

COMPREHENSIVE ANNUAL FINANCIAL REPORT

WARREN COUNTY,
NORTH CAROLINA

FOR THE FISCAL YEAR
ENDING JUNE 30, 2017



Prepared by the Warren County Finance Department

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County of Warren
548 W. Ridgeway Street
Warrenton, NC 27589

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INTRODUCTORY SECTION

Warren County Board of Commissioners

P.O. Box 619

Warrenton, NC 27589

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January 23, 2018

The Board of County Commissioners and
The Citizens of Warren County, North Carolina

North Carolina State law requires that each year all general-purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. The Comprehensive Annual Financial Report for Warren County, North Carolina for the fiscal year ending June 30, 2017 has been prepared in compliance with these requirements and is hereby submitted.

The Comprehensive Annual Financial Report contains management's representations concerning the finances of the county. Accordingly, we assume full responsibility for the completeness and reliability of all information contained in the report. To provide a reasonable basis for making these representations, management has established a system of internal controls designed to protect the government's assets from loss, theft, or misuse and to develop sufficient reliable information to prepare the county's financial statements in conformity with GAAP, and provide reasonable assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this report is complete and reliable in all material respects.

The county's financial statements have been audited by Winston, Williams, Creech, Evans & Company, LLP, a firm of licensed certified public accountants. The object of the audit is to provide reasonable assurance that the financial statements of Warren County for the fiscal year ended June 30, 2017 are free from material misstatement. During the course of the audit, evidence supporting the amounts and disclosures in the statements were examined on a test basis. Based on the findings in the audit, the independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the county's financial statements for the fiscal year ended June 30, 2017, present fairly the financial operations of the county, and are prepared in conformity with GAAP. The independent auditor's report is the first component of the financial section of the report.

The independent audit of the financial statements of Warren County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements required the

independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliances with legal requirements involving the administration of federal awards. Information related to the Single Audit, including a schedule of expenditures of federal financial and state awards, with the auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of questioned costs is included in the compliance section of this report.

As required by GAAP, the Management Discussion and Analysis (MD&A) is presented in narrative form to introduce the basic financial statements and to provide an overview and analysis of the financial operations for the fiscal year ended June 30, 2017. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A is located immediately following the report of the independent auditor.

Financial Reporting Entity

The financial reporting entity includes all funds and account groups of Warren County as well as its component units. Component units are legally separate entities for which Warren County is not legally responsible, but financially accountable. Component units of Warren County include the ABC Board, the Warren County Public Facilities Board, and the Warren County Industrial Facilities and Pollution Control Financing Authority.

In addition to the General Fund activities of the county, this report also includes information on other governmental funds of the county and enterprise funds. Enterprise funds account for ongoing business-type activities such as solid waste disposal/recycling and the water and sewer districts of the county. These funds are to be self-supporting with fee structures designed to cover the costs of the operations.

Profile of Warren County

Warren County, North Carolina is located in the eastern piedmont approximately sixty miles northeast of the Raleigh-Durham-Chapel Hill metropolitan area. Warren County was formed in 1779 when Bute County was abolished and divided into Warren and Franklin counties. Warren County borders the state of Virginia to the north, the counties of Northampton and Halifax to the east, Nash and Franklin counties to the south and southeast and Vance County to the west. Warren County has a landmass of 429 square miles with a population of approximately 20,468.

The county operates under the County Manager form of government. Policy making and legislative authority are vested in a five-person governing Board of Commissioners (the "Board") elected at large on a partisan basis from five districts with four year staggered terms. The Board takes office on the first Monday in December following each election, at which time the Board elects a chair and vice-chair from its members.

The Board is responsible for governing the county by adopting local ordinances, adopting an annual budget and establishing annual property tax rates. The Board also hires the County Manager and appoints members of various Boards and Commissions. The Board may also call bond referendums, enter into contracts and establish new programs.

The County Manager is the chief administrative officer of the county and serves at the pleasure of the Board. The major responsibilities of the Manager include the day-to-day general supervision of the operations of the county's departments/agencies, attendance at Board meetings, making recommendations on matters of business and policy, and preparing and recommending the annual budget and Capital Improvement Program.

The county offers a wide range of services to its citizens including public safety, health and social services, solid waste disposal/recycling, water and sewer, and cultural and recreational activities. This report includes financial information on all of these services. The county also provides financial support to certain other boards and agencies in their efforts toward serving citizens. Among those are the Warren County Board of Education and Vance-Granville Community College.

The annual budget provides the foundation for the county's financial planning and control. The budget is a legally adopted ordinance, the development of which receives input from citizens, county departments, and all agencies in the county. The Manager uses funding requests from all departments and agencies to develop a proposed budget that is presented to the Board for review. At least one public hearing is held before the Board adopts the budget prior to July 1st each year.

The budget is adopted on a departmental basis, but for internal purposes, accounting records are maintained on an object, or line item basis. The budget shown in these financial statements is the budget ordinance as amended through June 30, 2017.

Factors Affecting Financial Condition

Over the past few years improvements in the housing market and the overall economy of the State and Nation have resulted in an improved economy for Warren County. The County continues to see increased activity in the home building industry, and industries/businesses currently located within the County remain stable. From June 2016 to June 2017, Warren County's unemployment rate decreased .9% to 6.4% as compared to the State of North Carolina's rate of 4.3% during the same period.

Major Initiatives

Warren County continues to be actively involved in an innovative four-county regional economic development initiative dubbed Triangle North with Franklin, Granville and Vance counties. The driving premise behind this initiative is that by taking a regional approach to economic development, the resources of each county can be shared in an effort to attract higher quality industrial and business investments. Each of the four counties has certified industrial sites with Warren County's potential mega site of 1,000

acres, located near two major highways, Interstate 85 and US Highway 1, being the largest in the region.

Warren County EDC actively participated in the development of the current 2017-2022 Comprehensive Economic Development Strategy (CEDS) with the partner counties of the Kerr-Tar Council of Government. The purpose of the CEDS plan is to help guide the leadership of the community in identifying priorities within the region and help us to define a plan to encourage economic development growth and prosperity within the region. When this strategy is adopted in January 2018 it will be the blueprint for Warren County to develop a long range strategy for the future.

The County's investment in water and sewer infrastructure has expanded into the northeastern and southeastern sections of the county. The County has constructed approximately 600 miles of waterline throughout the county serving approximately 4,400 customers with potable drinking water. The availability and abundance of water in the county's jurisdictional boundaries is an important economic development tool.

Natural gas has become available in various parts of the County serving two of the four I-85 interchanges along with the industrial corridor along U.S. Highway 1 and Interstate 85 in the northern area of the County near the Wise community and the Town of Norlina. Natural gas service is also available to residents in the Town of Warrenton.

The County's involvement in renewable energy has primarily taken the form of solar array installations. Six solar projects have been completed in the County, including four ground mounted arrays and two rooftop arrays totaling \$65 million in capital investment. Site plans are currently being developed for the installation of 2 each 50MW locations in the northern end of the county. Typically projects of this size are estimated to cost approximately \$70M including land, construction, and materials.

Tourism has become a major focus area for the county due in large part to the 2 lakes located in the county and the many events and festivals that take place throughout the year. Warren County has access to approximately 70,000 acres of freshwater lakes which provide a wide assortment of recreational opportunities. The Kerr Lake State Recreational Area, with two parks located in the County, is one of six State recreation areas that attracted over one million visitors in 2017. The North Carolina Welcome Center, located on I-85, attracts over one million visitors annually. Although Lake Gaston has few public access points, home rental records show visitors from all along the eastern seaboard. Some of those events are the annual Haliwa-Saponi tribal PowWow, Springfest, Battle of the BBQ at Lake Gaston, Kerr Lake Backwoods Bash, Ridgeway Cantaloupe Festival, and African-American Cultural Festival to name a few. The 2016 statistics show that tourism in Warren County exceeded \$25 million.

Buck Spring Project: This is Phase 1 of 3 Phases that was approved by the Board of Commissioners in November 2014. Work on Phase 1 started picking up speed when the architect (SOLEX, LLC Danville, VA) was announced along with the general contractor (Danco Builders, Rocky Mount, NC). Over the next 6 months site visits were conducted

and minor adjustments made to the plans. The project came in on time and within the established budget that had been adopted by the Board of Commissioners. The dedication and ribbon cutting took place on September 23, 2017. This project was started in July 2014 and the certificate of occupancy was received June 2017.

Cash Management

The county's investment practices emphasize strict compliance with North Carolina General Statutes and stress safety and liquidity at all times. To maximize investment of funds, all cash is combined in a single central depository. Investments utilized by the county include the North Carolina Capital Management Trust. All investments with the Trust are approved by North Carolina General Statutes and adhere to strict oversight by the Local Government Commission (LGC) and the Securities and Exchange Commission (SEC). Deposits with the North Carolina Capital Management Trust Company are collateralized which means the Trust Company has deposit insurance, surety bonds, letters of credit or investment securities in a sufficient amount to protect the local government from failure due to default or insolvency of the depository. All county funds on deposit are FDIC insured. This insurance is backed by United States government securities.

Risk Management

The county protects itself from loss with general liability insurance, business automobile and professional liability insurance coverage purchased through State National Insurance Company and Workers' compensation coverage through Key Risk Insurance Company.

The County further protects itself with internal policies, procedures and practices to minimize the risk of loss. Key officials are bonded and all County employees are made aware of County policies and procedures that help deter fraud, waste and abuse.

Long Term Financial Planning

Warren County's five-year Capital Improvement Program (CIP) is a statement of the county's policy regarding long-range physical development. CIP projects represent major non-recurring capital expenditures of \$50,000 or more with a useful life of greater than 10 years. Long-range capital planning eliminates or reduces the need for emergency/unplanned expenditures, assures that capital projects are well thought out in advance of construction, establishes priorities in a comprehensive framework, and aids in stabilizing the tax rate. It also serves as a financial management tool to identify and set aside funds for future capital needs. The CIP is vital to the county because it is the principal planning tool designed to achieve growth and development. By providing a planned schedule, cost estimates, and location of public sector improvements, the CIP also provides private sector decision-makers with valuable information upon which to base important investment decisions.

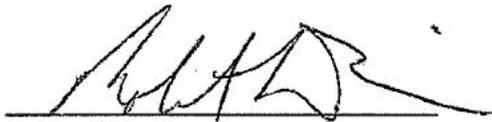
Other Information and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Warren County, NC for its comprehensive annual financial report for the fiscal year ended June 30, 2016. This was the 12th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

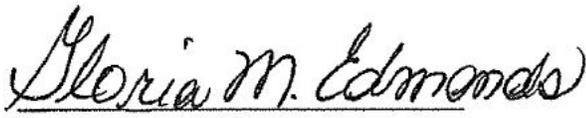
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

We appreciate the dedication of employees in all departments who carry out the services and programs approved and funded by the Board of County Commissioners. Preparation of this report would not have been possible without the dedicated efforts of the entire Finance Department staff. We also express our thanks to the members of the Board of County Commissioners for their continued support of the financial management of Warren County.

Respectfully Submitted,

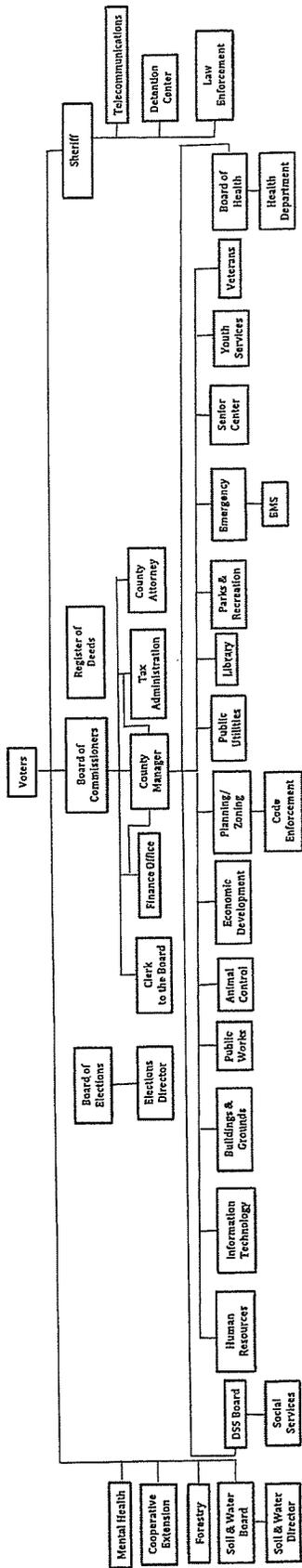


Robert Davie
County Manager



Gloria M. Edmonds
Finance Director

Warren County Government



**WARREN COUNTY, NORTH CAROLINA
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2017**

**Board of County
Commissioners**

Victor Hunt, Chairperson
Tare Davis, Vice-Chairperson
Bertadean Baker
Jennifer Jordan Pierce
Walter Powell, Sr.

Angela Kearney-Dunlap, Clerk to the Board
Paula L. Pulley, Deputy Clerk to the Board

County Officials

Robert Davie
Gloria M. Edmonds
Starlin Beatty
Yvonne Alston
Johnny M. Williams
Marshall Brothers
Debbie Formyduval
Macon Robertson
Dennis Paschall
Larry West
Ryan Whitson
Jamytta Bell
Cheryl Reddish
Crystal Smith
Charles Williams
Danielle Bowen
Ken Krulik
Ken Bowman
Margaret Brake
Lisa Alston
Charles Burwell
Richard Williams
Debbie Scott
Vicky Stokes

County Manager
Finance Director
Tax Administrator
Register of Deeds
Sheriff
Public Works Director
Board of Elections Director
Public Utilities Director
Emergency Services Director
Soil & Water Conservation Director
Social Services Director
Veterans Administrator
Library Director
Cooperative Extension Director
Building, Grounds Maintenance Manager
Animal Control Director
Planning/Zoning
Economic Development Director
Health Director
Human Resources Manager
Information Technology/GIS Administrator
Recreation Director
Youth Services Bureau Director
Interim Senior Center Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Warren County
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

FINANCIAL SECTION

Winston, Williams, Creech, Evans, & Company, LLP

Certified Public Accountants



America Counts on CPAs

James P. Winston II, CPA
Gary L. Williams, CPA
Carleen P. Evans, CPA

Jennifer T. Reese, CPA
Curtis G. Van Horne, CPA
Tara H. Roberson, CPA

Independent Auditor's Report

To the Board of County Commissioners
Warren County, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Warren County, North Carolina, as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise Warren County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Warren County Public Facilities Company and Warren County ABC Board. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for Warren County Public Facilities Company and Warren County ABC Board, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Warren County Public Facilities Company and Warren County ABC Board were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation

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and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Warren County, North Carolina as of June 30, 2017, 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 accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note IX to the financial statements, in 2017, the County adopted new accounting guidance, GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Other Postemployment Benefit's Schedules of Funding Progress and Employer Contributions, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Asset (Liability) and County Contributions, the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions, and the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on Exhibits A-1 thru A-8, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Warren County, North Carolina. The introductory information, combining and individual fund financial statements, budgetary schedules, other schedules, statistical section, as well as the accompanying Schedule of Expenditures of Federal and State awards as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules and the Schedule of Expenditures of Federal and State awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual fund financial statements, budgetary schedules, other schedules and the Schedule of Expenditures of Federal and State awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory information and the statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2018, on our consideration of Warren County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Warren County's internal control over financial reporting and compliance.

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
Oxford, North Carolina
January 23, 2018

Management's Discussion and Analysis

As management of the County, we offer readers of Warren County's financial statements this narrative overview and analysis of the financial activities of Warren County for the fiscal year ended June 30, 2017. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

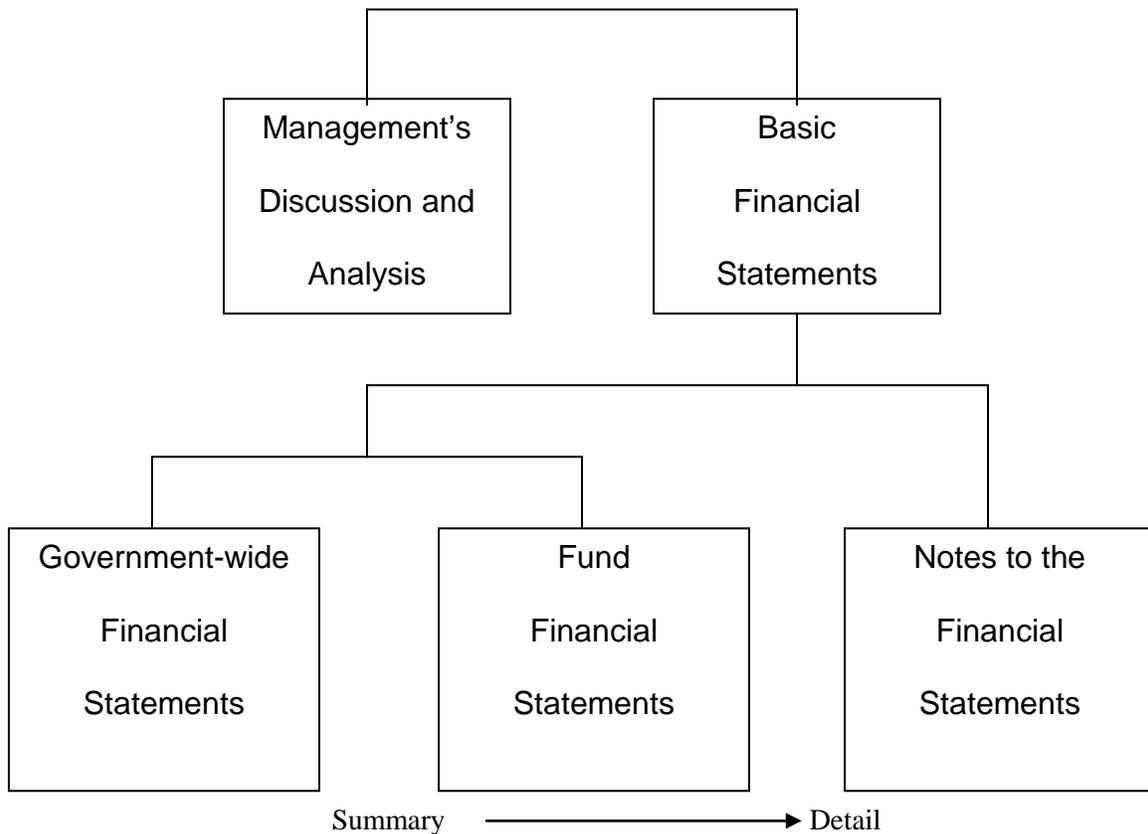
- The assets and deferred outflows of resources of Warren County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$48,707,333 (*net position*).
- The government's total net position increased by \$1,175,173 primarily due to increased net position in the General Fund.
- As of the close of the current fiscal year, Warren County's governmental funds reported combined ending fund balances of \$12,158,199, an increase of \$213,854 in comparison with the prior year. Approximately 63.18 percent of this total amount or \$7,681,426 is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,784,272 or 26.34% of total general fund expenditures for the fiscal year.
- Warren County's total debt increased by \$2,392,588 (11.3%) during the current fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's non-major governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes can also be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information about the County's pension plans.

Government-wide Financial Statements

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

The two government-wide statements report the County's net position and how they have changed. Net position is the difference between the County's total assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water and sewer and solid waste services offered by Warren County. The final category is the component units. The Warren County Public Facilities Company, Inc. is a non-profit corporation formed to promote economic development by serving as an entity to hold title to real property and to construct buildings for lease to companies wishing to locate or expand in Warren County. Although legally separate from the County, the Board of Directors of the Public Facilities Company is appointed by the Board of Commissioners. A second component unit is the ABC Board. Though a separate legal entity, the County's Board appoints the ABC Board members, and ABC profits are distributed to the County.

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

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Warren County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Warren County can be divided into two categories: governmental funds and proprietary funds.

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

Warren County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the

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

Proprietary Funds – Warren County has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Warren County uses enterprise funds to account for its water and sewer activity and for its solid waste operations. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Warren County has three fiduciary funds: the Social Services Fund for benefit of certain individuals; the Fines and Forfeitures Fund for funds collected by the County and remitted to the Warren County Board of Education; and the Municipal Tax Fund which accounts for taxes on registered motor vehicles collected by the County for the municipalities and special districts located within the county.

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

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Warren County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 80 of the report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$48,707,333 as of June 30, 2017, one of the largest portions (69.91%) reflects the County's investment in capital assets (e.g. land, buildings, machinery, and equipment), and less any related debt still outstanding that was issued to acquire those items. Warren County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Warren County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. Warren County has restricted net position of \$2,838,580. The balance of \$11,816,193 is unrestricted.

Warren County's Net Position
Figure 2

	Governmental		Business-type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 14,404,969	\$ 14,861,025	\$ 4,548,569	\$ 3,726,439	\$ 18,953,538	\$ 18,587,464
Capital Assets	18,713,187	17,690,756	32,937,871	34,035,996	51,651,058	51,726,752
Total Assets	33,118,156	32,551,781	37,486,440	37,762,435	70,604,596	70,314,216
Deferred Outflows of Resources	3,289,674	873,766	157,125	42,450	3,446,799	916,216
Long-term liabilities outstanding	9,233,700	5,914,317	14,215,276	14,376,037	23,448,976	20,290,354
Other liabilities	1,010,830	2,199,853	679,178	686,829	1,690,008	2,886,682
Total Liabilities	10,244,530	8,114,170	14,894,454	15,062,866	25,138,984	23,177,036
Deferred Inflows of Resources	198,747	459,023	6,331	19,461	205,078	478,484
Net position:						
Net investment in capital assets	14,882,684	13,390,124	19,169,876	19,981,196	34,052,560	33,371,320
Restricted	2,760,692	3,503,473	77,888	31,328	2,838,580	3,534,801
Unrestricted	8,321,177	7,958,757	3,495,016	2,710,034	11,816,193	10,668,791
Total net position	\$ 25,964,553	\$ 24,852,354	\$ 22,742,780	\$ 22,722,558	\$ 48,707,333	\$ 47,574,912

Warren County Changes in Net Position
Figure 3

	Governmental		Business-like		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 2,832,363	\$ 2,385,909	\$ 4,687,391	\$ 4,589,223	\$ 7,519,754	\$ 6,975,132
Operating grants and contributions	5,632,491	5,483,781	-	-	5,632,491	5,483,781
Capital grants and contributions	16,434	-	220,502	132,014	236,936	132,014
Property taxes	19,729,881	18,201,625	-	-	19,729,881	18,201,625
Other taxes	3,500,312	2,468,192	-	-	3,500,312	2,468,192
Grants and contributions not related to specific programs	-	86,213	-	-	-	86,213
Investment Earnings	48,469	26,026	15,448	7,566	63,917	33,592
Miscellaneous	65,619	100,987	95,531	147,990	161,150	248,977
Total Revenues	31,825,569	28,752,733	5,018,872	4,876,793	36,844,441	33,629,526

	Governmental Activities		Business-like Activities		Total	
	2017	2016	2017	2016	2017	2016
Expenses:						
General government	4,027,378	4,070,008	-	-	4,027,378	4,070,008
Public safety	9,550,461	9,098,772	-	-	9,550,461	9,098,772
Economic and physical development	641,933	577,737	-	-	641,933	577,737
Environmental protection	421,805	407,998	1,552,629	1,594,502	1,974,434	2,002,500
Human services	9,511,026	9,121,451	-	-	9,511,026	9,121,451
Cultural and recreation	1,024,011	918,415	-	-	1,024,011	918,415
Education	5,364,698	5,828,533	-	-	5,364,698	5,828,533
Interest on long-term debt	129,306	130,063	-	-	129,306	130,063
Water and sewer	-	-	3,446,021	3,753,843	3,446,021	3,753,843
Total Expenses	30,670,618	30,152,977	4,998,650	5,348,345	35,669,268	35,501,322
Increase in net position before transfers	1,154,951	(1,400,244)	20,222	(471,552)	1,175,173	(1,871,796)
Transfers	-	-	-	-	-	-
Increase in net position	1,154,951	(1,400,244)	20,222	(471,552)	1,175,173	(1,871,796)
Net position, July 1	24,852,354	26,252,598	22,722,558	23,194,110	47,574,912	49,446,708
Restatement	(42,752)	-	-	-	(42,752)	-
Net position, July 1, as restated	24,809,602	26,252,598	22,722,558	23,194,110	47,532,160	49,446,708
Net position, June 30	\$ 25,964,553	\$ 24,852,354	\$22,742,780	\$22,722,558	\$48,707,333	\$47,574,912

Governmental activities. Governmental activities increased the County's net position by \$1,154,951 accounting for 98.3 percent of the total increase in the net position of Warren County. FY 17 was a revaluation year. Due to the Revaluation taxes were raised in FY 18 by \$.05 to the revenue neutral rate.

Business-type activities. Business-type activities increased Warren County's net position by \$20,222 or .09% compared to the prior year. The key elements for this increase are net increases in the District I Water and Sewer Enterprise Fund, the District III Water and Sewer Enterprise Fund and the Solid Waste Fund.

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of Warren County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Warren County's financing requirements. Specifically, fund balance available for appropriation 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 Warren County. At the end of the current fiscal year, Warren County's fund balance available in the General Fund was \$9,490,295 while total fund balance reached \$11,548,342. The governing body of Warren County has determined that the county should maintain an available fund balance of 8% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 32.11% of general fund expenditures, while total fund balance represents 39.08% of that same amount. In an effort to reduce the use of fund balance, the Board of County

Commissioners continues to adhere to their fund balance policy and, in addition, taxes were increased in FY 18 from \$.71 to \$.76.

At June 30, 2017, the governmental funds of Warren County reported a combined fund balance of \$12,158,199, a 1.8% increase over last year.

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased the budget by \$294,520 or .94 percent.

Proprietary Funds. Warren County’s proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Solid Waste Fund at the end of the fiscal year amounted to \$(48,570) and those for the Water and Sewer Districts equaled \$3,543,586. Other factors concerning the finances of these funds have already been addressed in the discussion of Warren County’s business-type activities.

Capital Asset and Debt Administration

Capital assets. Warren County’s capital assets for its governmental and business-type activities as of June 30, 2017 totals \$51,651,058 (net of accumulated depreciation). These assets include buildings, water lines, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include:

- Purchase of New vehicles
- Purchase of Public Safety Equipment
- Building Renovations
- Construction of Buck Spring Cabin
- Construction of Simulcast System upgrade

**Warren County's Capital Assets
(net of depreciation)**

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 1,041,445	\$ 991,637	\$ 233,570	\$ 233,570	\$ 1,275,015	\$ 1,225,207
Buildings	13,258,004	13,787,541	-	-	13,258,004	13,787,541
Improvements other than buildings	573,278	552,424	795,392	816,323	1,368,670	1,368,747
Land Improvements	150,997	172,266	-	-	150,997	172,266
Equipment and furniture	861,177	713,888	286,342	309,392	1,147,519	1,023,280
Water Lines/Elevated Tanks	-	-	31,550,907	32,622,805	31,550,907	32,622,805
Vehicles and motorized Equipment	978,646	946,604	71,660	30,695	1,050,306	977,299
Construction in progress	1,849,640	526,396	-	23,211	1,849,640	549,607
Total	\$ 18,713,187	\$ 17,690,756	\$32,937,871	\$34,035,996	\$51,651,058	\$51,726,752

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

Long-term Debt. As of June 30, 2017, Warren County had total bonded debt outstanding of \$12,848,972, all of which is debt backed by the full faith and credit of the County.

Warren County's Outstanding Debt

Figure 5

	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Bonds	\$ 78,000	\$ 108,000	\$ 12,418,000	\$ 12,680,000	\$ 12,496,000	\$ 13,154,881
Bond Premiums	-	-	352,972	366,881	352,972	366,881
Total Bonds	78,000	108,000	12,770,972	13,046,881	12,848,972	13,521,762
Installment Purchases	4,077,836	4,558,632	997,023	1,007,919	5,074,859	5,566,551
Other Obligations	5,077,864	2,013,719	447,281	321,237	5,525,145	2,334,956
Total Long-Term Debt	\$ 9,233,700	\$ 6,680,351	\$ 14,215,276	\$ 14,376,037	\$ 23,448,976	\$ 21,056,388

During the past fiscal year, Warren County’s total debt increased by \$2,392,588, 11.36 percent. Bonded debt of \$292,000 was retired in governmental activities and business-type activities.

The County maintains a Moody’s Investors Service rating of A1 for Warren County’s \$11.55 million Limited Obligation Bonds Series 2015. In addition, the County maintains a Moody’s Investors Services Aa3 Issuer Rating (general obligation equivalent). The A1 rating reflects the satisfactory legal structure, the essential nature of the originally financed project, the risk of non-appropriation, as well as the strong long-term credit characteristics of the County. The Aa3 Issuer Rating is based on the County’s sound financial operations with a satisfactory reserve position, its stable tax base, and manageable debt burden.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government’s boundaries. The legal debt limit for Warren County is \$199,811,660. The County has \$12,000,000 in bonds authorized at June 30, 2017 for Warren County Water and Sewer District Number III. Of the \$12,000,000 in bonds authorized, \$1,901,000 remains unissued.

Additional information regarding Warren County’s long-term debt can be found in Note III B-8 beginning on page 69 of this audited financial report.

Economic Factors and Next Year’s Budgets and Rates

The following key economic indicators reflect the current conditions of the County.

- The local economy is slowly recovering with unemployment at 6.4% in June 2017
- The County continues to see increased activity in the homebuilding industry.
- Industries and businesses currently located in the County remain stable.

Governmental Activities: The County adopted a budget for fiscal year 2018 with a 2.2 percent increase in General Fund expenditures. The tax rate increased from .71 cents to .76 cents.

Business-type Activities: Due to percent changes in the allocation of expenses in the Water & Sewer Enterprise Funds, the Regional Water System and District II budgets decreased and the budget for the District I and District III Water and Sewer Enterprise Funds increased. The Solid Waste Enterprise Fund budget showed a budget increase of \$125,540.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Warren County, 548 West Ridgeway Street, Warrenton, NC 27589. Questions concerning the Warren County ABC Board and the Warren County Public Facilities Corporation should be directed to the offices of the Warren County ABC Board, 1230 US Hwy. 158 Bus. W., Norlina, NC 27563 and the Warren County Public Facilities Corporation, 501 US Hwy. 158 Bus. E., Warrenton, NC 27589.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

WARREN COUNTY, NORTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2017

	Component Units				
	Governmental Activities	Business-type Activities	Total	Warren County	
				Public Facilities Co.	Warren County ABC Board
ASSETS					
Cash and cash equivalents	\$ 11,090,559	\$ 3,747,161	\$ 14,837,720	\$ 169,579	\$ 297,673
Restricted cash	47,733	77,888	125,621	-	-
Receivables (net)	2,024,327	753,987	2,778,314	-	-
Taxes receivable	1,041,258	-	1,041,258	-	-
Accrued interest receivable on taxes	130,498	-	130,498	-	-
Internal balances	30,467	(30,467)	-	-	-
Inventory	10,058	-	10,058	-	349,273
Prepaid expenses	-	-	-	-	10,616
Net pension asset-ROD	30,069	-	30,069	-	-
Capital assets					
Land, improvements, and construction in progress	2,891,085	233,570	3,124,655	48,087	234,848
Other capital assets, net of depreciation	15,822,102	32,704,301	48,526,403	3,315,363	701,668
Total capital assets	18,713,187	32,937,871	51,651,058	3,363,450	936,516
Total Assets	33,118,156	37,486,440	70,604,596	3,533,029	1,594,078
DEFERRED OUTFLOWS OF RESOURCES	3,289,674	157,125	3,446,799	-	24,550
LIABILITIES					
Accounts payable & accrued expenses	967,077	235,553	1,202,630	-	286,730
Retainage payable	24,294	-	24,294	-	-
Accrued interest payable	19,459	60,878	80,337	9,306	-
Customer deposits	-	382,747	382,747	-	-
Long-term liabilities:					
Due within one year					
Landfill closure payable	-	20,200	20,200	-	-
Bonds payable	30,000	268,000	298,000	-	-
Installment purchases payable	1,035,711	78,798	1,114,509	244,479	65,222
Compensated absences payable	200,041	14,488	214,529	-	-
Due in more than one year					
Accrued landfill closure cost	-	177,747	177,747	-	-
Other postemployment benefits	165,042	11,958	177,000	-	-
Compensated absences payable	600,121	43,469	643,590	-	-
Installment purchases payable	3,042,125	918,225	3,960,350	2,582,775	600,730
Bonds payable	48,000	12,502,972	12,550,972	-	-
Total pension liability-LEO	374,671	-	374,671	-	-
Net pension liability-LGERS	3,737,989	179,419	3,917,408	-	21,011
Total long-term liabilities	9,233,700	14,215,276	23,448,976	2,827,254	686,963
Total Liabilities	10,244,530	14,894,454	25,138,984	2,836,560	973,693
DEFERRED INFLOWS OF RESOURCES	198,747	6,331	205,078	30,813	1,234
NET POSITION					
Net investment in capital assets	14,882,684	19,169,876	34,052,560	536,196	246,023
Restricted for:					
Stabilization by State Statute	2,150,050	-	2,150,050	-	-
Public Safety	388,502	-	388,502	-	-
Economic Development	221,134	-	221,134	-	-
Recreation	1,006	-	1,006	-	-
Capital Improvements	-	-	-	-	323,936
Working Capital	-	-	-	-	73,742
Debt Service	-	77,888	77,888	-	-
Unrestricted	8,321,177	3,495,016	11,816,193	129,460	-
Total Net Position	\$ 25,964,553	\$ 22,742,780	\$ 48,707,333	\$ 665,656	\$ 643,701

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

WARREN COUNTY, NORTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-Type Activities	Total	Warren County Public Facilities Co.	Warren County ABC Board
Primary Government:									
Governmental Activities:									
General government	\$ 4,027,378	\$ 145,099	\$ 53,467	\$ -	\$ (3,828,812)	\$ -	\$ (3,828,812)	\$ -	\$ -
Public safety	9,550,461	536,532	479,745	-	(8,534,184)	-	(8,534,184)	-	-
Economic and physical development	641,933	34,539	21,589	16,434	(569,371)	-	(569,371)	-	-
Environmental protection	421,805	-	-	-	(421,805)	-	(421,805)	-	-
Human services	9,511,026	2,071,609	4,971,139	-	(2,468,278)	-	(2,468,278)	-	-
Cultural and recreation	1,024,011	44,584	106,551	-	(872,876)	-	(872,876)	-	-
Education	5,364,698	-	-	-	(5,364,698)	-	(5,364,698)	-	-
Interest on long-term debt	129,306	-	-	-	(129,306)	-	(129,306)	-	-
Total governmental activities	<u>30,670,618</u>	<u>2,832,363</u>	<u>5,632,491</u>	<u>16,434</u>	<u>(22,189,330)</u>	<u>-</u>	<u>(22,189,330)</u>	<u>-</u>	<u>-</u>
Business-type activities:									
Solid Waste	1,552,629	1,504,833	-	61,252	-	13,456	13,456	-	-
Water and Sewer	3,446,021	3,182,558	-	159,250	-	(104,213)	(104,213)	-	-
Total business-type activities	<u>4,998,650</u>	<u>4,687,391</u>	<u>-</u>	<u>220,502</u>	<u>-</u>	<u>(90,757)</u>	<u>(90,757)</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 35,669,268</u>	<u>\$ 7,519,754</u>	<u>\$ 5,632,491</u>	<u>\$ 236,936</u>	<u>(22,189,330)</u>	<u>(90,757)</u>	<u>(22,280,087)</u>	<u>-</u>	<u>-</u>
Component units:									
Warren County Public Facilities Co.	\$ 252,585	\$ 369,756	\$ -	\$ -	-	-	-	117,171	-
Warren County ABC Board	2,330,016	2,485,179	-	-	-	-	-	-	155,163
Total component units	<u>\$ 2,582,601</u>	<u>\$ 2,854,935</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,171</u>	<u>155,163</u>
General revenues:									
Taxes:									
Property taxes, levied for general purpose					19,729,881	-	19,729,881	-	-
Local option sales tax					3,322,098	-	3,322,098	-	-
Other taxes and licenses					178,214	-	178,214	-	-
Grants and contributions not restricted to specific programs					-	-	-	-	-
Investment earnings, unrestricted					48,469	15,448	63,917	75	613
Miscellaneous, unrestricted					65,619	95,531	161,150	-	1,530
Total general revenues, special items and transfers					<u>23,344,281</u>	<u>110,979</u>	<u>23,455,260</u>	<u>75</u>	<u>2,143</u>
Change in net position					1,154,951	20,222	1,175,173	117,246	157,306
Net position - beginning					24,852,354	22,722,558	47,574,912	548,410	486,395
Restatement					(42,752)	-	(42,752)	-	-
Net position - beginning, as restated					<u>24,809,602</u>	<u>22,722,558</u>	<u>47,532,160</u>	<u>548,410</u>	<u>486,395</u>
Net position - ending					<u>\$ 25,964,553</u>	<u>\$ 22,742,780</u>	<u>\$ 48,707,333</u>	<u>\$ 665,656</u>	<u>\$ 643,701</u>

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

**FUND
FINANCIAL STATEMENTS**

WARREN COUNTY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	Major	Non-Major	
	General	Other	Total
	Fund	Governmental	Governmental
		Funds	Funds
ASSETS			
Cash and cash equivalents	\$ 10,414,415	\$ 676,144	\$ 11,090,559
Restricted cash	47,733	-	47,733
Accounts receivable (net)	1,922,266	102,061	2,024,327
Taxes receivable (net)	940,182	101,076	1,041,258
Due from other funds	125,723	-	125,723
Inventory	10,058	-	10,058
	<u>13,460,377</u>	<u>879,281</u>	<u>14,339,658</u>
Total Assets	<u>\$ 13,460,377</u>	<u>\$ 879,281</u>	<u>\$ 14,339,658</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable & accrued liabilities	\$ 918,279	\$ 48,798	\$ 967,077
Retainage payable	-	24,294	24,294
Due to other funds	-	95,256	95,256
	<u>918,279</u>	<u>168,348</u>	<u>1,086,627</u>
Total Liabilities	<u>918,279</u>	<u>168,348</u>	<u>1,086,627</u>
Deferred Inflows of Resources	<u>993,756</u>	<u>101,076</u>	<u>1,094,832</u>
Fund balances:			
Nonspendable:			
Inventories	10,058	-	10,058
Restricted:			
Stabilization by State Statute	2,047,989	102,061	2,150,050
Public Safety	-	388,502	388,502
Economic Development	-	221,134	221,134
Recreation	-	1,006	1,006
Committed:			
Revaluation	47,733	-	47,733
Assigned:			
Subsequent year's expenditures	1,658,290	-	1,658,290
Unassigned	<u>7,784,272</u>	<u>(102,846)</u>	<u>7,681,426</u>
Total Equity	<u>11,548,342</u>	<u>609,857</u>	<u>12,158,199</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 13,460,377</u>	<u>\$ 879,281</u>	<u>\$ 14,339,658</u>

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

WARREN COUNTY, NORTH CAROLINA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2017

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Total equity (Exhibit 3)	\$ 12,158,199
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	18,713,187
Net pension asset	30,069
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	3,289,674
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are not available and therefore deferred in the fund statements	130,498
Deferred inflows of resources for taxes receivable	1,041,258
Pension related deferrals	(145,173)
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the fund statements	(9,253,159)
Net position of governmental activities (Exhibit 1)	<u>\$ 25,964,553</u>

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

**WARREN COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Major	Non-Major	
	General	Other	Total
	Fund	Governmental	Governmental
		Funds	Funds
REVENUES			
Ad valorem taxes	\$ 19,001,171	\$ 968,355	\$ 19,969,526
Local option sales taxes	3,322,098	-	3,322,098
Other taxes and licenses	90,093	-	90,093
Unrestricted intergovernmental	127,865	-	127,865
Restricted intergovernmental	5,439,523	184,718	5,624,241
Permits and fees	269,744	-	269,744
Sales and services	2,535,406	-	2,535,406
Investment earnings	44,289	4,180	48,469
Miscellaneous	77,772	-	77,772
Total Revenues	30,907,961	1,157,253	32,065,214
EXPENDITURES			
Current:			
General government	3,721,911	-	3,721,911
Public safety	8,153,377	1,356,698	9,510,075
Environmental protection	413,487	-	413,487
Economic and physical development	577,203	44,334	621,537
Human services	9,255,914	-	9,255,914
Cultural and recreational	861,166	-	861,166
Intergovernmental:			
Education	5,364,698	-	5,364,698
Capital outlay	-	1,460,425	1,460,425
Debt service:			
Principal	1,073,901	-	1,073,901
Interest and other charges	131,351	-	131,351
Total Expenditures	29,553,008	2,861,457	32,414,465
Revenues Over (Under) Expenditures	1,354,953	(1,704,204)	(349,251)
OTHER FINANCING SOURCES (USES)			
Transfers in from other funds	-	194,354	194,354
Transfers out to other funds	(194,354)	-	(194,354)
Debt issued	243,105	320,000	563,105
Total Other Financing Sources (Uses)	48,751	514,354	563,105
Net Change in Fund Balances	1,403,704	(1,189,850)	213,854
Fund Balance - July 1	10,144,638	1,799,707	11,944,345
Fund Balance - June 30	\$ 11,548,342	\$ 609,857	\$ 12,158,199

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

**WARREN COUNTY, NORTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Amounts reported for governmental activities in the statement of activities on Exhibit 2 are different because:

Net change in fund balances - total governmental funds (Exhibit 4)	\$ 213,854
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over the life of the asset.	2,214,498
Cost of disposed capital asset not recorded in fund statements	(123,889)
The allocation of the costs of assets over the life of the assets through depreciation is not a current financial use in the funds; therefore, depreciation expense is not recorded in these statements.	(1,068,178)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	765,866
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	4,634
Some revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements	(239,645)
The issuance of long-term debt (e.g., bonds and installment 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, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt.	510,796
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	<u>(1,122,985)</u>
Total changes in net position of governmental activities (Exhibit 2)	<u>\$ 1,154,951</u>

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

WARREN COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JANUARY 0, 1900

	General Fund			Variance with Final Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Ad valorem taxes	\$ 18,308,148	\$ 18,308,148	\$ 19,001,171	\$ 693,023
Local option sales taxes	3,028,125	3,028,125	3,322,098	293,973
Other taxes and licenses	68,000	68,000	90,093	22,093
Unrestricted intergovernmental	117,800	120,088	127,865	7,777
Restricted intergovernmental	5,475,815	5,594,065	5,439,523	(154,542)
Permits and fees	250,300	250,300	269,744	19,444
Sales and services	1,958,539	2,040,069	2,535,406	495,337
Investment earnings	25,000	25,000	43,713	18,713
Miscellaneous	548,817	28,297	77,772	49,475
Total revenues	<u>29,780,544</u>	<u>29,462,092</u>	<u>30,907,385</u>	<u>1,445,293</u>
EXPENDITURES				
Current:				
General government	4,094,202	4,072,590	3,402,110	670,480
Public safety	8,627,827	8,754,824	8,153,377	601,447
Environmental protection	425,694	426,949	413,487	13,462
Economic and physical development	665,580	684,312	577,203	107,109
Human services	9,997,534	10,147,738	9,255,914	891,824
Cultural and recreational	897,873	916,797	861,166	55,631
Intergovernmental:				
Education	5,364,698	5,364,698	5,364,698	-
Debt service	1,262,359	1,262,359	1,205,252	57,107
Contingency	25,000	25,000	-	25,000
Total Expenditures	<u>31,360,767</u>	<u>31,655,267</u>	<u>29,233,207</u>	<u>2,422,060</u>
Revenues Over (Under) Expenditures	<u>(1,580,223)</u>	<u>(2,193,175)</u>	<u>1,674,178</u>	<u>3,867,353</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	(244,334)	(244,354)	(244,354)	-
Debt issued	-	530,517	243,105	(287,412)
Appropriated fund balance	1,824,557	1,907,012	-	(1,907,012)
Total Other Financing Sources (Uses)	<u>1,580,223</u>	<u>2,193,175</u>	<u>(1,249)</u>	<u>(2,194,424)</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>1,672,929</u>	<u>\$ 1,672,929</u>
Fund Balance - July 1			<u>9,827,680</u>	
Fund Balance - June 30			<u>11,500,609</u>	
A legally budgeted Revaluation Fund is consolidated into the General Fund for reporting purposes:				
Investment earnings			576	
Transfer in from General Fund			50,000	
Expenditures			(319,801)	
Fund Balance, Beginning			316,958	
Fund Balance, Ending			<u>\$ 11,548,342</u>	

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

WARREN COUNTY, NORTH CAROLINA
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Proprietary Funds					
	Major Funds				Non-Major Fund	
	Regional Water System Fund	District I Enterprise Fund	District II Enterprise Fund	District III Enterprise Fund	Solid Waste Fund	Total
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 810,190	\$ 1,354,040	\$ 1,206,236	\$ 376,695	\$ -	\$ 3,747,161
Restricted cash	-	-	-	77,888	-	77,888
Receivables (net)	117,522	94,641	74,230	106,664	360,930	753,987
Total Current Assets	<u>927,712</u>	<u>1,448,681</u>	<u>1,280,466</u>	<u>561,247</u>	<u>360,930</u>	<u>4,579,036</u>
Noncurrent Assets:						
Capital assets:						
Land, improvements, and construction in progress	48,265	-	70,725	-	114,580	233,570
Other capital assets, net of depreciation	3,447,314	3,151,224	7,932,284	18,109,423	64,056	32,704,301
Total Capital Assets	<u>3,495,579</u>	<u>3,151,224</u>	<u>8,003,009</u>	<u>18,109,423</u>	<u>178,636</u>	<u>32,937,871</u>
Total Assets	<u>4,423,291</u>	<u>4,599,905</u>	<u>9,283,475</u>	<u>18,670,670</u>	<u>539,566</u>	<u>37,516,907</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>20,258</u>	<u>38,464</u>	<u>30,519</u>	<u>12,313</u>	<u>55,571</u>	<u>157,125</u>
LIABILITIES						
Current Liabilities:						
Accounts payable and accrued liabilities	80,511	3,393	5,499	3,556	142,594	235,553
Accrued interest payable	2,310	4,013	7,198	47,357	-	60,878
Due to General Fund	-	-	-	-	30,467	30,467
Customer deposits	14,525	109,208	82,240	176,774	-	382,747
Accrued landfill closure	-	-	-	-	20,200	20,200
Compensated absences	1,697	3,225	2,546	1,018	6,002	14,488
Installment obligations	39,376	11,681	16,189	2,115	9,437	78,798
General obligation bonds payable	-	35,000	55,000	178,000	-	268,000
Total Current Liabilities	<u>138,419</u>	<u>166,520</u>	<u>168,672</u>	<u>408,820</u>	<u>208,700</u>	<u>1,091,131</u>
Noncurrent Liabilities:						
Accrued landfill closure	-	-	-	-	177,747	177,747
Compensated absences	5,092	9,676	7,639	3,055	18,007	43,469
Net pension liability	23,113	43,875	34,866	14,103	63,462	179,419
OPEB obligation	1,953	3,015	2,128	509	4,353	11,958
Installment obligations	561,612	120,986	214,903	3,794	16,930	918,225
General obligation bonds payable	-	1,194,352	2,170,245	9,138,375	-	12,502,972
Total Noncurrent Liabilities	<u>591,770</u>	<u>1,371,904</u>	<u>2,429,781</u>	<u>9,159,836</u>	<u>280,499</u>	<u>13,833,790</u>
Total Liabilities	<u>730,189</u>	<u>1,538,424</u>	<u>2,598,453</u>	<u>9,568,656</u>	<u>489,199</u>	<u>14,924,921</u>
DEFERRED INFLOWS OF RESOURCES	<u>816</u>	<u>1,548</u>	<u>1,230</u>	<u>498</u>	<u>2,239</u>	<u>6,331</u>
NET POSITION						
Net investment in capital assets	2,894,591	1,789,205	5,546,672	8,787,139	152,269	19,169,876
Restricted						
Debt Service	-	-	-	77,888	-	77,888
Unrestricted	817,953	1,309,192	1,167,639	248,802	(48,570)	3,495,016
Total Net Position	<u>\$ 3,712,544</u>	<u>\$ 3,098,397</u>	<u>\$ 6,714,311</u>	<u>\$ 9,113,829</u>	<u>\$ 103,699</u>	<u>\$ 22,742,780</u>

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

WARREN COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Proprietary Funds					
	Major Funds				Non-Major Fund	
	Regional Water System Fund	District I Enterprise Fund	District II Enterprise Fund	District III Enterprise Fund	Solid Waste Fund	Total
OPERATING REVENUES						
Charges for services	\$ 937,003	\$ 680,184	\$ 617,950	\$ 947,421	\$ 1,504,833	\$ 4,687,391
Miscellaneous	38,452	5,443	25,880	5,778	6,069	81,622
Total Operating Revenues	<u>975,455</u>	<u>685,627</u>	<u>643,830</u>	<u>953,199</u>	<u>1,510,902</u>	<u>4,769,013</u>
OPERATING EXPENSES						
Salaries and employee benefits	93,050	178,512	141,034	57,284	245,969	715,849
Water purchases	462,296	98,995	81,409	104,102	-	746,802
Contracted services	-	-	-	-	1,182,835	1,182,835
Other operating expenses	196,861	68,599	120,809	84,141	130,344	600,754
Landfill closure/postclosure costs	-	-	-	-	(20,143)	(20,143)
Depreciation	277,370	146,601	319,987	508,355	13,624	1,265,937
Total Operating Expenses	<u>1,029,577</u>	<u>492,707</u>	<u>663,239</u>	<u>753,882</u>	<u>1,552,629</u>	<u>4,492,034</u>
OPERATING INCOME (LOSS)	<u>(54,122)</u>	<u>192,920</u>	<u>(19,409)</u>	<u>199,317</u>	<u>(41,727)</u>	<u>276,979</u>
NONOPERATING REVENUES (EXPENSES)						
Interest earnings	2,871	5,297	4,835	1,773	672	15,448
Amortization of refunding bond premium	-	3,064	3,760	7,085	-	13,909
Interest expense	(15,087)	(47,947)	(86,764)	(356,694)	(124)	(506,616)
Total Nonoperating Revenues (Expenses) - Net	<u>(12,216)</u>	<u>(39,586)</u>	<u>(78,169)</u>	<u>(347,836)</u>	<u>548</u>	<u>(477,259)</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(66,338)</u>	<u>153,334</u>	<u>(97,578)</u>	<u>(148,519)</u>	<u>(41,179)</u>	<u>(200,280)</u>
Capital Contributions	-	-	9,250	150,000	61,252	220,502
TOTAL CONTRIBUTIONS AND TRANSFERS	<u>-</u>	<u>-</u>	<u>9,250</u>	<u>150,000</u>	<u>61,252</u>	<u>220,502</u>
CHANGE IN NET POSITION	<u>(66,338)</u>	<u>153,334</u>	<u>(88,328)</u>	<u>1,481</u>	<u>20,073</u>	<u>20,222</u>
TOTAL NET POSITION-BEGINNING	<u>3,778,882</u>	<u>2,945,063</u>	<u>6,802,639</u>	<u>9,112,348</u>	<u>83,626</u>	<u>22,722,558</u>
TOTAL NET POSITION-ENDING	<u>\$ 3,712,544</u>	<u>\$ 3,098,397</u>	<u>\$ 6,714,311</u>	<u>\$ 9,113,829</u>	<u>\$ 103,699</u>	<u>\$ 22,742,780</u>

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

WARREN COUNTY, NORTH CAROLINA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Proprietary Funds					Total
	Major Funds				Non-Major Fund	
	Regional Water System Fund	District I Enterprise Fund	District II Enterprise Fund	District III Enterprise Fund	Solid Waste Fund	
Cash flows from operating activities:						
Cash received from customers	\$ 923,352	\$ 669,954	\$ 615,219	\$ 928,273	\$ 1,542,676	\$ 4,679,474
Cash paid for goods and services	(668,606)	(162,787)	(196,310)	(174,757)	(1,317,197)	(2,519,657)
Cash paid to employees for services	(93,050)	(178,512)	(141,034)	(57,284)	(245,969)	(715,849)
Miscellaneous operating revenue	38,452	5,443	25,880	5,778	6,069	81,622
Net cash provided by operating activities	<u>200,148</u>	<u>334,098</u>	<u>303,755</u>	<u>702,010</u>	<u>(14,421)</u>	<u>1,525,590</u>
Cash flows from noncapital financing activities:						
Increase (decrease) in due to general fund	-	-	-	-	(41,051)	(41,051)
Net cash provided by noncapital and financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(41,051)</u>	<u>(41,051)</u>
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(6,977)	(6,977)	(6,977)	(114,184)	(32,695)	(167,810)
Installment obligations issued	6,432	6,432	6,432	6,432	28,700	54,428
Principal paid on debt	(37,783)	(45,089)	(69,597)	(172,523)	(2,333)	(327,325)
Interest paid on debt	(15,087)	(47,947)	(86,764)	(356,694)	(124)	(506,616)
State grants	-	-	9,250	150,000	61,252	220,502
Net cash provided by capital and related financing activities	<u>(53,415)</u>	<u>(93,581)</u>	<u>(147,656)</u>	<u>(486,969)</u>	<u>54,800</u>	<u>(726,821)</u>
Cash flows from investing activities:						
Interest on investments	2,871	5,297	4,835	1,773	672	15,448
Net cash provided by investing activities	<u>2,871</u>	<u>5,297</u>	<u>4,835</u>	<u>1,773</u>	<u>672</u>	<u>15,448</u>
Net increase in cash and cash equivalents	<u>149,604</u>	<u>245,814</u>	<u>160,934</u>	<u>216,814</u>	<u>-</u>	<u>773,166</u>
Cash and cash equivalents, July 1	660,586	1,108,226	1,045,302	237,769	-	3,051,883
Cash and cash equivalents, June 30	<u>\$ 810,190</u>	<u>\$ 1,354,040</u>	<u>\$ 1,206,236</u>	<u>\$ 454,583</u>	<u>\$ -</u>	<u>\$ 3,825,049</u>
Reconciliation of operating income to net cash provided by operating activities:						
Operating income (loss)	\$ (54,122)	\$ 192,920	\$ (19,409)	\$ 199,317	\$ (41,727)	\$ 276,979
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	277,370	146,601	319,987	508,355	13,624	1,265,937
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	(13,651)	(10,230)	(2,731)	(19,148)	37,843	(7,917)
Increase (decrease) in accounts payable and accrued liabilities	(11,411)	(2,400)	(1,535)	(738)	(11,492)	(27,576)
Increase (decrease) in accrued interest payable	(144)	(96)	(149)	(1,219)	-	(1,608)
Increase (decrease) in customer deposits	850	3,200	4,250	13,235	-	21,535
Decrease in pension asset	-	-	-	-	-	-
(Increase) decrease in deferred outflows of resources-pensions	(14,283)	(28,163)	(22,390)	(9,598)	(40,240)	(114,674)
Increase in net pension liability	17,810	34,796	27,714	11,692	49,964	141,976
Decrease in deferred inflows of resources - pensions	(1,941)	(3,171)	(2,487)	(755)	(4,777)	(13,131)
Increase (decrease) in accrued landfill closure	-	-	-	-	(20,143)	(20,143)
Increase (decrease) in compensated absences	(547)	229	180	739	1,935	2,536
Increase (decrease) in OPEB obligation	217	412	325	130	592	1,676
Total adjustments	<u>254,270</u>	<u>141,178</u>	<u>323,164</u>	<u>502,693</u>	<u>27,306</u>	<u>1,248,611</u>
Net cash provided by operating activities	<u>\$ 200,148</u>	<u>\$ 334,098</u>	<u>\$ 303,755</u>	<u>\$ 702,010</u>	<u>\$ (14,421)</u>	<u>\$ 1,525,590</u>

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

WARREN COUNTY, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 24,424
Accounts receivable	<u>5,918</u>
Total Assets	<u>\$ 30,342</u>
LIABILITIES AND NET POSITION	
Liabilities:	
Miscellaneous liabilities	<u>\$ 30,342</u>
Total Liabilities	<u>\$ 30,342</u>

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

**NOTES TO THE BASIC FINANCIAL
STATEMENTS**

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

I. Summary of Significant Accounting Policies

The accounting policies of Warren County and its component units conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The County, which is governed by a five-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable.

Discretely Presented Component Units

Warren County ABC Board

The members of the ABC Board's governing board are appointed by the County. The ABC Board is required by State statute to distribute its surpluses to the General Fund of the County. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund.

Complete financial statements for the ABC Board may be obtained at the administrative office of that entity.

Warren County ABC Board
1230 US Hwy 158 Bus. W
Norlina, North Carolina 27563

Warren County Industrial Facility and Pollution Control Financing Authority

The Authority exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority is governed by a seven-member board of commissioners, all of whom are appointed by the County Commissioners. The County can remove any commissioner of the Authority with or without cause. The County is able to impose its will upon the Authority. The Authority has no financial transactions or account balances; therefore, it is not presented in the combined financial statements. The Authority does not issue separate financial statements.

Warren County Public Facilities Company

The Company exists to promote economic development in Warren County by serving as an entity to hold title to real property and to construct buildings for lease to companies that have agreed to locate and/or expand in the County. The Company is governed by a seven-member board of directors, all of whom are appointed by the County Commissioners. The County can remove any director with or without cause. The Company, which has a June 30 year-end, is presented as if it were a proprietary fund.

Complete financial statements for the Company may be obtained at the administrative office of company.

Warren County Public Facilities Company
501 US Hwy 158 Bus. E
Warrenton, North Carolina 27589

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government net position (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds. Warren County has five enterprise funds, four of which are major funds.

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

The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Tax Revaluation Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54 it is consolidated in the General Fund.

The County reports the following major enterprise funds. These funds are used to account for water and sewer and solid waste operations in the County.

Regional Water System Enterprise Fund. This fund is used to account for the operations of the regional water and sewer district within the County.

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

District One Enterprise Fund. This fund is used to account for the operations of the district one water and sewer district within the County.

District Two Enterprise Fund. This fund is used to account for the operations of the district two water and sewer district within the County.

District Three Enterprise Fund. This fund is used to account for the operations of the district three water and sewer district within the County.

The County reports the following fund type:

Agency Funds – Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to Warren County Board of Education; the Municipal Tax Fund, which accounts for funds that are billed and collected by the county for various municipalities and special districts within the County but that are not revenues to the County.

Non-major Funds – The County maintains three legally budgeted special revenue funds and four legally budgeted capital projects funds. The Special Fire Districts Fund, the Emergency Telephone System Fund, and the CDBG Ephraim Place are reported as non-major special revenue funds. The Buck Springs Leadership Center, Simulcast System Upgrade, Emergency Services Headquarters, and Recreation Complex Phase III are reported as capital projects funds. The Solid Waste Fund is the only enterprise fund that is a non-major fund.

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

Government-wide, Proprietary and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary fund and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, 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, the State of North Carolina is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

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

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and three of the Special Revenue Funds; the Special Fire Districts Fund, the Emergency Telephone System Fund, and the Revaluation Fund. An annual budget is also adopted for the five Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the CDBG Ephraim Place Project Fund, the Capital Projects Funds, and the Enterprise Capital Projects Funds, which are consolidated with the enterprise operating funds for reporting purposes.

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$5,000. The governing board must approve all amendments. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

D. Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity

1. Deposits and Investments

All deposits of the County, the ABC Board, and the Public Facilities Company are made in board-designated official depositories and are secured as required by G. S. 159-31. The County, the ABC Board, and the Public Facilities Company may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County, the ABC Board, and the Public Facilities Company may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State Law [G.S. 159-30(c)] authorizes the County, the ABC Board, and the Public Facilities Company to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

The majority of the County and the ABC Board's investments are carried at fair value. Non-participating interest earning contracts are accounted for at cost. The NC Capital Management Trust Government Portfolio, a SEC-registered 2a-7 external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

The County pools money from several funds, except the Social Services Fund, 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 and the Public Facilities Company consider demand deposits and investments purchased with an original maturity of three months or less and which are not limited as to use to be cash and cash equivalents.

3. Restricted Cash

Money in the Tax Revaluation Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150.

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Warren County Restricted Cash</u>		
Governmental Activities		
General Fund	Tax Revaluation	\$ 47,733
Business-type Activities		
District III Enterprise Fund	RD Reserve for USDA loans	<u>77,888</u>
Total		<u>\$ 125,621</u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2016. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowance for Doubtful Accounts

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

6. Inventory

The inventories of the County and the ABC Board are valued at cost (first-in, first-out), which approximates market. The County's General Fund inventory consists of gasoline used by county vehicles and is recorded as an expenditure when consumed. The inventory of the ABC Board consists of goods held for sale. The cost of the inventory carried at the ABC Board is recorded as an expense as it is sold.

7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. Minimum capitalization costs are as follows: \$50,000 for buildings and building improvements; and \$5,000 for equipment, vehicles, computer software, and furniture. 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.

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

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

	<u>Useful Life</u>
Buildings	40 years
Equipment	5-10 years
Vehicles	5-10 years
Computer Software	5 years
Water and sewer lines	40 years
Elevated tanks	40 years

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

	<u>Useful Life</u>
Buildings	20 years
Furniture/equipment	5-10 years
Vehicles	5 years
Leasehold Improvements	5-10 years

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

	<u>Useful Life</u>
Buildings	40 years
Land improvements	15 years

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has several items that meet this criterion – pension related deferrals, and contributions made to the pension plan in the current fiscal year. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has several items that meet the criterion for this category – prepaid taxes and other pension related deferrals.

9. Long-Term Obligations

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

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

10. Compensated Absences

The vacation policies of the County and the ABC Board provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. An expense and

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

a liability for compensated absences and the salary-related payments are recorded as the leave is earned in the County's government-wide, proprietary fund. For the County's government-wide and proprietary funds and the ABC Board, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The county's liability for accumulated earned vacation and the salary-related payments as of June 30, 2017 is recorded in the government-wide and proprietary fund financial statements on a LIFO basis.

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

11. Net Position/Fund Balances

Net Position

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

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance- This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories-portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Restricted Fund Balance-This classification includes revenue sources that are restricted to specific purposes externally imposed or imposed by law.

Restricted for Stabilization by State Statute-portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

Restricted for Public Safety-portion of fund balance that is restricted by revenue source for public safety purposes.

Restricted for Economic Development-portion of fund balance that is restricted by revenue source for fire protection expenditures.

Restricted for Recreation-portion of fund balance that is restricted by revenue source for recreation purposes.

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Committed Fund Balance-Portion of fund balance that can only be used for specific purpose imposed by resolution of Warren County's Board of Commissioners (highest level of decision-making authority). Any changes or removal of specific purposes requires resolution by the Board of Commissioners.

Committed for Revaluation - portion of fund balance that can only be used for Tax Revaluation.

Assigned Fund Balance-portion of fund balance that the County's governing board has budgeted.

Subsequent year's expenditures-portion of fund balance that is appropriated in the next year's budget that in not already classified in restricted or committed. The governing body approves the appropriation.

Unassigned Fund Balance-Portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The General Fund is the only governmental fund that reports a positive unassigned fund balance. Other governmental funds will only report an unassigned fund balance if their expenditures exceed the amounts that are restricted, committed or assigned for specific purposes which will cause a negative unassigned fund balance.

Warren County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-county funds, county funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it's in the best interest of the County.

12. Defined Benefit Pension Plans

The County participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LERS) and the Registers of Deeds' Supplemental Pension Fund (RODSPF) (collectively, the "state-administered defined benefit pension plans"). For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

E. Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental fund balance sheet includes reconciliation between fund balance-total governmental funds and net position – governmental activities as reported in the government-

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

wide statement of net position. The net adjustment of \$13,806,354 consists of several elements as follows:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 31,992,557
Less Accumulated Depreciation	<u>(13,279,370)</u>
Net capital assets	<u>18,713,187</u>
Net pension asset	30,069
Contributions and adjustments to the pension plan in the current fiscal year	3,285,040
Benefit payments and pension administration costs for LEOSSA	4,634
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are not available and therefore deferred in the fund statements.	130,498
Deferred inflows of resources for taxes receivable	1,041,258
Pension related deferrals	(145,173)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Bonds, leases, and installment financing	(4,155,836)
Compensated absences	(800,162)
Other postemployment benefits	(165,042)
Net pension liability-LEOSSA	(374,671)
Net pension liability-LGERS	(3,737,989)
Accrued interest payable	<u>(19,459)</u>
Total adjustment	<u>\$ 13,806,354</u>

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

The government fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances for the governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$ 941,097 as follows:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 2,214,498

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Cost of capital assets sold not recorded in fund statements	(123,889)
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(1,068,178)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities – it affects only the government-wide statement of net position	(563,105)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements	1,073,901
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	765,866
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	4,634
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	2,045
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(19,561)
Other postemployment benefits are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(16,439)
County's portion of collective pension expense	(1,089,030)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements	
Increase in deferred inflows of resources – taxes receivable – at end of year	(207,073)
Increase in accrued taxes receivable at end of year	<u>(32,572)</u>
Total adjustment	<u>\$ 941,097</u>

II. Stewardship, Compliance, and Accountability

A. Deficit Fund Balance or Net Position of Individual Funds

In Exhibit C-1, the Special Fire Districts Fund had a deficit fund balance of \$376. This deficit fund balance resulted from overpayment of funds to the fire departments. Additional measures have been put into place to ensure that this does not occur in the future. The Emergency Service Headquarters

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Fund had a deficit fund balance of \$95,864. This deficit fund balance resulted due expenditures being incurred but financing not yet being obtained.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All of the County's, the ABC Board's, and the Public Facilities Company's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's agents in the County's, the Board's, and the Company's names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County and the ABC Board, these deposits are considered to be held by their agents in the entities' names. The amount of the depository that collateralizes public deposits under the Pooling Method, pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the ABC Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County or the ABC Board under the Pooling Method, the potential exists for under collateralization, and its 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 County, the ABC Board and the Public Facilities Company do not have policies regarding custodial credit risk for deposits.

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2017, the County's deposits had a carrying amount of \$1,150,529 and a bank balance of \$1,685,630. Of the bank balance, \$275,253 was covered by federal depository insurance, and \$1,410,377 in interest bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2017, Warren County had \$2,007 cash on hand.

At June 30, 2017, the ABC Board's deposits had a carrying amount of \$295,674 and a bank balance of \$276,343. All of the bank balance was covered by federal depository insurance. At June 30, 2017, the ABC Board had \$1,999 cash on hand.

2. Investments

At June 30, 2017, the County's investments consisted of \$13,835,229 in the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAm by Standard and Poor's. The County has no policy on credit risk.

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All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of Fair Value Hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level Two debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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

Credit Risk. The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organization (NRSROs). The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2017.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

3. Property Tax-Use-Value Assessment on Certain Lands

In accordance with the general statutes, agriculture, horticulture, and forestland may be taxed by the County at present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

<u>Year Levied</u>	<u>Total Taxes</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 867,519	\$ 284,108	\$ 1,151,627
2015	874,582	207,711	1,082,293
2016	882,023	130,099	1,012,122
2017	<u>966,864</u>	<u>55,594</u>	<u>1,022,458</u>
Totals	<u>\$ 3,590,988</u>	<u>\$ 677,512</u>	<u>\$ 4,268,500</u>

4. Receivables

Receivables at the government-wide level at June 30, 2017, were as follows:

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	<u>Accounts</u>	Taxes and Related Accrued <u>Interest</u>	Due from other <u>Governments</u>	<u>Total</u>
Governmental Activities:				
General	\$ 3,002,315	\$ 1,570,680	\$ 677,674	\$ 5,250,669
Other Governmental	<u>20,630</u>	<u>106,076</u>	<u>81,431</u>	<u>208,137</u>
Total Receivables	3,022,945	1,676,756	759,105	5,458,806
Allowance for Doubtful Accounts	<u>(1,757,723)</u>	<u>(505,000)</u>	<u>-</u>	<u>(2,262,723)</u>
Total-Governmental Activities	<u>\$ 1,265,222</u>	<u>\$ 1,171,756</u>	<u>\$ 759,105</u>	<u>\$ 3,196,083</u>
Business-Type Activities:				
Solid Waste	\$ 514,721	\$ -	\$ 14,430	\$ 529,151
Water & Sewer	<u>399,602</u>	<u>-</u>	<u>9,049</u>	<u>408,651</u>
Total Receivables	914,323	-	23,479	937,802
Allowance for Doubtful Accounts	<u>(183,815)</u>	<u>-</u>	<u>-</u>	<u>(183,815)</u>
Total-Business-Type Activities	<u>\$ 730,508</u>	<u>\$ -</u>	<u>\$ 23,479</u>	<u>\$ 753,987</u>

Due from other governments that is owed to the County consists of the following:

Sales tax refund	\$ 183,961
Sales tax	585,691
White goods	1,973
Scrap tire	7,287
Solid waste	<u>3,672</u>
Total	<u>\$ 782,584</u>

5. Capital Assets

Capital asset activity for the year ended June 30, 2017, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 991,637	\$ 164,154	\$ (114,346)	\$ 1,041,445
Construction in Progress	<u>526,396</u>	<u>1,460,425</u>	<u>(137,181)</u>	<u>1,849,640</u>
Total capital assets not being				
Depreciated	<u>1,518,033</u>	<u>1,624,579</u>	<u>(251,527)</u>	<u>2,891,085</u>
Capital assets being depreciated:				
Buildings	22,007,866	-	-	22,007,866
Land Improvements	188,478	-	-	188,478
Improvements	633,924	57,000	-	690,924
Equipment	2,963,820	318,467	(30,137)	3,252,150
Vehicles	<u>2,778,608</u>	<u>351,633</u>	<u>(168,187)</u>	<u>2,962,054</u>
Total capital assets being				
Depreciated	<u>28,572,696</u>	<u>727,100</u>	<u>(198,324)</u>	<u>29,101,472</u>
Less accumulated depreciation for:				
Buildings	8,220,325	529,537	-	8,749,862
Land Improvements	16,212	21,269	-	37,481
Improvements	81,500	36,146	-	117,646
Equipment	2,249,932	161,635	(20,594)	2,390,973
Vehicles	<u>1,832,004</u>	<u>319,591</u>	<u>(168,187)</u>	<u>1,983,408</u>
Total accumulated depreciation	<u>12,399,973</u>	<u>\$ 1,068,178</u>	<u>\$ (188,781)</u>	<u>13,279,370</u>
Total capital assets being				
depreciated, net	<u>16,172,723</u>			<u>15,822,102</u>
Governmental activity capital assets, net	<u>\$ 17,690,756</u>			<u>\$ 18,713,187</u>

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	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
Solid Waste-Fund 66				
Capital assets not being depreciated:				
Land	\$ 114,580	\$ -	\$ -	\$ 114,580
Total capital assets not being depreciated	<u>114,580</u>	<u>-</u>	<u>-</u>	<u>114,580</u>
Capital assets being depreciated:				
Buildings	215,824	-	-	215,824
Land improvements	17,743	-	-	17,743
Equipment	191,255	-	-	191,255
Vehicles	<u>124,759</u>	<u>32,695</u>	<u>-</u>	<u>157,454</u>
Total capital assets being depreciated	<u>549,581</u>	<u>32,695</u>	<u>-</u>	<u>582,276</u>
Less accumulated depreciation for:				
Buildings	215,824	-	-	215,824
Land improvements	17,743	-	-	17,743
Equipment	146,271	10,354	-	156,625
Vehicles	<u>124,759</u>	<u>3,269</u>	<u>-</u>	<u>128,028</u>
Total accumulated depreciation	<u>504,597</u>	<u>\$ 13,623</u>	<u>\$ -</u>	<u>518,220</u>
Total capital assets being depreciated, net	<u>44,984</u>			<u>64,056</u>
Solid Waste capital assets, net	<u>\$ 159,564</u>			<u>\$ 178,636</u>
Regional Water-Fund 62				
Capital assets not being depreciated:				
Land	\$ 48,265	\$ -	\$ -	\$ 48,265
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>48,265</u>	<u>-</u>	<u>-</u>	<u>48,265</u>
Capital assets being depreciated:				
Equipment	91,036	-	-	91,036
Improvements	837,254	-	-	837,254
Vehicles	45,959	6,977	-	52,936
Water distribution lines	<u>7,735,882</u>	<u>-</u>	<u>-</u>	<u>7,735,882</u>
Total capital assets being depreciated	<u>8,710,131</u>	<u>6,977</u>	<u>-</u>	<u>8,717,108</u>
Less accumulated depreciation for:				
Equipment	65,181	1,305	-	66,486
Improvements	20,931	20,931	-	41,862
Vehicles	41,358	2,089	-	43,447
Water distribution lines	<u>4,864,955</u>	<u>253,044</u>	<u>-</u>	<u>5,117,999</u>
Total accumulated depreciation	<u>4,992,425</u>	<u>\$ 277,369</u>	<u>\$ -</u>	<u>5,269,794</u>
Total capital assets being depreciated, net	<u>3,717,706</u>			<u>3,447,314</u>
Regional water capital assets, net	<u>\$ 3,765,971</u>			<u>\$ 3,495,579</u>

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	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Water District One-Fund 65				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Total capital assets not being depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets being depreciated:				
Equipment	28,573	-	-	28,573
Vehicles	101,969	6,977	-	108,946
Water distribution lines	<u>5,761,577</u>	<u>-</u>	<u>-</u>	<u>5,761,577</u>
Total capital assets being depreciated	<u>5,892,119</u>	<u>6,977</u>	<u>-</u>	<u>5,899,096</u>
Less accumulated depreciation for:				
Equipment	24,738	472	-	25,210
Vehicles	97,368	2,089	-	99,457
Water distribution lines	<u>2,479,165</u>	<u>144,040</u>	<u>-</u>	<u>2,623,205</u>
Total accumulated depreciation	<u>2,601,271</u>	<u>\$ 146,601</u>	<u>\$ -</u>	<u>2,747,872</u>
Total capital assets being depreciated, net	<u>3,290,848</u>			<u>3,151,224</u>
Water District One capital assets, net	<u>\$ 3,290,848</u>			<u>\$ 3,151,224</u>
Water District Two-Fund 69				
Capital assets not being depreciated:				
Land	\$ 70,725	\$ -	\$ -	\$ 70,725
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>70,725</u>	<u>-</u>	<u>-</u>	<u>70,725</u>
Capital assets being depreciated:				
Equipment	261,926	-	-	261,926
Vehicles	26,602	6,977	-	33,579
Elevated tanks	950,448	-	-	950,448
Water distribution lines	<u>11,124,321</u>	<u>-</u>	<u>-</u>	<u>11,124,321</u>
Total capital assets being depreciated	<u>12,363,297</u>	<u>6,977</u>	<u>-</u>	<u>12,370,274</u>
Less accumulated depreciation for:				
Equipment	40,297	16,029	-	56,326
Vehicles	22,000	2,089	-	24,089
Elevated tanks	344,536	23,761	-	368,297
Water distribution lines	<u>3,711,170</u>	<u>278,108</u>	<u>-</u>	<u>3,989,278</u>
Total accumulated depreciation	<u>4,118,003</u>	<u>\$ 319,987</u>	<u>\$ -</u>	<u>4,437,990</u>
Total capital assets being depreciated, net	<u>8,245,294</u>			<u>7,932,284</u>
Water District Two capital assets, net	<u>\$ 8,316,019</u>			<u>\$ 8,003,009</u>
Water District Three-Fund 73				
Capital assets not being depreciated:				
Construction in progress	\$ 23,211	\$ 95,545	\$ (117,756)	\$ -
Total capital assets not being depreciated	<u>23,211</u>	<u>95,545</u>	<u>(117,756)</u>	<u>-</u>
Capital assets being depreciated:				
Equipment	63,273	12,663	-	75,936
Vehicles	86,319	6,977	-	93,296
Water distribution lines	<u>19,628,043</u>	<u>117,756</u>	<u>-</u>	<u>19,745,799</u>
Total capital assets being depreciated	<u>19,777,635</u>	<u>137,396</u>	<u>-</u>	<u>19,915,799</u>

**WARREN COUNTY, NORTH CAROLINA
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	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Less accumulated depreciation for:				
Equipment	50,184	7,553	-	57,737
Vehicles	69,428	10,102	-	79,530
Water distribution lines	<u>1,177,640</u>	<u>490,701</u>	-	<u>1,668,341</u>
Total accumulated depreciation	<u>1,297,252</u>	<u>\$ 508,356</u>	<u>\$ -</u>	<u>1,805,608</u>
Capital assets being depreciated, net	<u>18,480,383</u>			<u>18,109,423</u>
Water District Three capital assets, net	<u>\$ 18,503,594</u>			<u>\$ 18,109,423</u>
Business-type activities capital assets, net	<u>\$ 34,035,996</u>			<u>\$ 32,937,871</u>

Depreciation Expense

Depreciation expense was charged to functions/program of governmental activity capital assets as follows:

General Government	\$ 194,893
Public Safety	489,302
Economic and Physical Development	11,113
Environmental Protection	5,041
Human Services	200,933
Cultural and Recreational	<u>166,896</u>
Total Depreciation Expense	<u>\$ 1,068,178</u>

Discretely presented component units

Activity for the ABC Board for the year ended June 30, 2017, was as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Amount</u>
Land	\$ 195,000	\$ -	\$ 195,000
Construction in progress	39,848	-	39,848
Building	629,717	34,616	595,101
Furniture/Equipment	233,006	126,439	106,567
Vehicles	17,472	17,472	-
Leasehold improvements	<u>47,125</u>	<u>47,125</u>	-
	<u>\$ 1,162,168</u>	<u>\$ 225,652</u>	<u>\$ 936,516</u>

Activity for the Warren County Public Facilities Company for the year ended June 30, 2017, was as follows:

	<u>Cost</u>
Land	\$ 48,087
Land improvements	14,400
Building	<u>3,861,429</u>
Property and equipment, total	3,923,916
Less: Accumulated depreciation	<u>(560,466)</u>
Property and equipment, net	<u>\$ 3,363,450</u>

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B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2017, were as follows:

	<u>Vendors</u>
Governmental Activities:	
General	\$ 918,279
Other governmental	73,092
Total-governmental activities	\$ 991,371
Business-type Activities:	
Solid Waste	\$ 142,594
Water & Sewer Fund	92,959
Total-business-type activities	\$ 235,553

2. Pension Plan and Other Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The County is a participating employer in 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 membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. 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, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2017, was 8.00% of compensation for law enforcement officers and 7.35% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$816,515 for the year ended June 30, 2017.

Refunds of Contributions – County employees, who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the County reported a liability of \$3,917,408 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2017, the County's proportion was .185%, which was an increase of .006% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the County recognized pension expense of \$1,115,007. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 73,601	\$ 137,270
Changes of assumptions	268,307	-
Net difference between projected and actual earnings on pension plan investments	2,165,950	-
Changes in proportion and differences between County contributions and proportionate share of contributions	122,430	957
County contributions subsequent to the measurement date	801,262	-
Total	\$ 3,431,550	\$ 138,227

\$801,262 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 414,641
2019	414,545
2020	1,040,717
2021	622,158

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections

**WARREN COUNTY, NORTH CAROLINA
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reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability (asset)	\$ 9,297,832	\$ 3,917,406	\$ (576,726)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

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b. Law Enforcement Officer’s Special Separation Allowance

1. Plan Description

Warren County administers a public employee retirement system (*the Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the County’s qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. This retirement system is a part of the Local Government Retirement System which is addressed in the footnotes above. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The County chooses to fund this plan on a pay-as-you-go basis. Actuarial valuations are obtained to help the County plan for the future needs of the retirement plan.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2016, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>35</u>
Total	<u>37</u>

2. Summary of Significant Accounting Policies:

Basis of Accounting – The County has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

3. Actuarial Assumptions:

The entry age actuarial cost method was used in the December 31, 2015 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.86 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2015.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

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4. Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by the County or by its employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the County reported a total pension liability of \$374,671. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was rolled forward to December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the County recognized pension expense of \$45,044.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	9,500
County benefit payments and plan administrative expense made subsequent to the measurement date	4,634	-
Total	\$ 4,634	\$ 9,500

\$4,634 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$ 1,678
2019	1,678
2020	1,678
2021	1,678
2022	1,678
Thereafter	1,110

\$4,634 paid as benefits came due and \$0 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 3.86 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.86 percent) or 1-percentage-point higher (4.86 percent) than the current rate:

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	1% Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
Total pension liability	\$ 414,689	\$ 374,671	\$ 338,683

**Schedule of Changes in Total pension Liability
Law Enforcement Officer's Special Separation Allowance**

	2017
Beginning balance	\$ 350,180
Service Cost	34,418
Interest on the total pension liability	12,304
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	(11,178)
Benefit payments	(11,053)
Other changes	-
Ending balance of the total pension liability	\$ 374,671

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy – Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2017, were \$210,976, which consisted of \$65,462 from the County and \$145,514 from the law enforcement officers.

d. Registers of Deeds' Supplemental Pension Fund

Plan Description. Warren County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, cost-sharing, multiple-employer, defined benefit pension plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired

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under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$1,302 for the year ended June 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the County reported an asset of \$30,069 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2017, the County's proportion was .161%, which was an increase of .02% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the County recognized pension expense of \$2,067. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 32	\$ 389
Changes of assumptions	8,011	-
Net difference between projected and actual earnings on pension plan investments	51	
Changes in proportion and differences between County contributions and proportionate share of contributions	1,219	3,388
County contributions subsequent to the measurement date	1,302	-
Total	<u>\$ 10,615</u>	<u>\$ 3,777</u>

\$1,302 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 2,816
2019	2,178
2020	876
2021	(334)

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed

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income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2016 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County’s proportionate share of the net pension asset to changes in the discount rate. The following presents the County’s proportionate share of the net pension asset calculated using the discount rate of 3.75 percent, as well as what the County’s proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County’s proportionate share of the net pension liability (asset)	\$ (24,245)	\$ (30,069)	\$ (34,961)

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

e. Other Postemployment Benefits

Healthcare Benefits

Plan Description –Under the terms of a County ordinance, the County administers a single-employer defined benefit Healthcare Benefits Plan (HCB Plan). As of July 1, 2007, this plan provides postemployment healthcare benefits to retirees of the County, provided they have at least twenty years of continuous employment with the County, or have at least thirty years of creditable service in the Local/State Government Retirement System with at least twenty years of continuous employment with Warren County government and be at least 55 years of age at retirement to be eligible for this benefit. Those retirees that meet the years of employment requirements but do not meet the age requirements will be eligible to enroll in the county’s group benefits insurance plan upon reaching the required age. County Commissioners must have served a minimum of three consecutive terms on the Board of Commissioners and be at least sixty years of age in order to be eligible. The retirees and County Commissioner will pay the full cost of coverage for these benefits based on the County’s group insurance rates. Also, the County’s retirees can continue to purchase coverage until the retiree reaches the age of 65. The County Board of Commissioners

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may amend the benefit provisions. There is no separate, audited GAAP-basis plan report available for the postemployment benefit plan.

Membership of the HCB Plan consisted of the following at December 31, 2016, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees receiving benefits	5	-
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	<u>255</u>	<u>34</u>
Total	<u>260</u>	<u>34</u>

Funding Policy – The retiree pays the full cost of coverage for the healthcare benefits paid under a County resolution that can be amended by the County Board of Commissioners. The County doesn't offer the option for dependent coverage. The County has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 0.36% of annual covered payroll. For the current year, the County contributed \$0 or 0.00% of annual covered payroll. The County obtains healthcare coverage through private insurers. The County's required contributions, under a County resolution, for employees not engaged in law enforcement and for law enforcement officers represented 0.00% and 0.00% of covered payroll, respectively. The County's obligation to contribute to HCB Plan is established and may be amended by the County Board of Commissioners.

Summary of Significant Accounting Policies – Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Annual OPEB Cost and Net OPEB Obligation – The County's annual other postemployment benefit OPEB cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the County's annual OPEB cost for the current year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 37,758
Interest on net OPEB obligation	6,355
Adjustment to annual required contribution	<u>6,071</u>
Annual OPEB cost (expense)	38,042
Contributions made	<u>19,926</u>
Increase (decrease) in net OPEB obligation	18,116
Net OPEB obligation, beginning of year	<u>158,884</u>
Net OPEB obligation, end of year	<u>\$ 177,000</u>

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The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the HCB plan, and the net OPEB obligation for 2017 were as follows:

For Year Ended <u>June 30</u>	Annual <u>OPEB Cost</u>	Percentage of Annual OPEB <u>Cost Contributed</u>	Net OPEB <u>Obligation</u>
2017	\$ 38,042	52.4%	\$ 177,000
2016	36,794	52.4%	158,884
2015	\$ 27,933	47.5%	\$ 129,200

Funded Status and Funding Process – As of December 31, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$391,408. The covered payroll (annual payroll of active employees covered by the plan) was \$10,372,897 and the ratio of the UAAL to the covered payroll was 3.8 percent.

In the December 31, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date. The rate included a 3.00 percent inflation assumption. The medical cost trend increase of 7.75 to 5.00 percent annually. The actuarial value of assets, in any was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2015, was 30 years.

f. Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

3. Closure and Postclosure Care Costs – Solid Waste Landfill Facility

State and federal laws and regulations require the County to place a final cover on its Solid Waste Landfill Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The Warren County landfill closed in 1993. The

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\$197,947 reported as accrued landfill closure liability at June 30, 2017 represents the latest estimate for costs remaining.

The County has met the requirements of a local government financial test that helps determine if a unit is financially able to meet closure and postclosure care requirements. The County budgets annually for postclosure care. In the event a natural occurrence, inflation or any other unforeseen event occurs, the County would appropriate funds from the Solid Waste fund balance and/or increase charges to future solid waste customers.

4. Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pensions – difference between expected and actual experience		
LGERS	\$ 73,601	\$ 137,270
Register of Deeds	32	389
Changes of assumptions		
LGERS	268,307	-
Register of Deeds	8,011	-
LEOSSA	-	9,500
Pensions – difference between projected and actual investment earnings		
LGERS	2,165,950	-
Register of Deeds	51	
Pensions-changes in proportion and difference between employer contributions and proportionate share of contributions		
LGERS	122,430	957
Register of Deeds	1,219	3,388
Contributions to pension plan in 2016-2017 fiscal year		
LGERS	801,262	-
Register of Deeds	1,302	-
Benefit payments/administration costs paid subsequent to the measurement date (LEOSSA)	4,634	-
Prepaid taxes not yet earned (General)	-	53,574
Taxes receivable, net (General)	-	940,182
Taxes receivable, net (Special Revenue Fund)	-	101,076
Total	\$ 3,446,799	\$ 1,246,336

5. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and others; and natural disasters. The County protects itself from loss with general liability insurance, business automobile insurance, professional and umbrella liability insurance coverage purchased through State National Insurance Company, Inc. and Workers' Compensation coverage through Key Risk Insurance Company. The County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$1,283,615, with a deductible of \$1,000 for any one occurrence; general, auto, professional, and employment practices liability coverage of \$1,000,000 per occurrence; and Workers' compensation coverage up to the statutory limits. The County

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provides competitive employee health, dental and vision benefits through Blue Cross Blue Shield of NC.

The County has made the decision not to purchase flood insurance at this time. The County does not deem the risk of flooding to outweigh the costs of insurance.

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more of the County's funds at any given time are performance bonded through a commercial surety bond. The Director of Finance, Deputy Director of Finance and tax collector are each individually bonded for \$50,000, \$50,000 and \$20,000, respectively. The Register of Deeds and Sheriff are each bonded for \$10,000 and \$20,000, respectively.

The County carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

Warren County ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The ABC Board has commercial property, general liability, auto liability, workers' compensation, and employee health coverage. The Board also has liquor legal liability coverage. There have been no significant reductions in insurance coverage from coverage in any of the past three fiscal years.

6. Commitments

The County agreed to take over a contract entered into by Soul City Sanitary District to purchase water from the City of Henderson and to sell water to the towns of Norlina and Warrenton. County officials believe this minimum purchase is necessary to attract future industrial development. The contract began in 1973 and is for a period of 40 years. The contract requires the County to purchase a minimum of one million gallons of water per day.

At June 30, 2017, the County was obligated under several operating leases for office space, equipment and solid waste convenience sites. Rent expense for the year ended June 30, 2017 was \$130,296. Future rent payments total:

For Year Ending <u>June 30</u>	General <u>Fund</u>	Enterprise <u>Fund</u>	<u>Total</u>
2018	\$ 62,664	\$ 44,211	\$ 106,875
2019	55,416	38,676	94,092
2020	35,806	32,141	67,947
2021	-	29,816	29,816
2022	-	<u>19,287</u>	<u>19,287</u>
Total	<u>\$ 153,886</u>	<u>\$ 164,131</u>	<u>\$ 318,017</u>

The County has made and entered into an agreement in March 2016 with Waste Industries, Inc. to operate eight Manned Convenience Center sites at the landfill. The agreement calls for charges on a monthly basis at the following rates:

Monthly charge for all sites \$ 50,019 per month

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The County has made and entered into an agreement in March 2016 with Waste Industries, Inc to operate a Transfer Station to transport certain solid waste from the station to a permitted landfill. Mutual consent Compensation is paid monthly at the following rates:

Hauling cost	\$ 62.67 per ton
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The County has made and entered into an agreement on April 18, 1994 for the collection of bills for emergency medical services provided to individuals. The agreement went into effect on April 18, 1994 for a period of one year and will automatically be renewed unless canceled by either party with a 30-day notice. Compensation will be paid \$9.50 per account billed and 25% of the sum collected if that sum is collected after the initial 90-day period.

The County has made and entered into an agreement with Waste Industries, Inc. to service a convenience site for Detention Center for \$489 per month.

The County has made and entered into an agreement with Waste Industries, Inc. to service a convenience site for Jack's Landing for \$225-\$405 per month.

7. Contingent Liabilities

At June 30, 2017, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

8. Long-Term Obligations

a. Installment Purchases

On March 14, 2003, the County entered into an installment purchase agreement to finance the construction of a Law Enforcement Center. The installment purchase requires semiannual principal payments of \$77,500, plus interest, beginning July 2003 and ending January 2018. The interest rate is 3.99%.

On April 28, 2006, the County entered into an installment purchase agreement to finance the construction of the animal control shelter and Phase I of the recreation complex. The installment agreement requires thirty semiannual payments of \$31,666.67, plus interest, beginning October 2006 and ending April 2021. The interest rate is 3.97%.

On September 21, 2006, the County entered into an installment purchase agreement to finance the construction of Phase II of the recreation complex. The installment agreement requires thirty semiannual payments of \$73,808.30, plus interest, beginning March 2007 and ending September 2021. The interest rate is 4.16%.

On October 24, 2007, the County entered into an installment purchase agreement with Branch Banking and Trust Company (BB&T) to finance the construction of the Library and Commissioner Meeting Room Building. The installment requires thirty semiannual payments of \$80,950.67, plus interest of 3.91-2.59%, beginning April 2008 and ending October 2022.

On May 12, 2010, the County entered into an installment agreement with Southern Bank and Trust Company to finance part of the construction of the Tech High School. The installment agreement

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requires thirty semiannual payments of \$20,333.33, plus interest, beginning October 2010 and ending April 2025. The interest rate is 4.56%.

On May 26, 2010, the County entered into an installment agreement with BB&T to construct two EMS facilities and renovate the Armory and Old Library. The installment agreement requires thirty semiannual payments of \$22,300, plus interest, beginning November 2010 and ending May 2025. The interest rate is 4.76-2.97%.

On May 1, 2011, the County entered into a Federal Revolving Loan through NCDENR with principal in the amount of \$9,128.55 due annually on May 1 through 2030. This is an interest free loan.

On April 13, 2013, the County entered into an installment agreement to finance the Water Meter Project District II. The agreement is a 0.00% interest agreement for \$233,354, annual principal payments are to be made on May 1st of each year of \$11,667.70 through 2033.

On May 24, 2013, the County entered into an installment agreement through DENR for \$802,080 for sewer improvements. The loan requires annual principal payments in the amount of \$40,104 and semiannual interest payments at a rate of 2.455%. Loan payments begin in May 2014 and continue through May 2033.

On May 29, 2014, the County entered into an installment agreement to purchase an ambulance for \$132,000. The installment agreement requires monthly payments of \$3,756.09 at an interest rate of 1.57%. Payments begin in June 2014 and continue through May 2017.

On May 29, 2014, the County entered into an installment agreement to purchase three Dodge Caravans and four Dodge Chargers. The installment agreement requires monthly payments of \$4,570.50 at an interest rate of 2.42%. Payments begin in June 2014 and continue through May 2017.

On April 15, 2015, the County entered into an installment agreement to purchase six vehicles. The installment agreement requires monthly payments of \$6,993.71 at an interest rate of 1.52%. Payments begin in May 2015 and continue through April 2018.

On March 15, 2016, the County entered into an installment agreement to purchase six vehicles. The installment agreement requires monthly payments of \$12,860.51 at an interest rate of 1.75%. Payments begin in April 2016 and continue through March 2019.

On June 21, 2016, the County entered into an installment agreement to purchase six vehicles and VHF Radio System upgrade. The installment agreement requires monthly payments of \$35,469.71 at an interest rate of 1.88%. Payments begin in December 2016 and continue through June 2026.

On March 1, 2017, the County entered into an installment agreement to purchase and ambulance and other vehicles. The installment agreement requires monthly payments of 8,493.54 at an interest rate of 1.78%. Payments begin in April 2017 and continue through March 2020.

On September 16, 2016, the County entered into an installment agreement to finance the Buck Springs project. The installment agreement requires semi-annual payments of \$33,746.73 at an interest rate of 1.95%. Payments begin in March 2017 and continue through September 2021.

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

For Warren County, the future minimum payments as of June 30, 2017, including \$475,447 of interest, are:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	<u>Installment Purchases</u>		<u>Installment Purchases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 1,035,711	\$ 104,268	\$ 78,798	\$ 16,497
2019	779,088	80,011	79,119	15,191
2020	647,194	60,289	74,787	13,887
2021	587,674	42,258	60,900	12,799
2022	419,297	24,065	60,900	11,815
2023-2027	608,872	29,386	304,501	44,305
2028-2032	-	-	286,244	19,691
2033	-	-	51,774	985
Total	<u>\$ 4,077,836</u>	<u>\$ 340,277</u>	<u>\$ 997,023</u>	<u>\$ 135,170</u>

b. General and Limited Obligation Indebtedness

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

On November 10, 2015, the County Water Districts issued individual refunding bonds in the amount of \$1,235,000 for District I, \$2,240,000 for District II, and \$7,920,000 for District III. The County then issued Limited Obligation Bonds ("LOBs") to purchase these bonds; the County (and bondholders) have a security interest in the Water District's refunding bonds. When debt service is due, each water district will remit the debt service payments for their respective bonds to the County, who will then remit it to the bondholders. If a district does not pay, the County has the bonds (and the District's ad valorem taxing power for the general obligation bonds) as collateral. The Limited Obligation Bonds are appropriation-backed and require the Board to budget for the debt service annually. The payments will consist of an annual principal payment and bi-annual interest payments between 2.0% and 5.0% over the life of the term. As of June 30, 2017, the balance of the bonds was \$10,940,000.

Bonds payable at June 30, 2017 are comprised of the following individual issues:

General Obligation Bonds

Serviced by the County's General Fund:

\$500,000	Public Improvement serial bonds due on June 1 in installments of \$7,500 to \$40,000 through June 1, 2020 including interest at 6%	<u>\$ 78,000</u>
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**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Business-type Activity:

Water Bonds

Serviced by the Water and Sewer District One Fund:

\$1,235,000 Refunding bonds issued on November 18, 2015 and due June 1 and December 1 in various installments of \$35,000 - \$70,000 from 2016 to 2038; interest varies from 2.0% to 3.625%. \$ 1,165,000

Serviced by the Water and Sewer District Two Fund:

\$2,240,000 Refunding bonds issued on November 18, 2015 and due June 1 and December 1 in various installments of \$50,000 - \$110,000 from 2016 to 2041; interest varies from 2.0% to 3.75%. 2,135,000

Serviced by the Water and Sewer District Three Fund:

\$1,561,000 Water bonds issued January 25, 2012 and due June 1 in various installments from 2012 to 2051; interest at 3.75% 1,478,000

\$7,920,000 Refunding bonds issued on November 18, 2015 and due June 1 and December 1 in various installments of \$130,000 - \$370,000 from 2016 to 2045; interest varies from 2.0% to 3.75%. 7,640,000

Total \$ 12,418,000

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

Year Ending <u>June 30,</u>	General Obligation Bonds		Water/Refunding Bonds	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 30,000	\$ 4,680	\$ 268,000	\$ 483,338
2019	30,000	2,880	283,000	472,675
2020	18,000	1,080	294,000	461,413
2021	-	-	305,000	449,713
2022	-	-	316,000	437,575
2023-2027	-	-	1,835,000	1,939,250
2028-2032	-	-	2,291,000	1,491,375
2033-2037	-	-	2,646,000	1,062,950
2038-2042	-	-	2,530,000	580,337
2043-2047	-	-	1,386,000	165,750
2048-2051	-	-	<u>264,000</u>	<u>23,887</u>
Total	<u>\$ 78,000</u>	<u>\$ 8,640</u>	<u>\$12,418,000</u>	<u>\$ 7,568,263</u>

At June 30, 2017, Warren County had \$12,000,000 in bonds authorized at June 30, 2017 for Warren County Water and Sewer District Number III. As of June 30, 2017, \$1,901,000 of the \$12,000,000 remains unissued. Warren County had a legal debt margin of \$199,811,660.

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

c. Long-Term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2017:

	Balance <u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2017</u>	Current <u>Portion</u>
Governmental Activities:					
General obligation bonds	\$ 108,000	\$ -	\$ (30,000)	\$ 78,000	\$ 30,000
Installment purchases	4,558,632	563,105	(1,043,901)	4,077,836	1,035,711
Pension obligation-LEO	318,481	56,190	-	374,671	-
Other postemployment benefits	148,603	16,439	-	165,042	-
Compensated absences	780,601	800,162	(780,601)	800,162	200,041
Net pension liability (LRS)	<u>766,034</u>	<u>2,971,955</u>	<u>-</u>	<u>3,737,989</u>	<u>-</u>
Total	<u>\$ 6,680,351</u>	<u>\$ 4,407,851</u>	<u>\$ (1,854,502)</u>	<u>\$ 9,233,700</u>	<u>\$ 1,265,752</u>
Business-type Activities:					
Water Bonds	\$ 12,680,000	\$ -	\$ (262,000)	\$ 12,418,000	\$ 268,000
Premiums	<u>366,881</u>	<u>-</u>	<u>(13,909)</u>	<u>352,972</u>	<u>-</u>
Total Water Bonds	13,046,881	-	(275,909)	12,770,972	268,000
Installment purchases	1,007,919	54,427	(65,323)	997,023	78,798
Other postemployment benefits	10,280	1,678	-	11,958	-
Compensated absences	55,424	57,957	(55,424)	57,957	14,488
Net pension liability (LRS)	37,442	141,977	-	179,419	-
Landfill Closure Cost	<u>218,090</u>	<u>-</u>	<u>(20,143)</u>	<u>197,947</u>	<u>20,200</u>
Total	<u>\$ 14,376,036</u>	<u>\$ 256,039</u>	<u>\$ (416,799)</u>	<u>\$ 14,215,276</u>	<u>\$ 381,486</u>

Compensated absences, other postemployment benefits, and the net pension obligation for governmental activities are generally liquidated by the General Fund. Compensated absences and other postemployment benefits for business-type activities are generally liquidated by the Solid Waste Fund, Regional Water Enterprise Fund, District I Enterprise Fund, District II Enterprise Fund, and District III Enterprise Fund.

For the Public Facilities Company, long-term debt consisted of the following:

Bank loan, with 83 monthly consecutive principal and interest payments of \$29,439 each, beginning March 1, 2015, with interest calculated on unpaid principal balances using an interest rate of 3.95%; and one principal and interest payment of entire balance due on February 1, 2022, with unpaid principal balances using an interest rate of 3.95%.	\$ 2,827,254
Less: Current portion	<u>(244,479)</u>
Long-Term Debt	<u>\$ 2,582,775</u>

For the year end June 30, 2017 interest paid was \$117,592. This amount includes \$9,306 of accrued interest.

The following are maturities of long-term debt for each of the next five years and thereafter:

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

2018	\$	244,479
2019		254,452
2020		264,593
2021		275,624
2022		<u>1,788,106</u>
Total		<u>\$ 2,827,254</u>

d. Conduit Debt Obligations

Warren County Industrial Facility and Pollution Control Authority have issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County nor the Authority nor the State nor any political subdivision thereof, is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2017, the outstanding balance of the industrial revenue bonds was \$0.

C. Interfund Balances and Activity

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Reason</u>
<u>Transfers From/To Other Funds:</u>			
General Fund	Revaluation Fund	\$ 50,000	Required annual contributions for revaluation
General Fund	CDBG Ephraim Place Project	44,334	Supplemental funding for project
General Fund	Road Improvement Project Fund	150,000	Supplemental funding for project
General Fund	Emergency Telephone System Fund	<u>20</u>	Funding to adjust E911 balance to PSAP report
		<u>\$ 244,354</u>	
<u>Due From/To Other Funds:</u>			
Solid Waste Fund	General Fund	<u>\$ 30,467</u>	Central depository overdraft

D. Net Investment in Capital Assets

The following schedule provides information on the calculation of the net investment in capital assets:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net capital assets	\$ 18,713,187	\$ 32,937,871
Capital debt calculation:		
Total debt, gross	4,155,836	13,767,995
Less:		
School debt for assets to which the county does not hold title	<u>(325,333)</u>	<u>-</u>
Total capital debt	<u>3,830,503</u>	<u>13,767,995</u>
Net investment in capital assets	<u>\$ 14,882,684</u>	<u>\$ 19,169,876</u>

E. Fund Balance

The following schedule provides management and citizens with information on the portion of the General fund balance that is available for appropriation:

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Total Fund Balance-General Fund	\$ 11,548,342
Less:	
Inventories	10,058
Stabilization by State Statute	2,047,989
Revaluation	47,733
Appropriated fund balance in 2018 budget	1,658,290
Remaining Fund Balance	\$ 7,784,272

IV. Joint Ventures

A. Area Mental Health District

Warren County participates with Alamance, Cabarrus, Caswell, Chatham, Davidson, Franklin, Granville, Halifax, Orange, Person, Rowan, Stanly, Union, and Vance counties in an Area Authority and Managed Care Organization operated by Cardinal Innovations Healthcare Solutions. Each participating government appoints representation on the Oversight Board and has representation on the Board of Directors of Cardinal Innovations. The County contributed \$59,760 to the Area Mental Health during the fiscal year ended June 30, 2017. The County does not retain an equity interest in the program. Complete financial statements for Cardinal Innovations Health Care Solutions may be obtained from their administrative offices located at 4855 Milestone Avenue, Kannapolis, NC 28081.

B. Kerr Area Rural Transportation Authority

The Kerr Area Rural Transportation Authority (K.A.R.T.S.) is an association of five County governments, including Warren County. K.A.R.T.S. is a joint venture of the participating counties for the purpose of providing a safe, adequate and convenient transportation system for the jurisdictional area creating the authority and its immediate environs. The counties served by K.A.R.T.S. in addition to Warren County are Granville, Vance, Franklin, and Person. General support of K.A.R.T.S. is provided by Federal, State and local grants and users' fees. Each county appoints two members of the Authority management body and this governing body determines the budget and financing requirements of the Authority. The County has an ongoing financial responsibility for the joint venture because K.A.R.T.S. continued existence depends on the participant governments' continued findings. The County contributed \$78,931 to K.A.R.T.S. during the fiscal year ended June 30, 2017. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2017. Complete financial statements for K.A.R.T.S. can be obtained from their administrative offices at 943 W. Andrews Avenue, Henderson, N.C. 27536.

C. Vance Granville Community College

The County, in conjunction with the State of North Carolina, Vance County, Granville County, Warren County, Vance County Board of Education, and Warren County Board of Education, participates in a joint venture to operate the Vance Granville Community College. The State, Vance County, Granville County, Vance County Board of Education, and Granville County Board of Education appoint the twelve voting members of the board of trustees. Warren County appoints a nonvoting member of the board of trustees. The president of the community college's student government serves as an ex officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. The County has an

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$225,625 and \$6,000 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2017. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2017. Complete financial statements for the community college may be obtained from the community college's administrative offices at P.O. Box 917, Henderson, N.C. 27536.

V. Jointly Governed Organization

The Kerr-Tar Council of Government is a voluntary association of five county governments, including Warren County, established to coordinate federal and State projects of a planning nature in the five-county area in Central North Carolina. Each county appoints one member to the Council's governing body and this governing body selects the management and determines the budget and financing requirements of the Council. The County contributed \$11,136 to the Council during the fiscal year ended June 30, 2017.

VI. Benefit Payments Issued by the State

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

	<u>Federal</u>	<u>State</u>
Temporary Assistance to Needy Families	\$ 160,969	\$ (9)
CWS Adoption Subsidy	-	73,225
IV-E Foster Care	7,418	1,850
IV-E Adoption Subsidy	64,338	42,820
Medical Assistance Program	24,210,562	13,616,520
Health Choice	538,588	1,876
Women, Infants and Children	291,782	-
SC/SA Adult Care Payments	<u>-</u>	<u>215,049</u>
Totals	<u>\$ 25,273,657</u>	<u>\$ 13,951,331</u>

VII. Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

The County has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant 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.

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

VIII. Significant Effects of Subsequent Events

The County has evaluated events and transactions that occurred between June 30, 2017 and January 23, 2018, which is the date that the financial statements were available to be issued for possible recognition or disclosure in the financial statements. There were no other events that occurred during this time that were deemed to be significant enough to be disclosed.

IX. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) No. Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, in the fiscal year ending June 30, 2017. The implementation of the statement required the County to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the County to the Law Enforcement Officers' Special Separation Allowance during the measurement period. As a result, net position for the governmental activities decreased \$42,752.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

- Schedule of Funding Progress for Other Postemployment Benefits
- Schedule of Employer Contributions and Notes to Required Schedules for Other Postemployment Benefits
- Schedule of County's Proportionate Share of the Net Pension Liability (Asset) – Local Governmental Employees' Retirement System
- Schedule of County Contributions – Local Governmental Employees' Retirement System
- Schedule of County's Proportionate Share of the Net Pension Liability (Asset) – Register of Deeds' Supplemental Pension Fund
- Schedule of County Contributions – Register of Deeds' Supplemental Pension Fund
- Schedule of Changes in Total Pension Liability – Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered Payroll – Law Enforcement Officers' Special Separation Allowance

**WARREN COUNTY, NORTH CAROLINA
OTHER POSTEMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2009	\$ -	\$ 225,315	\$ 225,315	0.00%	\$ 9,668,915	2.3%
12/31/2010	-	281,413	281,413	0.00%	9,343,905	3.0%
12/31/2011	-	282,447	282,447	0.00%	8,979,565	3.1%
12/31/2013	-	335,367	335,367	0.00%	10,006,830	3.4%
12/31/2014	-	370,807	370,807	0.00%	10,076,547	3.7%
12/31/2015	\$ -	\$ 391,408	\$ 391,408	0.00%	\$ 10,372,897	3.8%

**WARREN COUNTY, NORTH CAROLINA
OTHER POSTEMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2012	\$ 28,644	18.70%
2013	26,921	19.94%
2014	27,729	47.85%
2015	31,233	61.75%
2016	36,541	52.78%
2017	\$ 36,541	54.53%

Notes to the Required Schedules:

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

Valuation date	12/31/2015
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend rate*	7.75 - 5.0%
Year of Ultimate trend rate	2022

*Includes inflation at 3.00% percent.

WARREN COUNTY, NORTH CAROLINA
SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	0.185%	0.179%	0.172%	0.159%
County's proportionate share of the net pension liability (asset)	3,917,406	803,476	(1,014,304)	1,910,534
County's covered-employee payroll	\$ 10,743,157	\$ 10,470,638	\$ 10,049,579	\$ 9,342,823
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	36.46%	7.67%	-10.09%	20.45%
Plan fiduciary net position as a percentage of the total pension liability	91.47%	98.09%	102.64%	94.35%

*The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

Information included above is intended to include ten years; however, only the years above have information available. Additional years will be included as information becomes available.

**WARREN COUNTY, NORTH CAROLINA
SCHEDULE OF COUNTY CONTRIBUTIONS
LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 801,262	\$ 733,181	\$ 754,946	\$ 713,109
Contributions in relation to the contractually required contribution	801,262	733,181	754,946	713,109
Contribution deficiency (excess)	-	-	-	-
County's covered-employee payroll	\$10,785,731	\$ 10,743,157	\$ 10,470,638	\$ 10,049,579
Contributions as a percentage of covered-employee payroll	7.43%	6.82%	7.21%	7.10%

Information included above is intended to include ten years; however, only the years above have information available. Additional years will be included as information becomes available.

WARREN COUNTY, NORTH CAROLINA
SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND
LAST FOUR FISCAL YEARS

	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.161%	0.141%	0.154%	0.159%
County's proportionate share of the net pension liability (asset)	\$ (30,069)	\$ (32,629)	\$ (34,990)	\$ (33,962)
County's covered-employee payroll	\$ 51,222	\$ 50,465	\$ 49,120	\$ 48,276
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-58.70%	-64.66%	-71.23%	-69.14%
Plan fiduciary net position as a percentage of the total pension liability	160.17%	197.29%	193.88%	190.50%

*The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

Information included above is intended to include ten years; however, only the years above have information available.
Additional years will be included as information becomes available.

**WARREN COUNTY, NORTH CAROLINA
SCHEDULE OF COUNTY CONTRIBUTIONS
REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND
LAST FOUR FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,302	\$ 1,314	\$ 1,127	\$ 1,260
Contributions in relation to the contractually required contribution	<u>1,302</u>	<u>1,314</u>	<u>1,127</u>	<u>1,260</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered-employee payroll	\$ 51,222	\$ 51,222	\$ 50,465	\$ 49,120
Contributions as a percentage of covered-employee payroll	2.54%	2.57%	2.23%	2.57%

Information included above is intended to include ten years; however, only the years above have information available. Additional years will be included as information becomes available.

**WARREN COUNTY, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION**

	<u>2017</u>
Beginning Balance	\$ 350,180
Service Cost	34,418
Interest on the total pension liability	12,304
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	(11,178)
Benefit payments	(11,053)
Other changes	-
Ending balance of the total pension liability	<u>\$ 374,671</u>

The amounts presented for each fiscal year were determined as of the prior fiscal year ending December 31.

Information included above is intended to include ten years; however, only the years above have information available. Additional years will be included as information becomes available.

WARREN COUNTY, NORTH CAROLINA
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION

	2017
Total pension liability	\$ 374,671
Covered payroll	1,397,694
Total pension liability as a percentage of covered payroll	26.81%

Notes to the schedules:

Granville County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

Information included above is intended to include ten years; however, only the years above have information available. Additional years will be included as information becomes available.

COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES

MAJOR GOVERNMENTAL FUNDS

- **General Fund:** This fund is used to account for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

WARREN COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		2016	
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Ad Valorem Taxes:				
Taxes		\$ 18,856,997		\$ 17,138,819
Penalties and interest		144,174		134,684
Total	\$ 18,308,148	19,001,171	\$ 693,023	17,273,503
Local Option Sales Taxes:				
Article 39 one percent		928,870		841,555
Article 40 one-half of one percent		1,267,481		1,230,633
Article 42 one-half of one percent		506,841		464,370
Article 44		775,350		(4)
Medicaid hold harmless		(156,444)		(147,971)
Total	3,028,125	3,322,098	293,973	2,388,583
Other taxes and licenses:				
Excise tax stamps		90,093		79,609
Total	68,000	90,093	22,093	79,609
Unrestricted intergovernmental:				
Payment in lieu of taxes		4,803		5,061
Beer and wine tax		83,318		81,152
Other		39,744		42,086
Total	120,088	127,865	7,777	128,299
Restricted intergovernmental:				
Federal and State grants		5,211,527		5,104,011
Court facility fees		27,213		33,191
ABC bottles taxes		7,614		7,405
Other		193,169		117,834
Total	5,594,065	5,439,523	(154,542)	5,262,441
Permits and fees:				
Register of Deeds fees		86,780		87,864
Inspection fees		126,353		118,430
Other		56,611		50,514
Total	250,300	269,744	19,444	256,808
Sales and services:				
Rents		5,640		5,965
Franchise fees		12,818		12,855
Recreation fees		36,741		42,249
Jail fees		73,361		73,753
Sheriff's fees		15,425		14,915
Ambulance fees		677,596		706,883
Health fees		876,543		805,932
Library fees		7,843		8,805
Animal control fees		21,184		16,907
Other		808,255		458,160
Total	2,040,069	2,535,406	495,337	2,146,424

WARREN COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Investment earnings	25,000	43,713	18,713	22,530
Micellaneous Revenues				
Donations and private grants		12,153		6,205
Insurance proceeds		7,147		19,588
Other		58,472		81,395
Total	28,297	77,772	49,475	107,188
Total Revenues	29,462,092	30,907,385	1,445,293	27,665,385
EXPENDITURES				
General Government				
Governing Body:				
Salaries and employee benefits		92,068		88,527
Other operating expenditures		57,560		42,531
Insurance other than property		383,739		416,594
Total	686,208	533,367	152,841	547,652
Administration:				
Salaries and employee benefits		212,174		210,842
Other operating expenditures		12,280		9,624
Total	226,327	224,454	1,873	220,466
Human Resources:				
Salaries and employee benefits		109,297		115,344
Other operating expenditures		22,953		19,677
Total	138,240	132,250	5,990	135,021
Fleet Services:				
Salaries and employee benefits		19,413		7,679
Other operating expenditures		825		24,350
Capital outlay		-		67,605
Total	23,836	20,238	3,598	99,634
Elections:				
Salaries and employee benefits		172,770		162,648
Other operating expenditures		111,114		162,226
Capital outlay		717		32,783
Total	590,551	284,601	305,950	357,657
Finance:				
Salaries and employee benefits		338,413		331,298
Other operating expenditures		161,373		148,366
Total	510,899	499,786	11,113	479,664
Tax Assessor:				
Salaries and employee benefits		217,358		199,738
Other operating expenditures		48,389		41,078
Capital outlay		1,681		13,511
Total	276,205	267,428	8,777	254,327

WARREN COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Tax Collections:				
Salaries and employee benefits		239,858		221,471
Other operating expenditures		61,274		40,751
Capital outlay		686		11,222
Total	337,037	301,818	35,219	273,444
Legal:				
Salaries and employee benefits		104,710		6,675
Contracted services		17,846		192,380
Total	134,407	122,556	11,851	199,055
Register of Deeds:				
Salaries and employee benefits		178,686		172,252
Other operating expenditures		86,656		79,586
Capital outlay		-		676
Total	271,486	265,342	6,144	252,514
Public Buildings:				
Salaries and employee benefits		303,165		294,860
Other operating expenditures		149,154		166,994
Capital outlay		31,896		35,702
Total	544,638	484,215	60,423	497,556
Data Processing:				
Salaries and employee benefits		120,113		33,255
Other operating expenditures		35,671		47,002
Total	185,863	155,784	30,079	80,257
Court Facilities:				
Operating expenditures		45,240		55,071
Capital outlay		10,830		29,871
Total	88,893	56,070	32,823	84,942
Miscellaneous Appropriations:				
Payments to local organizations	58,000	54,201	3,799	77,775
Total General Government	4,072,590	3,402,110	670,480	3,559,964
Public Safety				
Sheriff:				
Salaries and employee benefits		1,929,253		1,903,758
Other operating expenditures		348,738		520,573
Capital outlay		125,152		141,289
Total	2,565,801	2,403,143	162,658	2,565,620
Child Support Officer:				
Salaries and employee benefits		48,939		46,470
Other operating expenditures		3,010		3,685
Total	55,188	51,949	3,239	50,155
Jail:				
Salaries and employee benefits		852,749		854,335
Other operating expenditures		395,121		354,144
Capital outlay		-		37,218
Total	1,342,745	1,247,870	94,875	1,245,697

WARREN COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Central Communications:				
Salaries and employee benefits		692,935		648,429
Other operating expenditures		37,589		39,217
Capital outlay		5,700		-
Total	762,208	736,224	25,984	687,646
Emergency Management:				
Salaries and employee benefits		126,469		106,677
Other operating expenditures		38,467		50,403
Capital outlay		-		38,889
Total	205,880	164,936	40,944	195,969
Fire:				
Assistance to local fire departments	411,600	398,869	12,731	301,621
Emergency Medical Services:				
Salaries and employee benefits		1,923,255		1,906,409
Other operating expenditures		390,779		533,764
Capital outlay		186,150		101,955
Total	2,694,890	2,500,184	194,706	2,542,128
Halifax County EMS	104,932	104,932	-	98,244
Code Enforcement:				
Salaries and employee benefits		160,547		156,037
Other operating expenditures		15,897		18,002
Capital outlay		26,954		-
Total	214,618	203,398	11,220	174,039
Medical Examiner:				
Contracted Services	17,000	8,500	8,500	8,400
Animal Control:				
Salaries and employee benefits		196,338		198,715
Other operating expenditures		58,103		66,165
Total	301,031	254,441	46,590	264,880
KARTS				
Other operating expenditures	78,931	78,931	-	78,931
Total Public Safety	8,754,824	8,153,377	601,447	8,213,330

WARREN COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
<u>Environmental Protection</u>				
Soil Conservation:				
Salaries and employee benefits		154,902		150,661
Other operating expenditures		33,468		31,185
Total	195,004	188,370	6,634	181,846
Forestry Service	115,945	109,117	6,828	106,947
Lake Gaston Weed Control	116,000	116,000	-	116,000
Total Environmental Protection	426,949	413,487	13,462	404,793
<u>Economic and Physical Development</u>				
Planning:				
Salaries and employee benefits		143,253		119,473
Other operating expenditures		17,614		20,792
Capital outlay		-		-
Total	161,730	160,867	863	140,265
Economic Development:				
Salaries and employee benefits		146,404		143,083
Other operating expenditures		42,335		53,311
Capital outlay		-		1,217
Total	209,876	188,739	21,137	197,611
Agricultural Extension:				
Salaries and employee benefits		138,488		114,703
Other operating expenditures		49,275		37,646
Total	243,508	187,763	55,745	152,349
Buck Springs Camp Development:				
Salaries		-		-
Other operating expenditures		3,834		18,525
Total	33,198	3,834	29,364	18,525
Kerr Tar Hub	36,000	36,000	-	36,000
Total Economic and Physical Development	684,312	577,203	107,109	544,750

WARREN COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
<u>Human Services</u>				
Health Clinic/Home Health:				
Salaries and employee benefits		1,997,822		1,999,119
Other operating expenditures		925,563		797,549
Capital outlay		40,215		6,573
Total	3,264,773	2,963,600	301,173	2,803,241
Area Mental Health District				
	60,146	59,760	386	59,551
Youth and Family Programs:				
Juvenile Crime Prevention Program		29,330		35,634
Boys and Girls Club		22,011		-
Total	51,341	51,341	-	35,634
Veteran Services:				
Salaries and employee benefits		91,675		88,470
Other operating expenditures		8,211		9,150
Total	102,682	99,886	2,796	97,620
Senior Citizens Services:				
Salaries and employee benefits		227,747		216,471
Contracted services		274,618		282,806
Total	509,922	502,365	7,557	499,277
Youth Services Bureau:				
Salaries and employee benefits		138,848		134,561
Other operating expenditures		38,574		42,134
Capital outlay		-		42,734
Total	197,025	177,422	19,603	219,429
Rural Operating Assistance Program:				
Contracted services		56,476		50,178
Other operating expenditures		67,709		61,597
Total	124,269	124,185	84	111,775
Social Services:				
Salaries and employee benefits		3,048,058		2,937,375
Other operating expenditures		756,055		876,595
Work First Demonstration grant		-		29
Capital outlay		17,465		164,401
Total	4,016,317	3,821,578	194,739	3,978,400

WARREN COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Public Assistance:				
Child Day Care		729,964		689,810
Special Assistance to Adults		214,053		240,410
Other Programs		85,596		106,388
Total	1,353,216	1,029,613	323,603	1,036,608
DSS Child Support				
Salaries and employee benefits		298,645		263,313
Other operating expenditures		99,014		115,172
Total	431,222	397,659	33,563	378,485
Armory				
Other operating expenditures		28,505		30,749
Capital outlay		-		20,933
Total	36,825	28,505	8,320	51,682
Total Human Services	10,147,738	9,255,914	891,824	9,271,702
<u>Cultural and Recreational</u>				
Recreation:				
Salaries and employee benefits		201,921		198,603
Other operating expenditures		178,026		157,052
Capital outlay		-		152,340
Total	392,952	379,947	13,005	507,995
Libraries:				
Salaries and employee benefits		348,884		364,087
Other operating expenditures		112,757		119,073
Capital outlay		19,578		-
Total	523,845	481,219	42,626	483,160
Total Cultural and Recreational	916,797	861,166	55,631	991,155
<u>Education</u>				
Warren County Public Schools				
Current expense		4,958,073		4,945,463
Capital outlay		175,000		651,445
Total	5,133,073	5,133,073	-	5,596,908
Vance Granville Community College				
Current expense		225,625		208,372
Capital outlay/expansion		6,000		23,253
Total	231,625	231,625	-	231,625
Total Education	5,364,698	5,364,698	-	5,828,533

**WARREN COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
<u>Debt Service</u>				
Principal retirement		1,073,901		642,118
Interest and fees		131,351		125,272
Total Debt Service	1,262,359	1,205,252	57,107	767,390
<u>Contingency</u>				
	25,000	-	25,000	-
Total Expenditures	31,655,267	29,233,207	2,422,060	29,581,617
Revenues Over (Under) Expenditures	(2,193,175)	1,674,178	3,867,353	(1,916,232)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out				
Revaluation Fund	(50,000)	(50,000)	-	(50,000)
CDBG Ephraim Place Project	(44,334)	(44,334)	-	(40,853)
Recreation Project Phase III Project Fund	-	-	-	(2,151)
Emergency Telephone System Fund	(20)	(20)	-	(6)
Road Improvement Project Fund	(150,000)	(150,000)	-	-
Total	(244,354)	(244,354)	-	(93,010)
Installment purchase obligations issued	530,517	243,105	(287,412)	450,715
Appropriated Fund Balance	1,907,012	-	(1,907,012)	-
Total Other Financial Sources (Uses)	2,193,175	(1,249)	(2,194,424)	357,705
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	1,672,929	\$ 1,672,929	(1,558,527)
Fund Balance-July 1		9,827,680		11,386,207
Fund Balance-June 30		\$ 11,500,609		\$ 9,827,680

**WARREN COUNTY, NORTH CAROLINA
REVALUATION FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
<u>REVENUES</u>				
Investment earnings	\$ 405	\$ 576	\$ 171	\$ 844
<u>EXPENDITURES</u>				
General government	350,938	319,801	31,137	95,980
Revenues Over (Under) Expenditures	(350,533)	(319,225)	31,308	(95,136)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer in (out)				
General Fund	50,000	50,000	-	50,000
Appropriated fund balance	300,533	-	(300,533)	-
	<u>350,533</u>	<u>50,000</u>	<u>(300,533)</u>	<u>50,000</u>
Excess of Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	(269,225)	<u>\$ (269,225)</u>	(45,136)
Fund Balance - July 1		316,958		362,094
Fund Balance - June 30		<u>\$ 47,733</u>		<u>\$ 316,958</u>

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for specific purposes.

- **Special Fire Districts Fund:** This special revenue fund is used to account for the tax revenues collected by the County on behalf of the various fire districts located within the County.
- **Emergency Telephone System Fund:** This special revenue fund is used to account for the 911 revenues collected by the telephone industry to fund the 911 emergency system.
- **CDBG Ephraim Place Fund:** This fund is used to account for revenues and expenditures to rehabilitate substandard rural housing at Ephraim Place.

Capital Project Funds

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities and equipment.

- **Buck Springs Leadership Center Fund:** This fund is used to account for funds set aside to construct a leadership center.
- **Simulcast System Upgrade:** This capital project fund is used to account for funds set aside to upgrade the Simulcast system.
- **Emergency Services Headquarters:** This capital project fund is used to account for funds set aside to construct the emergency services headquarters.
- **Recreation Complex Phase III:** This capital project fund is used to account for funds set aside to update the County's recreation complex.
- **Road Improvements Project:** This capital project fund is used to account for funds set aside for road improvements.

**WARREN COUNTY, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2017**

	Special Revenue Funds			Capital Projects Funds				Total Nonmajor Governmental Funds	
	Special Fire Districts Fund	Emergency Telephone System Fund	CDBG Ephraim Place	Buck Springs Leadership Center	Simulcast System Upgrade	Emergency Services Headquarters	Recreation Complex Phase III		Road Improvements Project
<u>ASSETS</u>									
Current Assets:									
Cash and cash equivalents	\$ 10,421	\$ 230,974	\$ -	\$ 125,074	\$ 158,669	\$ -	\$ 1,006	\$ 150,000	\$ 676,144
Accounts receivable, net	6,606	36,423	-	16,547	42,485	-	-	-	102,061
Taxes receivable, net	101,076	-	-	-	-	-	-	-	101,076
Total Assets	<u>\$ 118,103</u>	<u>\$ 267,397</u>	<u>\$ -</u>	<u>\$ 141,621</u>	<u>\$ 201,154</u>	<u>\$ -</u>	<u>\$ 1,006</u>	<u>\$ 150,000</u>	<u>\$ 879,281</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>									
Liabilities:									
Accounts payable and accrued liabilities	\$ 17,403	\$ 1,141	\$ -	\$ 29,646	\$ -	\$ 608	\$ -	\$ -	\$ 48,798
Retainage payable	-	-	-	24,294	-	-	-	-	24,294
Due to General Fund	-	-	-	-	-	95,256	-	-	95,256
Total liabilities	<u>17,403</u>	<u>1,141</u>	<u>-</u>	<u>53,940</u>	<u>-</u>	<u>95,864</u>	<u>-</u>	<u>-</u>	<u>168,348</u>
Deferred inflows of resources	<u>101,076</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,076</u>
Fund Balances:									
Restricted:									
Stabilization by State Statute	6,606	36,423	-	16,547	42,485	-	-	-	102,061
Public Safety	-	229,833	-	-	158,669	-	-	-	388,502
Economic Development	-	-	-	71,134	-	-	-	150,000	221,134
Recreation	-	-	-	-	-	-	1,006	-	1,006
Unassigned:	(6,982)	-	-	-	-	(95,864)	-	-	(102,846)
Total fund balances	<u>(376)</u>	<u>266,256</u>	<u>-</u>	<u>87,681</u>	<u>201,154</u>	<u>(95,864)</u>	<u>1,006</u>	<u>150,000</u>	<u>609,857</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 118,103</u>	<u>\$ 267,397</u>	<u>\$ -</u>	<u>\$ 141,621</u>	<u>\$ 201,154</u>	<u>\$ -</u>	<u>\$ 1,006</u>	<u>\$ 150,000</u>	<u>\$ 879,281</u>

**WARREN COUNTY, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017**

	Special Revenue Funds			Capital Projects Fund				Total Nonmajor Governmental Funds	
	Special Fire Districts Fund	Emergency Telephone System Fund	CDBG Ephraim Place	Buck Springs Leadership Center	Simulcast System Upgrade	Emergency Services Headquarters	Recreation Complex Phase III		Road Improvements Project
REVENUES									
Ad valorem taxes	\$ 968,355	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 968,355
Restricted intergovernmental	-	168,284	-	16,434	-	-	-	-	184,718
Investment earnings	-	1,193	-	1,857	905	221	4	-	4,180
Total Revenues	968,355	169,477	-	18,291	905	221	4	-	1,157,253
EXPENDITURES									
Public safety	968,431	388,267	-	-	-	-	-	-	1,356,698
Economic and physical development	-	-	44,334	-	-	-	-	-	44,334
Capital outlay	-	-	-	502,929	779,996	177,500	-	-	1,460,425
Total Expenditures	968,431	388,267	44,334	502,929	779,996	177,500	-	-	2,861,457
Revenues Over (Under) Expenditures	(76)	(218,790)	(44,334)	(484,638)	(779,091)	(177,279)	4	-	(1,704,204)
OTHER FINANCING SOURCES (USES)									
Transfers to other funds	-	-	-	-	-	-	-	-	-
Transfers from other funds	-	20	44,334	-	-	-	-	150,000	194,354
Debt issued	-	-	-	320,000	-	-	-	-	320,000
Total Other Financing Sources (Uses) - Net	-	20	44,334	320,000	-	-	-	150,000	514,354
Net change in Fund Balances	(76)	(218,770)	-	(164,638)	(779,091)	(177,279)	4	150,000	(1,189,850)
Fund Balance - July 1	(300)	485,026	-	252,319	980,245	81,415	1,002	-	1,799,707
Fund Balance - June 30	\$ (376)	\$ 266,256	\$ -	\$ 87,681	\$201,154	\$ (95,864)	\$ 1,006	\$ 150,000	\$ 609,857

**WARREN COUNTY, NORTH CAROLINA
SPECIAL FIRE DISTRICTS FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
<u>REVENUES</u>				
Ad Valorem taxes	\$ 1,031,173	\$ 968,355	\$ (62,818)	\$ 922,058
<u>EXPENDITURES</u>				
Public safety	1,031,173	968,431	62,742	922,058
Revenues Over (Under) Expenditures	<u>\$ -</u>	(76)	<u>\$ (76)</u>	-
Fund Balance - July 1		(300)		(300)
Fund Balance - June 30		<u>\$ (376)</u>		<u>\$ (300)</u>

**WARREN COUNTY, NORTH CAROLINA
EMERGENCY TELEPHONE SYSTEM FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
<u>REVENUES</u>				
Restricted intergovernmental				
Wireless communications	\$ 168,285	\$ 168,284	\$ (1)	\$ 155,730
Investment earnings	1,680	1,193	(487)	939
Total Revenues	169,965	169,477	(488)	156,669
<u>EXPENDITURES</u>				
Public safety	447,790	388,267	59,523	126,795
Revenues Over (Under) Expenditures	(277,825)	(218,790)	59,035	29,874
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer in (out)				
General Fund	-	20	20	6
Total	277,825	20	(277,805)	6
Revenues Over (Under) Expenditures and Other Uses	\$ -	(218,770)	\$ (218,770)	29,880
Fund Balance - July 1		485,026		455,146
Fund Balance - June 30		\$ 266,256		\$ 485,026
Fund Balance agrees to Balance on the PSAP Revenue-Expenditure Report.				
<u>Explanation for transfers</u>				
Transfer from the General Fund to adjust beginning balance to actual		\$ 20		\$ 6

**WARREN COUNTY, NORTH CAROLINA
CDBG EPHRAIM PLACE PROJECT
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
<u>REVENUES</u>					
Restricted intergovernmental	\$ 467,690	\$ 368,318	\$ -	\$ 368,318	\$ (99,372)
Miscellaneous	-	2,880	-	2,880	2,880
Total	<u>467,690</u>	<u>371,198</u>	<u>-</u>	<u>371,198</u>	<u>(96,492)</u>
<u>EXPENDITURES</u>					
Economic and Physical Development	<u>613,358</u>	<u>470,051</u>	<u>44,334</u>	<u>514,385</u>	<u>98,973</u>
Revenues Over (Under) Expenditures	(145,668)	(98,853)	(44,334)	(143,187)	2,481
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfer in (out) General Fund	<u>145,668</u>	<u>98,853</u>	<u>44,334</u>	<u>143,187</u>	<u>(2,481)</u>
Revenues Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance - July 1			<u>-</u>		
Fund Balance - June 30			<u>\$ -</u>		

**WARREN COUNTY, NORTH CAROLINA
BUCK SPRINGS LEADERSHIP CENTER
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
REVENUES					
Restricted intergovernmental:					
Kellogg Grant	\$ 50,000	\$ 79,379	\$ -	\$ 79,379	\$ 29,379
Private Contributions	251,081	221,702	16,434	238,136	(12,945)
Investment Earnings	47,094	47,095	1,857	48,952	1,858
Total Revenues	<u>348,175</u>	<u>348,176</u>	<u>18,291</u>	<u>366,467</u>	<u>18,292</u>
EXPENDITURES					
Capital outlay					
Survey	11,500	11,500	-	11,500	-
Legal & administrative	2,041	592	1,250	1,842	199
Soil investigations	4,588	2,100	-	2,100	2,488
Architectural fees	92,466	81,665	9,750	91,415	1,051
Furniture and fixtures	20,000	-	2,531	2,531	17,469
Construction contract	485,878	-	485,878	485,878	-
Demolition	10,000	-	-	-	10,000
Site development	30,000	-	2,498	2,498	27,502
Closing costs	1,022	-	1,022	1,022	-
Contingency	10,680	-	-	-	10,680
Total Expenditures	<u>668,175</u>	<u>95,857</u>	<u>502,929</u>	<u>598,786</u>	<u>69,389</u>
Revenues Over (Under)					
Expenditures	<u>(320,000)</u>	<u>252,319</u>	<u>(484,638)</u>	<u>(232,319)</u>	<u>87,681</u>
OTHER FINANCING SOURCES (USES)					
Loan proceeds	<u>320,000</u>	<u>-</u>	<u>320,000</u>	<u>320,000</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 252,319</u>	<u>(164,638)</u>	<u>\$ 87,681</u>	<u>\$ 87,681</u>
Fund Balance - July 1			<u>252,319</u>		
Fund Balance - June 30			<u>\$ 87,681</u>		

WARREN COUNTY, NORTH CAROLINA
SIMULCAST SYSTEM UPGRADE
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
<u>REVENUES</u>					
Investment earnings	\$ 1,357	\$ 1,013	\$ 905	\$ 1,918	\$ 561
Total	<u>1,357</u>	<u>1,013</u>	<u>905</u>	<u>1,918</u>	<u>561</u>
<u>EXPENDITURES</u>					
Capital outlay					
Legal and administrative		6,383	-	6,383	
Engineering/General		118,321	31,680	150,001	
Engineering/Capital		112,875	-	112,875	
Land		28,288	-	28,288	
Construction contract		19,140	118,914	138,054	
System equipment contract		-	629,402	629,402	
Total	<u>1,265,596</u>	<u>285,007</u>	<u>779,996</u>	<u>1,065,003</u>	<u>200,593</u>
Revenues Over (Under)					
Expenditures	<u>(1,264,239)</u>	<u>(283,994)</u>	<u>(779,091)</u>	<u>(1,063,085)</u>	<u>201,154</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Proceeds of installment purchase	643,954	643,954	-	643,954	-
Transfer in (out)					
General Fund	497,750	497,750	-	497,750	-
Emergency Telephone System Fund	122,535	122,535	-	122,535	-
Total	<u>1,264,239</u>	<u>1,264,239</u>	<u>-</u>	<u>1,264,239</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 980,245</u>	<u>(779,091)</u>	<u>\$ 201,154</u>	<u>\$ 201,154</u>
Fund Balance - July 1			<u>980,245</u>		
Fund Balance - June 30			<u>\$ 201,154</u>		

**WARREN COUNTY, NORTH CAROLINA
EMERGENCY SERVICES HEADQUARTERS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
<u>REVENUES</u>					
Restricted intergovernmental					
Federal and state grants	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	269	231	221	452	183
Total	<u>269</u>	<u>231</u>	<u>221</u>	<u>452</u>	<u>183</u>
<u>EXPENDITURES</u>					
Capital outlay					
Survey		1,887	9,000	10,887	
Legal and administrative		103	653	756	
Architectural fees		24,200	167,847	192,047	
Land		37,993	-	37,993	
Closing cost		234	-	234	
Total	<u>3,841,116</u>	<u>64,417</u>	<u>177,500</u>	<u>241,917</u>	<u>3,599,199</u>
Revenues Over (Under)					
Expenditures	<u>(3,840,847)</u>	<u>(64,186)</u>	<u>(177,279)</u>	<u>(241,465)</u>	<u>3,599,382</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Proceeds of installment purchase	3,695,246	-	-	-	(3,695,246)
Transfer in (out)					
Ambulance Storage Facility Fund	45,601	45,601	-	45,601	-
General Fund	100,000	100,000	-	100,000	-
Total	<u>3,840,847</u>	<u>145,601</u>	<u>-</u>	<u>145,601</u>	<u>(3,695,246)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 81,415</u>	<u>(177,279)</u>	<u>\$ (95,864)</u>	<u>\$ (95,864)</u>
Fund Balance - July 1			<u>81,415</u>		
Fund Balance - June 30			<u>\$ (95,864)</u>		

**WARREN COUNTY, NORTH CAROLINA
RECREATION COMPLEX PHASE III PROJECT
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
<u>REVENUES</u>					
Investment earnings	\$ 31	\$ 32	\$ 4	\$ 36	\$ 5
Total	<u>31</u>	<u>32</u>	<u>4</u>	<u>36</u>	<u>5</u>
<u>EXPENDITURES</u>					
Capital outlay					
Survey		1,888	-	1,888	
Land		134,466	-	134,466	
Closing cost		827	-	827	
Total	<u>138,182</u>	<u>137,181</u>	<u>-</u>	<u>137,181</u>	<u>1,001</u>
Revenues Over (Under) Expenditures	<u>(138,151)</u>	<u>(137,149)</u>	<u>4</u>	<u>(137,145)</u>	<u>1,006</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfer in (out)					
General Fund	138,151	138,151	-	138,151	-
Total	<u>138,151</u>	<u>138,151</u>	<u>-</u>	<u>138,151</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 1,002</u>	<u>4</u>	<u>\$ 1,006</u>	<u>\$ 1,006</u>
Fund Balance - July 1			<u>1,002</u>		
Fund Balance - June 30			<u>\$ 1,006</u>		

**WARREN COUNTY, NORTH CAROLINA
ROAD IMPROVEMENTS PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
<u>REVENUES</u>					
Restricted intergovernmental					
Federal and state grants	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>EXPENDITURES</u>					
Capital outlay					
Legal and administrative		-	-	-	
Engineering survey		-	-	-	
Gravel/Construction		-	-	-	
Construction contract		-	-	-	
Reserve		-	-	-	
Contingency		-	-	-	
Total	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
Revenues Over (Under)					
Expenditures	<u>(150,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfer in (out)					
General Fund	<u>150,000</u>	<u>-</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Total	<u>150,000</u>	<u>-</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	<u>150,000</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>
Fund Balance - July 1			<u>-</u>		
Fund Balance - June 30			<u>\$ 150,000</u>		

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the government's council is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; where the government's council has decided that the periodic determination of net income is appropriate for accountability purposes.

- **Solid Waste Fund:** This fund is used to account for the operations of the County's solid waste disposal operations.

There are four water and sewer district funds, as listed below. These funds account for the water and sewer operations in different parts of the County. Consolidated with these funds are capital projects that involve the construction of the water and sewer infrastructure.

- **Regional Water System Fund**
- **District One Enterprise Fund**
- **District Two Enterprise Fund**
- **District Three Enterprise Fund**

**WARREN COUNTY, NORTH CAROLINA
REGIONAL WATER SYSTEM FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
<u>REVENUES</u>				
Operating Revenues				
Water and Sewer Charges	\$ 986,850	\$ 937,003	\$ (49,847)	\$ 1,011,177
Nonoperating Revenues				
Permits and Fees	1,000	875	(125)	950
Miscellaneous Revenue	41,644	37,577	(4,067)	105,278
Interest Earnings	700	2,871	2,171	1,583
Total Nonoperating Revenues	<u>43,344</u>	<u>41,323</u>	<u>(2,021)</u>	<u>107,811</u>
Total Revenues	<u>1,030,194</u>	<u>978,326</u>	<u>(51,868)</u>	<u>1,118,988</u>
<u>EXPENDITURES</u>				
Salaries and employee benefits		91,794		97,309
Water purchases		462,296		467,808
Other operating expenditures		196,861		213,036
Debt service				
Principal		37,783		37,261
Interest		15,087		16,160
Total Expenditures	<u>1,036,494</u>	<u>810,798</u>	<u>225,696</u>	<u>838,551</u>
Revenues Over (Under) Expenditures	<u>(6,300)</u>	<u>167,528</u>	<u>173,828</u>	<u>280,437</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Debt proceeds	6,300	6,432	132	-
Total Other Financing Sources (Uses)	<u>6,300</u>	<u>6,432</u>	<u>132</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 173,960</u>	<u>\$ 173,960</u>	<u>\$ 280,437</u>
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL				
Excess of revenues and other sources over (under) expenditures and other uses		\$ 173,960		\$ 280,437
Reconciling items:				
Capital outlay		6,977		6,977
Depreciation		(277,370)		(276,905)
Principal payment		37,783		37,261
Debt proceeds		(6,432)		-
Decrease in net pension asset		-		(6,177)
Increase in deferred outflows of resources - pensions		14,283		300
Increase in net pension liability		(17,810)		(5,303)
Decrease in deferred inflows of resources - pensions		1,941		12,299
(Increase) decrease in compensated absences payable		547		(523)
(Increase) decrease in OPEB obligation		(217)		(232)
Total		<u>(240,298)</u>		<u>(232,303)</u>
Change in net position		<u>\$ (66,338)</u>		<u>\$ 48,134</u>

WARREN COUNTY, NORTH CAROLINA
DISTRICT ONE ENTERPRISE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
REVENUES				
Operating Revenues				
Water and Sewer Charges	\$ 638,700	\$ 680,184	\$ 41,484	\$ 650,229
Other operating revenues	4,547	5,443	896	4,632
Total Operating Revenues	<u>643,247</u>	<u>685,627</u>	<u>42,380</u>	<u>654,861</u>
Nonoperating Revenues				
Interest Earnings	600	5,297	4,697	2,299
Total Nonoperating Revenues	<u>600</u>	<u>5,297</u>	<u>4,697</u>	<u>2,299</u>
Total Revenues	<u>643,847</u>	<u>690,924</u>	<u>47,077</u>	<u>657,160</u>
EXPENDITURES				
Salaries and employee benefits		174,409		168,083
Water purchases		98,995		108,271
Other operating expenditures		68,599		64,053
Capital outlay		6,977		-
Debt service:				
Interest and other charges		47,947		88,920
Debt principal		45,089		1,308,566
Total Expenditures	<u>650,147</u>	<u>442,016</u>	<u>208,131</u>	<u>1,737,893</u>
Revenues Over (Under) Expenditures	<u>(6,300)</u>	<u>248,908</u>	<u>255,208</u>	<u>(1,080,733)</u>
OTHER FINANCING SOURCES (USES)				
Debt proceeds	<u>6,300</u>	<u>6,432</u>	<u>132</u>	<u>1,235,000</u>
Total Other Financing Sources (Uses)	<u>6,300</u>	<u>6,432</u>	<u>132</u>	<u>1,235,000</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 255,340</u>	<u>\$ 255,340</u>	<u>\$ 154,267</u>
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL				
Excess of revenues and other sources over (under) expenditures and other uses		\$ 255,340		\$ 154,267
Reconciling items:				
Debt service payment		45,089		1,308,566
Depreciation		(146,601)		(146,135)
Amortization on refunding bond premium		3,064		1,532
Debt proceeds		(6,432)		(1,235,000)
Capital outlay		6,977		-
Decrease in net pension asset		-		(11,766)
Increase in deferred outflows of resources - pensions		28,163		(508)
Increase in net pension liability		(34,796)		(9,079)
Decrease in deferred inflows of resources - pensions		3,171		23,957
(Increase) decrease in compensated absences payable		(229)		307
(Increase) decrease in OPEB obligation		(412)		(401)
Total		<u>(102,006)</u>		<u>(68,527)</u>
Change in net position		<u>\$ 153,334</u>		<u>\$ 85,740</u>

WARREN COUNTY, NORTH CAROLINA
DISTRICT TWO ENTERPRISE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
REVENUES				
Operating Revenues				
Water and sewer charges	\$ 601,550	\$ 615,550	\$ 14,000	\$ 601,575
Other charges for services	2,000	2,400	400	2,275
Total Operating Revenues	<u>603,550</u>	<u>617,950</u>	<u>14,400</u>	<u>603,850</u>
Nonoperating Revenues				
Debt reimbursement	10,356	9,250	(1,106)	9,250
Rents	20,850	20,850	-	20,850
Miscellaneous	3,300	5,030	1,730	4,437
Interest Earnings	900	4,835	3,935	2,449
Total Nonoperating Revenues	<u>35,406</u>	<u>39,965</u>	<u>4,559</u>	<u>36,986</u>
Total Revenues	<u>638,956</u>	<u>657,915</u>	<u>18,959</u>	<u>640,836</u>
EXPENDITURES				
Salaries and employee benefits		137,692		132,695
Water purchases		81,409		88,131
Other operating expenditures		120,809		95,053
Capital outlay		6,977		-
Debt service:				
Interest and other charges		86,764		154,748
Principal		69,597		2,335,074
Total Expenditures	<u>645,256</u>	<u>503,248</u>	<u>142,008</u>	<u>2,805,701</u>
Revenues Over (Under) Expenditures	<u>(6,300)</u>	<u>154,667</u>	<u>160,967</u>	<u>(2,164,865)</u>
OTHER FINANCING SOURCES (USES)				
Debt proceeds	6,300	6,432	132	2,240,000
Total Other Financing Sources (Uses)	<u>6,300</u>	<u>6,432</u>	<u>132</u>	<u>2,240,000</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 161,099</u>	<u>\$ 161,099</u>	<u>\$ 75,135</u>
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL				
Excess of revenues and other sources over (under) expenditures and other uses		\$ 161,099		\$ 75,135
Reconciling items:				
Depreciation		(319,987)		(319,522)
Capital outlay		6,977		-
Amortization on refunding bond premium		3,760		1,880
Debt service payment		69,597		2,335,074
Debt proceeds		(6,432)		(2,240,000)
Decrease in net pension asset		-		(9,119)
Increase in deferred outflows of resources - pensions		22,390		(248)
Increase in net pension liability		(27,714)		(7,151)
Decrease in deferred inflows of resources - pensions		2,487		18,508
(Increase) decrease in compensated absences payable		(180)		53
(Increase) decrease in OPEB obligation		(325)		(317)
Total		<u>(249,427)</u>		<u>(220,842)</u>
Change in net position		<u>\$ (88,328)</u>		<u>\$ (145,707)</u>

WARREN COUNTY, NORTH CAROLINA
DISTRICT THREE ENTERPRISE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
REVENUES				
Operating Revenues				
Water and sewer charges	\$ 878,750	\$ 941,499	\$ 62,749	\$ 892,369
Other charges for services	4,400	5,922	1,522	5,372
Total Operating Revenues	<u>883,150</u>	<u>947,421</u>	<u>64,271</u>	<u>897,741</u>
Nonoperating Revenues				
Miscellaneous	2,075	5,778	3,703	1,449
Interest Earnings	500	1,749	1,249	922
Total Nonoperating Revenues	<u>2,575</u>	<u>7,527</u>	<u>4,952</u>	<u>2,371</u>
Total Revenues	<u>885,725</u>	<u>954,948</u>	<u>69,223</u>	<u>900,112</u>
EXPENDITURES				
Salaries and employee benefits		55,076		44,233
Water purchases		104,102		107,438
Other operating expenditures		84,141		54,478
Capital outlay		19,640		-
Debt Service				
Principal paid		172,523		8,042,000
Interest expense		356,694		607,144
Total Expenditures	<u>924,272</u>	<u>792,176</u>	<u>132,096</u>	<u>8,855,293</u>
Revenues Over (Under) Expenditures	<u>(38,547)</u>	<u>162,772</u>	<u>201,319</u>	<u>(7,955,181)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)				
Eaton's Ferry Bridge Capital Project Fund	32,247	32,244	(3)	-
Debt proceeds	6,300	6,432	132	7,920,000
Total Other Financing Sources (Uses)	<u>38,547</u>	<u>38,676</u>	<u>129</u>	<u>7,920,000</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 201,448</u>	<u>\$ 201,448</u>	<u>\$ (35,181)</u>
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL				
Excess of revenues and other sources over (under) expenditures and other uses		\$ 201,448		\$ (35,181)
Reconciling items:				
Depreciation		(508,355)		(507,749)
Capital outlay		19,640		-
Amortization on refunding bond premium		7,085		3,542
Principal paid		172,523		8,042,000
Debt proceeds		(6,432)		(7,920,000)
Decrease in net pension asset		-		(2,353)
Increase in deferred outflows of resources - pensions		9,598		553
Increase in net pension liability		(11,692)		(2,410)
Decrease in deferred inflows of resources - pensions		755		4,482
(Increase) decrease in compensated absences payable		(739)		(739)
(Increase) decrease in OPEB obligation		(130)		(105)
Investment earnings for District Three/Phase III		24		14
Restricted intergovernmental revenue for Eaton's Ferry Bridge Capital Project		150,000		-
Transfers for Eaton's Ferry Bridge Capital Project		(32,244)		-
Total		<u>(199,967)</u>		<u>(382,765)</u>
Change in net position		<u>\$ 1,481</u>		<u>\$ (417,946)</u>

WARREN COUNTY, NORTH CAROLINA
DISTRICT THREE/PHASE III CAPITAL PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
REVENUES					
Restricted intergovernmental:					
State grants	\$ 920,000	\$ 920,000	\$ -	\$ 920,000	\$ -
Charges for services	54,000	48,600	-	48,600	(5,400)
Miscellaneous	-	13,867	-	13,867	13,867
Investment earnings	-	310	24	334	334
Total Revenues	<u>974,000</u>	<u>982,777</u>	<u>24</u>	<u>982,801</u>	<u>8,801</u>
EXPENDITURES					
Construction	<u>2,535,000</u>	<u>2,505,620</u>	<u>-</u>	<u>2,505,620</u>	<u>29,380</u>
Revenues Over (Under) Expenditures	<u>(1,561,000)</u>	<u>(1,522,843)</u>	<u>24</u>	<u>(1,522,819)</u>	<u>38,181</u>
OTHER FINANCING SOURCES (USES)					
Bonds issued	<u>1,561,000</u>	<u>1,561,000</u>	<u>-</u>	<u>1,561,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,561,000</u>	<u>1,561,000</u>	<u>-</u>	<u>1,561,000</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 38,157</u>	<u>\$ 24</u>	<u>\$ 38,181</u>	<u>\$ 38,181</u>

WARREN COUNTY, NORTH CAROLINA
EATON'S FERRY BRIDGE CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	<u>Project Authorization</u>	<u>Actual Prior Years</u>	<u>Actual Current Year</u>	<u>Actual Total to Date</u>	<u>Variance Positive (Negative)</u>
<u>REVENUES</u>					
Restricted intergovernmental:					
State grants	\$ 150,000	\$ -	\$ 150,000	\$ 150,000	\$ -
Total Revenues	<u>150,000</u>	<u>-</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
<u>EXPENDITURES</u>					
Construction	<u>120,215</u>	<u>23,212</u>	<u>94,544</u>	<u>117,756</u>	<u>2,459</u>
Revenues Over (Under) Expenditures	29,785	(23,212)	55,456	32,244	2,459
OTHER FINANCING SOURCES (USES)					
Transfer from other funds					
District III	2,459	-	-	-	(2,459)
Transfer to other funds					
District III	(32,244)	-	(32,244)	(32,244)	-
Total Other Financing Sources (Uses)	<u>(29,785)</u>	<u>-</u>	<u>(32,244)</u>	<u>(32,244)</u>	<u>(2,459)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (23,212)</u>	<u>\$ 23,212</u>	<u>\$ -</u>	<u>\$ -</u>

WARREN COUNTY, NORTH CAROLINA
SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
REVENUES				
Operating revenues				
Charges for services	\$ 1,559,470	\$ 1,504,833	\$ (54,637)	\$ 1,426,226
Nonoperating Revenues				
State grants and reimbursements				
Tire Disposal Tax	47,500	34,666	(12,834)	96,040
White Goods Disposal Tax	5,200	9,723	4,523	10,012
Solid Waste Disposal Tax	10,800	15,344	4,544	14,737
Electronic Management Funds	500	1,519	1,019	1,975
Miscellaneous	35,196	6,069	(29,127)	3,440
Interest earnings	40	672	632	299
Total Nonoperating Revenues	99,236	67,993	(31,243)	126,503
Total Revenues	1,658,706	1,572,826	(85,880)	1,552,729
EXPENDITURES				
Salaries and employee benefits		238,495		237,730
Other operating expenditures		130,344		108,843
Contracted services		1,182,835		1,255,650
Capital outlay		32,695		-
Debt service:				
Interest and other charges		124		-
Debt principal		2,333		-
Total Expenditures	1,658,706	1,586,826	71,880	1,602,223
Revenues Over (Under) Expenditures	\$ -	\$ (14,000)	\$ (14,000)	\$ (49,494)
OTHER FINANCING SOURCES (USES)				
Installment purchase obligations issued	-	28,700	28,700	-
Total Other Financing Sources (Uses)	-	28,700	28,700	-
Revenues and Other Financing Sources				
Over (Under) Expenditures and Other Uses	\$ -	\$ 14,700	\$ 14,700	\$ (49,494)
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL				
Revenues and other financing sources over (under) expenditures and other uses		\$ 14,700		\$ (49,494)
Reconciling items:				
Capital outlay		32,695		-
Debt service payment		2,333		-
Debt proceeds		(28,700)		-
Depreciation		(13,624)		(11,214)
Decrease in net pension asset		-		(17,142)
Increase in deferred outflows of resources - pensions		40,240		(255)
Increase in net pension liability		(49,964)		(13,498)
Decrease in deferred inflows of resources - pensions		4,777		34,763
(Increase) decrease in compensated absences payable		(1,935)		(1,657)
(Increase) decrease in OPEB obligation		(592)		(597)
(Increase) decrease in accrued landfill closure and postclosure care costs		20,143		17,321
Total		5,373		7,721
Change in net position		\$ 20,073		\$ (41,773)

AGENCY FUNDS

Agency funds are used to account for assets held by the County as an agent for individuals and local governments.

- **Social Services Fund:** This agency fund is used to account for the funds held by the County Department of Social Services for the benefit of certain individuals in the County.
- **Fines and Forfeitures Fund:** This agency fund is used to account for fines and forfeitures collected by the County that are required to be turned over to the Warren County Board of Education.
- **Municipal Tax Fund:** This agency fund is used to account for the proceeds of the Ad Valorem taxes that are collected by the County on behalf of municipalities within the County.

WARREN COUNTY, NORTH CAROLINA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<u>Social Services</u>				
Assets				
Cash	\$ 20,860	\$ 114,989	\$ 111,425	\$ 24,424
Liabilities				
Miscellaneous liabilities	20,860	114,989	111,425	24,424
<u>Fines and Forfeitures</u>				
Assets				
Accounts receivable	4,254	70,812	69,148	5,918
Liabilities				
Intergovernmental payable	4,254	70,812	69,148	5,918
<u>Municipal Tax Fund</u>				
Assets				
Cash	-	527,275	527,275	-
Liabilities				
Intergovernmental payable	-	527,275	527,275	-
<u>Totals - All Agency Funds</u>				
Assets				
Cash	20,860	642,264	638,700	24,424
Accounts receivable	4,254	70,812	69,148	5,918
	<u>25,114</u>	<u>713,076</u>	<u>707,848</u>	<u>30,342</u>
Liabilities				
Miscellaneous liabilities	20,860	114,989	111,425	24,424
Intergovernmental payable	4,254	598,087	596,423	5,918
Total liabilities	<u>\$ 25,114</u>	<u>\$ 713,076</u>	<u>\$ 707,848</u>	<u>\$ 30,342</u>

OTHER SCHEDULES

This schedule contains additional information required on property taxes.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy – County-Wide Levy

WARREN COUNTY, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Fiscal Year	Uncollected Balance July 1, 2016	Additions	Collections and Adjustments	Uncollected Balance June 30, 2017
2016-2017	\$ -	\$ 18,352,692	\$ 17,881,582	\$ 471,110
2015-2016	553,985	-	344,781	209,204
2014-2015	246,288	-	106,777	139,511
2013-2014	184,290	-	33,636	150,654
2012-2013	130,844	-	18,166	112,678
2011-2012	98,916	-	13,478	85,438
2010-2011	84,339	-	8,175	76,164
2009-2010	77,857	-	15,176	62,681
2008-2009	75,619	-	6,055	69,564
2007-2008	88,741	-	25,563	63,178
2006-2007	94,332	-	94,332	-
	<u>\$ 1,635,211</u>	<u>\$ 18,352,692</u>	<u>\$ 18,547,721</u>	<u>\$ 1,440,182</u>
				Less: allowance for uncollectible accounts: <u>500,000</u>
				Ad valorem taxes receivable - net: <u>\$ 940,182</u>
<hr/>				
Reconcilement with revenues:				
Ad valorem taxes - General Fund				<u>\$ 19,001,171</u>
Reconciling items:				
Amounts written off for 2006-2007 levy				67,872
Interest, Discounts and Adjustments				<u>(521,322)</u>
Total Reconciling Items				<u>(453,450)</u>
Total Collections and Credits				<u>\$ 18,547,721</u>

**WARREN COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
JUNE 30, 2017**

	County-wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 2,440,433,497	0.710	\$ 17,327,078	\$ 17,327,078	\$ -
Registered motor vehicles taxed at current year's rate	144,452,676	0.710	1,025,614	-	1,025,614
Total Original Levy	2,584,886,173		18,352,692	17,327,078	1,025,614
Discoveries:	72,526,197	0.710	514,936	514,936	-
Abatements	(3,566,620)	0.710	(25,323)	(25,323)	-
Total Property Valuation	<u>\$ 2,653,845,750</u>				
Net Levy			18,842,305	17,816,691	1,025,614
Uncollected taxes at June 30, 2017			471,110	470,408	702
Current year's taxes collected			<u>\$ 18,371,195</u>	<u>\$ 17,346,283</u>	<u>\$ 1,024,912</u>
Current levy collection percentage			<u>97.50%</u>	<u>97.36%</u>	<u>99.93%</u>

STATISTICAL SECTION

Financial Trends

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

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

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

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

WARREN COUNTY, NORTH CAROLINA
NET POSITION BY COMPONENTS
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year Ended									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ 8,356,319	\$ 10,018,301	\$ 11,523,737	\$ 12,220,550	\$ 12,962,674	\$ 13,294,536	\$ 13,641,321	\$ 13,755,296	\$ 13,390,124	\$ 14,882,684
Restricted	10,931	-	-	2,399,348	1,780,754	2,429,321	2,463,226	3,490,530	3,503,473	2,760,692
Unrestricted	8,485,896	7,446,330	8,442,300	5,997,626	8,293,981	9,795,047	10,868,062	9,006,772	7,958,757	8,321,177
Total governmental activities net position	<u>16,853,146</u>	<u>17,464,631</u>	<u>19,966,037</u>	<u>20,617,524</u>	<u>23,037,409</u>	<u>25,518,904</u>	<u>26,972,609</u>	<u>26,252,598</u>	<u>24,852,354</u>	<u>25,964,553</u>
Business-type activities										
Net investment in capital assets	19,480,250	21,706,937	22,843,191	22,523,838	21,679,388	21,759,836	21,430,076	21,258,491	19,981,196	19,169,876
Restricted	-	-	-	-	-	-	-	56,490	31,328	77,888
Unrestricted	1,609,269	2,177,111	1,809,528	1,986,447	2,089,399	2,379,646	1,940,528	1,879,129	2,710,034	3,495,016
Total business-type activities net position	<u>21,089,519</u>	<u>23,884,048</u>	<u>24,652,719</u>	<u>24,510,285</u>	<u>23,768,787</u>	<u>24,139,482</u>	<u>23,370,604</u>	<u>23,194,110</u>	<u>22,722,558</u>	<u>22,742,780</u>
Primary government										
Net investment in capital assets	27,836,569	31,725,238	34,366,928	34,744,388	34,642,062	35,054,372	35,071,397	35,013,787	33,371,320	34,052,560
Restricted	10,931	-	-	2,399,348	1,780,754	2,429,321	2,463,226	3,547,020	3,534,801	2,838,580
Unrestricted	10,095,165	9,623,441	10,251,828	7,984,073	10,383,380	12,174,693	12,808,590	10,885,901	10,668,791	11,816,193
Total primary government net position	<u>\$ 37,942,665</u>	<u>\$ 41,348,679</u>	<u>\$ 44,618,756</u>	<u>\$ 45,127,809</u>	<u>\$ 46,806,196</u>	<u>\$ 49,658,386</u>	<u>\$ 50,343,213</u>	<u>\$ 49,446,708</u>	<u>\$ 47,574,912</u>	<u>\$ 48,707,333</u>

WARREN COUNTY, NORTH CAROLINA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

Expenses	Fiscal Year Ended									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities:										
General government	\$ 3,064,896	\$ 3,133,446	\$ 2,650,142	\$ 3,363,969	\$ 3,022,868	\$ 3,142,083	\$ 3,337,645	\$ 3,288,184	\$ 4,070,008	\$ 4,027,378
Public safety	5,897,695	6,487,102	7,133,833	7,033,229	7,229,935	7,594,569	8,385,357	8,783,520	9,098,772	9,550,461
Economic development	479,538	703,870	812,368	676,787	738,211	691,085	582,985	822,723	577,737	641,933
Environmental protection	377,402	382,002	375,553	384,936	382,291	389,915	406,315	402,763	407,998	421,805
Human services	9,964,742	9,244,375	8,843,649	8,961,158	8,611,989	8,735,030	8,986,367	8,949,573	9,121,451	9,511,026
Culture and recreation	678,723	965,352	889,294	854,045	877,411	932,823	886,737	915,084	918,415	1,024,011
Education	3,598,596	3,765,787	4,766,622	4,460,339	4,233,048	4,452,554	4,504,182	5,264,372	5,828,533	5,364,698
Interest on long-term debt	503,449	467,666	396,113	397,854	330,508	265,358	195,374	147,772	130,063	129,306
Total governmental activities expenses	24,565,041	25,149,600	25,867,574	26,132,317	25,426,261	26,203,417	27,284,962	28,573,991	30,152,977	30,670,618
Business-type activities										
Solid Waste	1,319,767	1,336,601	1,387,291	1,411,789	1,492,133	1,533,361	1,546,049	1,518,321	1,594,502	1,552,629
Water and Sewer	2,291,284	2,405,556	2,778,124	2,868,012	3,096,413	3,194,112	3,201,505	3,231,037	3,753,843	3,446,021
Total business-type activities expenses	3,611,051	3,742,157	4,165,415	4,279,801	4,588,546	4,727,473	4,747,554	4,749,358	5,348,345	4,998,650
Total primary government expenses	28,176,092	28,891,757	30,032,989	30,412,118	30,014,807	30,930,890	32,032,516	33,323,349	35,501,322	35,669,268
Program Revenues										
Governmental activities:										
Charges for services:										
General government	220,303	207,332	181,485	159,919	263,556	172,091	166,700	145,657	124,437	145,099
Public safety	278,293	245,412	240,209	194,105	189,748	279,493	353,966	522,498	521,550	536,532
Economic and physical development	18,436	11,617	19,641	17,890	18,527	20,032	21,161	22,129	9,222	34,539
Human services	1,911,990	1,932,022	2,024,707	2,090,364	2,099,557	1,999,392	1,498,726	1,553,777	1,679,646	2,071,609
Culture and recreation	40,287	63,779	61,172	64,122	56,264	54,115	45,623	57,964	51,054	44,584
Operating grants and contributions	5,096,559	5,635,258	6,519,634	5,641,667	5,418,451	5,422,395	5,532,237	5,595,416	5,483,781	5,632,491
Capital grants and contributions	318,369	274,488	1,036,382	369,081	630,355	477,771	152,238	241,946	-	16,434
Total governmental activities program revenue	7,884,237	8,369,908	10,083,230	8,537,148	8,676,458	8,425,289	7,770,651	8,139,387	7,869,690	8,481,288
Business-type activities										
Charges for services:										
Solid Waste	1,257,962	1,203,030	1,273,105	1,365,509	1,399,794	1,394,467	1,409,142	1,418,067	1,426,226	1,504,833
Water and Sewer	1,888,710	1,928,990	2,351,439	2,425,639	2,281,485	2,517,096	2,393,833	2,659,295	3,162,997	3,182,558
Capital grants and contributions	634,873	3,245,436	1,251,583	304,788	87,609	1,118,852	279,257	471,438	132,014	220,502
Total business-type activities program revenues	3,781,545	6,377,456	4,876,127	4,095,936	3,768,888	5,030,415	4,082,232	4,548,800	4,721,237	4,907,893
Total primary government program revenues	11,665,782	14,747,364	14,959,357	12,633,084	12,445,346	13,455,704	11,852,883	12,688,187	12,590,927	13,389,181
Net (expenses)/revenue										
Governmental activities	(16,680,804)	(16,779,692)	(15,784,344)	(17,595,169)	(16,749,803)	(17,778,128)	(19,514,311)	(20,434,604)	(22,283,287)	(22,189,330)
Business-type activities	170,494	2,635,299	710,712	(183,865)	(819,658)	302,942	(665,322)	(200,558)	(627,108)	(90,757)
Total primary government net expenses	(16,510,310)	(14,144,393)	(15,073,632)	(17,779,034)	(17,569,461)	(17,475,186)	(20,179,633)	(20,635,162)	(22,910,395)	(22,280,087)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	12,528,996	13,953,610	16,017,334	16,111,062	16,544,452	17,863,798	18,278,128	18,169,142	18,201,625	19,729,881
Local option sales taxes	3,887,932	2,982,087	2,095,105	1,963,435	2,203,383	2,236,339	2,241,156	2,421,292	2,388,583	3,322,098
Other taxes and licenses	163,181	60,007	49,661	65,081	62,831	59,878	61,665	66,763	79,609	178,214
Unrestricted grants and contributions	199,658	165,847	81,749	200,746	268,347	80,257	86,345	91,956	86,213	-
Investment earnings, unrestricted	441,867	146,561	17,402	15,940	7,741	6,082	2,279	2,767	26,026	48,469
Miscellaneous	140,260	159,464	24,499	100,202	91,685	13,269	298,443	70,088	100,987	65,619
Transfers	-	(76,399)	-	-	(8,751)	-	-	(174)	-	-
Total governmental activities	17,361,894	17,391,177	18,285,750	18,456,466	19,169,688	20,259,623	20,968,016	20,821,834	20,883,043	23,344,281
Business-type activities:										
Investment earnings	121,544	36,384	4,407	3,467	1,798	1,336	296	648	7,566	15,448
Miscellaneous	184,466	46,448	53,550	37,964	67,609	66,416	85,921	78,203	147,990	95,531
Transfers	-	76,399	-	-	8,751	-	-	174	-	-
Total business-type activities	306,010	159,231	57,957	41,431	78,158	67,752	86,217	79,025	155,556	110,979
Total primary government	17,667,904	17,550,408	18,343,707	18,497,897	19,247,846	20,327,375	21,054,233	20,900,859	21,038,599	23,455,260
Changes in Net Position										
Governmental activities	681,090	611,485	2,501,406	861,297	2,419,885	2,481,495	1,453,705	387,230	(1,400,244)	1,154,951
Business-type activities	476,504	2,794,530	768,669	(142,434)	(741,500)	370,694	(579,105)	(121,533)	(471,552)	20,222
Total primary government	\$ 1,157,594	\$ 3,406,015	\$ 3,270,075	\$ 718,863	\$ 1,678,385	\$ 2,852,189	\$ 874,600	\$ 265,697	\$ (1,871,796)	\$ 1,175,173

TABLE 3

WARREN COUNTY, NORTH CAROLINA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCES
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

Fiscal Year	Property Tax	Local Sales Tax	Other Taxes	Motor Fuel Tax	Alcoholic Beverage Tax	Total
2008	\$ 12,528,996	\$ 3,887,932	\$ 144,368	\$ 12,211	\$ 6,602	\$ 16,580,109
2009	13,471,491	2,982,087	60,007	850	7,095	16,521,530
2010	16,017,334	2,095,105	49,661	-	7,341	18,169,441
2011	16,111,062	1,963,435	65,081	-	7,400	18,146,978
2012	16,544,452	2,203,383	62,831	-	7,503	18,818,169
2013	17,863,798	2,236,339	52,327	-	7,551	20,160,015
2014	18,278,128	2,241,156	61,665	-	7,668	20,588,617
2015	18,169,142	2,421,292	66,763	-	7,467	20,664,664
2016	18,201,625	2,388,583	79,609	-	7,405	20,677,222
2017	\$ 19,729,881	\$ 3,322,098	\$ 178,214	\$ -	\$ 7,614	\$ 23,237,807

WARREN COUNTY, NORTH CAROLINA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year Ended									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund										
Reserved by state statute	\$ 1,464,419	\$ 1,756,087	\$ 1,660,388	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved For										
Inventory	18,848	25,478	25,388	-	-	-	-	-	-	-
Register of Deeds	10,931	-	-	-	-	-	-	-	-	-
Unreserved										
Undesignated	4,160,879	4,812,350	4,757,385	-	-	-	-	-	-	-
Designated for Library	-	-	-	-	-	-	-	-	-	-
Designated for recreation	-	-	-	-	-	-	-	-	-	-
Designated for Haliwa Saponi Recreation Project	-	-	-	-	-	-	-	-	-	-
Designated for Courthouse Annex Renovation	-	-	-	-	-	-	-	-	-	-
Designated for subsequent year's expenditures	2,183,928	1,510,294	2,336,819	-	-	-	-	-	-	-
Nonspendable										
Inventories	-	-	-	25,388	25,312	25,312	25,312	23,482	11,352	10,058
Restricted										
Stabilization by State Statute	-	-	-	1,390,404	1,780,754	1,665,595	1,607,699	2,066,586	1,697,202	2,047,989
Committed										
Revaluation	-	-	-	181,751	226,878	271,998	317,030	362,094	316,958	47,733
Assigned										
Subsequent year's expenditures	-	-	-	1,606,391	1,414,257	1,903,015	3,119,333	3,614,033	1,824,557	1,658,290
Unassigned	-	-	-	5,263,593	6,363,638	7,666,303	7,529,080	5,682,106	6,294,569	7,784,272
Total general fund	<u>7,839,005</u>	<u>8,104,209</u>	<u>8,779,980</u>	<u>8,467,527</u>	<u>9,810,839</u>	<u>11,532,223</u>	<u>12,598,454</u>	<u>11,748,301</u>	<u>10,144,638</u>	<u>11,548,342</u>
All other governmental funds										
Reserved by state statute										
Special revenue funds	44,527	-	99,196	-	-	-	-	-	-	-
Capital projects funds	20,489	18,858	179,645	-	-	-	-	-	-	-
Unreserved, reported in:										
Undesignated										
Special revenue funds	(28,912)	439,115	327,428	-	-	-	-	-	-	-
Capital projects funds	1,759,961	240,735	450,926	-	-	-	-	-	-	-
Designated for subsequent year's expenditures										
Special revenue funds	702,364	20,000	5,000	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Restricted										
Stabilization by State Statute	-	-	-	202,000	19,072	44,695	64,111	18,275	23,600	102,061
Public Safety	-	-	-	496,185	442,878	427,600	499,955	974,670	1,529,350	388,502
Economic Development	-	-	-	310,759	310,935	291,431	291,461	294,994	252,319	221,134
Recreation	-	-	-	-	-	-	-	136,005	1,002	1,006
Assigned										
Subsequent year's expenditures	-	-	-	-	-	-	-	29,892	-	-
Unassigned	-	-	-	(264,814)	(62,714)	(32,486)	(57,528)	(5,493)	(6,564)	(102,846)
Total all other governmental funds	<u>\$ 2,498,429</u>	<u>\$ 718,708</u>	<u>\$ 1,062,195</u>	<u>\$ 744,130</u>	<u>\$ 710,171</u>	<u>\$ 731,240</u>	<u>\$ 797,999</u>	<u>\$ 1,448,343</u>	<u>\$ 1,799,707</u>	<u>\$ 609,857</u>

Note: Beginning in Fiscal Year 2011, the classifications for fund balance were changed due to GASB 54.

WARREN COUNTY, NORTH CAROLINA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year Ended									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Ad Valorem taxes	\$ 12,657,868	\$ 14,085,532	\$ 15,998,844	\$ 16,064,818	\$ 16,703,924	\$ 18,003,078	\$ 18,272,066	\$ 18,372,851	\$ 18,195,561	\$ 19,969,526
Local option sales taxes	3,887,932	2,982,087	2,095,105	1,963,435	2,203,383	2,236,339	2,241,156	2,421,292	2,388,583	3,322,098
Other taxes and licenses	163,181	60,007	49,661	65,081	62,831	59,878	61,665	66,763	79,609	90,093
Unrestricted Intergovernmental	380,410	165,847	81,749	200,746	268,347	122,863	120,331	126,836	128,299	127,865
Restricted Intergovernmental	5,297,217	5,969,538	7,608,880	5,995,413	6,073,237	5,840,517	5,650,377	5,811,042	5,418,171	5,624,241
Permits and fees	350,392	278,866	275,480	248,403	263,379	285,882	254,318	244,753	256,808	269,744
Sales and services	2,055,876	2,121,504	2,198,871	2,237,698	2,240,763	2,208,564	1,809,456	2,034,487	2,146,424	2,535,406
Investment earnings	441,867	146,559	17,402	15,940	7,741	6,082	2,279	2,767	26,026	48,469
Miscellaneous	144,837	162,956	90,351	157,960	106,468	56,217	54,781	93,079	107,188	77,772
Total Revenues	25,379,580	25,972,896	28,416,343	26,949,494	27,930,073	28,819,420	28,466,429	29,173,870	28,746,669	32,065,214
Expenditures										
Current:										
General government	3,180,965	3,060,249	3,176,002	3,043,227	2,937,673	2,980,361	3,146,719	3,274,768	3,655,944	3,721,911
Public safety	6,230,742	6,354,606	7,231,978	7,067,568	7,107,232	7,531,216	8,308,486	9,014,839	9,262,183	9,510,075
Environmental protection	372,892	372,374	367,069	382,164	376,324	383,497	399,740	404,163	404,793	413,487
Economic and physical development	508,901	704,303	835,742	672,395	729,274	742,845	579,597	831,498	589,083	621,537
Human services	9,770,819	9,102,596	8,774,095	8,825,203	8,469,838	8,607,217	8,854,940	9,227,386	9,271,702	9,255,914
Cultural and recreation	661,340	892,207	760,937	863,403	722,136	780,899	865,195	799,852	991,155	861,166
Intergovernmental:										
Education	3,598,499	3,765,688	4,766,166	4,454,943	4,232,796	4,447,192	4,493,277	5,264,372	5,828,533	5,364,698
Capital outlay	1,764,985	1,281,067	1,069,604	316,048	135,876	103,975	131,544	17,000	322,854	1,460,425
Debt service:										
Principal	1,477,511	1,568,083	1,576,383	1,647,467	1,565,404	1,435,514	639,118	640,618	642,118	1,073,901
Interest and other charges	491,027	472,447	405,061	397,515	335,416	271,476	205,376	144,976	125,272	131,351
Total expenditures	28,057,681	27,573,620	28,963,037	27,669,933	26,611,969	27,284,192	27,623,992	29,619,472	31,093,637	32,414,465
Excess of revenues over (under) expenditures	(2,678,101)	(1,600,724)	(546,694)	(720,439)	1,318,104	1,535,228	842,437	(445,602)	(2,346,968)	(349,251)
Other financing sources (uses)										
Transfers in from other funds	1,087,795	896,882	429,552	422,326	203,796	44,893	119,000	700,975	43,010	194,354
Transfers out to other funds	(1,087,795)	(973,281)	(429,552)	(422,326)	(212,547)	(44,893)	(119,000)	(701,149)	(43,010)	(194,354)
Proceeds from the issuance of debt	2,609,200	162,604	1,565,952	89,921	-	207,225	290,553	245,967	1,094,669	563,105
Total other financing sources (uses)	2,609,200	86,205	1,565,952	89,921	(8,751)	207,225	290,553	245,793	1,094,669	563,105
Net change in fund balances	\$ (68,901)	\$ (1,514,519)	\$ 1,019,258	\$ (630,518)	\$ 1,309,353	\$ 1,742,453	\$ 1,132,990	\$ (199,809)	\$ (1,252,299)	\$ 213,854
Debt service as a percentage of noncapital expenditures	7.72%	7.82%	7.40%	7.58%	7.26%	6.37%	3.12%	2.70%	2.57%	3.99%

TABLE 6

WARREN COUNTY, NORTH CAROLINA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCES
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

Fiscal Year	Property Tax	Sales Tax	Other Taxes	Motor Fuel Tax	Alcoholic Beverage Tax	Total
2008	\$ 12,069,157	\$ 3,887,932	\$ 100,812	\$ 12,211	\$ 6,602	\$ 16,076,714
2009	13,471,604	2,982,088	60,007	850	7,095	16,521,644
2010	15,322,048	2,095,105	49,661	-	7,341	17,474,155
2011	15,318,279	1,963,435	65,081	-	7,400	17,354,195
2012	16,703,924	2,203,383	62,831	-	7,503	18,977,641
2013	18,003,078	2,236,338	52,327	-	7,551	20,299,294
2014	18,272,066	2,241,156	61,665	-	7,668	20,582,555
2015	18,372,851	2,421,292	66,763	-	7,467	20,868,372
2016	18,195,561	2,388,583	79,609	-	7,405	20,671,158
2017	\$ 19,969,526	\$ 3,322,098	\$ 90,093	\$ -	\$ 7,614	\$ 23,389,331

TABLE 7

WARREN COUNTY, NORTH CAROLINA
ASSESSED VALUE AND ESTIMATED ACTUAL OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)
(UNAUDITED)

Fiscal Year Ended December 31	Real Property			Personal Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Net Property	Motor Vehicles	Other					
2008	\$ 1,130,181	\$ 106,341	\$ 1,236,522	\$ 109,142	\$ 69,974	\$ 9,421	\$ 1,406,217	0.92	\$ 1,898,566	74.07%
2009	1,976,555	185,978	2,162,533	117,148	82,282	14,329	2,347,634	0.92	1,408,580	166.67%
2010	2,161,026	197,360	2,358,386	168,462	19,432	14,668	2,531,612	0.60	1,518,967	166.67%
2011	2,147,345	202,048	2,349,393	130,631	82,491	15,631	2,546,884	0.60	1,528,130	166.67%
2012	2,216,338	221,592	2,437,930	112,231	18,107	15,668	2,552,600	0.62	1,776,273	143.71%
2013	2,235,512	221,694	2,457,206	119,498	17,273	17,334	2,576,643	0.66	1,780,205	144.74%
2014	2,220,370	222,394	2,442,764	130,764	75,960	18,927	2,630,561	0.66	1,650,601	159.37%
2015	2,230,662	223,420	2,454,082	133,468	50,307	20,503	2,617,354	0.66	1,660,003	157.67%
2016	2,238,628	223,420	2,462,048	134,551	54,477	20,550	2,630,526	0.66	1,665,466	157.95%
2017	\$ 2,241,022	\$ 223,420	\$ 2,464,442	\$ 147,035	\$ 63,302	\$ 20,934	\$ 2,653,845	0.71	\$ 1,865,592	142.25%

Source: Warren County tax department

WARREN COUNTY, NORTH CAROLINA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2016
(UNAUDITED)

	Fiscal Year Ended									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
County Direct Rates*										
County-wide Rate	0.92	0.92	0.60	0.60	0.62	0.66	0.66	0.66	0.66	0.71
Municipality Rates										
Town of Warrenton	0.70	0.61	0.61	0.62	0.61	0.61	0.61	0.61	0.61	0.61
Town of Norlina	0.64	0.64	0.64	0.64	0.64	0.64	0.64	0.64	0.64	0.64
Town of Macon	0.30	0.30	0.30	0.30	0.30	0.30	0.279	0.30	0.38	0.30

* All taxable property is subject to the county-wide tax

Note:

All tax rates are expressed in dollars of tax per \$100 of assessed valuation.

Source: Warren County Tax Department

TABLE 9

**WARREN COUNTY, NORTH CAROLINA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO
(UNAUDITED)**

2017				2008			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Duke Energy Progress	\$ 36,188,186	1	1.38%	Progress Energy	\$ 16,599,355	1	1.16%
Halifax Electric Membership Corp.	31,535,985	2	1.17%	Inland Paperboard & Packaging	15,793,291	2	1.11%
P H Forest Investments	15,492,857	3	0.58%	Halifax EMC	13,241,432	3	0.93%
Island Paperboard & Packaging	15,194,514	4	0.57%	Glen Raven Mills	12,207,319	4	0.86%
Eatons Crossing	13,912,839	5	0.53%	Carolina Telephone	7,661,384	5	0.54%
Glen Raven Mills	7,549,346	6	0.29%	Forest Investment Association	4,815,488	6	0.34%
Carolina Telephone	7,017,451	7	0.27%	LMSW Kidney Center, LLC	4,722,235	7	0.33%
Strata Land Hildings LLC	6,260,082	8	0.24%	Lake Gaston Plaza II	3,726,746	8	0.26%
M H C Lake Gaston	5,389,860	9	0.21%	Cochrane Furniture Co., Inc.	3,710,936	9	0.26%
Dominion NC Power	5,369,553	10	0.20%	Lowes Food Stores, Inc.	3,367,473	10	0.24%
					<u>\$ 85,845,659</u>		<u>6.03%</u>
Totals	<u>\$ 143,910,673</u>		<u>5.44%</u>				

Source: Warren County Tax Department

TABLE 10

**WARREN COUNTY, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)
(UNAUDITED)**

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy			Total Collections to Date		
		Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy	
2008	\$ 11,812	\$ 11,109	94.0%	\$ 640	\$ 11,749	99.5%	
2009	13,247	12,557	94.8%	620	13,177	99.5%	
2010	15,190	14,488	95.3%	639	15,127	99.6%	
2011	15,281	14,535	95.1%	670	15,205	99.5%	
2012	15,840	15,090	95.3%	665	15,755	99.5%	
2013	16,967	16,329	96.2%	525	16,854	99.3%	
2014	17,362	16,701	96.2%	510	17,211	99.1%	
2015	17,274	16,774	97.1%	361	17,135	99.2%	
2016	17,361	16,807	96.8%	345	17,152	98.8%	
2017	\$ 18,842	\$ 18,371	97.5%	\$ -	\$ 18,371	97.5%	

Source: Warren County Tax Department

TABLE 11

WARREN COUNTY, NORTH CAROLINA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS, EXCEPT PER CAPITA AMOUNT)
(UNAUDITED)

Fiscal Year	Governmental Activities		Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Installment Purchases	General Obligation Bonds	Installment Purchases			
2008	\$ 3,965	\$ 8,042	\$ 12,524	\$ 217	\$ 24,748	6.50%	1,262
2009	3,165	7,281	12,422	-	22,868	6.01%	2,081
2010	2,380	7,883	12,316	-	22,579	5.93%	1,127
2011	1,588	6,933	12,154	188	20,863	5.91%	1,051
2012	885	5,917	13,545	173	20,520	5.46%	1,059
2013	191	5,292	13,367	1,189	20,039	5.10%	1,604
2014	165	4,878	13,162	1,191	19,396	4.96%	922
2015	137	4,333	12,947	1,069	18,486	4.84%	922
2016	108	4,558	12,805	1,008	18,479	4.71%	1,422
2017	\$ 78	\$ 4,078	\$ 12,418	\$ 997	\$ 17,571	3.02%	1,422

WARREN COUNTY, NORTH CAROLINA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS, EXCEPT PER CAPITA AMOUNTS)
(UNAUDITED)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2008	\$ 3,965	\$ -	\$ 3,965	0.21%	202
2009	3,165	-	3,165	0.22%	234
2010	2,380	-	2,380	0.16%	119
2011	1,588	-	1,588	0.10%	80
2012	885	-	885	0.05%	46
2013	191	-	191	0.01%	9
2014	165	-	165	0.01%	8
2015	137	-	137	0.01%	7
2016	108	-	108	0.01%	5
2017	\$ 78	\$ -	\$ 78	0.004%	4

WARREN COUNTY, NORTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2017
(UNAUDITED)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County of Warren	\$ 4,156	100.00%	\$ 4,156
Underlying:			
Town of Warrenton	-		-
Town of Norlina	-		-
Town of Macon	-		-
	<u>\$ 4,156</u>		<u>\$ 4,156</u>

TABLE 14

**WARREN COUNTY, NORTH CAROLINA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)
(UNAUDITED)**

	Fiscal Year Ended									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 112,497	\$ 115,190	\$ 202,529	\$ 203,751	\$ 204,208	\$ 206,131	\$ 210,445	\$ 209,388	\$ 210,442	\$ 212,308
Total net debt applicable to limit	16,489	15,587	14,696	13,742	14,430	13,558	13,327	13,084	12,913	12,496
Legal debt margin	<u>\$ 96,008</u>	<u>\$ 99,603</u>	<u>\$ 187,833</u>	<u>\$ 190,009</u>	<u>\$ 189,778</u>	<u>\$ 192,573</u>	<u>\$ 197,118</u>	<u>\$ 196,304</u>	<u>\$ 197,529</u>	<u>\$ 199,812</u>
Total net debt applicable to the limit as a percentage of debt limit	14.66%	13.53%	7.26%	6.74%	7.07%	6.58%	6.33%	6.25%	6.14%	5.89%
Legal Debt Margin Calculation for Fiscal Year 2016										
Total assessed value										2,653,846
Debt limit (8% of total assessed value)										212,308
Debt applicable to limit:										
General obligation bonds										12,496
Less: Amount set aside for repayment of general obligation debt										-
Total net debt applicable to limit										<u>12,496</u>
Legal debt margin										<u>\$ 199,812</u>

TABLE 15

WARREN COUNTY, NORTH CAROLINA
DEMOGRAPHICS AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
 (UNAUDITED)

Fiscal Year	Population	Personal Income (amounts expressed in thousands)	Per Capita Personal Income	Median Age	Education Level in Years of Formal Schooling	School Enrollment	Unemployment Rate
2008	19,605	288,507	14,716	37.00	*	3,074	9.7%
2009	19,388	285,314	14,716	*	*	2,628	12.7%
2010	20,033	368,367	18,388	44	*	2,632	11.7%
2011	19,843	353,086	17,794	44	73.5%	2,600	12.5%
2012	19,381	375,623	19,381	41	73.1%	2,458	12.8%
2013	20,576	393,269	19,113	45	73.1%	3,353	11.1%
2014	20,975	390,764	18,630	46	74.1%	2,551	10.0%
2015	20,514	382,176	18,630	46	76.5%	2,546	8.1%
2016	20,628	392,386	19,022	46	77.3%	2,342	7.3%
2017	20,468	581,095	28,390	46	77.8%	2,149	6.4%

*information not available

Source: NC State Data Center, Estimates are as of the beginning of the fiscal year
 Bureau of Economic Analysis, U.S. Department of Commerce, Figures are for the prior years calendar year.
 Kerr Tar Council on Governments
 Warren County Board of Education
 NC Employment Security Commission, Annual Average for prior calendar year.

**WARREN COUNTY, NORTH CAROLINA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO*
(UNAUDITED)**

Employer	2017		Employer	2008	
	Employees	Rank		Employees	Rank
Warren County Schools	500-999	1	State of N.C.	489	1
NC Dept of Public Safety	250-499	2	Warren County Schools	425	2
County of Warren	250-499	3	County of Warren	336	3
Glen Raven Mills Inc	100-249	4	Elberta Crate & Box	200	4
Food Lion	100-249	5	Glen Raven Mills	154	5
Comfort of Home Care Agency	100-249	6	Temple-Inland	138	6
Warren Hills Nursing Center	100-249	7	Warren Hills Nursing	135	7
Cast Stone Systems	50-99	8	Cast Stone Systems	90	8
Camp Willow Run	50-99	9			
Elberta Crate & Box Co.	50-99	10			

Source: esesc23.esc.state.nc.us

Source: NC Employment Security Commission

Source: www.d4nccommerce.com

TABLE 17

WARREN COUNTY, NORTH CAROLINA
FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

Function	Fiscal Year Ended									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government	57	57	56	44	41	40	36	38	44	44
Public Safety										
Sheriff	35	39	38	38	38	37	38	43	43	38
Central Communications	13	12	10	10	10	10	14	16	15	14
Detention	19	19	17	17	17	17	18	20	17	18
Emergency Management	2	2	2	2	2	2	2	2	3	2
Emergency Services	19	20	20	20	20	20	26	35	26	27
Code Enforcement	4	5	4	2	4	4	4	4	3	3
Animal Control	4	4	4	4	4	4	5	5	6	6
Environmental Protection	4	4	4	-	3	3	3	3	3	3
Economic & Physical Development	13	13	5	12	11	11	11	9	11	8
Human Services	120	120	120	126	132	131	126	124	128	129
Culture and recreation	20	23	17	12	12	12	12	15	12	12
Education	13	9	10	7	3	3	2	0	0	0
Solid Waste	5	4	4	4	5	5	5	4	5	5
Public Works	8	8	9	10	10	10	10	10	10	10
Total	<u>336</u>	<u>339</u>	<u>320</u>	<u>308</u>	<u>312</u>	<u>309</u>	<u>312</u>	<u>328</u>	<u>326</u>	<u>319</u>

Source: Warren County Finance Department

**WARREN COUNTY, NORTH CAROLINA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)**

Function	Fiscal Year Ended									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Animal Control- Dogs & Cats picked up	961	1,149	1,785	1,721	1,538	1,572	1,359	1,362	1,375	1,055
Fire Calls	2,741	3,326	735	3,025	310	384	1,278	3,496	3,740	3,892
Breaking and entering investigations	211	233	242	278	154	187	244	180	196	208
EMS Calls	2,439	1,163	2,699	4,629	2,632	1,289	2,164	2,934	3,288	3,235
Code Enforcement Inspections	723	4,173	889	1,153	2,277	722	704	2,074	628	2,111
Human Services										
Number of home health visits	4,917	5,062	5,427	5,783	4,939	4,641	3,395	3,097	3,322	3,761
Number of home health patients	468	264	441	243	395	143	296	237	242	246
Environmental Protection										
Tons of Solid Waste Collected	10,600	9,893	9,441	8,704	8,873	8,349	7,142	8,074	8,405	7,719
Culture and recreation										
Recreation Youth Participants	850	875	875	1,024	989	940	945	1,063	1,138	1,163
Library Items Circulated	68,690	61,727	59,560	54,530	49,160	44,586	51,446	51,823	46,419	51,076
Number of Library Visits	44,532	54,278	58,408	54,132	45,087	51,341	60,126	60,126	60,235	59,916

Source: Various county government departments

WARREN COUNTY, NORTH CAROLINA
CAPITAL ASSETS STATISTICS FY FUNCTION
LAST TEN FISCAL YEARS
 (UNAUDITED)

Function	Fiscal Year Ended									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Buildings & Grounds Motor Vehicles	12	11	11	11	11	9	9	9	7	10
Public Safety										
Sheriff's Patrol Units	36	36	36	36	36	44	46	55	54	53
Ambulances	8	8	5	5	6	6	8	6	6	6
Other Motor Vehicles	7	7	2	4	6	6	9	11	15	15
Environmental Protection										
Motor Vehicles	1	1	3	3	3	3	1	1	1	1
Economic & Physical Development										
Motor Vehicles	4	4	1	1	6	6	2	2	2	2
Human Services										
Motor Vehicles	23	22	23	21	20	20	25	24	28	28
Culture and recreation										
Park Acreage	40	40	42	41	40	40	120	145	145	145
Parks	3	3	3	3	3	3	3	4	4	4
Parks & Recreation Vehicles	0	0	0	0	0	0	0	3	3	3
Library Motor Vehicles	1	1	1	1	1	1	1	1	1	1
Water & Sewer										
Motor Vehicles & Equipment	8	9	7	7	7	7	9	8	9	9
Fire Hydrants	344	483	451	521	571	523	523	523	523	523
Pump Stations	13	14	5	5	8	10	10	10	10	10
Miles of Water Main	329	444	437	437	609	465	600	616	616	616
Elevated Tanks	6	7	7	7	7	7	7	7	7	7
Miles of Gravity Sewer Lines	5	5	5	5	5	5	5	5	5	5
Miles of Sewer Force Main	23	23	23	23	23	23	23	23	23	23
Solid Waste										
Public Works	0	0	0	0	0	0	0	5	5	6

Source: Warren County Finance Department

COMPLIANCE SECTION

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Report On Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Independent Auditor's Report

To The Board of County Commissioners
Warren County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Warren County, North Carolina as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprises Warren County's basic financial statements, and have issued our report thereon dated January 23, 2018. Our report includes a reference to other auditors who audited the financial statements of the Warren County Public Facilities Company and Warren County ABC Board, as described in our report on Warren County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of Warren County Public Facilities Company and Warren County ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Warren County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Warren County's internal control. Accordingly we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Warren County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
Oxford, NC
January 23, 2018

Winston, Williams, Creech, Evans, & Company, LLP

Certified Public Accountants



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Report On Compliance with Requirements Applicable To Each Major Federal Program And Internal Control Over Compliance In Accordance With OMB Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

To the Board of County Commissioners
Warren County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the Warren County, North Carolina, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Warren County's major federal programs for the year ended June 30, 2017. Warren County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Warren County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, OMB Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Warren County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Warren County's compliance.

Basis for Qualified Opinion on the Medical Assistance Program

As described in the accompanying schedule of findings and questioned costs, Warren County did not comply with requirements regarding the CFDA 93.778 Medical Assistance Program as described in finding numbers 17-1 for Eligibility. Compliance with such requirements is necessary, in our opinion, for Warren County to comply with the requirements applicable to that program.

Qualified Opinion on the Medical Assistance Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Warren County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Medical Assistance Program for the year ended June 30, 2017.

Other matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 17-1. Our opinion on each major federal program is not modified with respect to these matters.

Warren County's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and the corrective action plan. Warren County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of Warren County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Warren County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a

federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 17-1 and 17-2 to be material weaknesses.

Warren County's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and the corrective action plan. Warren County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
Oxford, NC
January 23, 2018

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Report On Compliance With Requirements Applicable To Each Major State Program and Internal Control Over Compliance In Accordance With the OMB Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

To the Board of County Commissioners
Warren County, North Carolina

Report on Compliance for the Major State Program

We have audited the Warren County, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Warren County's major state programs for the year ended June 30, 2017. Warren County's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Warren County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Warren County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination on Warren County's compliance.

Basis for Qualified Opinion on the Medical Assistance Program

As described in the accompanying schedule of findings and questioned costs, Warren County did not comply with requirements regarding CFDA 93.778 Medical Assistance Program as described in finding number 117-1 for Eligibility. Compliance with such requirements is necessary, in our opinion, for Warren County to comply with the requirements applicable to that program.

Qualified Opinion on the Medical Assistance Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Warren County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Medical Assistance Program for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 17-1. Our opinion on each major state program is not modified with respect to these matters.

Warren County's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and the corrective action plan. Warren County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Management of Warren County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Warren County's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major state program and to test and report on internal control over compliance in accordance with OMB Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned

functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 17-1 and 17-2 to be material weaknesses.

Warren County's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and the corrective action plan. Warren County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
Oxford, NC
January 23, 2018

**WARREN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

- Medicaid for Aged, Blind and Disabled case records should also contain documentation that liquid assets were verified and whether those assets are countable or non-countable for purposes of determining eligibility. Liquid Assets include cash, bank accounts, certificates of deposits, securities, or any asset which can be converted to cash. The record should contain verification of liquid assets and whether countable or non-countable for the purposes of eligibility. The countable reserves are then compared to and must be below the State-provided reserve limits for the particular Medicaid program. Most Medicaid for Families and Children do not require resource verification but if required, it is similar to that in the Medicaid for Aged, Blind and Disabled rules.
- Medicaid for Aged, Blind and Disabled case records should contain documentation that tax records and Register of Deeds were checked to verify if the individual owns property. The files should also contain documentation on any property found as to whether it is a countable resource or is exempt from the resources calculation.

Condition: There were 50 cases that contained 210 errors regarding eligibility verifications and determinations.

Questioned Costs: There were \$65,334 in known errors and \$865,129 in projected questioned costs for these cases.

Context: A total of 108 cases and 165 certifications that were tested for the audit. A total of 106 cases and 159 certifications for Medicaid for the Aged, Blind, and Disabled were tested. Family and Children's Medicaid consisted of 2 cases and 6 certifications.

- 14 cases and 18 certifications contained 19 errors related to income verifications.
- 42 cases and 71 certifications contained 128 errors related to liquid assets and resource verifications.
- 26 cases and 43 certifications contained 44 errors related to real property verifications.
- 13 cases and 18 certifications contained 19 errors related to eligibility verifications (residency, citizenship, disability, etc.) and administrative functions (timely reviews, properly dating evidence, etc.).

Effect: Cases did not have a correct record of resources, income, property, citizenship, and residency for Medicaid eligibility. It is possible that these errors could lead to incorrectly approving or denying an applicant benefits. Benefits can be paid to ineligible applicants.

Cause: Ineffective case review process, incomplete documentation to support eligibility determination, and incorrect application of rules for what is countable or non-countable for purposes of determining eligibility could cause ineligible applicants to be approved for services.

Recommendation: Files should be reviewed internally to ensure proper documentation is in place for eligibility determination and that information gathered is correctly and completely entered into NCFast. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping should be stressed. They should also be retrained on what constitutes income for each program and the acceptable deductions from income, what is countable and non-countable for purposes of determining eligibility with regards to reserve / liquid asset calculations. We recommend that all files include a print out (or scanned copy) as evidence that the Register of Deeds and Tax Offices were checked and the results found or documentation should be made in case notes that clearly indicates what actions were performed and the results of those actions.

**WARREN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Views of responsible officials and planned corrective actions: The Warren County Department of Social Services had a 100% turnover in Income Maintenance II caseworkers in 2017 in our Adult Medicaid Unit. There are five IMC II positions in that unit. At the time of the exit conference for the County Audit only two of those positions were filled. One worker has been in his position for about six months and another worker about two months. Individuals have been chosen but have not yet started employment in two of those positions and applications are being accepted for the last position. This massive turnover forced the Department to have the Adult Medicaid Supervisor and the unit's two Lead Workers to carry caseloads and take applications. This greatly diminished their roles in quality control. We also continue to work with the State concerning the prior County Audit and look forward to working with the State with the concerns of this year's audit.

The Family and Children's Medicaid Unit has also had some turnover as well but nothing to the degree of the Adult Medicaid Unit. We are pleased that the errors found in that unit were minor but will continue to work to have no errors in the future.

The Warren County Department of Social Services serves over 5,000 citizens of the County in its Medicaid Units. That is about one-fourth of the population of the County. The Department is pleased to have survived the past year and to have provided services to our citizens in a timely manner. We are also pleased that the findings were somewhat improved over the prior audit. The turnover in our Adult Unit is not completely a bad thing. The new workers will be properly trained and will understand the importance of doing quality work. We have two Lead Workers in the Adult Unit who will focus on training our new workers. We will have a new Lead Worker in our Family and Children's Unit as well who will focus on quality.

The Department appreciates the opportunity to improve in the determination of eligibility for Medicaid for the citizens of Warren County.

Finding 17-2

MATERIAL WEAKNESS
Program Internal Control

Criteria: Local departments of Social Services (DSS) play an important role in determining eligibility for the Medical Assistance Program. Under authority of 42 CFR 431.1 and G.S. 108A, DSS has the responsibility to determine financial eligibility for families and non-SSI beneficiaries to be covered by the NC Medicaid Program and the Temporary Assistance for Needy Families. Internal Controls are in place as a safeguard to determine eligibility and to double check files for fraud and errors. With all of the changes in the eligibility rules and computer systems utilized strong internal controls should be in place.

Condition: The internal controls for 2nd party reviews and training are weak. With the implementation of NCFast over 3 years ago, the introduction of the Integrated Eligibility Manual over 2 years ago, the change to the use of Modified Adjusted Gross Income rules for income (MAGI), the inability to retain qualified workers, and state-wide publicity regarding the Medicaid administration; the morale of workers continues to decrease. These conditions had been appearing state-wide in the past several years but appear to be worse in the County. There is a high rate of turnover in the County DSS, especially in Medicaid for the Aged, Blind and Disabled. Due to the State's decentralization of the eligibility determination, internal controls are addressed at the county level.

**WARREN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Questioned Costs: Unable to determine questioned costs. There are many costs associated with errors made, being understaffed, and training new employees due to turnover.

Context: One key internal control for eligibility is the 2nd party review process. The idea behind this is to spot check a randomly selected sample of files for accuracy. After the files have been reviewed the idea is to retrain workers in any ineffective areas. All programs should have a formal system for 2nd party reviews. Very few 2nd party reviews have been done. Supervisors are spending time answering questions about policy, dealing with NCFast issues, and reviewing new workers cases, leaving little time to do 2nd party reviews.

As caseloads increase, pay remains low compared to neighboring counties and the average experience of workers decreases, the morale among workers decreases. With a caseload of approximately 350 for Adult and 1,000 for Family and Children, workers feel stressed and over worked. When morale is low, workers may be less dedicated to the assigned duties for a given day. With the pressure to clear backlog and to keep their ongoing cases, workers are more likely to rush thru tasks to be performed and not check their own work. With no incentive for overtime (and sometimes no approval for overtime) and flex time was taken away from workers during this fiscal year, workers are not completing the task effectively in the given time frame.

Many caseworkers did not receive adequate training of Medicaid's complicated rules for eligibility. There seems to be a response of doing things the same way as always but policy has changed with the implementation of the Integrated Eligibility Manual and NCFAST. The lack of knowledge/training of the Medicaid criteria, for income and resources especially, proves to be an issue since this is different depending on the program being considered.

Effect: Applicants that have been approved to receive benefits may actually not be eligible and those that were denied may actually be eligible due to errors made in determining eligibility. Stressed and/or overworked workers may seek other employment and thus increase the turnover rate at DSS. The risk of fraud increases as morale decreases.

Cause: The ongoing changes of NC FAST and NC Tracks, turnover in DSS staff (locally and at the State level), and budget pressures.

Recommendation: 2nd party reviews must take place to ensure that eligibility is determined correctly and timely. Group training sessions should be held on system and policy changes to allow time for team members to share best practices or tricks learned. Consider the additional role of a quality control reviewer or an internal auditor to assist in 2nd party reviews; that way supervisors can spend more time training and supervising workers. Morale boosters should be sought out. These do not have to be monetary, but some manner/means to make workers feel appreciated for the work that they take on. Management must clearly communicate their ethics and values throughout DSS. This should also be demonstrated through their own actions. Integrity demonstrated by employees should be rewarded in some manner to further communicate management's commitment to integrity and encourage others to act similarly.

Views of responsible officials and planned corrective actions: The Warren County Department of Social Services had a 100% turnover in Income Maintenance II caseworkers in 2017 in our Adult Medicaid Unit. There are five IMC II positions in that unit. At the time of the exit conference for the County Audit only two of those positions were filled. One worker has been in his position for about six months and another worker about two months. Individuals have been chosen but have not yet started employment in two of those positions and applications are being accepted for the last position. This massive turnover forced the Department to have the Adult Medicaid Supervisor and the unit's two Lead Workers to carry caseloads and take applications. This greatly diminished their

**WARREN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

roles in quality control. We also continue to work with the State concerning the prior County Audit and look forward to working with the State with the concerns of this year's audit.

The Family and Children's Medicaid Unit has also had some turnover as well but nothing to the degree of the Adult Medicaid Unit. We are pleased that the errors found in that unit were minor but will continue to work to have no errors in the future.

The Warren County Department of Social Services serves over 5,000 citizens of the County in its Medicaid Units. That is about one-fourth of the population of the County. The Department is pleased to have survived the past year and to have provided services to our citizens in a timely manner. We are also pleased that the findings were somewhat improved over the prior audit. The turnover in our Adult Unit is not completely a bad thing. The new workers will be properly trained and will understand the importance of doing quality work. We have two Lead Workers in the Adult Unit who will focus on training our new workers. We will have a new Lead Worker in our Family and Children's Unit as well who will focus on quality.

The Department appreciates the opportunity to improve in the determination of eligibility for Medicaid for the citizens of Warren County.

Section IV – State Award Findings and Questioned Costs

See Findings 17-1 and 17-2.

**WARREN COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

Finding: 17-1

Name of Contact Person: Kristie Harris, Children & Family Medicaid Supervisor
Francine Allen, Adult Medicaid Supervisor II

Corrective Action: The Warren County Department of Social Services had a 100% turnover in Income Maintenance II caseworkers in 2017 in our Adult Medicaid Unit. There are five IMC II positions in that unit. At the time of the exit conference for the County Audit only two of those positions were filled. One worker has been in his position for about six months and another worker about two months. Individuals have been chosen but have not yet started employment in two of those positions and applications are being accepted for the last position. This massive turnover forced the Department to have the Adult Medicaid Supervisor and the unit's two Lead Workers to carry caseloads and take applications. This greatly diminished their roles in quality control. We also continue to work with the State concerning the prior County Audit and look forward to working with the State with the concerns of this year's audit.

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**WARREN COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The Department appreciates the opportunity to improve in the determination of eligibility for Medicaid for the citizens of Warren County.

Proposed Completion Date: June 30, 2018

Finding: 17-2

Name of Contact Person: Kristie Harris, Children & Family Medicaid Supervisor
Francine Allen, Adult Medicaid Supervisor II

Corrective Action: The Warren County Department of Social Services had a 100% turnover in Income Maintenance II caseworkers in 2017 in our Adult Medicaid Unit. There are five IMC II positions in that unit. At the time of the exit conference for the County Audit only two of those positions were filled. One worker has been in his position for about six months and another worker about two months. Individuals have been chosen but have not yet started employment in two of those positions and applications are being accepted for the last position. This massive turnover forced the Department to have the Adult Medicaid Supervisor and the unit's two Lead Workers to carry caseloads and take applications. This greatly diminished their roles in quality control. We also continue to work with the State concerning the prior County Audit and look forward to working with the State with the concerns of this year's audit.

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**WARREN COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The Department appreciates the opportunity to improve in the determination of eligibility for Medicaid for the citizens of Warren County.

Proposed Completion Date: June 30, 2018

Section IV – State Award Findings and Questioned Costs

See Findings 17-1 and 17-2.

**WARREN COUNTY, NORTH CAROLINA
PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Finding : 16-1

Status: See Finding 17-1

Finding : 16-2

Status: See Finding 17-1

Finding: 16-3

Status: See Finding 17-1

Finding: 16-4

Status: See Finding 17-1

Finding: 16-5

Status: See Finding 17-2

Finding: 16-6

Status: See Finding 17-1. While 17-1 is for a different program, the eligibility rules are basically the same and issues were encountered in the application of those rules.

Finding : 15-1

Status: See Finding 17-1

Finding : 15-2

Status: See Finding 17-1

Finding: 15-3

Status: See Finding 17-1

Finding: 15-4

Status: See Finding 17-1

Finding: 15-5

Status: See Finding 17-2

Finding 14-2

Status: See Finding 17-1.

Finding 14-3

Status: See Finding 17-1.

**WARREN COUNTY, NORTH CAROLINA
PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Finding 14-5

Status: See Finding 17-2.

Finding 13-3

Status: See Finding 17-1.

Finding: 13-4

Status: See Finding 17-1.

**WARREN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES	STATE EXPENDITURES	TO SUBRECIPIENTS
FEDERAL AWARDS:				
<u>U.S. Dept. of Agriculture</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
Administration:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	\$ 344,162	\$ -	\$ -
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health:				
Administration:				
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	115,639	-	-
Direct Benefit Payments:				
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	291,783	-	-
Total US Department of Agriculture		<u>751,584</u>	<u>-</u>	<u>-</u>
<u>National Foundation of Arts and Humanities</u>				
Office of Library Services-State Orogams				
Passed-through the N.C. Dept. of Cultural Resources				
State Library of North Carolina				
LSTA Strengthening Public and Academic				
Library Collections Grant	45.310	18,995	-	-
<u>U.S. Dept. of Homeland Security</u>				
Passed-through the N.C. Department of Public Safety:				
Emergency Management Performance Grant				
	97.042	38,584	-	-
Emergency Food and Shelter National Board Program				
	97.024	3,437	-	-
Total U.S. Dept. of Homeland Security		<u>42,021</u>	<u>-</u>	<u>-</u>
<u>U.S. Dept. of Health and Human Services</u>				
<u>Division of Aging and Adult Services</u>				
Passed-through the Kerr-Tar Council of Governments:				
National Family Caregiver Support, Title III, Part E				
	93.052	7,635	509	-
Social Service Block Grant (In Home and Supportive Services)				
	93.667	5,588	160	-
<u>Aging Cluster:</u>				
Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and S	93.044	30,661	1,804	-
Special Programs for the Aging-Title III, Part C-Nutrition Services	93.045	112,085	6,593	-
Nutrition Services Incentive Program	93.053	18,502	-	-
Total Aging Cluster		<u>161,248</u>	<u>8,397</u>	<u>-</u>
Total Division of Aging and Adult Services		<u>168,883</u>	<u>9,066</u>	<u>-</u>
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Medical Assistance:				
Direct Benefit Payments:				
Medical Assistance Program	93.778	24,210,562	13,616,520	-
Division of Social Services:				
Administration:				
Medical Assistance Program	93.778	956,085	60,725	-
Total Medical Assistance Program		<u>25,166,647</u>	<u>13,677,245</u>	<u>-</u>
Direct Benefit Payments:				
State Children's Health Insurance Program - N.C. Health Choice	93.767	538,588	1,876	-
Division of Social Services:				
Administration:				
State Children's Health Insurance Program - N.C. Health Choice	93.767	46,501	27	-
Total State Children's Health Insurance Program - N.C. Health Choice		<u>585,089</u>	<u>1,903</u>	<u>-</u>
Total Division of Medical Assistance		<u>25,751,736</u>	<u>13,679,148</u>	<u>-</u>

**WARREN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES	STATE EXPENDITURES	TO SUBRECIPIENTS
<u>Centers for Disease Control and Prevention:</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health				
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP)				
Aligned Cooperative Agreements	93.074	36,587	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	50	-	-
Immunization Grants	93.268	2,439	-	-
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance	93.539	4,024	-	-
Cancer Prevention and Control Programs for State-Territorial and Tribal Organizations	93.752	6,336	-	-
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	26,708	-	-
HIV Prevention Activities Health Department Based	93.940	2,920	-	-
Preventive Health Services-Sexually Transmitted Diseases Control Grants	93.977	446	-	-
Total Centers for Disease Control		79,510	-	-
<u>Office Population Affairs:</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Office of Populations Affairs				
Family Planning Services	93.217	31,926	-	-
Passed-through the N.C. Dept. of Insurance, Division of SHIIP:				
CDAP-State Health Insurance Assistance Program	93.324	1,945	-	-
<u>Health Resources and Service Administration</u>				
Passed-through N.C. Dept. of Health and Human Services:				
Division of Public Health				
Maternal and Child Health Services Block Grant to the States	93.994	71,368	33,612	-
<u>U.S. Dept. of Health and Human Services (cont.)</u>				
<u>Administration for Children and Families</u>				
Passed-through the N.C. Dept. of Health Human Services, Division of Social Services:				
Child Support Enforcement	93.563	320,841	(8)	-
Refugee and Entrant Assistance - State Administered Programs	93.566	63	-	-
<u>Foster Care and Adoption Cluster:</u>				
Foster Care-Title IV-E	93.658	135,403	20,981	-
Foster Care - Direct Benefit Payments	93.658	7,418	1,850	-
Adoption Assistance	93.659	16,438	-	-
Foster Care-Title IV-E Direct Benefit Payments	93.658	64,337	42,820	-
Adoption Assistance - Direct Benefits Payments	93.659	-	-	-
Total Foster Care and Adoption Cluster		223,596	65,651	-
Temporary Assistance for Needy Families (TANF)/Work First:				
Administration	93.558	361,135	-	-
Direct Benefit Payments	93.558	160,969	(9)	-
Low-Income Home Energy Assistance:				
Energy Assistance Payments- Direct Benefit Payments	93.568	-	-	-
Crisis Intervention Program	93.568	245,955	-	-
Promoting Safe and Stable Families	93.556	274	-	-
Stephanie Tubbs Jones Child Welfare Services Program				
Permanency Planning-Families for Kids	93.645	2,216	-	-
Social Services Block Grant (SSBG)-Other Service and Training	93.667	150,331	16,092	-
Chafee Foster Care Independence Program:				
Independent Living Initiative	93.674	1,765	441	-
Total		922,371	16,524	-

**WARREN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES	STATE EXPENDITURES	TO SUBRECIPIENTS
Division of Child Development and Early Education:				
<u>Subsidized Child Care</u>				
<u>Child Care Development Fund Cluster</u>				
Division of Social Services:				
Child Care Development Mandatory and Match Fund- Administration	93.596	80,000	-	-
Division of Child Development:				
Child Care and Development Block Grant	93.575	219,719	-	-
Child Care and Development Fund-Mandatory	93.596	72,300	-	-
Child Care and Development Fund-Match	93.596	174,612	78,865	-
Total Child Care Development Fund Cluster		<u>546,631</u>	<u>78,865</u>	<u>-</u>
Temporary Assistance for Needy Families (TANF)	93.558	60,377	-	-
Foster Care Title IV-E	93.658	2,579	1,306	-
State Appropriations		-	28,391	-
Smart Start		-	105	-
TANF-MOE		-	90,969	-
Total Subsidized Child Care Cluster		<u>609,587</u>	<u>199,636</u>	<u>-</u>
Total Administration for Children and Families		<u>2,074,902</u>	<u>280,113</u>	<u>-</u>
Total U.S. Dept. of Health and Human Services		<u>28,180,270</u>	<u>14,003,629</u>	<u>-</u>
Total federal awards		<u>29,000,288</u>	<u>14,003,629</u>	<u>-</u>
STATE AWARDS:				
<u>N.C. Dept. of Administration</u>				
Veteran's Service Program		-	2,130	-
<u>N.C. Dept. of Agriculture and Consumer Services</u>				
Agriculture Cost Share Technical Assistance		-	21,589	-
<u>N.C. Dept. of Commerce</u>				
Rural Economic Development Division				
Emergency and Imminent Community Water Assistance		-	150,000	-
<u>N.C. Dept. of Natural and Cultural Resources</u>				
Division of State Library				
State Aid to Public Libraries		-	82,116	-
<u>N.C. Dept. of Health and Human Services</u>				
<u>Division of Aging and Adult Services:</u>				
Home Delivered Meal, Access & In-Home & Supportive Services		-	111,058	-
Senior Center Development		-	10,866	-
<u>Division of Social Services:</u>				
State/County Special Assistance for Adults - Direct Benefit Payments				
Administration		-	215,048	-
CWS Direct Benefit Payments		-	73,225	-
Child Welfare/CPS		-	10,257	-
Incentive/Prog Integrity		-	565	-
Energy Assistance		-	4,154	-
Smart Start		-	10,225	-
Total Division of Social Services		<u>-</u>	<u>313,474</u>	<u>-</u>
<u>Division of Public Health</u>				
General Aid to Counties		-	96,403	-
Food and Lodging		-	5,943	-
School Nurse Funding Initiative		-	150,000	-
Women's Health Service Fund		-	2,230	-
HIV/STD State		-	100	-

**WARREN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES	STATE EXPENDITURES	TO SUBRECIPIENTS
HIV/STD SSBG Aid		-	400	-
Sexually Transmitted Diseases		-	38	-
General Communicable Disease Control		-	9,592	-
Tuberculosis		-	2,946	-
Breast and Cervical Cancer Program		-	2,550	-
Child Health		-	3,062	-
HMHC-Family Planning		-	13,858	-
Maternal Health (HMHC)		-	3,591	-
Electronic Health Record		-	20,000	-
TB Medical Service		-	540	-
Total Division of Public Health		-	311,253	-
Total N.C. Dept. of Health and Human Services		-	746,651	-
<u>N.C. Dept of Environmental Quality</u>				
Directorate of Environmental Affairs				
Abandoned Mobile Home Grant		-	9,496	-
Division of Waste Management				
Scrap Tire Fund		-	7,256	-
White Good Fund		-	813	-
Division of Parks and Recreation				
Electronic Management		-	1,519	-
Total N.C. Dept of Environmental Quality		-	9,588	-
<u>N.C. Dept. of Transportation</u>				
Rural Operating Assistance Program (ROAP) Cluster				
ROAP Elderly and Disabled Transportation Assistance Program		-	60,792	59,416
ROAP Work First Transitional - Employment		-	6,913	-
ROAP Rural General Public Program		-	56,476	-
Total N.C. Dept. of Transportation		-	124,181	59,416
<u>N.C. Dept. of Public Safety</u>				
Juvenile Crime Prevention Council Programs		-	81,386	39,719
Total State Awards		-	1,227,137	99,135
Total federal and State awards		\$ 29,000,288	\$ 15,230,766	\$ 99,135

NOTES TO PRECEDING SCHEDULE OF FEDERAL AND STATE AWARDS:

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Warren County, North Carolina, under the programs of the federal government and the State of North Carolina for the year ended June 30, 2017. The information in this SEFSA is presented in accordance with the requirements of Title 2 *US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Warren County, it is not intended to and does not present the financial positions, changes in net position or cash flows of Warren County.

2. Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursements. Warren County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. Cluster of Programs

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care and Foster Care and Adoption.