

E. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

All deposits of the Town and the ABC Board are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town 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 Town 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 Town 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).

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The ABC Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

3. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2008.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, and Fund Equity (Continued)

4. 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.

5. Inventory and Prepaid Items

The inventories of the ABC Board are valued at cost (first-in, first-out), which approximates market. The Town's General Fund inventory consists of expendable supplies that are recorded as expenditures when purchased.

The inventories of the Town's enterprise funds and those of the ABC Board consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

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

6. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: equipment, \$5,000; buildings, \$20,000; and infrastructure, \$100,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets acquired prior to July 1, 2003 are not recorded. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| Asset Class | Estimated Useful Lives |
|------------------------|---------------------------|
| Infrastructure | 25 |
| Buildings | 50 |
| Improvements | 25 |
| Vehicles | 5 |
| Furniture and Fixtures | 10 |
| Equipment | 5 |
| Computer Equipment | 3 |
| Software | 3 |

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, and Fund Equity (Continued)

6. Capital Assets (Continued)

Property, plant, and equipment of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

| Asset Class | Estimated Useful Lives |
|------------------------|------------------------|
| Land Improvements | 20 |
| Buildings | 40 |
| Furniture and fixtures | 10 |
| Store Equipment | 5-7 |
| Office Equipment | 3-10 |

7. Long-Term Obligations

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

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

8. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to three weeks (120 hours) earned vacation leave with such leave being fully vested when earned. For the Town'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 Town's sick leave policy provides 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 Town does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

9. Net Assets/Fund Balances

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, and Fund Equity (Continued)

9. Net Assets/Fund Balances (Continued)

State law [G.S. 159-13(b)(16)] restricts appropriation of fund balance for the subsequent year's budget 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 that is 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 or contracts which remain unperformed at year-end.

Reserved by State Statute - portion of fund balance, in addition to reserves for encumbrances and reserves for inventories, 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, which have not been offset by deferred revenues.

Reserved for Streets - Powell Bill - portion of fund balance that is available for appropriation but legally segregated for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Unreserved:

Designated for Subsequent Year's Expenditures - portion of the total fund balance available for appropriation that has been designated for the adopted 2009 - 2010 budget ordinance.

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

II. DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All the deposits of the Town and the ABC Board are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town'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 Town and the ABC Board, these deposits are considered to be held by the Town's and the ABC Board's agents in their 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 Town, the ABC Board, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town and the ABC Board under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town and the ABC Board have no policy regarding custodial credit risk for deposits.

At June 30, 2009, the Town's deposits had a carrying amount of \$1,306,030 and a bank balance of \$1,312,255. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. The carrying amount of deposits for the ABC Board was \$401,820 and the bank balance was \$400,185. Of the bank balance, \$98,660 was not covered by federal depository insurance.

2. Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Assets are net of the following allowances for doubtful accounts:

| Fund | 06/30/2009 |
|-----------------------------|------------|
| General Fund: | |
| Ad Valorem Taxes receivable | \$ 3,100 |
| Total | \$ 3,100 |

TOWN OF CALABASH, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2009

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

3. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2009, was as follows:

| | Beginning Balances | Increases | Decreases | Ending Balances |
|--|-----------------------|------------|-----------|--------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 220,632 | \$ 164,381 | \$ - | \$ 385,013 |
| Total capital assets not being Depreciated | 220,632 | 164,381 | - | 385,013 |
| Capital assets being depreciated: | | | | |
| Buildings | 360,112 | - | - | 360,112 |
| Equipment | 62,898 | 12,494 | - | 75,392 |
| Vehicles | 90,281 | 19,900 | - | 110,181 |
| Total capital assets being Depreciated | 513,291 | 32,394 | - | 545,685 |
| Less accumulated depreciation for: | | | | |
| Buildings | 21,592 | 7,202 | - | 28,794 |
| Equipment | 26,322 | 12,996 | - | 39,318 |
| Vehicles | 34,636 | 21,373 | - | 56,009 |
| Total accumulated depreciation | 82,550 | 41,571 | - | 124,121 |
| Total capital assets being depreciated, net | 430,741 | | | 421,564 |
| Governmental activity capital assets, net | <u>\$ 651,373</u> | | | <u>\$ 806,577</u> |

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

| | |
|----------------------------|------------------|
| Sanitation | \$ 10,274 |
| Public Buildings | 11,253 |
| Inspections | 8,100 |
| Streets and Highways | 11,944 |
| Total depreciation expense | <u>\$ 41,571</u> |

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

3. Capital Assets (Continued)

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 being depreciated: | | | | |
| Land | \$ 119,763 | \$ - | \$ - | \$ 119,763 |
| Land Improvements | 1,438 | - | - | 1,438 |
| Buildings | 231,915 | - | - | 231,915 |
| Furniture and Fixtures | 16,479 | - | - | 16,479 |
| Equipment | 32,794 | - | - | 32,794 |
| Total capital assets being depreciated | <u>402,389</u> | - | - | <u>402,389</u> |
| Less accumulated depreciation for: | | | | |
| Land | - | - | - | - |
| Land Improvements | 1,222 | 72 | - | 1,294 |
| Buildings | 96,631 | 5,798 | - | 102,429 |
| Furniture and Fixtures | 14,022 | 841 | - | 14,863 |
| Equipment | 29,455 | 2,276 | - | 31,731 |
| Total accumulated depreciation | <u>141,330</u> | <u>\$ 8,987</u> | <u>\$ -</u> | <u>150,317</u> |
| ABC capital assets, net | <u>\$ 271,925</u> | | | <u>\$ 252,072</u> |

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

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

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The Town is required to contribute at an actuarially determined rate. For the Town, the current rate for employees not engaged in law enforcement is 12.17% of annual covered payroll. The contribution requirements of members and of the Town of Calabash is established and may be amended by the North Carolina General Assembly. The Town's contributions to LGERS for the years ended June 30, 2009, 2008, and 2007 were \$30,020, \$26,078, and \$20,712, respectively. The contributions made by the Town equaled the required contributions for each year.

2. Deferred / Unearned Revenues

The balance in deferred / unearned revenues at year-end is composed of the following elements:

| | Deferred Revenue |
|--|---------------------|
| Taxes receivable (General Fund) | \$ 27,697 |
| Beer and Wine taxes receivable (General Fund) | 1,611 |
| Total | <u>\$ 29,308</u> |

3. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability coverage of \$2 million per occurrence, auto, public officials and employment practices, workers' compensation and employee benefits liability coverage of \$1 million per occurrence, property coverage up to the total insurance value of the property, and health insurance for Town employees. There is no lifetime limit on employee health insurance. The finance officer and tax collector are each individually bonded for \$50,000 each.

There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town carries flood insurance through the NCLM – Interlocal Risk Financing Fund of NC. Because the City is in an area of the State that has been mapped and designated an "X" (an area outside the 1-percent annual chance floodplain) by the Federal Emergency Management Agency, the Town is eligible to purchase coverage of \$5,000,000 per structure through the NCLM – Interlocal Risk Financing Fund of NC.

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

4. Long-Term Obligations

a. Installment Purchase

In May 2006, the Town entered into a \$40,720 note payable with CNH Capital for the purchase of a New Holland tractor and various attachments. The financing contract requires 36 payments beginning on June 30, 2006 with a 0% interest rate.

Annual debt service payments of the installment purchase as of June 30, 2009 are as follows:

| Year Ending June 30 | Governmental Activities | |
|---------------------|-------------------------|----------|
| | Principal | Interest |
| 2010 | \$ - | \$ - |
| Total | \$ - | \$ - |

b. Changes in Long-Term Liabilities

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

| | Balance July 1, 2008 | Increases | Decreases | Balance June 30, 2009 | Current Portion |
|--|-------------------------|-----------|-----------|--------------------------|--------------------|
| Governmental Activities: | | | | | |
| Capitalized Leases | \$ - | \$ - | \$ - | \$ - | - |
| Installment Purchases | 13,573 | - | 13,573 | - | - |
| Compensated Absences | 4,512 | 1,782 | - | 6,295 | - |
| Governmental Activity Long-Term Liabilities | \$ 18,085 | \$ 1,782 | \$ 13,573 | \$ 6,295 | - |

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

5. Interfund Balances and Activity

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

| | |
|---|------------|
| From the General Fund to the Sewer Expansion Fund | \$ 115,000 |
| From the General Fund to the Capital Improvement Fund | 15,000 |
| From the Future Stormwater Fund to the Sewer Expansion Fund | 31,677 |
| Total | \$ 161,677 |

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations.

III. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

The Town 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 moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

Major Governmental Funds

General Fund

TOWN OF CALABASH, NORTH CAROLINA

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

For the Fiscal Year Ended June 30, 2009

| | Final Budget | Actual | Variance Positive (Negative) |
|---|-------------------------|----------------|---|
| Revenues | | | |
| Ad Valorem Taxes | | | |
| Taxes | | \$ 213,210 | |
| Penalties and Interest | | 2,063 | |
| Total Ad Valorem Taxes | \$ 203,100 | 215,273 | \$ 12,173 |
| Other Taxes and Licenses | | | |
| Animal Taxes | | 20 | |
| Privilege Licenses | | 7,706 | |
| Total Other Taxes and Licenses | 6,050 | 7,726 | 1,676 |
| Unrestricted Intergovernmental | | | |
| Local Option Sales Tax | | 316,470 | |
| Utility Franchise Tax | | 75,836 | |
| Telecommunications Tax | | 19,067 | |
| Video Franchise Fee | | 6,309 | |
| Beer and Wine Tax | | 6,445 | |
| ABC Profit Distribution | | 127,498 | |
| Total Unrestricted Intergovernmental | 536,000 | 551,625 | 15,625 |
| Restricted Intergovernmental | | | |
| Powell Bill Allocation | | 49,919 | |
| Federal Grants | | 28,927 | |
| Total Restricted Intergovernmental | 52,000 | 78,846 | 26,846 |
| Permits and Fees | | | |
| Inspection Fees | | 13,415 | |
| Building Permits | | 28,619 | |
| Total Permits and Fees | 131,120 | 42,034 | (89,086) |
| Investment Earnings | | | |
| General | | 10,127 | |
| Powell Bill | | 1,759 | |
| Total Investment Earnings | 27,000 | 11,886 | (15,114) |
| Miscellaneous | | | |
| Other | | 242 | |
| Total Miscellaneous | 500 | 242 | (258) |
| Total Revenues | 955,770 | 907,632 | (48,138) |

TOWN OF CALABASH, NORTH CAROLINA

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)

Budget and Actual

For the Fiscal Year Ended June 30, 2009

| | Final Budget | Actual | Variance Positive (Negative) |
|---------------------------------------|-------------------------|----------------|---|
| Expenditures | | | |
| Governing Body | | | |
| Board Fees | | \$ 8,071 | |
| Other Operating Expenditures | | 3,179 | |
| Total Governing Body | \$ 16,200 | 11,250 | \$ 4,950 |
| Administration | | | |
| Salaries, Wages and Employee Benefits | | 178,653 | |
| Professional Services | | 65,546 | |
| Other Operating Expenditures | | 59,654 | |
| Capital Outlay | | 7,049 | |
| Total Administration | 375,850 | 310,902 | 64,948 |
| Elections | | | |
| Other Operating Expenditures | 2,500 | - | 2,500 |
| Public Buildings | | | |
| Other Operating Expenditures | | 44,003 | |
| Capital Outlay | | 164,381 | |
| Total Public Buildings | 218,150 | 208,384 | 9,766 |
| Fire and Rescue | | | |
| Donation to Town VFD | | 6,970 | |
| Donation to Town Rescue | | 2,000 | |
| Total Fire and Rescue | 15,250 | 8,970 | 6,280 |
| Inspections | | | |
| Salaries, Wages and Employee Benefits | | 102,515 | |
| Other Operating Expenditures | | 49,436 | |
| Capital Outlay | | 19,900 | |
| Total Inspections | 174,116 | 171,851 | 2,265 |
| Streets and Highways | | | |
| Salaries, Wages and Employee Benefits | | 79,395 | |
| Street Lights and Power Lines | | 45,800 | |
| Other Operating Expenditures | | 23,791 | |
| Capital Outlay | | 5,445 | |
| Total Streets and Highways | 187,550 | 154,431 | 33,119 |
| Powell Bill | | | |
| Salaries, Wages and Employee Benefits | | 15,855 | |
| Contracted Services | | 5,572 | |
| Other Operating Expenditures | | 13,861 | |
| Total Powell Bill | 81,500 | 35,288 | 46,212 |

TOWN OF CALABASH, NORTH CAROLINA

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)

Budget and Actual

For the Fiscal Year Ended June 30, 2009

| | Final Budget | Actual | Variance Positive (Negative) |
|---|-------------------------|---------------|---|
| Sanitation | | | |
| Contracted Services | | \$ 12,402 | |
| Total Sanitation | \$ 12,500 | 12,402 | \$ 98 |
| Drainage and Watershed | | | |
| Salaries, Wages and Employee Benefits | | 9 | |
| Professional Services | | 16,105 | |
| Drainage Ditches | | 7,174 | |
| Total Drainage and Watershed | 40,000 | 23,288 | 16,712 |
| Planning and Zoning | | | |
| Salaries and Benefits | | 274 | |
| Board Fees | | 4,082 | |
| Other Operating Expenditures | | 2,949 | |
| Total Planning and Zoning | 29,000 | 7,305 | 21,695 |
| Debt Service | | | |
| Principal Retirement | | 12,442 | |
| Interest | | - | |
| Total Debt Service | 14,000 | 12,442 | 1,558 |
| Contingency | 30,000 | - | 30,000 |
| Total Expenditures | 1,196,616 | 956,513 | 240,103 |
| Revenues Over (Under) Expenditures | (240,846) | (48,881) | 191,965 |
| Other Financing Sources (Uses) | | | |
| Transfers Out: | | | |
| Sewer Expansion Fund | (115,000) | (115,000) | - |
| Capital Improvement Fund | (15,000) | (15,000) | - |
| Total Other Financing Sources (Uses) | (130,000) | (130,000) | - |

TOWN OF CALABASH, NORTH CAROLINA

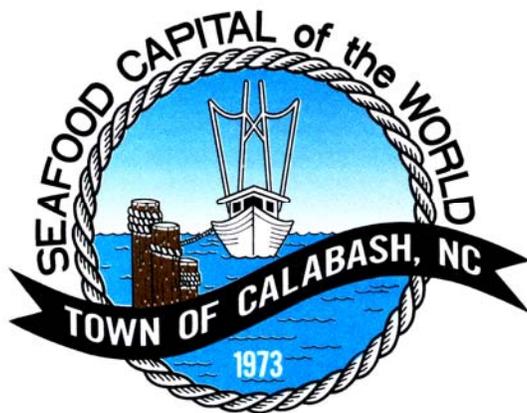
General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)

Budget and Actual

For the Fiscal Year Ended June 30, 2009

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|--|-------------------------|-------------------|---|
| Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | \$ (370,846) | \$ (178,881) | \$ 191,965 |
| Fund Balance Appropriated | <u>370,846</u> | - | <u>(370,846)</u> |
| Net Change in Fund Balance | <u>\$ -</u> | (178,881) | <u>\$ (178,881)</u> |
| Fund Balance - Beginning of Year | | <u>1,177,040</u> | |
| Fund Balance - End of Year | | <u>\$ 998,159</u> | |



Major Governmental Funds

Special Revenue Funds

TOWN OF CALABASH, NORTH CAROLINA

Combining Balance Sheet

Major Special Revenue Funds

June 30, 2009

| | Sewer Expansion Fund | Total Major Special Revenue Funds |
|---|-------------------------------------|--|
| ASSETS | | |
| Cash and Investments | \$ 248,331 | \$ 248,331 |
| Total Assets | <u>248,331</u> | <u>248,331</u> |
| LIABILITIES AND FUND BALANCES | | |
| Liabilities: | | |
| Accounts Payable and Accrued Liabilities | <u>-</u> | <u>-</u> |
| Total Liabilities | <u>-</u> | <u>-</u> |
| Fund Balances: | | |
| Unreserved | <u>248,331</u> | <u>248,331</u> |
| Total Fund Balances | <u>248,331</u> | <u>248,331</u> |
| Total Liabilities and Fund Balances | <u>\$ 248,331</u> | <u>\$ 248,331</u> |

TOWN OF CALABASH, NORTH CAROLINA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Major Special Revenue Funds

For the Year Ended June 30, 2009

| | Sewer Expansion Fund | Total Major Special Revenue Funds |
|---|-------------------------------------|--|
| Revenues | | |
| Investment Earnings | \$ 1,012 | \$ 1,012 |
| Other Financing Sources (Uses) | | |
| Transfers from Other Funds | 146,677 | 146,677 |
| Total Other Financing Sources (Uses) | 146,677 | 146,677 |
| Net Changes in Fund Balances | 147,689 | 147,689 |
| Fund Balance, Beginning | 100,642 | 100,642 |
| Fund Balance, Ending | \$ 248,331 | \$ 248,331 |

TOWN OF CALABASH, NORTH CAROLINA

Sewer Expansion Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual

For the Fiscal Year Ended June 30, 2009

| | Final Budget | Actual | Variance Positive (Negative) |
|---|-------------------------|-------------------|---|
| Revenues | | | |
| Investment Earnings | \$ - | \$ 1,012 | \$ 1,012 |
| Other Financing Uses | | | |
| Transfers in: | | | |
| General Fund | 115,000 | 115,000 | |
| Future Stormwater Fund | 31,677 | 31,677 | - |
| Total Other Financing Uses | <u>146,677</u> | <u>146,677</u> | - |
| Revenues and Other Financing Sources | 146,677 | 147,689 | 1,012 |
| Appropriated Fund Balance | <u>(146,677)</u> | - | 146,677 |
| Net Change in Fund Balance | <u>\$ -</u> | 147,689 | <u>\$ 147,689</u> |
| Fund Balance - Beginning of Year | | <u>100,642</u> | |
| Fund Balance - End of Year | | <u>\$ 248,331</u> | |

Nonmajor Governmental Funds

TOWN OF CALABASH, NORTH CAROLINA

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2009

| | Total Nonmajor Special Revenue Funds | Total Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|---|---|--|--|
| ASSETS | | | |
| Cash and Investments | \$ 158,090 | \$ - | \$ 158,090 |
| Total Assets | <u>158,090</u> | <u>-</u> | <u>158,090</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts Payable and Accrued Liabilities | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances: | | | |
| Unreserved | <u>158,090</u> | <u>-</u> | <u>158,090</u> |
| Total Fund Balances | <u>158,090</u> | <u>-</u> | <u>158,090</u> |
| Total Liabilities and Fund Balances | <u>\$ 158,090</u> | <u>\$ -</u> | <u>\$ 158,090</u> |

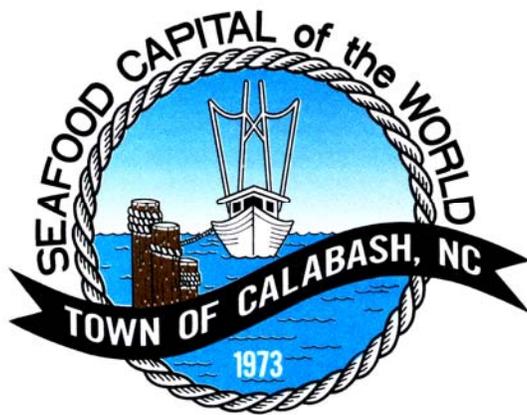
TOWN OF CALABASH, NORTH CAROLINA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2009

| | Total Nonmajor Special Revenue Funds | Total Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|---|---|--|--|
| Revenues | | | |
| Investment Earnings | \$ - | \$ - | \$ - |
| Expenditures | | | |
| Public Buildings | - | - | - |
| Revenues Over (Under) Expenditures | - | - | - |
| Other Financing Sources (Uses) | | | |
| Transfers from Other Funds | 15,000 | - | 15,000 |
| Transfers to Other Funds | (31,677) | - | (31,677) |
| Total Other Financing Sources (Uses) | (16,677) | - | (16,677) |
| Net Changes in Fund Balances | (16,677) | - | (16,677) |
| Fund Balance, Beginning | 174,767 | - | 174,767 |
| Fund Balance, Ending | \$ 158,090 | \$ - | \$ 158,090 |



Nonmajor Governmental Funds

Special Revenue Funds

TOWN OF CALABASH, NORTH CAROLINA

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2009

| | Capital Improvement Fund | Future Stormwater Fund | Future Police Department Fund | Total |
|----------------------------|---|---------------------------------------|--|-------------------|
| Assets | | | | |
| Cash and Cash Equivalents | \$ 91,145 | \$ - | \$ 66,945 | \$ 158,090 |
| Total Assets | <u>91,145</u> | <u>-</u> | <u>66,945</u> | <u>158,090</u> |
| Fund Balances | | | | |
| Unreserved | <u>91,145</u> | <u>-</u> | <u>66,945</u> | <u>158,090</u> |
| Total Fund Balances | <u>\$ 91,145</u> | <u>\$ -</u> | <u>\$ 66,945</u> | <u>\$ 158,090</u> |

TOWN OF CALABASH, NORTH CAROLINA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Fiscal Year Ended June 30, 2009

| | Capital Improvement Fund | Future Stormwater Fund | Future Police Department Fund | Total |
|---|---|---------------------------------------|--|-------------------|
| Revenues | | | | |
| Investment Earnings | \$ - | \$ - | \$ - | \$ - |
| Expenditures | | | | |
| Capital Outlay | - | - | - | - |
| Revenues Over (Under) Expenditures | | | | |
| | - | - | - | - |
| Other Financing Sources (Uses) | | | | |
| Transfers from Other Funds | 15,000 | - | - | 15,000 |
| Transfers to Other Funds | - | (31,677) | - | (31,677) |
| Total Other Financing Sources (Uses) | 15,000 | (31,677) | - | (16,677) |
| Net Change in Fund Balance | 15,000 | (31,677) | - | (16,677) |
| Fund Balance - Beginning of Year | 76,145 | 31,677 | 66,945 | 174,767 |
| Fund Balance - End of Year | \$ 91,145 | \$ - | \$ 66,945 | \$ 158,090 |

TOWN OF CALABASH, NORTH CAROLINA
 Capital Improvement Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Fiscal Year Ended June 30, 2009

| | Final Budget | Actual | Variance Positive (Negative) |
|---|-------------------------|------------------|---|
| Revenues | | | |
| Investment Earnings | \$ - | \$ - | \$ - |
| Other Financing Sources | | | |
| Transfers in: | | | |
| General Fund | 15,000 | 15,000 | - |
| Total Other Financing Sources | <u>15,000</u> | <u>15,000</u> | - |
| Revenues and Other Financing Sources | 15,000 | 15,000 | - |
| Appropriated Fund Balance | <u>(15,000)</u> | - | 15,000 |
| Net Change in Fund Balance | <u>\$ -</u> | 15,000 | <u>\$ 15,000</u> |
| Fund Balance - Beginning of Year | | <u>76,145</u> | |
| Fund Balance - End of Year | | <u>\$ 91,145</u> | |

TOWN OF CALABASH, NORTH CAROLINA
 Future Stormwater Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Fiscal Year Ended June 30, 2009

| | Final Budget | Actual | Variance Positive (Negative) |
|---|-------------------------|---------------|---|
| Revenues | | | |
| Investment Earnings | \$ - | \$ - | \$ - |
| Other Financing Uses | | | |
| Transfers out: | | | |
| Sewer Expansion Fund | (31,677) | (31,677) | - |
| Total Other Financing Uses | (31,677) | (31,677) | - |
| Revenues and Other Financing Sources | (31,677) | (31,677) | - |
| Appropriated Fund Balance | 31,677 | - | (31,677) |
| Net Change in Fund Balance | <u>\$ -</u> | (31,677) | <u>\$ (31,677)</u> |
| Fund Balance - Beginning of Year | | <u>31,677</u> | |
| Fund Balance - End of Year | | <u>\$ -</u> | |

TOWN OF CALABASH, NORTH CAROLINA

Future Police Department Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Fiscal Year Ended June 30, 2009

| | Final Budget | | Actual | | Variance Positive (Negative) |
|---|-------------------------|---|---------------|---|---|
| Revenues | | | | | |
| Investment Earnings | \$ | - | \$ | - | \$ - |
| Other Financing Sources | | | | | |
| Transfers in: | | | | | |
| General Fund | | - | | - | - |
| Total Other Financing Sources | | - | | - | - |
| Revenues and Other Financing Sources | | - | | - | - |
| Appropriated Fund Balance | | - | | - | - |
| Net Change in Fund Balance | \$ | - | | - | \$ - |
| Fund Balance - Beginning of Year | | | 66,945 | | |
| Fund Balance - End of Year | | | \$ 66,945 | | |

Other Schedules

TOWN OF CALABASH, NORTH CAROLINA

General Fund

Schedule of Ad Valorem Taxes Receivable

June 30, 2009

| Fiscal Year | Uncollected Balance 7-1-08 | Additions and Adjustments | Collections and Credits | Uncollected Balance 6-30-09 |
|-------------|----------------------------------|---------------------------------|-------------------------------|-----------------------------------|
| 2008-09 | \$ - | \$ 222,626 | \$ 205,076 | \$ 17,550 |
| 2007-08 | 18,477 | - | 8,000 | 10,477 |
| 2006-07 | 721 | - | 61 | 660 |
| 2005-06 | 561 | - | 24 | 537 |
| 2004-05 | 670 | - | 20 | 650 |
| 2003-04 | 382 | - | 13 | 369 |
| 2002-03 | 251 | - | 11 | 240 |
| 2001-02 | 118 | - | - | 118 |
| 2000-01 | 84 | - | 5 | 79 |
| 1999-00 | 117 | - | - | 117 |
| 1998-99 | 158 | - | 158 | - |
| | <u>\$ 21,539</u> | <u>\$ 222,626</u> | <u>\$ 213,368</u> | 30,797 |

Less: Allowance for Uncollectible Accounts:

General Fund

3,100

Ad Valorem Taxes Receivable - Net

27,697

Reconciliation with Revenues

Ad Valorem Taxes - General Fund

215,273

Reconciling Items:

Interest and Penalties Collected

(2,063)

Taxes Released

-

Taxes Written Off

158

Total Collections and Credits

\$ 213,368

TOWN OF CALABASH, NORTH CAROLINA

Analysis of Current Tax Levy

Town-Wide Levy

June 30, 2009

| | Town-Wide | | | Total Levy | |
|---|-----------------------|----------------|-------------------|--|---------------------------|
| | Property Valuation | Rate Per \$100 | Amount of Levy | Property Excluding Registered Motor Vehicles | Registered Motor Vehicles |
| Original Levy: | | | | | |
| Property Taxed at Current Year's Rate | \$ 316,971,489 | 0.070 | \$ 221,881 | \$ 215,491 | \$ 6,390 |
| Discoveries: | | | | | |
| Current Year Taxes | 1,179,371 | 0.070 | 826 | 826 | - |
| Penalties | - | | - | - | - |
| Abatements: | | | | | |
| Property Taxes - Current Year's Rate | (116,285) | 0.070 | (81) | (72) | (9) |
| Total Property Valuations | <u>\$ 318,034,575</u> | | | | |
| Net Levy | | | 222,626 | 216,245 | 6,381 |
| Uncollected Taxes at June 30, 2009 | | | (17,550) | (16,697) | (853) |
| Current Year's Taxes Collected | | | <u>\$ 205,076</u> | <u>\$ 199,548</u> | <u>\$ 5,528</u> |
| Current Levy Collection Percentage | | | <u>92.12%</u> | <u>92.28%</u> | <u>86.63%</u> |

