

COMPREHENSIVE ANNUAL FINANCIAL REPORT

WARREN COUNTY,
NORTH CAROLINA

FOR THE FISCAL YEAR
ENDING JUNE 30, 2018



Prepared by the Warren County Finance Department

Jamie R. Holtzman, Finance Director

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

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Warren County Board of Commissioners

P.O. Box 619

Warrenton, NC 27589

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December 27, 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, 2018 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, 2018 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 unqualified opinion that the county's financial statements for the fiscal year ended June 30, 2018, 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, 2018. 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 20,568.

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 library 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, 2018.

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 2017 to June 2018, Warren County's unemployment rate decreased .7% to 6.2% as compared to the State of North Carolina's rate of 4.2% 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. This strategy was adopted in January 2018 it serves as 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 will continue our efforts to expand the availability of the service.

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 3 each 50MW locations in the northern areas 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 2018. The North Carolina Welcome Center, located on I-85, attracts over one million visitors annually. Although Lake Gaston has limited 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: Phase 1 of 3 Phases that was approved by the Board of Commissioners in November 2014 is now complete. 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. The facility has steadily increased in popularity and use as an event space.

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.

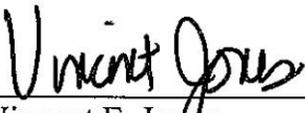
Other Information and Acknowledgements

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, 2017. This was the 13th 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.

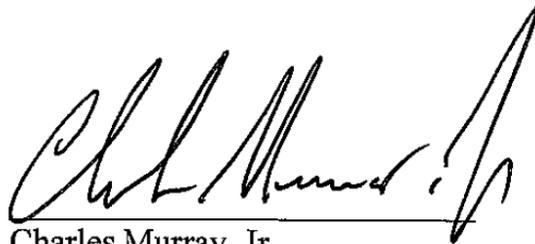
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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,

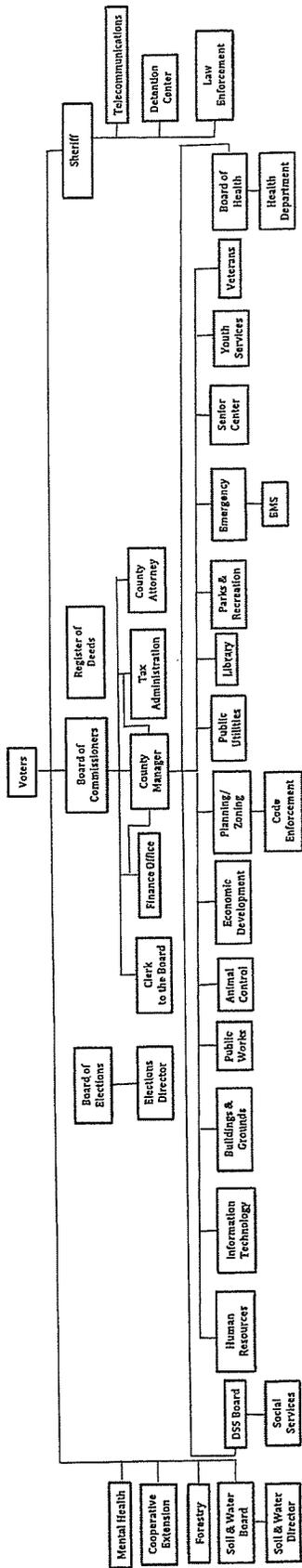


Vincent E. Jones
County Manager



Charles Murray, Jr.
Interim Finance Director

Warren County Government



**WARREN COUNTY, NORTH CAROLINA
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2018**

**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
Jamie Holtzman
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
Terrance Williams
Danielle Bowen
Ken Krulik
Stacy Woodhouse
Margaret Brake
Lisa Alston
Charles Burwell
Richard Williams
Debbie Scott
Vicky Stokes

County Manager
Interim 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, 2017

Christopher P. Morrell

Executive Director/CEO

FINANCIAL SECTION

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

Certified Public Accountants



America Counts on CPAs

Gary L. Williams, CPA
Carleen P. Evans, CPA
Jennifer T. Reese, CPA
Tara H. Roberson, CPA

Curtis G. Van Horne, 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, 2018 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

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www.wwcecpa.com



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 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, 2018, 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 2018 the County adopted new accounting guidance, GASB 75, *Accounting and Financial Reporting for Financial Reporting for Postemployment Benefits Other than Pensions*. 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 Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension 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, 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, and the Other postemployment Benefits Schedule of Changes in the Total OPEB Liability and Related Ratios, on Exhibits A-1 thru A-7, 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 Warren County's basic financial statements. 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 December 27, 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
December 27, 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, 2018. 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

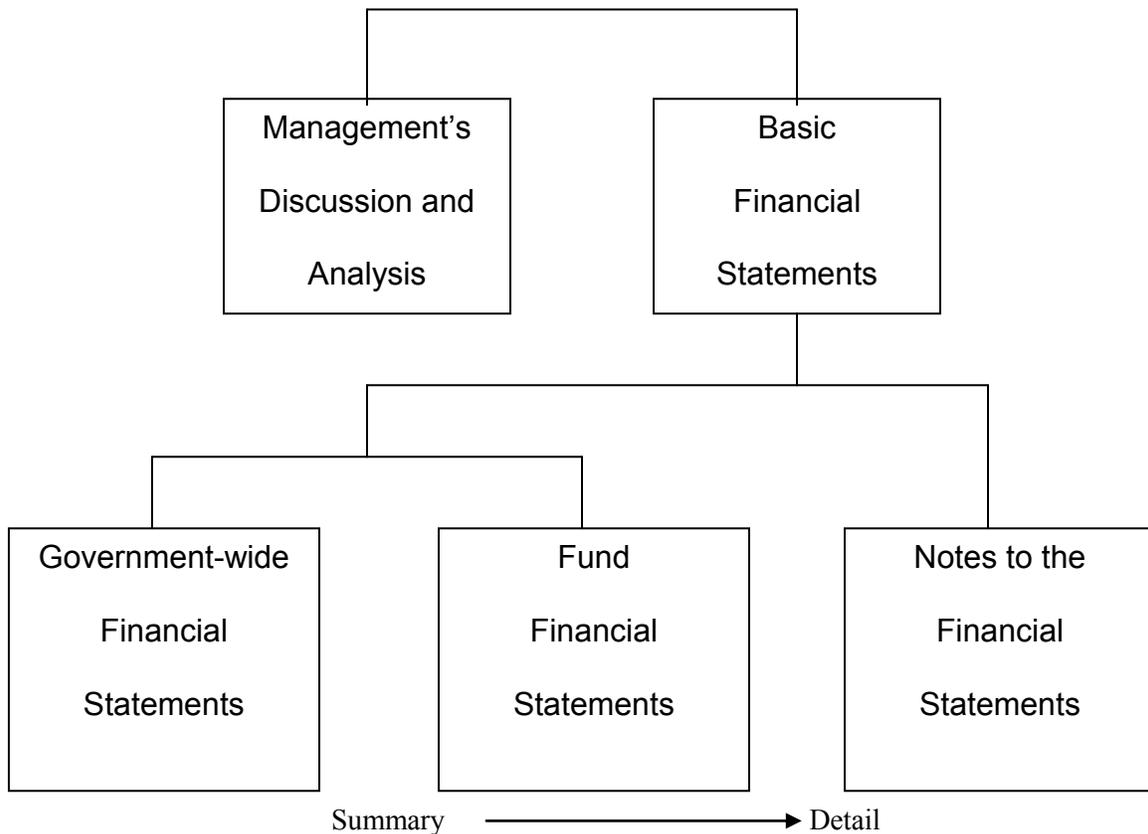
- The assets and deferred outflows of resources of Warren County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$49,085,814 (*net position*).
- The government's total net position increased by \$621,287 primarily due to increased net position in the General Fund.
- As of the close of the current fiscal year, Warren County's governmental funds reported combined ending fund balances of \$15,513,605, an increase of \$3,355,406 in comparison with the prior year. Approximately 63.71 percent of this total amount or \$9,883,665 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 \$9,889,447 or 34.43% of total general fund expenditures for the fiscal year.
- Warren County's total debt increased by \$1,803,956 (7.62%) 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 82 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 \$49,085,814 as of June 30, 2018, one of the largest portions (62.44%) 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 \$5,158,522. The balance of \$13,278,093 is unrestricted.

**Warren County's Net Position
Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 17,673,583	\$ 14,404,969	\$ 5,587,922	\$ 4,548,569	\$ 23,261,505	\$ 18,953,538
Capital Assets	19,415,983	18,713,187	31,769,258	32,937,871	51,185,241	51,651,058
Total Assets	37,089,566	33,118,156	37,357,180	37,486,440	74,446,746	70,604,596
Deferred Outflows of Resources	2,087,194	3,289,674	94,985	157,125	2,182,179	3,446,799
Long-term liabilities outstanding	11,630,293	9,233,700	13,844,222	14,215,276	25,474,515	23,448,976
Other liabilities	948,156	1,010,830	753,695	679,178	1,701,851	1,690,008
Total Liabilities	12,578,449	10,244,530	14,597,917	14,894,454	27,176,366	25,138,984
Deferred Inflows of Resources	359,370	198,747	7,375	6,331	366,745	205,078
Net position:						
Net investment in capital assets	12,287,228	14,882,684	18,361,971	19,169,876	30,649,199	34,052,560
Restricted	5,121,914	2,760,692	36,608	77,888	5,158,522	2,838,580
Unrestricted	8,829,799	8,321,177	4,448,294	3,495,016	13,278,093	11,816,193
Total net position	\$ 26,238,941	\$ 25,964,553	\$ 22,846,873	\$ 22,742,780	\$ 49,085,814	\$ 48,707,333

**Warren County Changes in Net Position
Figure 3**

	Governmental Activities		Business-like Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 2,301,774	\$ 2,832,363	\$ 4,933,273	\$ 4,687,391	\$ 7,235,047	\$ 7,519,754
Operating grants and contributions	4,665,272	5,632,491	-	-	4,665,272	5,632,491
Capital grants and contributions	10,390	16,434	92,378	220,502	102,768	236,936
Property taxes	19,260,936	19,729,881	-	-	19,260,936	19,729,881
Other taxes	3,635,210	3,500,312	-	-	3,635,210	3,500,312
Investment Earnings	138,214	48,469	53,911	15,448	192,125	63,917
Miscellaneous	33,493	65,619	152,090	95,531	185,583	161,150
Total Revenues	30,045,289	31,825,569	5,231,652	5,018,872	35,276,941	36,844,441

	Governmental Activities		Business-like Activities		Total	
	2018	2017	2018	2017	2018	2017
Expenses:						
General government	3,607,759	4,027,378	-	-	3,607,759	4,027,378
Public safety	9,684,737	9,550,461	-	-	9,684,737	9,550,461
Economic and physical development	704,649	641,933	-	-	704,649	641,933
Environmental protection	285,836	421,805	1,649,651	1,552,629	1,935,487	1,974,434
Human services	8,672,024	9,511,026	-	-	8,672,024	9,511,026
Cultural and recreation	1,026,498	1,024,011	-	-	1,026,498	1,024,011
Education	5,362,874	5,364,698	-	-	5,362,874	5,364,698
Interest on long-term debt	192,148	129,306	-	-	192,148	129,306
Water and sewer	-	-	3,469,478	3,446,021	3,469,478	3,446,021
Total Expenses	29,536,525	30,670,618	5,119,129	4,998,650	34,475,654	35,669,268
Increase in net position before transfers	508,764	1,154,951	112,523	20,222	621,287	1,175,173
Transfers	-	-	-	-	-	-
Increase in net position	508,764	1,154,951	112,523	20,222	621,287	1,175,173
Net position, July 1	25,964,553	24,852,354	22,742,780	22,722,558	48,707,333	47,574,912
Restatement	(234,376)	(42,752)	(8,430)	-	(242,806)	(42,752)
Net position, July 1, as restated	25,730,177	24,809,602	22,734,350	22,722,558	48,464,527	47,532,160
Net position, June 30	\$ 26,238,941	\$ 25,964,553	\$ 22,846,873	\$ 22,742,780	\$ 49,085,814	\$ 48,707,333

Governmental activities. Governmental activities increased the County's net position by \$508,764 accounting for 81.9 percent of the total increase in the net position of Warren County. The current tax rate is 79 cents per \$100 in valuation an increase of 3 cents from FYE 2017.

Business-type activities. Business-type activities increased Warren County's net position by \$112,523 or 18.1% compared to the prior year. The key elements for the increase are the 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 \$10,387,953 while total fund balance reached \$12,020,291. 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 36.16% of general fund expenditures, while total fund balance represents 41.84% 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 \$.76 to \$.79.

At June 30, 2018, the governmental funds of Warren County reported a combined fund balance of \$15,513,605, a 27.6% 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 \$459,834 or 1.4 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 \$104,075 and those for the Water and Sewer Districts equaled \$4,344,219. 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, 2018 totals \$51,185,241 (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	
	2018	2017	2018	2017	2018	2017
Land	\$ 1,013,666	\$ 1,041,445	\$ 233,570	\$ 233,570	\$ 1,247,236	\$ 1,275,015
Buildings	12,735,376	13,258,004	-	-	12,735,376	13,258,004
Improvements other than buildings	711,777	573,278	774,461	795,392	1,486,238	1,368,670
Land Improvements	131,688	150,997	-	-	131,688	150,997
Equipment and furniture	1,009,166	1,064,283	264,068	286,342	1,273,234	1,350,625
Water Lines/Elevated Tanks	-	-	30,415,827	31,550,907	30,415,827	31,550,907
Vehicles and motorized Equipment	959,428	978,646	49,035	71,660	1,008,463	1,050,306
Construction in progress	2,854,882	1,849,640	32,297	-	2,887,179	1,849,640
Total	\$ 19,415,983	\$ 18,916,293	\$ 31,769,258	\$ 32,937,871	\$ 51,185,241	\$ 51,654,164

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, 2018, Warren County had total bonded debt outstanding of \$12,537,063, 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			
	2018	2017	2018	2017	2018	2017
Bonds	\$ 48,000	\$ 78,000	\$ 12,150,000	\$ 12,418,000	\$ 12,198,000	\$ 12,496,000
Bond Premiums	-	-	<u>339,063</u>	<u>352,972</u>	<u>339,063</u>	<u>352,972</u>
Total Bonds	<u>48,000</u>	<u>78,000</u>	<u>12,489,063</u>	<u>12,770,972</u>	<u>12,537,063</u>	<u>12,848,972</u>
Capital leases	173,591	221,583	-	-	173,591	221,583
Installment Purchases	7,191,831	4,077,836	918,225	997,023	8,110,056	5,074,859
Other Obligations	<u>4,216,871</u>	<u>5,077,864</u>	<u>436,934</u>	<u>447,281</u>	<u>4,653,805</u>	<u>5,525,145</u>
Total Long-Term Debt	<u>\$ 11,630,293</u>	<u>\$ 9,455,283</u>	<u>\$ 13,844,222</u>	<u>\$ 14,215,276</u>	<u>\$ 25,474,515</u>	<u>\$ 23,670,559</u>

During the past fiscal year, Warren County’s total debt increased by \$1,803,956, 7.62 percent. Bonded debt of \$298,000 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 \$181,130,190. The County has \$12,000,000 in bonds authorized at June 30, 2018 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 72 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 6.2% in June 2018.
- 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 2019 with a 2.0 percent decrease in General Fund expenditures. The tax rate increased from .76 cents to .79 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 \$19,274.

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, 2018

	Component Units				
	Governmental Activities	Business-type Activities	Total	Warren County	
				Public Facilities Co.	Warren County ABC Board
ASSETS					
Cash and cash equivalents	\$ 11,881,362	\$ 4,790,445	\$ 16,671,807	\$ 166,657	\$ 443,685
Restricted cash	2,971,213	36,608	3,007,821	-	-
Receivables (net)	1,661,634	760,869	2,422,503	-	-
Taxes receivable	999,419	-	999,419	-	-
Accrued interest receivable on taxes	124,862	-	124,862	-	-
Inventory	9,520	-	9,520	-	386,417
Prepaid expenses	-	-	-	-	10,536
Net pension asset-ROD	25,573	-	25,573	-	-
Capital assets					
Land, improvements, and construction in progress	3,868,548	265,867	4,134,415	48,087	195,500
Other capital assets, net of depreciation	15,547,435	31,503,391	47,050,826	3,217,735	1,418,004
Total capital assets	19,415,983	31,769,258	51,185,241	3,265,822	1,613,504
Total Assets	37,089,566	37,357,180	74,446,746	3,432,479	2,454,142
DEFERRED OUTFLOWS OF RESOURCES					
	2,087,194	94,985	2,182,179	-	19,135
LIABILITIES					
Accounts payable & accrued expenses	857,459	290,456	1,147,915	-	343,194
Accrued interest payable	90,697	60,056	150,753	8,501	-
Customer deposits	-	403,183	403,183	-	-
Long-term liabilities:					
Due within one year					
Landfill closure payable	-	62,200	62,200	-	-
Capital leases payable	50,447	-	50,447	-	-
Bonds payable	30,000	283,000	313,000	-	-
Installment purchases payable	905,920	79,120	985,040	254,452	109,868
Compensated absences payable	198,360	13,482	211,842	-	-
Due in more than one year					
Accrued landfill closure cost	-	177,104	177,104	-	-
Other postemployment benefits	417,183	22,561	439,744	-	-
Compensated absences payable	595,081	40,450	635,531	-	-
Capital leases payable	123,144	-	123,144	-	-
Installment purchases payable	6,285,911	839,105	7,125,016	2,328,323	1,188,088
Bonds payable	18,000	12,206,062	12,224,062	-	-
Total pension liability-LEO	395,883	-	395,883	-	-
Net pension liability-LGERS	2,610,364	121,138	2,731,502	-	14,055
Total long-term liabilities	11,630,293	13,844,222	25,474,515	2,582,775	1,312,011
Total Liabilities	12,578,449	14,597,917	27,176,366	2,591,276	1,655,205
DEFERRED INFLOWS OF RESOURCES					
	359,370	7,375	366,745	30,813	646
NET POSITION					
Net investment in capital assets	12,287,228	18,361,971	30,649,199	683,047	315,548
Restricted for:					
Stabilization by State Statute	1,650,017	-	1,650,017	-	-
Public Safety	3,302,925	-	3,302,925	-	-
Economic Development	167,954	-	167,954	-	-
Recreation	1,018	-	1,018	-	-
Capital Improvements	-	-	-	-	425,664
Working Capital	-	-	-	-	76,214
Debt Service	-	36,608	36,608	-	-
Unrestricted	8,829,799	4,448,294	13,278,093	127,343	-
Total Net Position	\$ 26,238,941	\$ 22,846,873	\$ 49,085,814	\$ 810,390	\$ 817,426

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, 2018

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	\$ 3,607,759	\$ 159,498	\$ 53,882	\$ -	\$ (3,394,379)	\$ -	\$ (3,394,379)	\$ -	\$ -
Public safety	9,684,737	511,999	296,617	-	(8,876,121)	-	(8,876,121)	-	-
Economic and physical development	704,649	42,357	21,408	10,390	(630,494)	-	(630,494)	-	-
Environmental protection	285,836	-	-	-	(285,836)	-	(285,836)	-	-
Human services	8,672,024	1,555,790	4,200,526	-	(2,915,708)	-	(2,915,708)	-	-
Cultural and recreation	1,026,498	32,130	92,839	-	(901,529)	-	(901,529)	-	-
Education	5,362,874	-	-	-	(5,362,874)	-	(5,362,874)	-	-
Interest on long-term debt	192,148	-	-	-	(192,148)	-	(192,148)	-	-
Total governmental activities	<u>29,536,525</u>	<u>2,301,774</u>	<u>4,665,272</u>	<u>10,390</u>	<u>(22,559,089)</u>	<u>-</u>	<u>(22,559,089)</u>	<u>-</u>	<u>-</u>
Business-type activities:									
Solid Waste	1,649,651	1,740,562	-	58,101	-	149,012	149,012	-	-
Water and Sewer	3,469,478	3,192,711	-	34,277	-	(242,490)	(242,490)	-	-
Total business-type activities	<u>5,119,129</u>	<u>4,933,273</u>	<u>-</u>	<u>92,378</u>	<u>-</u>	<u>(93,478)</u>	<u>(93,478)</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 34,655,654</u>	<u>\$ 7,235,047</u>	<u>\$ 4,665,272</u>	<u>\$ 102,768</u>	<u>(22,559,089)</u>	<u>(93,478)</u>	<u>(22,652,567)</u>	<u>-</u>	<u>-</u>
Component units:									
Warren County Public Facilities Co.	\$ 225,088	\$ 369,756	\$ -	\$ -	-	-	-	144,668	-
Warren County ABC Board	2,378,287	2,550,362	-	-	-	-	-	-	172,075
Total component units	<u>\$ 2,603,375</u>	<u>\$ 2,920,118</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>144,668</u>	<u>172,075</u>
General revenues:									
Taxes:									
Property taxes, levied for general purpose					19,260,936	-	19,260,936	-	-
Local option sales tax					3,463,493	-	3,463,493	-	-
Other taxes and licenses					171,717	-	171,717	-	-
Grants and contributions not restricted to specific programs					-	-	-	-	-
Investment earnings, unrestricted					138,214	53,911	192,125	66	1,650
Miscellaneous, unrestricted					33,493	152,090	185,583	-	-
Total general revenues, special items and transfers					<u>23,067,853</u>	<u>206,001</u>	<u>23,273,854</u>	<u>66</u>	<u>1,650</u>
Change in net position					508,764	112,523	621,287	144,734	173,725
Net position - beginning					25,964,553	22,742,780	48,707,333	665,656	643,701
Restatement					(234,376)	(8,430)	(242,806)	-	-
Net position - beginning, as restated					<u>25,730,177</u>	<u>22,734,350</u>	<u>48,464,527</u>	<u>665,656</u>	<u>643,701</u>
Net position - ending					<u>\$ 26,238,941</u>	<u>\$ 22,846,873</u>	<u>\$ 49,085,814</u>	<u>\$ 810,390</u>	<u>\$ 817,426</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, 2018

	Major		Non-Major	Total Governmental Funds
	General Fund	Emergency Services Headquarters	Other Governmental Funds	
ASSETS				
Cash and cash equivalents	\$ 11,271,389	\$ -	\$ 609,973	\$ 11,881,362
Restricted cash	98,506	2,872,707	-	2,971,213
Accounts receivable (net)	1,622,818	11,617	27,199	1,661,634
Taxes receivable (net)	908,183	-	91,236	999,419
Inventory	9,520	-	-	9,520
Total Assets	\$ 13,910,416	\$ 2,884,324	\$ 728,408	\$ 17,523,148
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable & accrued liabilities	\$ 829,277	\$ 4,891	\$ 23,291	\$ 857,459
Total Liabilities	829,277	4,891	23,291	857,459
Deferred Inflows of Resources	1,060,848	-	91,236	1,152,084
Fund balances:				
Nonspendable:				
Inventories	9,520	-	-	9,520
Restricted:				
Stabilization by State Statute	1,622,818	-	27,199	1,650,017
Public Safety	-	2,879,433	423,492	3,302,925
Economic Development	-	-	167,954	167,954
Recreation	-	-	1,018	1,018
Committed:				
Revaluation	98,506	-	-	98,506
Assigned:				
Subsequent year's expenditures	400,000	-	-	400,000
Unassigned	9,889,447	-	(5,782)	9,883,665
Total Equity	12,020,291	2,879,433	613,881	15,513,605
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 13,910,416	\$ 2,884,324	\$ 728,408	\$ 17,523,148

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, 2018

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

Total equity (Exhibit 3)	\$ 15,513,605
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	19,415,983
Net pension asset	25,573
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	799,294
Benefit payments for LEOSSA are deferred outflows of resources on the Statement of Net Position	4,157
Contributions for OPEB are deferred outflows of resources on the Statement of Net Position	23,600
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	124,862
Deferred inflows of resources for taxes receivable	999,419
Pension related deferrals	1,072,673
OPEB related deferrals	(19,235)
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	<u>(11,720,990)</u>
Net position of governmental activities (Exhibit 1)	<u>\$ 26,238,941</u>

**WARREN COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Major		Non-Major	Total Governmental Funds
	General Fund	Emergency Services Headquarters	Other Governmental Funds	
REVENUES				
Ad valorem taxes	\$ 18,373,627	\$ -	\$ 934,784	\$ 19,308,411
Local option sales taxes	3,463,493	-	-	3,463,493
Other taxes and licenses	88,468	-	-	88,468
Unrestricted intergovernmental	118,316	-	-	118,316
Restricted intergovernmental	4,509,558	-	146,911	4,656,469
Permits and fees	295,712	-	-	295,712
Sales and services	1,985,136	-	-	1,985,136
Investment earnings	131,170	406	6,638	138,214
Miscellaneous	25,196	11,617	-	36,813
Total Revenues	28,990,676	12,023	1,088,333	30,091,032
EXPENDITURES				
Current:				
General government	3,392,339	-	-	3,392,339
Public safety	8,401,572	-	1,064,732	9,466,304
Environmental protection	280,703	-	-	280,703
Economic and physical development	613,126	-	44,334	657,460
Human services	8,503,638	-	-	8,503,638
Cultural and recreational	989,248	-	-	989,248
Intergovernmental:				
Education	5,362,874	-	-	5,362,874
Capital outlay	-	931,726	124,408	1,056,134
Debt service:				
Principal	1,072,666	-	-	1,072,666
Interest and other charges	110,921	-	-	110,921
Total Expenditures	28,727,087	931,726	1,233,474	30,892,287
Revenues Over (Under) Expenditures	263,589	(919,703)	(145,141)	(801,255)
OTHER FINANCING SOURCES (USES)				
Transfers in from other funds	-	-	53,301	53,301
Transfers out to other funds	(53,301)	-	-	(53,301)
Debt issued	261,661	3,895,000	-	4,156,661
Total Other Financing Sources (Uses)	208,360	3,895,000	53,301	4,156,661
Net Change in Fund Balances	471,949	2,975,297	(91,840)	3,355,406
Fund Balance - July 1	11,548,342	(95,864)	705,721	12,158,199
Fund Balance - June 30	\$ 12,020,291	\$ 2,879,433	\$ 613,881	\$ 15,513,605

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, 2018**

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)	\$ 3,355,406
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.	1,673,825
Cost of disposed capital asset not recorded in fund statements	(29,511)
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.	(1,164,833)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	799,294
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	4,157
Benefit payments for OPEB are deferred outflows of resources on the Statement of Net Position	23,600
Some revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements	(47,475)
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.	(3,036,003)
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>(1,069,696)</u>
Total changes in net position of governmental activities (Exhibit 2)	<u>\$ 508,764</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 JUNE 30, 2018

	General Fund			Variance with Final Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Ad valorem taxes	\$ 19,122,616	\$ 19,122,616	\$ 18,373,627	\$ (748,989)
Local option sales taxes	3,200,000	3,200,000	3,463,493	263,493
Other taxes and licenses	78,000	78,000	88,468	10,468
Unrestricted intergovernmental	117,800	117,800	118,316	516
Restricted intergovernmental	5,494,363	5,525,478	4,509,558	(1,015,920)
Permits and fees	251,875	251,875	295,712	43,837
Sales and services	2,029,240	2,029,240	1,985,136	(44,104)
Investment earnings	30,000	30,000	130,397	100,397
Miscellaneous	344,738	289,405	25,196	(264,209)
Total revenues	<u>30,668,632</u>	<u>30,644,414</u>	<u>28,989,903</u>	<u>(1,654,511)</u>
EXPENDITURES				
Current:				
General government	4,003,366	3,959,391	3,392,339	567,052
Public safety	9,017,551	9,069,309	8,401,572	667,737
Environmental protection	424,191	425,691	280,703	144,988
Economic and physical development	684,967	688,971	613,126	75,845
Human services	10,273,432	10,474,056	8,503,638	1,970,418
Cultural and recreational	1,068,621	1,069,848	989,248	80,600
Intergovernmental:				
Education	5,364,698	5,364,698	5,362,874	1,824
Debt service	1,905,285	1,232,372	1,183,587	48,785
Contingency	163,390	152,364	-	152,364
Total Expenditures	<u>32,905,501</u>	<u>32,436,700</u>	<u>28,727,087</u>	<u>3,709,613</u>
Revenues Over (Under) Expenditures	<u>(2,236,869)</u>	<u>(1,792,286)</u>	<u>262,816</u>	<u>2,055,102</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	(94,334)	(103,301)	(103,301)	-
Transfers from other funds	672,913	-	-	-
Debt issued	-	327,538	261,661	(65,877)
Appropriated fund balance	1,658,290	1,568,049	-	(1,568,049)
Total Other Financing Sources (Uses)	<u>2,236,869</u>	<u>1,792,286</u>	<u>158,360</u>	<u>(1,633,926)</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>421,176</u>	<u>\$ 421,176</u>
Fund Balance - July 1			<u>11,500,609</u>	
Fund Balance - June 30			<u>11,921,785</u>	
A legally budgeted Revaluation Fund is consolidated into the General Fund for reporting purposes:				
Investment earnings			773	
Transfer in from General Fund			50,000	
Expenditures			-	
Fund Balance, Beginning			<u>47,733</u>	
Fund Balance, Ending			<u>\$ 12,020,291</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, 2018

	Proprietary Funds					
	Major Funds					Total
	Regional Water System Fund	District I Enterprise Fund	District II Enterprise Fund	District III Enterprise Fund	Solid Waste Fund	
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 985,510	\$ 1,625,622	\$ 1,415,990	\$ 581,336	\$ 181,987	\$ 4,790,445
Restricted cash	-	-	-	36,608	-	36,608
Receivables (net)	107,324	86,244	75,783	124,371	367,147	760,869
Total Current Assets	<u>1,092,834</u>	<u>1,711,866</u>	<u>1,491,773</u>	<u>742,315</u>	<u>549,134</u>	<u>5,587,922</u>
Noncurrent Assets:						
Capital assets:						
Land, improvements, and construction in progress	48,265	-	70,725	32,297	114,580	265,867
Other capital assets, net of depreciation	3,169,014	3,003,693	7,611,366	17,662,640	56,678	31,503,391
Total Capital Assets	<u>3,217,279</u>	<u>3,003,693</u>	<u>7,682,091</u>	<u>17,694,937</u>	<u>171,258</u>	<u>31,769,258</u>
Total Assets	<u>4,310,113</u>	<u>4,715,559</u>	<u>9,173,864</u>	<u>18,437,252</u>	<u>720,392</u>	<u>37,357,180</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>11,795</u>	<u>22,477</u>	<u>17,145</u>	<u>8,240</u>	<u>35,328</u>	<u>94,985</u>
LIABILITIES						
Current Liabilities:						
Accounts payable and accrued liabilities	108,456	3,242	8,720	9,735	160,303	290,456
Accrued interest payable	2,166	3,888	7,004	46,998	-	60,056
Customer deposits	14,950	113,498	87,465	187,270	-	403,183
Accrued landfill closure	-	-	-	-	62,200	62,200
Compensated absences	1,422	2,702	2,133	853	6,372	13,482
Installment obligations	39,414	11,719	16,227	2,153	9,607	79,120
General obligation bonds payable	-	40,000	60,000	183,000	-	283,000
Total Current Liabilities	<u>166,408</u>	<u>175,049</u>	<u>181,549</u>	<u>430,009</u>	<u>238,482</u>	<u>1,191,497</u>
Noncurrent Liabilities:						
Accrued landfill closure	-	-	-	-	177,104	177,104
Compensated absences	4,267	8,106	6,400	2,560	19,117	40,450
Net pension liability	15,023	28,680	21,851	10,516	45,068	121,138
OPEB obligation	3,009	5,715	4,512	1,805	7,520	22,561
Installment obligations	522,198	109,267	198,676	1,641	7,323	839,105
General obligation bonds payable	-	1,151,287	2,106,485	8,948,290	-	12,206,062
Total Noncurrent Liabilities	<u>544,497</u>	<u>1,303,055</u>	<u>2,337,924</u>	<u>8,964,812</u>	<u>256,132</u>	<u>13,406,420</u>
Total Liabilities	<u>710,905</u>	<u>1,478,104</u>	<u>2,519,473</u>	<u>9,394,821</u>	<u>494,614</u>	<u>14,597,917</u>
DEFERRED INFLOWS OF RESOURCES	<u>924</u>	<u>1,764</u>	<u>1,351</u>	<u>633</u>	<u>2,703</u>	<u>7,375</u>
NET POSITION						
Net investment in capital assets	2,655,667	1,691,420	5,300,703	8,559,853	154,328	18,361,971
Restricted						
Debt Service	-	-	-	36,608	-	36,608
Unrestricted	954,412	1,566,748	1,369,482	453,577	104,075	4,448,294
Total Net Position	<u>\$ 3,610,079</u>	<u>\$ 3,258,168</u>	<u>\$ 6,670,185</u>	<u>\$ 9,050,038</u>	<u>\$ 258,403</u>	<u>\$ 22,846,873</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, 2018

	Proprietary Funds					Total
	Major Funds					
	Regional Water System Fund	District I Enterprise Fund	District II Enterprise Fund	District III Enterprise Fund	Solid Waste Fund	
OPERATING REVENUES						
Charges for services	\$ 905,867	\$ 674,820	\$ 657,467	\$ 954,557	\$ 1,740,562	\$ 4,933,273
Miscellaneous	40,182	5,027	27,038	60,346	5,588	138,181
Total Operating Revenues	<u>946,049</u>	<u>679,847</u>	<u>684,505</u>	<u>1,014,903</u>	<u>1,746,150</u>	<u>5,071,454</u>
OPERATING EXPENSES						
Salaries and employee benefits	84,935	162,520	123,700	60,208	250,419	681,782
Water purchases	442,083	115,147	102,202	123,061	-	782,493
Contracted services	-	-	-	-	1,201,750	1,201,750
Other operating expenses	237,828	66,552	123,927	77,153	140,321	645,781
Landfill closure/postclosure costs	-	-	-	-	41,357	41,357
Depreciation	278,300	147,531	320,918	504,783	15,804	1,267,336
Total Operating Expenses	<u>1,043,146</u>	<u>491,750</u>	<u>670,747</u>	<u>765,205</u>	<u>1,649,651</u>	<u>4,620,499</u>
OPERATING INCOME (LOSS)	<u>(97,097)</u>	<u>188,097</u>	<u>13,758</u>	<u>249,698</u>	<u>96,499</u>	<u>450,955</u>
NONOPERATING REVENUES (EXPENSES)						
Interest earnings	9,748	17,839	15,665	7,749	2,910	53,911
Amortization of refunding bond premium	-	3,064	3,760	7,085	-	13,909
Interest expense	(14,349)	(47,080)	(84,610)	(352,228)	(363)	(498,630)
Total Nonoperating Revenues (Expenses) - Net	<u>(4,601)</u>	<u>(26,177)</u>	<u>(65,185)</u>	<u>(337,394)</u>	<u>2,547</u>	<u>(430,810)</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(101,698)</u>	<u>161,920</u>	<u>(51,427)</u>	<u>(87,696)</u>	<u>99,046</u>	<u>20,145</u>
Capital Contributions	-	-	9,250	25,027	58,101	92,378
TOTAL CONTRIBUTIONS AND TRANSFERS	<u>-</u>	<u>-</u>	<u>9,250</u>	<u>25,027</u>	<u>58,101</u>	<u>92,378</u>
CHANGE IN NET POSITION	<u>(101,698)</u>	<u>161,920</u>	<u>(42,177)</u>	<u>(62,669)</u>	<u>157,147</u>	<u>112,523</u>
TOTAL NET POSITION-BEGINNING	<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>
RESTATEMENT	<u>(767)</u>	<u>(2,149)</u>	<u>(1,949)</u>	<u>(1,122)</u>	<u>(2,443)</u>	<u>(8,430)</u>
TOTAL NET POSITION-BEGINNING, AS RESTATED	<u>3,711,777</u>	<u>3,096,248</u>	<u>6,712,362</u>	<u>9,112,707</u>	<u>101,256</u>	<u>22,734,350</u>
TOTAL NET POSITION-ENDING	<u>\$ 3,610,079</u>	<u>\$ 3,258,168</u>	<u>\$ 6,670,185</u>	<u>\$ 9,050,038</u>	<u>\$ 258,403</u>	<u>\$ 22,846,873</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, 2018**

	Proprietary Funds					
	Major Funds					
	Regional Water System Fund	District I Enterprise Fund	District II Enterprise Fund	District III Enterprise Fund	Solid Waste Fund	Total
Cash flows from operating activities:						
Cash received from customers	\$ 916,066	\$ 683,215	\$ 655,912	\$ 936,851	\$ 1,734,344	\$ 4,926,388
Cash paid for goods and services	(652,016)	(178,218)	(218,612)	(183,764)	(1,319,844)	(2,552,454)
Cash paid to employees for services	(84,935)	(162,520)	(123,700)	(60,208)	(250,419)	(681,782)
Miscellaneous operating revenue	40,182	5,027	27,038	60,346	5,588	138,181
Net cash provided by operating activities	<u>219,297</u>	<u>347,504</u>	<u>340,638</u>	<u>753,225</u>	<u>169,669</u>	<u>1,830,333</u>
Cash flows from noncapital financing activities:						
Increase (decrease) in due to general fund	-	-	-	-	(30,467)	(30,467)
Net cash provided by noncapital and financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,467)</u>	<u>(30,467)</u>
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	-	-	-	(90,297)	(8,426)	(98,723)
Principal paid on debt	(39,376)	(46,681)	(71,189)	(180,115)	(9,437)	(346,798)
Interest paid on debt	(14,349)	(47,080)	(84,610)	(352,228)	(363)	(498,630)
State grants	-	-	9,250	25,027	58,101	92,378
Net cash provided by capital and related financing activities	<u>(53,725)</u>	<u>(93,761)</u>	<u>(146,549)</u>	<u>(597,613)</u>	<u>39,875</u>	<u>(851,773)</u>
Cash flows from investing activities:						
Interest on investments	9,748	17,839	15,665	7,749	2,910	53,911
Net cash provided by investing activities	<u>9,748</u>	<u>17,839</u>	<u>15,665</u>	<u>7,749</u>	<u>2,910</u>	<u>53,911</u>
Net increase in cash and cash equivalents	<u>175,320</u>	<u>271,582</u>	<u>209,754</u>	<u>163,361</u>	<u>181,987</u>	<u>1,002,004</u>
Cash and cash equivalents, July 1	810,190	1,354,040	1,206,236	454,583	-	3,825,049
Cash and cash equivalents, June 30	<u>\$ 985,510</u>	<u>\$ 1,625,622</u>	<u>\$ 1,415,990</u>	<u>\$ 617,944</u>	<u>\$ 181,987</u>	<u>\$ 4,827,053</u>
Reconciliation of operating income to net cash provided by operating activities:						
Operating income (loss)	\$ (97,097)	\$ 188,097	\$ 13,758	\$ 249,698	\$ 96,499	\$ 450,955
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	278,300	147,531	320,918	504,783	15,804	1,267,336
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	10,199	8,395	(1,555)	(17,706)	(6,218)	(6,885)
Increase (decrease) in accounts payable and accrued liabilities	27,945	(151)	3,222	6,179	17,711	54,906
Increase (decrease) in accrued interest payable	(144)	(125)	(194)	(359)	-	(822)
Increase (decrease) in customer deposits	425	4,290	5,225	10,496	-	20,436
(Increase) decrease in deferred outflows of resources-pensions	8,462	15,987	13,374	4,073	20,243	62,139
Increase in net pension liability	(8,090)	(15,195)	(13,014)	(3,587)	(18,394)	(58,280)
Increase (decrease) in deferred inflows of resources - pensions	109	216	121	136	463	1,045
Increase (decrease) in accrued landfill closure	-	-	-	-	41,357	41,357
Increase (decrease) in compensated absences	(1,101)	(2,092)	(1,652)	(661)	1,480	(4,026)
Increase (decrease) in OPEB obligation	289	551	435	173	724	2,172
Total adjustments	<u>316,394</u>	<u>159,407</u>	<u>326,880</u>	<u>503,527</u>	<u>73,170</u>	<u>1,379,378</u>
Net cash provided by operating activities	<u>\$ 219,297</u>	<u>\$ 347,504</u>	<u>\$ 340,638</u>	<u>\$ 753,225</u>	<u>\$ 169,669</u>	<u>\$ 1,830,333</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, 2018**

	Agency Funds
ASSETS	
Cash and investments	\$ 159,781
Accounts receivable	5,668
	\$ 165,449
LIABILITIES AND NET POSITION	
Liabilities:	
Miscellaneous liabilities	\$ 165,449
Total Liabilities	\$ 165,449

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, 2018**

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, 2018**

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.

Emergency Services Headquarters. This fund is used to account for the construction of an Emergency Services Headquarters.

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.

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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.

Solid Waste Fund. This fund is used to account for the solid waste operations 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 four legally budgeted special revenue funds and four legally budgeted capital projects funds. The Special Fire Districts Fund, the Emergency Telephone System Fund, the CDBG Ephraim Place, and the CDBG George Davis Project Fund are reported as non-major special revenue funds. The Buck Springs Leadership Center, Simulcast System Upgrade, Recreation Complex Phase III, and Road Improvements Project Fund are reported as capital projects funds.

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.

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 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

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 and CDBG George Davis Project Fund, the Capital Projects Funds, and the Enterprise Capital Projects Funds, which are consolidated with the enterprise operating funds for reporting purposes.

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 departmental appropriations. 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, 2018**

Warren County Restricted Cash

Governmental Activities			
General Fund	Tax Revaluation	\$	98,506
Emergency Service Headquarters	Debt proceeds		2,872,707
Business-type Activities			
District III Enterprise Fund	RD Reserve for USDA loans		<u>36,608</u>
Total		\$	<u>3,007,821</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, 2017. 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, 2018**

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 and OPEB 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 and OPEB 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, 2018**

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, 2018 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)]. This primarily represents outstanding receivables and encumbrances.

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, 2018**

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 and OPEB Plans

The County participates in three cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS), the Registers of Deeds' Supplemental Pension Fund (RODSPF), the Law Enforcement Officers' Special Separation Allowance (LEOSSA) (collectively, the "state-administered defined benefit pension plans"), and one other postemployment benefit plan (OPEB), the Healthcare Benefits Plan (HCB). For purposes of measuring the net pension asset or liability, 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. For purposes of measuring the total OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the additions to/deductions from the HCB's total liability have been determined on the same basis as they are reported by the HCB. For this purpose, the HCB recognizes benefit payments when due and payable in accordance with the benefit terms. Investments for all are reported at fair value.

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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-wide statement of net position. The net adjustment of \$10,725,336 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)	\$ 33,875,022
Less Accumulated Depreciation	<u>(14,459,039)</u>
Net capital assets	<u>19,415,983</u>
Net pension asset	25,573
Contributions and adjustments to the pension plan in the current fiscal year	799,294
Benefit payments and pension administration costs for LEOSSA	4,157
Contributions to OPEB plan in the current fiscal year	23,600
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.	124,862
Deferred inflows of resources for taxes receivable	999,419
Pension related deferrals	1,072,673
OPEB related deferrals	(19,235)
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	(7,413,422)
Compensated absences	(793,441)
Other postemployment benefits	(417,185)
Net pension liability-LEOSSA	(395,883)
Net pension liability-LGERS	(2,610,362)
Accrued interest payable	<u>(90,697)</u>
Total adjustment	<u>\$ 10,725,336</u>

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 \$ (2,846,642) 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	\$ 1,673,825
Cost of capital assets sold not recorded in fund statements	(29,511)
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	(1,164,833)
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	(4,156,661)
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	1,120,658
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	799,294
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	4,157
Contributions to the OPEB plan are deferred outflows of resources on the Statement of Net Position	23,600
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)	(71,238)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	6,721
OPEB expense	(37,002)
County's portion of collective pension expense	(968,177)

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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	(41,839)
Increase in accrued taxes receivable at end of year	<u>(5,636)</u>
Total adjustment	<u>\$ (2,846,642)</u>

II. Stewardship, Compliance, and Accountability

A. Excess of Expenditures Over Appropriation

In Exhibit B-1, the General Fund expenditures for youth and family programs exceed the budgeted amount by \$350. The County will strive to do a better job in the future of anticipating overages such as these.

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, 2018, the County's deposits had a carrying amount of \$4,809,892 and a bank balance of \$5,335,191. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$4,835,191 in interest bearing deposits was covered by collateral held under the Pooling Method.

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At June 30, 2018, Warren County had \$1,907 cash on hand.

At June 30, 2018, the ABC Board's deposits had a carrying amount of \$441,435 and a bank balance of \$389,249. All of the bank balance was covered by federal depository insurance. At June 30, 2018, the ABC Board had \$2,250 cash on hand.

2. Investments

At June 30, 2018, the County's investments consisted of \$15,027,610 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.

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, 2018.

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>
2015	\$ 833,627	\$ 273,013	\$ 1,106,640
2016	850,176	201,917	1,052,093
2017	960,575	141,685	1,102,260
2018	<u>889,042</u>	<u>51,120</u>	<u>940,162</u>
Totals	<u>\$ 3,533,420</u>	<u>\$ 667,735</u>	<u>\$ 4,201,155</u>

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4. Receivables

Receivables at the government-wide level at June 30, 2018, were as follows:

	<u>Accounts</u>	Taxes and Related Accrued <u>Interest</u>	Due from other <u>Governments</u>	<u>Total</u>
Governmental Activities:				
General	\$ 2,742,368	\$ 1,533,045	\$ 727,166	\$ 5,002,579
Emergency Services Headquarters	-	-	11,617	11,617
Other Governmental	<u>18,088</u>	<u>96,236</u>	<u>9,111</u>	<u>123,435</u>
Total Receivables	2,760,456	1,629,281	747,894	5,137,631
Allowance for Doubtful Accounts	<u>(1,846,716)</u>	<u>(505,000)</u>	-	<u>(2,351,716)</u>
Total-Governmental Activities	<u>\$ 913,740</u>	<u>\$ 1,124,281</u>	<u>\$ 747,894</u>	<u>\$ 2,785,915</u>
Business-Type Activities:				
Solid Waste	\$ 521,822	\$ -	\$ 14,822	\$ 536,644
Water & Sewer	<u>424,869</u>	-	<u>8,509</u>	<u>433,378</u>
Total Receivables	946,691	-	23,331	970,022
Allowance for Doubtful Accounts	<u>(209,153)</u>	-	-	<u>(209,153)</u>
Total-Business-Type Activities	<u>\$ 737,538</u>	<u>\$ -</u>	<u>\$ 23,331</u>	<u>\$ 760,869</u>

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

Sales tax refund	\$ 141,246
Sales tax	617,602
White goods	1,942
Scrap tire	7,230
Solid waste	<u>3,205</u>
Total	<u>\$ 771,225</u>

5. Capital Assets

Capital asset activity for the year ended June 30, 2018, 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	\$ 1,041,445	\$ 1,732	\$ (29,511)	\$ 1,013,666
Construction in Progress	<u>1,849,640</u>	<u>1,005,242</u>	-	<u>2,854,882</u>
Total capital assets not being Depreciated	<u>2,891,085</u>	<u>1,006,974</u>	<u>(29,511)</u>	<u>3,868,548</u>
Capital assets being depreciated:				
Buildings	22,007,866	-	-	22,007,866
Land Improvements	188,478	2,100	-	190,578
Improvements	690,924	185,389	-	876,313
Equipment	3,506,033	184,845	-	3,690,878
Vehicles	<u>2,962,054</u>	<u>314,726</u>	<u>(35,941)</u>	<u>3,240,839</u>
Total capital assets being Depreciated	<u>29,355,355</u>	<u>687,060</u>	<u>(35,941)</u>	<u>30,006,474</u>

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	Beginning <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balances</u>
Less accumulated depreciation for:				
Buildings	8,749,862	522,628	-	9,272,490
Land Improvements	37,481	21,409	-	58,890
Improvements	117,646	46,890	-	164,536
Equipment	2,441,750	239,962	-	2,681,712
Vehicles	<u>1,983,408</u>	<u>333,944</u>	<u>(35,941)</u>	<u>2,281,411</u>
Total accumulated depreciation	<u>13,330,147</u>	<u>\$ 1,164,833</u>	<u>\$ (35,941)</u>	<u>14,459,039</u>
Total capital assets being depreciated, net	<u>16,025,208</u>			<u>15,547,435</u>
Governmental activity capital assets, net	<u>\$ 18,916,293</u>			<u>\$ 19,415,983</u>
 Business-type activities:				
Solid Waste-Fund 66				
Capital assets not being depreciated:				
Land	<u>\$ 114,580</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,580</u>
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	8,426	-	199,681
Vehicles	<u>157,454</u>	<u>-</u>	<u>-</u>	<u>157,454</u>
Total capital assets being Depreciated	<u>582,276</u>	<u>8,426</u>	<u>-</u>	<u>590,702</u>
Less accumulated depreciation for:				
Buildings	215,824	-	-	215,824
Land improvements	17,743	-	-	17,743
Equipment	156,625	9,264	-	165,889
Vehicles	<u>128,028</u>	<u>6,540</u>	<u>-</u>	<u>134,568</u>
Total accumulated depreciation	<u>518,220</u>	<u>\$ 15,804</u>	<u>\$ -</u>	<u>534,024</u>
Total capital assets being depreciated, net	<u>64,056</u>			<u>56,678</u>
Solid Waste capital assets, net	<u>\$ 178,636</u>			<u>\$ 171,258</u>
 Regional Water-Fund 62				
Capital assets not being depreciated:				
Land	<u>\$ 48,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,265</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	-	23,713	67,323
Improvements	837,254	-	-	837,254
Vehicles	52,936	-	4,667	48,269
Water distribution lines	<u>7,735,882</u>	<u>-</u>	<u>-</u>	<u>7,735,882</u>
Total capital assets being Depreciated	<u>8,717,108</u>	<u>-</u>	<u>28,380</u>	<u>8,688,728</u>
Less accumulated depreciation for:				
Equipment	66,486	1,305	23,713	44,078
Improvements	41,862	20,931	-	62,793
Vehicles	43,447	3,020	4,667	41,800
Water distribution lines	<u>5,117,999</u>	<u>253,044</u>	<u>-</u>	<u>5,371,043</u>
Total accumulated depreciation	<u>5,269,794</u>	<u>\$ 278,300</u>	<u>\$ 28,380</u>	<u>5,519,714</u>
Total capital assets being depreciated, net	<u>3,447,314</u>			<u>3,169,014</u>
Regional water capital assets, net	<u>\$ 3,495,579</u>			<u>\$ 3,217,279</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	-	-	-	-
Capital assets being depreciated:				
Equipment	28,573	5,404	-	33,977
Vehicles	108,946	-	18,551	90,395
Water distribution lines	<u>5,761,577</u>	<u>-</u>	<u>-</u>	<u>5,761,577</u>
Total capital assets being				
Depreciated	<u>5,899,096</u>	<u>5,404</u>	<u>18,551</u>	<u>5,885,949</u>
Less accumulated depreciation for:				
Equipment	25,210	5,876	-	31,086
Vehicles	99,457	3,020	18,551	83,926
Water distribution lines	<u>2,623,205</u>	<u>144,039</u>	<u>-</u>	<u>2,767,244</u>
Total accumulated depreciation	<u>2,747,872</u>	<u>\$ 152,935</u>	<u>\$ 18,551</u>	<u>2,882,256</u>
Total capital assets being				
depreciated, net	<u>3,151,224</u>			<u>3,003,693</u>
Water District One capital assets, net	<u>\$ 3,151,224</u>			<u>\$ 3,003,693</u>
Water District Two-Fund 69				
Capital assets not being depreciated:				
Land	\$ 70,725	\$ -	\$ -	\$ 70,725
Construction in progress	-	-	-	-
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	5,404	-	267,330
Vehicles	33,579	-	8,404	25,175
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>12,370,274</u>	<u>5,404</u>	<u>8,404</u>	<u>12,367,274</u>
Less accumulated depreciation for:				
Equipment	56,326	21,433	-	77,759
Vehicles	24,089	3,020	8,404	18,705
Elevated tanks	368,297	23,761	-	392,058
Water distribution lines	<u>3,989,278</u>	<u>278,108</u>	<u>-</u>	<u>4,267,386</u>
Total accumulated depreciation	<u>4,437,990</u>	<u>\$ 326,322</u>	<u>\$ 8,404</u>	<u>4,755,908</u>
Total capital assets being				
depreciated, net	<u>7,932,284</u>			<u>7,611,366</u>
Water District Two capital assets, net	<u>\$ 8,003,009</u>			<u>\$ 7,682,091</u>
Water District Three-Fund 73				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 32,297	\$ -	\$ 32,297
Total capital assets not being				
Depreciated	-	32,297	-	32,297
Capital assets being depreciated:				
Equipment	75,936	5,404	-	81,340
Vehicles	93,296	-	8,404	84,892
Water distribution lines	<u>19,745,799</u>	<u>58,000</u>	<u>-</u>	<u>19,803,799</u>
Total capital assets being				
Depreciated	<u>19,915,799</u>	<u>63,404</u>	<u>8,404</u>	<u>19,970,031</u>

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	<u>Ending Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Less accumulated depreciation for:				
Equipment	57,737	9,033	-	66,770
Vehicles	79,530	7,025	8,404	78,151
Water distribution lines	<u>1,668,341</u>	<u>494,129</u>	-	<u>2,162,470</u>
Total accumulated depreciation	<u>1,805,608</u>	<u>\$ 510,187</u>	<u>\$ 8,404</u>	<u>2,307,391</u>
Capital assets being depreciated, net	<u>18,109,423</u>			<u>17,662,640</u>
Water District Three capital assets, net	<u>\$ 18,109,423</u>			<u>\$ 17,694,937</u>
Business-type activities capital assets, net	<u>\$ 32,937,871</u>			<u>\$ 31,769,258</u>

Depreciation Expense

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

General Government	\$ 198,821
Public Safety	576,221
Economic and Physical Development	10,204
Environmental Protection	5,041
Human Services	209,238
Cultural and Recreational	<u>165,308</u>
Total Depreciation Expense	<u>\$ 1,164,833</u>

Discretely presented component units

Activity for the ABC Board for the year ended June 30, 2018, was as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Amount</u>
Land	\$ 195,500	\$ -	\$ 195,500
Construction in progress	31,239	-	31,239
Building	1,269,890	48,277	1,221,613
Furniture/Equipment	304,284	139,132	165,152
Vehicles	17,472	17,472	-
Leasehold improvements	<u>47,125</u>	<u>47,125</u>	-
	<u>\$ 1,865,510</u>	<u>\$ 252,006</u>	<u>\$ 1,613,504</u>

Activity for the Warren County Public Facilities Company for the year ended June 30, 2018, 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>(658,094)</u>
Property and equipment, net	<u>\$ 3,265,822</u>

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2018, were as follows:

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	<u>Vendors</u>
Governmental Activities:	
General	\$ 829,277
Emergency Services Headquarters	4,891
Other governmental	<u>23,291</u>
Total-governmental activities	<u>\$ 857,459</u>
Business-type Activities:	
Solid Waste	\$ 160,303
Water & Sewer Fund	<u>130,153</u>
Total-business-type activities	<u>\$ 290,456</u>

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.

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

**WARREN COUNTY, NORTH CAROLINA
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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, 2018, was 8.25% of compensation for law enforcement officers and 7.50% 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 \$824,854 for the year ended June 30, 2018.

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, 2018, the County reported a liability of \$2,731,502 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability 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, 2018, the County's proportion was .179%, which was an decrease of .006% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the County recognized pension expense of \$971,558. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 157,355	\$ 77,318
Changes of assumptions	390,084	-
Net difference between projected and actual earnings on pension plan investments	663,191	-
Changes in proportion and differences between County contributions and proportionate share of contributions	67,408	65,062
County contributions subsequent to the measurement date	835,048	-
Total	<u>\$ 2,113,086</u>	<u>\$ 142,380</u>

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\$835,048 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, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 183,603
2020	788,811
2021	382,883
2022	(219,639)

Actuarial Assumptions. The total pension liability in the December 31, 2016 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	7.20 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, 2016 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 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, 2017 are summarized in the following table:

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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	100%	

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 7.20%. 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 7.20 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
County’s proportionate share of the net pension liability (asset)	\$ 8,199,772	\$ 2,731,502	\$ (1,832,935)

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.

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

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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>33</u>
Total	<u>35</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.

The Separation Allowance does not have assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

3. Actuarial Assumptions:

The entry age actuarial cost method was used in the December 31, 2016 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.50 to 7.35 percent
Discount rate	3.16 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, 2016.

The actuarial assumptions used in the December 31, 2016 valuation were based on results of an experience study completed by the Actuary for the LGERS for the five year period ending December 31, 2014.

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

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

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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. The County paid \$8,791 as benefits came due for the reporting period.

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

At June 30, 2018, the County reported a total pension liability of \$395,883. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was rolled forward to December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the County recognized pension expense of \$40,384.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 41,160
Changes of assumptions	29,578	7,822
County benefit payments and plan administrative expense made subsequent to the measurement date	4,157	-
Total	\$ 33,735	\$ 48,982

\$4,157 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, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ (4,106)
2020	(4,106)
2021	(4,106)
2022	(4,106)
2023	(2,980)
Thereafter	-

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 3.16 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 (2.16 percent) or 1-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Discount Rate (3.16%)	1% Increase (4.16%)
Total pension liability	\$ 440,326	\$ 395,883	\$ 355,898

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

	2018
Beginning balance	\$ 374,671
Service Cost	30,207
Interest on the total pension liability	14,283
Differences between expected and actual experience in the measurement of the total pension liability	(49,789)
Changes of assumptions or other inputs	35,779
Benefit payments	(9,268)
Other changes	-
Ending balance of the total pension liability	\$ 395,883

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.86 percent at June 30, 2016 to 3.16 percent at June 30, 2017.

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, 2018, were \$207,255, which consisted of \$67,210 from the County and \$140,045 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 under the Local Government Employees' Retirement System (LGERS) or an equivalent locally

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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 \$1,239 for the year ended June 30, 2018.

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

At June 30, 2018, the County reported an asset of \$25,573 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2018, the County’s proportion was .150%, which was a decrease of .01% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the County recognized pension expense of \$4,531. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 439	\$ 82
Changes of assumptions	4,315	-
Net difference between projected and actual earnings on pension plan investments	2,174	-
Changes in proportion and differences between County contributions and proportionate share of contributions	1,917	1,959
County contributions subsequent to the measurement date	1,239	-
Total	\$ 10,083	\$ 2,041

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\$1,239 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	\$ 3,587
2019	2,414
2020	249
2021	553

Actuarial Assumptions. The total pension liability in the December 31, 2016 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, 2016 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 income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2017 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 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.

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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)	\$ (20,100)	\$ (25,573)	\$ (30,175)

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

The net pension liability for LGERS and ROD was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of June 30, 2017, with an actuarial valuation date of December 31, 2016. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense.

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate Share of Net Pension Liability (Asset)	\$ 2,731,502	\$ (25,573)	\$ -	\$ 2,705,929
Proportion of the Net Pension Liability (Asset)	.179%	(.150%)	N/A	N/A
Total Pension Liability	-	-	395,883	395,883
Pension Expense	\$ 971,558	\$ 4,531	\$ 40,384	\$ 1,016,473

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>				
Differences between expected and actual experience	\$ 157,355	\$ 439	\$ -	\$ 157,794
Changes of assumptions	390,084	4,315	29,578	423,977

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	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Net difference between projected and actual earnings on pension plan investments	663,191	2,174	-	665,365
Changes in proportion and differences between County contributions and proportionate share of contributions	67,408	1,917	-	69,325
County contributions (LGERS, ROD)/benefit payments (LEOSSA) subsequent to the measurement date	835,048	1,239	4,157	840,444
<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	77,318	82	41,160	118,560
Changes of assumptions	-	-	7,822	7,822
Changes in proportion and differences between County contributions and proportionate share of contributions	65,062	1,959	-	67,021

f. Other Postemployment Benefits

Plan Description

Plan Description –Under a County resolution, Warren County administers the Healthcare Benefits Plan (HCB), a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all retirees of the County who participate in the North Carolina Local Governmental Employees’ Retirement System (System) and were employed with the County at retirement are eligible to participate in the HCB Plan if they meet one of the following retirement conditions:

- Age 60 or older with at least twenty years of service with Warren County.
- Age 55 or older with at least thirty years of service with LGERS and at least twenty years of service with Warren County.

Retirees meeting the years of employment requirement, but who do not meet the age requirements above will be eligible to enroll in the County’s group benefits insurance plan upon reaching the required age. It is assumed that members who retire prior to the required age receive coverage elsewhere.

The plan, which has a June 30, 2018 year end, does not issue a stand-alone report.

Benefits provided: The HCB Plan provides healthcare benefits for retirees. The County will not contribute any of the cost of the health or dental plan. Eligible retirees may pay the cost of a regular employee for health care, prescription drug, vision and dental coverage which are offered under the HCB plan until age 65. The retiree may continue dependent coverage (and pay the full cost of this coverage) if enrolled in dependent coverage at the time of retirement. Dependent coverage terminates upon the retiree becoming eligible for Medicare.

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Contributions. The Board of Commissioners established the contribution requirements of plan members which may be amended by the Board. For the year ended June 30, 2018, the Non-Medicare monthly premium was \$687 per month. The Board of Commissioners may amend the benefit provisions.

Plan membership. Membership of the HCB Plan consisted of the following at June 30, 2017, the date of the latest actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefit payments	4
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	288
Total Membership	<u>292</u>

Total OPEB Liability

The County’s total OPEB liability of \$439,744 was measured as of June 30, 2017 and was determined by an actuarial valuation as of June 30, 2017.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Real wage growth	1.00 percent
Wage inflation	3.50 percent
Salary increase, including wage inflation	
General Employees	3.50 to 7.75 percent
Firefighters	3.50 to 7.75 percent
Law Enforcement Officers	3.50 to 7.35 percent
Discount rate	3.56 percent
Healthcare cost trend rates	
Pre-Medicare	7.75% for 2016 decreasing to an ultimate rate of 5.00% by 2022 for Pre-Medicare
Medicare	5.75% for 2016 decreasing to an ultimate rate of 5.00% by 2019

The discount rate is based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements.

The demographic actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014.

The remaining actuarial assumptions used were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

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Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2016	\$ 444,300
Service Cost	27,105
Interest on the total OPEB liability and Cash Flows	13,026
Changes of benefit terms	-
Differences between expected and actual experience	1,886
Changes of assumptions or other inputs	(23,289)
Benefit payments	(23,284)
Other changes	-
Balance at June 30, 2017	\$ 439,744

Changes in assumptions and other inputs reflect a change in the discount rate from 3.01% to 3.56%.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The actuarial assumptions used in the June 30, 2017 valuation was based on the results of an actuarial experience study for the period January 2010 through December 2014.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	1% Decrease <u>(2.56%)</u>	Discount <u>Rate (3.56%)</u>	1% Increase <u>(4.56%)</u>
Total OPEB liability	\$ 483,154	\$ 439,744	\$ 400,890

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease <u>1%</u>	Discount <u>Rate</u>	1% Increase <u>1%</u>
Total OPEB liability	\$ 390,744	\$ 439,744	\$ 498,303

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the County recognized OPEB expense of \$37,726. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 1,674	\$ -
Changes of assumptions	-	20,672
County contributions subsequent to the measurement date	<u>23,600</u>	<u>-</u>
Total	<u>\$ 25,274</u>	<u>\$ 20,672</u>

\$23,600 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease in the total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2018	\$ (2,405)
2019	(2,405)
2020	(2,405)
2021	(2,405)
2022	(2,405)
Thereafter	(6,973)

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 \$239,304 reported as accrued landfill closure liability at June 30, 2018 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

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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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pensions – difference between expected and actual experience		
Pensions	\$ 157,794	\$ 118,560
OPEB	1,674	-
Changes of assumptions		
Pensions	423,977	7,822
OPEB	-	20,672
Pensions – difference between projected and actual investment earnings		
Pensions	665,365	-
Pensions-changes in proportion and difference between employer contributions and proportionate share of contributions		
Pensions	69,325	67,021
Contributions to pension plan in 2017-2018 fiscal year		
Pensions	840,444	-
Benefit payments for the OPEB plan paid subsequent to measurement date	23,600	-
Prepaid taxes not yet earned (General)	-	152,670
Taxes receivable, net (General)	-	908,183
Taxes receivable, net (Special Revenue Fund)	-	91,236
Total	<u>\$ 2,182,179</u>	<u>\$ 1,366,164</u>

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 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

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\$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. The contract was renewed in 2013.

At June 30, 2018, 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, 2018 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>
2019	\$ 55,416	\$ 38,676	\$ 94,092
2020	35,806	32,141	67,947
2021	-	29,816	29,816
2022	-	19,287	19,287
Total	<u>\$ 91,222</u>	<u>\$ 90,920</u>	<u>\$ 211,142</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

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

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.

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018, 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 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.

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 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 an 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.

On September 20, 2017, the County entered into an installment agreement to finance construction of an Emergency Medical Services facility. The installment agreement requires semiannual principal payments ranging from \$42,000 to \$300,000, plus interest at 2.48%. Payments begin in August 2018 and continue through August 2032.

On May 2, 2018, the County entered into an installment agreement to purchase an ambulance and other vehicles. The installment agreement requires monthly payments of \$7,609.42 at an interest rate of 3.0%. Payments begin in June 2018 and continue through May 2021.

For Warren County, the future minimum payments as of 2018, including \$1,215,013 of interest, are:

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Year Ending <u>June 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Installment Purchases</u>		<u>Installment Purchases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 905,920	\$ 217,449	\$ 79,120	\$ 15,191
2020	841,607	158,417	74,787	13,887
2021	815,135	134,603	60,900	12,799
2022	720,297	109,637	60,900	11,815
2023	532,350	92,719	60,900	10,830
2024-2028	1,876,522	290,515	304,502	39,382
2029-2034	<u>1,500,000</u>	<u>93,000</u>	<u>277,116</u>	<u>14,769</u>
Total	<u>\$ 7,191,831</u>	<u>\$ 1,096,340</u>	<u>\$ 918,225</u>	<u>\$ 118,673</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, 2018, the balance of the bonds was \$10,695,000.

Bonds payable at June 30, 2018 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>\$ 48,000</u>
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**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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%. \$ 1,130,000

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%. 2,080,000

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% 1,455,000

\$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%. 7,485,000

Total \$ 12,150,000

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 June 30,	General Obligation Bonds		Water/Refunding Bonds	
	Principal	Interest	Principal	Interest
2019	\$ 30,000	\$ 2,880	\$ 283,000	\$ 472,675
2020	18,000	1,080	294,000	461,412
2021	-	-	305,000	449,712
2022	-	-	316,000	437,575
2023	-	-	322,000	422,100
2024-2028	-	-	1,926,000	1,849,312
2029-2033	-	-	2,377,000	1,408,544
2034-2038	-	-	2,699,000	968,569
2039-2043	-	-	2,385,000	487,263
2044-2048	-	-	1,037,000	113,775
2049-2053	-	-	196,000	3,988
Total	<u>\$ 48,000</u>	<u>\$ 3,960</u>	<u>\$12,150,000</u>	<u>\$ 7,084,925</u>

At June 30, 2018, Warren County had \$12,000,000 in bonds authorized at June 30, 2018 for Warren County Water and Sewer District Number III. As of June 30, 2018, \$1,901,000 of the \$12,000,000 remains unissued. Warren County had a legal debt margin of \$181,130,190.

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

c. Capital Leases

The County has entered into agreements to lease certain equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

For Warren County, the agreement was executed on June 30, 2016 for the lease of an E911 phone system and requires monthly payments of \$4,831.75 for 60 months. Under the terms of the agreement, title passes to the County at the end of the lease term.

At June 30, 2018, the County leased vehicles and equipment valued at:

<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment	\$ 253,883	\$ 101,553	\$ 152,330

For Warren County, the future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018 were as follows:

<u>Year Ending June 30</u>	
2019	\$ 57,981
2020	57,981
2021	57,981
2022	<u>14,495</u>
Total minimum lease payments	188,438
Less: Amount representing interest	<u>(14,847)</u>
Present value of the minimum lease payments	<u>\$ 173,591</u>

d. 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, 2018:

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2018</u>	<u>Current Portion</u>
Governmental Activities:					
General obligation bonds	\$ 78,000	\$ -	\$ (30,000)	\$ 48,000	\$ 30,000
Installment purchases	4,077,836	4,156,661	(1,042,666)	7,191,831	905,920
Capital leases	221,583	-	(47,992)	173,591	50,447
Pension obligation-LEO	374,671	21,212	-	395,883	-
Total OPEB liability	421,507	-	(4,322)	417,185	-
Compensated absences	800,162	793,441	(800,162)	793,441	198,360
Net pension liability (LRS)	<u>3,737,989</u>	<u>-</u>	<u>(1,127,627)</u>	<u>2,610,362</u>	<u>-</u>
Total	<u>\$ 9,711,748</u>	<u>\$ 4,971,314</u>	<u>\$ (3,052,769)</u>	<u>\$ 11,630,293</u>	<u>\$ 1,184,727</u>

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018	Current Portion
Business-type Activities:					
Water Bonds	\$ 12,418,000	\$ -	\$ (268,000)	\$ 12,150,000	\$ 283,000
Premiums	<u>352,972</u>	-	<u>(13,909)</u>	<u>339,063</u>	-
Total Water Bonds	12,770,972	-	(281,909)	12,489,063	283,000
Installment purchases	997,023	-	(78,798)	918,225	79,120
Total OPEB liability	22,793	-	(234)	22,559	-
Compensated absences	57,957	53,933	(57,957)	53,933	13,482
Net pension liability (LGERS)	179,419	-	(58,281)	121,138	-
Landfill Closure Cost	<u>197,947</u>	<u>41,357</u>	<u>-</u>	<u>239,304</u>	<u>62,200</u>
Total	<u>\$ 14,226,111</u>	<u>\$ 95,290</u>	<u>\$ (477,179)</u>	<u>\$ 13,844,222</u>	<u>\$ 437,802</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 Warren County ABC Board, long-term debt consisted of the following:

Installment loan payable – BB&T Governmental Finance Loan amount of \$850,000 payable in semi-annual installments of \$42,682 including interest at a rate of 3.10%, due March 1, 2026. Secured by real estate.	\$ 600,730
Less: Current portion	<u>(67,259)</u>
Long-Term Debt	<u>\$ 533,471</u>

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

2019	\$ 67,259
2020	69,360
2021	71,527
2022	73,762
2023	<u>318,822</u>
Total	<u>\$ 600,730</u>

Installment loan payable – Benchmark Construction Loan in the amount of \$765,000 payable in monthly installments of \$5,280 including interest at a rate of 2.99%, with a repricing after seven years based on prime minus .75% with rate being fixed for remaining eight years. Secured by real estate.	\$ 697,226
Less: Current portion	<u>(42,609)</u>
Long-Term Debt	<u>\$ 654,617</u>

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

2019	\$ 42,609
2020	43,847
2021	45,229
2022	46,600
2023	<u>518,941</u>
Total	<u>\$ 697,226</u>

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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%.	\$ 2,582,775
Less: Current portion	<u>(254,452)</u>
Long-Term Debt	<u>\$ 2,328,323</u>

For the year end June 30, 2018 interest paid was \$108,784. This amount includes \$8,501 of accrued interest.

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

2019	\$ 254,452
2020	264,593
2021	275,624
2022	284,944
2023	<u>1,503,162</u>
Total	<u>\$ 2,582,775</u>

e. 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, 2018, 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	Emergency Telephone System Fund	<u>8,967</u>	Funding to adjust E911 balance to PSAP report
		<u>\$ 103,301</u>	

D. Net Investment in Capital Assets

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

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net capital assets	\$ 19,415,983	\$ 31,769,258
Capital debt calculation:		
Total debt, gross	7,413,422	13,407,287
Less:		
School debt for assets to which the county does not hold title	(284,667)	-
Total capital debt	7,128,755	13,407,287
Net investment in capital assets	\$ 12,287,228	\$ 18,361,971

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:

Total Fund Balance-General Fund	\$ 12,020,291
Less:	
Inventories	9,520
Stabilization by State Statute	1,622,818
Revaluation	98,506
Appropriated fund balance in 2019 budget	400,000
Remaining Fund Balance	\$ 9,889,447

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 \$59,857 to the Area Mental Health during the fiscal year ended June 30, 2018. 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, 2018. The participating governments do not have any

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2018. 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 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, 2018. 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, 2018. 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, 2018.

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.

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Federal</u>	<u>State</u>
Temporary Assistance to Needy Families	\$ 135,404	\$ (17)
CWS Adoption Subsidy	-	35,680
IV-E Foster Care	1,112	266
IV-E Adoption Subsidy	127,462	30,788
Medical Assistance Program	25,492,341	13,462,574
Health Choice	479,753	234
Women, Infants and Children	264,804	-
State Foster Home	-	5,481
SC/SA Adult Care Payments	-	201,993
	<u>\$ 26,500,876</u>	<u>\$ 13,736,999</u>
Totals	<u>\$ 26,500,876</u>	<u>\$ 13,736,999</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.

VIII. Significant Effects of Subsequent Events

The County has evaluated events and transactions that occurred between June 30, 2018 and December 27, 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 75, *Accounting and Financial Reporting for Financial Reporting for Postemployment Benefits Other than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the County to record beginning net OPEB liability and the effects on net position of contributions paid by the County to the OPEB Trust during the measurement period, as well as the removal of the net OPEB obligation. As a result, net position for the governmental and business-type activities decreased by \$234,376 and \$8,430 respectively.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

- 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
- Schedule of Changes in Total OPEB Liability and Related Ratios – Healthcare Benefits Plan

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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	0.179%	0.185%	0.179%	0.172%	0.159%
County's proportionate share of the net pension liability (asset)	2,731,502	3,917,406	803,476	(1,014,304)	1,910,534
County's covered payroll	\$ 10,785,731	\$ 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 payroll	25.33%	36.46%	7.67%	-10.09%	20.45%
Plan fiduciary net position as a percentage of the total pension liability	94.18%	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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 835,048	\$ 801,262	\$ 733,181	\$ 754,946	\$ 713,109
Contributions in relation to the contractually required contribution	835,048	801,262	733,181	754,946	713,109
Contribution deficiency (excess)		-	-	-	-
County's covered payroll	\$ 10,887,123	\$10,785,731	\$ 10,743,157	\$ 10,470,638	\$ 10,049,579
Contributions as a percentage of covered payroll	7.67%	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

	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.150%	0.161%	0.141%	0.154%	0.159%
County's proportionate share of the net pension liability (asset)	\$ (25,573)	\$ (30,069)	\$ (32,629)	\$ (34,990)	\$ (33,962)
County's covered payroll	\$ 53,204	\$ 51,222	\$ 50,465	\$ 49,120	\$ 48,276
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-48.07%	-58.70%	-64.66%	-71.23%	-69.14%
Plan fiduciary net position as a percentage of the total pension liability	153.77%	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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,239	\$ 1,302	\$ 1,314	\$ 1,127	\$ 1,260
Contributions in relation to the contractually required contribution	1,239	1,302	1,314	1,127	1,260
Contribution deficiency (excess)	-	-	-	-	-
County's covered payroll	\$ 53,204	\$ 51,222	\$ 51,222	\$ 50,465	\$ 49,120
Contributions as a percentage of covered payroll	2.33%	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**

	2018
Beginning Balance	\$ 374,671
Service Cost	30,207
Interest on the total pension liability	14,283
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(49,789)
Changes of assumptions or other inputs	35,779
Benefit payments	(9,268)
Other changes	-
Ending balance of the total pension liability	<u>\$ 395,883</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

	2018
Total pension liability	\$ 395,883
Covered payroll	1,333,539
Total pension liability as a percentage of covered payroll	29.69%

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.

WARREN COUNTY, NORTH CAROLINA
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
HEALTHCARE BENEFITS PLAN
FOR THE YEAR ENDED JUNE 30, 2018

Total OPEB Liability	2018
Service Cost	\$ 27,105
Interest on the total pension liability	13,026
Changes of benefit terms	-
Differences between expected and actual experience	1,886
Changes of assumptions or other inputs	(23,289)
Benefit payments	(23,284)
Other changes	-
Net change in total OPEB liability	(4,556)
Total OPEB liability - beginning	444,300
Total OPEB liability - ending	<u>\$ 439,744</u>
Covered payroll	10,218,900
Total OPEB liability as a percentage of covered payroll	4.30%

Notes to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u>Fiscal Year</u>	<u>Rate</u>
2018	3.56%

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.
- **Emergency Services Headquarters:** This capital project fund is used to account for funds set aside to construct the emergency services headquarters.

WARREN COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		2017	
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Ad Valorem Taxes:				
Taxes		\$ 18,240,976		\$ 18,856,997
Penalties and interest		132,651		144,174
Total	\$ 19,122,616	18,373,627	\$ (748,989)	19,001,171
Local Option Sales Taxes:				
Article 39 one percent		968,488		928,870
Article 40 one-half of one percent		1,297,515		1,267,481
Article 42 one-half of one percent		525,059		506,841
Article 44		832,633		775,350
Medicaid hold harmless		(160,202)		(156,444)
Total	3,200,000	3,463,493	263,493	3,322,098
Other taxes and licenses:				
Excise tax stamps		88,468		90,093
Total	78,000	88,468	10,468	90,093
Unrestricted intergovernmental:				
Payment in lieu of taxes		4,905		4,803
Beer and wine tax		78,344		83,318
Other		35,067		39,744
Total	117,800	118,316	516	127,865
Restricted intergovernmental:				
Federal and State grants		4,356,385		5,211,527
Court facility fees		20,926		27,213
ABC bottles taxes		7,711		7,614
Other		124,536		193,169
Total	5,525,478	4,509,558	(1,015,920)	5,439,523
Permits and fees:				
Register of Deeds fees		82,584		86,780
Inspection fees		149,326		126,353
Other		63,802		56,611
Total	251,875	295,712	43,837	269,744
Sales and services:				
Rents		6,715		5,640
Franchise fees		12,103		12,818
Recreation fees		25,731		36,741
Jail fees		32,955		73,361
Sheriff's fees		18,556		15,425
Ambulance fees		631,474		677,596
Health fees		658,801		876,543
Library fees		6,399		7,843
Animal control fees		20,464		21,184
Other		571,938		808,255
Total	2,029,240	1,985,136	(44,104)	2,535,406

WARREN COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
Investment earnings	30,000	130,397	100,397	43,713
Micellaneous Revenues				
Donations and private grants		5,052		12,153
Insurance proceeds		-		7,147
Other		20,144		58,472
Total	289,405	25,196	(264,209)	77,772
Total Revenues	30,644,414	28,989,903	(1,654,511)	30,907,385
EXPENDITURES				
General Government				
Governing Body:				
Salaries and employee benefits		94,144		92,068
Other operating expenditures		84,127		57,560
Insurance other than property		361,369		383,739
Total	559,032	539,640	19,392	533,367
Administration:				
Salaries and employee benefits		209,664		212,174
Other operating expenditures		13,731		12,280
Total	228,388	223,395	4,993	224,454
Human Resources:				
Salaries and employee benefits		113,735		109,297
Other operating expenditures		24,371		22,953
Total	145,346	138,106	7,240	132,250
Fleet Services:				
Salaries and employee benefits		20,054		19,413
Other operating expenditures		3,853		825
Capital outlay		-		-
Total	25,696	23,907	1,789	20,238
Elections:				
Salaries and employee benefits		164,675		172,770
Other operating expenditures		113,482		111,114
Capital outlay		-		717
Total	568,863	278,157	290,706	284,601
Finance:				
Salaries and employee benefits		318,203		338,413
Other operating expenditures		157,580		161,373
Total	522,751	475,783	46,968	499,786
Tax Administration:				
Salaries and employee benefits		427,575		457,216
Other operating expenditures		159,711		109,663
Capital outlay		-		2,367
Total	657,679	587,286	70,393	569,246

WARREN COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		2017	
	Budget	Actual	Variance Positive (Negative)	Actual
Legal:				
Salaries and employee benefits		114,511		104,710
Contracted services		13,061		17,846
	136,621	127,572	9,049	122,556
Register of Deeds:				
Salaries and employee benefits		181,794		178,686
Other operating expenditures		83,123		86,656
Capital outlay		2,382		-
Total	277,275	267,299	9,976	265,342
Public Buildings:				
Salaries and employee benefits		286,130		303,165
Other operating expenditures		166,620		149,154
Capital outlay		-		31,896
Total	520,006	452,750	67,256	484,215
Data Processing:				
Salaries and employee benefits		123,013		120,113
Other operating expenditures		34,701		35,671
Total	190,523	157,714	32,809	155,784
Court Facilities:				
Operating expenditures		46,703		45,240
Capital outlay		26,074		10,830
Total	76,311	72,777	3,534	56,070
Miscellaneous Appropriations:				
Payments to local organizations	50,900	47,953	2,947	54,201
Total General Government	3,959,391	3,392,339	567,052	3,402,110
Public Safety				
Sheriff:				
Salaries and employee benefits		2,002,719		1,929,253
Other operating expenditures		320,903		348,738
Capital outlay		84,442		125,152
Total	2,637,459	2,408,064	229,395	2,403,143
Child Support Officer:				
Salaries and employee benefits		48,731		48,939
Other operating expenditures		3,548		3,010
Total	54,799	52,279	2,520	51,949
Jail:				
Salaries and employee benefits		864,882		852,749
Other operating expenditures		427,584		395,121
Capital outlay		-		-
Total	1,378,547	1,292,466	86,081	1,247,870

**WARREN COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017**

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
<u>Environmental Protection</u>				
Soil Conservation:				
Salaries and employee benefits		158,214		154,902
Other operating expenditures		31,874		33,468
Total	192,143	190,088	2,055	188,370
Forestry Service	117,548	90,615	26,933	109,117
Lake Gaston Weed Control	116,000	-	116,000	116,000
Total Environmental Protection	425,691	280,703	144,988	413,487
<u>Economic and Physical Development</u>				
Planning:				
Salaries and employee benefits		147,711		143,253
Other operating expenditures		13,587		17,614
Capital outlay		-		-
Total	165,713	161,298	4,415	160,867
Economic Development:				
Salaries and employee benefits		107,872		146,404
Other operating expenditures		61,308		42,335
Capital outlay		8,945		-
Total	211,353	178,125	33,228	188,739
Agricultural Extension:				
Salaries and employee benefits		171,348		138,488
Other operating expenditures		59,430		49,275
Total	257,836	230,778	27,058	187,763
Buck Springs Camp Development:				
Other operating expenditures		6,925		3,834
Total	18,069	6,925	11,144	3,834
Kerr Tar Hub	36,000	36,000	-	36,000
Total Economic and Physical Development	688,971	613,126	75,845	577,203

WARREN COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
<u>Human Services</u>				
Health Clinic/Home Health:				
Salaries and employee benefits		1,990,564		1,997,822
Other operating expenditures		897,680		925,563
Capital outlay		23,780		40,215
Total	3,337,211	2,912,024	425,187	2,963,600
Area Mental Health District	61,146	59,857	1,289	59,760
Youth and Family Programs:				
Juvenile Crime Prevention Program		8,350		29,330
Boys and Girls Club		37,091		22,011
Total	45,091	45,441	(350)	51,341
Veteran Services:				
Salaries and employee benefits		94,074		91,675
Other operating expenditures		8,769		8,211
Capital outlay		397		-
Total	105,778	103,240	2,538	99,886
Senior Citizens Services:				
Salaries and employee benefits		187,507		227,747
Contracted services		250,188		274,618
Capital outlay		31,560		-
Total	588,421	469,255	119,166	502,365
Youth Services Bureau:				
Salaries and employee benefits		156,003		138,848
Other operating expenditures		28,760		38,574
Capital outlay		1,600		-
Total	230,276	186,363	43,913	177,422
Rural Operating Assistance Program:				
Contracted services		56,476		56,476
Other operating expenditures		67,793		67,709
Total	124,269	124,269	-	124,185
Social Services:				
Salaries and employee benefits		2,913,850		3,048,058
Other operating expenditures		688,853		756,055
Capital outlay		60,089		17,465
Total	4,173,768	3,662,792	510,976	3,821,578

WARREN COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
Public Assistance:				
Child Day Care		235,467		729,964
Special Assistance to Adults		204,102		214,053
Other Programs		61,716		85,596
Total	1,300,759	501,285	799,474	1,029,613
DSS Child Support				
Salaries and employee benefits		306,427		298,645
Other operating expenditures		107,789		99,014
Total	471,262	414,216	57,046	397,659
Armory				
Other operating expenditures		24,896		28,505
Total	36,075	24,896	11,179	28,505
Total Human Services	10,474,056	8,503,638	1,970,418	9,255,914
<u>Cultural and Recreational</u>				
Recreation:				
Salaries and employee benefits		204,753		201,921
Other operating expenditures		140,408		178,026
Capital outlay		154,696		-
Total	572,275	499,857	72,418	379,947
Libraries:				
Salaries and employee benefits		379,838		348,884
Other operating expenditures		109,553		112,757
Capital outlay		-		19,578
Total	497,573	489,391	8,182	481,219
Total Cultural and Recreational	1,069,848	989,248	80,600	861,166
<u>Education</u>				
Warren County Public Schools				
Current expense		4,956,249		4,958,073
Capital outlay		175,000		175,000
Total	5,133,073	5,131,249	1,824	5,133,073
Vance Granville Community College				
Current expense		225,625		225,625
Capital outlay/expansion		6,000		6,000
Total	231,625	231,625	-	231,625
Total Education	5,364,698	5,362,874	1,824	5,364,698

WARREN COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
<u>Debt Service</u>				
Principal retirement		1,072,666		1,073,901
Interest and fees		110,921		131,351
Total Debt Service	1,232,372	1,183,587	48,785	1,205,252
<u>Contingency</u>				
	152,364	-	152,364	-
Total Expenditures	32,436,700	28,727,087	3,709,613	29,233,207
Revenues Over (Under) Expenditures	(1,792,286)	262,816	2,055,102	1,674,178
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out				
Revaluation Fund	(50,000)	(50,000)	-	(50,000)
CDBG Ephraim Place Project	(44,334)	(44,334)	-	(44,334)
Emergency Telephone System Fund	(8,967)	(8,967)	-	(20)
Road Improvement Project Fund	-	-	-	(150,000)
Total	(103,301)	(103,301)	-	(244,354)
Installment purchase obligations issued	327,538	261,661	(65,877)	243,105
Appropriated Fund Balance	1,568,049	-	(1,568,049)	-
Total Other Financial Sources (Uses)	1,792,286	158,360	(1,633,926)	(1,249)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	421,176	<u>\$ 421,176</u>	1,672,929
Fund Balance-July 1		11,500,609		9,827,680
Fund Balance-June 30		<u>\$ 11,921,785</u>		<u>\$ 11,500,609</u>

**WARREN COUNTY, NORTH CAROLINA
REVALUATION FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017**

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
<u>REVENUES</u>				
Investment earnings	\$ 180	\$ 773	\$ 593	\$ 576
<u>EXPENDITURES</u>				
General government	50,180	-	50,180	319,801
Revenues Over (Under) Expenditures	(50,000)	773	50,773	(319,225)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer in (out)				
General Fund	50,000	50,000	-	50,000
Appropriated fund balance	-	-	-	-
	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Excess of Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	50,773	<u>\$ 50,773</u>	(269,225)
Fund Balance - July 1		<u>47,733</u>		<u>316,958</u>
Fund Balance - June 30		<u>\$ 98,506</u>		<u>\$ 47,733</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, 2018**

	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	325	452	406	858	533
Miscellaneous	-	-	11,617	11,617	11,617
Total	<u>325</u>	<u>452</u>	<u>12,023</u>	<u>12,475</u>	<u>12,150</u>
<u>EXPENDITURES</u>					
Capital outlay					
Survey		10,887	2,225	13,112	
Legal and administrative		756	4,913	5,669	
Soil investigation		-	15,143	15,143	
Architectural fees		192,047	58,719	250,766	
Land		37,993	-	37,993	
Construction		-	791,008	791,008	
Closing cost		234	5,900	6,134	
Issuance costs		-	53,818	53,818	
Contingency		-	-	-	
Total	<u>4,040,928</u>	<u>241,917</u>	<u>931,726</u>	<u>1,173,643</u>	<u>2,867,285</u>
Revenues Over (Under)					
Expenditures	<u>(4,040,603)</u>	<u>(241,465)</u>	<u>(919,703)</u>	<u>(1,161,168)</u>	<u>2,879,435</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Proceeds of installment purchase	3,895,000	-	3,895,000	3,895,000	-
Transfer in (out)					
Ambulance Storage Facility Fund	45,603	45,601	-	45,601	(2)
General Fund	100,000	100,000	-	100,000	-
Total	<u>4,040,603</u>	<u>145,601</u>	<u>3,895,000</u>	<u>4,040,601</u>	<u>(2)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (95,864)</u>	2,975,297	<u>\$ 2,879,433</u>	<u>\$ 2,879,433</u>
Fund Balance - July 1			(95,864)		
Fund Balance - June 30			<u>\$ 2,879,433</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.
- **CDBG George Davis Project Fund:** This fund is used to account for revenues and expenditures to rehabilitate substandard rural housing on George Davis Road.

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.
- **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, 2018

	Special Revenue Funds				Capital Projects Funds				Total Nonmajor Governmental Funds
	Special Fire Districts Fund	Emergency Telephone System Fund	CDBG Ephraim Place	CDBG George Davis Project	Buck Springs Leadership Center	Simulcast System Upgrade	Recreation Complex Phase III	Road Improvements Project	
ASSETS									
Current Assets:									
Cash and cash equivalents	\$ 11,436	\$ 271,701	\$ -	\$ 528	\$ 58,729	\$ 156,844	\$ 1,018	\$ 109,717	\$ 609,973
Restricted cash	-	-	-	-	-	-	-	-	-
Accounts receivable, net	6,711	16,674	-	-	841	2,973	-	-	27,199
Taxes receivable, net	91,236	-	-	-	-	-	-	-	91,236
Total Assets	\$ 109,383	\$ 288,375	\$ -	\$ 528	\$ 59,570	\$ 159,817	\$ 1,018	\$ 109,717	\$ 728,408
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued liabilities	\$ 17,218	\$ 5,053	\$ -	\$ -	\$ 273	\$ -	\$ -	\$ 747	\$ 23,291
Retainage payable	-	-	-	-	-	-	-	-	-
Due to General Fund	-	-	-	-	-	-	-	-	-
Total liabilities	17,218	5,053	-	-	273	-	-	747	23,291
Deferred inflows of resources	91,236	-	-	-	-	-	-	-	91,236
Fund Balances:									
Restricted:									
Stabilization by State Statute	6,711	16,674	-	-	841	2,973	-	-	27,199
Public Safety	-	266,648	-	-	-	156,844	-	-	423,492
Economic Development	-	-	-	528	58,456	-	-	108,970	167,954
Recreation	-	-	-	-	-	-	1,018	-	1,018
Unassigned:	(5,782)	-	-	-	-	-	-	-	(5,782)
Total fund balances	929	283,322	-	528	59,297	159,817	1,018	108,970	613,881
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 109,383	\$ 288,375	\$ -	\$ 528	\$ 59,570	\$ 159,817	\$ 1,018	\$ 109,717	\$ 728,408

**WARREN COUNTY, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018**

	Special Revenue Funds				Capital Projects Fund				Total Nonmajor Governmental Funds
	Special Fire Districts Fund	Emergency Telephone System Fund	CDBG Ephraim Place	CDBG - George Davis Project	Buck Springs Leadership Center	Simulcast System Upgrade	Recreation Complex Phase III	Road Improvements Project	
REVENUES									
Ad valorem taxes	\$ 934,784	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 934,784
Restricted intergovernmental	-	136,521	-	10,390	-	-	-	-	146,911
Investment earnings	-	2,831	-	-	1,083	2,712	12	-	6,638
Miscellaneous	-	-	-	-	-	-	-	-	-
Total Revenues	934,784	139,352	-	10,390	1,083	2,712	12	-	1,088,333
EXPENDITURES									
Public safety	933,479	131,253	-	-	-	-	-	-	1,064,732
Economic and physical development	-	-	44,334	-	-	-	-	-	44,334
Capital outlay	-	-	-	9,862	29,467	44,049	-	41,030	124,408
Total Expenditures	933,479	131,253	44,334	9,862	29,467	44,049	-	41,030	1,233,474
Revenues Over (Under)									
Expenditures	1,305	8,099	(44,334)	528	(28,384)	(41,337)	12	(41,030)	(145,141)
OTHER FINANCING SOURCES (USES)									
Transfers from other funds	-	8,967	44,334	-	-	-	-	-	53,301
Debt issued	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses) - Net	-	8,967	44,334	-	-	-	-	-	53,301
Net change in Fund Balances	1,305	17,066	-	528	(28,384)	(41,337)	12	(41,030)	(91,840)
Fund Balance - July 1	(376)	266,256	-	-	87,681	201,154	1,006	150,000	705,721
Fund Balance - June 30	\$ 929	\$ 283,322	\$ -	\$ 528	\$ 59,297	\$159,817	\$ 1,018	\$ 108,970	\$ 613,881

**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, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017**

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
<u>REVENUES</u>				
Ad Valorem taxes	\$ 986,838	\$ 934,784	\$ (52,054)	\$ 968,355
<u>EXPENDITURES</u>				
Public safety	986,838	933,479	53,359	968,431
Revenues Over (Under) Expenditures	<u>\$ -</u>	1,305	<u>\$ 1,305</u>	(76)
Fund Balance - July 1		<u>(376)</u>		<u>(300)</u>
Fund Balance - June 30		<u>\$ 929</u>		<u>\$ (376)</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, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017**

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
<u>REVENUES</u>				
Restricted intergovernmental				
Wireless communications	\$ 136,524	\$ 136,521	\$ (3)	\$ 168,284
Investment earnings	900	2,831	1,931	1,193
Total Revenues	137,424	139,352	1,928	169,477
<u>EXPENDITURES</u>				
Public safety	168,048	131,253	36,795	388,267
Revenues Over (Under) Expenditures	(30,624)	8,099	38,723	(218,790)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer in (out)				
General Fund	-	8,967	8,967	20
Appropriated fund balance	30,624	-	(30,624)	-
Total	30,624	8,967	(21,657)	20
Revenues Over (Under) Expenditures and Other Uses	\$ -	17,066	\$ 17,066	(218,770)
Fund Balance - July 1		266,256		485,026
Fund Balance - June 30		\$ 283,322		\$ 266,256
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		\$ 8,967		\$ 20

**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, 2018**

	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>514,385</u>	<u>44,334</u>	<u>558,719</u>	<u>54,639</u>
Revenues Over (Under) Expenditures	(145,668)	(143,187)	(44,334)	(187,521)	(41,853)
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfer in (out) General Fund	<u>145,668</u>	<u>143,187</u>	<u>44,334</u>	<u>187,521</u>	<u>41,853</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
CDBG - GEORGE DAVIS PROJECT
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
<u>REVENUES</u>					
Restricted intergovernmental					
Federal and state grants	\$ 32,150	\$ -	\$ 10,390	\$ 10,390	\$ (21,760)
Investment earnings	-	-	-	-	-
Total	<u>32,150</u>	<u>-</u>	<u>10,390</u>	<u>10,390</u>	<u>(21,760)</u>
<u>EXPENDITURES</u>					
Economic and physical development					
Rehabilitation	32,150	-	9,862	9,862	
Total	<u>32,150</u>	<u>-</u>	<u>9,862</u>	<u>9,862</u>	<u>22,288</u>
Revenues Over (Under)					
Expenditures	<u>\$ -</u>	<u>\$ -</u>	528	<u>\$ 528</u>	<u>\$ 528</u>
Fund Balance - July 1			<u>-</u>		
Fund Balance - June 30			<u>\$ 528</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, 2018**

	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	238,136	-	238,136	(12,945)
Investment Earnings	47,094	48,952	1,083	50,035	2,941
Total Revenues	<u>348,175</u>	<u>366,467</u>	<u>1,083</u>	<u>367,550</u>	<u>19,375</u>
EXPENDITURES					
Capital outlay					
Survey	11,500	11,500	-	11,500	-
Legal & administrative	2,048	1,842	206	2,048	-
Soil investigations	4,588	2,100	-	2,100	2,488
Architectural fees	92,666	91,415	1,250	92,665	1
Furniture and fixtures	20,000	2,531	9,482	12,013	7,987
Construction contract	485,878	485,878	-	485,878	-
Demolition	10,000	-	-	-	10,000
Site development	30,000	2,498	18,529	21,027	8,973
Closing costs	1,022	1,022	-	1,022	-
Contingency	10,473	-	-	-	10,473
Total Expenditures	<u>668,175</u>	<u>598,786</u>	<u>29,467</u>	<u>628,253</u>	<u>39,922</u>
Revenues Over (Under)					
Expenditures	<u>(320,000)</u>	<u>(232,319)</u>	<u>(28,384)</u>	<u>(260,703)</u>	<u>59,297</u>
OTHER FINANCING SOURCES (USES)					
Loan proceeds	<u>320,000</u>	<u>320,000</u>	<u>-</u>	<u>320,000</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 87,681</u>	<u>(28,384)</u>	<u>\$ 59,297</u>	<u>\$ 59,297</u>
Fund Balance - July 1			<u>87,681</u>		
Fund Balance - June 30			<u>\$ 59,297</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, 2018

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
<u>REVENUES</u>					
Investment earnings	\$ 1,357	\$ 1,918	\$ 2,712	\$ 4,630	\$ 3,273
Total	<u>1,357</u>	<u>1,918</u>	<u>2,712</u>	<u>4,630</u>	<u>3,273</u>
<u>EXPENDITURES</u>					
Capital outlay					
Legal and administrative		6,383	-	6,383	
Engineering/General		150,001	-	150,001	
Engineering/Capital		112,875	-	112,875	
Land		28,288	-	28,288	
Construction contract		138,054	44,049	182,103	
System equipment contract		629,402	-	629,402	
Total	<u>1,265,596</u>	<u>1,065,003</u>	<u>44,049</u>	<u>1,109,052</u>	<u>156,544</u>
Revenues Over (Under)					
Expenditures	<u>(1,264,239)</u>	<u>(1,063,085)</u>	<u>(41,337)</u>	<u>(1,104,422)</u>	<u>159,817</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>\$ 201,154</u>	<u>(41,337)</u>	<u>\$ 159,817</u>	<u>\$ 159,817</u>
Fund Balance - July 1			<u>201,154</u>		
Fund Balance - June 30			<u>\$ 159,817</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, 2018**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
REVENUES					
Investment earnings	\$ 31	\$ 36	\$ 12	\$ 48	\$ 17
Total	<u>31</u>	<u>36</u>	<u>12</u>	<u>48</u>	<u>17</u>
EXPENDITURES					
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>(137,145)</u>	<u>12</u>	<u>(137,133)</u>	<u>1,018</u>
OTHER FINANCING SOURCES (USES)					
Transfer in (out)					
General Fund	<u>138,151</u>	<u>138,151</u>	<u>-</u>	<u>138,151</u>	<u>-</u>
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>\$ 1,006</u>	<u>12</u>	<u>\$ 1,018</u>	<u>\$ 1,018</u>
Fund Balance - July 1			<u>1,006</u>		
Fund Balance - June 30			<u>\$ 1,018</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, 2018**

	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		-	8,750	8,750	
Gravel/Construction		-	5,551	5,551	
Construction contract		-	26,729	26,729	
Reserve		-	-	-	
Contingency		-	-	-	
Total	<u>150,000</u>	<u>-</u>	<u>41,030</u>	<u>41,030</u>	<u>108,970</u>
Revenues Over (Under)					
Expenditures	<u>(150,000)</u>	<u>-</u>	<u>(41,030)</u>	<u>(41,030)</u>	<u>108,970</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfer in (out)					
General Fund	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>	<u>-</u>
Total	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 150,000</u>	<u>(41,030)</u>	<u>\$ 108,970</u>	<u>\$ 108,970</u>
Fund Balance - July 1			<u>150,000</u>		
Fund Balance - June 30			<u>\$ 108,970</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, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017**

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
<u>REVENUES</u>				
Operating Revenues				
Water and Sewer Charges	\$ 928,950	\$ 905,867	\$ (23,083)	\$ 937,003
Nonoperating Revenues				
Permits and Fees	950	825	(125)	875
Miscellaneous Revenue	33,834	39,357	5,523	37,577
Interest Earnings	1,900	9,748	7,848	2,871
Total Nonoperating Revenues	<u>36,684</u>	<u>49,930</u>	<u>13,246</u>	<u>41,323</u>
Total Revenues	<u>965,634</u>	<u>955,797</u>	<u>(9,837)</u>	<u>978,326</u>
<u>EXPENDITURES</u>				
Salaries and employee benefits		85,266		91,794
Water purchases		442,083		462,296
Other operating expenditures		237,828		196,861
Capital outlay		-		6,977
Debt service				
Principal		39,376		37,783
Interest		14,349		15,087
Total Expenditures	<u>965,634</u>	<u>818,902</u>	<u>146,732</u>	<u>810,798</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>136,895</u>	<u>136,895</u>	<u>167,528</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Debt proceeds	-	-	-	6,432
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,432</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 136,895</u>	<u>\$ 136,895</u>	<u>\$ 173,960</u>
<u>RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL</u>				
Excess of revenues and other sources over (under) expenditures and other uses		\$ 136,895		\$ 173,960
Reconciling items:				
Capital outlay		-		6,977
Depreciation		(278,300)		(277,370)
Principal payment		39,376		37,783
Debt proceeds		-		(6,432)
Increase in deferred outflows of resources - pensions		(8,462)		14,283
Increase in net pension liability		8,090		(17,810)
Decrease in deferred inflows of resources - pensions		(109)		1,941
(Increase) decrease in compensated absences payable		1,101		547
(Increase) decrease in OPEB obligation		(289)		(217)
Total		<u>(238,593)</u>		<u>(240,298)</u>
Change in net position		<u>\$ (101,698)</u>		<u>\$ (66,338)</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, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
REVENUES				
Operating Revenues				
Water and Sewer Charges	\$ 660,850	\$ 674,820	\$ 13,970	\$ 680,184
Other operating revenues	3,424	5,027	1,603	5,443
Total Operating Revenues	<u>664,274</u>	<u>679,847</u>	<u>15,573</u>	<u>685,627</u>
Nonoperating Revenues				
Interest Earnings	3,300	17,839	14,539	5,297
Total Nonoperating Revenues	<u>3,300</u>	<u>17,839</u>	<u>14,539</u>	<u>5,297</u>
Total Revenues	<u>667,574</u>	<u>697,686</u>	<u>30,112</u>	<u>690,924</u>
EXPENDITURES				
Salaries and employee benefits		163,054		174,409
Water purchases		115,147		98,995
Other operating expenditures		66,552		68,599
Capital outlay		-		6,977
Debt service:				
Interest and other charges		47,080		47,947
Debt principal		46,681		45,089
Total Expenditures	<u>671,574</u>	<u>438,514</u>	<u>233,060</u>	<u>442,016</u>
Revenues Over (Under) Expenditures	<u>(4,000)</u>	<u>259,172</u>	<u>263,172</u>	<u>248,908</u>
OTHER FINANCING SOURCES (USES)				
Debt proceeds	4,000	-	(4,000)	6,432
Total Other Financing Sources (Uses)	<u>4,000</u>	<u>-</u>	<u>(4,000)</u>	<u>6,432</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 259,172</u>	<u>\$ 259,172</u>	<u>\$ 255,340</u>
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL				
Excess of revenues and other sources over (under) expenditures and other uses		\$ 259,172		\$ 255,340
Reconciling items:				
Debt service payment		46,681		45,089
Depreciation		(147,531)		(146,601)
Amortization on refunding bond premium		3,064		3,064
Debt proceeds		-		(6,432)
Capital outlay		-		6,977
Increase in deferred outflows of resources - pensions		(15,987)		28,163
Increase in net pension liability		15,195		(34,796)
Decrease in deferred inflows of resources - pensions		(216)		3,171
(Increase) decrease in compensated absences payable		2,092		(229)
(Increase) decrease in OPEB obligation		(550)		(412)
Total		<u>(97,252)</u>		<u>(102,006)</u>
Change in net position		<u>\$ 161,920</u>		<u>\$ 153,334</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, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
REVENUES				
Operating Revenues				
Water and sewer charges	\$ 601,406	\$ 655,167	\$ 53,761	\$ 615,550
Other charges for services	2,000	2,300	300	2,400
Total Operating Revenues	<u>603,406</u>	<u>657,467</u>	<u>54,061</u>	<u>617,950</u>
Nonoperating Revenues				
Debt reimbursement	9,250	9,250	-	9,250
Rents	20,850	23,196	2,346	20,850
Miscellaneous	3,792	3,842	50	5,030
Interest Earnings	3,200	15,665	12,465	4,835
Total Nonoperating Revenues	<u>37,092</u>	<u>51,953</u>	<u>14,861</u>	<u>39,965</u>
Total Revenues	<u>640,498</u>	<u>709,420</u>	<u>68,922</u>	<u>657,915</u>
EXPENDITURES				
Salaries and employee benefits		124,436		137,692
Water purchases		102,202		81,409
Other operating expenditures		123,927		120,809
Capital outlay		-		6,977
Debt service:				
Interest and other charges		84,610		86,764
Principal		71,189		69,597
Total Expenditures	<u>640,498</u>	<u>506,364</u>	<u>134,134</u>	<u>503,248</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>203,056</u>	<u>203,056</u>	<u>154,667</u>
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	-	-	6,432
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,432</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 203,056</u>	<u>\$ 203,056</u>	<u>\$ 161,099</u>
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL				
Excess of revenues and other sources over (under) expenditures and other uses		\$ 203,056		\$ 161,099
Reconciling items:				
Depreciation		(320,918)		(319,987)
Capital outlay		-		6,977
Amortization on refunding bond premium		3,760		3,760
Debt service payment		71,189		69,597
Debt proceeds		-		(6,432)
Increase in deferred outflows of resources - pensions		(13,374)		22,390
Increase in net pension liability		13,014		(27,714)
Decrease in deferred inflows of resources - pensions		(121)		2,487
(Increase) decrease in compensated absences payable		1,652		(180)
(Increase) decrease in OPEB obligation		(435)		(325)
Total		<u>(245,233)</u>		<u>(249,427)</u>
Change in net position		<u>\$ (42,177)</u>		<u>\$ (88,328)</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, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
REVENUES				
Operating Revenues				
Water and sewer charges	\$ 891,000	\$ 944,185	\$ 53,185	\$ 941,499
Other charges for services	4,400	10,372	5,972	5,922
Total Operating Revenues	<u>895,400</u>	<u>954,557</u>	<u>59,157</u>	<u>947,421</u>
Nonoperating Revenues				
Miscellaneous	1,300	60,346	59,046	5,778
Interest Earnings	870	7,681	6,811	1,749
Total Nonoperating Revenues	<u>2,170</u>	<u>68,027</u>	<u>65,857</u>	<u>7,527</u>
Total Revenues	<u>897,570</u>	<u>1,022,584</u>	<u>125,014</u>	<u>954,948</u>
EXPENDITURES				
Salaries and employee benefits		60,073		55,076
Water purchases		123,061		104,102
Other operating expenditures		77,153		84,141
Capital outlay		58,000		19,640
Debt Service				
Principal paid		180,115		172,523
Interest expense		352,228		356,694
Total Expenditures	<u>897,570</u>	<u>850,630</u>	<u>46,940</u>	<u>792,176</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>171,954</u>	<u>171,954</u>	<u>162,772</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)				
Eaton's Ferry Bridge Capital Project Fund	-	-	-	32,244
Debt proceeds	-	-	-	6,432
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,676</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 171,954</u>	<u>\$ 171,954</u>	<u>\$ 201,448</u>
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL				
Excess of revenues and other sources over (under) expenditures and other uses		\$ 171,954		\$ 201,448
Reconciling items:				
Depreciation		(504,783)		(508,355)
Capital outlay		58,000		19,640
Amortization on refunding bond premium		7,085		7,085
Principal paid		180,115		172,523
Debt proceeds		-		(6,432)
Increase in deferred outflows of resources - pensions		(4,073)		9,598
Increase in net pension liability		3,587		(11,692)
Decrease in deferred inflows of resources - pensions		(136)		755
(Increase) decrease in compensated absences payable		661		(739)
(Increase) decrease in OPEB obligation		(174)		(130)
Investment earnings for District Three/Phase III		68		24
Restricted intergovernmental revenue for BR 44 Water Main Relocation Fund		13,075		-
Restricted intergovernmental revenue for BR 77 Water Main Relocation Fund		11,952		-
Total		<u>(234,623)</u>		<u>(317,723)</u>
Change in net position		<u>\$ (62,669)</u>		<u>\$ (116,275)</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, 2018
WITH COMPARATIVE ACTUAL AMOUNTS 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:					
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	-	334	68	402	402
Total Revenues	<u>974,000</u>	<u>982,801</u>	<u>68</u>	<u>982,869</u>	<u>8,869</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>(1,522,819)</u>	<u>68</u>	<u>(1,522,751)</u>	<u>38,249</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>\$ 38,181</u>	<u>\$ 68</u>	<u>\$ 38,249</u>	<u>\$ 38,249</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, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	<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>150,000</u>	<u>-</u>	<u>150,000</u>	<u>-</u>
<u>EXPENDITURES</u>					
Construction	<u>120,215</u>	<u>117,756</u>	<u>-</u>	<u>117,756</u>	<u>2,459</u>
Revenues Over (Under) Expenditures	<u>29,785</u>	<u>32,244</u>	<u>-</u>	<u>32,244</u>	<u>2,459</u>
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>(32,244)</u>	<u>-</u>	<u>(32,244)</u>	<u>(2,459)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WARREN COUNTY, NORTH CAROLINA
BR 44 WATER MAIN RELOCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	<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	\$ 227,526	\$ -	\$ 13,075	\$ 13,075	\$ (214,451)
Total Revenues	<u>227,526</u>	<u>-</u>	<u>13,075</u>	<u>13,075</u>	<u>(214,451)</u>
<u>EXPENDITURES</u>					
Construction	227,526	-	16,841	16,841	210,685
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,766)</u>	<u>\$ (3,766)</u>	<u>\$ (3,766)</u>

WARREN COUNTY, NORTH CAROLINA
BR 77 WATER MAIN RELOCATION FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	<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	\$ 164,534	\$ -	\$ 11,952	\$ 11,952	\$ (152,582)
Total Revenues	<u>164,534</u>	<u>-</u>	<u>11,952</u>	<u>11,952</u>	<u>(152,582)</u>
<u>EXPENDITURES</u>					
Construction	<u>164,534</u>	<u>-</u>	<u>15,456</u>	<u>15,456</u>	<u>149,078</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,504)</u>	<u>\$ (3,504)</u>	<u>\$ (3,504)</u>

WARREN COUNTY, NORTH CAROLINA
SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
REVENUES				
Operating revenues				
Charges for services	\$ 1,730,300	\$ 1,740,562	\$ 10,262	\$ 1,504,833
Nonoperating Revenues				
State grants and reimbursements				
Tire Disposal Tax	29,500	26,875	(2,625)	34,666
White Goods Disposal Tax	5,000	14,635	9,635	9,723
Solid Waste Disposal Tax	10,800	14,985	4,185	15,344
Electronic Management Funds	1,200	1,606	406	1,519
Miscellaneous	5,903	5,588	(315)	6,069
Interest earnings	300	2,910	2,610	672
Total Nonoperating Revenues	52,703	66,599	13,896	67,993
Total Revenues	1,783,003	1,807,161	24,158	1,572,826
EXPENDITURES				
Salaries and employee benefits		245,903		238,495
Other operating expenditures		140,321		130,344
Contracted services		1,201,750		1,182,835
Capital outlay		8,426		32,695
Debt service:				
Interest and other charges		363		124
Debt principal		9,437		2,333
Total Expenditures	1,783,003	1,606,200	176,803	1,586,826
Revenues Over (Under) Expenditures	\$ -	\$ 200,961	\$ 200,961	\$ (14,000)
OTHER FINANCING SOURCES (USES)				
Installment purchase obligations issued	-	-	-	28,700
Total Other Financing Sources (Uses)	-	-	-	28,700
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	\$ -	\$ 200,961	\$ 200,961	\$ 14,700
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL				
Revenues and other financing sources over (under) expenditures and other uses		\$ 200,961		\$ 14,700
Reconciling items:				
Capital outlay		8,426		32,695
Debt service payment		9,437		2,333
Debt proceeds		-		(28,700)
Depreciation		(15,804)		(13,624)
Increase in deferred outflows of resources - pensions		(20,243)		40,240
Increase in net pension liability		18,394		(49,964)
Decrease in deferred inflows of resources - pensions		(463)		4,777
(Increase) decrease in compensated absences payable		(1,480)		(1,935)
(Increase) decrease in OPEB obligation		(724)		(592)
(Increase) decrease in accrued landfill closure and postclosure care costs		(41,357)		20,143
Total		(43,814)		5,373
Change in net position		\$ 157,147		\$ 20,073

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, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<u>Social Services</u>				
Assets				
Cash	\$ 24,424	\$ 241,339	\$ 105,982	\$ 159,781
Liabilities				
Miscellaneous liabilities	24,424	241,339	105,982	159,781
<u>Fines and Forfeitures</u>				
Assets				
Accounts receivable	5,918	78,900	79,150	5,668
Liabilities				
Intergovernmental payable	5,918	78,900	79,150	5,668
<u>Municipal Tax Fund</u>				
Assets				
Cash	-	530,705	530,705	-
Liabilities				
Intergovernmental payable	-	530,705	530,705	-
<u>Totals - All Agency Funds</u>				
Assets				
Cash	24,424	772,044	636,687	159,781
Accounts receivable	5,918	78,900	79,150	5,668
	<u>30,342</u>	<u>850,944</u>	<u>715,837</u>	<u>165,449</u>
Liabilities				
Miscellaneous liabilities	24,424	241,339	105,982	159,781
Intergovernmental payable	5,918	609,605	609,855	5,668
Total liabilities	<u>\$ 30,342</u>	<u>\$ 850,944</u>	<u>\$ 715,837</u>	<u>\$ 165,449</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, 2018

Fiscal Year	Uncollected Balance July 1, 2017	Additions	Collections and Adjustments	Uncollected Balance June 30, 2018
2017-2018	\$ -	\$ 17,804,794	\$ 17,371,781	\$ 433,013
2016-2017	471,110	-	233,608	237,502
2015-2016	209,204	-	65,825	143,379
2014-2015	139,511	-	28,487	111,024
2013-2014	150,654	-	18,332	132,322
2012-2013	112,678	-	10,810	101,868
2011-2012	85,438	-	6,691	78,747
2010-2011	76,164	-	6,004	70,160
2009-2010	62,681	-	27,851	34,830
2008-2009	69,564	-	4,226	65,338
2007-2008	63,178	-	63,178	-
	<u>\$ 1,440,182</u>	<u>\$ 17,804,794</u>	<u>\$ 17,836,793</u>	<u>\$ 1,408,183</u>
				Less: allowance for uncollectible accounts: <u>500,000</u>
				Ad valorem taxes receivable - net: <u>\$ 908,183</u>
<hr/>				
Reconcilement with revenues:				
Ad valorem taxes - General Fund				<u>\$ 18,373,627</u>
Reconciling items:				
Amounts written off for 2007-2008 levy				50,920
Interest, Discounts and Adjustments				<u>(587,754)</u>
Total Reconciling Items				<u>(536,834)</u>
Total Collections and Credits				<u>\$ 17,836,793</u>

**WARREN COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
JUNE 30, 2018**

	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	\$ 2,196,860,395	0.760	\$ 16,696,139	\$ 16,696,139	\$ -
Registered motor vehicles taxed at current year's rate	<u>145,875,658</u>	0.760	<u>1,108,655</u>	<u>-</u>	<u>1,108,655</u>
Total Original Levy	2,342,736,053		17,804,794	16,696,139	1,108,655
Discoveries:	99,728,947	0.760	757,940	757,940	-
Abatements	<u>(21,624,342)</u>	0.760	<u>(164,345)</u>	<u>(164,345)</u>	<u>-</u>
Total Property Valuation	<u>\$ 2,420,840,658</u>				
Net Levy			18,398,389	17,289,734	1,108,655
Uncollected taxes at June 30, 2018			<u>433,013</u>	<u>431,783</u>	<u>1,230</u>
Current year's taxes collected			<u>\$ 17,965,376</u>	<u>\$ 16,857,951</u>	<u>\$ 1,107,425</u>
Current levy collection percentage			<u>97.65%</u>	<u>97.50%</u>	<u>99.89%</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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 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	\$ 12,287,228
Restricted	-	-	2,399,348	1,780,754	2,429,321	2,463,226	3,490,530	3,503,473	2,760,692	5,121,914
Unrestricted	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	8,829,799
Total governmental activities net position	<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>	<u>26,238,941</u>
Business-type activities										
Net investment in capital assets	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	18,361,971
Restricted	-	-	-	-	-	-	56,490	31,328	77,888	36,608
Unrestricted	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	4,448,294
Total business-type activities net position	<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>	<u>22,846,873</u>
Primary government										
Net investment in capital assets	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	30,649,199
Restricted	-	-	2,399,348	1,780,754	2,429,321	2,463,226	3,547,020	3,534,801	2,838,580	5,158,522
Unrestricted	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	13,278,093
Total primary government net position	<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>	<u>\$ 49,085,814</u>

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

Expenses	Fiscal Year Ended									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
General government	\$ 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	\$ 3,607,759
Public safety	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	9,684,737
Economic development	703,870	812,368	676,787	738,211	691,085	582,985	822,723	577,737	641,933	704,649
Environmental protection	382,002	375,553	384,936	382,291	389,915	406,315	402,763	407,998	421,805	285,836
Human services	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	8,672,024
Culture and recreation	965,352	889,294	854,045	877,411	932,823	886,737	915,084	918,415	1,024,011	1,026,498
Education	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	5,362,874
Interest on long-term debt	467,666	396,113	397,854	330,508	265,358	195,374	147,772	130,063	129,306	192,148
Total governmental activities expenses	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	29,536,525
Business-type activities										
Solid Waste	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	1,649,651
Water and Sewer	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	3,469,478
Total business-type activities expenses	3,742,157	4,165,415	4,279,801	4,588,546	4,727,473	4,747,554	4,749,358	5,348,343	4,998,650	5,119,129
Total primary government expenses	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	34,655,654
Program Revenues										
Governmental activities:										
Charges for services:										
General government	207,332	181,485	159,919	263,556	172,091	166,700	145,657	124,437	145,099	159,498
Public safety	245,412	240,209	194,105	189,748	279,493	353,966	522,498	521,550	536,532	511,999
Economic and physical development	11,617	19,641	17,890	18,527	20,032	21,161	22,129	9,222	34,539	42,357
Human services	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	1,555,790
Culture and recreation	63,779	61,172	64,122	56,264	54,115	45,623	57,964	51,054	44,584	32,130
Operating grants and contributions	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	4,665,272
Capital grants and contributions	274,488	1,036,382	369,081	630,355	477,771	152,238	241,946	-	16,434	10,390
Total governmental activities program revenue	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	6,977,436
Business-type activities										
Charges for services:										
Solid Waste	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	1,740,562
Water and Sewer	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	3,192,711
Capital grants and contributions	3,245,436	1,251,583	304,788	87,609	1,118,852	279,257	471,438	132,014	220,502	92,378
Total business-type activities program revenues	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	5,025,651
Total primary government program revenues	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	12,003,087
Net (expenses)/revenue										
Governmental activities	(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)	(22,559,089)
Business-type activities	2,635,299	710,712	(183,865)	(819,658)	302,942	(665,322)	(200,558)	(627,108)	(90,757)	(93,478)
Total primary government net expenses	(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)	(22,652,567)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	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	19,260,936
Local option sales taxes	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	3,463,493
Other taxes and licenses	60,007	49,661	65,081	62,831	59,878	61,665	66,763	79,609	178,214	171,717
Unrestricted grants and contributions	165,847	81,749	200,746	268,347	80,257	86,345	91,956	86,213	-	-
Investment earnings, unrestricted	146,561	17,402	15,940	7,741	6,082	2,279	2,767	26,026	48,469	138,214
Miscellaneous	159,464	24,499	100,202	91,685	13,269	298,443	70,088	100,987	65,619	33,493
Transfers	(76,399)	-	-	(8,751)	-	-	(174)	-	-	-
Total governmental activities	17,591,177	18,285,750	18,456,466	19,169,688	20,259,623	20,968,016	20,821,834	20,883,043	23,344,281	23,067,853
Business-type activities:										
Investment earnings	36,384	4,407	3,467	1,798	1,336	296	648	7,566	15,448	53,911
Miscellaneous	46,448	53,550	37,964	67,609	66,416	85,921	78,203	147,990	95,531	152,090
Transfers	76,399	-	-	8,751	-	-	174	-	-	-
Total business-type activities	159,231	57,957	41,431	78,158	67,752	86,217	79,025	155,556	110,979	206,001
Total primary government	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	23,273,854
Changes in Net Position										
Governmental activities	611,485	2,501,406	861,297	2,419,885	2,481,495	1,453,705	387,230	(1,400,244)	1,154,951	508,764
Business-type activities	2,794,530	768,669	(142,434)	(741,500)	370,694	(579,105)	(121,533)	(471,552)	20,222	112,523
Total primary government	\$ 3,406,015	\$ 3,270,075	\$ 718,863	\$ 1,678,385	\$ 2,852,189	\$ 874,600	\$ 265,697	\$ (1,871,796)	\$ 1,175,173	\$ 621,287

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
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
2018	\$ 19,260,936	\$ 3,463,493	\$ 171,717	\$ -	\$ 7,711	\$ 22,903,857

TABLE 4

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

	Fiscal Year Ended									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund										
Reserved by state statute	\$ 1,756,087	\$ 1,660,388	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved For										
Inventory	25,478	25,388	-	-	-	-	-	-	-	-
Register of Deeds	-	-	-	-	-	-	-	-	-	-
Unreserved										
Undesignated	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	1,510,294	2,336,819	-	-	-	-	-	-	-	-
Nonspendable										
Inventories	-	-	25,388	25,312	25,312	25,312	23,482	11,352	10,058	9,520
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	1,622,818
Committed										
Revaluation	-	-	181,751	226,878	271,998	317,030	362,094	316,958	47,733	98,506
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	400,000
Unassigned	-	-	5,263,593	6,363,638	7,666,303	7,529,080	5,682,106	6,294,569	7,784,272	9,889,447
Total general fund	<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>	<u>\$ 12,020,291</u>
All other governmental funds										
Reserved by state statute										
Special revenue funds	-	99,196	-	-	-	-	-	-	-	-
Capital projects funds	18,858	179,645	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Undesignated										
Special revenue funds	439,115	327,428	-	-	-	-	-	-	-	-
Capital projects funds	240,735	450,926	-	-	-	-	-	-	-	-
Designated for subsequent year's expenditures										
Special revenue funds	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	27,199
Public Safety	-	-	496,185	442,878	427,600	499,955	974,670	1,529,350	388,502	3,302,925
Economic Development	-	-	310,759	310,935	291,431	291,461	294,994	252,319	221,134	167,954
Recreation	-	-	-	-	-	-	136,005	1,002	1,006	1,018
Assigned										
Subsequent year's expenditures	-	-	-	-	-	-	29,892	-	-	-
Unassigned	-	-	(264,814)	(62,714)	(32,486)	(57,528)	(5,493)	(6,564)	(102,846)	(5,782)
Total all other governmental funds	<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>	<u>\$ 3,493,314</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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Ad Valorem taxes	\$ 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	\$ 19,308,411
Local option sales taxes	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	3,463,493
Other taxes and licenses	60,007	49,661	65,081	62,831	59,878	61,665	66,763	79,609	90,093	88,468
Unrestricted Intergovernmental	165,847	81,749	200,746	268,347	122,863	120,331	126,836	128,299	127,865	118,316
Restricted Intergovernmental	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	4,656,469
Permits and fees	278,866	275,480	248,403	263,379	285,882	254,318	244,753	256,808	269,744	295,712
Sales and services	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	1,985,136
Investment earnings	146,559	17,402	15,940	7,741	6,082	2,279	2,767	26,026	48,469	138,214
Miscellaneous	162,956	90,351	157,960	106,468	56,217	54,781	93,079	107,188	77,772	36,813
Total Revenues	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	30,091,032
Expenditures										
Current:										
General government	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	3,392,339
Public safety	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	9,466,304
Environmental protection	372,374	367,069	382,164	376,324	383,497	399,740	404,163	404,793	413,487	280,703
Economic and physical development	704,303	835,742	672,395	729,274	742,845	579,597	831,498	589,083	621,537	657,460
Human services	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	8,503,638
Cultural and recreation	892,207	760,937	863,403	722,136	780,899	865,195	799,852	991,155	861,166	989,248
Intergovernmental:										
Education	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	5,362,874
Capital outlay	1,281,067	1,069,604	316,048	135,876	103,975	131,544	17,000	322,854	1,460,425	1,056,134
Debt service:										
Principal	1,568,083	1,576,383	1,647,467	1,565,404	1,435,514	639,118	640,618	642,118	1,073,901	1,072,666
Interest and other charges	472,447	405,061	397,515	335,416	271,476	205,376	144,976	125,272	131,351	110,921
Total expenditures	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	30,892,287
Excess of revenues over (under) expenditures	(1,600,724)	(546,694)	(720,439)	1,318,104	1,535,228	842,437	(445,602)	(2,346,968)	(349,251)	(801,255)
Other financing sources (uses)										
Transfers in from other funds	896,882	429,552	422,326	203,796	44,893	119,000	700,975	43,010	194,354	53,301
Transfers out to other funds	(973,281)	(429,552)	(422,326)	(212,547)	(44,893)	(119,000)	(701,149)	(43,010)	(194,354)	(53,301)
Proceeds from the issuance of debt	162,604	1,565,952	89,921	-	207,225	290,553	245,967	1,094,669	563,105	4,156,661
Total other financing sources (uses)	86,205	1,565,952	89,921	(8,751)	207,225	290,553	245,793	1,094,669	563,105	4,156,661
Net change in fund balances	\$ (1,514,519)	\$ 1,019,258	\$ (630,518)	\$ 1,309,353	\$ 1,742,453	\$ 1,132,990	\$ (199,809)	\$ (1,252,299)	\$ 213,854	\$ 3,355,406
Debt service as a percentage of noncapital expenditures	7.82%	7.40%	7.58%	7.26%	6.37%	3.12%	2.70%	2.57%	3.99%	4.05%

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
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
2018	\$ 19,308,411	\$ 3,463,493	\$ 88,468	\$ -	\$ 7,711	\$ 22,868,083

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					
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%
2018	\$ 2,196,860	\$ -	2,196,860	\$ 145,875	\$ 99,728	\$ 21,623	2,420,840	0.76	\$ 1,865,592	129.76%

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
County Direct Rates*										
County-wide Rate	0.92	0.60	0.60	0.62	0.66	0.66	0.66	0.66	0.71	0.76
Municipality Rates										
Town of Warrenton	0.61	0.61	0.62	0.61	0.61	0.61	0.61	0.61	0.61	0.65
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	0.279	0.30	0.38	0.30	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)**

2018				2009			
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	\$ 21,762,712	1	0.90%	Progress Energy	\$ 23,165,474	1	0.99%
Halifax Electric Membership Corp.	19,938,092	2	0.82%	Halifax EMC	17,942,195	2	0.76%
Tin Inc.	13,969,756	3	0.58%	PH Forest Investments	15,735,367	3	0.67%
P H Forest Investments	13,639,702	4	0.56%	Inland Paperboard & Packaging	14,413,018	4	0.61%
Glen Raven Mills	11,457,535	5	0.47%	Redtail Gaston LLC	13,421,414	5	0.57%
M H C Lake Gaston	6,468,007	6	0.27%	Carolina Telephone	12,018,749	6	0.51%
Eatons Crossing	6,319,649	7	0.26%	Moseley S H	10,466,233	7	0.45%
Strata Land Hildings LLC	5,938,595	8	0.25%	Glen Raven Mills	7,068,666	8	0.30%
Dominion NC Power	5,369,553	9	0.22%	MHC Lake Gaston LLC	5,565,388	9	0.24%
Lowe's Foods	3,578,245	10	0.15%	Sustainable Forest	4,830,766	10	0.21%
Totals	<u>\$ 108,441,846</u>		<u>4.48%</u>		<u>\$ 124,627,270</u>		<u>5.31%</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	
2009	\$ 13,247	\$ 12,557	94.8%	\$ 625	\$ 13,182	99.5%	
2010	15,190	14,488	95.3%	667	15,155	99.8%	
2011	15,281	14,535	95.1%	676	15,211	99.5%	
2012	15,840	15,090	95.3%	671	15,761	99.5%	
2013	16,967	16,329	96.2%	536	16,865	99.4%	
2014	17,362	16,701	96.2%	529	17,230	99.2%	
2015	17,274	16,774	97.1%	389	17,163	99.4%	
2016	17,361	16,807	96.8%	411	17,218	99.2%	
2017	18,842	18,371	97.5%	233	18,604	98.7%	
2018	\$ 18,398	\$ 17,965	97.6%	\$ -	\$ 17,965	97.6%	

Source: Warren County Tax Department

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	Capital Leases	General Obligation Bonds	Installment Purchases			
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	-	13,046	1,008	18,720	4.77%	1,422
2017	78	4,078	222	12,770	997	18,145	3.12%	1,422
2018	\$ 48	\$ 7,192	\$ 174	\$ 12,489	\$ 918	\$ 20,821	3.56%	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
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
2018	\$ 48	\$ -	\$ 48	0.003%	2

WARREN COUNTY, NORTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2018
(UNAUDITED)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County of Warren	\$ 7,414	100.00%	\$ 7,414
Underlying:			
Town of Warrenton	-		-
Town of Norlina	-		-
Town of Macon	-		-
	<u>\$ 7,414</u>		<u>\$ 7,414</u>

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

	Fiscal Year Ended									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 115,190	\$ 202,529	\$ 203,751	\$ 204,208	\$ 206,131	\$ 210,445	\$ 209,388	\$ 210,442	\$ 212,308	\$ 193,667
Total net debt applicable to limit	15,587	14,696	13,742	14,430	13,558	13,327	13,084	12,913	12,496	12,537
Legal debt margin	<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>	<u>\$ 181,130</u>
Total net debt applicable to the limit as a percentage of debt limit	13.53%	7.26%	6.74%	7.07%	6.58%	6.33%	6.25%	6.14%	5.89%	6.47%
Legal Debt Margin Calculation for Fiscal Year 2018										
Total assessed value										2,420,840
Debt limit (8% of total assessed value)										193,667
Debt applicable to limit:										
General obligation bonds										12,537
Less: Amount set aside for repayment of general obligation debt										-
Total net debt applicable to limit										<u>12,537</u>
Legal debt margin										<u>\$ 181,130</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
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%
2018	20,121	585,620	29,453	47	77.8%	1,990	5.5%

*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	2018		Employer	2009	
	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
Warren Hills Nursing Center	100-249	4	Elberta Crate & Box	200	4
Glen Raven Inc	50-99	5	Glen Raven Mills	154	5
International Paper	50-99	6	Temple-Inland	138	6
Comfort of Home Care LLC	50-99	7	Warren Hills Nursing	135	7
Elberta Crate & Box Co.	50-99	8	Cast Stone Systems	90	8
Cast Stone Systems	50-99	9			
Smoke House Lumber	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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	57	56	44	41	40	36	38	44	44	44
Public Safety										
Sheriff	39	38	38	38	37	38	43	43	38	38
Central Communications	12	10	10	10	10	14	16	15	14	14
Detention	19	17	17	17	17	18	20	17	18	18
Emergency Management	2	2	2	2	2	2	2	3	2	2
Emergency Services	20	20	20	20	20	26	35	26	27	27
Code Enforcement	5	4	2	4	4	4	4	3	3	3
Animal Control	4	4	4	4	4	5	5	6	6	6
Environmental Protection	4	4	-	3	3	3	3	3	3	3
Economic & Physical Development	13	5	12	11	11	11	9	11	8	8
Human Services	120	120	126	132	131	126	124	128	129	129
Culture and recreation	23	17	12	12	12	12	15	12	12	12
Education	9	10	7	3	3	2	0	0	0	0
Solid Waste	4	4	4	5	5	5	4	5	5	5
Public Works	8	9	10	10	10	10	10	10	10	10
Total	<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>	<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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Animal Control- Dogs & Catspicked up	1,149	1,785	1,721	1,538	1,572	1,359	1,362	1,375	1,055	1,194
Fire Calls	3,326	735	3,025	310	384	1,278	3,496	3,740	3,892	3,816
Breaking and entering investigations	233	242	278	154	187	244	180	196	208	215
EMS Calls	1,163	2,699	4,629	2,632	1,289	2,164	2,934	3,288	3,235	3,253
Code Enforcement Inspections	4,173	889	1,153	2,277	722	704	2,074	628	2,111	1,858
Human Services										
Number of home health visits	5,062	5,427	5,783	4,939	4,641	3,395	3,097	3,322	3,761	3,777
Number of home health patients	264	441	243	395	143	296	237	242	246	269
Environmental Protection										
Tons of Solid Waste Collected	9,893	9,441	8,704	8,873	8,349	7,142	8,074	8,405	7,719	9,280
Culture and recreation										
Recreation Youth Participants	875	875	1,024	989	940	945	1,063	1,138	1,163	1,018
Library Items Circulated	61,727	59,560	54,530	49,160	44,586	51,446	51,823	46,419	51,076	55,110
Number of Library Visits	54,278	58,408	54,132	45,087	51,341	60,126	60,126	60,235	59,916	52,126

Source: Various county government departments

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

Function	Fiscal Year Ended									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Buildings & Grounds Motor Vehicles	11	11	11	11	9	9	9	7	10	10
Public Safety										
Sheriff's Patrol Units	36	36	36	36	44	46	55	54	53	53
Ambulances	8	5	5	6	6	8	6	6	6	6
Other Motor Vehicles	7	2	4	6	6	9	11	15	15	15
Environmental Protection										
Motor Vehicles	1	3	3	3	3	1	1	1	1	1
Economic & Physical Development										
Motor Vehicles	4	1	1	6	6	2	2	2	2	2
Human Services										
Motor Vehicles	22	23	21	20	20	25	24	28	28	28
Culture and recreation										
Park Acreage	40	42	41	40	40	120	145	145	145	145
Parks	3	3	3	3	3	3	4	4	4	4
Parks & Recreation Vehicles	0	0	0	0	0	0	3	3	3	3
Library Motor Vehicles	1	1	1	1	1	1	1	1	1	1
Water & Sewer										
Motor Vehicles & Equipment	9	7	7	7	7	9	8	9	9	9
Fire Hydrants	483	451	521	571	523	523	523	523	523	523
Pump Stations	14	5	5	8	10	10	10	10	10	10
Miles of Water Main	444	437	437	609	465	600	616	616	616	616
Elevated Tanks	7	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	5	5	6	6

Source: Warren County Finance Department

COMPLIANCE SECTION

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

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Carleen P. Evans, CPA
Jennifer T. Reese, CPA
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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, 2018 and the related notes to the financial statements, which collectively comprises Warren County's basic financial statements, and have issued our report thereon dated December 27, 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*.

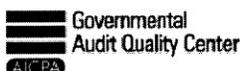
Internal Control over Financial Reporting

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
December 27, 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; Report on Internal Control Over Compliance; 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, 2018. 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 Federal and State statutes, regulations, and the terms and conditions of its federal awards 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, the 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.

Opinion on Each Major Federal Program

In our opinion, 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 each of its major federal programs for the year ended June 30, 2018.

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 the 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.

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.

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 material weaknesses. However, material weaknesses may exist that have not been identified.

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 the 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
December 27, 2018

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Report On Compliance For Each Major State Program; Report on 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 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, 2018. 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

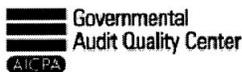
Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

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.

Opinion on Each Major State Program

In our opinion, 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 each of its major state programs for the year ended June 30, 2018.

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 the 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.

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.

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 significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

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 the 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
December 27, 2018

**WARREN COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

None noted.

Section IV – State Award Findings and Questioned Costs

None noted.

**WARREN COUNTY, NORTH CAROLINA
PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Finding : 17-1

Status: The County continues to perform internal reviews on a test basis to ensure proper documentation is taking place for eligibility. The County also continues to conduct training of employees on items noted in the reviews and new administrative letters on Medicaid at staff meetings. During the fiscal year, the County hired an eligibility specialist to come in and conduct training for the Medicaid staff. The County also created a checklist to ensure all tasks were performed during the fiscal year. This will be updated as needed throughout the year for things noted in internal reviews and policy changes. All open positions were also filled by the County during the year.

Finding : 17-2

Status: The County continues to perform internal reviews on a test basis to ensure proper documentation is taking place for eligibility. The County also continues to conduct training of employees on items noted in the reviews and new administrative letters on Medicaid at staff meetings. During the fiscal year, the County hired an eligibility specialist to come in and conduct training for the Medicaid staff. The County also created a checklist to ensure all tasks were performed during the fiscal year. This will be updated as needed throughout the year for things noted in internal reviews and policy changes. All open positions were also filled by the County during the year.

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

**WARREN COUNTY, NORTH CAROLINA
PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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.

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, 2018**

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	\$ 351,465	\$ -	\$ -
Special Milk Program for Children	10.556	7,147	-	-
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	104,723	-	-
Total US Department of Agriculture		463,335	-	-
<u>U.S. Dept. of Housing and Urban Development</u>				
Passed-through the N.C. Department of Commerce:				
Community Development Block Grant	14.228	9,862	-	-
<u>U.S. Dept. of Homeland Security</u>				
Passed-through the N.C. Department of Public Safety:				
Emergency Management Performance Grant	97.042	38,642	-	-
Tier II Grant		-	420	-
Emergency Food and Shelter National Board Program	97.024	3,356	-	-
Total U.S. Dept. of Homeland Security		41,998	420	-
<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	3,925	262	-
Social Service Block Grant (In Home and Supportive Services)	93.667	8,875	254	-
<u>Aging Cluster:</u>				
Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Care	93.044	19,712	1,160	-
Special Programs for the Aging-Title III, Part C-Nutrition Services	93.045	79,326	4,667	-
Nutrition Services Incentive Program	93.053	15,021	-	-
Total Aging Cluster		114,059	5,827	-
Total Division of Aging and Adult Services		126,859	6,343	-
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Medical Assistance:				
Division of Social Services:				
Administration:				
Medical Assistance Program	93.778	807,823	(3,743)	-
Total Medical Assistance Program		807,823	(3,743)	-
Division of Social Services:				
Administration:				
State Children's Health Insurance Program - N.C. Health Choice	93.767	42,133	15	-
Total State Children's Health Insurance Program - N.C. Health Choice		42,133	15	-
Centers for Medicare and Medicaid Services (CMS) Research Demonstrations and Evaluation	93.779		-	-
Total Division of Medical Assistance		849,956	(3,728)	-
<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	29,660	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	21	-	-
Infrastructure and Performance	93.539	7,976	-	-
Cancer Prevention and Control Programs for State-Territorial and Tribal Organizations	93.898	4,590	-	-
Preventive Health and Health Services Block Grant funded solely with				
Prevention and Public Health Funds (PPHF)	93.758	34,534	-	-
Preventive Health Services-Sexually Transmitted Diseases Control Grants	93.977	244	-	-
Maternal and Child Health Services Block Grant to the States	93.994	65,523	49,148	-
Total Centers for Disease Control		142,548	49,148	-

**WARREN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES	STATE EXPENDITURES	TO SUBRECIPIENTS
<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	16,751	-	-
Passed-through the N.C. Dept of Insurance, Division of SHIIP:				
CDAP-State Health Insurance Assistance Program	93.324	1,262	-	-
<u>Administration for Children and Families</u>				
Passed through the State Board of Elections				
Voting Access for Individuals with Disabilities	93.617			
Passed-through the N.C. Dept. of Health Human Services, Division of Social Services:				
Child Support Enforcement	93.563	314,766	(2)	-
Refugee and Entrant Assistance - State Administered Programs	93.566	64	-	-
<u>Foster Care and Adoption Cluster:</u>				
Foster Care-Title IV-E	93.658	97,874	16,986	-
Foster Care - Direct Benefit Payments	93.658	1,112	266	-
Adoption Assistance	93.659	14,142	-	-
Total Foster Care and Adoption Cluster		113,128	17,252	-
Temporary Assistance for Needy Families (TANF)/Work First:				
Administration	93.558	338,033	-	-
Low-Income Home Energy Assistance:				
Crisis Intervention Program	93.568	273,210	-	-
Stephanie Tubbs Jones Child Welfare Services Program				
Permanency Planning-Families for Kids	93.645	5,430	-	-
Social Services Block Grant (SSBG)-Other Service and Training	93.667	172,095	1,358	-
Total		788,768	1,358	-
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	95,265	-	-
Child Care and Development Fund-Mandatory	93.596	29,590	-	-
Child Care and Development Fund-Match	93.596	47,934	23,696	-
Total Child Care Development Fund Cluster		252,789	23,696	-
Temporary Assistance for Needy Families (TANF)				
State Appropriations		-	3,525	-
TANF-MOE		-	18,745	-
Total Subsidized Child Care Cluster		269,525	45,966	-
Total Administration for Children and Families				
		1,494,014	64,562	-
Total U.S. Dept. of Health and Human Services				
		2,622,515	116,337	-
Total federal awards				
		3,138,822	116,757	-

**WARREN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES	STATE EXPENDITURES	TO SUBRECIPIENTS
STATE AWARDS:				
<u>N.C. Dept. of Agriculture and Consumer Services</u>				
Agriculture Cost Share Technical Assistance		-	21,408	-
<u>N.C. Dept. of Natural and Cultural Resources</u>				
Division of State Library				
State Aid to Public Libraries		-	84,414	-
<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		-	156,517	-
Senior Center Development		-	10,939	-
<u>Division of Social Services:</u>				
Child Welfare/CPS		-	9,786	-
Incentive/Prog Integrity		-	183	-
State Foster Home - Direct		-	5,481	-
Energy Assistance		-	2,067	-
Smart Start		-	10,183	-
Total Division of Social Services		-	27,700	-
<u>Division of Public Health</u>				
General Aid to Counties		-	96,436	-
Food and Lodging		-	6,359	-
Public Health Nursing		-	400	-
School Nurse Funding Initiative		-	150,000	-
Women's Health Service Fund		-	5,884	-
STD Drugs		-	116	-
HIV/STD State		-	500	-
General Communicable Disease Control		-	9,592	-
TB Control		-	3,486	-
Breast and Cervical Cancer Control		-	2,550	-
Child Health		-	8,173	-
Gonorrhea Partner Services		-	70	-
Family Planning - State		-	14,082	-
Maternal Health		-	3,591	-
Total Division of Public Health		-	301,239	-
Total N.C. Dept. of Health and Human Services		-	496,395	-
<u>N.C. Dept of Environmental Quality</u>				
Directorate of Environmental Affairs				
Off Waste Red Trust Fund		-	2,504	-
Total N.C. Dept of Environmental Quality		-	2,504	-
<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		-	7,903	-
ROAP Rural General Public Program		-	56,473	-
Total N.C. Dept. of Transportation		-	125,168	59,416
<u>N.C. Dept. of Public Safety</u>				
Juvenile Crime Prevention Council Programs		-	81,719	11,977
Total State Awards		-	811,608	71,393
Total federal and State awards		\$ 3,138,822	\$ 928,365	\$ 71,393

**WARREN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES	STATE EXPENDITURES	TO SUBRECIPIENTS
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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, 2018. 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.