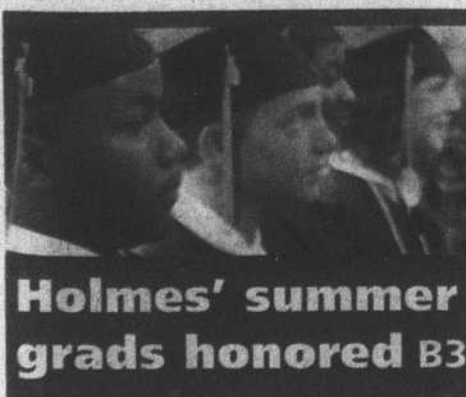


CHOWAN HERALD

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Holmes' summer grads honored B3

Schools hit AYP targets

State retests figure into equation for first time; Holmes did not pass

By Earline White
Managing Editor

Three out of four Edenton-Chowan Schools made adequate yearly progress (AYP) in 2008-2009.

D.F. Walker and Chowan Middle met 21 of 21 target goals. White Oak, a feeder school for Walker, therefore also made AYP.

Holmes did not make AYP due to reading and math end-of-course testing.

The year prior, none of E-C schools made AYP.

Willie Koonce, director of testing for the E-C school system feels that the state's reconsideration of retest scores for grades 3-8 helped many schools statewide meet the target.

Initially retest scores were set in place to gauge student accountability in the gateway years (3,5,8). But the scores have never been utilized outside of local systems before now, Superintendent Allan Smith said Monday.

Next year the state plans to count retesting scores at the high school level as well.

According to Koonce, retesting is more common in the lower grades — approximately 20 8th grade students retest compared to 65 at the lower levels.

If the same local schools make AYP next year, the 20 percent of Title One funding used strictly for supplemental education services could be eliminated and used elsewhere within the system.

IN RELATED NEWS

Money will not be provided from central office for school field trips in the coming year.

Board of education members will receive zero compensation.

School employee salaries will take a two percent cut.

Class size is up two students per grade, but still within state guidelines.

The system is down 26 positions from last year. However, two teachers assistants, one bus mechanic and four teaching positions were able to be saved due to state funding.

Smith plans to have a budget for board approval at the E-C Board of Education's August meeting, pending state budget approval.

THEY'VE GOT THEIR GAME ON



FELISA BASS

Edenton 9-10 year-old Little League Allstars beat Williamston Allstars Wednesday night 3 to 1 to become the Tarheel District 7, 9-10 Little League Champions for 2009. The team competes in the state tournament this weekend in Ervin, N.C.

The 9-10 year-old Edenton Allstar team is from left, front, Nathaniel Stallings, Hunter Bass, Hunter Berryman, Braeden MacIntosh, William High, Jaden Bobitt, and Ben Ward; second row, Daniel Jones, Matthew Benfield, Scottie White, Cole Turner, Patrick Downun, Khalil Blount; row three, Coach Eathan Benfield, Coach Hackney High, Coach John Downum and Coach Jim MacIntosh.

To make sure each child can participate in the state tournament, donations are welcome. Call 482-8595 to learn how.

Chowan should seek \$259K spent without approval

Report finds fault with the county commissioners for putting too much trust in the former county manager

By Dee Langston
Correspondent

Although a report issued Friday by the State Auditor's office finds no evidence of embezzlement or other criminal activity in last summer's financial crisis in Chowan County, it does point to nine findings of wrongdoing in the way the county's business has been conducted over a period of several years.

The report was only a preliminary investigation into the county's near-financial meltdown last summer; its findings have been forwarded to the district attorney's office and State Bureau of Investigation, which will continue the investigation.

The report finds fault with the county Board of Commissioners for

putting too much trust in the former county manager, leading to poor financial oversight, but the other eight findings point directly to Copeland.

The report makes several recommendations for the commissioners, including the suggesting that the county try to recoup \$259,493 paid to a Raleigh-based communications firm, Capstrat, hired by the former county manager, unless there is evidence that the county benefitted from the association.

Eddy Goodwin, chairman of the Chowan County Board of Commissioners, said that's what the board intends to do.

"We're going to explore all possibilities that are available to us," he said. "We will seek any remedy we can."

Other commissioners were a little more reserved, however.

Louis Belfield, a commissioner who served on the board during Copeland's tenure, said Tuesday he wasn't ready to comment on the auditor's report.

"I just haven't had an opportunity to access anything yet. I'm not pre-



Copeland

pared to make a statement about that, not now," he said. "When I say something, I want it to be factual, not emotional. I like mine to be based on fact."

Commissioner Jimmy Alligood, who also served on the board during part of Copeland's 30-year stint as county manager, declined to comment as well.

"I have looked over it," he said of the report, "but I'd just rather hold my comments at this time."

The money is part of more than a half-million dollars that was spent without the approval of the Chowan County Board of Commissioners, which means the expenditures were invalid.

Under these circumstances, the county may be able to hold Copeland liable for the disbursements.

The funds paid to Capstrat were

just part of the problems that lead to the county's financial crisis, Goodwin pointed out. Last summer, county officials learned that the county's budget for 2008-2009 was out of balance by nearly \$4 million.

ADDITIONAL FINDINGS

The commissioners repeatedly failed to heed the written concerns of the Local Government Commission. The (LGC) sent an annual written report to the board chairman, and warned in 2003, 2005, 2006 and 2007 that there was the potential for cash flow. No significant decrease in expenditures or increase in revenues occurred during those years.

The former county manager failed to see that orders, ordinances, resolutions and regulations of the Board of Commissioners were faithfully executed.

Repayment of funds borrowed from the county's reserve fund from the sale of the hospital never occurred.

See AUDITOR on Page 2A

Council tells Knighton 'no' to power agency's request for debt restructuring

By Rebecca Bunch
Staff Writer

The Edenton Town Council has given manager Anne-Marie Knighton her marching orders — vote "no" on a power agency plan to restructure its debt.

Knighton, a director on the board of the N.C. Municipal Power Agency, will be casting a vote on the plan during a meeting scheduled to take place Wednesday (today) in Wilson.

The agency supplies elec-

tricity to Edenton and other member communities.

In a memo to the council, prior to their monthly meeting last Tuesday, Knighton explained the various refunding or restructuring options being considered, and asked for their input.

"It appears to me the most beneficial option is the modest restructuring model," she said.

That option would yield less than one percent annual cost savings but would help the agency increase its working capital. That, in turn, could help stabilize its rates.

CUSTOMERS FORGOTTEN

The mayor and councilmen expressed disappointment with the idea and said that they felt the burden citizens

are already bearing due to high utility bills should be the agency's first priority.

Councilman Jerry Parks said he was uncomfortable with the fact that the agency performed the analysis itself.

"You lose credibility when you perform your own analysis," he said.

He also questioned the report's findings.

"When you amortize a debt, it doesn't at some time begin costing you more," Parks said. "I'm a simple man, as I've told you a lot of times. In my simple world, that doesn't make sense."

And Councilman Steve Biggs suggested that some belt-tightening needed to be taking place at the power agency.

"That's just one man's opinion," he said, "but I haven't

seen any signs of that happening."

ABOUT PLAN

In Knighton's memo, she offered some history of the debt in question.

"(The) analysis took into consideration the fact that in 2006 the Nuclear Regulatory Commission extended the licensing permits for the Brunswick Nuclear Plant from 2016 to 2036 and issued an extension in December 2008 for the Harris Nuclear Plant from 2026 to 2046," she wrote.

"The current debt will totally be paid off in 2026 and we begin to see modest debt relief around 2012 gradually decreasing every year down to 2026. The (power agency) board was hopeful that perhaps the license extensions

"If we were to restructure now, we would see marginal cost savings immediately but in the year 2023 the costs would be almost 20 percent higher for the next 13 years."

Edenton Town Manager, Anne Marie Knighton



would provide an opportunity to restructure and extend debt over longer plant life."

The board has learned from its finance officer that the majority of the power agency's debt, about 70 percent, cannot be refinanced on a tax-exempt basis due to federal law restrictions.

Restructuring would also present difficulties, Knighton said.

"If we were to restructure now, we would see marginal

cost savings immediately but in the year 2023 the costs would be almost 20 percent higher for the next 13 years," she said.

Knighton said if the plan were to be approved, "I'm sure they would use it (increase in working capital) for rate stabilization."

But after hearing the opinions voiced Tuesday night, she said, "I hear you. I will vote 'no' and I will tell them why."



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