

COMPREHENSIVE ANNUAL FINANCIAL REPORT

WARREN COUNTY,
NORTH CAROLINA

FOR THE FISCAL YEAR
ENDING JUNE 30, 2007



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Warren County Board of Commissioners

P. O. Box 619

Warrenton, NC 27589

Telephone: (252) 257-3115 Fax: (252) 257-5971

www.warrencountync.com

November 21, 2007

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, 2007 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, 2007 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, 2007, 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 Warren County's financial statements was a part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor

agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements 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, 2007. 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 removal and the water and sewer districts of the County. The 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 bordered on the north by the Commonwealth of Virginia approximately sixty miles from the Raleigh-Durham-Chapel Hill metropolitan area. The County was formed in 1779 when Bute County was abolished and divided into Warren and Franklin counties. The landmass is 429 square miles with a population of 20,215. The County's history is marked by agricultural prosperity in the period just prior to the Civil War. Though the decline of agriculture has hurt the county economically, the remarkable architectural legacy from the pre-Civil War era along with shoreline on two beautiful recreational and residential lakes has provided a basis for a growing tourism industry.

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 among 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 to 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 supervision of the activities of the County departments, attendance of Board meetings, making recommendations on matters of business and preparing and recommending the annual budget.

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

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

The budget is adopted on a departmental basis, but for internal purposes, accounting records are maintained on a line-item basis. The budget shown in these financial statements is the budget ordinance as amended through June 30, 2007.

Factors Affecting Financial Condition

The decline of the tobacco and other agricultural based industries, as well as the textile and furniture industries, has proven to be an economic challenge for Warren County over the past several years. The unemployment rate in September 2005 was 7.1%. In September 2007 unemployment had decreased to 6.2%.

Lake Gaston, a flood control lake completed in 1963 is well stocked with game fish and has over 350 miles of shoreline. It is bordered by two states and five counties. Warren County has the largest share of shoreline and has seen dramatic increases in property values in residential property on Lake Gaston. The homebuilding industry on Lake Gaston continues to thrive and retail and commercial businesses catering to the Lake Gaston residents and visitors continue to grow at a steady pace.

Major Initiatives

Warren County's pastoral and historical setting is providing a haven for those wanting to relocate from urban settings to open small businesses in a rural setting. The County's Economic Development Commission is seeing a growing number of requests for information and assistance in starting new businesses in the County.

Warren County has been actively involved in the culmination of an innovative four-county regional economic development initiative between Warren, Franklin, Granville and Vance counties. It is the hope of the four counties, that by taking a regional approach to economic development, we can share resources to attract higher quality industrial investments. The largest certified site in the region is an 860-acre site in Warren County.

The County continues to invest in water and sewer infrastructure with the construction of rural water lines in outlying areas of the County. We have recently completed construction of nine miles of water lines in the County's Water and Sewer District II, Phase II, and seventy-five miles of water lines in District III. Construction is currently underway on an additional 90 miles of water lines in District III, Phase II, with plans to continue construction until all areas of the county are covered.

The Board of Commissioners has worked diligently toward providing recreation opportunities for its citizens of all ages. The County's new Recreation Complex has been completed. The facility boasts walking trails, four multi-purpose ball fields, concession stand, restrooms, playground area, batting cage, picnic shelter, paved parking areas and infrastructure. The County has appropriated \$20,000 to the Towns of Norlina and Macon for the construction of satellite parks that will become part of the county's recreation system. Plans are underway to locate a suitable site in the Afton Community.

Due to the lack of adequate animal control facilities in the County, the Board of Commissioners approved the construction of a three thousand square-foot animal control shelter which was completed in September of 2007.

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 and certificates of deposit.

Risk Management

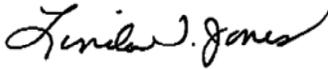
The County protects itself from loss through participation in two self-funded risk financing pools (professional liability and workers' compensation), administered by the North Carolina Association of County Commissioners. The County has contracted with BB&T Insurance for property, general liability, and business automobile insurance coverage.

Other Information and Acknowledgements

The County intends to submit this report to the Governmental Finance Officers Association (GFOA) for its Certificate of Achievement for Excellence in Financial Reporting program. This program recognizes governmental units that publish easily read and efficiently organized Comprehensive Annual Financial Reports that conform to program standards. The Certificate of Achievement is the highest form of recognition awarded in the field of governmental financial reporting.

We appreciate the dedication of employees in all departments who carry out the services and programs approved by our Board of 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 continuous support of the financial management of Warren County.

Respectfully Submitted,

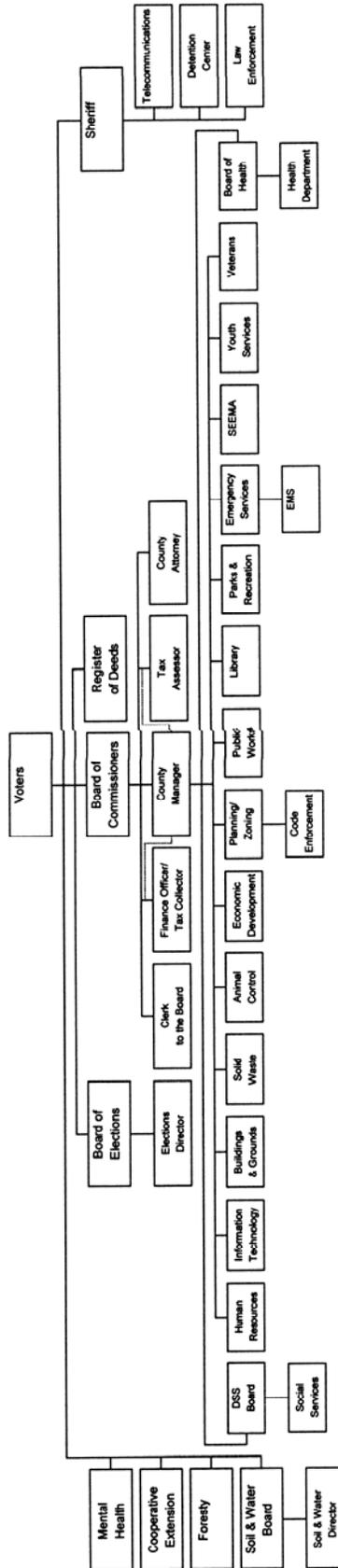


Linda T. Jones
County Manager



Barry J. Mayo
Finance Director

Warren County Government



**WARREN COUNTY, NORTH CAROLINA
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2007**

**Board of County
Commissioners**

Clinton G. Alston, Chairperson
Ulysses S. Ross, Vice-Chairperson

William S. Davis
Ernest Fleming
Barry Richardson

Angelena Kearney-Dunlap, Clerk to the Board

County Officials

Linda Jones
Barry J. Mayo
Robert E. Mitchum
Elsie Weldon
Johnny M. Williams
Marshall Brothers
Debbie Formyduval
Macon Robertson
Christopher T. Wright
Larry West
Henry Hayes
James Holloway
Dr. Sue Loper
Margaret Bullock

County Manager
Finance Director
Tax Administrator
Register of Deeds
Sheriff
Solid Waste Director
Elections Director
Public Works Director
Emergency Services Director
Soil & Water Conservation Director
Director of Social Services
Veterans Services Director
Library Director
Interim Cooperative Extension Director

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, 2006

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



President

Executive Director

FINANCIAL SECTION

Winston, Williams, Creech, Evans & Company, LLP

Certified Public Accountants



The CPA. Never Underestimate The Value.™

James P. Winston II, CPA
Gary L. Williams, CPA
Leonard R. Creech, Jr. CPA
Carleen P. Evans, CPA

Jennifer T. Reese, CPA

Independent Auditor's Report

To the Board of County Commissioners
Warren County, North Carolina

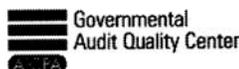
We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Warren County, North Carolina, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Warren County's management. Our responsibility is to express an opinion 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 in so far 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 of 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit, and the reports of 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, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 21, 2007 on our consideration of Warren County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants, and other matters. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of Warren County, North Carolina. The introductory information, combining and individual nonmajor fund statements and schedules and the statistical tables, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the accompanying schedule of expenditures of federal and State awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit report and the report of other auditors, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory information and the statistical tables have not been subjected to the auditing procedures applied by us and other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
November 21, 2007

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, 2007. 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

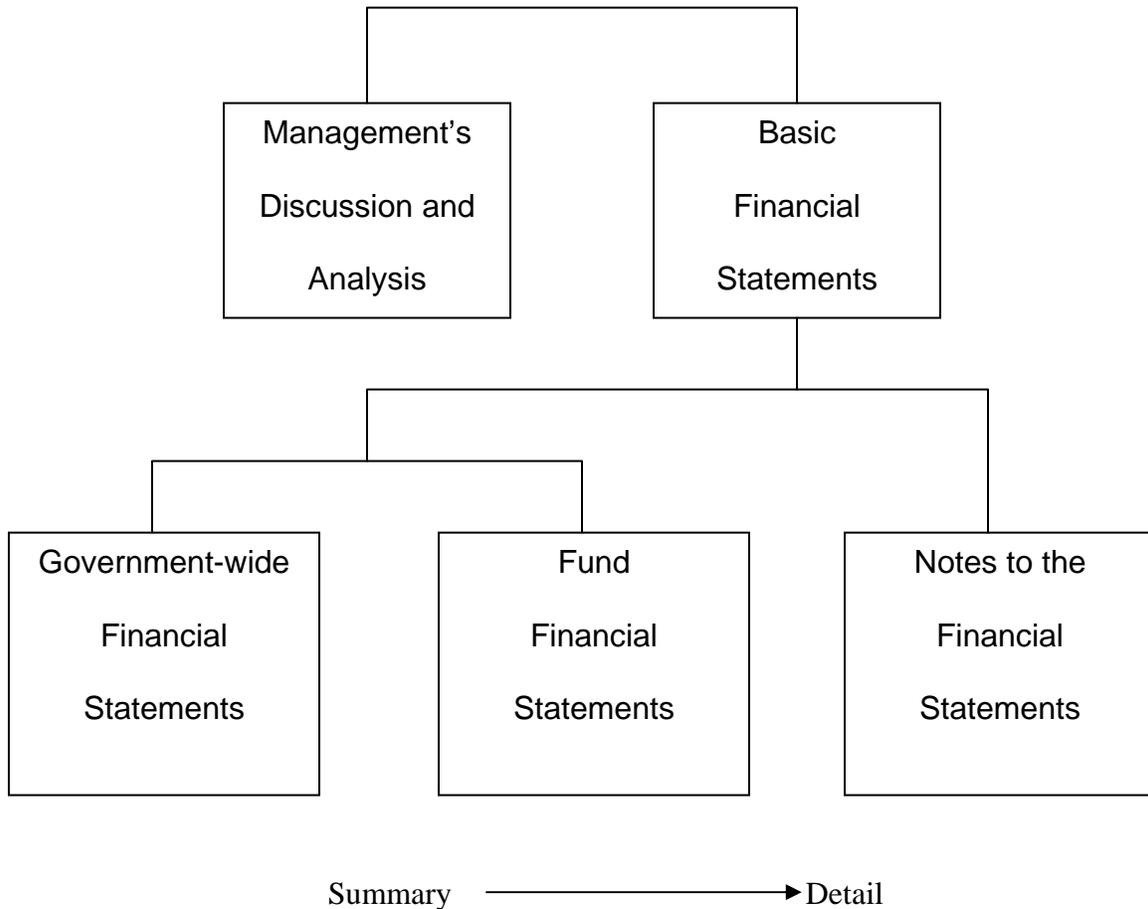
- The assets of Warren County exceeded its liabilities at the close of the fiscal year by \$36,785,074 (*net assets*).
- As of the close of the current fiscal year, Warren County's governmental funds reported combined ending fund balances of \$10,406,335, a decrease of \$588,043 in comparison with the prior year. Approximately 82.22 percent of this total amount, or \$8,556,754 is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$7,791,103, or 33.31% of total general fund expenditures for the fiscal year.
- Warren County's total debt increased by \$758,127 (.041%) during the current fiscal year.
- Warren County received a bond rating on its 2002 Refund Bonds of Baa1 from Moody's and BBB+ from Standard & Poor's.

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 also can be found in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the 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 assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets is one way to gage 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 and the 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 Assets 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 Assets 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 and DMV Interest Fund for funds collected by the County and remitted to the Warren County Board of Education and interest collected and remitted to the NC DMV; and the Motor Vehicle 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.

Warren County's Net Assets
Figure 2

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 14,020,031	\$ 13,882,663	\$ 2,010,123	\$ 1,888,649	\$ 16,030,154	\$ 15,771,312
Capital Assets	15,375,264	11,904,893	26,763,687	27,037,901	42,138,951	38,942,794
Total Assets	29,395,295	25,787,556	28,773,810	28,926,550	58,169,105	54,714,106
Long-term liabilities outstanding	11,625,638	10,786,938	7,779,588	7,852,244	19,405,226	18,639,182
Other liabilities	1,597,601	1,213,416	381,204	552,023	1,978,805	1,765,439
Total Liabilities	13,223,239	12,000,354	8,160,792	8,404,267	21,384,031	20,404,621
Net assets:						
Invested in capital assets, net of related debt	7,406,216	6,013,698	19,086,139	19,286,085	26,492,355	25,299,783
Restricted	119,168	54,916	-	-	119,168	54,916
Unrestricted	8,646,672	7,718,588	1,526,879	1,236,198	10,173,551	8,954,786
Total net assets	\$ 16,172,056	\$ 13,787,202	\$ 20,613,018	\$ 20,522,283	\$ 36,785,074	\$ 34,309,485

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of Warren County exceeded liabilities by \$ 36,785,074 as of June 30, 2007, one of the largest portions (72.02%) reflects the County's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. 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. Of the remaining balance, \$119,168 has been restricted by the governing board. The balance of \$10,173,551 is unrestricted.

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

- Increased collection of property tax collection rate for the current levy.
- A ten percent increase in sales tax collections.
- An increase in investment income of 33 percent.

Warren County Changes in Net Assets
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 2,527,149	\$ 2,727,057	\$ 2,859,430	\$ 2,590,481	\$ 5,386,579	\$ 5,317,538
Operating grants and contributions	4,768,953	4,689,246	-	-	4,768,953	4,689,246
Capital grants and contributions	718,191	354,356	532,523	2,549,686	1,250,714	2,904,042
General revenues:						
Property taxes	12,297,154	11,878,217	-	-	12,297,154	11,878,217
Other taxes	3,932,017	3,557,830	-	-	3,932,017	3,557,830
Investment Earnings	563,824	414,341	86,377	58,335	650,201	472,676
Miscellaneous	314,462	193,785	39,978	163,023	354,440	356,808
Total Revenues	25,121,750	23,814,832	3,518,308	5,361,525	28,640,058	29,176,357
Expenses:						
General government	2,561,297	2,214,866	-	-	2,561,297	2,214,866
Public safety	5,432,066	5,199,174	-	-	5,432,066	5,199,174
Economic and physical development	547,258	378,250	-	-	547,258	378,250
Environmental protection	372,069	279,035	1,203,460	1,210,403	1,575,529	1,489,438
Human services	9,634,595	8,932,781	-	-	9,634,595	8,932,781
Cultural and recreation	476,213	459,433	-	-	476,213	459,433
Education	3,239,620	2,926,413	-	-	3,239,620	2,926,413
Interest on long-term debt	473,778	475,435	-	-	473,778	475,435
Water and sewer	-	-	2,224,113	1,850,972	2,224,113	1,850,972
Total Expenses	22,736,896	20,865,387	3,427,573	3,061,375	26,164,469	23,926,762
Increase in net assets before transfers	2,384,854	2,949,445	90,735	2,300,150	2,475,589	5,249,595
Transfers	-	(56,469)	-	56,469	-	-
Increase in net assets	2,384,854	2,892,976	90,735	2,356,619	2,475,589	5,249,596
Net assets, July 1	13,787,202	10,894,226	20,522,283	18,165,664	34,309,485	29,059,890
Net assets, June 30	\$ 16,172,056	\$ 13,787,202	\$ 20,613,018	\$ 20,522,283	\$ 36,785,074	\$ 34,309,485

Governmental activities. Governmental activities increased the County's net assets by \$2,384,854 accounting for all of the total growth in the net assets of Warren County. Key elements of this increase are as follows:

- Ad valorem tax collections for current and delinquent levies exceeded budgeted projections by \$165,324 as a result of continued emphasis on the delinquent tax collection program.
- Sales tax revenue increased by \$355,803, representing a 10.81 increase over the prior year.
- An increase in interest rates allowed for an increase in investment earnings of approximately 36% over the prior year, or \$149,483.

- Sales and Services and Permits and Fees revenue decreased by \$200,381, primarily due to an decrease in collections for ambulance, home health and inspection fees.

Business-type activities. Business-type activities increased Warren County's net assets by \$90,735 or .44% compared to the prior year. The key element for this increase was a grant from the North Carolina Rural Center for the District III Water and Sewer project.

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, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of Warren County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$7,791,103, while total fund balance reached \$9,282,470. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 32.71 percent of total General Fund expenditures, while total fund balance represents 38.97 percent of that same amount.

At June 30, 2007, the governmental funds of Warren County reported a combined fund balance of \$10,406,335 a 5.3 percent decrease over last year. This decrease is attributable to an excess in other governmental funds expenditures.

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 \$2,184,865 or 9.5 percent. A total increase of \$1,422,751 was made to account for additional grants from outside sources and to maintain services. Amendments totaling \$471,764 were made to adjust for salary increases.

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 assets of the Landfill Fund at the end of the fiscal year amounted to \$441,976 and those for the Water and Sewer Districts equaled \$1,084,903. Factors concerning the finances of these

two 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, 2007 totals \$42,138,951 (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:

- Construction in Progress for a Recreation Complex
- Critical repairs to county facilities
- Purchase of Public Safety Equipment
- Purchased vehicles in both Governmental and Business-type Activities
- Significant Construction in Progress of Water lines

Long-term Debt. As of June 30, 2007, Warren County had total bonded debt outstanding of \$12,445,000, all of which is debt backed by the full faith and credit of the County.

Warren County’s Outstanding Debt

Figure 4

	Governmental		Business-like		Total	
	Activities		Activities			
	2007	2006	2007	2006	2007	2006
General Obligation Bonds	\$ 4,782,500	\$ 5,614,500	\$ 7,662,500	\$ 7,718,000	\$12,445,000	\$13,332,500
Installment Purchases	6,239,724	4,609,365	15,048	33,817	6,254,772	4,643,182
Other Obligations	603,414	563,073	41,885	32,930	645,299	596,003
Total Long-Term Debt	\$ 11,625,638	\$ 10,686,938	\$ 7,719,433	\$ 7,784,747	\$19,345,071	\$18,571,685

During the past fiscal year, Warren County’s total debt increased by \$773,356, 4.2 percent. General obligation debt of \$832,000 was retired in governmental activities and business-type activities decreased by \$55,500. There was a net increase of \$1,611,590 in installment-purchase obligations.

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 \$99,199,317. The County has \$12,000,000 in bonds authorized at June 30, 2007 for Warren County Water and Sewer District Number III.

Additional information regarding Warren County’s long-term debt can be found in Note III B- 8 beginning on page 60 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 remains stagnant with unemployment at 6.5%, slightly lower than it was one year ago.
- Property values continue to rise in resort property located in the county at Lake Gaston.

Governmental Activities: The County adopted a budget for fiscal year 2008 with a 5.8 percent increase in General Fund expenditures. A 2 percent employee salary increase was granted and other costs were reduced in order to maintain the same tax rate as the prior year.

Business – type Activities: District I and District II Water and Sewer budgets decreased for fiscal year 07 while Regional Water and District III budgets increased. These changes in budgets are partially due to a percent change in the allocation of expenses for each District. This change more closely distributes expenses within the Districts based on the actual number of customers.

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 Officer, Warren County, PO Box 185, 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, 305-B East Macon Street, Warrenton, NC 27589 and the Warren County Public Facilities Corporation, PO 804, Warrenton, NC 27589.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

WARREN COUNTY, NORTH CAROLINA
STATEMENT OF NET ASSETS
JUNE 30, 2007

EXHIBIT 1

	Governmental Activities	Business-type Activities	Total	Component Units	
				Warren County Public Facilities Co.	Warren County ABC Board
ASSETS					
Cash and cash equivalents	\$ 10,062,949	\$ 1,345,558	\$ 11,408,507	\$ 55,173	\$ 139,670
Receivables (net)	1,742,309	664,565	2,406,874	-	-
Taxes receivable	1,836,730	-	1,836,730	-	-
Accrued interest receivable on taxes	261,066	-	261,066	-	-
Due from other governments	90,138	-	90,138	-	-
Inventory	14,771	-	14,771	-	205,137
Prepaid expenses	-	-	-	-	7,237
Deferred charges-issuance costs	12,068	-	12,068	-	-
Loan fees	-	-	-	15,200	-
Capital assets					
Land, improvements, and construction in progress	5,468,636	7,379,175	12,847,811	35,000	-
Other capital assets, net of depreciation	9,906,628	19,384,512	29,291,140	795,948	39,199
Total capital assets	<u>15,375,264</u>	<u>26,763,687</u>	<u>42,138,951</u>	<u>830,948</u>	<u>39,199</u>
Total Assets	<u>\$ 29,395,295</u>	<u>\$ 28,773,810</u>	<u>\$ 58,169,105</u>	<u>\$ 901,321</u>	<u>\$ 391,243</u>
LIABILITIES					
Accounts payable & accrued expenses	\$ 1,204,455	\$ 209,450	\$ 1,413,905	\$ -	\$ 265,992
Retainage payable	246,327	-	246,327	-	-
Accrued interest payable	93,769	29,585	123,354	-	-
Unearned revenue	53,050	-	53,050	-	-
Customer deposits	-	142,169	142,169	-	-
Long-term liabilities:					
Due within one year					
Bonds payable	818,000	58,000	876,000	-	-
Installment purchases payable	702,334	15,048	717,382	35,436	6,289
Compensated absences payable	120,090	10,471	130,561	-	-
Due in more than one year					
Accrued landfill closure cost	-	60,155	60,155	-	-
Pension obligation	123,052	-	123,052	-	-
Compensated absences payable	360,272	31,414	391,686	-	-
Installment purchases payable	5,537,390	-	5,537,390	807,184	11,686
Bonds payable	<u>3,964,500</u>	<u>7,604,500</u>	<u>11,569,000</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>13,223,239</u>	<u>8,160,792</u>	<u>21,384,031</u>	<u>842,620</u>	<u>283,967</u>
NET ASSETS					
Invested in capital assets, net of related debt	7,406,216	19,086,139	26,492,355	-	21,224
Restricted for:					
Public Safety	15,876	-	15,876	-	-
Register of Deeds	2,363	-	2,363	-	-
Human Services	100,929	-	100,929	-	-
Capital improvements	-	-	-	-	60,000
Working capital	-	-	-	-	26,052
Unrestricted	<u>8,646,672</u>	<u>1,526,879</u>	<u>10,173,551</u>	<u>58,701</u>	<u>-</u>
Total Net Assets	<u>\$ 16,172,056</u>	<u>\$ 20,613,018</u>	<u>\$ 36,785,074</u>	<u>\$ 58,701</u>	<u>\$ 107,276</u>

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, 2007**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets					
		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	\$ 2,561,297	\$ 235,715	\$ 11,608	\$ -	\$ (2,313,974)	\$ -	\$ (2,313,974)	\$ -	\$ -	
Public safety	5,432,066	279,159	243,900	-	(4,909,007)	-	(4,909,007)	-	-	
Economic and physical development	547,258	11,212	8,046	70,874	(457,126)	-	(457,126)	-	-	
Environmental protection	372,069	-	35,860	-	(336,209)	-	(336,209)	-	-	
Human services	9,634,595	1,978,004	4,271,790	-	(3,384,801)	-	(3,384,801)	-	-	
Cultural and recreation	476,213	23,059	97,749	497,317	141,912	-	141,912	-	-	
Education	3,239,620	-	100,000	150,000	(2,989,620)	-	(2,989,620)	-	-	
Interest on long-term debt	473,778	-	-	-	(473,778)	-	(473,778)	-	-	
Total governmental activities	<u>22,736,896</u>	<u>2,527,149</u>	<u>4,768,953</u>	<u>718,191</u>	<u>(14,722,603)</u>	<u>-</u>	<u>(14,722,603)</u>	<u>-</u>	<u>-</u>	
Business-type activities:										
Solid Waste	1,203,460	1,178,027	-	38,055	-	12,622	12,622	-	-	
Water and Sewer	2,224,113	1,681,403	-	494,468	-	(48,242)	(48,242)	-	-	
Total business-type activities	<u>3,427,573</u>	<u>2,859,430</u>	<u>-</u>	<u>532,523</u>	<u>-</u>	<u>(35,620)</u>	<u>(35,620)</u>	<u>-</u>	<u>-</u>	
Total primary government	<u>\$ 26,164,469</u>	<u>\$ 5,386,579</u>	<u>\$ 4,768,953</u>	<u>\$ 1,250,714</u>	<u>\$ (14,722,603)</u>	<u>\$ (35,620)</u>	<u>\$ (14,758,223)</u>	<u>\$ -</u>	<u>\$ -</u>	
Component units:										
Warren County Public Facilities Co.	\$ 105,244	\$ 118,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,556	\$ -	
Warren County ABC Board	1,527,814	1,531,827	-	-	-	-	-	-	4,013	
Total component units	<u>\$ 1,633,058</u>	<u>\$ 1,650,627</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,556</u>	<u>\$ 4,013</u>	
General revenues:										
Taxes:										
Property taxes, levied for general purpose					\$ 12,297,154	\$ -	\$ 12,297,154	\$ -	\$ -	
Local option sales tax					3,648,064	-	3,648,064	-	-	
Other taxes and licenses					283,953	-	283,953	-	-	
Grants and contributions not restricted to specific programs					165,522	-	165,522	-	-	
Investment earnings, unrestricted					563,824	86,377	650,201	606	293	
Miscellaneous, unrestricted					148,940	39,978	188,918	-	1,224	
Transfers					-	-	-	-	-	
Total general revenues, special items and transfers					<u>17,107,457</u>	<u>126,355</u>	<u>17,233,812</u>	<u>606</u>	<u>1,517</u>	
Change in net assets					2,384,854	90,735	2,475,589	14,162	5,530	
Net assets - beginning					13,787,202	20,522,283	34,309,485	44,539	101,746	
Net assets - ending					<u>\$ 16,172,056</u>	<u>\$ 20,613,018</u>	<u>\$ 36,785,074</u>	<u>\$ 58,701</u>	<u>\$ 107,276</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, 2007

	General Fund	Recreation Complex Phase II	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 8,731,062	\$ 81,399	\$ 1,250,488	\$ 10,062,949
Accounts receivable (net)	1,384,095	307,820	50,394	1,742,309
Taxes receivable (net)	1,714,315	-	122,415	1,836,730
Due from other governments	90,138	-	-	90,138
Due from other funds	50,142	-	-	50,142
Inventory	14,771	-	-	14,771
Total Assets	<u>\$ 11,984,523</u>	<u>\$ 389,219</u>	<u>\$ 1,423,297</u>	<u>\$ 13,797,039</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable & accrued liabilities	\$ 934,688	\$ 246,653	\$ 23,114	\$ 1,204,455
Retainage payable	-	246,327	-	246,327
Due from other funds	-	-	50,142	50,142
Deferred revenue	1,714,315	-	122,415	1,836,730
Unearned revenue	53,050	-	-	53,050
Total Liabilities	<u>2,702,053</u>	<u>492,980</u>	<u>195,671</u>	<u>3,390,704</u>
Fund balances:				
Reserved by State Statute	1,524,375	307,820	50,394	1,882,589
Reserved for:				
Inventory	14,771	-	-	14,771
Register of Deeds	2,363	-	-	2,363
Unreserved :				
Undesignated	3,719,715	(411,581)	-	3,308,134
Designated for Courthouse Renovation	250,000	-	-	250,000
Designated for subsequent year's expenditures	3,771,246	-	155,412	3,926,658
Unreserved, reported in nonmajor				
Special revenue funds	-	-	678,950	678,950
Capital projects funds	-	-	342,870	342,870
Total Equity and Other Credits	<u>9,282,470</u>	<u>(103,761)</u>	<u>1,227,626</u>	<u>10,406,335</u>
Total Liabilities and Fund Balances	<u>\$ 11,984,523</u>	<u>\$ 389,219</u>	<u>\$ 1,423,297</u>	<u>\$ 13,797,039</u>

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

WARREN COUNTY, NORTH CAROLINA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
JUNE 30, 2007

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

Total equity and other credits (Exhibit 3)	\$ 10,406,335
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	15,375,264
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	261,066
Deferred charges related to advance refunding bond issued - included on government-wide statements as these funds are not available and therefore deferred in the fund statements	12,068
Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not the government-wide	1,836,730
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>(11,719,407)</u>
Net assets of governmental activities (Exhibit 1)	<u>\$ 16,172,056</u>

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

WARREN COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	General Fund	Recreation Complex Phase II	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>				
Ad valorem taxes	\$ 11,412,660	\$ -	\$ 528,197	\$ 11,940,857
Local option sales taxes	3,648,064	-	-	3,648,064
Other taxes and licenses	158,896	-	125,057	283,953
Unrestricted intergovernmental	165,522	-	-	165,522
Restricted intergovernmental	4,864,858	433,930	252,325	5,551,113
Permits and fees	354,962	-	-	354,962
Sales and services	2,108,218	-	-	2,108,218
Investment earnings	473,601	8,204	82,019	563,824
Miscellaneous	70,640	61,167	17,133	148,940
	<u>23,257,421</u>	<u>503,301</u>	<u>1,004,731</u>	<u>24,765,453</u>
<u>EXPENDITURES</u>				
Current:				
General government	2,515,946	-	-	2,515,946
Public safety	5,045,620	-	528,085	5,573,705
Environmental protection	370,576	-	-	370,576
Economic and physical development	448,193	-	96,469	544,662
Human services	9,528,206	-	-	9,528,206
Cultural and recreational	511,975	-	-	511,975
Intergovernmental:				
Education	3,238,524	-	-	3,238,524
Capital outlay	-	2,563,133	1,059,697	3,622,830
Debt service:				
Principal	1,296,251	-	31,865	1,328,116
Interest and other charges	432,367	-	18,659	451,026
	<u>23,387,658</u>	<u>2,563,133</u>	<u>1,734,775</u>	<u>27,685,566</u>
Revenues Over (Under) Expenditures	<u>(130,237)</u>	<u>(2,059,832)</u>	<u>(730,044)</u>	<u>(2,920,113)</u>

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

**WARREN COUNTY, NORTH CAROLINA
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	General Fund	Recreation Complex Phase II	Other Governmental Funds	Total Governmental Funds
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in from other funds	620,720	-	616,410	1,237,130
Transfers out to other funds	(429,865)	(119,865)	(687,400)	(1,237,130)
Debt issued	117,821	2,214,249	-	2,332,070
Total Other Financing Sources (Uses)	308,676	2,094,384	(70,990)	2,332,070
Net Change in Fund Balances	178,439	34,552	(801,034)	(588,043)
Fund Balance - July 1	9,104,031	(138,313)	2,028,660	10,994,378
Fund Balance - June 30	<u>\$ 9,282,470</u>	<u>\$ (103,761)</u>	<u>\$ 1,227,626</u>	<u>\$ 10,406,335</u>

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, 2007

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)	\$ (588,043)
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.	3,993,079
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.	(522,708)
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 assets. This amount is the net effect of these differences in the treatment of long-term debt.	(798,359)
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	(55,412)
Some revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements	<u>356,297</u>
Total changes in net assets of governmental activities (Exhibit 2)	<u>\$ 2,384,854</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, 2007

	General Fund			Variance with Final Positive (Negative)
	Original Budget	Final Budget	Actual	
<u>REVENUES</u>				
Ad valorem taxes	\$ 11,247,336	\$ 11,247,336	\$ 11,412,660	\$ 165,324
Local option sales taxes	2,895,000	3,295,000	3,648,064	353,064
Other taxes and licenses	95,000	95,000	158,896	63,896
Unrestricted intergovernmental	116,700	116,700	165,522	48,822
Restricted intergovernmental	4,189,218	4,560,614	4,864,858	304,244
Permits and fees	272,015	272,015	354,962	82,947
Sales and services	1,897,000	1,853,223	2,108,218	254,995
Investment earnings	220,000	372,000	473,601	101,601
Miscellaneous	2,500	23,143	70,640	47,497
Total revenues	<u>20,934,769</u>	<u>21,835,031</u>	<u>23,257,421</u>	<u>1,422,390</u>
<u>EXPENDITURES</u>				
Current:				
General government	2,468,139	2,658,954	2,515,946	143,008
Public safety	4,750,043	5,396,346	5,045,620	350,726
Environmental protection	365,091	385,944	370,576	15,368
Economic and physical development	508,376	523,326	448,193	75,133
Human services	9,292,155	10,096,204	9,528,206	567,998
Cultural and recreational	600,891	630,857	511,975	118,882
Intergovernmental:				
Education	3,104,374	3,272,021	3,238,524	33,497
Debt service	1,608,754	1,728,619	1,728,618	1
Contingency	138,924	-	-	-
Total Expenditures	<u>22,836,747</u>	<u>24,692,271</u>	<u>23,387,658</u>	<u>1,304,613</u>
Revenues Over (Under) Expenditures	<u>(1,901,978)</u>	<u>(2,857,240)</u>	<u>(130,237)</u>	<u>2,727,003</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, 2007

	Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in from other funds	125,730	640,836	620,720	(20,116)
Transfers out to other funds	(100,524)	(429,865)	(429,865)	-
Debt issued	133,000	133,000	117,821	(15,179)
Appropriated fund balance	<u>1,743,772</u>	<u>2,513,269</u>	<u>-</u>	<u>(2,513,269)</u>
Total Other Financing Sources (Uses)	<u>1,901,978</u>	<u>2,857,240</u>	<u>308,676</u>	<u>(2,548,564)</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	178,439	<u>\$ 178,439</u>
Fund Balance - July 1			<u>9,104,031</u>	
Fund Balance - June 30			<u>\$ 9,282,470</u>	

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

WARREN COUNTY, NORTH CAROLINA
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007

	Enterprise Funds					Total
	Major Funds				Non-major Fund	
	Regional Water System Fund	District I Enterprise Fund	District II Enterprise Fund	District III Enterprise Fund	Solid Waste Fund	
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 348,163	\$ 442,415	\$ 370,038	\$ -	\$ 225,404	\$ 1,386,020
Receivables (net)	97,587	55,405	61,329	67,321	382,923	664,565
Total Current Assets	<u>445,750</u>	<u>497,820</u>	<u>431,367</u>	<u>67,321</u>	<u>608,327</u>	<u>2,050,585</u>
Noncurrent Assets:						
Capital assets:						
Land, improvements, and construction in progress	85,957	-	105,077	7,073,561	114,580	7,379,175
Other capital assets, net of depreciation	4,750,887	4,231,567	10,224,263	91,556	86,239	19,384,512
Total Capital Assets	<u>4,836,844</u>	<u>4,231,567</u>	<u>10,329,340</u>	<u>7,165,117</u>	<u>200,819</u>	<u>26,763,687</u>
Total Assets	<u>\$ 5,282,594</u>	<u>\$ 4,729,387</u>	<u>\$ 10,760,707</u>	<u>\$ 7,232,438</u>	<u>\$ 809,146</u>	<u>\$ 28,814,272</u>
LIABILITIES						
Current Liabilities:						
Central depository overdraft	\$ -	\$ -	\$ -	\$ 40,462	\$ -	\$ 40,462
Accounts payable and accrued liabilities	63,519	4,280	4,520	49,099	88,032	209,450
Accrued interest payable	-	5,890	10,266	13,429	-	29,585
Customer deposits	9,870	61,899	43,375	27,025	-	142,169
Installment purchase	-	-	-	-	15,048	15,048
Compensated absences	1,838	1,957	1,245	890	4,541	10,471
General obligation bonds payable	-	24,000	34,000	-	-	58,000
Total Current Liabilities	<u>75,227</u>	<u>98,026</u>	<u>93,406</u>	<u>130,905</u>	<u>107,621</u>	<u>505,185</u>
Noncurrent Liabilities:						
Accrued landfill closure cost	-	-	-	-	60,155	60,155
Compensated absences	5,515	5,871	3,736	2,669	13,623	31,414
Installment purchase	-	-	-	-	-	-
General obligation bonds payable	-	1,464,000	2,559,500	3,581,000	-	7,604,500
Total Noncurrent Liabilities	<u>5,515</u>	<u>1,469,871</u>	<u>2,563,236</u>	<u>3,583,669</u>	<u>73,778</u>	<u>7,696,069</u>
Total Liabilities	<u>80,742</u>	<u>1,567,897</u>	<u>2,656,642</u>	<u>3,714,574</u>	<u>181,399</u>	<u>8,201,254</u>
NET ASSETS						
Invested in capital assets, net of related debt	4,836,844	2,743,567	7,735,840	3,584,117	185,771	19,086,139
Unrestricted	365,008	417,923	368,225	(66,253)	441,976	1,526,879
Total Net Assets	<u>\$ 5,201,852</u>	<u>\$ 3,161,490</u>	<u>\$ 8,104,065</u>	<u>\$ 3,517,864</u>	<u>\$ 627,747</u>	<u>\$ 20,613,018</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 ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Proprietary Funds					Total
	Major Funds				Non-Major Fund	
	Regional Water System Fund	District I Enterprise Fund	District II Enterprise Fund	District III Enterprise Fund	Solid Waste Fund	
OPERATING REVENUES						
Charges for services	\$ 677,288	\$ 422,704	\$ 347,148	\$ 234,263	\$ 1,178,027	\$ 2,859,430
Miscellaneous	9,300	12,584	7,062	5,314	5,718	39,978
Total Operating Revenues	<u>686,588</u>	<u>435,288</u>	<u>354,210</u>	<u>239,577</u>	<u>1,183,745</u>	<u>2,899,408</u>
OPERATING EXPENSES						
Salaries and employee benefits	89,415	88,585	56,236	42,322	150,389	426,947
Water purchases	376,119	77,839	60,521	32,722	-	547,201
Contracted services	-	-	-	-	943,468	943,468
Other operating expenses	196,625	52,505	57,619	32,258	79,370	418,377
Depreciation	253,368	144,332	296,497	8,394	29,377	731,968
Total Operating Expenses	<u>915,527</u>	<u>363,261</u>	<u>470,873</u>	<u>115,696</u>	<u>1,202,604</u>	<u>3,067,961</u>
OPERATING INCOME (LOSS)	<u>(228,939)</u>	<u>72,027</u>	<u>(116,663)</u>	<u>123,881</u>	<u>(18,859)</u>	<u>(168,553)</u>
NONOPERATING REVENUES (EXPENSES)						
Interest earnings	15,010	20,860	20,382	17,147	12,978	86,377
Interest expense	-	(71,681)	(124,606)	(162,469)	(856)	(359,612)
Total Nonoperating Revenues (Expenses) - Net	<u>15,010</u>	<u>(50,821)</u>	<u>(104,224)</u>	<u>(145,322)</u>	<u>12,122</u>	<u>(273,235)</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(213,929)</u>	<u>21,206</u>	<u>(220,887)</u>	<u>(21,441)</u>	<u>(6,737)</u>	<u>(441,788)</u>
Capital Contributions	-	-	10,356	484,112	38,055	532,523
Transfers in (out)						
General Fund	-	-	-	-	-	-
General Fund	-	-	-	-	-	-
TOTAL CONTRIBUTIONS AND TRANSFERS	<u>-</u>	<u>-</u>	<u>10,356</u>	<u>484,112</u>	<u>38,055</u>	<u>532,523</u>
CHANGE IN NET ASSETS	<u>(213,929)</u>	<u>21,206</u>	<u>(210,531)</u>	<u>462,671</u>	<u>31,318</u>	<u>90,735</u>
TOTAL NET ASSETS-BEGINNING	<u>5,415,781</u>	<u>3,140,284</u>	<u>8,314,596</u>	<u>3,055,193</u>	<u>596,429</u>	<u>20,522,283</u>
TOTAL NET ASSETS-ENDING	<u>\$ 5,201,852</u>	<u>\$ 3,161,490</u>	<u>\$ 8,104,065</u>	<u>\$ 3,517,864</u>	<u>\$ 627,747</u>	<u>\$ 20,613,018</u>

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

WARREN COUNTY, NORTH CAROLINA
STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Enterprise Funds					Total
	Major Funds				Non-Major Fund	
	Regional Water System Fund	District I Enterprise Fund	District II Enterprise Fund	District III Enterprise Fund	Solid Waste Fund	
Cash flows from operating activities:						
Cash received from customers	\$ 647,146	\$ 405,322	\$ 325,874	\$ 242,320	\$ 1,174,472	\$ 2,795,134
Cash paid for goods and services	(554,668)	(125,113)	(111,667)	(256,063)	(1,030,742)	(2,078,253)
Cash paid to employees for services	(89,415)	(88,585)	(56,236)	(42,322)	(150,389)	(426,947)
Miscellaneous nonoperating revenue	9,300	12,584	7,062	5,314	5,718	39,978
Net cash provided by operating activities	<u>12,363</u>	<u>204,208</u>	<u>165,033</u>	<u>(50,751)</u>	<u>(941)</u>	<u>329,912</u>
Cash flows from noncapital financing activities:						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Net cash provided by noncapital and financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(6,994)	(7,445)	(8,632)	(434,684)	-	(457,755)
Debt issued	-	-	-	-	-	-
Debt premium	-	-	-	-	-	-
Principal paid on debt	-	(23,000)	(32,500)	-	(18,768)	(74,268)
Interest paid on debt	-	(71,681)	(124,606)	(162,469)	(856)	(359,612)
State grants	-	-	10,356	484,112	38,055	532,523
Net cash provided by capital and related financing activities	<u>(6,994)</u>	<u>(102,126)</u>	<u>(155,382)</u>	<u>(113,041)</u>	<u>18,431</u>	<u>(359,112)</u>
Cash flows from investing activities:						
Interest on investments	15,010	20,860	20,382	17,147	12,978	86,377
Net cash provided by investing activities	<u>15,010</u>	<u>20,860</u>	<u>20,382</u>	<u>17,147</u>	<u>12,978</u>	<u>86,377</u>
Net increase in cash and cash equivalents	<u>20,379</u>	<u>122,942</u>	<u>30,033</u>	<u>(146,645)</u>	<u>30,468</u>	<u>57,177</u>
Cash and cash equivalents, July 1	<u>327,784</u>	<u>319,473</u>	<u>340,005</u>	<u>106,183</u>	<u>194,936</u>	<u>1,288,381</u>
Cash and cash equivalents, June 30	<u>\$ 348,163</u>	<u>\$ 442,415</u>	<u>\$ 370,038</u>	<u>\$ (40,462)</u>	<u>\$ 225,404</u>	<u>\$ 1,345,558</u>
Reconciliation of operating income to net cash provided by operating activities:						
Operating income (loss)	\$ (228,939)	\$ 72,027	\$ (116,663)	\$ 123,881	\$ (18,859)	\$ (168,553)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	253,368	144,332	296,497	8,394	29,377	731,968
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	(30,142)	(17,382)	(21,274)	8,057	(3,555)	(64,296)
Increase (decrease) in accounts payable and accrued liabilities	11,430	2,147	2,928	(206,092)	(2,537)	(192,124)
Increase (decrease) in accrued interest payable	-	(91)	(129)	-	-	(220)
Increase (decrease) in customer deposits	800	3,550	4,050	13,125	-	21,525
Increase (decrease) in accrued landfill closure cost	-	-	-	-	(7,344)	(7,344)
Increase (decrease) in compensated absences	5,846	(375)	(376)	1,884	1,977	8,956
Total adjustments	<u>241,302</u>	<u>132,181</u>	<u>281,696</u>	<u>(174,632)</u>	<u>17,918</u>	<u>498,465</u>
Net cash provided by operating activities	<u>\$ 12,363</u>	<u>\$ 204,208</u>	<u>\$ 165,033</u>	<u>\$ (50,751)</u>	<u>\$ (941)</u>	<u>\$ 329,912</u>

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

WARREN COUNTY, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2007

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ <u>43,244</u>
Total Assets	\$ <u><u>43,244</u></u>
LIABILITIES AND NET ASSETS	
Liabilities:	
Miscellaneous liabilities	\$ <u>43,244</u>
Total Liabilities	\$ <u><u>43,244</u></u>

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

**NOTES TO THE BASIC FINANCIAL
STATEMENTS**

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

The 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
104 College Street
Warrenton, North Carolina 27589

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 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
130 North Main Street
Warrenton, North Carolina 27589

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish 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 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. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

Recreation Complex Phase II. This is the County's capital project fund used to account for funds set aside to construct Phase II of a recreation complex.

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

Regional Water System Enterprise Fund

District One Enterprise Fund

District Two Enterprise Fund

District Three Enterprise Fund

The County reports the following non-major enterprise funds:

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Solid Waste Fund

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 three 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 moneys deposited with the County and then remitted to the Warren County Board of Education and the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles; and the Motor Vehicle Tax Fund, which accounts for registered motor vehicle property taxes that are billed and collected by the County for various municipalities and special districts within the County.

C. Measurement Focus and Basis of Accounting

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

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

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

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

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Warren County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For those motor vehicles registered under the staggered system and for vehicles newly-registered under the annual system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2006 through February 2007 apply to the fiscal year ended June 30, 2007. Uncollected taxes that were billed during this period are shown as a receivable on the financial statements. In addition, as of January 1, 2006, State law implemented a staggered expiration date system for annually registered vehicles as part of the conversion into the staggered registration. Originally, annually registration expired December 31st each year with taxes due by May 1st of the following year. To transition from the staggered into the annual registration, the initial 2007 registration renewals will vary from 7 to 18 months after December 31, 2006. Once these initial renewals have expired, all vehicles that were previously annually registered will be in the staggered system.

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

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

All governmental and business-type activities and enterprise funds of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

D. 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 four of the Special Revenue Funds (the Revaluation Fund, the Special Fire Districts Fund, the Emergency Telephone System Fund, and the Administrative Building Capital Reserve Fund). An annual budget is also adopted for the five Enterprise Funds (the Solid Waste Fund, the District One Enterprise Fund, the District Two Enterprise Fund, the District Three Enterprise Fund, and the Regional Water System Enterprise Fund). Project ordinances are prepared for two of the Special Revenue Funds (the CDBG Scattered Sites Project, the CDBG Infra Hookup Demo 06, and the CDBG Ephraim Place Project) and the Capital Projects Funds. Project ordinances are also adopted for four Enterprise Capital Projects Funds (the Soul City Pump Station Improvements Capital Project, the District Two/Phase II Capital Project, the District Three/Phase I Capital Project, and the District Three/Phase II Capital Project).

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All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for the General Fund, at the departmental level for the Special Revenue and Enterprise Funds, and at the object level for the Capital Projects Funds. The governing board must approve all amendments. During the year, several immaterial amendments to the original budget were necessary.

E. Assets, Liabilities, 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 County's and the ABC Board's investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

The County pools 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, which are not limited as to use, to be cash and cash equivalents.

3. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the 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, 2006.

4. 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.

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5. 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.

6. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization costs is: \$50,000 for buildings and building improvements; and \$5,000 for equipment, vehicles, 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, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Warren County Board of Education.

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
Water and sewer lines	40 years
Elevated tanks	40 years

Property, plant, and equipment 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

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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

7. 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

8. Compensated Absences

The vacation 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. 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, 2007 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 none of the entities have any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County or the ABC Board.

9. Net Assets/Fund Balances

Net Assets

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

Fund Balances

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

State law [G.S. 159-13(b)(16)] restricts the appropriation of fund balance to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances and deferred revenues

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arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

Reserved

Reserved by State Statute – portion of fund balance, which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables, which are not offset by deferred revenues.

Reserved for inventory – portion of fund balance not available for appropriation because it represents the year-end fund balance of ending inventories, which are not expendable, available resources.

Reserved for Register of Deeds – portion of fund balance constituting the Automation Enhancement and Preservation Fund, funded by 10% of the fees collected and maintained by the Register of Deeds' office. The funds are available for appropriation but are legally restricted for computer and imaging technology in the Register of Deeds.

Unreserved

Designated for Courthouse Renovation – portion of fund balance designated by the Board for the courthouse renovation.

Designated for subsequent year's expenditures – portion of total fund balance available for appropriation which has been designated for the adopted 2007-2008 budget ordinance.

Undesignated – portion or total fund balance available for appropriation which is uncommitted at year-end.

F. 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 assets

The governmental fund balance sheet includes a reconciliation between fund balance-total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. The net adjustment of \$ 5,765,721 consists of several elements as follows:

Description	Amount
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)	\$ 21,526,782
Less Accumulated Depreciation	<u>(6,151,518)</u>
Net capital assets	<u>15,375,264</u>

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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.	261,066
Deferred charges related to advance refunding bond issued – included on government-wide statements as these funds are not available and therefore deferred in the fund statements	12,068
Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not the government-wide	1,836,730
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	(11,022,224)
Compensated absences	(480,362)
Net pension obligation	(123,052)
Accrued interest payable	(93,769)
Total adjustment	\$ 5,765,721

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 a reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$ 2,972,897 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	\$ 3,993,079
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	(522,708)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities – it affects only the government-wide statement of net assets	(2,332,070)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statements	1,533,711

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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	
Amortization on deferred charges-issuance costs that is recorded in the statement of activities but not in the fund statements	(2,194)
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	(12,877)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(25,082)
Net pension obligation is accrued in the government-wide statements but not in the fund statements because it does not use current resources	(15,259)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements	
Reversal of deferred tax revenue recorded at 7-1-2006	(1,525,936)
Recording of tax receipts deferred in the fund statements as of 6-30-2007	1,836,730
Increase in accrued taxes receivable for year ended 6-30-2007	<u>45,503</u>
Total adjustment	<u>\$ 2,972,897</u>

II. Stewardship, Compliance, and Accountability

A. Deficit Fund Balance or Retained Earnings of Individual Funds

In Exhibit B-1, the CDBG Ephraim Place Project Fund had a deficit fund balance in the amount of \$19,111, the CDBG Scattered Site Fund had a deficit fund balance in the amount of \$21,293, the Ambulance Storage Facility Fund had a deficit fund balance in the amount of \$10,050, and the Recreation Complex, Phase II Fund had a deficit fund balance in the amount of \$103,761. These deficit fund balances resulted from the requirement to incur expenses prior to requesting reimbursement.

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

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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 undercollateralization, 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.

At June 30, 2007, the County's deposits had a carrying amount of \$283,992 and a bank balance of \$986,846. Of the bank balance, \$200,000 was covered by federal depository insurance, and \$786,846 in interest bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2007, Warren County had \$1,575 cash on hand.

At June 30, 2007, the ABC Board's deposits had a carrying amount of \$137,670 and a bank balance of \$153,265. All of the bank balance was covered by federal depository insurance. At June 30, 2007, the ABC Board had \$2,000 cash on hand.

At June 30, 2007, the Public Facilities Authority had a carrying amount of \$55,173 and a bank balance of \$55,173. The entire bank balance was covered by federal depository insurance.

2. Investments

At June 30, 2007, the County's investments consisted of \$11,166,184 in the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The County has no policy on credit risk.

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>
2004	\$ 168,226	\$ 55,154	\$ 223,380
2005	172,895	41,063	213,958
2006	170,135	25,095	195,230
2007	<u>176,929</u>	<u>10,173</u>	<u>187,102</u>
Totals	<u>\$ 688,185</u>	<u>\$ 131,485</u>	<u>\$ 819,670</u>

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4. Receivables

Receivables at the government-wide level at June 30, 2007, 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	\$ 1,384,095	\$ 2,214,315	\$ 90,138	\$ 3,688,548
Recreation Complex Phase II	307,820	-	-	307,820
Other Governmental	<u>50,394</u>	<u>127,415</u>	-	<u>177,809</u>
Total Receivables	1,742,309	2,341,730	90,138	4,174,177
Allowance for doubtful accounts	<u>-</u>	<u>(505,000)</u>	-	<u>(505,000)</u>
Total-governmental activities	<u>\$ 1,742,309</u>	<u>\$ 1,836,730</u>	<u>\$ 90,138</u>	<u>\$ 3,669,177</u>
Business-type Activities:				
Solid Waste	\$ 551,053	\$ -	\$ -	\$ 551,053
Water & Sewer	<u>281,642</u>	-	-	<u>281,642</u>
Total Receivables	832,695	-	-	832,695
Allowance for doubtful accounts	<u>(168,130)</u>	-	-	<u>(168,130)</u>
Total-business-type activities	<u>\$ 664,565</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 664,565</u>

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

Sales tax refund	<u>\$ 90,138</u>
Total	<u>\$ 90,138</u>

5. Capital Assets

Capital asset activity for the year ended June 30, 2007, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 709,233	\$ -	\$ -	\$ -	\$ 709,233
Construction in Progress	<u>1,136,575</u>	<u>3,622,828</u>	-	-	<u>4,759,403</u>
Total capital assets not being depreciated	<u>1,845,808</u>	<u>3,622,828</u>	-	-	<u>5,468,636</u>
Capital assets being depreciated:					
Buildings	12,687,702	-	-	-	12,687,702
Equipment	1,535,019	220,483	-	-	1,755,502
Vehicles	<u>1,468,569</u>	<u>152,573</u>	<u>(6,200)</u>	-	<u>1,614,942</u>
Total capital assets being depreciated	<u>15,691,290</u>	<u>373,056</u>	<u>(6,200)</u>	-	<u>16,058,146</u>
Less accumulated depreciation for:					
Buildings	3,655,061	306,561	-	-	3,961,622
Equipment	871,872	77,514	-	-	949,386

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	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Vehicles	<u>1,108,077</u>	<u>138,633</u>	<u>(6,200)</u>	<u>-</u>	<u>1,240,510</u>
Total accumulated depreciation	<u>5,635,010</u>	<u>\$ 522,708</u>	<u>\$ (6,200)</u>	<u>\$ -</u>	<u>6,151,518</u>
Total capital assets being depreciated, net	<u>10,056,280</u>				<u>9,906,628</u>
Governmental activity capital assets, net	<u>\$ 11,902,088</u>				<u>\$ 15,375,264</u>
Business-type activities:					
Solid Waste					
Capital assets not being depreciated:					
Land	<u>\$ 114,580</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,580</u>
Total capital assets not being depreciated	<u>114,580</u>	<u>-</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	94,064	-	-	-	94,064
Vehicles	<u>112,811</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,811</u>
Total capital assets being depreciated	<u>440,442</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>440,442</u>
Less accumulated depreciation for:					
Buildings	164,331	16,156	-	-	180,487
Land improvements	17,743	-	-	-	17,743
Equipment	64,615	3,450	-	-	68,065
Vehicles	<u>78,137</u>	<u>9,771</u>	<u>-</u>	<u>-</u>	<u>87,908</u>
Total accumulated depreciation	<u>324,826</u>	<u>\$ 29,377</u>	<u>\$ -</u>	<u>\$ -</u>	<u>354,203</u>
Total capital assets being depreciated, net	<u>115,616</u>				<u>86,239</u>
Solid Waste capital assets, net	<u>\$ 230,196</u>				<u>\$ 200,819</u>
Regional Water					
Capital assets not being depreciated:					
Land	<u>\$ 48,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,265</u>
Construction in progress	<u>37,692</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,692</u>
Total capital assets not being depreciated	<u>85,957</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,957</u>
Capital assets being depreciated:					
Equipment	91,036	-	-	-	91,036
Vehicles	49,392	6,994	-	-	56,386
Water distribution lines	<u>7,306,651</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,306,651</u>
Total capital assets being depreciated	<u>7,447,079</u>	<u>6,994</u>	<u>-</u>	<u>-</u>	<u>7,454,073</u>

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	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Less accumulated depreciation for:					
Equipment	23,763	6,382	-	-	30,145
Vehicles	37,886	4,673	-	-	42,559
Water distribution lines	<u>2,388,169</u>	<u>242,313</u>	-	-	<u>2,630,482</u>
Total accumulated depreciation	<u>2,449,818</u>	<u>\$ 253,368</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2,703,186</u>
Total capital assets being depreciated, net	<u>4,997,261</u>				<u>4,750,887</u>
Regional water capital assets, net	<u>\$ 5,083,218</u>				<u>\$ 4,836,844</u>
Water District One					
Capital assets not being depreciated:					
Construction in progress	\$ -	\$ -	\$ -	\$ -	\$ -
Total capital assets not being depreciated	-	-	-	-	-
Capital assets being depreciated:					
Equipment	28,573	-	-	-	28,573
Vehicles	91,071	7,445	-	-	98,516
Water distribution lines	<u>5,414,450</u>	-	-	-	<u>5,414,450</u>
Total capital assets being depreciated	<u>5,534,094</u>	<u>7,445</u>	-	-	<u>5,541,539</u>
Less accumulated depreciation for:					
Equipment	5,512	2,636	-	-	8,148
Vehicles	77,966	6,335	-	-	84,301
Water distribution lines	<u>1,082,162</u>	<u>135,361</u>	-	-	<u>1,217,523</u>
Total accumulated depreciation	<u>1,165,640</u>	<u>\$ 144,332</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,309,972</u>
Total capital assets being depreciated, net	<u>4,368,454</u>				<u>4,231,567</u>
Water District One capital assets, net	<u>\$ 4,368,454</u>				<u>\$ 4,231,567</u>
Water District Two					
Capital assets not being depreciated:					
Land	\$ 70,725	\$ -	\$ -	\$ -	\$ 70,725
Construction in progress	<u>30,457</u>	<u>3,895</u>	-	-	<u>34,352</u>
Total capital assets not being depreciated	<u>101,182</u>	<u>3,895</u>	-	-	<u>105,077</u>
Capital assets being depreciated:					
Equipment	28,573	-	-	-	28,573
Vehicles	18,411	4,738	-	-	23,149
Elevated tanks	950,447	-	-	-	950,447
Water distribution lines	<u>10,629,833</u>	-	-	-	<u>10,629,833</u>
Total capital assets being depreciated	<u>11,627,264</u>	<u>4,738</u>	-	-	<u>11,632,002</u>
Less accumulated depreciation for:					
Equipment	5,513	2,636	-	-	8,149

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Vehicles	6,904	4,354	-	-	11,258
Elevated tanks	106,925	23,761	-	-	130,686
Water distribution lines	<u>991,900</u>	<u>265,746</u>	-	-	<u>1,257,646</u>
Total accumulated depreciation	<u>1,111,242</u>	<u>\$ 296,497</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,407,739</u>
Total capital assets being depreciated, net	<u>10,516,022</u>				<u>10,224,263</u>
Water District Two capital assets, net	<u>\$ 10,617,204</u>				<u>\$ 10,329,340</u>
Water District Three					
Capital assets not being depreciated:					
Construction in progress	\$ 6,642,262	\$ 431,299	\$ -	\$ -	\$ 7,073,561
Total capital assets not being depreciated	<u>6,642,262</u>	<u>431,299</u>	<u>-</u>	<u>-</u>	<u>7,073,561</u>
Capital assets being depreciated:					
Equipment	28,573	-	-	-	28,573
Vehicles	18,411	3,384	-	-	21,795
Water distribution lines	<u>63,827</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,827</u>
Total capital assets being depreciated	<u>110,811</u>	<u>3,384</u>	<u>-</u>	<u>-</u>	<u>114,195</u>
Less accumulated depreciation for:					
Equipment	5,512	2,636	-	-	8,148
Vehicles	6,904	4,162	-	-	11,066
Water distribution lines	<u>1,829</u>	<u>1,596</u>	<u>-</u>	<u>-</u>	<u>3,425</u>
Total accumulated depreciation	<u>14,245</u>	<u>\$ 8,394</u>	<u>\$ -</u>	<u>\$ -</u>	<u>22,639</u>
Capital assets being depreciated, net	<u>96,566</u>				<u>91,556</u>
Water District Three capital assets, net	<u>\$ 6,738,828</u>				<u>\$ 7,165,117</u>
Business-type activities capital assets, Net	<u>\$ 27,037,900</u>				<u>\$ 26,763,687</u>

Depreciation Expense

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

General Government	\$ 71,498
Public Safety	265,294
Economic and Physical Development	348
Environmental Protection	5,054
Human Services	158,866
Cultural and Recreational	<u>21,648</u>
Total Depreciation Expense	<u>\$ 522,708</u>

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Discretely presented component units

Activity for the ABC Board for the year ended June 30, 2007, was as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Amount</u>
Buildings	\$ -	\$ -	\$ -
Furniture/Equipment	91,836	78,403	13,433
Vehicles	17,472	2,300	15,172
Leasehold improvements	<u>47,125</u>	<u>36,531</u>	<u>10,594</u>
	<u>\$ 156,433</u>	<u>\$ 117,234</u>	<u>\$ 39,199</u>

Activity for the Warren County Public Facilities Company for the year ended June 30, 2007, was as follows:

	<u>Cost</u>
Land	\$ 35,000
Land improvements	14,400
Building	<u>929,211</u>
	978,611
Less: Accumulated depreciation	<u>(147,663)</u>
	<u>\$ 830,948</u>

Construction and Other Commitments

At June 30, 2007, the County was obligated under construction projects as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Water and Sewer Projects	\$ 6,609,723	\$ -
Animal Control Shelter	607,810	-
Recreation Complex-Phase I	882,585	-
Recreation Complex-Phase II	<u>2,216,944</u>	<u>313,614</u>
Total	<u>\$ 10,317,062</u>	<u>\$ 313,614</u>

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2007, were as follows:

	<u>Vendors</u>
Governmental Activities:	
General	\$ 934,688
Recreation Complex Phase II	246,653
Other governmental	<u>23,114</u>
Total-governmental activities	<u>\$ 1,204,455</u>

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Business-type Activities:	
Solid Waste	\$ 88,032
Water & Sewer Fund	<u>121,418</u>
Total-business-type activities	<u>\$ 209,450</u>

2. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

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

Funding Policy – Plan members are required to contribute six percent of their annual covered salary. The County and the ABC Board are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.92% and 4.78%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 4.8% of annual covered payroll. The contribution requirements of members and of the County and the ABC Board are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2005, 2006, and 2007 were \$298,818, \$341,846, and \$361,022, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2005, 2006, and 2007 were \$3,853, \$3,607, and \$3,853, respectively. The contributions made by the County and the ABC Board equaled the required contributions for each year.

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. This retirement system is a part of the Local Government Retirement System which is addressed in the footnotes above. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The County chooses to fund this plan on a pay-as-you-go basis. Actuarial valuations are obtained to help the County plan for the future needs of the retirement plan.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2006, the Separation Allowance's membership consisted of:

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>26</u>
Total	<u>26</u>

2. Summary of Significant Accounting Policies:

Basis of Accounting –Employer contributions to the plan are recognized on an actuarial basis and a provision for future payments is recognized as part of long-term debt. See footnote on page 63.

3. 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 by making contributions based on actuarial valuations. A copy of the actuarial valuation report is available from the Finance Department. For the current year, there were no contributions made by the County or by its employees. The County’s obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings.

The annual required contribution for the current year was determined as part of the December 31, 2006 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.5-12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll dollars on a closed basis. The remaining amortization period at December 31, 2006, was 24 years.

<u>Fiscal Year Ended</u>	<u>Three-Year Trend Information</u>		<u>Net Pension Obligation</u>
	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	
6/30/05	\$ 15,592	32.84%	\$ 96,425
6/30/06	15,635	27.29%	107,793
6/30/07	\$ 15,259	0.00%	\$ 123,052

Annual Pension Cost and Net Pension Obligation for Fiscal Year Ending 6/30/07

Employer annual required contribution	\$ 13,895
Interest on net pension obligation	7815
Adjustment to annual required contribution	<u>(6,451)</u>
Annual pension cost	15,259
Employer contributions made for fiscal year ending 6/30/07	<u>-</u>
Increase (decrease) in net pension obligation	15,259
Net pension obligation beginning of fiscal year	<u>107,793</u>
Net pension obligation end of fiscal year	<u>\$ 123,052</u>

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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.

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, 2007, were \$95,925, which consisted of \$41,181 from the County and \$54,744 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 (Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county register of deeds that is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy – On a monthly basis, the County remits to the Department of State Treasurer an amount equal to four and one-half percent (4.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2007, the County's required and actual contributions were \$5,907.

e. Other Postemployment Benefits – Warren County

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. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. 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. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. For the fiscal year ended June 30, 2007, the County made contributions to the State for death benefits of \$8,999. The County's required

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

contributions for employees not engaged in law enforcement and for law enforcement officers represented .12% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount.

3. Deferred Revenues/Unearned Revenues

The balance in deferred or unearned revenue on the fund statements and unearned revenues on the government-wide statements at year-end is composed of the following elements:

	<u>Unearned or Deferred Revenue</u>	<u>Full Accrual Unearned Revenue</u>
Prepaid taxes not yet earned		
General Fund	\$ 53,050	\$ 53,050
Taxes receivable, net		
General Fund	\$ 1,714,315	\$ -
Special Revenue Fund	<u>122,415</u>	<u>-</u>
Total	<u>\$ 1,836,730</u>	<u>\$ -</u>

4. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in three self-funded risk-financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$125.5 million for any one occurrence, general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, workers' compensation coverage up to the statutory limits, and health and dental insurance for County employees. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Two of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 up to a \$2 million limit for liability coverage, \$600,000 of aggregate annual losses in excess of \$50,000 per occurrence for property, auto physical damage, and crime coverage, and single occurrence losses of \$350,000 for workers' compensation. For health and dental insurance, the county is reinsured through the Pool for individual losses in excess of \$50,000 and aggregate annual losses in excess of 115% of expected claims. The pool is reinsured through a commercial carrier for individual losses in excess of \$100,000.

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

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 Board has 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 the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

5. Commitments

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

At June 30, 2007, 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, 2007 was \$112,975. Future rent payments total:

For Year Ending <u>June 30</u>	General <u>Fund</u>	Enterprise <u>Fund</u>	<u>Total</u>
2008	\$ 73,105	\$ 25,675	\$ 98,780
2009	72,730	21,986	94,716
2010	46,159	21,768	67,927
2011	22,400	18,044	40,444
2012	-	15,000	15,000
2014	-	5,600	5,600
2013	-	-	-
	<u>\$ 214,394</u>	<u>\$ 108,073</u>	<u>\$ 322,467</u>

The County has made and entered into an agreement on May 25, 2006 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 \$ 37,443 per month

The County has made and entered into an agreement on May 25, 2006 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:

a) Hauling cost \$ 48.75 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.

6. Postclosure Care Costs – Solid Waste Landfill Facility

State and federal laws and regulations required the County to place a final cover on its Solid Waste Landfill Facility when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County reports a portion of these post closure care costs as an operating expense in each period.

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

7. Contingent Liabilities

At June 30, 2007, 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 October 29, 1997, the County entered into an installment purchase contract to finance renovations and improvements to the John Graham Building. The financing contract required semi-annual principal and interest payments beginning April 1999, with an interest rate of 4.78%. This contract was refinanced during fiscal year 2004. The new contract requires semi-annual payments in the amount of \$132,153.67 beginning April 2004, with an interest rate of 4.19%.

On December 2, 2003, the County entered into an installment purchase contract to finance the purchase of six vehicles. The installment purchase requires monthly payments of \$3,353, including interest, beginning December 2003 and ending November 2006. The interest rate is 2.74%.

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 16, 2004, the County entered into an installment purchase agreement to purchase a three position radio console. The installment purchase requires monthly payments of \$3,579 including interest, beginning May 2004 and ending April 2007. The interest rate is 2.33%.

On June 20, 2004, the County entered into an installment purchase agreement to purchase 2 vehicles for the Department of Social Services. The installment purchase requires monthly payments of \$964 beginning July 2004 and ending June 2007. The interest rate is 2.45%.

On September 29, 2004, the County entered into an installment purchase agreement to purchase eight vehicles and a John Deere tractor. The installment purchase requires monthly payments of \$4,962, beginning October 2004 and ending September 2007. The interest rate is 2.69%.

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 November 25, 2005, the County entered into an installment purchase agreement to purchase four vehicles and a control panel. The installment purchase requires monthly payments of \$6,970, beginning February 2005 and ending January 2008. The interest rate is 3.53%.

**WARREN COUNTY, NORTH CAROLINA
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On September 20, 2006, the County entered into an installment purchase agreement to purchase 5 vehicles. The installment purchase requires monthly payments of \$3,475, beginning October 2006 and ending September 2009. The interest rate is 3.93%.

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%.

For Warren County, the future minimum payments as of June 30, 2007, including \$995,558 of interest, are:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Installment Purchases		Installment Purchases	
	Principal	Interest	Principal	Interest
2008	\$ 702,334	\$ 246,188	\$ 10,183	\$ 340
2009	671,214	218,334	4,865	58
2010	610,732	192,308		
2011	606,725	167,575	-	-
2012	616,920	142,541		
2013-2017	1,959,192	426,137	-	-
2018-2021	<u>1,072,607</u>	<u>96,352</u>	-	-
	<u>\$ 6,239,724</u>	<u>\$ 1,489,435</u>	<u>\$ 15,048</u>	<u>\$ 398</u>

b. Long-term 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.

Bonds payable at June 30, 2007 are comprised of the following individual issues:

General Obligation Bonds

Serviced by the County's General Fund:

\$3,615,000	1995 Refunding Bonds due on April 1 and October 1 in installments of \$215,000 - \$265,000 through April 1, 2010; interest at 4.5% - 5.0%	\$ 660,000
\$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%	317,500
\$6,235,000	2002 Refunding General School Bonds due on June 1 in installments of \$265,000 - \$770,000 through June 1, 2013; interest at 3.00% - 4.25%	3,805,000

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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Business-type Activity:

Water Bonds

Serviced by the Water and Sewer District One Fund:

\$1,629,000 Water notes issued on September 8, 1999 and due June 1 in various installments of \$18,000 - \$72,000 from 2002 to 2038; interest at 4.25% 1,488,000

Serviced by the Water and Sewer District Two Fund:

\$2,715,000 Water bonds issued April 15, 2002 and due June 1 in various installments from 2004 to 2041; interest at 4.75% 2,593,500

Serviced by the Water and Sewer District Three Fund:

\$2,900,000 Water bonds issued June 1, 2006 and due June 1 in various installments from 2008 to 2045; interest at 4.5% 2,900,000

\$681,000 Water bonds issued June 1, 2006 and due June 1 in various installments from 2008 to 2045; interest at 4.5% 681,000

Total \$ 12,445,000

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

Year Ending <u>June 30,</u>	General Obligation Bonds		Water Bonds	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 818,000	\$ 203,350	\$ 96,000	\$ 355,016
2009	799,500	170,895	102,000	350,551
2010	785,500	136,925	105,500	345,809
2011	791,500	103,745	110,000	340,902
2012	703,000	71,655	116,000	335,787
2013-2017	807,000	77,375	662,500	1,593,071
2018-2022	78,000	8,640	826,500	1,424,502
2023-2027	-	-	1,037,000	1,213,705
2028-2031	-	-	1,306,000	948,559
2032-2036	-	-	1,564,000	618,587
2037-2041	-	-	1,281,000	262,410
2042-2045	-	-	<u>456,000</u>	<u>41,040</u>
Total	<u>\$ 4,782,500</u>	<u>\$ 772,585</u>	<u>\$ 7,662,500</u>	<u>\$ 7,829,939</u>

At June 30, 2007, Warren County had \$12,000,000 in bonds authorized at June 30, 2007 for Warren County Water and Sewer District Number III. During the year, no bond anticipation notes were retired. Warren County had a legal debt margin of \$99,199,317.

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

9. Long Term Obligation Activity

The following is a summary of changes in general long-term debt for the year ended June 30, 2007:

	Balance <u>July 1, 2006</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2007</u>	Current <u>Portion</u>
Governmental Activities:					
General obligation bonds	\$ 5,614,500	\$ -	\$ (832,000)	\$ 4,782,500	\$ 818,000
Installment purchases	4,609,365	2,332,070	(701,711)	6,239,724	702,334
Pension obligation	107,793	15,259	-	123,052	-
Compensated absences	<u>455,280</u>	<u>480,362</u>	<u>(455,280)</u>	<u>480,362</u>	<u>120,090</u>
Total	<u>\$ 10,786,938</u>	<u>\$ 2,827,691</u>	<u>\$ (1,988,991)</u>	<u>\$ 11,625,638</u>	<u>\$ 1,640,424</u>
Business-type Activities:					
Water Bonds	\$ 7,718,000	\$ -	\$ (55,500)	\$ 7,662,500	\$ 58,000
Installment purchase	33,817	-	(18,769)	15,048	15,048
Compensated absences	<u>32,930</u>	<u>41,855</u>	<u>(32,930)</u>	<u>41,885</u>	<u>10,471</u>
Total	<u>\$ 7,784,747</u>	<u>\$ 41,855</u>	<u>\$ (107,199)</u>	<u>\$ 7,719,433</u>	<u>\$ 83,519</u>

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

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

Bank loan, at 8.75%, due in monthly installments of \$9,000, beginning July 5, 2001 with final payment due May 5, 2011 secured by real estate and building and guaranteed by FMHA.	\$ 842,620
Interest paid for the year was \$ 76,304.	

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

2008	\$ 35,436
2009	38,871
2010	42,425
2011	<u>725,888</u>
Total	<u>\$ 842,620</u>

10. Conduit Debt Obligations

Warren County Industrial Facility and Pollution Control Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2007, the outstanding balance of the industrial revenue bonds was \$0.

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

C. Interfund Activity

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Reason</u>
<u>General Fund</u>			
General Fund	Revaluation Fund	\$ 50,000	Required annual contributions to set aside funds for 2010 revaluation
	Library/Meeting Room	325,402	County's cash contribution to capital project
	Recreation Project Phase I	17,125	County's cash contribution to capital project
	Animal Shelter Project Fund	37,338	County's cash contribution to capital project
		<u>\$ 429,865</u>	
<u>Special Revenue Funds</u>			
Emergency 911 Fund	General Fund	\$ 170,855	Reimbursement for expenses paid
Revaluation Fund	General Fund	80,000	Reimbursement for expenses paid
Administrative Building	Capit Library/Meeting Room	186,545	Contribution to capital project
		<u>\$ 437,400</u>	
<u>Capital Projects Funds</u>			
Library/Meeting Room	General Fund	\$ 250,000	Reimbursement of funds paid
Recreation Complex Phase II	General Fund	119,865	Reimbursement for payment of debt
		<u>\$ 369,865</u>	
<u>Due from/to Other Funds</u>			
CDBG Scattered Site Project	General Fund	\$ 20,981	
CDBG Ephraim Place	General Fund	19,111	
Ambulance Storage Facility	General Fund	10,050	
		<u>\$ 50,142</u>	

III. Joint Ventures

D. Area Mental Health District

The Area Mental Health District was established to provide mental health services for five counties: Franklin, Warren, Granville, Vance, and Nash. Each county has one board member on the Area Mental Health Board, but none individually has authority to designate management. The County contributed \$57,511 to the Area Mental Health during the fiscal year ended June 30, 2007. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2007. The County has an ongoing financial responsibility to the District because of statutory requirements to provide funding. Complete financial statements for the Area Mental Health can be obtained from their administrative offices at 107 Industrial Drive, Louisburg, N.C. 27549.

E. 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

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

responsibility for the joint venture because K.A.R.T.S.' continued existence depends on the participant governments' continued findings. The County contributed \$19,899 to K.A.R.T.S. during the fiscal year ended June 30, 2007. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2007. 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.

F. 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 \$136,924 and \$5,000 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2007. 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, 2007. 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.

IV. 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 \$9,149 to the Council during the fiscal year ended June 30, 2007.

VIII. 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, which do not appear in the general-purpose 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, 2007**

	<u>Federal</u>	<u>State</u>
Temporary Assistance to Needy Families	\$ 395,021	\$ -
Energy Assistance	141,656	-
CWS Adoption Subsidy	-	22,661
IV-E Foster Care	60,024	7,797
IV-E Adoption Subsidy	104,637	29,096
Medical Assistance Program	19,707,066	9,987,991
Food Stamp Program	3,533,242	-
Women, Infants and Children	457,235	-
SC/SA Adult Care Payments	-	318,425
State Foster Care	<u>-</u>	<u>29,276</u>
Totals	<u>\$ 24,398,881</u>	<u>\$ 10,395,246</u>

IX. 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.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance
- Notes to Required Schedules for the Law Enforcement Officers' Special Separation Allowance

**WARREN COUNTY, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2006	\$ -	\$ 81,439	\$ 81,439	0.00%	\$ 750,773	10.85%
12/31/2005	-	74,547	74,547	0.00%	747,850	9.97%
12/31/2004	\$ -	\$ 79,829	\$ 79,829	0.00%	\$ 662,873	12.04%

**WARREN COUNTY, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2007	\$ 15,259	0.00%
2006	15,635	27.29%
2005	15,592	32.84%
2004	\$ 15,515	33.00%

Notes to the Required Schedules:

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

Valuation date	12/31/2006
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	24 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	4.5 - 12.3%
Cost-of-living adjustments	N/A

*Includes inflation at 3.75% percent.

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.
- **Recreation Complex Phase II Fund:** This fund is used to account for funds set aside to construct phase II of a recreation complex.

WARREN COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	2007		2006	
	Budget	Actual	Variance Positive (Negative)	Actual
<u>REVENUES</u>				
Ad Valorem Taxes:				
Taxes		\$ 11,292,490		\$ 11,096,842
Penalties and interest		120,170		143,724
Total	11,247,336	11,412,660	165,324	11,240,566
Local Option Sales Taxes:				
Article 39 one percent		748,016		699,654
Article 40 one-half of one percent		1,126,000		997,775
Article 42 one-half of one percent		1,122,965		995,555
Article 44		651,083		599,277
Total	3,295,000	3,648,064	353,064	3,292,261
Other taxes and licenses:				
Excise tax stamps		158,896		139,739
Total	95,000	158,896	63,896	139,739
Unrestricted intergovernmental:				
Payment in lieu of taxes		2,613		2,627
Gasoline tax refund		16,250		18,792
Beer and wine tax		82,376		79,849
ABC Profits		18,918		(2,220)
Other		45,365		44,936
Total	116,700	165,522	48,822	143,984
Restricted intergovernmental:				
Federal and State grants		4,697,906		4,605,250
Court facility fees		63,969		63,496
ABC bottles taxes		6,333		5,557
Other		96,650		101,367
Total	4,560,614	4,864,858	304,244	4,775,670

WARREN COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
Permits and fees:				
Register of Deeds fees		130,514		142,533
Inspection fees		180,243		206,735
Other		44,205		39,627
Total	272,015	354,962	82,947	388,895
Sales and services:				
Rents		43,926		43,891
Franchise fees		9,725		7,211
Recreation fees		10,861		13,476
Jail fees		26,559		34,993
Sheriff's fees		5,753		4,327
Ambulance fees		596,529		553,114
Health fees		1,381,475		1,579,269
Library fees		12,198		10,804
Animal control fees		2,635		1,164
4-H activity fees		-		-
Other		18,557		26,417
Total	1,853,223	2,108,218	254,995	2,274,666
Investment earnings	372,000	473,601	101,601	355,078
Micellaneous Revenues				
Donations and private grants		6,833		4,509
Insurance proceeds		9,246		14,722
Other		54,561		51,176
Total	23,143	70,640	47,497	70,407
Total Revenues	21,835,031	23,257,421	1,422,390	22,681,266

**WARREN COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006**

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
<u>EXPENDITURES</u>				
<u>General Government</u>				
Governing Body:				
Salaries and employee benefits		78,179		76,491
Other operating expenditures		42,304		47,926
Insurance other than property		376,306		409,376
Total	515,727	496,789	18,938	533,793
Administration:				
Salaries and employee benefits		150,478		138,063
Other operating expenditures		14,263		82,454
Total	171,737	164,741	6,996	220,517
Human Resources:				
Salaries and employee benefits		52,801		57,716
Other operating expenditures		48,279		14,706
Total	106,088	101,080	5,008	72,422
Elections:				
Salaries and employee benefits		78,671		71,901
Other operating expenditures		68,226		77,466
Capital outlay		-		198,805
Total	153,349	146,897	6,452	348,172
Finance:				
Salaries and employee benefits		234,063		200,245
Other operating expenditures		73,131		69,497
Capital outlay		6,119		-
Total	334,733	313,313	21,420	269,742
Tax Assessor:				
Salaries and employee benefits		141,074		121,190
Other operating expenditures		126,184		46,724
Total	275,387	267,258	8,129	167,914
Tax Collections:				
Salaries and employee benefits		164,920		154,975
Other operating expenditures		55,907		43,142
Total	231,079	220,827	10,252	198,117
Legal:				
Contracted services	46,200	33,916	12,284	28,850

WARREN COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
Register of Deeds:				
Salaries and employee benefits		139,446		132,488
Other operating expenditures		55,716		51,952
Capital outlay		781		-
Total	205,817	195,943	9,874	184,440
Public Buildings:				
Salaries and employee benefits		249,475		222,186
Other operating expenditures		72,843		62,923
Capital outlay		6,300		-
Total	350,007	328,618	21,389	285,109
Data Processing:				
Salaries and employee benefits		48,488		43,588
Other operating expenditures		69,448		56,644
Capital outlay		36,972		6,158
Total	164,210	154,908	9,302	106,390
Court Facilities:				
Operating expenditures	61,313	49,397	11,916	48,349
Miscellaneous Appropriations:				
Payments to local organizations	43,307	42,259	1,048	34,793
Total General Government	2,658,954	2,515,946	143,008	2,498,608
<u>Public Safety</u>				
Sheriff:				
Salaries and employee benefits		1,109,803		1,024,178
Other operating expenditures		333,968		321,812
Capital outlay		86,977		48,301
Total	1,624,431	1,530,748	93,683	1,394,291
Child Support Officer:				
Salaries and employee benefits		35,081		34,212
Other operating expenditures		4,965		3,296
Total	41,765	40,046	1,719	37,508
Jail:				
Salaries and employee benefits		527,305		491,499
Other operating expenditures		569,296		266,411
Capital outlay		45,569		98,541
Total	1,292,951	1,142,170	150,781	856,451

**WARREN COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006**

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
Central Communications:				
Salaries and employee benefits		318,606		308,816
Other operating expenditures		156,356		117,128
Capital outlay		95,633		42,934
Total	590,282	570,595	19,687	468,878
Emergency Management:				
Salaries and employee benefits		84,026		69,012
Other operating expenditures		29,751		24,769
Capital outlay		117,876		95,504
Total	242,348	231,653	10,695	189,285
Fire:				
Assistance to local fire departments	257,700	256,675	1,025	256,970
Emergency Medical Services:				
Salaries and employee benefits		724,135		868,517
Other operating expenditures		198,571		178,300
Capital outlay		-		85,035
Total	976,526	922,706	53,820	1,131,852
Halifax County EMS	44,920	44,920	-	44,414
Code Enforcement:				
Salaries and employee benefits		120,241		118,475
Other operating expenditures		19,969		17,911
Total	142,971	140,210	2,761	136,386
Medical Examiner:				
Contracted Services	14,500	9,200	5,300	10,400

WARREN COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
Animal Control:				
Salaries and employee benefits		88,192		65,755
Other operating expenditures		48,606		32,292
Capital Outlay		-		-
Total	148,053	136,798	11,255	98,047
KARTS				
Other operating expenditures	19,899	19,899	-	19,806
Total Public Safety	5,396,346	5,045,620	350,726	4,644,288
<u>Environmental Protection</u>				
Soil Conservation:				
Salaries and employee benefits		111,801		102,393
Other operating expenditures		39,534		31,455
Capital Outlay		-		-
Total	161,227	151,335	9,892	133,848
Forestry Service	103,241	103,241	-	99,000
Lake Gaston Weed Control	116,000	116,000	-	40,000
PCB Program:				
Other operating expenditures		-		-
Total	5,476	-	5,476	-
Total Environmental Protection	385,944	370,576	15,368	272,848
<u>Economic and Physical Development</u>				
Planning:				
Salaries and employee benefits		73,373		65,962
Other operating expenditures		9,102		8,474
Capital outlay		-		1,502
Total	132,107	82,475	49,632	75,938
Economic Development:				
Salaries and employee benefits		110,852		107,265
Other operating expenditures		43,778		36,006
Capital outlay		3,200		1,500
Total	163,836	157,830	6,006	144,771

**WARREN COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006**

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
Agricultural Extension:				
Salaries and employee benefits		121,299		114,730
Other operating expenditures		43,680		33,256
Total	169,738	164,979	4,759	147,986
Buck Springs Camp Development:				
Other operating expenditures		2,909		1,217
Total	17,645	2,909	14,736	1,217
Kerr Tar Hub	40,000	40,000	-	-
Total Economic and Physical Development	523,326	448,193	75,133	369,912
<u>Human Services</u>				
Health Clinic/Home Health:				
Salaries and employee benefits		1,658,601		1,644,404
Other operating expenditures		877,149		735,944
Capital outlay		-		17,700
Total	2,815,622	2,535,750	279,872	2,398,048
Area Mental Health District	58,367	57,512	855	55,610
Youth and Family Programs:				
Juvenile Crime Prevention Program	4,859	4,430	429	4,894
North Central Alliance for Youth	20,295	20,295	-	17,000
Tri-County Conflict Management	4,294	4,294	-	5,060
Total	29,448	29,019	429	26,954
Veteran Services:				
Salaries and employee benefits		68,063		62,315
Other operating expenditures		7,657		6,070
Total	82,298	75,720	6,578	68,385
Senior Citizens Services:				
Contracted services	306,291	298,337	7,954	285,279

**WARREN COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006**

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
Youth Services Bureau:				
Salaries and employee benefits		74,821		68,424
Other operating expenditures		39,278		40,292
Capital outlay		-		-
Total	121,353	114,099	7,254	108,716
Rural Operating Assistance Program:				
Contracted services		56,400		35,566
Other operating expenditures		57,575		45,060
Total	114,240	113,975	265	80,626
Social Services:				
Salaries and employee benefits		2,496,302		2,208,830
Other operating expenditures		599,427		513,139
Transportation		-		25,168
Crisis Intervention		1,598		9,165
Work First Demonstration grant		48,019		-
Capital outlay		16,566		10,542
Total	3,296,822	3,161,912	134,910	2,766,844
Public Assistance:				
Child Day Care		858,750		907,951
Medicaid		1,705,485		1,621,324
Special Assistance to Adults		318,425		304,162
Other Programs		247,112		198,372
Total	3,258,723	3,129,772	128,951	3,031,809
Armory				
Other operating expenditures	13,040	12,110	930	11,021
Total Human Services	10,096,204	9,528,206	567,998	8,833,292
<u>Cultural and Recreational</u>				
Recreation:				
Salaries and employee benefits		90,430		67,885
Other operating expenditures		136,181		80,495
Capital outlay		-		20,000
Total	313,128	226,611	86,517	168,380

WARREN COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
Libraries:				
Salaries and employee benefits		194,871		188,448
Other operating expenditures		90,493		85,531
Capital outlay		-		6,300
Total	317,729	285,364	32,365	280,279
Total Cultural and Recreational	630,857	511,975	118,882	448,659
<u>Education</u>				
Haliwa Saponi Charter School				
Capital outlay	100,000	100,000	-	50,000
Warren County Public Schools				
Current expense		2,610,104		2,535,226
Capital outlay		249,054		74,108
Total	2,860,920	2,859,158	1,762	2,609,334
Vance Granville Community College				
Current expense		136,924		130,331
Capital outlay		5,000		5,000
Total	141,924	141,924	-	135,331
Science, Engineering, Math and Aerospace				
Salaries and employee benefits		69,155		61,087
Other operating expenditures		68,287		70,105
Total	169,177	137,442	31,735	131,192
Total Education	3,272,021	3,238,524	33,497	2,925,857
<u>Debt Service</u>				
Principal retirement		1,296,251		1,191,690
Interest and fees		432,367		412,662
Total Debt Service	1,728,619	1,728,618	1	1,604,352
<u>Contingency</u>	-	-	-	-
Total Expenditures	24,692,271	23,387,658	1,304,613	21,597,816
Revenues Over (Under) Expenditures	(2,857,240)	(130,237)	2,727,003	1,083,450

WARREN COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in				
Emergency Telephone System Fund	190,971	170,855	(20,116)	101,938
Library/Meeting Room	250,000	250,000	-	-
Revaluation Fund	80,000	80,000	-	-
Recreation Complex Phase II	119,865	119,865	-	-
Total	<u>640,836</u>	<u>620,720</u>	<u>(20,116)</u>	<u>101,938</u>
Transfers out				
Revaluation Fund	(50,000)	(50,000)	130,000	(50,000)
Administrative Buildings Fund	-	-	-	(100,000)
Solid Waste Fund	-	-	-	(4,220)
Recreation Project Fund	(17,125)	(17,125)	-	(500,000)
Animal Shelter Project Fund	(37,338)	(37,338)	-	(20,000)
Regional Water System Fund	-	-	-	(202)
District One Enterprise Fund	-	-	-	(1,102)
District Two Enterprise Fund	-	-	-	(50,720)
District Three Enterprise Fund	-	-	-	(225)
Library/Meeting Room	(325,402)	(325,402)	-	-
Total	<u>(429,865)</u>	<u>(429,865)</u>	<u>130,000</u>	<u>(726,469)</u>
Other financing sources (uses):				
Installment purchase obligations issued	133,000	117,821	(15,179)	213,777
Appropriated Fund Balance	2,513,269	-	(2,513,269)	-
Total Other Financial Sources (Uses)	<u>2,857,240</u>	<u>308,676</u>	<u>(2,418,564)</u>	<u>(410,754)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>178,439</u>	<u>\$ 178,439</u>	<u>672,696</u>
Fund Balance-July 1		<u>9,104,031</u>		<u>8,431,335</u>
Fund Balance-June 30		<u>\$ 9,282,470</u>		<u>\$ 9,104,031</u>

**WARREN COUNTY, NORTH CAROLINA
RECREATION COMPLEX PHASE II
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2007**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
REVENUES					
Restricted intergovernmental					
PARTF Grant	\$ 500,000	\$ -	\$ 433,930	\$ 433,930	\$ (66,070)
Investment earnings	7,881	-	8,204	8,204	323
Miscellaneous income	181,500	-	61,167	61,167	(120,333)
Total	<u>689,381</u>	<u>-</u>	<u>503,301</u>	<u>503,301</u>	<u>(186,080)</u>
EXPENDITURES					
Capital outlay					
Survey	-	-	-	-	-
Legal and administrative	5,000	1,148	3,330	4,478	522
Engineering/Design	136,000	136,000	-	136,000	-
Engineering/Inspection	87,000	205	85,248	85,453	1,547
Engineering/Additional Services	5,000	960	1,291	2,251	2,749
Electrical Service Entrance	7,188	-	7,188	7,188	-
Construction Contract	2,535,630	-	2,463,271	2,463,271	72,359
Soil Investigations	3,000	-	2,805	2,805	195
Contingency	4,947	-	-	-	4,947
Total	<u>2,783,765</u>	<u>138,313</u>	<u>2,563,133</u>	<u>2,701,446</u>	<u>82,319</u>
Revenues Over (Under)					
Expenditures	<u>(2,094,384)</u>	<u>(138,313)</u>	<u>(2,059,832)</u>	<u>(2,198,145)</u>	<u>(103,761)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds of installment purchase	2,214,249	-	2,214,249	2,214,249	-
Transfer in (out)					
General Fund	<u>(119,865)</u>	<u>-</u>	<u>(119,865)</u>	<u>(119,865)</u>	<u>-</u>
Total	<u>2,094,384</u>	<u>-</u>	<u>2,094,384</u>	<u>2,094,384</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (138,313)</u>	34,552	<u>\$ (103,761)</u>	<u>\$ (103,761)</u>
Fund Balance - July 1			<u>(138,313)</u>		
Fund Balance - June 30			<u>\$ (103,761)</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 fund is used to account for the tax revenues collected by the County on behalf of the various fire districts located within the County.
- **Revaluation Fund:** This fund is used to account for funds set aside each year to pay for the revaluation for tax purposes of real property every eight years.
- **Emergency Telephone System Fund:** This fund is used to account for the 911 revenues collected by the telephone industry to fund the 911 emergency system.
- **Administrative Building Capital Reserve Fund:** This fund is used to account for the money held for future capital purposes.
- **CDBG (Community Development Block Grant) Scattered Site Fund:** This fund is used to account for revenues and expenditures to rehabilitate substandard rural housing at scattered sites.
- **CDBG Ephraim Place Fund:** This fund is used to account for revenues and expenditures to rehabilitate substandard rural housing at Ephraim Place.

Capital Project Funds

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

- **Buck Springs Leadership Center Fund:** This fund is used to account for funds set aside to construct a leadership center.
- **Recreation Complex Phase I Fund:** This fund is used to account for funds set aside to construct phase I of a recreation complex.
- **Ambulance Storage Facility Fund:** This fund is used to account for funds set aside to construct an ambulance storage facility.
- **Animal Control Shelter Project Fund:** This fund is used to account for funds set aside to construct an animal control shelter.
- **Library/Meeting Room Fund:** This fund is used to account for funds set aside to construct a library and meeting room.

WARREN COUNTY, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2007

	Special Revenue Funds						Capital Projects Funds						Total Nonmajor Governmental Funds
	Special Fire Districts Fund	Revaluation Fund	Emergency Telephone System Fund	Administrative Building Capital Reserve Fund	CDBG Scattered Site Project	CDBG Ephraim Place	CDBG Infra Hookup Demo 06	Buck Springs Leadership Center	Recreation Complex Phase I	Ambulance Storage Facility	Animal Control Shelter	Library/ Meeting Room	
ASSETS													
Current Assets:													
Cash and cash equivalents	\$ 8,165	\$ 303,728	\$ 570,926	\$ -	\$ -	\$ -	\$ -	\$ 273,487	\$ 12,760	\$ -	\$ 7,960	\$ 73,462	\$ 1,250,488
Accounts receivable, net	-	-	33,261	-	-	-	-	-	12,123	-	5,010	-	50,394
Taxes receivable, net	122,415	-	-	-	-	-	-	-	-	-	-	-	122,415
Restricted Assets:													
Cash reserved for construction	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	\$ 130,580	\$ 303,728	\$ 604,187	\$ -	\$ -	\$ -	\$ -	\$ 273,487	\$ 24,883	\$ -	\$ 12,970	\$ 73,462	\$ 1,423,297
LIABILITIES AND FUND BALANCES													
Liabilities:													
Accounts payable and accrued liabilities	\$ 8,053	\$ -	\$ -	\$ -	\$ 312	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,749	\$ 23,114
Retainage payable	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to General Fund	-	-	-	-	20,981	19,111	-	-	-	10,050	-	-	50,142
Deferred revenue	122,415	-	-	-	-	-	-	-	-	-	-	-	122,415
Total liabilities	130,468	-	-	-	21,293	19,111	-	-	-	10,050	-	14,749	195,671
Fund Balances:													
Reserved by State Statute Designated for subsequent year's expenditures	-	-	33,261	-	-	-	-	-	12,123	-	5,010	-	50,394
Unreserved	112	148,316	570,926	-	(21,293)	(19,111)	-	273,487	12,760	(10,050)	7,960	58,713	1,021,820
Total fund balances	112	303,728	604,187	-	(21,293)	(19,111)	-	273,487	24,883	(10,050)	12,970	58,713	1,227,626
Total Liabilities and Fund Balances	\$ 130,580	\$ 303,728	\$ 604,187	\$ -	\$ -	\$ -	\$ -	\$ 273,487	\$ 24,883	\$ -	\$ 12,970	\$ 73,462	\$ 1,423,297

**WARREN COUNTY, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2007**

	Special Revenue Funds						Capital Projects Funds						Total Nonmajor Governmental Funds
	Special Fire Districts Fund	Revaluation Fund	Emergency Telephone System Fund	Administrative Building Capital Reserve Fund	CDBG Scattered Site Project	CDBG Ephraim Place	CDBG Infra Hookup Demo 06	Buck Springs Leadership Center	Recreation Complex Phase I	Ambulance Storage Facility	Animal Control Shelter	Library/ Meeting Room	
REVENUES													
Ad valorem taxes	\$ 528,197	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 528,197
Other taxes and licenses	-	-	125,057	-	-	-	-	-	-	-	-	-	125,057
Restricted intergovernmental	-	-	118,064	-	12,272	19,537	39,065	-	63,387	-	-	-	252,325
Investment earnings	-	18,279	27,872	3,193	-	-	-	13,677	6,180	-	6,001	6,817	82,019
Miscellaneous	-	-	-	-	-	-	-	-	12,122	-	5,011	-	17,133
Total Revenues	528,197	18,279	270,993	3,193	12,272	19,537	39,065	13,677	81,689	-	11,012	6,817	1,004,731
EXPENDITURES													
Current:													
General government	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	528,085	-	-	-	-	-	-	-	-	-	-	-	528,085
Economic and physical development	-	-	-	-	19,293	38,111	39,065	-	-	-	-	-	96,469
Capital outlay	-	-	-	-	-	-	-	-	410,993	-	439,708	208,996	1,059,697
Debt service													
Principal	-	-	-	-	-	-	-	-	10,801	-	21,064	-	31,865
Interest	-	-	-	-	-	-	-	-	6,324	-	12,335	-	18,659
Total Expenditures	528,085	-	-	-	19,293	38,111	39,065	-	428,118	-	473,107	208,996	1,734,775
Revenues Over (Under) Expenditures	112	18,279	270,993	3,193	(7,021)	(18,574)	-	13,677	(346,429)	-	(462,095)	(202,179)	(730,044)
OTHER FINANCING SOURCES (USES)													
Transfers to other funds	-	(80,000)	(170,855)	(186,545)	-	-	-	-	-	-	-	(250,000)	(687,400)
Transfers from other funds	-	50,000	-	-	-	-	-	-	17,125	-	37,338	511,947	616,410
Debt issued	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses) - Net	-	(30,000)	(170,855)	(186,545)	-	-	-	-	17,125	-	37,338	261,947	(70,990)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	112	(11,721)	100,138	(183,352)	(7,021)	(18,574)	-	13,677	(329,304)	-	(424,757)	59,768	(801,034)
Fund Balance - July 1	-	315,449	504,049	183,352	(14,272)	(537)	-	259,810	354,187	(10,050)	437,727	(1,055)	2,028,660
Fund Balance - June 30	\$ 112	\$ 303,728	\$ 604,187	\$ -	\$ (21,293)	\$ (19,111)	\$ -	\$ 273,487	\$ 24,883	\$ (10,050)	\$ 12,970	\$ 58,713	\$ 1,227,626

**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, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006**

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
<u>REVENUES</u>				
Ad Valorem taxes	\$ 530,641	\$ 528,197	\$ (2,444)	\$ 507,449
<u>EXPENDITURES</u>				
Public safety	530,641	528,085	2,556	507,449
Revenues Over (Under) Expenditures	<u>\$ -</u>	112	<u>\$ 112</u>	-
Fund Balance - July 1		-		-
Fund Balance - June 30		<u>\$ 112</u>		<u>\$ -</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, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006**

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
<u>REVENUES</u>				
Investment earnings	\$ 7,000	\$ 18,279	\$ 11,279	\$ 12,185
<u>EXPENDITURES</u>				
General government	57,000	-	57,000	-
Revenues Over (Under) Expenditures	(50,000)	18,279	68,279	12,185
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer in (out)				
General Fund	50,000	50,000	-	50,000
General Fund	(80,000)	(80,000)	-	-
Appropriated fund balance	80,000	-	(80,000)	-
	<u>50,000</u>	<u>(30,000)</u>	<u>(80,000)</u>	<u>50,000</u>
Excess of Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	(11,721)	<u>\$ (11,721)</u>	62,185
Fund Balance - July 1		<u>315,449</u>		<u>253,264</u>
Fund Balance - June 30		<u>\$ 303,728</u>		<u>\$ 315,449</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, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006**

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
<u>REVENUES</u>				
Other taxes and licenses				
E911 fees	\$ 141,630	\$ 125,057	\$ (16,573)	\$ 125,830
Restricted intergovernmental				
Wireless communications	97,811	118,064	20,253	108,280
Investment earnings				
E-911	14,548	16,177	1,629	9,530
Wireless	11,398	11,695	297	7,824
Total Revenues	<u>265,387</u>	<u>270,993</u>	<u>5,606</u>	<u>251,464</u>
<u>EXPENDITURES</u>				
Public safety - E911	<u>74,417</u>	-	<u>74,417</u>	-
Revenues Over (Under) Expenditures	<u>190,970</u>	<u>270,993</u>	<u>80,023</u>	<u>251,464</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer in (out)				
General Fund	<u>(190,970)</u>	<u>(170,855)</u>	<u>20,115</u>	<u>(101,938)</u>
Total	<u>(190,970)</u>	<u>(170,855)</u>	<u>20,115</u>	<u>(101,938)</u>
Revenues Over (Under)				
Expenditures and Other Uses	<u>\$ -</u>	100,138	<u>\$ 100,138</u>	149,526
Fund Balance - July 1		<u>504,049</u>		<u>354,523</u>
Fund Balance - June 30		<u>\$ 604,187</u>		<u>\$ 504,049</u>

WARREN COUNTY, NORTH CAROLINA
ADMINISTRATIVE BUILDING CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
<u>REVENUES</u>				
Investment earnings	\$ 1,500	\$ 3,193	\$ 1,693	\$ 3,341
<u>EXPENDITURES</u>				
General Government	1,500	-	1,500	-
Revenues Over (Under) Expenditures	-	3,193	3,193	3,341
<u>OTHER OPERATING SOURCES (USES)</u>				
Transfer in (out)				
Library/Meeting Room Fund	(186,545)	(186,545)	-	-
General Fund	-	-	-	100,000
Appropriated fund balance	186,545	-	(186,545)	-
Total	-	(186,545)	(186,545)	100,000
Revenues and Other Sources Over (Under)				
Expenditures	\$ -	(183,352)	\$ (183,352)	103,341
Fund Balance - July 1		183,352		80,011
Fund Balance - June 30		\$ -		\$ 183,352

**WARREN COUNTY, NORTH CAROLINA
CDBG SCATTERED SITE PROJECT
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2007**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
<u>REVENUES</u>					
Restricted intergovernmental	\$ 400,000	\$ 350,150	\$ 12,272	\$ 362,422	\$ (37,578)
<u>EXPENDITURES</u>					
Economic and Physical Development	400,000	364,422	19,293	383,715	16,285
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (14,272)</u>	(7,021)	<u>\$ (21,293)</u>	<u>\$ (21,293)</u>
Fund Balance - July 1			<u>(14,272)</u>		
Fund Balance - June 30			<u>\$ (21,293)</u>		

**WARREN COUNTY, NORTH CAROLINA
CDBG EPHRIAM PLACE PROJECT
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2007**

	<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	\$ 190,000	\$ 91,659	\$ 19,537	\$ 111,196	\$ (78,804)
<u>EXPENDITURES</u>					
Economic and Physical Development	190,000	92,196	38,111	130,307	59,693
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (537)</u>	(18,574)	<u>\$ (19,111)</u>	<u>\$ (19,111)</u>
Fund Balance - July 1			<u>(537)</u>		
Fund Balance - June 30			<u>\$ (19,111)</u>		

**WARREN COUNTY, NORTH CAROLINA
CDBG INFRA HOOKUP DEMO 06
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2007**

	<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	\$ 75,000	\$ -	\$ 39,065	\$ 39,065	\$ (35,935)
<u>EXPENDITURES</u>					
Economic and Physical Development	75,000	-	39,065	39,065	35,935
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund Balance - July 1			<u>-</u>		
Fund Balance - June 30			<u>\$ -</u>		

**WARREN COUNTY, NORTH CAROLINA
BUCK SPRINGS LEADERSHIP CENTER
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2007**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
<u>REVENUES</u>					
Restricted intergovernmental:					
Kellogg Grant	\$ 50,000	\$ 79,379	\$ -	\$ 79,379	\$ 29,379
Private Contributions	238,476	221,702	-	221,702	(16,774)
Investment Earnings	-	14,794	13,677	28,471	28,471
Total Revenues	<u>288,476</u>	<u>315,875</u>	<u>13,677</u>	<u>329,552</u>	<u>41,076</u>
<u>EXPENDITURES</u>					
Capital outlay					
Survey	11,500	11,500	-	11,500	-
Legal & administrative	42	-	-	-	42
Soil investigations	4,588	2,100	-	2,100	2,488
Architectural fees	272,346	42,465	-	42,465	229,881
	<u>288,476</u>	<u>56,065</u>	<u>-</u>	<u>56,065</u>	<u>232,411</u>
Revenues Over (Under)					
Expenditures	-	259,810	13,677	273,487	273,487
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfer in (out)					
General Fund	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 259,810</u>	13,677	<u>\$ 273,487</u>	<u>\$ 273,487</u>
Fund Balance - July 1			<u>259,810</u>		
Fund Balance - June 30			<u>\$ 273,487</u>		

**WARREN COUNTY, NORTH CAROLINA
RECREATION COMPLEX PHASE I
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2007**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
REVENUES					
Restricted intergovernmental:					
PARTF Grant	\$ 250,000	\$ 186,613	\$ 63,387	\$ 250,000	\$ -
Investment earnings	17,292	11,372	6,180	17,552	260
Miscellaneous revenue	-	4,737	12,122	16,859	16,859
	<u>267,292</u>	<u>202,722</u>	<u>81,689</u>	<u>284,411</u>	<u>17,119</u>
EXPENDITURES					
Capital outlay					
Appraisal Services	4,036	1,291	2,745	4,036	-
Engineering & Technical Services	99,099	95,372	3,726	99,098	1
Legal & Administrative	7,915	5,566	2,349	7,915	-
Engineering/Design	8,000	11,223	(3,223)	8,000	-
Engineering/Additional Services	14,011	4,651	9,360	14,011	-
Soil Investigations	1,583	4,387	(2,805)	1,582	1
Electrical Service Entrance	-	-	-	-	-
Land & Right of Ways	104,247	104,247	-	104,247	-
Construction Contract	912,586	547,068	365,517	912,585	1
Contingency	7,206	-	-	-	7,206
Equipment/Capital	31,751	-	31,439	31,439	312
Signage	1,885	-	1,885	1,885	-
Total	<u>1,192,319</u>	<u>773,805</u>	<u>410,993</u>	<u>1,184,798</u>	<u>7,521</u>
Debt Service					
Principal			10,801		
Interest			6,324		
Total	<u>17,126</u>	<u>-</u>	<u>17,125</u>	<u>17,125</u>	<u>1</u>
Total	<u>1,209,445</u>	<u>773,805</u>	<u>428,118</u>	<u>1,201,923</u>	<u>7,522</u>
Revenues Over (Under)					
Expenditures	<u>(942,153)</u>	<u>(571,083)</u>	<u>(346,429)</u>	<u>(917,512)</u>	<u>24,641</u>
OTHER FINANCING SOURCES (USES)					
Installment purchase obligations issued	321,758	322,000	-	322,000	242
Transfer in (out)					
General Fund	620,395	603,270	17,125	620,395	-
Total	<u>942,153</u>	<u>925,270</u>	<u>17,125</u>	<u>942,395</u>	<u>242</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 354,187</u>	<u>(329,304)</u>	<u>\$ 24,883</u>	<u>\$ 24,883</u>
Fund Balance - July 1			<u>354,187</u>		
Fund Balance - June 30			<u>\$ 24,883</u>		

**WARREN COUNTY, NORTH CAROLINA
AMBULANCE STORAGE FACILITY
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2007**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
REVENUES					
Investment Earnings	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES					
Capital outlay					
Survey	2,000	-	-	-	2,000
Legal & Administrative	1,000	-	-	-	1,000
Soil Investigations	5,000	-	-	-	5,000
Architectural Fees	15,000	10,050	-	10,050	4,950
Construction Contract	210,000	-	-	-	210,000
Contingency	20,000	-	-	-	20,000
Total	<u>253,000</u>	<u>10,050</u>	<u>-</u>	<u>10,050</u>	<u>242,950</u>
Revenues Over (Under)					
Expenditures	<u>(253,000)</u>	<u>(10,050)</u>	<u>-</u>	<u>(10,050)</u>	<u>(242,950)</u>
OTHER FINANCING SOURCES (USES)					
Installment purchase obligations issued	253,000	-	-	-	(253,000)
Transfer in (out)					
General Fund	-	-	-	-	-
Total	<u>253,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(253,000)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (10,050)</u>	<u>-</u>	<u>\$ (10,050)</u>	<u>\$ (10,050)</u>
Fund Balance - July 1			<u>(10,050)</u>		
Fund Balance - June 30			<u>\$ (10,050)</u>		

**WARREN COUNTY, NORTH CAROLINA
ANIMAL CONTROL SHELTER PROJECT
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2007**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
REVENUES					
Investment earnings	\$ 10,666	\$ 4,665	\$ 6,001	\$ 10,666	\$ -
Miscellaneous income	6,232	1,218	5,011	6,229	(3)
Total	<u>16,898</u>	<u>5,883</u>	<u>11,012</u>	<u>16,895</u>	<u>(3)</u>
EXPENDITURES					
Capital outlay					
Survey	1,000	1,000	-	1,000	-
Legal and administrative	2,064	2,064	-	2,064	-
Reimbursables/Testing	5,027	5,026	-	5,026	1
Architectural fees	36,025	14,494	21,531	36,025	-
Construction contract	607,810	193,572	414,238	607,810	-
Contingency	12,971	-	-	-	12,971
Telephone system	3,939	-	3,939	3,939	-
Total	<u>668,836</u>	<u>216,156</u>	<u>439,708</u>	<u>655,864</u>	<u>12,972</u>
Debt service					
Principal			21,064		
Interest			12,335		
Total	<u>33,400</u>	<u>-</u>	<u>33,399</u>	<u>33,399</u>	<u>1</u>
Total	<u>702,236</u>	<u>216,156</u>	<u>473,107</u>	<u>689,263</u>	<u>12,973</u>
Revenues Over (Under)					
Expenditures	<u>(685,338)</u>	<u>(210,273)</u>	<u>(462,095)</u>	<u>(672,368)</u>	<u>(12,970)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds of installment purchase	628,000	628,000	-	628,000	-
Transfer in (out)					
General Fund	<u>57,338</u>	<u>20,000</u>	<u>37,338</u>	<u>57,338</u>	<u>-</u>
Total	<u>685,338</u>	<u>648,000</u>	<u>37,338</u>	<u>685,338</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 437,727</u>	<u>(424,757)</u>	<u>\$ 12,970</u>	<u>\$ 12,970</u>
Fund Balance - July 1			<u>437,727</u>		
Fund Balance - June 30			<u>\$ 12,970</u>		

**WARREN COUNTY, NORTH CAROLINA
LIBRARY/MEETING ROOM
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2007**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
REVENUES					
Investment earnings	\$ -	\$ -	\$ 6,817	\$ 6,817	\$ 6,817
Miscellaneous income	-	-	-	-	-
Total	-	-	6,817	6,817	6,817
EXPENDITURES					
Capital outlay					
Asbestos abatement	13,815	-	13,815	13,815	-
Construction contract	3,489,428	-	-	-	3,489,428
Legal and administrative	5,000	55	-	55	4,945
Architectural fees	287,255	1,000	141,063	142,063	145,192
Additional services	15,000	-	7,686	7,686	7,314
Demolition	46,432	-	46,432	46,432	-
Total	3,856,930	1,055	208,996	210,051	3,646,879
Revenues Over (Under)					
Expenditures	(3,856,930)	(1,055)	(202,179)	(203,234)	3,653,696
OTHER FINANCING SOURCES (USES)					
Proceeds of installment purchase	3,594,983	-	-	-	(3,594,983)
Transfer in (out)					
Administrative Building Capital Reserve Fund	186,545	-	186,545	186,545	-
General Fund	325,402	-	325,402	325,402	-
General Fund	(250,000)	-	(250,000)	(250,000)	-
Total	3,856,930	-	261,947	261,947	(3,594,983)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ (1,055)	59,768	\$ 58,713	\$ 58,713
Fund Balance - July 1			(1,055)		
Fund Balance - June 30			\$ 58,713		

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
SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
<u>REVENUES</u>				
Operating revenues				
Charges for services	\$ 1,188,050	\$ 1,178,027	\$ (10,023)	\$ 1,176,871
Nonoperating Revenues				
State grants and reimbursements				
Tire Disposal Tax	20,000	26,368	6,368	24,338
White Goods Disposal Tax	6,000	11,687	5,687	9,299
Miscellaneous	4,399	5,718	1,319	4,256
Interest earnings	5,000	12,978	7,978	9,430
Total Nonoperating Revenues	<u>35,399</u>	<u>56,751</u>	<u>21,352</u>	<u>47,323</u>
Total Revenues	<u>1,223,449</u>	<u>1,234,778</u>	<u>11,329</u>	<u>1,224,194</u>
<u>EXPENDITURES</u>				
Salaries and employee benefits		148,412		128,073
Other operating expenditures		79,370		92,400
Contracted services		943,468		958,380
Capital outlay		-		23,989
Debt service:				
Interest and other charges		856		1,019
Debt principal		18,768		17,673
Total Expenditures	<u>1,234,487</u>	<u>1,190,874</u>	<u>43,613</u>	<u>1,221,534</u>
Revenues Over (Under) Expenditures	<u>(11,038)</u>	<u>43,904</u>	<u>54,942</u>	<u>2,660</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer in (out)				
General Fund	-	-	-	4,220
Installment purchase obligations issued	-	-	-	23,990
Appropriated fund balance	11,038	-	(11,038)	-
Total Other Financing Sources (Uses)	<u>11,038</u>	<u>-</u>	<u>(11,038)</u>	<u>28,210</u>
Revenues and Other Financing Sources				
Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 43,904</u>	<u>\$ 43,904</u>	<u>\$ 30,870</u>
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL				
Revenues and other financing sources under expenditures		\$ 43,904		\$ 30,870
Capital outlay		-		23,989
Debt service payment		18,768		17,673
Depreciation		(29,377)		(28,104)
Proceeds on installment purchase		-		(23,990)
Increase in vacation pay		(1,977)		(2,426)
		<u>\$ 31,318</u>		<u>\$ 18,012</u>

**WARREN COUNTY, NORTH CAROLINA
REGIONAL WATER SYSTEM FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006**

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
<u>REVENUES</u>				
Operating Revenues				
Water and Sewer Charges	\$ 640,748	\$ 677,288	\$ 36,540	\$ 547,566
Nonoperating Revenues				
State Grants	15,475	-	(15,475)	11,865
Permits and Fees	200	250	50	300
Miscellaneous Revenue	6,286	9,050	2,764	536
Interest Earnings	12,500	14,568	2,068	9,841
Total Nonoperating Revenues	<u>34,461</u>	<u>23,868</u>	<u>(10,593)</u>	<u>22,542</u>
Total Revenues	<u>675,209</u>	<u>701,156</u>	<u>25,947</u>	<u>570,108</u>
<u>EXPENDITURES</u>				
Salaries and employee benefits		83,569		20,243
Water purchases		376,119		347,430
Other operating expenditures		196,625		178,034
Contracted services		-		1,500
Capital outlay		6,994		-
Total Expenditures	<u>675,209</u>	<u>663,307</u>	<u>11,902</u>	<u>547,207</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>37,849</u>	<u>37,849</u>	<u>22,901</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in (out)				
District II Enterprise Fund	-	-	-	-
Soul City Pump Station Improvements	-	-	-	-
Soul City and Pleasant Hill Capital Project	-	-	-	-
General Fund	-	-	-	202
Appropriated Fund Balance	-	-	-	-
Total Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>202</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 37,849</u>	<u>\$ 37,849</u>	<u>\$ 23,103</u>
<u>RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL</u>				
Excess of revenues over (under) expenditures		\$ 37,849		\$ 23,103
Capital outlay		6,994		-
Depreciation		(253,368)		(254,686)
(Increase) decrease in compensated absences payable		(5,846)		(409)
Net Income		<u>(214,371)</u>		<u>(231,992)</u>
Soul City and Pleasant Hill Capital Project		<u>442</u>		<u>1,056</u>
Net Income for Regional Water Enterprise Func		<u>\$ (213,929)</u>		<u>\$ (230,936)</u>

WARREN COUNTY, NORTH CAROLINA
SOUL CITY PUMP STATION IMPROVEMENTS
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2007

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
<u>REVENUES</u>					
Restricted intergovernmental:					
Rural Center Grant	\$ 350,000	\$ -	\$ -	\$ -	\$ (350,000)
Investment earnings	-	1,096	442	1,538	1,538
Total Revenues	<u>350,000</u>	<u>1,096</u>	<u>442</u>	<u>1,538</u>	<u>(348,462)</u>
<u>EXPENDITURES</u>					
Capital Outlay	<u>395,000</u>	<u>37,692</u>	<u>-</u>	<u>37,692</u>	<u>357,308</u>
Revenues Over (Under) Expenditures	<u>(45,000)</u>	<u>(36,596)</u>	<u>442</u>	<u>(36,154)</u>	<u>8,846</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in (out)					
Regional Water Enterprise Fund	45,000	45,000	-	45,000	-
General Fund	-	-	-	-	-
Total	<u>45,000</u>	<u>45,000</u>	<u>-</u>	<u>45,000</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 8,404</u>	<u>\$ 442</u>	<u>\$ 8,846</u>	<u>\$ 8,846</u>
<u>RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL</u>					
Revenues and other sources over (under) expenditures			\$ 442		
Capital outlay			<u>-</u>		
Net Income			<u>\$ 442</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, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
<u>REVENUES</u>				
Operating Revenues				
Water and Sewer Charges	\$ 406,000	\$ 422,704	\$ 16,704	\$ 370,110
Other operating revenues	7,691	12,584	4,893	1,875
Total Operating Revenues	<u>413,691</u>	<u>435,288</u>	<u>21,597</u>	<u>371,985</u>
Nonoperating Revenues				
Interest Earnings	<u>9,000</u>	<u>20,860</u>	<u>11,860</u>	<u>13,417</u>
Total Revenues	<u>422,691</u>	<u>456,148</u>	<u>33,457</u>	<u>385,402</u>
<u>EXPENDITURES</u>				
Salaries and employee benefits		88,960		110,215
Water purchases		77,839		69,830
Other operating expenditures		52,505		51,862
Contracted services		-		-
Capital outlay		7,445		-
Debt service:				
Interest and other charges		71,681		72,730
Debt principal		<u>23,000</u>		<u>22,000</u>
Total Expenditures	<u>422,691</u>	<u>321,430</u>	<u>101,261</u>	<u>326,637</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>134,718</u>	<u>134,718</u>	<u>58,765</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in (out)				
General Fund	-	-	-	1,102
Fund balance appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,102</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 134,718</u>	<u>\$ 134,718</u>	<u>\$ 59,867</u>
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL				
Excess of revenues over (under) expenditures		\$ 134,718		\$ 59,867
Debt service payment		23,000		22,000
Capital outlay		7,445		-
Depreciation		(144,332)		(136,651)
Increase in accrued compensated absences		<u>375</u>		<u>(2,229)</u>
Net Income		<u>\$ 21,206</u>		<u>\$ (57,013)</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, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006**

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
REVENUES				
Operating Revenues				
Water and sewer charges	\$ 329,274	\$ 347,248	\$ 17,974	\$ 311,184
Other charges for services	-	-	-	-
Total Operating Revenues	<u>329,274</u>	<u>347,248</u>	<u>17,974</u>	<u>311,184</u>
Nonoperating Revenues				
Debt reimbursement	10,356	10,356	-	10,356
Miscellaneous	4,759	7,062	2,303	825
Interest Earnings	12,000	19,531	7,531	15,619
Total Nonoperating Revenues	<u>27,115</u>	<u>36,949</u>	<u>9,834</u>	<u>26,800</u>
Total Revenues	<u>356,389</u>	<u>384,197</u>	<u>27,808</u>	<u>337,984</u>
EXPENDITURES				
Salaries and employee benefits		56,612		71,978
Water purchases		60,521		61,202
Other operating expenditures		57,619		52,867
Capital outlay		4,738		-
Debt service:				
Interest and other charges		124,606		126,085
Principal		32,500		31,000
Total Expenditures	<u>356,389</u>	<u>336,596</u>	<u>19,793</u>	<u>343,132</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>47,601</u>	<u>47,601</u>	<u>(5,148)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)				
General Fund		-	-	-
Fund balance appropriated	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 47,601</u>	<u>\$ 47,601</u>	<u>\$ (5,148)</u>
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL				
Excess of revenues over (under) expenditures		\$ 47,601		\$ (5,148)
Depreciation		(296,497)		(230,860)
Capital outlay		4,738		-
Debt service payment		32,500		31,000
(Increase) decrease in compensated absences payable		376		(1,456)
Net Income		<u>(211,282)</u>		<u>(206,464)</u>
District Two/Phase II Capital Project		<u>751</u>		<u>2,293</u>
Net Income for District Two Enterprise Fund		<u>\$ (210,531)</u>		<u>\$ (204,171)</u>

WARREN COUNTY, NORTH CAROLINA
DISTRICT TWO/ PHASE II CAPITAL PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2007

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
REVENUES					
Charges for services	\$ -	\$ 700	\$ (100)	\$ 600	\$ 600
Restricted intergovernmental:					
State reimbursements	400,000	-	-	-	(400,000)
Investment earnings	-	1,697	851	2,548	2,548
	<u>400,000</u>	<u>2,397</u>	<u>751</u>	<u>3,148</u>	<u>(396,852)</u>
EXPENDITURES					
Construction	<u>444,923</u>	<u>30,458</u>	<u>3,894</u>	<u>34,352</u>	<u>410,571</u>
OTHER FINANCING SOURCES (USES)					
Transfer in (out)					
District Two Enterprise Fund	<u>44,923</u>	<u>44,923</u>	<u>-</u>	<u>44,923</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 16,862</u>	<u>\$ (3,143)</u>	<u>\$ 13,719</u>	<u>\$ 13,719</u>

RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL

Revenues and other sources over (under) expenditures	\$ (3,143)
Capital outlay	<u>3,894</u>
Net income	<u>\$ 751</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, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
REVENUES				
Operating Revenues				
Water and sewer charges	\$ 252,724	\$ 214,588	\$ (38,136)	\$ 46,197
Other charges for services	-	-	-	-
Total Operating Revenues	<u>252,724</u>	<u>214,588</u>	<u>(38,136)</u>	<u>46,197</u>
Nonoperating Revenues				
Restricted intergovernmental:				
State grants	-	-	-	-
Miscellaneous	3,241	5,314	2,073	783
Interest Earnings	3,500	4,267	767	1,546
Total Nonoperating Revenues	<u>6,741</u>	<u>9,581</u>	<u>2,840</u>	<u>2,329</u>
Total Revenues	<u>259,465</u>	<u>224,169</u>	<u>(35,296)</u>	<u>48,526</u>
EXPENDITURES				
Salaries and employee benefits		40,438		22,494
Water purchases		32,722		8,653
Other operating expenditures		32,258		17,690
Contracted services		-		3,500
Capital outlay		3,384		-
Debt Service				
Interest Expense		162,469		-
Total Expenditures	<u>290,465</u>	<u>271,271</u>	<u>19,194</u>	<u>52,337</u>
Revenues Over (Under) Expenditures	<u>(31,000)</u>	<u>(47,102)</u>	<u>(16,102)</u>	<u>(3,811)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)				
District II/Phase I Capital Project	31,000	31,500	31,000	-
General Fund	-	-	-	225
Fund balance appropriated	-	-	-	-
Total Other Financing Sources (Uses)	<u>31,000</u>	<u>31,500</u>	<u>31,000</u>	<u>225</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (15,602)</u>	<u>\$ 14,898</u>	<u>\$ (3,586)</u>
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL				
Excess of revenues over (under) expenditures		\$ (15,602)		\$ (3,586)
Depreciation		(8,394)		(7,914)
Capital outlay		3,384		-
Increase in vacation pay		(1,884)		(455)
Net Income		<u>(22,496)</u>		<u>(11,955)</u>
District Three/Phase I Capital Project		482,700		2,787,929
District Three/Phase II Capital Project		<u>2,467</u>		<u>4,032</u>
Net Income for District Three Enterprise Fund		<u>\$ 462,671</u>		<u>\$ 2,780,006</u>

WARREN COUNTY, NORTH CAROLINA
DISTRICT THREE/PHASE I CAPITAL PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
<u>REVENUES</u>					
Restricted intergovernmental:					
Federal grants	\$ 2,621,000	\$ 2,493,828	\$ 84,112	\$ 2,577,940	\$ (43,060)
State grants	400,000	-	400,000	400,000	-
Charges for services	212,600	193,568	17,350	210,918	(1,682)
Miscellaneous	-	158,388	-	158,388	158,388
Investment earnings	-	40,816	12,738	53,554	53,554
Total Revenues	<u>3,233,600</u>	<u>2,886,600</u>	<u>514,200</u>	<u>3,400,800</u>	<u>167,200</u>
<u>EXPENDITURES</u>					
Construction	<u>6,733,100</u>	<u>6,396,243</u>	<u>239,814</u>	<u>6,636,057</u>	<u>97,043</u>
Revenues Over (Under) Expenditures	<u>(3,499,500)</u>	<u>(3,509,643)</u>	<u>274,386</u>	<u>(3,235,257)</u>	<u>264,243</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers out					
District III Enterprise Fund	(81,500)	-	(31,500)	(31,500)	50,000
Bond premium	-	18,012	-	18,012	18,012
Bonds issued	3,581,000	3,581,000	-	3,581,000	-
Total Other Financing Sources (Uses) - Net	<u>3,499,500</u>	<u>3,599,012</u>	<u>(31,500)</u>	<u>3,567,512</u>	<u>68,012</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 89,369</u>	<u>\$ 242,886</u>	<u>\$ 332,255</u>	<u>\$ 332,255</u>

RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL

Revenues and other sources over (under) expenditures	\$ 242,886
Capital outlay	<u>239,814</u>
	<u>\$ 482,700</u>

WARREN COUNTY, NORTH CAROLINA
DISTRICT THREE/PHASE II CAPITAL PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
<u>REVENUES</u>					
Restricted intergovernmental:					
Federal grants	\$ 3,955,000	\$ -	\$ -	\$ -	\$ (3,955,000)
State grants	40,000	40,000	-	40,000	-
Charges for services	104,000	7,600	2,325	9,925	(94,075)
Investment earnings	-	201	142	343	343
Total Revenues	<u>4,099,000</u>	<u>47,801</u>	<u>2,467</u>	<u>50,268</u>	<u>(4,048,732)</u>
<u>EXPENDITURES</u>					
Construction	<u>9,065,000</u>	<u>246,019</u>	<u>191,486</u>	<u>437,505</u>	<u>8,627,495</u>
Revenues Over (Under) Expenditures	<u>(4,966,000)</u>	<u>(198,218)</u>	<u>(189,019)</u>	<u>(387,237)</u>	<u>4,578,763</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfer from General Fund	9,000	9,000	-	9,000	-
Bonds issued	4,957,000	-	-	-	(4,957,000)
Total Other Financing Sources (Uses) - Net	<u>4,966,000</u>	<u>9,000</u>	<u>-</u>	<u>9,000</u>	<u>(4,957,000)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (189,218)</u>	<u>\$ (189,019)</u>	<u>\$ (378,237)</u>	<u>\$ (378,237)</u>

RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL

Revenues and other sources over (under) expenditures	\$ (189,019)
Capital outlay	<u>191,486</u>
Net Income	<u>\$ 2,467</u>

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 and DMV Interest 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 and moneys collected for 3% interest on tax payments that is required to be turned over to the NC DMV.
- **Motor Vehicles 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, 2007

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
<u>Social Services</u>				
Assets				
Cash	\$ 51,584	\$ 178,746	\$ 187,895	\$ 42,435
Liabilities				
Miscellaneous liabilities	\$ 51,584	\$ 178,746	\$ 187,895	\$ 42,435
<u>Fines and Forfeitures and DMV Interest</u>				
Assets				
Cash	\$ -	\$ 193,920	\$ 193,111	\$ 809
Liabilities				
Intergovernmental payable	\$ -	\$ 183,314	\$ 183,314	\$ -
Due to DMV	-	10,606	9,797	809
Total	\$ -	\$ 193,920	\$ 193,111	\$ 809
<u>Motor Vehicle Tax</u>				
Assets				
Cash	\$ -	\$ 373,570	\$ 373,570	\$ -
Liabilities				
Intergovernmental payable	\$ -	\$ 373,570	\$ 373,570	\$ -
<u>Totals - All Agency Funds</u>				
Assets				
Cash	\$ 47,182	\$ 746,236	\$ 754,576	\$ 43,244
Liabilities				
Miscellaneous liabilities	\$ 47,182	\$ 178,746	\$ 187,895	\$ 42,435
Intergovernmental payable	-	556,884	556,884	-
Due to DMV	-	10,606	9,797	809
Total liabilities	\$ 47,182	\$ 746,236	\$ 754,576	\$ 43,244

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, 2007**

Fiscal Year	Uncollected Balance July 1, 2006	Additions	Collections and Adjustments	Uncollected Balance June 30, 2007
2006-2007	\$ -	\$ 11,468,804	\$ 10,677,511	\$ 791,293
2005-2006	634,116	-	283,081	351,035
2004-2005	293,397	-	61,884	231,513
2003-2004	200,208	-	34,603	165,605
2002-2003	253,938	-	33,654	220,284
2001-2002	224,023	-	19,459	204,564
2000-2001	126,932	-	12,205	114,727
1999-2000	58,609	-	7,184	51,425
1998-1999	52,382	-	6,371	46,011
1997-1998	43,963	-	6,105	37,858
1996-1997	35,108	-	35,108	-
	<u>\$ 1,922,676</u>	<u>\$ 11,468,804</u>	<u>\$ 11,177,165</u>	<u>\$ 2,214,315</u>
				Less: allowance for uncollectible accounts: <u>500,000</u>
				Ad valorem taxes receivable - net: <u>\$ 1,714,315</u>
Reconcilement with revenues:				
Ad valorem taxes - General Fund				<u>\$ 11,412,659</u>
Reconciling items:				
Amounts written off for 1995-1996 levy				31,572
Interest, penalties and advertising costs collected				(124,957)
Releases				(145,372)
Refunds				3,263
Total Reconciling Items				<u>(235,494)</u>
Total Collections and Credits				<u>\$ 11,177,165</u>

WARREN COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
JUNE 30, 2007

	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	\$ 1,365,333,799	0.840	\$ 11,468,804	\$ 10,397,216	\$ 1,071,588
Discoveries:	42,077,511	0.840	353,451	353,451	-
Abatements	<u>(21,856,310)</u>	0.840	<u>(183,593)</u>	<u>(183,593)</u>	<u>-</u>
Total Property Valuation	<u><u>\$ 1,385,555,000</u></u>				
Net Levy			11,647,765	10,576,177	1,071,588
Uncollected taxes at June 30, 2007			<u>791,293</u>	<u>498,398</u>	<u>292,895</u>
Current year's taxes collected			<u><u>\$ 10,856,472</u></u>	<u><u>\$ 10,077,779</u></u>	<u><u>\$ 778,693</u></u>
Current levy collection percentage			<u><u>93.21%</u></u>	<u><u>95.29%</u></u>	<u><u>72.67%</u></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 ASSETS BY COMPONENTS
LAST FIVE FISCAL YEARS*
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Years				
	2003	2004	2005	2006	2007
Governmental activities					
Invested in capital assets, net of related debt	\$ 3,232,950	\$ 5,318,311	\$ 5,450,318	\$ 6,013,698	\$ 7,406,216
Restricted	1,785,564	-	636,545	54,916	119,168
Unrestricted	1,707,795	3,708,387	4,807,363	7,718,588	8,646,672
Total governmental activities net assets	<u>\$ 6,726,309</u>	<u>\$ 9,026,698</u>	<u>\$ 10,894,226</u>	<u>\$ 13,787,202</u>	<u>\$ 16,172,056</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 16,642,965	\$ 17,416,727	\$ 20,419,414	\$ 19,286,085	\$ 19,086,139
Restricted	-	-	-	-	-
Unrestricted	1,683,095	1,774,845	(2,253,750)	1,236,198	1,526,879
Total business-type activities net assets	<u>\$ 18,326,060</u>	<u>\$ 19,191,572</u>	<u>\$ 18,165,664</u>	<u>\$ 20,522,283</u>	<u>\$ 20,613,018</u>
Primary government					
Invested in capital assets, net of related debt	\$ 19,875,915	\$ 22,735,038	\$ 25,869,732	\$ 25,299,783	\$ 26,492,355
Restricted	1,785,564	-	636,545	54,916	119,168
Unrestricted	3,390,890	5,483,232	2,553,613	8,954,786	10,173,551
Total primary government net assets	<u>\$ 25,052,369</u>	<u>\$ 28,218,270</u>	<u>\$ 29,059,890</u>	<u>\$ 34,309,485</u>	<u>\$ 36,785,074</u>

* Information prior to 6-30-03 is unavailable.

WARREN COUNTY, NORTH CAROLINA
CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS*
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

Expenses	Fiscal Years				
	2003	2004	2005	2006	2007
Governmental activities:					
General government	\$ 2,585,442	\$ 2,295,882	\$ 2,499,642	\$ 2,214,866	\$ 2,561,297
Public safety	3,905,763	4,282,062	4,446,747	5,199,174	5,432,066
Economic development	547,163	629,167	640,594	378,250	547,258
Environmental protection	116,864	226,995	228,788	279,035	372,069
Human services	8,595,941	8,685,370	8,955,055	8,932,781	9,634,595
Culture and recreation	389,414	427,444	473,935	459,433	476,213
Education	2,772,428	2,644,396	2,917,144	2,926,413	3,239,620
Interest on long-term debt	485,312	522,050	464,609	475,435	473,778
Total governmental activities expenses	<u>19,398,327</u>	<u>19,713,366</u>	<u>20,626,514</u>	<u>20,865,387</u>	<u>22,736,896</u>
Business-type activities					
Solid Waste	1,195,534	1,133,055	1,217,341	1,210,403	1,203,460
Water and Sewer	1,610,331	1,705,079	1,855,912	1,850,972	2,224,113
Total business-type activities expenses	<u>2,805,865</u>	<u>2,838,134</u>	<u>3,073,253</u>	<u>3,061,375</u>	<u>3,427,573</u>
Total primary government expenses	<u>\$ 22,204,192</u>	<u>\$ 22,551,500</u>	<u>\$ 23,699,767</u>	<u>\$ 23,926,762</u>	<u>\$ 26,164,469</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 229,442	\$ 244,474	\$ 234,884	\$ 246,568	\$ 235,715
Public safety	539,158	84,810	193,446	310,715	279,159
Economic and physical development	71,243	-	15,329	13,111	11,212
Human services	1,439,954	1,486,101	1,892,895	2,132,383	1,978,004
Culture and recreation	19,603	22,675	23,079	24,280	23,059
Operating grants and contributions	4,750,808	4,803,520	4,619,374	4,689,246	4,768,953
Capital grants and contributions	475,974	150,000	462,491	354,356	718,191
Total governmental activities program revenue	<u>7,526,182</u>	<u>6,791,580</u>	<u>7,441,498</u>	<u>7,770,659</u>	<u>8,014,293</u>
Business-type activities					
Charges for services:					
Solid Waste	1,072,025	1,186,161	1,145,235	1,176,871	1,178,027
Water and Sewer	1,053,090	827,422	1,139,443	1,413,610	1,681,403
Capital grants and contributions	147,859	1,339,916	231,482	2,549,686	532,523
Total business-type activities program revenues	<u>2,272,974</u>	<u>3,353,499</u>	<u>2,284,678</u>	<u>5,140,167</u>	<u>3,391,953</u>
Total primary government program revenues	<u>\$ 9,799,156</u>	<u>\$ 10,145,079</u>	<u>\$ 9,726,176</u>	<u>\$ 12,910,826</u>	<u>\$ 11,406,246</u>
Net (expenses)/revenue					
Governmental activities	\$ (11,872,145)	\$ (12,921,786)	\$ (13,185,016)	\$ (13,094,728)	\$ (14,722,603)
Business-type activities	(532,891)	515,365	(557,093)	2,078,792	(35,620)
Total primary government net expenses	<u>\$ (12,405,036)</u>	<u>\$ (12,406,421)</u>	<u>\$ (13,742,109)</u>	<u>\$ (11,015,936)</u>	<u>\$ (14,758,223)</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	\$ 10,843,808	\$ 11,576,957	\$ 10,876,517	\$ 11,878,217	\$ 12,297,154
Local option sales taxes	2,597,758	2,857,560	3,119,926	3,292,261	3,648,064
Other taxes and licenses	195,518	928,792	237,987	265,569	283,953
Unrestricted grants and contributions	-	-	131,026	125,192	165,522
Investment earnings, unrestricted	81,339	64,840	177,394	414,341	563,824
Miscellaneous	126,956	92,886	48,992	68,593	148,940
Transfers	(418,916)	(253,360)	546,655	(56,469)	-
Total governmental activities	<u>13,426,463</u>	<u>15,267,675</u>	<u>15,138,497</u>	<u>15,987,704</u>	<u>17,107,457</u>
Business-type activities:					
Investment earnings	19,223	16,386	64,374	58,335	86,377
Miscellaneous		80,401	13,466	163,023	39,978
Transfers	418,916	253,360	(546,655)	56,469	-
Total business-type activities	<u>438,139</u>	<u>350,147</u>	<u>(468,815)</u>	<u>277,827</u>	<u>126,355</u>
Total primary government	<u>\$ 13,864,602</u>	<u>\$ 15,617,822</u>	<u>\$ 14,669,682</u>	<u>\$ 16,265,531</u>	<u>\$ 17,233,812</u>
Changes in Net Assets					
Governmental activities	\$ 1,554,318	\$ 2,345,889	\$ 1,953,481	\$ 2,892,976	\$ 2,384,854
Business-type activities	(94,752)	865,512	(1,025,908)	2,356,619	90,735
Total primary government	<u>\$ 1,459,566</u>	<u>\$ 3,211,401</u>	<u>\$ 927,573</u>	<u>\$ 5,249,595</u>	<u>\$ 2,475,589</u>

* Information prior to 6-30-03 is unavailable.

TABLE 3

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

Fiscal Year	Property Tax	Local Sales Tax	Other Taxes	Motor Fuel Tax	Alcoholic Beverage Tax	Total
2003	\$ 10,843,808	\$ 2,597,758	\$ 195,518	\$ 27,693	\$ 4,332	\$ 13,669,109
2004	11,576,957	2,857,560	928,792	12,921	4,499	15,380,729
2005	10,876,517	3,119,926	237,987	9,807	4,507	14,248,744
2006	11,878,217	3,292,261	265,569	18,792	5,557	15,460,396
2007	\$ 12,297,154	\$ 3,648,064	\$ 283,953	\$ 16,250	\$ 6,333	\$ 16,251,754

* Information prior to 6-30-03 is unavailable.

WARREN COUNTY, NORTH CAROLINA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST FIVE FISCAL YEARS*
(MODIFIED ACCURAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Years				
	2003	2004	2005	2006	2007
General fund					
Reserved by state statute	\$ 2,044,093	\$ 2,051,718	\$ 1,268,739	\$ 1,328,415	\$ 1,474,233
Reserved For					
Inventory	3,515	6,315	5,002	8,002	14,771
Register of Deeds	2,389	5,450	-	2,326	2,363
Unreserved					
Undesignated	3,258,339	3,803,527	5,821,619	5,849,224	3,769,857
Designated for Library	-	60,391	60,401	60,402	-
Designated for recreation	100,000	88,214	84,065	61,890	-
Designated for Haliwa Saponi Recreation Project	-	-	50,000	50,000	-
Designated for Courthouse Annex Renovation	-	-	-	-	250,000
Designated for subsequent year's expenditures	1,351,375	1,099,929	1,141,509	1,743,772	3,771,246
Total general fund	<u>\$ 6,759,711</u>	<u>\$ 7,115,544</u>	<u>\$ 8,431,335</u>	<u>\$ 9,104,031</u>	<u>\$ 9,282,470</u>
All other governmental funds					
Reserved by state statute	\$ 16,289	\$ 335,629	\$ 17,379	\$ 337,064	\$ 358,214
Reserved For					
Construction	1,574,545	-	-	-	-
Unreserved, reported in:					
Designated for subsequent year's expenditures	128,156	-	-	-	155,412
Special revenue funds	349,425	499,869	578,760	952,191	678,950
Capital projects funds	(100,909)	-	245,614	601,092	(68,711)
Total all other governmental funds	<u>\$ 1,967,506</u>	<u>\$ 835,498</u>	<u>\$ 841,753</u>	<u>\$ 1,890,347</u>	<u>\$ 1,123,865</u>

* Information prior to 6-30-03 is unavailable.

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

	Fiscal Years				
	2003	2004	2005	2006	2007
Revenues					
Ad Valorem taxes	\$ 10,611,442	\$ 10,962,711	\$ 11,457,516	\$ 11,748,015	\$ 11,940,857
Local option sales taxes	2,597,758	2,857,560	3,119,926	3,292,261	3,648,064
Other taxes and licenses	195,518	209,916	237,987	265,569	283,953
Unrestricted Intergovernmental	126,955	122,665	140,833	143,984	165,522
Restricted Intergovernmental	5,226,044	5,595,178	5,127,823	5,088,306	5,551,113
Permits and fees	295,823	292,661	280,957	388,895	354,962
Sales and services	1,966,811	1,486,759	2,022,911	2,274,666	2,108,218
Investment earnings	81,339	64,840	177,394	414,341	563,824
Miscellaneous	37,504	96,573	48,992	76,362	148,940
Total Revenues	<u>21,139,194</u>	<u>21,688,863</u>	<u>22,614,339</u>	<u>23,692,399</u>	<u>24,765,453</u>
Expenditures					
Current:					
General government	2,969,465	2,308,718	2,496,824	2,498,608	2,515,946
Public safety	3,752,294	4,398,852	4,513,470	5,151,737	5,573,705
Environmental protection	109,265	220,848	244,756	272,848	370,576
Economic and physical development	538,278	638,925	581,475	384,721	544,662
Human services	8,397,783	8,640,782	8,848,709	8,833,292	9,528,206
Cultural and recreation	365,386	410,777	478,667	448,659	511,975
Intergovernmental:					
Education	2,463,352	2,624,383	2,916,338	2,925,857	3,238,524
Capital outlay	620,012	1,509,801	245,699	958,343	3,622,830
Debt service:					
Principal	1,070,620	1,216,266	1,197,741	1,191,690	1,328,116
Interest and other charges	485,312	496,117	462,986	412,662	451,026
Total expenditures	<u>20,771,767</u>	<u>22,465,469</u>	<u>21,986,665</u>	<u>23,078,417</u>	<u>27,685,566</u>
Excess of revenues over (under) expenditures	<u>367,427</u>	<u>(776,606)</u>	<u>627,674</u>	<u>613,982</u>	<u>(2,920,113)</u>
Other financing sources (uses)					
Transfers in from other funds	468,544	363,573	1,002,559	771,938	1,237,130
Transfers out to other funds	(887,460)	(616,933)	(455,904)	(828,407)	(1,237,130)
Proceeds from the issuance of debt	2,513,150	253,791	147,717	1,163,777	2,332,070
Total other financing sources (uses)	<u>2,094,234</u>	<u>431</u>	<u>694,372</u>	<u>1,107,308</u>	<u>2,332,070</u>
Net change in fund balances	<u>\$ 2,461,661</u>	<u>\$ (776,175)</u>	<u>\$ 1,322,046</u>	<u>\$ 1,721,290</u>	<u>\$ (588,043)</u>
Debt service as a percentage of noncapital expenditures	7.72%	8.17%	7.64%	7.25%	7.39%

* Information prior to 6-30-03 is unavailable.

TABLE 6

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

Fiscal Year	Property Tax	Sales Tax	Other Taxes	Motor Fuel Tax	Alcoholic Beverage Tax	Total
2003	\$ 10,611,442	\$ 2,597,758	\$ 195,518	\$ 27,693	\$ 4,332	\$ 13,436,743
2004	10,962,711	2,857,560	928,792	12,921	4,499	14,766,483
2005	11,457,516	3,119,926	237,987	9,807	4,507	14,829,743
2006	11,240,566	3,292,261	265,569	18,792	5,557	14,822,745
2007	\$ 11,412,660	\$ 3,648,064	\$ 158,896	\$ 16,250	\$ 6,333	\$ 15,242,203

* Information prior to 6-30-03 is unavailable.

WARREN COUNTY, NORTH CAROLINA
ASSESSED VALUE AND ESTIMATED ACTUAL OF TAXABLE PROPERTY
LAST FIVE 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					
2003	\$ 986,937	\$ 87,564	\$ 1,074,501	\$ 108,950	\$ 84,539	\$ 9,510	\$ 1,258,480	\$ 0.82	\$ 1,750,807	71.88%
2004	1,010,621	90,298	1,100,919	110,309	70,297	9,579	1,271,946	0.82	1,604,574	79.27%
2005	1,034,307	97,608	1,131,915	109,950	65,019	9,655	1,297,229	0.84	1,574,307	82.40%
2006	1,066,168	100,318	1,166,486	119,000	56,490	9,880	1,332,096	0.84	1,585,829	84.00%
2007	\$ 1,097,104	\$ 108,505	\$ 1,205,609	\$ 127,570	\$ 62,375	\$ 9,999	1,385,555	\$ 0.84	\$ 1,648,810	84.03%

* Information prior to 12-31-03 is unavailable.

Source: Warren County Tax Office

WARREN COUNTY, NORTH CAROLINA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
LAST FIVE FISCAL YEARS*
(UNAUDITED)

Fiscal Year	Town of Warrenton	Town of Norlina	Town of Macon	County of Warren
2003	0.53	0.60	0.30	0.82
2004	0.65	0.64	0.30	0.84
2005	0.65	0.64	0.30	0.84
2006	0.65	0.64	0.30	0.84
2007	0.65	0.64	0.30	0.84

* Information prior to 6-30-03 is unavailable.

Source: Town of Warrenton
Town of Norlina
Town of Macon

TABLE 9

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

<u>Taxpayer</u>	2007			2003		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Inland Paperboard & Packaging	\$ 15,966,152	1	1.15%	\$ -	-	0.00%
Carolina Power & Light	14,367,588	2	1.04%	-	-	0.00%
Halifax EMC	11,585,403	3	0.84%	11,485,420	5	0.91%
Sustainable Forests-The Nature Conservancy	6,625,256	4	0.48%	12,026,177	3	0.96%
Carolina Telephone	7,134,872	5	0.51%	7,594,324	6	0.60%
Glen Raven Mills, Inc.	5,740,964	6	0.41%	16,555,908	2	1.60%
LMSW Kidney Center, LLC	4,720,600	7	0.34%	4,528,998	9	0.36%
Sustainable Forests-Forest PH Investments LLC	4,665,846	8	0.34%	-	0	0.00%
Cochrane Furniture Co., Inc.	4,063,127	9	0.29%	4,570,635	8	0.36%
Lake Gaston Outparcel LLC	3,726,746	10	0.27%	-	0	0.00%
Peck Manufacturing Company	-	-	0.00%	11,975,354	4	0.95%
Progress Energy	-	-	0.00%	6,932,604	7	0.55%
Virginia Electric Power Company	-	-	0.00%	3,496,543	10	0.28%
Totals	<u>\$ 78,596,554</u>		<u>5.67%</u>	<u>\$ 79,165,963</u>		<u>6.57%</u>

* Information not available prior to June 30, 2003.

Source: Warren County Tax Office

TABLE 10

**WARREN COUNTY, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST FIVE FISCAL 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		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 10,363	\$ 9,654	93.2%	\$ 480	\$ 10,134	97.8%
2004	10,471	9,900	94.5%	404	10,304	98.4%
2005	10,930	10,362	94.8%	339	10,701	97.9%
2006	11,246	10,612	94.4%	273	10,885	96.8%
2007	\$ 11,468	10,857	94.7%	\$ -	10,857	94.7%

* Information prior to 6-30-03 is unavailable.

Source: Warren County Tax Office

WARREN COUNTY, NORTH CAROLINA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST FIVE 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	Special Assessment Bonds	Capital Leases	Sewer Bonds	General Obligation Bonds	Capital Leases			
2003	\$ 8,175	\$ -	\$ 4,629	\$ -	\$ 4,289	\$ 7	\$ 17,100	4.97%	\$ 859
2004	7,311	-	4,372	-	4,241	18	15,942	4.47%	803
2005	6,456	-	3,970	-	7,771	28	18,225	4.79%	916
2006	5,615	-	4,609	-	7,718	34	17,976	4.72%	889
2007	\$ 4,783	\$ -	\$ 6,240	\$ -	\$ 7,663	\$ 15	\$ 18,701	4.91%	954

* Information prior to 6-30-03 is unavailable.

Source: U. S. Census Bureau

WARREN COUNTY, NORTH CAROLINA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST FIVE 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
2003	\$ 8,175	\$ -	\$ 8,175	0.47%	\$ 410
2004	7,312	-	7,312	0.45%	369
2005	6,456	-	6,456	0.41%	325
2006	5,615	-	5,615	0.35%	278
2007	\$ 4,783	\$ -	\$ 4,783	0.29%	244

* Information prior to 6-30-03 is unavailable.

Source: U. S. Census Bureau

WARREN COUNTY, NORTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2007
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
County of Warren	\$ 4,782,500	100.00%	\$ 4,782,500
Underlying:			
Town of Warrenton	-		-
Town of Norlina	-		-
Town of Macon	-		-
	<u>\$ 4,782,500</u>		<u>\$ 4,782,500</u>

Source: Town of Warrenton
Town of Norlina
Town of Macon

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

	Fiscal Years				
	2003	2004	2005	2006	2007
Debt limit	\$ 101,439	\$ 102,522	\$ 104,551	\$ 107,358	\$ 111,644
Total net debt applicable to limit	12,464	11,552	14,227	13,333	12,445
Legal debt margin	<u>\$ 88,975</u>	<u>\$ 90,970</u>	<u>\$ 90,324</u>	<u>\$ 94,025</u>	<u>\$ 99,199</u>
Total net debt applicable to the limit as a percentage of debt limit	12.29%	11.27%	13.61%	12.42%	11.15%
Legal Debt Margin Calculation for Fiscal Year 2007					
Assessed value					\$ 1,385,555
Add back: exempt real property					9,999
Total assessed value					<u>1,395,554</u>
Debt limit (8% of total assessed value)					111,644
Debt applicable to limit:					
General obligation bonds					12,445
Less: Amount set aside for repayment of general obligation debt					-
Total net debt applicable to limit					<u>12,445</u>
Legal debt margin					<u>\$ 99,199</u>

* Information prior to 6-30-03 is unavailable.

TABLE 15

WARREN COUNTY, NORTH CAROLINA
DEMOGRAPHICS AND ECONOMIC STATISTICS
LAST FIVE 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
2003	19,935	\$ 344,402	\$ 17,276	40.37	N/A	3,169	9.3%
2004	19,831	356,376	17,971	40.69	N/A	3,128	8.7%
2005	19,890	368,825	18,543	41.02	N/A	3,069	7.6%
2006	20,215	380,630	19,164	41.35	N/A	2,812	7.3%
2007	19,605	\$ 399,315	\$ 20,368	39.79	N/A	2,704	6.5%

* Information prior to 6-30-03 is unavailable.

N/A Not Available.

Source: U. S. Census Bureau Website
Federal Deposit Insurance Corporation Website
Warren County Public Schools
City Data Website

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

Employer	2007			2002		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
State of North Carolina	489	1	10.88%	478	1	11.50%
Warren County Schools	370	2	8.23%	454	2	11.00%
County of Warren	307	3	6.83%	250	3	6.00%
Elberta Crate & Box Company	200	4	4.45%	83	7	2.00%
Glen Raven Mills	156	5	3.47%	146	6	3.50%
Temple-Inland	150	6	3.34%	148	5	3.50%
Warren Hills Nursing Center	135	7	3.00%	160	4	3.80%
Cochrane Furniture Company	-	-	0.00%	148	5	3.50%
Cast Stone Systems, Inc.	60	8	1.33%	N/A	N/A	0.00%
Total	1,867		41.53%	1,867		44.80%

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

Function	Fiscal Years				
	2003	2004	2005	2006	2007
General Government	37	40	41	40	45
Public Safety					
Sheriff	23	25	29	33	35
Central Communications	9	10	12	12	13
Detention	17	17	18	17	19
Emergency Management	2	2	2	2	2
Emergency Services	17	18	17	20	22
Code Enforcement	3	3	3	3	3
Animal Control	1	2	2	3	4
Environmental Protection	4	4	4	4	4
Economic & Physical Development	11	12	11	12	13
Human Services	111	108	110	115	120
Culture and recreation	9	10	10	7	11
Education	3	3	3	3	3
Solid Waste	5	4	4	5	5
Public Works	2	2	7	7	8
Total	<u>254</u>	<u>260</u>	<u>273</u>	<u>283</u>	<u>307</u>

* Information prior to 6-30-03 is unavailable.

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

Function	Fiscal Years				
	2003	2004	2005	2006	2007
Public Safety					
Animal Control- Dogs & Cats picked up	936	376	285	704	1,202
Fire Calls	211	363	303	1,383	2,618
Breaking and entering investigations	229	331	273	463	350
EMS Calls	1,509	1,731	1,830	2,381	2,576
Code Enforcement Inspections	4,299	4,094	4,160	3,709	3,968
Human Services					
Number of home health visits	5,615	5,555	5,023	5,340	5,252
Number of home health patients	332	359	366	559	314
Environmental Protection					
Tons of Solid Waste Collected	7,968	8,685	8,156	10,345	10,986
Culture and recreation					
Recreation Youth Participants	526	581	595	650	675
Library Items Circulated	64,109	67,461	80,080	79,612	80,489
Number of Library Visits	41,490	43,618	56,500	52,588	53,172

* Information prior to 6-30-03 is unavailable.

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

Function	Fiscal Years				
	2003	2004	2005	2006	2007
General Government					
Buildings & Grounds Motor Vehicles	4	5	3	4	9
Public Safety					
Sheriff's Patrol Units	27	29	33	33	36
Ambulances	4	4	4	6	5
Other Motor Vehicles	8	7	7	8	8
Environmental Protection					
Motor Vehicles	6	5	4	4	6
Economic & Physical Development					
Motor Vehicles	1	1	1	5	4
Human Services					
Motor Vehicles	24	22	22	24	24
Culture and recreation					
Park Acreage		1	31	36	36
Parks	2	2	3	3	3
Library motor vehicles	1	1	1	1	1
Water & Sewer					
Motor Vehicles & Equipment	7	3	3	8	8
Fire Hydrants	183	187	187	337	337
Pump Stations	6	8	8	13	13
Miles of Water Main	233	247	247	324	324
Elevated Tanks	4	4	4	6	6
Miles of Gravity Sewer Lines	5	5	5	5	5
Miles of Sewer Force Main	23	23	23	23	23

* Information prior to 6-30-03 is unavailable.

COMPLIANCE SECTION

Winston, Williams, Creech, Evans & Company, LLP

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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

To The Board of County Commissioners
Warren County, North Carolina

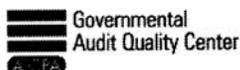
We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Warren County, North Carolina as of and for the year ended June 30, 2007, which collectively comprises Warren County's basic financial statements, and have issued our report thereon dated November 21, 2007. We did not audit the financial statements of Warren County Public Facility Company and the Warren County ABC Board. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and in our opinion, insofar as it relates to the amounts included for Warren County Public Facility Company and the 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.

Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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A control deficiency exists when designed or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Warren County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Warren County's financial statements that is more than inconsequential will not be prevented or detected by Warren County's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting (07-1 and 07-2).

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Warren County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider 07-1 and 07-2 as material weaknesses.

Compliance and Other Matters

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

Warren County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Warren County's response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of the Board, federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
November 21, 2007

Winston, Williams, Creech, Evans & Company, LLP

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Report On Compliance With Requirements Applicable To Each Major Federal Program And Internal Control Over Compliance In Accordance With OMB Circular A-133 and the State Single Audit Implementation Act

To the Board of County Commissioners
Warren County, North Carolina

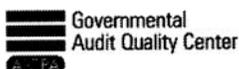
Compliance

We have audited the compliance of Warren County, North Carolina, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2007. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Warren County's management. Our responsibility is to express an opinion on Warren County's compliance based on our audit.

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

In our opinion, Warren County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007. We noted concerns regarding internal control over compliance with certain Federal program requirements, which we have reported to management of Warren County in a separate letter, dated November 21, 2007.

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Internal Control Over Compliance

The management of Warren County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Warren County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a federal program that is more than inconsequential will not be prevented or detected by Warren County's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 07-3 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Warren County's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

Warren County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of the Board of County Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
November 21, 2007

Winston, Williams, Creech, Evans & Company, LLP

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Report On Compliance With Requirements Applicable To Each Major State Program And Internal Control Over Compliance In Accordance With Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act

To the Board of County Commissioners
Warren County, North Carolina

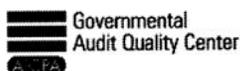
Compliance

We have audited the compliance of Warren County, North Carolina, with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2007. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of Warren County's management. Our responsibility is to express an opinion on Warren County's compliance based on our audit.

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

In our opinion, Warren County, North Carolina complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2007.

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Internal Control Over Compliance

The management of Warren County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered Warren County's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Warren County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a State program such that is more than a remote likelihood that noncompliance with a type of compliance requirement of a State program that is more than inconsequential will not be prevented or detected by Warren County's internal control.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control 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, as defined above.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of the Board of County Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
November 21, 2007

**WARREN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007**

Summary of Auditor's Results (continued)

Dollar threshold used to distinguish between Type A and Type B Programs:	\$	827,663
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

State Awards

Internal Control Over Major Programs:

Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant Deficiency(s) identified that are not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Noncompliance material to state awards	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Type of auditors' report issued on compliance for major state program: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes No

Identification of major state Programs:

Program Name
 Medical Assistance
 State/County Special Assistance for Adults
 Parks and Recreation Trust Fund
 Rural Center Development Grant

II. Financial Statement Findings

07-1 Segregation of Duties

MATERIAL WEAKNESS

Criteria: Duties should be segregated to provide reasonable assurance that transactions are handled appropriately.

Condition: There is a lack of segregation of duties among County personnel.

Effect: Transactions could be mishandled.

Cause: There are a limited number of personnel for certain functions.

Recommendation: The duties should be separated as much as possible, and alternative controls should be used to compensate for lack of separation. The governing board should provide some of these controls.

Views of responsible officials and planned corrective actions: The County agrees with this finding.

**WARREN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007**

07-2 Preparation of Financial Statements

MATERIAL WEAKNESS

Criteria: Management staff should have adequate knowledge to be able to prepare the financial statements to ensure material errors are detected.

Condition: There is limited knowledge of management staff in preparation of the County's financial statements.

Effect: Financial statements could be presented with material misstatements.

Cause: Management has limited knowledge regarding GAAP and its application to the financial statements.

Recommendation: Management should obtain additional training to become proficient with the rules of GAAP and its application to the financial statements.

Views of responsible officials and planned corrective actions: The County agrees with this finding. Additional training will be sought for management personnel.

E. Federal Award Findings and Questioned Costs

07-3 SIGNIFICANT DEFICIENCY

Criteria: Proper eligibility documentation and request notifications for Medicaid transportation should be present for all Medicaid transportation participants.

Condition: Proper documentation was not found regarding the Medicaid transportation files tested.

Effect: Claims could be submitted for clients who are not eligible to receive benefits.

Cause: Employee turnover and lack of training and personnel contribute to large amounts of paperwork and inadequate time to handle the caseload.

Recommendation: Management should obtain additional training to ensure proper documentation is being kept for Medicaid transportation and set up a plan to ensure that all participants have eligibility handled annually and all required documentation is included.

Views of responsible officials and planned corrective actions: The County agrees with this finding. Additional training will be sought for personnel and employees in this area.

F. State Award Findings and Questioned Costs

None reported.

**WARREN COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Section II - Financial Statement Findings

MATERIAL WEAKNESS

07-1 Segregation of Duties

Name of contact person: Barry Mayo, Finance Officer

Corrective Action: The duties will be separated as much as possible and alternative controls will be used to compensate for lack of separation. The governing board will become more involved in providing some of these controls.

Proposed Completion Date: The Board will implement the above procedure immediately.

MATERIAL WEAKNESS

07-2 Preparation of financial statements

Name of contact person: Barry Mayo, Finance Officer

Corrective Action: Management personnel will obtain additional training to enhance their knowledge of GAAP and the preparation of the financial statements.

Proposed Completion Date: The management personnel will obtain additional training during fiscal year 07-08.

SIGNIFICANT DEFICIENCY

07-3 Medicaid Transportation

Name of contact person: Barry Mayo, Finance Director

Corrective Action: Personnel will obtain additional training and implement a plan to ensure that documentation for Medicaid transportation is complete for all participants.

Proposed Completion Date: Personnel will obtain additional training during fiscal year 07-08. All files for transportation approvals hence forward will contain the appropriate documentation. Since recertifications are done annually, it will be fiscal year 08-09 before all files will be fully revisited.

WARREN COUNTY, NORTH CAROLINA
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Prior Year Audit Findings:

B. Financial Award Findings and Questioned Costs

Finding: 2003-1

Status: Corrected.

**WARREN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2007**

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES	STATE EXPENDITURES
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: Food Stamp Cluster:			
Food Stamp Program - Direct Benefit Payment	10.551	3,533,242	-
State Administrative Matching Grants for the Food Stamp Program	10.561	264,231	-
Total Food Stamp Cluster		3,797,473	-
Passed-through the N.C. Dept. of Health and Human Services: Division of Public Health: Administration: Special Supplemental Nutrition Program for Women, Infants., & Children	10.557	115,882	-
Direct Benefit Payments: Special Supplemental Nutrition Program for Women, Infants., & Children	10.557	457,235	-
Passed-through the Kerr-Tar Council of Governments: Nutrition Program for the Elderly	10.570	13,913	-
Total U.S. Dept. of Agriculture		4,384,503	-
<u>Rural Utilities Service</u>			
Direct Program: Water and Wastewater Disposal Systems for Rural Communities (Note 3)	10.760	84,112	-
Total Rural Utilities Service		84,112	-
<u>U.S. Dept. of Housing and Urban Development</u>			
Passed-through the N.C. Department of Commerce: Community Development Block Grant	14.228	70,874	-
<u>U.S. Dept of Justice</u>			
<u>Bureau of Justice Assistance</u>			
Passed through N.C. Dept of Crime Control and Public Safety: Drug Control and System Improvement	16.579	25,008	-
<u>U.S. Election Assistance Commission</u>			
Passed through State Board of Elections: HAVA Grant	90.401	11,607	-
Total General Services Administration		11,607	-
<u>Department of Homeland Security</u>			
Passed-through the N.C. Department of Crime Control: Homeland Security Grant-2003	97.004		-
Emergency Management Performance Grant	97.042		-
Homeland Security Grant-2004	97.004		-
Food and Shelter Program	97.024	3,688	-
Total Department of Homeland Security		3,688	-
<u>National Aeronautics and Space Administration</u>			
Direct Program: Science and Math Grant	43.001	100,000	-

WARREN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES	STATE EXPENDITURES
<u>U.S. Dept. of Health and Human Services</u>			
<u>Administration on Aging</u>			
Passed-through the Kerr-Tar Council of Governments:			
Agency Cluster:			
Special Programs for the Aging - Title III B			
Grants for Supportive Services	93.044	57,621	132,748
Special Programs for the Aging - Title III C			
Nutrition Services	93.045	42,087	28,176
Total Administration on Aging		99,708	160,924
<u>Administration for Children and Families</u>			
Passed-through the N.C. Dept. of Health			
Human Services:			
Division of Social Services:			
<u>Foster Care and Adoption Cluster:</u>			
Title IV-E Foster Care	93.658	68,673	16,917
Foster Care - Direct Benefit Payments	93.658	60,024	7,797
Adoption Assistance	93.659	22,109	5,000
Adoption Assistance - Direct Benefits Payments	93.659	104,637	29,096
Total Foster Care and Adoption Cluster		255,443	58,810
Temporary Assistance for Needy Families			
Administration	93.558	419,597	-
Direct Benefit Payments	93.558	395,021	-
Low-Income Home Energy Assistance Block Grant:			
Administration	93.568	103,781	6,725
Direct Benefit Payments	93.568	141,656	-
Child Welfare Services	93.645	6,167	1,585
Social Services Block Grant	93.667	142,004	17,605
Independent Living Grant	93.674	5,635	1,409
Division of Child Development:			
Subsidized Child Care:			
<u>Child Care and Development Fund Cluster:</u>			
Division of Social Services			
Child Care Development Fund-Administration	93.596	56,590	-
<u>Division of Child Development</u>			
Child Care and Development Fund-Discretionary	93.575	284,144	-
Child Care and Development Fund-Mandatory	93.596	117,517	-
Child Care and Development Fund-Match	93.596	116,944	64,635
Total Child Care Fund Cluster		575,195	64,635
Social Services Block Grant	93.667	5,531	-
Temporary Assistance for Needy Families	93.558	107,561	-
State Appropriations		-	37,013
Smart Start		-	4,821
More At Four State Funding		-	-
TANF-MOE		-	121,475
Total Subsidized Child Care Cluster		688,287	227,944
Total Administration for Children and Families		2,157,591	314,078
<u>Health Care Financing Administration</u>			
Passed-through the N.C. Dept. of Health and			
Human Services:			
Division of Medical Assistance:			
Medical Assistance Program - Direct Benefits			
Payments	93.778	19,707,066	9,987,991
Division of Social Services:			
Administration:			
Medical Assistance Program	93.778	566,818	75,959
Health Choice	93.767	35,102	1,508
Total Health Care Financing Administration		20,308,986	10,065,458

**WARREN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2007**

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES	STATE EXPENDITURES
<u>Centers for Disease Control</u>			
Passed through the N.C. Dept. of Health and Human Services:			
Division of Public Health:			
Bioterrorism Hospital Preparedness	93.003		-
Family Planning Services	93.217	38,045	-
Immunization Program/Aid to County Funding	93.268	7,976	-
Bioterrorism Grant	93.283	68,119	-
Prevention Investigations And Technical Assistance	93.283	22,501	-
Temporary Assistance for Needy Families	93.558	2,894	-
Cardiovascular Health Program	93.945		-
Statewide Health Promotion Program	93.991	22,633	-
Maternal and Child Health Services Block Grant	93.994	180,515	-
Total Centers for Disease Control		342,683	-
Total U.S. Dept. of Health and Human Services		22,908,968	10,540,460
Total federal awards		27,588,760	10,540,460
 STATE AWARDS:			
N.C. Dept of Agriculture and Consumer Services			
Pesticide Environmental Trust Fund Grant			4,749
 <u>N.C. Dept. of Cultural Resources</u>			
State Library of North Carolina:			
State Aid to Public Libraries		-	97,495
		-	97,495
 <u>N.C. Dept. of Health and Human Services</u>			
<u>Division of Social Services:</u>			
State/County Special Assistance for Adults - Direct			
Benefit Payments		-	318,425
CWS Direct Benefit Payments		-	22,661
State Aid to Counties		-	23,002
Incentive/Prog Integrity		-	1,990
State Adult Protective Services		-	23,946
State Foster Care Benefits Program - Direct		-	29,276
Energy Assistance		-	2,500
Smart Start		-	10,550
Total Division of Social Services		-	432,350
 <u>Division of Public Health:</u>			
General		-	13,403
Minority Health		-	25,000
Communicable Disease		-	9,592
Tuberculosis		-	2,946
AIDS-State		-	500
Children's Special Health Services		-	250
Werk First Demonstration Grant		-	111,101
Risk Reduction/Health Promotion		-	11,760
Public Health Nurse Training		-	400
TB Medical Services		-	540
Total Division of Public Health		-	175,492
Total N.C. Dept. of Health and Human Services		-	607,842
 <u>N.C. Dept. of Administration</u>			
Veteran Services Officer		-	2,000

WARREN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES	STATE EXPENDITURES
<u>N.C. Dept of Crime Control and Public Safety</u>			
Emergency Management Division:			
Emergency Management Performance Grant		-	13,756
<u>N.C. Dept of Environment and Natural Resources</u>			
Division of Waste Management			
Scrap Tire Disposal Grant		-	4,708
Division of Soil and Water Conservation			
Soil Technician Grant		-	18,211
Environmental Health			
Environmental Health Services			6,000
Food/Lodging Fee Collection			2,715
Lead Prevention			1,600
Administration			500
Smith Creek Agricultural Sediment Grant			5,589
Division of Parks and Recreation			
Parks and Recreation Trust Fund		-	497,316
Total N.C. Dept. of Environment and Natural Resources		-	536,639
<u>N.C. Dept. of Public Instruction</u>			
Public School Building Capital Fund		-	150,000
<u>N.C. Dept. of Transportation</u>			
Elderly and Disabled Transportation Assistance Program			
Program		-	52,089
Work First		-	5,231
Rural General Public Program		-	55,720
Total N.C. Dept. of Transportation		-	113,040
<u>N.C. Dept. Juvenile Justice and Delinquency Prevention</u>			
Governor's One-on-One Volunteer Program		-	16,500
Juvenile Crime Prevention Council Program		-	3,759
Youth Services Bureau		-	57,460
Conflict Management		-	4,854
North Central Alliance for Youth		-	18,450
Total N.C. Dept. of Juvenile Justice and Delinquency Prevention		-	101,023
<u>N.C. Rural Economic Development Center</u>			
Rural Center Development Grant		-	400,000
Total N.C. Rural Economic Development Center		-	400,000
Total State Awards		-	2,026,544
Total federal and State awards		\$ 27,588,760	\$ 12,567,004

**WARREN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2007**

NOTES TO PRECEDING SCHEDULE OF FEDERAL AND STATE AWARDS:

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of Warren County, North Carolina, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirement of OMB Circular A-133. Audits of State, Local Governments, Non-Profit Organizations and State Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Certain benefit payments are paid directly to recipients and are not included in the county's general purpose financial statements. However, due to the County's involvement in determining eligibility, they are considered federal awards to the county and are included on this schedule.

2. SUBRECIPIENTS

Of the federal and state expenditures presented in this schedule, Warren County provided federal and State awards to subrecipients as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
Special Program for the Aging - Title III B	93.044	57,621	132,748
Special Program for the Aging - Title III C	93.045	42,087	28,176
Rural General Public		-	55,720
ROAP-E&D Tap		-	26,205
NC Dept of Justice			
North Central Alliance for Youth	-	-	18,450
Conflict Management	-	-	4,854