

COMPREHENSIVE ANNUAL FINANCIAL REPORT

WARREN COUNTY,
NORTH CAROLINA

FOR THE FISCAL YEAR
ENDING JUNE 30, 2011



Prepared by the Warren County Finance Department

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INTRODUCTORY SECTION

Warren County Board of Commissioners
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Warrenton, NC 27589
Telephone: (252) 257-3115 Fax: (252) 257-5971
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December 15, 2011

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, 2011 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, 2011 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, 2011, present fairly the financial operations of the county, and are prepared in conformity with GAAP. The independent auditor's report is the first component of the financial section of the report.

The independent audit of the financial statements of Warren County was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements required the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliances with legal requirements involving the administration of federal awards. Information related to the Single Audit, including a schedule of expenditures of federal financial and state awards, with the auditor’s reports on internal controls and compliance with applicable laws and regulations, and a schedule of questioned costs is included in the compliance section of this report.

As required by GAAP, the Management Discussion and Analysis (MD&A) is presented in narrative form to introduce the basic financial statements and to provide an overview and analysis of the financial operations for the fiscal year ended June 30, 2011. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A is located immediately following the report of the independent auditor.

Financial Reporting Entity

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

In addition to the General Fund activities of the county, this report also includes information on other governmental funds of the county and enterprise funds. Enterprise funds account for ongoing business-type activities such as solid waste disposal/recycling and the water and sewer districts of the county. 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 land mass is 429 square miles with a population of 20,972. 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 tourism industry.

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

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

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

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

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

The budget is adopted on a departmental basis, but for internal purposes, accounting records are maintained on an object, or line-item basis. The budget shown in these financial statements is the budget ordinance as amended through June 30, 2011.

Factors Affecting Financial Condition

The decline in housing construction and the general economy of the Nation has proven to be an economic challenge for Warren County over the past three years. Warren County’s unemployment rate in August 2011 was 13.9% as compared to the State of North Carolina’s rate of 10.4% in August.

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 of all the five counties the lake borders, and just prior to the downturn in the economy had seen dramatic increases in property values in

residential property on Lake Gaston. The homebuilding industry on Lake Gaston has also seen a steep decline over the past three years along with retail and commercial businesses catering to the Lake Gaston residents and visitors.

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 area. The county's Economic Development office is focusing heavily on small business development and promoting entrepreneurship as a viable opportunity in this slowed economy. A concerted effort to increase tourism in the county was begun in January 2009. The Warren County Chamber of Commerce and Lake Gaston Chamber of Commerce along with interested stakeholders in the county developed a formal Tourism Strategic Plan to effectively organize, develop and market tourism opportunities in Warren County. The Tourism Strategic Plan provides a balanced framework of tasks, strategies and goals to ensure steady, sustainable tourism growth in Warren County.

The county has also partnered with the Warren Family Institute, a local non-profit community action agency, to identify funding to renovate the historical former Warren County Jail into office space and a small business incubator. Architectural renderings of the proposed facility were developed with input from local governmental officials, interested citizens and stakeholders. This information will be used to solicit grants and other financial support for this exciting project that will further promote small business development and create another tourism attraction in the Town of Warrenton's Historical Downtown District.

In 2008, Warren County was the recipient of an \$800,000 grant from the Golden LEAF Foundation to renovate the former National Guard Armory building. Those funds along with \$200,000 in local funding were used to completely renovate the former Armory into a fully accessible multi-purpose use facility that also houses the county's Economic Development Commission offices. This fully modernized facility is anticipated to increase tourism resulting from activities and programming that have regional appeal, i.e. theatre productions, art shows, job fairs, trade shows, concerts, ect., making Warren County "a destination of choice" for individuals from surrounding locales and the State of Virginia which borders Warren County to the North.

Warren County is actively involved in an innovative four-county regional economic development initiative dubbed "Triangle North" with Franklin, Granville and Vance counties. The driving premise behind this initiative is that by taking a regional approach to economic development, the resources of each county can be shared to hopefully attract higher quality industrial and business investments. Each of the four counties has certified industrial sites with Warren County's 860-acre site located near two major highways, Interstate 85 and US Highway 1, being the largest in the region.

In 2011, Warren County officials, in conjunction with a local non-profit, regional livestock producers and consumers, announced plans to create an agricultural biotechnology cluster of companies and support services on a 100+ acre GreenTech business campus. The campus itself will be “green,” - the first agricultural biotechnology park in the nation powered completely by alternative energy sources – solar and biodiesel. Private investments have been obtained to fund a new certified humane advanced technology meat processing facility that would be the anchor business in the campus. This proposed facility would process beef, hogs, sheep and goats, creating an estimated 50 jobs in the plant and 500 jobs regionally in the livestock, agriculture supply and transportation industries. The facility will be built on the site to serve existing markets and stimulate additional livestock production in north-central North Carolina and Virginia.

Warren County continues to invest in water and sewer infrastructure with the construction of rural waterlines in outlying areas of the county. The county has constructed approximately 600 miles of waterline throughout the county serving approximately 4,400 customers with potable drinking water. Construction of additional water lines is ongoing in the northeastern and southeastern sections of the county. The availability and abundance of water in the county’s jurisdictional boundaries is an excellent economic development tool in our business/industry recruitment efforts.

Cash Management

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

Risk Management

The county protects itself from loss with general liability insurance, business automobile and professional liability insurance coverage purchased through Argonaut Great Central Insurance Company, and Workers’ compensation coverage through Key Risk Insurance Company.

Long Term Financial Planning

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

Other Information and Acknowledgements

Warren 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.

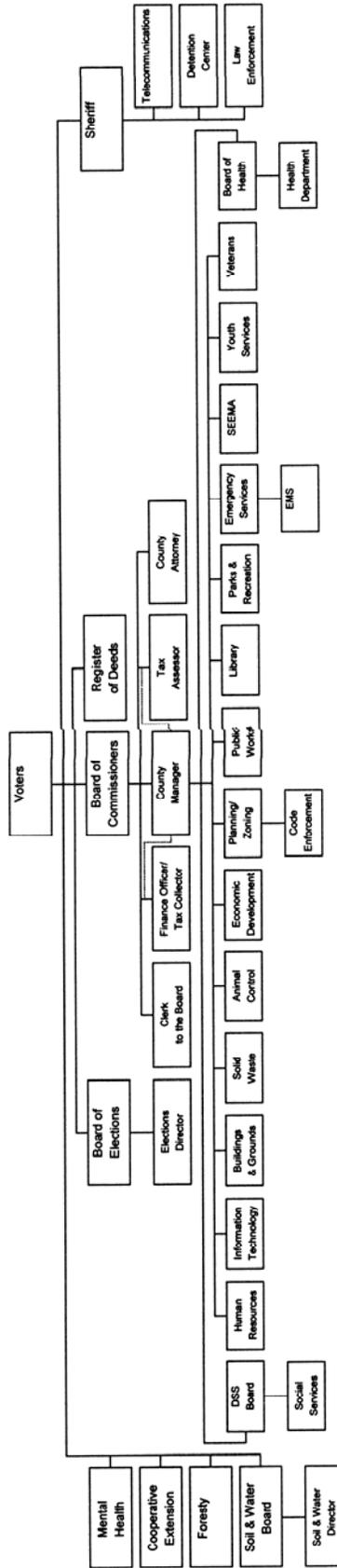
We appreciate the dedication of employees in all departments who carry out the services and programs approved and funded by the Board of County Commissioners. Preparation of this report would not have been possible without the dedicated efforts of the entire Finance Department staff. We also express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

Respectfully Submitted,

Linda T. Worth
County Manager

Barry J. Mayo
Finance Director

Warren County Government



**WARREN COUNTY, NORTH CAROLINA
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2011**

**Board of County
Commissioners**

Barry Richardson, Chairperson
Ulysses S. Ross, Vice-Chairperson

Bertadean Baker
Ruby Downey
Jennifer Jordan

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

County Officials

Linda T. Worth
Barry J. Mayo
Robert E. Mitchum
Yvonne Alston
Johnny M. Williams
Marshall Brothers
Debbie Formyduval
Macon Robertson
Doug Young
Larry West
Jeffrey Woodard
Zaida White
Terry Henderson
Paul Westfall
Charles Ayscue
Elma Van Blitterswyk
Ken Krulik
Vacant
Andy G. Smith
Elgin Lane
Marcus Johnson
Richard Williams
Jacqueline Leath
Debbie Scott
Arnetta Yancey

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 Administrator
Interim Library Director
Interim Cooperative Extension Director
Building, Grounds Maintenance Manager
Animal Control Director
Planning/Zoning
Economic Development Director
Health Director
Human Resources Manager
Information Technology/GIS Admin
Recreation Director
Interim SEMAA Director
Youth Services Bureau Director
Senior Center 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, 2010

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.



Linda C. Danson

President

Jeffrey R. Egan

Executive Director

FINANCIAL SECTION

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

Certified Public Accountants



America Counts on CPAs

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

Jennifer T. Reese, CPA
Curtis G. Van Horne, CPA
Cathy E. McKinley, CPA
Thomas F. Edmunds IV, CPA
Leah P. Englebright, CPA
James C. Lamb, CPA
Tara H. Roberson, 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, 2011, which collectively comprise Warren 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, insofar as it relates to the amounts included for Warren County Public Facilities Company and Warren County ABC Board, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the other auditors provide a reasonable basis for our opinions.

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, 2011, 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.

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In accordance with Government Auditing Standards, we have also issued our report dated December 15, 2011 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, and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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.

Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance and Other Postemployment Benefits Schedules of Funding Progress and Employer Contributions are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United State of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Warren County, North Carolina. The introductory information, combining and individual nonmajor fund financial statements, budgetary schedules, other 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 reports 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
December 15, 2011

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, 2011. 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

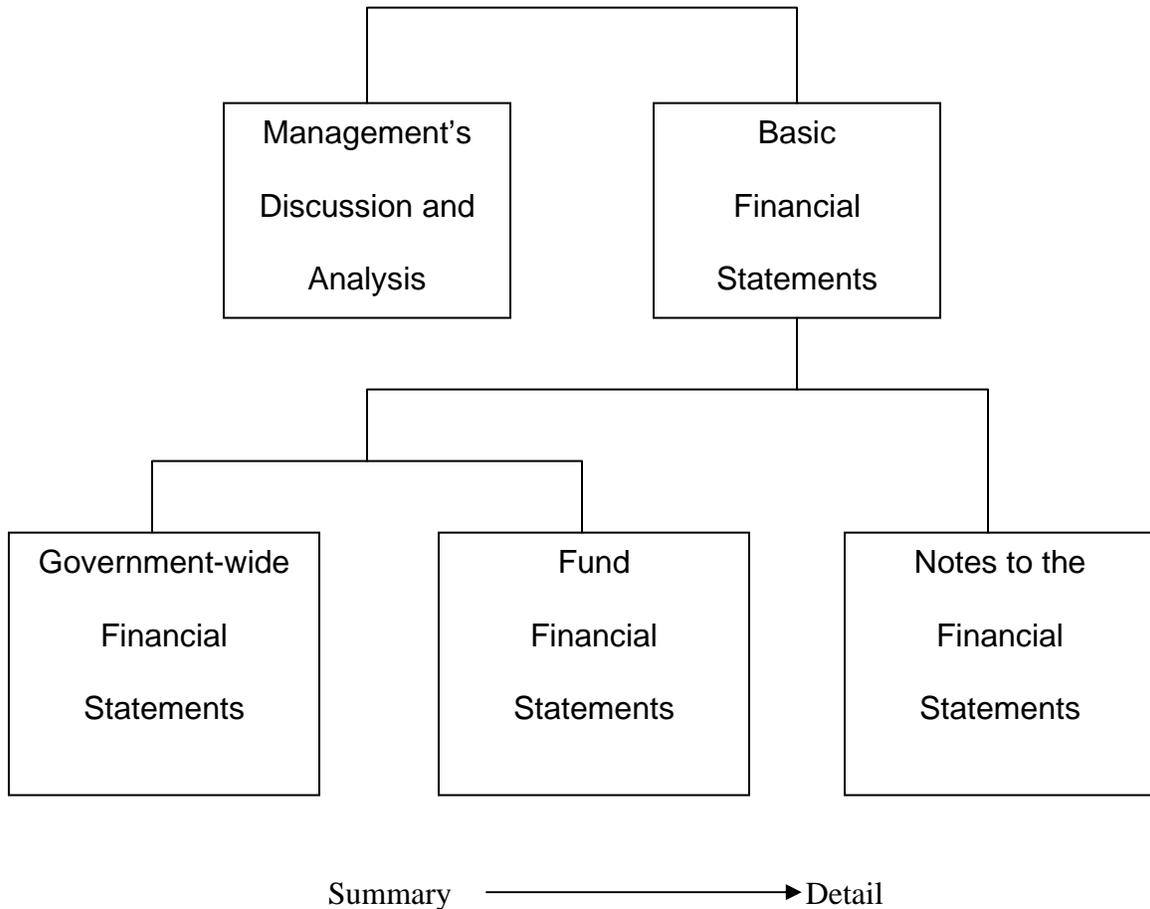
- The assets of Warren County exceeded its liabilities at the close of the fiscal year by \$45,127,809 (*net assets*).
- As of the close of the current fiscal year, Warren County's governmental funds reported combined ending fund balances of \$9,211,657, a decrease of \$630,518 in comparison with the prior year. Approximately 56.24 percent of this total amount or \$5,180,530 is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,263,593, or 19.91% of total general fund expenditures for the fiscal year.
- Warren County's total debt decreased by \$1,527,104 (6.5%) during the current fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's non-major

governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes 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 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 Fund for funds collected by the County and remitted to the Warren County Board of Education; 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 39 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Warren County's

progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 73 of the report.

Government-Wide Financial Analysis

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 \$ 45,127,809 as of June 30, 2011, one of the largest portions (76.99%) reflects the County's investment in capital assets (e.g. land, buildings, machinery, and equipment), and less any related debt still outstanding that was issued to acquire those items. Warren County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Warren County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. Warren County has restricted net assets of \$2,399,348. The balance of \$5,997,626 is unrestricted.

Warren County's Net Assets
Figure 2

| | Governmental Activities | | Business-type Activities | | Total | |
|--|----------------------------|---------------|-----------------------------|---------------|---------------|---------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Current and other assets | \$ 12,079,378 | \$ 12,522,735 | \$ 2,849,756 | \$ 2,669,460 | \$ 14,929,134 | \$ 15,192,195 |
| Capital Assets | 19,082,080 | 19,254,643 | 34,677,838 | 35,159,191 | 53,759,918 | 54,413,834 |
| Total Assets | 31,161,458 | 31,777,378 | 37,527,594 | 37,828,651 | 68,689,052 | 69,606,029 |
| Long-term liabilities outstanding | 9,522,466 | 11,134,984 | 12,447,659 | 12,418,586 | 21,970,125 | 23,553,570 |
| Other liabilities | 1,021,468 | 886,167 | 569,650 | 757,346 | 1,591,118 | 1,643,513 |
| Total Liabilities | 10,543,934 | 12,021,151 | 13,017,309 | 13,175,932 | 23,561,243 | 25,197,083 |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 12,220,550 | 11,313,927 | 22,523,838 | 22,843,191 | 34,744,388 | 34,157,118 |
| Restricted | 2,399,348 | - | - | - | 2,399,348 | - |
| Unrestricted | 5,997,626 | 8,442,300 | 1,986,447 | 1,809,528 | 7,984,073 | 10,251,828 |
| Total net assets | \$ 20,617,524 | \$ 19,756,227 | \$ 24,510,285 | \$ 24,652,719 | \$ 45,127,809 | \$ 44,408,946 |

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

- Cash and equivalents increased due to increased tax collections.
- Taxes receivable decreased as more emphases is focused on delinquent tax collections.
- The County's inventory of capital assets has decreased; this inventory decrease is the effect of depreciation.

Warren County Changes in Net Assets
Figure 3

| | Governmental | | Business-like | | Total | |
|---|-------------------|-------------------|------------------|------------------|-------------------|-------------------|
| | Activities | | Activities | | | |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 2,526,400 | \$ 2,527,214 | \$ 3,791,148 | \$ 3,624,544 | \$ 6,317,548 | \$ 6,151,758 |
| Operating grants and contributions | 5,641,667 | 6,519,634 | - | - | 5,641,667 | 6,519,634 |
| Capital grants and contributions | 369,081 | 1,036,382 | 304,788 | 1,251,583 | 673,869 | 2,287,965 |
| General revenues: | | | | | | |
| Property taxes | 16,111,062 | 16,017,334 | - | - | 16,111,062 | 16,017,334 |
| Other taxes | 2,028,516 | 2,144,766 | - | - | 2,028,516 | 2,144,766 |
| Grants and contributions not related to specific programs | 200,746 | - | - | - | 200,746 | - |
| Investment Earnings | 15,940 | 17,402 | 3,467 | 4,407 | 19,407 | 21,809 |
| Miscellaneous | 100,202 | 106,248 | 37,964 | 53,550 | 138,166 | 159,798 |
| Total Revenues | 26,993,614 | 28,368,980 | 4,137,367 | 4,934,084 | 31,130,981 | 33,303,064 |
| Expenses: | | | | | | |
| General government | 3,363,969 | 2,859,952 | - | - | 3,363,969 | 2,859,952 |
| Public safety | 7,033,229 | 7,133,833 | - | - | 7,033,229 | 7,133,833 |
| Economic and physical development | 676,787 | 812,368 | - | - | 676,787 | 812,368 |
| Environmental protection | 387,701 | 375,553 | 1,411,789 | 1,387,291 | 1,799,490 | - |
| Human services | 8,961,158 | 8,843,649 | - | - | 8,961,158 | 8,843,649 |
| Cultural and recreation | 854,045 | 889,294 | - | - | 854,045 | 889,294 |
| Education | 4,460,339 | 4,766,622 | - | - | 4,460,339 | 4,766,622 |
| Interest on long-term debt | 397,854 | 396,113 | - | - | 397,854 | 396,113 |
| Water and sewer | - | - | 2,865,247 | 2,778,124 | 2,865,247 | 2,778,124 |
| Total Expenses | 26,135,082 | 26,077,384 | 4,277,036 | 4,165,415 | 30,412,118 | 30,242,799 |
| Increase in net assets before transfers | 858,532 | 2,291,596 | (139,669) | 768,669 | 718,863 | 3,060,265 |
| Transfers | 2,765 | - | (2,765) | - | - | - |
| Increase in net assets | 861,297 | 2,291,596 | (142,434) | 768,669 | 721,628 | 3,060,265 |
| Net assets, July 1 | 19,756,227 | 17,464,631 | 24,652,719 | 23,884,050 | 44,408,946 | 41,348,681 |
| Net assets, June 30 | \$ 20,617,524 | \$ 19,756,227 | \$ 24,510,285 | \$ 24,652,719 | \$ 45,127,809 | \$ 44,408,946 |

Governmental activities. Governmental activities increased the County's net assets by \$861,297 accounting for 119.81 percent 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 \$22,139 as a result of continued emphasis on the delinquent tax collection program. Tax collections for 10-11 remained in line with collections from the prior year.
- Local option sales tax revenue decreased by \$131,670 due to the impact of the economic recession.

Business-type activities. Business-type activities decreased Warren County's net assets by \$142,434 or 19.81% compared to the prior year. The key elements for this decrease were operating expenses were up and capital contributions were down.

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, unassigned fund balance of the General Fund was \$5,263,593, while total fund balance reached \$8,467,527. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 19.91 percent of total General Fund expenditures, while total fund balance represents 32.04 percent of that same amount. Fund balance for the General Fund decreased by \$449,008 from the prior year. The contributing factors for the negative change to fund balance in the current year was due to the slow economy and the inability to collect revenues at the same rate as prior years.

At June 30, 2011, the governmental funds of Warren County reported a combined fund balance of \$9,211,657, a 6.41% decrease over last year. This decrease is attributable to the economic conditions and the completion of projects.

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 \$800,618 or 2.89 percent. A total increase of \$396,339 was made to restricted intergovernmental revenues for additional grants from outside sources and to maintain services.

Warren County was very conservative when estimating sales tax revenue due to changes in the economy and only overestimated this revenue by \$124,895. The County overestimated the amount of investments earnings by \$104,794 due to significant changes in the economy and earnings rates during fiscal year 2010-2011. Restricted intergovernmental revenue was overestimated due to less school money being drawn down from ADM and lottery funds than was originally anticipated.

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 Solid Waste Fund at the end of the fiscal year amounted to \$325,617 and those for the Water and Sewer Districts equaled \$1,660,830. Other factors concerning the finances of these funds have already been addressed in the discussion of Warren County’s business-type activities.

Capital Asset and Debt Administration

Capital assets. Warren County’s capital assets for its governmental and business-type activities as of June 30, 2011 totals \$53,759,918 (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:

- Completed Armory renovations
- Critical renovations to county facilities
- Continued construction of EMS Satellite Facilities
- Purchase of Public Safety Equipment
- Purchased vehicles in both Governmental and Business-type Activities
- Significant Construction in Progress of Water lines

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

Figure 4

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------------------|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Land | \$ 1,124,334 | \$ 1,087,743 | \$ 233,570 | \$ 233,570 | \$ 1,357,904 | \$ 1,321,313 |
| Buildings | 15,999,547 | 15,415,127 | - | - | 15,999,547 | 15,415,127 |
| Improvements other than buildings | 137,951 | - | - | - | 137,951 | |
| Equipment and furniture | 994,970 | 839,899 | 111,333 | 103,058 | 1,106,303 | 942,957 |
| Water Lines/Elevated Tanks | - | - | 24,428,664 | 17,119,114 | 24,428,664 | 17,119,114 |
| Vehicles and motorized equipment | 557,289 | 688,141 | 29,240 | 25,132 | 586,529 | 713,273 |
| Construction in progress | 267,989 | 1,223,733 | 9,875,031 | 17,678,318 | 10,143,020 | 18,902,051 |
| Total | \$ 19,082,080 | \$ 19,254,643 | \$ 34,677,838 | \$ 35,159,192 | \$ 53,759,918 | \$ 54,413,835 |

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

Long-term Debt. As of June 30, 2011, Warren County had total bonded debt outstanding of \$13,742,000 all of which is debt backed by the full faith and credit of the County.

Warren County's Outstanding Debt

Figure 5

| | Governmental | | Business-Type | | Total | |
|-----------------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | Activities | | Activities | | | |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| General Obligation Bonds | \$ 1,588,000 | \$ 2,379,500 | \$ 12,154,000 | \$ 12,316,000 | \$ 13,742,000 | \$14,695,500 |
| Installment Purchases | 6,933,072 | 7,882,931 | 187,858 | - | 7,120,930 | 7,882,931 |
| Other Obligations | 1,001,394 | 872,553 | 105,801 | 46,245 | 1,107,195 | 918,798 |
| Total Long-Term Debt | \$ 9,522,466 | \$ 11,134,984 | \$ 12,447,659 | \$ 12,362,245 | \$ 21,970,125 | \$ 23,497,229 |

During the past fiscal year, Warren County's total debt decreased by \$1,527,104, 6.5 percent. General obligation debt of \$953,500 was retired in governmental activities and business-type activities.

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 \$190,008,731. The County has \$12,000,000 in bonds authorized at June 30, 2011 for Warren County Water and Sewer District Number III. Of the \$12,000,000 in bonds authorized, \$3,462,000 remain unissued.

Additional information regarding Warren County's long-term debt can be found in Note III B-8 beginning on page 64 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 12.5%, only a percent reduction from last year.

Governmental Activities: The County adopted a budget for fiscal year 2012 with a 4.59 percent decrease in General Fund expenditures. County employees did not receive a salary increase; this and other costs were reduced in order to lower the tax rate at .60 cent.

Business-type Activities: There was a slight increase in the County's FY 2012 budgets for water and sewer. 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, 2011

| | Governmental Activities | Business-type Activities | Total | Component Units | |
|---|----------------------------|-----------------------------|----------------------|---|----------------------------|
| | | | | Warren County Public Facilities Co. | Warren County ABC Board |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 8,581,545 | \$ 2,096,904 | \$ 10,678,449 | \$ 80,824 | \$ 93,233 |
| Restricted cash | 181,751 | - | 181,751 | - | - |
| Receivables (net) | 1,385,667 | 752,852 | 2,138,519 | - | - |
| Taxes receivable | 1,664,571 | - | 1,664,571 | - | - |
| Accrued interest receivable on taxes | 237,165 | - | 237,165 | - | - |
| Inventory | 25,388 | - | 25,388 | - | 281,991 |
| Prepaid expenses | - | - | - | - | 18,847 |
| Deferred charges-issuance costs | 3,291 | - | 3,291 | - | - |
| Loan fees | - | - | - | 8,000 | - |
| Capital assets | | | | | |
| Land, improvements, and construction in progress | 1,392,323 | 10,108,602 | 11,500,925 | 35,000 | - |
| Other capital assets, net of depreciation | 17,689,757 | 24,569,236 | 42,258,993 | 699,187 | 7,113 |
| Total capital assets | 19,082,080 | 34,677,838 | 53,759,918 | 734,187 | 7,113 |
| Total Assets | \$ 31,161,458 | \$ 37,527,594 | \$ 68,689,052 | \$ 823,011 | \$ 401,184 |
| LIABILITIES | | | | | |
| Accounts payable & accrued expenses | \$ 894,066 | \$ 250,759 | \$ 1,144,825 | \$ - | \$ 293,908 |
| Accrued interest payable | 58,774 | 47,398 | 106,172 | - | - |
| Unearned revenue | 68,628 | - | 68,628 | 9,900 | - |
| Customer deposits | - | 271,493 | 271,493 | - | - |
| Long-term liabilities: | | | | | |
| Due within one year | | | | | |
| Bonds payable | 703,000 | 170,000 | 873,000 | - | - |
| Installment purchases payable | 1,015,632 | 14,798 | 1,030,430 | 58,737 | - |
| Compensated absences payable | 180,780 | 11,666 | 192,446 | - | - |
| Due in more than one year | | | | | |
| Accrued landfill closure cost | - | 55,968 | 55,968 | - | - |
| Pension obligation | 212,030 | - | 212,030 | - | - |
| Other postemployment benefits | 66,244 | 3,172 | 69,416 | - | - |
| Compensated absences payable | 542,340 | 34,995 | 577,335 | - | - |
| Installment purchases payable | 5,917,440 | 173,060 | 6,090,500 | 633,016 | - |
| Bonds payable | 885,000 | 11,984,000 | 12,869,000 | - | - |
| Total Liabilities | 10,543,934 | 13,017,309 | 23,561,243 | 701,653 | 293,908 |
| NET ASSETS | | | | | |
| Invested in capital assets, net of related debt | 12,220,550 | 22,523,838 | 34,744,388 | 42,434 | 7,113 |
| Restricted for: | | | | | |
| Stabilization by State Statute | 1,592,404 | - | 1,592,404 | - | - |
| Public Safety | 496,185 | - | 496,185 | - | - |
| Economic Development | 310,759 | - | 310,759 | - | - |
| Capital improvements | - | - | - | - | 88,670 |
| Working capital | - | - | - | - | 11,493 |
| Unrestricted | 5,997,626 | 1,986,447 | 7,984,073 | 78,924 | - |
| Total Net Assets | \$ 20,617,524 | \$ 24,510,285 | \$ 45,127,809 | \$ 121,358 | \$ 107,276 |

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, 2011

| Functions/Programs | Program Revenues | | | | Net (Expenses) Revenues and Changes in Net Assets | | | | |
|--|----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|------------------------|-------------------------------------|-------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | Component Units | |
| | | | | | Governmental Activities | Business-Type Activities | Total | Warren County Public Facilities Co. | Warren County ABC Board |
| Primary Government: | | | | | | | | | |
| Governmental Activities: | | | | | | | | | |
| General government | \$ 3,363,969 | \$ 159,919 | \$ 20,933 | \$ 143,886 | \$ (3,039,231) | \$ - | \$ (3,039,231) | \$ - | \$ - |
| Public safety | 7,033,229 | 194,105 | 381,445 | - | (6,457,679) | - | (6,457,679) | - | - |
| Economic and physical development | 676,787 | 17,890 | 40,509 | 225,195 | (393,193) | - | (393,193) | - | - |
| Environmental protection | 384,936 | - | - | - | (384,936) | - | (384,936) | - | - |
| Human services | 8,961,158 | 2,090,364 | 4,918,846 | - | (1,951,948) | - | (1,951,948) | - | - |
| Cultural and recreation | 854,045 | 64,122 | 179,987 | - | (609,936) | - | (609,936) | - | - |
| Education | 4,460,339 | - | 99,947 | - | (4,360,392) | - | (4,360,392) | - | - |
| Interest on long-term debt | 397,854 | - | - | - | (397,854) | - | (397,854) | - | - |
| Total governmental activities | <u>26,132,317</u> | <u>2,526,400</u> | <u>5,641,667</u> | <u>369,081</u> | <u>(17,595,169)</u> | <u>-</u> | <u>(17,595,169)</u> | <u>-</u> | <u>-</u> |
| Business-type activities: | | | | | | | | | |
| Solid Waste | 1,411,789 | 1,365,509 | - | 55,793 | - | 9,513 | 9,513 | - | - |
| Water and Sewer | 2,868,012 | 2,425,639 | - | 248,995 | - | (193,378) | (193,378) | - | - |
| Total business-type activities | <u>4,279,801</u> | <u>3,791,148</u> | <u>-</u> | <u>304,788</u> | <u>-</u> | <u>(183,865)</u> | <u>(183,865)</u> | <u>-</u> | <u>-</u> |
| Total primary government | <u>\$ 30,412,118</u> | <u>\$ 6,317,548</u> | <u>\$ 5,641,667</u> | <u>\$ 673,869</u> | <u>\$ (17,595,169)</u> | <u>\$ (183,865)</u> | <u>\$ (17,779,034)</u> | <u>\$ -</u> | <u>\$ -</u> |
| Component units: | | | | | | | | | |
| Warren County Public Facilities Co. | \$ 99,034 | \$ 118,800 | \$ 250 | \$ - | \$ - | \$ - | \$ - | \$ 20,016 | \$ - |
| Warren County ABC Board | 1,933,092 | 1,932,461 | - | - | - | - | - | - | (631) |
| Total component units | <u>\$ 2,032,126</u> | <u>\$ 2,051,261</u> | <u>\$ 250</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 20,016</u> | <u>\$ (631)</u> |
| General revenues: | | | | | | | | | |
| Taxes: | | | | | | | | | |
| Property taxes, levied for general purpose | | | | | \$ 16,111,062 | \$ - | \$ 16,111,062 | \$ - | \$ - |
| Local option sales tax | | | | | 1,963,435 | - | 1,963,435 | - | - |
| Other taxes and licenses | | | | | 65,081 | - | 65,081 | - | - |
| Grants and contributions not restricted to specific programs | | | | | 200,746 | - | 200,746 | - | - |
| Investment earnings, unrestricted | | | | | 15,940 | 3,467 | 19,407 | 305 | 519 |
| Miscellaneous, unrestricted | | | | | 100,202 | 37,964 | 138,166 | - | 112 |
| Total general revenues, special items and transfers | | | | | <u>18,456,466</u> | <u>41,431</u> | <u>18,497,897</u> | <u>305</u> | <u>631</u> |
| Change in net assets | | | | | 861,297 | (142,434) | 718,863 | 20,321 | - |
| Net assets - beginning, as restated | | | | | 19,756,227 | 24,652,719 | 44,408,946 | 101,037 | 107,276 |
| Net assets - ending | <u>\$ 20,617,524</u> | <u>\$ 24,510,285</u> | <u>\$ 45,127,809</u> | <u>\$ 45,127,809</u> | <u>\$ 45,127,809</u> | <u>\$ 45,127,809</u> | <u>\$ 45,127,809</u> | <u>\$ 121,358</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, 2011

| | General Fund | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|--------------------------------|--------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 7,756,387 | \$ 825,158 | \$ 8,581,545 |
| Restricted cash | 181,751 | - | 181,751 |
| Accounts receivable (net) | 1,066,320 | 202,000 | 1,268,320 |
| Taxes receivable (net) | 1,531,445 | 133,126 | 1,664,571 |
| Due from other governments | 117,347 | - | 117,347 |
| Due from other funds | 206,737 | - | 206,737 |
| Inventory | 25,388 | - | 25,388 |
| Total Assets | <u>\$ 10,885,375</u> | <u>\$ 1,160,284</u> | <u>\$ 12,045,659</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable & accrued liabilities | \$ 817,775 | \$ 76,291 | \$ 894,066 |
| Due to other funds | - | 206,737 | 206,737 |
| Deferred revenue | 1,531,445 | 133,126 | 1,664,571 |
| Unearned revenue | 68,628 | - | 68,628 |
| Total Liabilities | <u>2,417,848</u> | <u>416,154</u> | <u>2,834,002</u> |
| Fund balances: | | | |
| Nonspendable: | | | |
| Inventories | 25,388 | - | 25,388 |
| Restricted: | | | |
| Stabilization by State Statute | 1,390,404 | 202,000 | 1,592,404 |
| Public Safety | - | 496,185 | 496,185 |
| Economic Development | - | 310,759 | 310,759 |
| Committed: | | | |
| Revaluation | 181,751 | - | 181,751 |
| Assigned: | | | |
| Subsequent year's expenditures | 1,606,391 | - | 1,606,391 |
| Unassigned | 5,263,593 | (264,814) | 4,998,779 |
| Total Equity | <u>8,467,527</u> | <u>744,130</u> | <u>9,211,657</u> |
| Total Liabilities and Fund Balances | <u>\$ 10,885,375</u> | <u>\$ 1,160,284</u> | <u>\$ 12,045,659</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, 2011**

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

| | |
|--|----------------------|
| Total equity (Exhibit 3) | \$ 9,211,657 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds | 19,082,080 |
| 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 | 237,165 |
| 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 | 3,291 |
| Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not the government-wide | 1,664,571 |
| 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>(9,581,240)</u> |
| Net assets of governmental activities (Exhibit 1) | <u>\$ 20,617,524</u> |

**WARREN COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

| | General Fund | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|--------------------------------|--------------------------------|
| REVENUES | | | |
| Ad valorem taxes | \$ 15,318,279 | \$ 746,539 | \$ 16,064,818 |
| Local option sales taxes | 1,963,435 | - | 1,963,435 |
| Other taxes and licenses | 65,081 | - | 65,081 |
| Unrestricted intergovernmental | 200,746 | - | 200,746 |
| Restricted intergovernmental | 5,405,737 | 589,676 | 5,995,413 |
| Permits and fees | 248,403 | - | 248,403 |
| Sales and services | 2,237,698 | - | 2,237,698 |
| Investment earnings | 14,726 | 1,214 | 15,940 |
| Miscellaneous | 134,293 | 23,667 | 157,960 |
| Total Revenues | 25,588,398 | 1,361,096 | 26,949,494 |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 3,043,227 | - | 3,043,227 |
| Public safety | 6,320,136 | 747,432 | 7,067,568 |
| Environmental protection | 382,164 | - | 382,164 |
| Economic and physical development | 493,060 | 179,335 | 672,395 |
| Human services | 8,825,203 | - | 8,825,203 |
| Cultural and recreational | 863,403 | - | 863,403 |
| Intergovernmental: | | | |
| Education | 4,454,943 | - | 4,454,943 |
| Capital outlay | - | 316,048 | 316,048 |
| Debt service: | | | |
| Principal | 1,647,467 | - | 1,647,467 |
| Interest and other charges | 397,515 | - | 397,515 |
| Total Expenditures | 26,427,118 | 1,242,815 | 27,669,933 |
| Revenues Over (Under) Expenditures | (838,720) | 118,281 | (720,439) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in from other funds | 299,791 | 122,535 | 422,326 |
| Transfers out to other funds | - | (422,326) | (422,326) |
| Debt issued | 89,921 | - | 89,921 |
| Total Other Financing Sources (Uses) | 389,712 | (299,791) | 89,921 |
| Net Change in Fund Balances | (449,008) | (181,510) | (630,518) |
| Fund Balance - July 1 | 8,916,535 | 925,640 | 9,842,175 |
| Fund Balance - June 30 | \$ 8,467,527 | \$ 744,130 | \$ 9,211,657 |

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, 2011**

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) | \$ (630,518) |
| 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. | 701,088 |
| Gain (loss) on assets sold not recorded in the fund statements | (2,124) |
| 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. | (871,527) |
| 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. | 1,741,359 |
| 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 | (123,225) |
| Some revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements | <u>46,244</u> |
| Total changes in net assets of governmental activities (Exhibit 2) | <u>\$ 861,297</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 AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

| | General Fund | | | Variance with Final Positive (Negative) |
|--|--------------------|--------------------|---------------------|--|
| | Original Budget | Final Budget | Actual | |
| REVENUES | | | | |
| Ad valorem taxes | \$ 15,296,140 | \$ 15,296,140 | \$ 15,318,279 | \$ 22,139 |
| Local option sales taxes | 1,843,792 | 1,876,792 | 1,963,435 | 86,643 |
| Other taxes and licenses | 50,000 | 50,000 | 65,081 | 15,081 |
| Unrestricted intergovernmental | 177,300 | 177,300 | 200,746 | 23,446 |
| Restricted intergovernmental | 4,925,862 | 5,322,201 | 5,405,737 | 83,536 |
| Permits and fees | 230,540 | 232,540 | 248,403 | 15,863 |
| Sales and services | 1,810,019 | 1,810,019 | 2,237,698 | 427,679 |
| Investment earnings | 10,000 | 10,000 | 14,530 | 4,530 |
| Miscellaneous | 70,500 | 110,929 | 134,293 | 23,364 |
| Total revenues | <u>24,414,153</u> | <u>24,885,921</u> | <u>25,588,202</u> | <u>702,281</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 3,275,208 | 3,329,230 | 3,038,227 | 291,003 |
| Public safety | 6,670,774 | 6,913,277 | 6,320,136 | 593,141 |
| Environmental protection | 396,008 | 396,008 | 382,164 | 13,844 |
| Economic and physical development | 605,729 | 656,685 | 493,060 | 163,625 |
| Human services | 9,126,630 | 9,509,008 | 8,825,203 | 683,805 |
| Cultural and recreational | 946,180 | 981,180 | 863,403 | 117,777 |
| Intergovernmental: | | | | |
| Education | 4,484,347 | 4,484,347 | 4,454,943 | 29,404 |
| Debt service | 2,076,238 | 2,076,805 | 2,044,982 | 31,823 |
| Contingency | 20,000 | 9,427 | - | 9,427 |
| Total Expenditures | <u>27,601,114</u> | <u>28,355,967</u> | <u>26,422,118</u> | <u>1,933,849</u> |
| Revenues Over (Under) Expenditures | <u>(3,186,961)</u> | <u>(3,470,046)</u> | <u>(833,916)</u> | <u>2,636,130</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in from other funds | 132,577 | 301,122 | 299,791 | (1,331) |
| Transfers out to other funds | (50,000) | (88,000) | (50,000) | 38,000 |
| Debt issued | 767,565 | 767,565 | 89,921 | (677,644) |
| Appropriated fund balance | 2,336,819 | 2,489,359 | - | (2,489,359) |
| Total Other Financing Sources (Uses) | <u>3,186,961</u> | <u>3,470,046</u> | <u>339,712</u> | <u>(3,130,334)</u> |
| Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | <u>\$ -</u> | <u>\$ -</u> | <u>(494,204)</u> | <u>\$ (494,204)</u> |
| Fund Balance - July 1 | | | <u>8,779,980</u> | |
| Fund Balance - June 30 | | | <u>8,285,776</u> | |
| A legally budgeted Revaluation Fund is consolidated into the General Fund for reporting purposes: | | | | |
| Investment earnings | | | 196 | |
| Transfer in from General Fund | | | 50,000 | |
| Expenditures | | | (5,000) | |
| Fund Balance, Beginning | | | <u>136,555</u> | |
| Fund Balance, Ending | | | <u>\$ 8,467,527</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, 2011

| | Proprietary Funds | | | | | |
|---|----------------------------------|----------------------------------|-----------------------------------|------------------------------------|------------------------|----------------------|
| | Major Funds | | | | Non-major Fund | |
| | Regional Water System Fund | District I Enterprise Fund | District II Enterprise Fund | District III Enterprise Fund | Solid Waste Fund | Total |
| ASSETS | | | | | | |
| Current Assets: | | | | | | |
| Cash and cash equivalents | \$ 578,048 | \$ 659,416 | \$ 669,845 | \$ 42,573 | \$ 147,022 | \$ 2,096,904 |
| Receivables (net) | 160,564 | 67,923 | 67,749 | 77,804 | 378,812 | 752,852 |
| Total Current Assets | <u>738,612</u> | <u>727,339</u> | <u>737,594</u> | <u>120,377</u> | <u>525,834</u> | <u>2,849,756</u> |
| Noncurrent Assets: | | | | | | |
| Capital assets: | | | | | | |
| Land, improvements, and construction in progress | 67,465 | - | 70,725 | 9,855,832 | 114,580 | 10,108,602 |
| Other capital assets, net of depreciation | 4,174,232 | 4,014,155 | 9,539,796 | 6,786,120 | 54,933 | 24,569,236 |
| Total Capital Assets | <u>4,241,697</u> | <u>4,014,155</u> | <u>9,610,521</u> | <u>16,641,952</u> | <u>169,513</u> | <u>34,677,838</u> |
| Total Assets | <u>\$ 4,980,309</u> | <u>\$ 4,741,494</u> | <u>\$ 10,348,115</u> | <u>\$ 16,762,329</u> | <u>\$ 695,347</u> | <u>\$ 37,527,594</u> |
| LIABILITIES | | | | | | |
| Current Liabilities: | | | | | | |
| Accounts payable and accrued liabilities | \$ 129,957 | \$ 2,289 | \$ 2,135 | \$ 6,360 | \$ 110,018 | \$ 250,759 |
| Accrued interest payable | - | 5,486 | 9,686 | 32,226 | - | 47,398 |
| Customer deposits | 14,705 | 84,649 | 63,864 | 108,275 | - | 271,493 |
| Compensated absences | 1,960 | 2,870 | 1,890 | 280 | 4,666 | 11,666 |
| Installment obligations | 365 | 8,763 | - | - | 5,670 | 14,798 |
| General obligation bonds payable | - | 29,000 | 41,000 | 100,000 | - | 170,000 |
| Total Current Liabilities | <u>146,987</u> | <u>133,057</u> | <u>118,575</u> | <u>247,141</u> | <u>120,354</u> | <u>766,114</u> |
| Noncurrent Liabilities: | | | | | | |
| Accrued landfill closure cost | - | - | - | - | 55,968 | 55,968 |
| Compensated absences | 5,879 | 8,609 | 5,669 | 840 | 13,998 | 34,995 |
| OPEB obligation | 619 | 816 | 520 | 66 | 1,151 | 3,172 |
| Installment obligations | 6,573 | 157,741 | - | - | 8,746 | 173,060 |
| General obligation bonds payable | - | 1,357,000 | 2,406,000 | 8,221,000 | - | 11,984,000 |
| Total Noncurrent Liabilities | <u>13,071</u> | <u>1,524,166</u> | <u>2,412,189</u> | <u>8,221,906</u> | <u>79,863</u> | <u>12,251,195</u> |
| Total Liabilities | <u>160,058</u> | <u>1,657,223</u> | <u>2,530,764</u> | <u>8,469,047</u> | <u>200,217</u> | <u>13,017,309</u> |
| NET ASSETS | | | | | | |
| Invested in capital assets, net of related debt | 4,241,697 | 2,628,155 | 7,163,521 | 8,320,952 | 169,513 | 22,523,838 |
| Unrestricted | 578,554 | 456,116 | 653,830 | (27,670) | 325,617 | 1,986,447 |
| Total Net Assets | <u>\$ 4,820,251</u> | <u>\$ 3,084,271</u> | <u>\$ 7,817,351</u> | <u>\$ 8,293,282</u> | <u>\$ 495,130</u> | <u>\$ 24,510,285</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, 2011

| | 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 | \$ 926,366 | \$ 463,949 | \$ 489,056 | \$ 546,268 | \$ 1,365,509 | \$ 3,791,148 |
| Miscellaneous | 4,860 | 7,095 | 20,747 | 2,054 | 3,208 | 37,964 |
| Total Operating Revenues | <u>931,226</u> | <u>471,044</u> | <u>509,803</u> | <u>548,322</u> | <u>1,368,717</u> | <u>3,829,112</u> |
| OPERATING EXPENSES | | | | | | |
| Salaries and employee benefits | 103,730 | 153,337 | 101,337 | 14,932 | 219,151 | 592,487 |
| Water purchases | 508,609 | 95,892 | 86,108 | 96,730 | - | 787,339 |
| Contracted services | - | - | - | - | 1,090,605 | 1,090,605 |
| Other operating expenses | 242,197 | 67,518 | 99,812 | 33,211 | 91,191 | 533,929 |
| Depreciation | 248,511 | 138,985 | 292,589 | 8,609 | 10,842 | 699,536 |
| Total Operating Expenses | <u>1,103,047</u> | <u>455,732</u> | <u>579,846</u> | <u>153,482</u> | <u>1,411,789</u> | <u>3,703,896</u> |
| OPERATING INCOME (LOSS) | <u>(171,821)</u> | <u>15,312</u> | <u>(70,043)</u> | <u>394,840</u> | <u>(43,072)</u> | <u>125,216</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | | | |
| Interest earnings | 603 | 853 | 855 | 813 | 343 | 3,467 |
| Interest expense | - | (67,011) | (117,931) | (390,787) | (176) | (575,905) |
| Total Nonoperating Revenues (Expenses) - Net | <u>603</u> | <u>(66,158)</u> | <u>(117,076)</u> | <u>(389,974)</u> | <u>167</u> | <u>(572,438)</u> |
| INCOME BEFORE CONTRIBUTIONS AND TRANSFERS | <u>(171,218)</u> | <u>(50,846)</u> | <u>(187,119)</u> | <u>4,866</u> | <u>(42,905)</u> | <u>(447,222)</u> |
| Capital Contributions | 56,068 | 182,571 | 10,356 | - | 55,793 | 304,788 |
| Transfers in (out) | | | | | | |
| General Fund | - | - | - | - | - | - |
| Regional Water System Fund | - | - | - | - | - | - |
| TOTAL CONTRIBUTIONS AND TRANSFERS | <u>56,068</u> | <u>182,571</u> | <u>10,356</u> | <u>-</u> | <u>55,793</u> | <u>304,788</u> |
| CHANGE IN NET ASSETS | <u>(115,150)</u> | <u>131,725</u> | <u>(176,763)</u> | <u>4,866</u> | <u>12,888</u> | <u>(142,434)</u> |
| TOTAL NET ASSETS-BEGINNING | <u>4,935,401</u> | <u>2,952,546</u> | <u>7,994,114</u> | <u>8,288,416</u> | <u>482,242</u> | <u>24,652,719</u> |
| TOTAL NET ASSETS-ENDING | <u>\$ 4,820,251</u> | <u>\$ 3,084,271</u> | <u>\$ 7,817,351</u> | <u>\$ 8,293,282</u> | <u>\$ 495,130</u> | <u>\$ 24,510,285</u> |

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

WARREN COUNTY, NORTH CAROLINA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

| | Proprietary Funds | | | | | |
|--|----------------------------------|----------------------------------|-----------------------------------|------------------------------------|------------------------|---------------------|
| | Major Funds | | | | Non-major Fund | |
| | Regional Water System Fund | District I Enterprise Fund | District II Enterprise Fund | District III Enterprise Fund | Solid Waste Fund | Total |
| Cash flows from operating activities: | | | | | | |
| Cash received from customers | \$ 1,193,933 | \$ 457,198 | \$ 488,386 | \$ 560,198 | \$ 1,331,609 | \$ 4,031,324 |
| Cash paid for goods and services | (823,509) | (176,468) | (187,251) | (234,148) | (1,174,971) | (2,596,347) |
| Cash paid to employees for services | (103,730) | (153,337) | (101,337) | (14,932) | (219,151) | (592,487) |
| Miscellaneous operating revenue | 4,860 | 7,095 | 20,747 | 2,054 | 3,208 | 37,964 |
| Net cash provided by operating activities | <u>271,554</u> | <u>134,488</u> | <u>220,545</u> | <u>313,172</u> | <u>(59,305)</u> | <u>880,454</u> |
| Cash flows from capital and related financing activities: | | | | | | |
| Acquisition and construction of capital assets | (75,748) | (4,848) | - | (94,447) | (43,145) | (218,188) |
| Debt issued | 7,303 | 175,268 | - | - | 17,204 | 199,775 |
| Principal paid on debt | (365) | (35,763) | (39,000) | (96,000) | (2,788) | (173,916) |
| Interest paid on debt | - | (67,011) | (117,931) | (390,787) | (176) | (575,905) |
| State grants | 56,068 | 182,571 | 10,356 | - | 55,793 | 304,788 |
| Net cash provided by capital and related financing activities | <u>(12,742)</u> | <u>250,217</u> | <u>(146,575)</u> | <u>(581,234)</u> | <u>26,888</u> | <u>(463,446)</u> |
| Cash flows from investing activities: | | | | | | |
| Interest on investments | 603 | 853 | 855 | 813 | 343 | 3,467 |
| Net cash provided by investing activities | <u>603</u> | <u>853</u> | <u>855</u> | <u>813</u> | <u>343</u> | <u>3,467</u> |
| Net increase in cash and cash equivalents | <u>259,415</u> | <u>385,558</u> | <u>74,825</u> | <u>(267,249)</u> | <u>(32,074)</u> | <u>420,476</u> |
| Cash and cash equivalents, July 1 | <u>318,633</u> | <u>273,858</u> | <u>595,020</u> | <u>309,821</u> | <u>179,096</u> | <u>1,676,428</u> |
| Cash and cash equivalents, June 30 | <u>\$ 578,048</u> | <u>\$ 659,416</u> | <u>\$ 669,845</u> | <u>\$ 42,573</u> | <u>\$ 147,022</u> | <u>\$ 2,096,904</u> |
| Reconciliation of operating income to net cash provided by operating activities: | | | | | | |
| Operating income (loss) | \$ (171,821) | \$ 15,312 | \$ (70,043) | \$ 394,840 | \$ (43,072) | \$ 125,216 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | | | | |
| Depreciation | 248,511 | 138,985 | 292,589 | 8,609 | 10,842 | 699,536 |
| Change in assets and liabilities: | | | | | | |
| (Increase) decrease in accounts receivable | 267,567 | (6,751) | (670) | 13,930 | (33,900) | 240,176 |
| Increase (decrease) in accounts payable and accrued liabilities | (73,255) | (17,341) | (6,523) | (109,636) | 5,495 | (201,260) |
| Increase (decrease) in accrued interest payable | - | (107) | (154) | (371) | - | (632) |
| Increase (decrease) in customer deposits | 830 | 3,350 | 4,300 | 5,725 | - | 14,205 |
| Increase (decrease) in accrued landfill closure cost | - | - | - | - | (373) | (373) |
| Increase (decrease) in compensated absences | (464) | 764 | 863 | 48 | 1,302 | 2,513 |
| Increase (decrease) in OPEB obligation | 186 | 276 | 183 | 27 | 401 | 1,073 |
| Total adjustments | <u>443,375</u> | <u>119,176</u> | <u>290,588</u> | <u>(81,668)</u> | <u>(16,233)</u> | <u>755,238</u> |
| Net cash provided by operating activities | <u>\$ 271,554</u> | <u>\$ 134,488</u> | <u>\$ 220,545</u> | <u>\$ 313,172</u> | <u>\$ (59,305)</u> | <u>\$ 880,454</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, 2011**

| | <u>Agency Funds</u> |
|-----------------------------------|-------------------------|
| ASSETS | |
| Cash and investments | \$ 18,986 |
| Accounts receivable | <u>6,022</u> |
| Total Assets | <u>\$ 25,008</u> |
| LIABILITIES AND NET ASSETS | |
| Liabilities: | |
| Miscellaneous liabilities | <u>\$ 25,008</u> |
| Total Liabilities | <u>\$ 25,008</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, 2011**

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, 2011**

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

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

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

The County reports the following major governmental funds:

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

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

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

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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

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

The County reports the following fund type:

Agency Funds – Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains 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 and DMV Interest 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.

Nonmajor Funds – The County maintains five legally budgeted special revenue funds. The Fire Districts Fund, the Emergency Telephone System Fund, the CDBG Infra Water Hookup, the CDBG Ephraim Place and the CDBG Scattered Sites are reported as nonmajor special revenue funds. The National Guard Armory Renovation Project, Buck Springs Leadership Center, Ambulance Storage Facility, and the Library/Meeting Room are reported as capital projects funds. The Solid Waste Fund is the only enterprise fund that is a nonmajor fund.

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.

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable 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 2010 through February 2011 apply to the fiscal year ended June 30, 2011. Uncollected taxes that were billed during this period are shown as a receivable on the financial statements.

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.

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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 three of the Special Revenue Funds (the Revaluation Fund, the Special Fire Districts Fund, and the Emergency Telephone System Fund). An annual budget is also adopted for the five Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the CDBG Special Revenue funds, the Capital Projects Funds, and the Enterprise Capital Projects Funds, which are consolidated with the enterprise operating funds for reporting purposes.

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

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).

General Statute 159-30.1 allows the County to establish an Other Postemployment Benefit (OPEB) Trust Fund managed by the staff of the Department of the State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC and G.S. 159-30(g) allows the County to make contributions to the Fund. The State Treasurer in her discretion may invest the proceeds in equities of certain publicly held companies and long or short term fixed income investments as detailed in G.S. 147-69.2(1-6) and (8). Funds submitted are managed in three different sub-funds, the State Treasurer's Short Term Investment Fund (STIF) consisting of short to intermediate treasuries, agencies and corporate issues authorized by G.S. 147-69.1, the long-term investment fund (LTIF) consisting of investment grade corporate securities, treasuries, and agencies, and BlackRock's Global Ex-US Alpha Tilts Fund B and BlackRock's Russell 3000 Alpha tilts Fund B authorized under G.S. 147-69.2(8).

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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. Restricted Cash

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

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2010. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowance for Doubtful Accounts

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

6. Inventory

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

7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization costs are: \$50,000 for buildings and building improvements; and \$5,000 for equipment, vehicles, computer software, and furniture. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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 |
| Computer Software | 5 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 |

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

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

8. 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.

9. 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

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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, 2011 is recorded in the government-wide and proprietary fund financial statements on a LIFO basis.

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

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

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

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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

Unassigned Fund Balance-Portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

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 \$ 11,405,867 consists of several elements as follows:

| <u>Description</u> | <u>Amount</u> |
|--|--------------------------|
| Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column) | \$ 27,272,692 |
| Less Accumulated Depreciation | <u>(8,190,612)</u> |
| Net capital assets | <u>19,082,080</u> |
| 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. | 237,165 |
| 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 | 3,291 |
| Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not the government-wide | 1,664,571 |
| 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 | (8,521,072) |
| Compensated absences | (723,120) |
| Other postemployment benefits | (66,244) |
| Net pension obligation | (212,030) |
| Accrued interest payable | <u>(58,774)</u> |
| Total adjustment | <u>\$ 11,405,867</u> |

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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 \$1,491,815 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 | \$ 701,088 |
| Cost of capital assets sold not recorded in fund statements | (2,124) |
| 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 | (871,527) |
| 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 | (89,921) |
| 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 | 1,831,280 |
| 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) | 7,810 |
| Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources | (76,866) |
| Other postemployment benefits are accrued in the government-wide statements but not in the fund statements because they do not use current resources | (20,866) |
| Net pension obligation is accrued in the government-wide statements but not in the fund statements because it does not use current resources | (31,109) |

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | |
|--|---------------------|
| 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 7-1-2010 | (1,614,530) |
| Recording of tax receipts deferred in the fund statements as of 6-30-2011 | 1,664,571 |
| Increase in accrued taxes receivable for year ended 6-30-2011 | <u>(3,797)</u> |
| Total adjustment | <u>\$ 1,491,815</u> |

II. Stewardship, Compliance, and Accountability

A. Noncompliance with North Carolina General Statutes

During the fiscal year, expenditures in excess of appropriations were made in the General Fund in the following departments: Governing Body by \$10,650 due to unemployment insurance being larger than budgeted. In the future, the County will try to better monitor expenditures.

B. Deficit Fund Balance

In Exhibit C-1, the Special Fire Districts Fund had a deficit fund of \$823, the CDBG Ephraim Place Project Fund had a deficit fund balance in the amount of \$16,239, the CDBG Scattered Sites had a deficit fund balance in the amount of \$8,522, and the Energy Efficient Grant had a deficit fund balance in the amount of \$57,490. 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 deposits under the Pooling Method, pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the ABC Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County or the ABC Board under the Pooling Method, the potential exists for under collateralization, and its risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County, the ABC Board and the Public Facilities Company do not have policies regarding custodial credit risk for deposits.

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

At June 30, 2011, the County's deposits had a carrying amount of \$756,093 and a bank balance of \$1,002,363. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$502,363 in interest bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2011, Warren County had \$1,625 cash on hand.

At June 30, 2011, the ABC Board's deposits had a carrying amount of \$91,233 and a bank balance of \$214,478. All of the bank balance was covered by federal depository insurance.

2. Investments

At June 30, 2011, the County's investments consisted of \$10,121,468 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.

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

Credit Risk. The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organization (NRSROs). As of June 30, 2011, the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings, and A1 by Moody's Investors Service. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2011. The County's investments in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended. The County's investments in US Agencies (Federal Home Loan Bank) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

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

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

In accordance with the general statutes, agriculture, horticulture, and forestland may be taxed by the County at present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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> |
|------------------------|------------------------|-------------------|---------------------|
| 2008 | \$ 235,703 | \$ 87,807 | \$ 323,510 |
| 2009 | 194,321 | 54,900 | 249,221 |
| 2010 | 713,704 | 137,394 | 851,098 |
| 2011 | <u>701,584</u> | - | <u>701,584</u> |
| Totals | <u>\$ 1,845,312</u> | <u>\$ 280,101</u> | <u>\$ 2,125,413</u> |

4. Receivables

Receivables at the government-wide level at June 30, 2011, were as follows:

| | <u>Accounts</u> | <u>Taxes and Related Accrued Interest</u> | <u>Due from other governments</u> | <u>Total</u> |
|----------------------------------|---------------------|---|---|---------------------|
| Governmental Activities: | | | | |
| General | \$ 1,066,320 | \$ 2,268,610 | \$ 117,347 | \$ 3,452,277 |
| Other Governmental | <u>200,859</u> | <u>138,126</u> | <u>1,141</u> | <u>340,126</u> |
| Total Receivables | 1,267,179 | 2,406,736 | 118,488 | 3,792,403 |
| Allowance for doubtful accounts | - | (505,000) | - | (505,000) |
| Total-governmental activities | <u>\$ 1,267,179</u> | <u>\$ 1,901,736</u> | <u>\$ 118,488</u> | <u>\$ 3,287,403</u> |
| Business-type Activities: | | | | |
| Solid Waste | \$ 494,940 | \$ - | \$ - | \$ 494,940 |
| Water & Sewer | <u>373,316</u> | - | <u>724</u> | <u>374,040</u> |
| Total Receivables | 868,256 | - | 724 | 868,980 |
| Allowance for doubtful accounts | <u>(116,128)</u> | - | - | <u>(116,128)</u> |
| Total-business-type activities | <u>\$ 752,128</u> | <u>\$ -</u> | <u>\$ 724</u> | <u>\$ 752,852</u> |

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

Sales tax refund \$ 119,212

5. Capital Assets

Capital asset activity for the year ended June 30, 2011, was as follows:

| | <u>Beginning Balances</u> | <u>Adjustments</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balances</u> |
|---|-------------------------------|--------------------|------------------|--------------------|----------------------------|
| Governmental activities: | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 1,297,553 | \$ (209,810) | \$ 36,591 | \$ - | \$ 1,124,334 |
| Construction in Progress | <u>1,223,733</u> | - | <u>327,560</u> | <u>(1,283,304)</u> | <u>267,989</u> |
| Total capital assets not being depreciated | <u>2,521,286</u> | <u>(209,810)</u> | <u>364,151</u> | <u>(1,283,304)</u> | <u>1,392,323</u> |

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Beginning Balances | Adjustments | Increases | Decreases | Ending Balances |
|---|-----------------------|-------------|-------------------|---------------------|----------------------|
| Capital assets being depreciated: | | | | | |
| Buildings | 20,487,788 | - | 1,087,066 | - | 21,574,854 |
| Improvements | - | - | 137,951 | - | 137,951 |
| Equipment | 2,111,514 | - | 283,899 | - | 2,395,413 |
| Vehicles | <u>1,859,978</u> | <u>-</u> | <u>111,325</u> | <u>(199,152)</u> | <u>1,772,151</u> |
| Total capital assets being depreciated | <u>24,459,280</u> | <u>-</u> | <u>1,620,241</u> | <u>(199,152)</u> | <u>25,880,369</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | 5,072,661 | - | 502,646 | - | 5,575,307 |
| Equipment | 1,271,615 | - | 128,828 | - | 1,400,443 |
| Vehicles | <u>1,171,837</u> | <u>-</u> | <u>240,053</u> | <u>(197,028)</u> | <u>1,214,862</u> |
| Total accumulated depreciation | <u>7,516,113</u> | <u>\$ -</u> | <u>\$ 871,527</u> | <u>\$ (197,028)</u> | <u>8,190,612</u> |
| Total capital assets being depreciated, net | <u>16,943,167</u> | | | | <u>17,689,757</u> |
| Governmental activity capital assets, net | <u>\$ 19,464,453</u> | | | | <u>\$ 19,082,080</u> |
| Business-type activities: | | | | | |
| Solid Waste | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 114,580 | \$ - | \$ - | \$ - | \$ 114,580 |
| Total capital assets not being depreciated | <u>114,580</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>114,580</u> |
| Capital assets being depreciated: | | | | | |
| Buildings | 215,824 | - | - | - | 215,824 |
| Land improvements | 17,743 | - | - | - | 17,743 |
| Equipment | 101,564 | - | 25,941 | - | 127,505 |
| Vehicles | <u>107,561</u> | <u>-</u> | <u>17,200</u> | <u>-</u> | <u>124,761</u> |
| Total capital assets being depreciated | <u>442,692</u> | <u>-</u> | <u>43,141</u> | <u>-</u> | <u>485,833</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | 215,824 | - | - | - | 215,824 |
| Land improvements | 17,743 | - | - | - | 17,743 |
| Equipment | 80,728 | - | 6,463 | - | 87,191 |
| Vehicles | <u>105,763</u> | <u>-</u> | <u>4,379</u> | <u>-</u> | <u>110,142</u> |
| Total accumulated depreciation | <u>420,058</u> | <u>\$ -</u> | <u>\$ 10,842</u> | <u>\$ -</u> | <u>430,900</u> |
| Total capital assets being depreciated, net | <u>22,634</u> | | | | <u>54,933</u> |
| Solid Waste capital assets, net | <u>\$ 137,214</u> | | | | <u>\$ 169,513</u> |
| Regional Water | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 48,265 | \$ - | \$ - | \$ - | \$ 48,265 |
| Construction in progress | <u>372,682</u> | <u>-</u> | <u>75,748</u> | <u>(429,230)</u> | <u>19,200</u> |
| Total capital assets not being depreciated | <u>420,947</u> | <u>-</u> | <u>75,748</u> | <u>(429,230)</u> | <u>67,465</u> |

**WARREN COUNTY, NORTH CAROLINA
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| | Beginning Balances | Adjustments | Increases | Decreases | Ending Balances |
|---|-----------------------|-------------|-------------------|---------------------|---------------------|
| Capital assets being depreciated: | | | | | |
| Equipment | 91,036 | - | - | - | 91,036 |
| Vehicles | 56,386 | - | - | (13,880) | 42,506 |
| Water distribution lines | <u>7,306,651</u> | - | <u>429,230</u> | - | <u>7,735,881</u> |
| Total capital assets being depreciated | <u>7,454,073</u> | - | <u>429,230</u> | <u>(13,880)</u> | <u>7,869,423</u> |
| Less accumulated depreciation for: | | | | | |
| Equipment | 48,558 | - | 4,799 | - | 53,357 |
| Vehicles | 54,580 | - | 1,399 | (13,880) | 42,099 |
| Water distribution lines | <u>3,357,422</u> | - | <u>242,313</u> | - | <u>3,599,735</u> |
| Total accumulated depreciation | <u>3,460,560</u> | <u>\$ -</u> | <u>\$ 248,511</u> | <u>\$ (13,880)</u> | <u>3,695,191</u> |
| Total capital assets being depreciated, net | <u>3,993,513</u> | | | | <u>4,174,232</u> |
| Regional water capital assets, net | <u>\$ 4,414,460</u> | | | | <u>\$ 4,241,697</u> |
| Water District One | | | | | |
| Capital assets not being depreciated: | | | | | |
| Construction in progress | <u>\$ 342,279</u> | <u>\$ -</u> | <u>\$ 4,848</u> | <u>\$ (347,127)</u> | <u>\$ -</u> |
| Total capital assets not being depreciated | <u>342,279</u> | - | <u>4,848</u> | <u>(347,127)</u> | - |
| Capital assets being depreciated: | | | | | |
| Equipment | 28,573 | - | - | - | 28,573 |
| Vehicles | 98,516 | - | - | - | 98,516 |
| Water distribution lines | <u>5,414,450</u> | - | <u>347,127</u> | - | <u>5,761,577</u> |
| Total capital assets being depreciated | <u>5,541,539</u> | - | <u>347,127</u> | - | <u>5,888,666</u> |
| Less accumulated depreciation for: | | | | | |
| Equipment | 15,326 | - | 2,135 | - | 17,461 |
| Vehicles | 96,593 | - | 1,489 | - | 98,082 |
| Water distribution lines | <u>1,623,607</u> | - | <u>135,361</u> | - | <u>1,758,968</u> |
| Total accumulated depreciation | <u>1,735,526</u> | <u>\$ -</u> | <u>\$ 138,985</u> | <u>\$ -</u> | <u>1,874,511</u> |
| Total capital assets being depreciated, net | <u>3,806,013</u> | | | | <u>4,014,155</u> |
| Water District One capital assets, net | <u>\$ 4,148,292</u> | | | | <u>\$ 4,014,155</u> |
| Water District Two | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | <u>\$ 70,725</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 70,725</u> |
| Construction in progress | <u>494,488</u> | - | - | <u>(494,488)</u> | - |
| Total capital assets not being depreciated | <u>565,213</u> | - | - | <u>(494,488)</u> | <u>70,725</u> |

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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| | <u>Beginning Balances</u> | <u>Adjustments</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balances</u> |
|--|-------------------------------|--------------------|-------------------|-----------------------|----------------------------|
| Capital assets being depreciated: | | | | | |
| Equipment | 28,573 | - | - | - | 28,573 |
| Vehicles | 23,149 | - | - | - | 23,149 |
| Elevated tanks | 950,448 | - | - | - | 950,448 |
| Water distribution lines | <u>10,629,833</u> | <u>-</u> | <u>494,488</u> | <u>-</u> | <u>11,124,321</u> |
| Total capital assets being depreciated | <u>11,632,003</u> | <u>-</u> | <u>494,488</u> | <u>-</u> | <u>12,126,491</u> |
| Less accumulated depreciation for: | | | | | |
| Equipment | 15,326 | - | 2,135 | - | 17,461 |
| Vehicles | 21,926 | - | 947 | - | 22,873 |
| Elevated tanks | 201,969 | - | 23,761 | - | 225,730 |
| Water distribution lines | <u>2,054,885</u> | <u>-</u> | <u>265,746</u> | <u>-</u> | <u>2,320,631</u> |
| Total accumulated depreciation | <u>2,294,106</u> | <u>\$ -</u> | <u>\$ 292,589</u> | <u>\$ -</u> | <u>2,586,695</u> |
| Total capital assets being depreciated, net | <u>9,337,897</u> | | | | <u>9,539,796</u> |
| Water District Two capital assets, net | <u>\$ 9,903,110</u> | | | | <u>\$ 9,610,521</u> |
| Water District Three | | | | | |
| Capital assets not being depreciated: | | | | | |
| Construction in progress | <u>\$ 16,468,869</u> | <u>\$ -</u> | <u>\$ 94,446</u> | <u>\$ (6,707,484)</u> | <u>\$ 9,855,831</u> |
| Total capital assets not being depreciated | <u>16,468,869</u> | <u>-</u> | <u>94,446</u> | <u>(6,707,484)</u> | <u>9,855,831</u> |
| Capital assets being depreciated: | | | | | |
| Equipment | 28,574 | - | - | - | 28,574 |
| Vehicles | 42,804 | - | - | - | 42,804 |
| Water distribution lines | <u>63,827</u> | <u>-</u> | <u>6,707,484</u> | <u>-</u> | <u>6,771,311</u> |
| Total capital assets being depreciated | <u>135,205</u> | <u>-</u> | <u>6,707,484</u> | <u>-</u> | <u>6,842,689</u> |
| Less accumulated depreciation for: | | | | | |
| Equipment | 15,325 | - | 2,135 | - | 17,460 |
| Vehicles | 24,422 | - | 4,878 | - | 29,300 |
| Water distribution lines | <u>8,212</u> | <u>-</u> | <u>1,596</u> | <u>-</u> | <u>9,808</u> |
| Total accumulated depreciation | <u>47,959</u> | <u>\$ -</u> | <u>\$ 8,609</u> | <u>\$ -</u> | <u>56,568</u> |
| Capital assets being depreciated, net | <u>87,246</u> | | | | <u>6,786,121</u> |
| Water District Three capital assets, net | <u>\$ 16,556,115</u> | | | | <u>\$ 16,641,952</u> |
| Business-type activities capital assets, net | <u>\$ 35,159,189</u> | | | | <u>\$ 34,677,838</u> |

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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Depreciation Expense

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

| | |
|-----------------------------------|-------------------|
| General Government | \$ 178,745 |
| Public Safety | 396,894 |
| Economic and Physical Development | 5,329 |
| Environmental Protection | 5,041 |
| Human Services | 161,103 |
| Cultural and Recreational | <u>124,415</u> |
| Total Depreciation Expense | <u>\$ 871,527</u> |

Discretely presented component units

Activity for the ABC Board for the year ended June 30, 2011, was as follows:

| | <u>Cost</u> | <u>Accumulated Depreciation</u> | <u>Net Amount</u> |
|------------------------|-------------------|-------------------------------------|-------------------|
| Buildings | \$ - | \$ - | \$ - |
| Furniture/Equipment | 98,026 | 93,098 | 4,928 |
| Vehicles | 17,472 | 17,472 | - |
| Leasehold improvements | <u>47,125</u> | <u>44,940</u> | <u>2,185</u> |
| | <u>\$ 162,623</u> | <u>\$ 155,510</u> | <u>\$ 7,113</u> |

Activity for the Warren County Public Facilities Company for the year ended June 30, 2011, was as follows:

| | <u>Cost</u> |
|--------------------------------|-------------------|
| Land | \$ 35,000 |
| Land improvements | 14,400 |
| Building | <u>929,211</u> |
| Property and equipment, total | 978,611 |
| Less: Accumulated depreciation | <u>(244,424)</u> |
| Property and equipment, net | <u>\$ 734,187</u> |

Construction and Other Commitments

At June 30, 2011, the County was obligated under construction projects as follows:

| <u>Project</u> | <u>Spent-to-date</u> | <u>Remaining Commitment</u> |
|----------------------------|----------------------|---------------------------------|
| Ephraim Place | \$ 200,182 | \$ 77,508 |
| Ambulance Storage Facility | <u>143,108</u> | <u>143,792</u> |
| Total | <u>\$ 343,290</u> | <u>\$ 221,300</u> |

A. Liabilities

I. Payables

Payables at the government-wide level at June 30, 2011, were as follows:

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| | <u>Vendors</u> |
|--------------------------------|-------------------|
| Governmental Activities: | |
| General | \$ 799,357 |
| Other governmental | <u>76,291</u> |
| Total-governmental activities | <u>\$ 875,648</u> |
| Business-type Activities: | |
| Solid Waste | \$ 110,018 |
| Water & Sewer Fund | <u>140,741</u> |
| Total-business-type activities | <u>\$ 250,759</u> |

II. Pension Plan and Other Postemployment 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 6.47% and 6.41%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 6.34% of annual covered payroll. The contribution requirements of members and of Warren 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, 2009, 2010, and 2011 were \$452,282, \$474,905, and \$618,836, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2009, 2010, and 2011 were \$3,889, \$3,742, and \$5,467, 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

**WARREN COUNTY, NORTH CAROLINA
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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, 2010, the Separation Allowance's membership consisted of:

| | |
|--|-----------|
| Retirees receiving benefits | - |
| Terminated plan members entitled to but not yet receiving benefits | - |
| Active plan members | <u>37</u> |
| Total | <u>37</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 67.

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, 2010 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25-7.85% per year. Both (a) and (b) included an inflation component of 3.00%. 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 on a closed basis. The remaining amortization period at December 31, 2010, was 20 years.

| <u>Fiscal Year Ended</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|------------------------------|--------------------------------------|--|-----------------------------------|
| 6/30/09 | \$ 18,720 | 0.00% | \$ 158,330 |
| 6/30/10 | 22,591 | 0.00% | 180,921 |
| 6/30/11 | \$ 31,109 | 0.00% | \$ 212,030 |

**WARREN COUNTY, NORTH CAROLINA
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Annual Pension Cost and Net Pension Obligation for Fiscal Year Ending 6/30/11

| | |
|--|-------------------|
| Employer annual required contribution | \$ 31,749 |
| Interest on net pension obligation | 9,046 |
| Adjustment to annual required contribution | <u>(9,686)</u> |
| Annual pension cost | 31,109 |
| Employer contributions made for fiscal year ending 6/30/11 | <u>-</u> |
| Increase (decrease) in net pension obligation | 31,109 |
| Net pension obligation beginning of fiscal year | <u>180,921</u> |
| Net pension obligation end of fiscal year | <u>\$ 212,030</u> |

4. Funded Status and Funding Progress.

As of December 31, 2010, the most recent actuarial valuation date, the plan was 0.0 percent funded. The actuarial accrued liability for benefits was \$164,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$164,000. The covered payroll (annual payroll of active employees covered by the plan) was \$1,162,023, and the ratio of the UAAL to the covered payroll was 14.11 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy – Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer’s salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2011, were \$141,380, which consisted of \$56,160 from the County and \$85,220 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

**WARREN COUNTY, NORTH CAROLINA
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161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy – On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 3 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. Contributions for the fiscal year ended June 30, 2011 were \$5,345, which consisted of \$2,773 from the County and \$2,572 from the employees.

e. Other Postemployment Benefits

Healthcare Benefits

Plan Description –Under the terms of a County ordinance, the County administers a single-employer defined benefit Healthcare Benefits Plan (HCB Plan). As of July 1, 2007, this plan provides postemployment healthcare benefits to retirees of the County, provided they have at least twenty years of continuous employment with the County, or have at least thirty years of creditable service in the Local/State Government Retirement System with at least twenty years of continuous employment with Warren County government and be at least 55 years of age at retirement to be eligible for this benefit. Those retirees that meet the years of employment requirements but do not meet the age requirements will be eligible to enroll in the county's group benefits insurance plan upon reaching the required age. County Commissioners must have served a minimum of three consecutive terms on the Board of Commissioners and be at least sixty years of age in order to be eligible. The retirees and County Commissioner will pay the full cost of coverage for these benefits based on the County's group insurance rates. Also, the County's retirees can continue to purchase coverage until the retiree reaches the age of 65. The County Board of Commissioners may amend the benefit provisions. There is no separate, audited GAAP-basis plan report available for the postemployment benefit plan.

Membership of the HCB Plan consisted of the following at December 31, 2010, the date of the latest actuarial valuation:

| | <u>General Employees</u> | <u>Law Enforcement Officers</u> |
|---|------------------------------|-------------------------------------|
| Retirees receiving benefits | 1 | - |
| Terminated plan members entitled to but not yet receiving benefits | - | - |
| Active plan members | <u>243</u> | <u>34</u> |
| Total | <u>244</u> | <u>34</u> |

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

The current ARC rate is .24% of annual covered payroll. For the current year, the County contributed \$- or 0.00% of annual covered payroll. The County obtains healthcare coverage through private insurers. The County's required contributions, under a County resolution, for employees not engaged in law enforcement and for law enforcement officers represented 0.00% and 0.00% of covered payroll, respectively. The County's obligation to contribute to HCB Plan is established and may be amended by the County Board of Commissioners.

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

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

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

| | |
|--|------------------|
| Annual required contribution | \$ 23,673 |
| Interest on net OPEB obligation | 1,899 |
| Adjustment to annual required contribution | <u>1,638</u> |
| Annual OPEB cost (expense) | 23,934 |
| Contributions made | <u>1,994</u> |
| Increase (decrease) in net OPEB obligation | 21,904 |
| Net OPEB obligation, beginning of year | <u>47,476</u> |
| Net OPEB obligation, end of year | <u>\$ 69,416</u> |

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the HCB plan, and the net OPEB obligation for 2011 were as follows:

| For Year Ended | Annual OPEB | Percentage of | Net OPEB |
|----------------|-------------|-------------------------|-------------------|
| <u>June 30</u> | <u>Cost</u> | <u>Annual OPEB</u> | <u>Obligation</u> |
| | | <u>Cost Contributed</u> | |
| 2011 | \$23,934 | 0.00% | \$69,416 |
| 2010 | 23,803 | 0.00% | 47,476 |
| 2009 | 23,673 | 0.00% | 23,673 |

Funded Status and Funding Process – As of December 31, 2010, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$281,413. The covered payroll (annual payroll of active employees covered by the plan) was \$9,343,905, and the ratio of the UAAL to the covered payroll was 3.0 percent.

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Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding process, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 10.50 to 5.00 percent annually. The investment rate included a 3.00 percent inflation assumption. The actuarial value of assets, in any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2010, was 30 years.

f. Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. 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, 2011, the County made contributions to the State for death benefits of \$11,544. The County's required 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.

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3. Deferred /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 | \$ 68,628 | \$ 68,628 |
| Taxes receivable, net | | |
| General Fund | \$ 1,531,445 | \$ - |
| Special Revenue Fund | 133,126 | - |
| Total | <u>\$ 1,664,571</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 has made the decision not to purchase flood insurance at this time. The County does not deem the risk of flooding to outweigh the costs of insurance.

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

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

Warren County ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The 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

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

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, 2011, 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, 2011 was \$112,113. Future rent payments total:

| For Year Ending <u>June 30</u> | General <u>Fund</u> | Enterprise <u>Fund</u> | <u>Total</u> |
|-----------------------------------|------------------------|---------------------------|-------------------|
| 2012 | \$ 49,153 | \$ 31,515 | \$ 80,668 |
| 2013 | 29,413 | 28,740 | 58,153 |
| 2014 | 14,700 | 17,800 | 32,500 |
| 2015 | 14,700 | 12,120 | 26,820 |
| 2016 | 14,700 | 5,680 | 20,380 |
| 2017 | <u>14,700</u> | <u>3,600</u> | <u>18,300</u> |
| | <u>\$ 137,366</u> | <u>\$ 99,455</u> | <u>\$ 236,821</u> |

The County has made and entered into an agreement on May 25, 2008 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 \$ 46,246 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:

Hauling cost \$ 56.94 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. Closure and Postclosure Care Costs – Solid Waste Landfill Facility

State and federal laws and regulations require the County to place a final cover on its Solid Waste Landfill Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The Warren County landfill closed in 1993. The \$55,968 reported as accrued landfill closure liability at June 30, 2011 represents the latest estimate for 3 years of postclosure maintenance and monitoring.

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

7. Contingent Liabilities

At June 30, 2011, 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 March 14, 2003, the County entered into an installment purchase agreement to finance the construction of a Law Enforcement Center. The installment purchase requires semiannual principal payments of \$77,500, plus interest, beginning July 2003 and ending January 2018. The interest rate is 3.99%.

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

On December 1, 2010, the County entered into an installment purchase agreement to purchase vehicles. The installment purchase requires monthly payments of \$3,077.23, beginning January 2011 and ending December 2013. The interest rate is 2.19%.

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

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

On January 18, 2008, the County entered into an installment purchase agreement with RBC Centura to finance the purchase of nine vehicles (6 sheriff, 2 code enforce & 1 DSS). The installment requires monthly payments of \$5,262.36, including interest of 3.10%, beginning February 2008 and ending January 2011.

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On May 28, 2008, the County entered into an installment agreement with Halifax Electric Membership Corporation. The installment requires monthly payments of \$2,526.70, interest free, beginning January 2009 and ending December 2015.

On February 9, 2009, the County entered into an installment agreement with First Citizens Bank to finance the purchase of five vehicles (4 sheriff & 1 DSS). The installment requires monthly payments of \$3,323.52, including interest of 3.98%, beginning March 2009 and ending February 2012.

On October 28, 2009, the County entered into an installment agreement with RBC Bank to finance the purchase of eleven vehicles (9 sheriff, 1 EMS, and 1 DSS). The installment requires monthly payments of \$8,312.07, including interest of 2.74%, beginning November 2009 and ending October 2012.

On May 12, 2010, the County entered into an installment agreement with Southern Bank and Trust Company to finance part of the construction of the Tech High School. The installment agreement requires thirty semiannual payments of \$20,333.33, plus interest, beginning October 2010 and ending April 2025. The interest rate is 4.56%.

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

On May 1, 2011, the County entered into a Federal Revolving Loan with principal due annually on May 1 through 2030. This is an interest free loan.

For Warren County, the future minimum payments as of June 30, 2011, including \$1,498,731 of interest, are:

| Year Ending <u>June 30,</u> | Governmental Activities Installment Purchases | | Business-type Activities Installment Purchases | |
|--------------------------------|--|---------------------|---|-----------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2012 | \$ 1,015,632 | \$ 267,953 | \$ 14,799 | \$ 259 |
| 2013 | 804,373 | 231,110 | 14,924 | 133 |
| 2014 | 628,514 | 203,274 | 12,079 | 14 |
| 2015 | 613,118 | 178,338 | 9,128 | - |
| 2016 | 613,118 | 153,553 | 9,128 | - |
| 2017-2021 | 2,600,590 | 417,257 | 45,643 | - |
| 2022-2026 | 657,727 | 46,840 | 45,643 | - |
| 2027-2030 | - | - | 36,514 | - |
| | <u>\$ 6,933,072</u> | <u>\$ 1,498,325</u> | <u>\$ 187,858</u> | <u>\$ 406</u> |

b. General Obligation Indebtedness

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

**WARREN COUNTY, NORTH CAROLINA
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power of the County's water and sewer operations. Principal and interest payments are appropriated when due.

Bonds payable at June 30, 2011 are comprised of the following individual issues:

General Obligation Bonds

Serviced by the County's General Fund:

| | |
|--|----------------------------|
| \$500,000 Public Improvement serial bonds due on June 1 in installments of \$7,500 to \$40,000 through June 1, 2020 including interest at 6% | \$ 238,000 |
| \$6,235,000 2002 Refunding General School Bonds due on June 1 installments of \$265,000 - \$770,000 through June 1, 2013; interest at 3.00% - 4.25% | <u>1,350,000</u> |
| Total | <u><u>\$ 1,588,000</u></u> |

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% | \$ 1,386,000 |
|--|--------------|

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% | 2,447,000 |
|---|-----------|

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% | 2,766,000 |
| \$681,000 Water bonds issued June 1, 2006 and due June 1 in various installments from 2008 to 2045; interest at 4.5% | 650,000 |
| \$4,957,000 Water bond anticipation notes issued February 9, 2009 in various installments from 2009 to 2048; interest at 4.75% | <u>4,905,000</u> |
| Total | <u><u>\$ 12,154,000</u></u> |

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

**WARREN COUNTY, NORTH CAROLINA
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| Year Ending June 30, | General Obligation Bonds | | Water Bonds | |
|-------------------------|--------------------------|-------------------|---------------------|----------------------|
| | Principal | Interest | Principal | Interest |
| 2011 | \$ 703,000 | \$ 71,655 | \$ 170,000 | \$ 568,775 |
| 2012 | 694,500 | 41,375 | 178,000 | 560,815 |
| 2013 | 26,000 | 11,430 | 185,000 | 552,480 |
| 2014 | 27,500 | 9,870 | 195,000 | 543,820 |
| 2015 | 29,000 | 8,220 | 203,500 | 534,690 |
| 2016-2020 | 108,000 | 15,120 | 1,166,000 | 2,521,577 |
| 2021-2025 | - | - | 1,465,000 | 2,222,000 |
| 2026-2030 | - | - | 1,845,500 | 1,844,915 |
| 2031-2035 | - | - | 2,278,000 | 1,371,642 |
| 2036-2040 | - | - | 2,405,000 | 814,885 |
| 2041-2045 | - | - | 1,648,000 | 315,162 |
| 2046-2048 | - | - | 415,000 | 29,545 |
| Total | <u>\$ 1,588,000</u> | <u>\$ 157,670</u> | <u>\$12,154,000</u> | <u>\$ 11,880,307</u> |

At June 30, 2011, Warren County had \$12,000,000 in bonds authorized at June 30, 2011 for Warren County Water and Sewer District Number III. As of June 30, 2011, \$3,462,000 of the \$12,000,000 remain unissued. During the year, no bond anticipation notes were retired. Warren County had a legal debt margin of \$190,008,731.

b. Long-Term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2011:

| | Balance July 1, 2010 | Additions | Retirements | Balance June 30, 2011 | Current Portion |
|----------------------------------|-------------------------|-------------------|-----------------------|--------------------------|---------------------|
| Governmental Activities: | | | | | |
| General obligation bonds | \$ 2,379,500 | \$ - | \$ (791,500) | \$ 1,588,000 | \$ 703,000 |
| Installment purchases | 7,882,931 | 89,921 | (1,039,780) | 6,933,072 | 1,015,632 |
| Pension obligation | 180,921 | 31,109 | - | 212,030 | - |
| Other postemployment benefits | 45,378 | 20,866 | - | 66,244 | - |
| Compensated absences | 646,254 | 723,120 | (646,254) | 723,120 | 180,780 |
| Total | <u>\$ 11,134,984</u> | <u>\$ 865,016</u> | <u>\$ (2,477,534)</u> | <u>\$ 9,522,466</u> | <u>\$ 1,899,412</u> |
| Business-type Activities: | | | | | |
| Water Bonds | \$ 12,316,000 | \$ - | \$ (162,000) | \$ 12,154,000 | \$ 170,000 |
| Installment purchases | - | 199,775 | (11,917) | 187,858 | 14,798 |
| Other postemployment benefits | 2,098 | 1,074 | - | 3,172 | - |
| Compensated absences | 44,147 | 46,661 | (44,147) | 46,661 | 11,666 |
| Accrued landfill closure | 56,341 | 373 | - | 55,968 | - |
| Total | <u>\$ 12,418,586</u> | <u>\$ 247,883</u> | <u>\$ (218,064)</u> | <u>\$ 12,447,659</u> | <u>\$ 196,464</u> |

Compensated absences, other postemployment benefits, and the net pension obligation for governmental activities are generally liquidated by the General Fund. Compensated absences and other postemployment benefits for business-type activities are generally liquidated by the Solid

**WARREN COUNTY, NORTH CAROLINA
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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 prime rate plus 1% with a floor of 4%, due in monthly installments of \$7,800, beginning August 5, 2011 with final payment due May 5, 2021 secured by real estate and building and guaranteed by FMHA.

\$ 691,753

Interest paid for the year was \$ 65,941.

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

| | |
|------|-------------------|
| 2012 | \$ 58,737 |
| 2013 | 67,963 |
| 2014 | 70,914 |
| 2015 | 73,993 |
| 2016 | <u>77,161</u> |
| | <u>\$ 348,768</u> |

b. 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, or 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, 2011, the outstanding balance of the industrial revenue bonds was \$0.

A. Interfund Balances and Activity

| <u>From</u> | <u>To</u> | <u>Amount</u> | <u>Reason</u> |
|---|-------------------------------|-------------------|---|
| <u>Transfers from/to Other Funds</u> | | | |
| <u>General Fund</u> | | | |
| General Fund | Revaluation Fund | \$ 50,000 | Required annual contributions for revaluation |
| | | <u>\$ 50,000</u> | |
| <u>Special Revenue Funds</u> | | | |
| Emergency Telephone Sys. | General Fund | \$ 278,219 | Contribution to eligible project |
| Emergency Telephone Sys. | Simulcast System Upgrade Fund | 122,535 | Contribution to eligible project |
| Library/Meeting Room | General Fund | 21,572 | Close out of project |
| | | <u>\$ 422,326</u> | |
| <u>Enterprise Funds</u> | | | |
| Regional Water System Fund | Soul City Pump Stn. Imp. Fund | \$ 11,930 | Contribution to capital project fund |
| | | <u>\$ 11,930</u> | |
| <u>Due from/to Other Funds</u> | | | |
| CDBG Ephraim Place | General Fund | \$ 17,380 | Central depository overdraft |
| CDBG Scattered Sites | General Fund | 68 21,778 | Central depository overdraft |
| Energy Efficient Grant | General Fund | 167,579 | Central depository overdraft |
| | | <u>\$ 206,737</u> | |

**WARREN COUNTY, NORTH CAROLINA
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IV. Fund Balance

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

| | |
|--|--------------|
| Total fund balance-General Fund | \$ 8,467,527 |
| Less: | |
| Inventories | 25,388 |
| Stabilization by State Statute | 1,390,404 |
| Tax Revaluation | 181,751 |
| Appropriated fund balance in 2012 budget | 1,606,391 |
| Remaining Fund Balance | \$ 5,263,593 |

V. Joint Ventures

A. 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 \$59,546 to the Area Mental Health during the fiscal year ended June 30, 2011. 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, 2011. 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.

B. Kerr Area Rural Transportation Authority

The Kerr Area Rural Transportation Authority (K.A.R.T.S.) is an association of five County governments, including Warren County. K.A.R.T.S. is a joint venture of the participating counties for the purpose of providing a safe, adequate and convenient transportation system for the jurisdictional area creating the authority and its immediate environs. The counties served by K.A.R.T.S. in addition to Warren County are Granville, Vance, Franklin, and Person. General support of K.A.R.T.S. is provided by Federal, State and local grants and users' fees. Each county appoints two members of the Authority management body and this governing body determines the budget and financing requirements of the Authority. The County has an ongoing financial responsibility for the joint venture because K.A.R.T.S. continued existence depends on the participant governments' continued findings. The County contributed \$34,859 to K.A.R.T.S. during the fiscal year ended June 30, 2011. 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, 2011. Complete financial statements for K.A.R.T.S. can be obtained from their administrative offices at 943 W. Andrews Avenue, Henderson, N.C. 27536.

C. Vance Granville Community College

The County, in conjunction with the State of North Carolina, Vance County, Granville County, Warren County, Vance County Board of Education, and Warren County Board of Education, participates in a joint venture to operate the Vance Granville Community College. The State, Vance County, Granville County, Vance County Board of Education, and Granville County Board of Education appoint the twelve voting members of the board of trustees. Warren County

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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 \$174,112 and \$6,000 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2011. 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, 2011. 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.

VI. 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 \$8,970 to the Council during the fiscal year ended June 30, 2011.

VII. 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.

| | <u>Federal</u> | <u>State</u> |
|---|----------------------|----------------------|
| Temporary Assistance to Needy Families | \$ 234,691 | \$ - |
| Energy Assistance | 323,171 | - |
| CWS Adoption Subsidy | - | 22,489 |
| IV-E Foster Care | 24,478 | 4,928 |
| IV-E Adoption Subsidy | 124,458 | 28,045 |
| Medical Assistance Program | 24,216,689 | 9,934,092 |
| Women, Infants and Children | 485,490 | - |
| SC/SA Adult Care Payments | - | 316,984 |
| Chafee Foster Care Independence Program | 277 | - |
| State Foster Care | <u>-</u> | <u>2,856</u> |
| Totals | <u>\$ 25,409,254</u> | <u>\$ 10,309,394</u> |

VIII. Summary Disclosure of Significant Commitments and Contingencies

**WARREN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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.

IX. Significant Effects of Subsequent Events

The County has evaluated events and transactions that occurred between June 30, 2010 and December 15, 2011, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. There were no events that occurred during this time that were deemed to be significant enough to be disclosed.

X. Restatement of Beginning Net Assets/Beginning Fund Balances

During the 09-10 audit, various foreclosed properties were added to the fixed assets at incorrect values. To adjust these values, net assets will need to be restated.

The beginning balance would have changed as follows:

| | Governmental Activities <u>Net Assets</u> |
|--|---|
| Balance, July 1, 2010 | \$ 19,966,037 |
| Change due to: | |
| Misstated value for foreclosure properties | <u>209,810</u> |
| Balance, July 1, 2010, as restated | <u>\$ 19,756,227</u> |

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
- Schedule of Funding Progress for Other Postemployment Benefits
- Schedule of Employer Contributions for Other Postemployment Benefits
- Notes to Required Schedules for Other Postemployment Benefits

**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) |
|--------------------------------|--|---|------------------------------------|--------------------------|---------------------------|--|
| 12/31/2005 | \$ - | \$ 74,547 | \$ 74,547 | 0.00% | \$ 747,850 | 9.97% |
| 12/31/2006 | - | 81,439 | 81,439 | 0.00% | 750,773 | 10.85% |
| 12/31/2007 | - | 100,344 | 100,344 | 0.00% | 829,993 | 12.09% |
| 12/31/2008 | - | 114,409 | 114,409 | 0.00% | 1,066,971 | 10.72% |
| 12/31/2009 | - | 180,286 | 180,286 | 0.00% | 1,187,652 | 15.18% |
| 12/31/2010 | \$ - | \$ 164,000 | \$ 164,000 | 0.00% | \$ 1,162,023 | 14.11% |

**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 |
|--------------------|---------------------------------|---------------------------|
| 2011 | \$ 31,109 | 0.00% |
| 2010 | 22,591 | 0.00% |
| 2009 | 18,720 | 0.00% |
| 2008 | 16,558 | 0.00% |
| 2007 | 15,259 | 0.00% |
| 2006 | \$ 15,635 | 27.29% |

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 | 12/31/2010 |
| Actuarial cost method | Projected unit credit |
| Amortization method | Level percent of pay closed |
| Remaining amortization period | 20 years |
| Asset valuation method | Market value |
| Actuarial assumptions: | |
| Investment rate of return* | 5.00% |
| Projected salary increases* | 4.25 - 7.85% |
| Cost-of-living adjustments | N/A |

*Includes inflation at 3.00% percent.

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

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Projected Unit Credit (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a % of Covered Payroll ((b-a)/c) |
|--------------------------------|--|---|------------------------------------|--------------------------|---------------------------|--|
| 12/31/2009 | \$ - | \$ 225,315 | \$ 225,315 | 0.00% | \$ 9,668,915 | 2.3% |
| 12/31/2010 | \$ - | \$ 281,413 | \$ 281,413 | 0.00% | \$ 9,343,905 | 3.0% |

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

| Year Ended June 30 | Annual Required Contribution | Percentage Contributed |
|--------------------|---------------------------------|---------------------------|
| 2009 | \$ 23,673 | 0.00% |
| 2010 | 23,803 | 0.00% |
| 2011 | \$ 23,934 | 8.30% |

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 | 12/31/2010 |
| Actuarial cost method | Projected unit credit |
| Amortization method | Level percent of pay, open |
| Remaining amortization period | 30 years |
| Asset valuation method | Market value of assets |
| Actuarial assumptions: | |
| Investment rate of return* | 4.00% |
| Medical cost trend rate* | 10.5 - 5.0% |
| Year of Ultimate trend rate | 2018 |

*Includes inflation at 3005% 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.

WARREN COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

| | 2011 | | 2010 | |
|------------------------------------|---------------|---------------|------------------------------------|---------------|
| | Budget | Actual | Variance Positive (Negative) | Actual |
| REVENUES | | | | |
| Ad Valorem Taxes: | | | | |
| Taxes | | \$ 15,141,105 | | \$ 15,146,813 |
| Penalties and interest | | 177,174 | | 175,235 |
| Total | \$ 15,296,140 | 15,318,279 | \$ 22,139 | 15,322,048 |
| Local Option Sales Taxes: | | | | |
| Article 39 one percent | | 739,356 | | 680,990 |
| Article 40 one-half of one percent | | 929,876 | | 928,463 |
| Article 42 one-half of one percent | | 406,252 | | 547,592 |
| Article 44 | | 630 | | 29,491 |
| Medicaid hold harmless | | (112,679) | | (91,431) |
| Total | 1,876,792 | 1,963,435 | 86,643 | 2,095,105 |
| Other taxes and licenses: | | | | |
| Excise tax stamps | | 65,081 | | 49,661 |
| Total | 50,000 | 65,081 | 15,081 | 49,661 |
| Unrestricted intergovernmental: | | | | |
| Payment in lieu of taxes | | 4,378 | | 4,342 |
| Gasoline tax refund | | - | | - |
| Beer and wine tax | | 78,606 | | 25,402 |
| ABC Profits | | 83,027 | | 10,400 |
| Other | | 34,735 | | 41,605 |
| Total | 177,300 | 200,746 | 23,446 | 81,749 |
| Restricted intergovernmental: | | | | |
| Federal and State grants | | 5,260,523 | | 6,143,975 |
| Court facility fees | | 40,299 | | 52,863 |
| ABC bottles taxes | | 7,400 | | 7,341 |
| Other | | 97,515 | | 125,198 |
| Total | 5,322,201 | 5,405,737 | 83,536 | 6,329,377 |

WARREN COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

| | 2011 | | 2010 | |
|------------------------------|------------|------------|------------------------------------|------------|
| | Budget | Actual | Variance Positive (Negative) | Actual |
| Permits and fees: | | | | |
| Register of Deeds fees | | 87,267 | | 85,539 |
| Inspection fees | | 101,435 | | 125,940 |
| Other | | 59,701 | | 64,001 |
| Total | 232,540 | 248,403 | 15,863 | 275,480 |
| Sales and services: | | | | |
| Rents | | 10,265 | | 19,348 |
| Franchise fees | | 14,296 | | 15,008 |
| Recreation fees | | 45,804 | | 40,748 |
| Jail fees | | 15,115 | | 30,975 |
| Sheriff's fees | | 11,170 | | 9,047 |
| Ambulance fees | | 816,132 | | 753,360 |
| Health fees | | 1,274,232 | | 1,271,347 |
| Library fees | | 18,318 | | 20,424 |
| Animal control fees | | 20,956 | | 16,009 |
| Other | | 11,410 | | 22,605 |
| Total | 1,810,019 | 2,237,698 | 427,679 | 2,198,871 |
| Investment earnings | 10,000 | 14,530 | 4,530 | 15,206 |
| Micellaneous Revenues | | | | |
| Donations and private grants | | 28,806 | | 26,310 |
| Insurance proceeds | | 23,325 | | 7,869 |
| Other | | 82,162 | | 37,287 |
| Total | 110,929 | 134,293 | 23,364 | 71,466 |
| Total Revenues | 24,885,921 | 25,588,202 | 702,281 | 26,438,963 |

WARREN COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

| | 2011 | | Variance Positive (Negative) | 2010 |
|----------------------------------|---------|---------|------------------------------------|---------|
| | Budget | Actual | | Actual |
| <u>EXPENDITURES</u> | | | | |
| <u>General Government</u> | | | | |
| Governing Body: | | | | |
| Salaries and employee benefits | | 81,779 | | 81,363 |
| Other operating expenditures | | 38,533 | | 35,228 |
| Capital outlay | | 793 | | 610 |
| Insurance other than property | | 378,621 | | 365,269 |
| Total | 489,076 | 499,726 | (10,650) | 482,470 |
| Administration: | | | | |
| Salaries and employee benefits | | 181,790 | | 171,820 |
| Other operating expenditures | | 14,780 | | 18,876 |
| Total | 199,213 | 196,570 | 2,643 | 190,696 |
| Human Resources: | | | | |
| Salaries and employee benefits | | 109,662 | | 94,825 |
| Other operating expenditures | | 11,030 | | 13,387 |
| Total | 127,972 | 120,692 | 7,280 | 108,212 |
| Elections: | | | | |
| Salaries and employee benefits | | 117,433 | | 122,361 |
| Other operating expenditures | | 56,458 | | 161,414 |
| Capital outlay | | 833 | | 949 |
| Total | 206,044 | 174,724 | 31,320 | 284,724 |
| Finance: | | | | |
| Salaries and employee benefits | | 295,161 | | 292,972 |
| Other operating expenditures | | 131,194 | | 127,628 |
| Capital outlay | | - | | - |
| Total | 437,080 | 426,355 | 10,725 | 420,600 |
| Tax Assessor: | | | | |
| Salaries and employee benefits | | 153,887 | | 203,526 |
| Other operating expenditures | | 73,474 | | 6,515 |
| Capital outlay | | 150 | | 9,011 |
| Total | 318,222 | 227,511 | 90,711 | 219,052 |
| Tax Collections: | | | | |
| Salaries and employee benefits | | 202,298 | | 204,383 |
| Other operating expenditures | | 87,269 | | 83,301 |
| Capital outlay | | 35,798 | | 7,684 |
| Total | 329,997 | 325,365 | 4,632 | 295,368 |
| Legal: | | | | |
| Contracted services | 93,400 | 87,394 | 6,006 | 56,714 |

**WARREN COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

| | 2011 | | 2010 | |
|--------------------------------------|-----------|-----------|------------------------------------|-----------|
| | Budget | Actual | Variance Positive (Negative) | Actual |
| Register of Deeds: | | | | |
| Salaries and employee benefits | | 131,492 | | 149,683 |
| Other operating expenditures | | 54,535 | | 57,180 |
| Capital outlay | | 1,458 | | 393 |
| Total | 215,694 | 187,485 | 28,209 | 207,256 |
| Public Buildings: | | | | |
| Salaries and employee benefits | | 501,791 | | 506,493 |
| Other operating expenditures | | 66,795 | | 98,684 |
| Capital outlay | | 62,091 | | 66,152 |
| Total | 687,627 | 630,677 | 56,950 | 671,329 |
| Data Processing: | | | | |
| Salaries and employee benefits | | 62,138 | | 62,171 |
| Other operating expenditures | | 32,722 | | 39,698 |
| Capital outlay | | 20,688 | | 2,722 |
| Total | 120,708 | 115,548 | 5,160 | 104,591 |
| Court Facilities: | | | | |
| Operating expenditures | 51,900 | 44,075 | 7,825 | 70,291 |
| Miscellaneous Appropriations: | | | | |
| Payments to local organizations | 52,297 | 2,105 | 50,192 | 24,698 |
| Total General Government | 3,329,230 | 3,038,227 | 291,003 | 3,136,001 |
| Public Safety | | | | |
| Sheriff: | | | | |
| Salaries and employee benefits | | 1,573,624 | | 1,545,509 |
| Other operating expenditures | | 516,010 | | 552,784 |
| Capital outlay | | 21,400 | | 220,113 |
| Total | 2,232,963 | 2,111,034 | 121,929 | 2,318,406 |
| Child Support Officer: | | | | |
| Salaries and employee benefits | | 39,012 | | 38,521 |
| Other operating expenditures | | 4,905 | | 4,179 |
| Total | 47,025 | 43,917 | 3,108 | 42,700 |
| Jail: | | | | |
| Salaries and employee benefits | | 692,158 | | 676,618 |
| Other operating expenditures | | 292,771 | | 354,795 |
| Capital outlay | | - | | 8,868 |
| Total | 1,164,461 | 984,929 | 179,532 | 1,040,281 |

**WARREN COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

| | 2011 | | Variance Positive (Negative) | 2010 |
|--------------------------------------|-----------|-----------|------------------------------------|-----------|
| | Budget | Actual | | Actual |
| Central Communications: | | | | |
| Salaries and employee benefits | | 394,172 | | 394,581 |
| Other operating expenditures | | 136,260 | | 153,244 |
| Capital outlay | | 167,678 | | 106,166 |
| Total | 814,704 | 698,110 | 116,594 | 653,991 |
| Emergency Management: | | | | |
| Salaries and employee benefits | | 74,373 | | 107,021 |
| Other operating expenditures | | 30,585 | | 43,535 |
| Capital outlay | | - | | 15,558 |
| Total | 159,710 | 104,958 | 54,752 | 166,114 |
| Fire: | | | | |
| Assistance to local fire departments | 290,000 | 286,265 | 3,735 | 282,240 |
| Emergency Medical Services: | | | | |
| Salaries and employee benefits | | 1,213,690 | | 1,172,623 |
| Other operating expenditures | | 254,202 | | 262,281 |
| Capital outlay | | 114,981 | | 122,166 |
| Total | 1,672,748 | 1,582,873 | 89,875 | 1,557,070 |
| Halifax County EMS | 59,995 | 59,995 | - | 52,817 |
| Code Enforcement: | | | | |
| Salaries and employee benefits | | 142,463 | | 152,432 |
| Other operating expenditures | | 25,602 | | 29,288 |
| Capital outlay | | 1,200 | | - |
| Total | 173,447 | 169,265 | 4,182 | 181,720 |
| Medical Examiner: | | | | |
| Contracted Services | 10,000 | 4,500 | 5,500 | 11,600 |

**WARREN COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

| | 2011 | | Variance Positive (Negative) | 2010 |
|--|-----------|-----------|------------------------------------|-----------|
| | Budget | Actual | | Actual |
| Animal Control: | | | | |
| Salaries and employee benefits | | 172,166 | | 168,043 |
| Other operating expenditures | | 63,440 | | 56,676 |
| Capital outlay | | 3,825 | | - |
| Total | 253,365 | 239,431 | 13,934 | 224,719 |
| KARTS | | | | |
| Other operating expenditures | 34,859 | 34,859 | - | 23,531 |
| Total Public Safety | 6,913,277 | 6,320,136 | 593,141 | 6,555,189 |
| <u>Environmental Protection</u> | | | | |
| Soil Conservation: | | | | |
| Salaries and employee benefits | | 129,876 | | 129,867 |
| Other operating expenditures | | 32,552 | | 28,672 |
| Total | 168,296 | 162,428 | 5,868 | 158,539 |
| Forestry Service | 111,712 | 103,736 | 7,976 | 92,530 |
| Lake Gaston Weed Control | 116,000 | 116,000 | - | 116,000 |
| Total Environmental Protection | 396,008 | 382,164 | 13,844 | 367,069 |
| <u>Economic and Physical Development</u> | | | | |
| Planning: | | | | |
| Salaries and employee benefits | | 129,363 | | 129,072 |
| Other operating expenditures | | 32,496 | | 9,846 |
| Total | 186,318 | 161,859 | 24,459 | 138,918 |
| Economic Development: | | | | |
| Salaries and employee benefits | | 43,310 | | 81,019 |
| Other operating expenditures | | 81,361 | | 59,181 |
| Capital outlay | | - | | 23,822 |
| Total | 172,680 | 124,671 | 48,009 | 164,022 |

WARREN COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

| | 2011 | | Variance Positive (Negative) | 2010 |
|--|-----------|-----------|------------------------------------|-----------|
| | Budget | Actual | | Actual |
| Agricultural Extension: | | | | |
| Salaries and employee benefits | | 110,649 | | 124,969 |
| Other operating expenditures | | 53,178 | | 62,429 |
| Capital outlay | | 4,990 | | - |
| Total | 240,942 | 168,817 | 72,125 | 187,398 |
| Buck Springs Camp Development: | | | | |
| Other operating expenditures | | 1,713 | | 1,995 |
| Total | 20,745 | 1,713 | 19,032 | 1,995 |
| Kerr Tar Hub | 36,000 | 36,000 | - | 36,000 |
| Total Economic and Physical Development | 656,685 | 493,060 | 163,625 | 528,333 |
| <u>Human Services</u> | | | | |
| Health Clinic/Home Health: | | | | |
| Salaries and employee benefits | | 2,017,775 | | 2,095,661 |
| Other operating expenditures | | 740,665 | | 833,288 |
| Capital outlay | | 6,348 | | - |
| Total | 3,134,778 | 2,764,788 | 369,990 | 2,928,949 |
| Area Mental Health District | 60,315 | 59,546 | 769 | 59,487 |
| Youth and Family Programs: | | | | |
| Juvenile Crime Prevention Program | | 3,283 | | 5,906 |
| North Central Alliance for Youth | | - | | - |
| Tri-County Conflict Management | | 5,016 | | 4,800 |
| Emergency Shelter Care | | 20,115 | | 16,304 |
| Gang Prevention | | 11,046 | | 250 |
| Total | 43,163 | 39,460 | 3,703 | 27,260 |
| Veteran Services: | | | | |
| Salaries and employee benefits | | 82,062 | | 70,535 |
| Other operating expenditures | | 3,774 | | 6,104 |
| Total | 90,679 | 85,836 | 4,843 | 76,639 |
| Senior Citizens Services: | | | | |
| Salaries and employee benefits | 129,824 | 127,640 | 2,184 | 98,782 |
| Contracted services | 279,464 | 242,244 | 37,220 | 290,566 |
| Total | 409,288 | 369,884 | 39,404 | 389,348 |

WARREN COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

| | 2011 | | Variance Positive (Negative) | 2010 |
|--|-----------|-----------|------------------------------------|-----------|
| | Budget | Actual | | Actual |
| Youth Services Bureau: | | | | |
| Salaries and employee benefits | | 105,987 | | 106,310 |
| Other operating expenditures | | 30,308 | | 34,889 |
| Total | 144,510 | 136,295 | 8,215 | 141,199 |
| Rural Operating Assistance Program: | | | | |
| Contracted services | | 63,775 | | 65,092 |
| Other operating expenditures | | 68,179 | | 64,519 |
| Total | 142,554 | 131,954 | 10,600 | 129,611 |
| Social Services: | | | | |
| Salaries and employee benefits | | 2,762,194 | | 2,770,656 |
| Other operating expenditures | | 683,227 | | 596,828 |
| Crisis Intervention | | - | | - |
| Work First Demonstration grant | | - | | - |
| Capital outlay | | 9,530 | | 23,460 |
| Total | 3,508,528 | 3,454,951 | 53,577 | 3,390,944 |
| Public Assistance: | | | | |
| Child Day Care | | 1,050,155 | | 1,143,456 |
| Medicaid | | - | | 25,444 |
| Special Assistance to Adults | | 324,148 | | 319,192 |
| Other Programs | | 103,455 | | 112,842 |
| Total | 1,573,099 | 1,477,758 | 95,341 | 1,600,934 |
| DSS Child Support | | | | |
| Salaries and employee benefits | | 205,870 | | - |
| Other operating expenditures | | 71,700 | | - |
| Total | 342,094 | 277,570 | 64,524 | - |
| Armory | | | | |
| Other operating expenditures | 60,000 | 27,161 | 32,839 | 29,724 |
| Total Human Services | 9,509,008 | 8,825,203 | 619,281 | 8,774,095 |
| <u>Cultural and Recreational</u> | | | | |
| Recreation: | | | | |
| Salaries and employee benefits | | 180,683 | | 181,974 |
| Other operating expenditures | | 130,389 | | 126,254 |
| Capital outlay | | 137,951 | | 3,700 |
| Total | 499,325 | 449,023 | 50,302 | 311,928 |

WARREN COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

| | 2011 | | Variance Positive (Negative) | 2010 |
|--|-------------|------------|------------------------------------|------------|
| | Budget | Actual | | Actual |
| Libraries: | | | | |
| Salaries and employee benefits | | 302,887 | | 301,381 |
| Other operating expenditures | | 111,493 | | 147,628 |
| Total | 481,855 | 414,380 | 67,475 | 449,009 |
| | | | | |
| Total Cultural and Recreational | 981,180 | 863,403 | 117,777 | 760,937 |
| | | | | |
| <u>Education</u> | | | | |
| | | | | |
| Haliwa Saponi Charter School | | | | |
| Capital outlay | - | - | - | - |
| | | | | |
| Warren County Public Schools | | | | |
| Current expense | | 3,160,000 | | 3,122,058 |
| Capital outlay | | 975,000 | | 1,321,388 |
| Total | 4,135,000 | 4,135,000 | - | 4,443,446 |
| | | | | |
| Vance Granville Community College | | | | |
| Current expense | | 174,112 | | 174,112 |
| Capital outlay | | 6,000 | | 6,000 |
| Total | 180,112 | 180,112 | - | 180,112 |
| | | | | |
| Science, Engineering, Math and Aerospace | | | | |
| Salaries and employee benefits | | 128,352 | | 124,304 |
| Other operating expenditures | | 11,479 | | 18,304 |
| Total | 169,235 | 139,831 | 29,404 | 142,608 |
| | | | | |
| Total Education | 4,484,347 | 4,454,943 | 29,404 | 4,766,166 |
| | | | | |
| <u>Debt Service</u> | | | | |
| | | | | |
| Principal retirement | | 1,647,467 | | 1,576,383 |
| Interest and fees | | 397,515 | | 405,061 |
| | | | | |
| Total Debt Service | 2,076,805 | 2,044,982 | 31,823 | 1,981,444 |
| | | | | |
| <u>Contingency</u> | 9,427 | - | 9,427 | - |
| | | | | |
| Total Expenditures | 28,355,967 | 26,422,118 | 1,933,849 | 26,869,234 |
| | | | | |
| Revenues Over (Under) Expenditures | (3,470,046) | (833,916) | 2,636,130 | (430,271) |

WARREN COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

| | 2011 | | Variance Positive (Negative) | 2010 |
|---|------------------|---------------------|------------------------------------|---------------------|
| | Budget | Actual | | Actual |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | |
| Transfers in | | | | |
| Emergency Telephone System Fund | 281,961 | 278,219 | (3,742) | 232,709 |
| Library/Meeting Room | 19,161 | 21,572 | 2,411 | - |
| Courthouse Annex Renovation | - | - | - | 22,112 |
| Recreation Complex Phase I | - | - | - | - |
| Ambulance Storage Facility | - | - | - | - |
| Animal Control Shelter Project | - | - | - | - |
| Recreation Complex Phase II | - | - | - | - |
| Meter Replacement Fund | - | - | - | - |
| Total | <u>301,122</u> | <u>299,791</u> | <u>(1,331)</u> | <u>254,821</u> |
| Transfers out | | | | |
| Revaluation Fund | (50,000) | (50,000) | - | (50,000) |
| Ambulance Storage Facility | (38,000) | - | 38,000 | (41,785) |
| National Guard Armory Renovation Project | - | - | - | (62,946) |
| Soul City Pump Station Improvement Project | - | - | - | - |
| District Two/Wise Project | - | - | - | - |
| Total | <u>(88,000)</u> | <u>(50,000)</u> | <u>38,000</u> | <u>(154,731)</u> |
| Other financing sources (uses): | | | | |
| Installment purchase obligations issued | 767,565 | 89,921 | (677,644) | 1,025,952 |
| Appropriated Fund Balance | <u>2,489,359</u> | <u>-</u> | <u>(2,489,359)</u> | <u>-</u> |
| Total Other Financial Sources (Uses) | <u>3,470,046</u> | <u>339,712</u> | <u>(3,130,334)</u> | <u>1,126,042</u> |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | <u>\$ -</u> | <u>(494,204)</u> | <u>\$ (494,204)</u> | <u>695,771</u> |
| Fund Balance-July 1 | | <u>8,779,980</u> | | <u>8,104,209</u> |
| Fund Balance-June 30 | | <u>\$ 8,285,776</u> | | <u>\$ 8,799,980</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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

| | 2011 | | Variance Positive (Negative) | 2010 |
|---|----------|------------|------------------------------------|------------|
| | Budget | Actual | | Actual |
| <u>REVENUES</u> | | | | |
| Investment earnings | \$ 175 | \$ 196 | \$ 21 | \$ 212 |
| <u>EXPENDITURES</u> | | | | |
| General government | 55,175 | 5,000 | 50,175 | 20,000 |
| Revenues Over (Under) Expenditures | (55,000) | (4,804) | 50,196 | (19,788) |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | |
| Transfer in (out) | | | | |
| General Fund | 50,000 | 50,000 | - | 50,000 |
| General Fund | | | - | |
| Appropriated fund balance | 5,000 | - | (5,000) | - |
| | 55,000 | 50,000 | (5,000) | 50,000 |
| Excess of Revenues and Other Sources Over (Under) Expenditures | \$ - | 45,196 | \$ 45,196 | 30,212 |
| Fund Balance - July 1 | | 136,555 | | 106,343 |
| Fund Balance - June 30 | | \$ 181,751 | | \$ 136,555 |

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

- **Special Fire Districts Fund:** This special revenue fund is used to account for the tax revenues collected by the County on behalf of the various fire districts located within the County.
- **Emergency Telephone System Fund:** This special revenue fund is used to account for the 911 revenues collected by the telephone industry to fund the 911 emergency system.
- **CDBG (Community Development Block Grant) Infra Water Hook-up Fund:** This fund is used to account for revenues and expenditures to rehabilitate substandard rural housing for infra water hook-up.
- **CDBG Ephraim Place Fund:** This fund is used to account for revenues and expenditures to rehabilitate substandard rural housing at Ephraim Place.
- **CDBG Scattered Sites Fund:** This fund is used to account for revenues and expenditures to rehabilitate substandard rural housing at scattered sites.

Capital Project Funds

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

- **National Guard Armory Renovation Project Fund:** This capital project fund is used to account for funds set aside to renovate the National Guard Armory.
- **Buck Springs Leadership Center Fund:** This fund is used to account for funds set aside to construct a leadership center.
- **Ambulance Storage Facility Fund:** This fund is used to account for funds set aside to construct an ambulance storage facility.
- **Library/Meeting Room Fund:** This capital project fund is used to account for funds set aside to construct a library and meeting room.
- **Simulcast System Upgrade:** This capital project fund is used to account for funds set aside to upgrade the Simulcast system.
- **Energy Efficient Grant:** This capital project fund is used to account for funds set aside to update the County's energy efficiency.

WARREN COUNTY, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011

| | Special Revenue Funds | | | | | Capital Projects Funds | | | | | | Total Nonmajor Governmental Funds |
|--|-----------------------------|---------------------------------|--------------------------|--------------------|----------------------|--|--------------------------------|----------------------------|-----------------------|--------------------------|------------------------|-----------------------------------|
| | Special Fire Districts Fund | Emergency Telephone System Fund | CDBG Infra Water Hook-up | CDBG Ephraim Place | CDBG Scattered Sites | National Guard Armory Renovation Project | Buck Springs Leadership Center | Ambulance Storage Facility | Library/ Meeting Room | Simulcast System Upgrade | Energy Efficient Grant | |
| ASSETS | | | | | | | | | | | | |
| Current Assets: | | | | | | | | | | | | |
| Cash and cash equivalents | \$ 11,821 | \$ 189,319 | \$ - | \$ - | \$ - | \$ 19,627 | \$ 291,132 | \$ 190,720 | \$ - | \$ 122,539 | \$ - | \$ 825,158 |
| Accounts receivable, net | - | 20,260 | - | 1,141 | 59,485 | - | - | - | - | - | 121,114 | 202,000 |
| Taxes receivable, net | 133,126 | - | - | - | - | - | - | - | - | - | - | 133,126 |
| Restricted Assets: | | | | | | | | | | | | |
| Cash reserved for construction | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Assets | \$ 144,947 | \$ 209,579 | \$ - | \$ 1,141 | \$ 59,485 | \$ 19,627 | \$ 291,132 | \$ 190,720 | \$ - | \$ 122,539 | \$ 121,114 | \$ 1,160,284 |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | | |
| Accounts payable and accrued liabilities | \$ 12,644 | - | \$ - | \$ - | \$ 46,229 | \$ - | \$ - | \$ 6,393 | \$ - | \$ - | \$ 11,025 | \$ 76,291 |
| Retainage payable | - | - | - | - | - | - | - | - | - | - | - | - |
| Due to General Fund | - | - | - | 17,380 | 21,778 | - | - | - | - | - | 167,579 | 206,737 |
| Deferred revenue | 133,126 | - | - | - | - | - | - | - | - | - | - | 133,126 |
| Total liabilities | 145,770 | - | - | 17,380 | 68,007 | - | - | 6,393 | - | - | 178,604 | 416,154 |
| Fund Balances: | | | | | | | | | | | | |
| Restricted: | | | | | | | | | | | | |
| Stabilization by State Statute | - | 20,260 | - | 1,141 | 59,485 | - | - | - | - | - | 121,114 | 202,000 |
| Public Safety | - | 189,319 | - | - | - | - | - | 184,327 | - | 122,539 | - | 496,185 |
| Economic Development | - | - | - | - | - | 19,627 | 291,132 | - | - | - | - | 310,759 |
| Unassigned: | (823) | - | - | (17,380) | (68,007) | - | - | - | - | - | (178,604) | (264,814) |
| Total fund balances | (823) | 209,579 | - | (16,239) | (8,522) | 19,627 | 291,132 | 184,327 | - | 122,539 | (57,490) | 744,130 |
| Total Liabilities and Fund Balances | \$ 144,947 | \$ 209,579 | \$ - | \$ 1,141 | \$ 59,485 | \$ 19,627 | \$ 291,132 | \$ 190,720 | \$ - | \$ 122,539 | \$ 121,114 | \$ 1,160,284 |

**WARREN COUNTY, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011**

| | Special Revenue Funds | | | | | Capital Projects Funds | | | | | | Total Nonmajor Governmental Funds |
|---|-----------------------------------|--|--------------------------------|--------------------------|----------------------------|---|---|----------------------------------|-----------------------------|--------------------------------|------------------------------|---|
| | Special Fire Districts Fund | Emergency Telephone System Fund | CDBG Infra Water Hook-up | CDBG Ephraim Place | CDBG Scattered Sites | National Guard Armory Renovation Project | Buck Springs Leadership Center | Ambulance Storage Facility | Library/ Meeting Room | Simulcast System Upgrade | Energy Efficient Grant | |
| REVENUES | | | | | | | | | | | | |
| Ad valorem taxes | \$ 746,539 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 746,539 |
| Other taxes and licenses | - | - | - | - | - | - | - | - | - | - | - | - |
| Restricted intergovernmental | - | 243,121 | 5,990 | 37,351 | 181,854 | - | - | - | - | - | 121,360 | 589,676 |
| Investment earnings | - | 451 | - | - | - | 43 | 357 | 346 | 13 | 4 | - | 1,214 |
| Miscellaneous | - | - | - | 1,141 | - | - | - | - | - | - | 22,526 | 23,667 |
| Total Revenues | 746,539 | 243,572 | 5,990 | 38,492 | 181,854 | 43 | 357 | 346 | 13 | 4 | 143,886 | 1,361,096 |
| EXPENDITURES | | | | | | | | | | | | |
| General government | - | - | - | - | - | - | - | - | - | - | - | - |
| Public safety | 747,432 | - | - | - | - | - | - | - | - | - | - | 747,432 |
| Economic and physical development | - | - | 5,880 | 19,119 | 154,336 | - | - | - | - | - | - | 179,335 |
| Capital outlay | - | - | - | - | - | - | - | 114,672 | - | - | 201,376 | 316,048 |
| Debt service | - | - | - | - | - | - | - | - | - | - | - | - |
| Principal | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenditures | 747,432 | - | 5,880 | 19,119 | 154,336 | - | - | 114,672 | - | - | 201,376 | 1,242,815 |
| Revenues Over (Under) | | | | | | | | | | | | |
| Expenditures | (893) | 243,572 | 110 | 19,373 | 27,518 | 43 | 357 | (114,326) | 13 | 4 | (57,490) | 118,281 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | | | |
| Transfers to other funds | - | (400,754) | - | - | - | - | - | - | (21,572) | - | - | (422,326) |
| Transfers from other funds | - | - | - | - | - | - | - | - | - | 122,535 | - | 122,535 |
| Debt issued | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) - Net | - | (400,754) | - | - | - | - | - | - | (21,572) | 122,535 | - | (299,791) |
| Excess of Revenues and Other Sources Over (Under) | | | | | | | | | | | | |
| Expenditures and Other Uses | (893) | (157,182) | 110 | 19,373 | 27,518 | 43 | 357 | (114,326) | (21,559) | 122,539 | (57,490) | (181,510) |
| Fund Balance - July 1 | 70 | 366,761 | (110) | (35,612) | (36,040) | 19,584 | 290,775 | 298,653 | 21,559 | - | - | 925,640 |
| Fund Balance - June 30 | \$ (823) | \$ 209,579 | \$ - | \$ (16,239) | \$ (8,522) | \$ 19,627 | \$ 291,132 | \$ 184,327 | \$ - | \$ 122,539 | \$ (57,490) | \$ 744,130 |

**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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

| | 2011 | | Variance Positive (Negative) | 2010 |
|------------------------------------|----------------|-----------------|------------------------------------|----------------|
| | Budget | Actual | | Actual |
| <u>REVENUES</u> | | | | |
| Ad Valorem taxes | \$ 798,378 | \$ 746,539 | \$ (51,839) | \$ 676,796 |
| <u>EXPENDITURES</u> | | | | |
| Public safety | <u>798,378</u> | <u>747,432</u> | <u>50,946</u> | <u>676,789</u> |
| Revenues Over (Under) Expenditures | <u>\$ -</u> | (893) | <u>\$ (893)</u> | 7 |
| Fund Balance - July 1 | | <u>70</u> | | <u>63</u> |
| Fund Balance - June 30 | | <u>\$ (823)</u> | | <u>\$ 70</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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

| | 2011 | | Variance Positive (Negative) | 2010 |
|--|------------------|-------------------|------------------------------------|-------------------|
| | Budget | Actual | | Actual |
| <u>REVENUES</u> | | | | |
| Restricted intergovernmental | | | | |
| Wireless communications | \$ 243,121 | \$ 243,121 | \$ - | \$ 243,121 |
| Investment earnings | 1,000 | 451 | (549) | 1,166 |
| Total Revenues | <u>244,121</u> | <u>243,572</u> | <u>(549)</u> | <u>244,287</u> |
| <u>EXPENDITURES</u> | | | | |
| Public safety | - | - | - | - |
| Revenues Over (Under) Expenditures | <u>244,121</u> | <u>243,572</u> | <u>(549)</u> | <u>244,287</u> |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | |
| Transfer in (out) | | | | |
| General Fund | (281,961) | (278,219) | 3,742 | (232,709) |
| Simulcast System Upgrade Fund | (122,535) | (122,535) | - | - |
| Appropriated fund balance | 160,375 | - | (160,375) | - |
| Total | <u>(244,121)</u> | <u>(400,754)</u> | <u>(156,633)</u> | <u>(232,709)</u> |
| Revenues Over (Under) Expenditures and Other Uses | <u>\$ -</u> | (157,182) | <u>\$ (157,182)</u> | 11,578 |
| Fund Balance - July 1 | | <u>366,761</u> | | <u>355,183</u> |
| Fund Balance - June 30 | | <u>\$ 209,579</u> | | <u>\$ 366,761</u> |

**WARREN COUNTY, NORTH CAROLINA
CDBG INFRA WATER HOOK-UP 2008
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011**

| | <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 | \$ 64,732 | \$ 5,990 | \$ 70,722 | \$ (4,278) |
| <u>EXPENDITURES</u> | | | | | |
| Economic and physical development | 75,000 | 64,842 | 5,880 | 70,722 | 4,278 |
| Revenues Over (Under) Expenditures | <u>\$ -</u> | <u>\$ (110)</u> | 110 | <u>\$ -</u> | <u>\$ -</u> |
| Fund Balance - July 1 | | | <u>(110)</u> | | |
| Fund Balance - June 30 | | | <u>\$ -</u> | | |

**WARREN COUNTY, NORTH CAROLINA
CDBG EPHRAIM PLACE PROJECT
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011**

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|---------------------------------------|--------------------------|--------------------------|---------------------------|----------------------------|------------------------------------|
| <u>REVENUES</u> | | | | | |
| Restricted intergovernmental | \$ 467,690 | \$ 312,248 | \$ 37,351 | \$ 349,599 | \$ (118,091) |
| Miscellaneous | - | 1,739 | 1,141 | 2,880 | 2,880 |
| Total | <u>467,690</u> | <u>313,987</u> | <u>38,492</u> | <u>352,479</u> | <u>(115,211)</u> |
| <u>EXPENDITURES</u> | | | | | |
| Economic and Physical Development | <u>467,690</u> | <u>349,599</u> | <u>19,119</u> | <u>368,718</u> | <u>98,972</u> |
| Revenues Over (Under) Expenditures | <u>\$ -</u> | <u>\$ (35,612)</u> | 19,373 | <u>\$ (16,239)</u> | <u>\$ (16,239)</u> |
| Fund Balance - July 1 | | | <u>(35,612)</u> | | |
| Fund Balance - June 30 | | | <u>\$ (16,239)</u> | | |

WARREN COUNTY, NORTH CAROLINA
CDBG SCATTERED SITES
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

| | <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 | \$ 400,000 | \$ - | \$ 181,854 | \$ 181,854 | \$ (218,146) |
| Miscellaneous | - | - | - | - | - |
| Total | <u>400,000</u> | <u>-</u> | <u>181,854</u> | <u>181,854</u> | <u>(218,146)</u> |
| <u>EXPENDITURES</u> | | | | | |
| Economic and Physical Development | <u>400,000</u> | <u>36,040</u> | <u>154,336</u> | <u>190,376</u> | <u>209,624</u> |
| Revenues Over (Under) Expenditures | <u>\$ -</u> | <u>\$ (36,040)</u> | 27,518 | <u>\$ (8,522)</u> | <u>\$ (8,522)</u> |
| Fund Balance - July 1 | | | <u>(36,040)</u> | | |
| Fund Balance - June 30 | | | <u>\$ (8,522)</u> | | |

**WARREN COUNTY, NORTH CAROLINA
NATIONAL GUARD ARMORY RENOVATION PROJECT
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011**

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|--|--------------------------|--------------------------|---------------------------|----------------------------|------------------------------------|
| REVENUES | | | | | |
| Golden Leaf Foundation Grant | \$ 800,000 | \$ 800,000 | \$ - | \$ 800,000 | \$ - |
| Investment earnings | - | 209 | 43 | 252 | (252) |
| Miscellaneous | - | 17,145 | - | 17,145 | (17,145) |
| Total | <u>800,000</u> | <u>817,354</u> | <u>43</u> | <u>817,397</u> | <u>(17,397)</u> |
| EXPENDITURES | | | | | |
| Capital outlay | | | | | |
| Renovation | | 910,446 | - | 910,446 | |
| Administration | | 4,382 | - | 4,382 | |
| Survey | | 3,000 | - | 3,000 | |
| Parking Lot Paving | | - | - | - | |
| Design Fees | | 4,500 | - | 4,500 | |
| Architectural/Engineering Fees | | 61,250 | - | 61,250 | |
| Additional Services | | 77,138 | - | 77,138 | |
| Contingency | | - | - | - | |
| Total | <u>1,062,946</u> | <u>1,060,716</u> | <u>-</u> | <u>1,060,716</u> | <u>2,230</u> |
| Total | <u>1,062,946</u> | <u>1,060,716</u> | <u>-</u> | <u>1,060,716</u> | <u>2,230</u> |
| Revenues Over (Under) | | | | | |
| Expenditures | <u>(262,946)</u> | <u>(243,362)</u> | <u>43</u> | <u>(243,319)</u> | <u>19,627</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Proceeds of installment purchase | 200,000 | 200,000 | - | 200,000 | - |
| Transfer in (out) | | | | | |
| General Fund | <u>62,946</u> | <u>62,946</u> | <u>-</u> | <u>62,946</u> | <u>-</u> |
| Total | <u>262,946</u> | <u>262,946</u> | <u>-</u> | <u>262,946</u> | <u>-</u> |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | <u>\$ -</u> | <u>\$ 19,584</u> | <u>43</u> | <u>\$ 19,627</u> | <u>\$ 19,627</u> |
| Fund Balance - July 1 | | | <u>19,584</u> | | |
| Fund Balance - June 30 | | | <u>\$ 19,627</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, 2011**

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|--|--------------------------|--------------------------|---------------------------|----------------------------|------------------------------------|
| REVENUES | | | | | |
| Restricted intergovernmental: | | | | | |
| Kellogg Grant | \$ 50,000 | \$ 79,379 | \$ - | \$ 79,379 | \$ 29,379 |
| Private Contributions | 238,476 | 221,702 | - | 221,702 | (16,774) |
| Investment Earnings | - | 45,759 | 357 | 46,116 | 46,116 |
| Total Revenues | <u>288,476</u> | <u>346,840</u> | <u>357</u> | <u>347,197</u> | <u>58,721</u> |
| EXPENDITURES | | | | | |
| 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 | - | 290,775 | 357 | 291,132 | 291,132 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfer in (out) | | | | | |
| General Fund | - | - | - | - | - |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | <u>\$ -</u> | <u>\$ 290,775</u> | 357 | <u>\$ 291,132</u> | <u>\$ 291,132</u> |
| Fund Balance - July 1 | | | <u>290,775</u> | | |
| Fund Balance - June 30 | | | <u>\$ 291,132</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, 2011**

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|--|--------------------------|--------------------------|---------------------------|----------------------------|------------------------------------|
| REVENUES | | | | | |
| Investment Earnings | \$ - | \$ 2,956 | \$ 346 | \$ 3,302 | \$ 3,302 |
| EXPENDITURES | | | | | |
| Capital outlay | | | | | |
| Survey | 2,105 | 2,104 | - | 2,104 | 1 |
| Legal & Administrative | 5,500 | 5,245 | - | 5,245 | 255 |
| Land | 20,000 | 20,000 | - | 20,000 | - |
| Furniture/Fixtures Generator | 36,000 | - | 6,360 | 6,360 | 29,640 |
| Site Development | 53,100 | 12,774 | - | 12,774 | 40,326 |
| Architectural Fees | 23,700 | 23,700 | 350 | 24,050 | (350) |
| Construction Contract | 286,900 | 44,285 | 98,822 | 143,107 | 143,793 |
| Telephone System | 10,000 | - | 9,140 | 9,140 | 860 |
| Contingency | 4,500 | - | - | - | 4,500 |
| Total | <u>441,805</u> | <u>108,108</u> | <u>114,672</u> | <u>222,780</u> | <u>219,025</u> |
| Revenues Over (Under) | | | | | |
| Expenditures | <u>(441,805)</u> | <u>(105,152)</u> | <u>(114,326)</u> | <u>(219,478)</u> | <u>222,327</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Installment purchase obligations issued | 340,000 | 340,000 | - | 340,000 | - |
| Transfer in (out) | | | | | |
| General Fund | 279,785 | 241,785 | - | 241,785 | (38,000) |
| General Fund | <u>(177,980)</u> | <u>(177,980)</u> | <u>-</u> | <u>(177,980)</u> | <u>-</u> |
| Total | <u>441,805</u> | <u>403,805</u> | <u>-</u> | <u>403,805</u> | <u>(38,000)</u> |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | <u>\$ -</u> | <u>\$ 298,653</u> | <u>(114,326)</u> | <u>\$ 184,327</u> | <u>\$ 184,327</u> |
| Fund Balance - July 1 | | | <u>298,653</u> | | |
| Fund Balance - June 30 | | | <u>\$ 184,327</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, 2011**

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|--|--------------------------|--------------------------|---------------------------|----------------------------|------------------------------------|
| REVENUES | | | | | |
| Investment earnings | \$ 56,520 | \$ 56,512 | \$ 13 | \$ 56,525 | \$ 5 |
| Miscellaneous income | 40,918 | 40,917 | - | 40,917 | (1) |
| Total | <u>97,438</u> | <u>97,429</u> | <u>13</u> | <u>97,442</u> | <u>4</u> |
| EXPENDITURES | | | | | |
| Capital outlay | | | | | |
| Asbestos abatement | | 13,815 | - | 13,815 | |
| Construction contract | | 2,477,276 | - | 2,477,276 | |
| Legal and administrative | | 8,260 | - | 8,260 | |
| Architectural fees | | 203,837 | - | 203,837 | |
| Additional services | | 30,968 | - | 30,968 | |
| Demolition | | 46,432 | - | 46,432 | |
| Total | <u>2,780,588</u> | <u>2,780,588</u> | <u>-</u> | <u>2,780,588</u> | <u>-</u> |
| Revenues Over (Under) | | | | | |
| Expenditures | <u>(2,683,150)</u> | <u>(2,683,159)</u> | <u>13</u> | <u>(2,683,146)</u> | <u>4</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Proceeds of installment purchase | 2,428,520 | 2,428,520 | - | 2,428,520 | - |
| Transfer in (out) | | | | | |
| Administrative Building Capital Reserve Fund | 186,545 | 186,545 | - | 186,545 | - |
| General Fund | 396,973 | 396,973 | - | 396,973 | - |
| General Fund | <u>(328,888)</u> | <u>(307,320)</u> | <u>(21,572)</u> | <u>(328,892)</u> | <u>4</u> |
| Total | <u>2,683,150</u> | <u>2,704,718</u> | <u>(21,572)</u> | <u>2,683,146</u> | <u>4</u> |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | <u>\$ -</u> | <u>\$ 21,559</u> | <u>(21,559)</u> | <u>\$ -</u> | <u>\$ 8</u> |
| Fund Balance - July 1 | | | <u>21,559</u> | | |
| Fund Balance - June 30 | | | <u>\$ -</u> | | |

**WARREN COUNTY, NORTH CAROLINA
SIMULCAST SYSTEM UPGRADE
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011**

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|--|--------------------------|--------------------------|---------------------------|----------------------------|------------------------------------|
| REVENUES | | | | | |
| Investment earnings | \$ - | \$ - | \$ 4 | \$ 4 | \$ 4 |
| Miscellaneous income | - | - | - | - | - |
| Total | <u>-</u> | <u>-</u> | <u>4</u> | <u>4</u> | <u>4</u> |
| EXPENDITURES | | | | | |
| Capital outlay | | | | | |
| Legal and administrative | | - | - | - | |
| Engineering/General | | - | - | - | |
| Soil investigations | | - | - | - | |
| Land | | - | - | - | |
| Construction contract | | - | - | - | |
| Contingency | | - | - | - | |
| Total | <u>624,400</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>624,400</u> |
| Revenues Over (Under) | | | | | |
| Expenditures | <u>(624,400)</u> | <u>-</u> | <u>4</u> | <u>4</u> | <u>624,404</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Proceeds of installment purchase | 501,865 | - | - | - | (501,865) |
| Transfer in (out) | | | | | |
| Emergency Telephone System Fund | <u>122,535</u> | <u>-</u> | <u>122,535</u> | <u>122,535</u> | <u>-</u> |
| Total | <u>624,400</u> | <u>-</u> | <u>122,535</u> | <u>122,535</u> | <u>(501,865)</u> |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | <u>\$ -</u> | <u>\$ -</u> | <u>122,539</u> | <u>\$ 122,539</u> | <u>\$ 122,539</u> |
| Fund Balance - July 1 | | | <u>-</u> | | |
| Fund Balance - June 30 | | | <u>\$ 122,539</u> | | |

**WARREN COUNTY, NORTH CAROLINA
ENERGY EFFICIENT GRANT
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011**

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|------------------------------|--------------------------|--------------------------|---------------------------|----------------------------|------------------------------------|
| <u>REVENUES</u> | | | | | |
| Restricted intergovernmental | | | | | |
| Federal and state grants | \$ 182,933 | \$ - | \$ 121,360 | \$ 121,360 | \$ (61,573) |
| Miscellaneous income | 30,000 | - | 22,526 | 22,526 | (7,474) |
| Total | <u>212,933</u> | <u>-</u> | <u>143,886</u> | <u>143,886</u> | <u>(69,047)</u> |
| <u>EXPENDITURES</u> | | | | | |
| Capital outlay | | | | | |
| Contracted services | | - | 23,542 | 23,542 | |
| Advertising | | - | 461 | 461 | |
| Construction contract | | - | 177,373 | 177,373 | |
| Total | <u>212,933</u> | <u>-</u> | <u>201,376</u> | <u>201,376</u> | <u>11,557</u> |
| Revenues Over (Under) | | | | | |
| Expenditures | <u>\$ -</u> | <u>\$ -</u> | (57,490) | <u>\$ (57,490)</u> | <u>\$ (57,490)</u> |
| Fund Balance - July 1 | | | <u>-</u> | | |
| Fund Balance - June 30 | | | <u>\$ (57,490)</u> | | |

ENTERPRISE FUNDS

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

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

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

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

WARREN COUNTY, NORTH CAROLINA
REGIONAL WATER SYSTEM FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

| | 2011 | | Variance Positive (Negative) | 2010 |
|--|----------------|---------------------|------------------------------------|--------------------|
| | Budget | Actual | | Actual |
| REVENUES | | | | |
| Operating Revenues | | | | |
| Water and Sewer Charges | \$ 966,291 | \$ 926,366 | \$ (39,925) | \$ - |
| Nonoperating Revenues | | | | |
| Permits and Fees | 200 | 200 | - | 275 |
| Impact Fees | - | - | - | 5,100 |
| Miscellaneous Revenue | 2,803 | 3,935 | 1,132 | (9,043) |
| Interest Earnings | 900 | 598 | (302) | 813 |
| Total Nonoperating Revenues | <u>3,903</u> | <u>4,733</u> | <u>830</u> | <u>(2,855)</u> |
| Total Revenues | <u>970,194</u> | <u>931,099</u> | <u>(39,095)</u> | <u>(2,855)</u> |
| EXPENDITURES | | | | |
| Salaries and employee benefits | | 104,008 | | - |
| Water purchases | | 508,609 | | - |
| Other operating expenditures | | 242,197 | | - |
| Capital outlay | | - | | - |
| Total Expenditures | <u>970,194</u> | <u>854,814</u> | <u>115,380</u> | <u>-</u> |
| Revenues Over (Under) Expenditures | <u>-</u> | <u>76,285</u> | <u>76,285</u> | <u>(2,855)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in (out) | | | | |
| Soul City Pump Station Improvements | (23,860) | (11,930) | 11,930 | (9,254) |
| Appropriated Fund Balance | 23,860 | - | (23,860) | - |
| Total Transfers | <u>-</u> | <u>(11,930)</u> | <u>(11,930)</u> | <u>(9,254)</u> |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | <u>\$ -</u> | <u>\$ 64,355</u> | <u>\$ 64,355</u> | <u>\$ (12,109)</u> |
| RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL | | | | |
| Excess of revenues over (under) expenditures | | \$ 64,355 | | \$ (12,109) |
| Capital outlay | | - | | - |
| Depreciation | | (248,511) | | - |
| (Increase) decrease in compensated absences payable | | 464 | | - |
| (Increase) decrease in OPEB obligation | | (186) | | - |
| Net Income | | <u>(183,878)</u> | | <u>(12,109)</u> |
| Soul City and Pleasant Hill Capital Project Wastewater Treatment Plant | | 68,728 | | 311,962 |
| | | <u>-</u> | | <u>-</u> |
| Net Income for Regional Water Enterprise Fund | | <u>\$ (115,150)</u> | | <u>\$ 299,853</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, 2011

| | 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 | \$ 293,932 | \$ 56,068 | \$ 350,000 | \$ - |
| Investment earnings | - | 2,065 | 5 | 2,070 | 2,070 |
| Miscellaneous | 8,768 | 8,768 | 725 | 9,493 | 725 |
| Total Revenues | <u>358,768</u> | <u>304,765</u> | <u>56,798</u> | <u>361,563</u> | <u>2,795</u> |
| <u>EXPENDITURES</u> | | | | | |
| Capital Outlay | 430,127 | 372,682 | 56,548 | 429,230 | 897 |
| Revenues Over (Under) Expenditures | <u>(71,359)</u> | <u>(67,917)</u> | <u>250</u> | <u>(67,667)</u> | <u>3,692</u> |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | | |
| Transfers in (out) | | | | | |
| Regional Water Enterprise Fund | 66,184 | 54,254 | 11,930 | 66,184 | - |
| General Fund | 5,175 | 5,175 | - | 5,175 | - |
| Total | <u>71,359</u> | <u>59,429</u> | <u>11,930</u> | <u>71,359</u> | <u>-</u> |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | <u>\$ -</u> | <u>\$ (8,488)</u> | <u>\$ 12,180</u> | <u>\$ 3,692</u> | <u>\$ 3,692</u> |

RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL

| | |
|--|------------------|
| Revenues and other sources over (under) expenditures | \$ 12,180 |
| Capital outlay | <u>56,548</u> |
| Net Income | <u>\$ 68,728</u> |

WARREN COUNTY, NORTH CAROLINA
WASTE WATER TREATMENT PLANT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|--|--------------------------|--------------------------|---------------------------|----------------------------|------------------------------------|
| <u>REVENUES</u> | | | | | |
| Restricted intergovernmental: | | | | | |
| Clean Water Trust Fund Grant | \$ 867,500 | \$ - | \$ - | \$ - | \$ (867,500) |
| Investment earnings | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - |
| Total Revenues | <u>867,500</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(867,500)</u> |
| <u>EXPENDITURES</u> | | | | | |
| Capital Outlay | <u>867,500</u> | <u>-</u> | <u>19,200</u> | <u>19,200</u> | <u>848,300</u> |
| Revenues Over (Under) Expenditures | <u>-</u> | <u>-</u> | <u>(19,200)</u> | <u>(19,200)</u> | <u>(19,200)</u> |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | | |
| Transfers in (out) | | | | | |
| Regional Water Enterprise Fund | | - | - | - | - |
| General Fund | | - | - | - | - |
| Total | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (19,200)</u> | <u>\$ (19,200)</u> | <u>\$ (19,200)</u> |
| <u>RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL</u> | | | | | |
| Revenues and other sources over (under) expenditures | | | \$ (19,200) | | |
| Capital outlay | | | <u>19,200</u> | | |
| Net Income | | | <u>\$ -</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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

| | 2011 | | Variance Positive (Negative) | 2010 |
|--|----------------|-------------------|------------------------------------|--------------------|
| | Budget | Actual | | Actual |
| <u>REVENUES</u> | | | | |
| Operating Revenues | | | | |
| Water and Sewer Charges | \$ 458,560 | \$ 463,949 | \$ 5,389 | \$ 457,449 |
| Other operating revenues | 5,866 | 7,095 | 1,229 | 2,189 |
| Total Operating Revenues | <u>464,426</u> | <u>471,044</u> | <u>6,618</u> | <u>459,638</u> |
| Nonoperating Revenues | | | | |
| Interest Earnings | 1,400 | 853 | (547) | 1,125 |
| Total Nonoperating Revenues | <u>1,400</u> | <u>853</u> | <u>(547)</u> | <u>1,125</u> |
| Total Revenues | <u>465,826</u> | <u>471,897</u> | <u>6,071</u> | <u>460,763</u> |
| <u>EXPENDITURES</u> | | | | |
| Salaries and employee benefits | | 152,296 | | 148,677 |
| Water purchases | | 95,892 | | 95,229 |
| Other operating expenditures | | 49,503 | | 61,270 |
| Contracted services | | - | | - |
| Debt service: | | | | |
| Interest and other charges | | 67,011 | | 68,250 |
| Debt principal | | <u>27,000</u> | | <u>26,000</u> |
| Total Expenditures | <u>465,826</u> | <u>391,702</u> | <u>74,124</u> | <u>399,426</u> |
| Revenues Over (Under) Expenditures | <u>-</u> | <u>80,195</u> | <u>80,195</u> | <u>61,337</u> |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | |
| 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>\$ 80,195</u> | <u>\$ 80,195</u> | <u>\$ 61,337</u> |
| <u>RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL</u> | | | | |
| Excess of revenues over (under) expenditures | | \$ 80,195 | | \$ 61,337 |
| Debt service payment | | 27,000 | | 26,000 |
| Depreciation | | (138,985) | | (139,445) |
| (Increase) decrease in compensated absences payable | | (764) | | 74 |
| (Increase) decrease in OPEB obligation | | <u>(277)</u> | | <u>(539)</u> |
| Net Income | | <u>(32,831)</u> | | <u>(52,573)</u> |
| Meter Replacement Project | | <u>164,556</u> | | <u>-</u> |
| Net Income for District Two Enterprise Fund | | <u>\$ 131,725</u> | | <u>\$ (52,573)</u> |

WARREN COUNTY, NORTH CAROLINA
METER REPLACEMENT PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|---|--------------------------|--------------------------|---------------------------|----------------------------|------------------------------------|
| REVENUES | | | | | |
| Restricted intergovernmental revenues | \$ 365,142 | \$ - | \$ 182,571 | \$ 182,571 | \$ (182,571) |
| EXPENDITURES | | | | | |
| Administrative | 25,436 | 7,421 | 18,015 | 25,436 | - |
| Construction | 347,127 | 342,279 | 4,848 | 347,127 | - |
| Contingency | - | - | - | - | - |
| Total Expenditures | <u>372,563</u> | <u>349,700</u> | <u>22,863</u> | <u>372,563</u> | <u>-</u> |
| Revenues Over (Under) Expenditures | <u>(7,421)</u> | <u>(349,700)</u> | <u>159,708</u> | <u>(189,992)</u> | <u>(182,571)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in (out) | | | | | |
| Regional Water System Fund | 297 | 297 | - | 297 | - |
| District One Enterprise Fund | 7,124 | 7,124 | - | 7,124 | - |
| Total | <u>7,421</u> | <u>7,421</u> | <u>-</u> | <u>7,421</u> | <u>-</u> |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | <u>\$ -</u> | <u>\$ (342,279)</u> | <u>\$ 159,708</u> | <u>\$ (182,571)</u> | <u>\$ (182,571)</u> |
| RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL | | | | | |
| Revenues and other sources over (under) expenditures | | | \$ 159,708 | | |
| Capital outlay | | | <u>4,848</u> | | |
| Net Income | | | <u>\$ 164,556</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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

| | 2011 | | Variance Positive (Negative) | 2010 |
|--|----------------|---------------------|------------------------------------|---------------------|
| | Budget | Actual | | Actual |
| REVENUES | | | | |
| Operating Revenues | | | | |
| Water and sewer charges | \$ 457,348 | \$ 489,056 | \$ 31,708 | \$ 463,520 |
| Other charges for services | - | - | - | - |
| Total Operating Revenues | <u>457,348</u> | <u>489,056</u> | <u>31,708</u> | <u>463,520</u> |
| Nonoperating Revenues | | | | |
| Debt reimbursement | 10,356 | 10,356 | - | 10,356 |
| Rents | 15,000 | 15,000 | - | 15,200 |
| Miscellaneous | 3,489 | 5,747 | 2,258 | 1,249 |
| Interest Earnings | 937 | 855 | (82) | 1,042 |
| Total Nonoperating Revenues | <u>29,782</u> | <u>31,958</u> | <u>2,176</u> | <u>27,847</u> |
| Total Revenues | <u>487,130</u> | <u>521,014</u> | <u>33,884</u> | <u>491,367</u> |
| EXPENDITURES | | | | |
| Salaries and employee benefits | | 100,291 | | 92,925 |
| Water purchases | | 86,108 | | 82,138 |
| Other operating expenditures | | 99,812 | | 77,941 |
| Capital outlay | | - | | 4,607 |
| Debt service: | | | | |
| Interest and other charges | | 117,931 | | 119,718 |
| Principal | | 39,000 | | 37,500 |
| Total Expenditures | <u>487,130</u> | <u>443,142</u> | <u>43,988</u> | <u>414,829</u> |
| Revenues Over (Under) Expenditures | <u>-</u> | <u>77,872</u> | <u>77,872</u> | <u>76,538</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in (out) | | | | |
| District Two/Phase II Capital Project | - | - | - | 13,232 |
| Fund balance appropriated | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>13,232</u> |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | <u>\$ -</u> | <u>\$ 77,872</u> | <u>\$ 77,872</u> | <u>\$ 89,770</u> |
| RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL | | | | |
| Excess of revenues over (under) expenditures | | \$ 77,872 | | \$ 89,770 |
| Depreciation | | (292,589) | | (293,050) |
| Capital outlay | | - | | - |
| Debt service payment | | 39,000 | | 37,500 |
| (Increase) decrease in compensated absences payable | | (863) | | 46 |
| (Increase) decrease in OPEB obligation | | (183) | | (337) |
| Net Income | | <u>(176,763)</u> | | <u>(166,071)</u> |
| District Two/Phase II Capital Project | | - | | (13,218) |
| District Two/Wise Project | | - | | - |
| Net Income for District Two Enterprise Fund | | <u>\$ (176,763)</u> | | <u>\$ (179,289)</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, 2011

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|---------------------------------------|--------------------------|--------------------------|---------------------------|----------------------------|------------------------------------|
| REVENUES | | | | | |
| Charges for services | \$ 3,875 | \$ 3,875 | \$ - | \$ 3,875 | \$ - |
| Restricted intergovernmental: | | | | | |
| State reimbursements | 400,000 | 400,000 | - | 400,000 | - |
| Investment earnings | 3,050 | 3,051 | - | 3,051 | 1 |
| Miscellaneous | 6,311 | 6,311 | - | 6,311 | - |
| | <u>413,236</u> | <u>413,237</u> | <u>-</u> | <u>413,237</u> | <u>1</u> |
| EXPENDITURES | | | | | |
| Construction | 444,927 | 444,923 | - | 444,923 | 4 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfer in (out) | | | | | |
| District Two Enterprise Fund | 44,923 | 44,923 | - | 44,923 | - |
| District Two Enterprise Fund | (13,232) | (13,232) | - | (13,232) | - |
| Total | <u>31,691</u> | <u>31,691</u> | <u>-</u> | <u>31,691</u> | <u>-</u> |
| Revenues Over (Under) Expenditures | <u>\$ -</u> | <u>\$ 5</u> | <u>\$ -</u> | <u>\$ 5</u> | <u>\$ 5</u> |

RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL

| | |
|--|-------------|
| Revenues and other sources over (under) expenditures | \$ - |
| Capital outlay | <u>-</u> |
| Net income | <u>\$ -</u> |

WARREN COUNTY, NORTH CAROLINA
DISTRICT TWO/ WISE PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|---------------------------------------|--------------------------|--------------------------|---------------------------|----------------------------|------------------------------------|
| REVENUES | | | | | |
| Charges for services | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted intergovernmental: | | | | | |
| State reimbursements | 212,243 | - | - | - | (212,243) |
| Investment earnings | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - |
| | <u>212,243</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(212,243)</u> |
| EXPENDITURES | | | | | |
| Construction | | 49,560 | - | 49,560 | |
| Total | <u>424,485</u> | <u>49,560</u> | <u>-</u> | <u>49,560</u> | <u>374,925</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Proceeds from debt | 191,018 | 212,243 | - | 212,243 | 21,225 |
| Transfer in (out) | | | | | |
| General Fund | 21,224 | 71,224 | - | 71,224 | 50,000 |
| Total | <u>212,242</u> | <u>283,467</u> | <u>-</u> | <u>283,467</u> | <u>71,225</u> |
| Revenues Over (Under) Expenditures | <u>\$ -</u> | <u>\$ 233,907</u> | <u>\$ -</u> | <u>\$ 233,907</u> | <u>\$ 233,907</u> |

RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL

| | |
|--|-------------|
| Revenues and other sources over (under) expenditures | \$ - |
| Capital outlay | - |
| Net income | <u>\$ -</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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

| | 2011 | | Variance Positive (Negative) | 2010 |
|--|------------|-------------|------------------------------------|-------------|
| | Budget | Actual | | Actual |
| REVENUES | | | | |
| Operating Revenues | | | | |
| Water and sewer charges | \$ 484,405 | \$ 545,815 | \$ 61,410 | \$ 534,223 |
| Other charges for services | 800 | 1,278 | 478 | 4,447 |
| Total Operating Revenues | 485,205 | 547,093 | 61,888 | 538,670 |
| Nonoperating Revenues | | | | |
| Restricted intergovernmental: | | | | |
| State grants | - | - | - | - |
| Miscellaneous | 1,118 | 2,054 | 936 | 1,790 |
| Interest Earnings | 600 | 613 | 13 | 571 |
| Total Nonoperating Revenues | 1,718 | 2,667 | 949 | 2,361 |
| Total Revenues | 486,923 | 549,760 | 62,837 | 541,031 |
| EXPENDITURES | | | | |
| Salaries and employee benefits | | 14,883 | | 13,667 |
| Water purchases | | 96,730 | | 83,277 |
| Other operating expenditures | | 33,211 | | 22,124 |
| Contracted services | | - | | - |
| Capital outlay | | - | | 21,008 |
| Debt Service | | | | |
| Principal paid | | 96,000 | | 42,000 |
| Interest expense | | 390,787 | | 392,890 |
| Total Expenditures | 648,948 | 631,611 | 17,337 | 574,966 |
| Revenues Over (Under) Expenditures | (162,025) | (81,851) | 80,174 | (33,935) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in (out) | | | | |
| District II/Phase I Capital Project | - | - | - | - |
| General Fund | - | - | - | - |
| Fund balance appropriated | 162,025 | - | (162,025) | - |
| Total Other Financing Sources (Uses) | 162,025 | - | (162,025) | - |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | \$ - | \$ (81,851) | \$ (81,851) | \$ (33,935) |
| RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL | | | | |
| Excess of revenues over (under) expenditures | | \$ (81,851) | | \$ (33,935) |
| Depreciation | | (8,609) | | (8,369) |
| Capital outlay | | - | | 21,008 |
| Principal paid | | 96,000 | | 42,000 |
| (Increase) decrease in compensated absences payable | | (49) | | (532) |
| (Increase) decrease in OPEB obligation | | - | | (39) |
| Net Income | | 5,491 | | 20,133 |
| District Three/Phase I Capital Project | | (605) | | 42,695 |
| District Three/Phase II Capital Project | | (420) | | 871,928 |
| District Three/Phase III Capital Project | | 400 | | 75 |
| Net Income for District Three Enterprise Fund | | \$ 4,866 | | \$ 934,831 |

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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

| | 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 | \$ 2,621,000 | \$ - | \$ 2,621,000 | \$ - |
| State grants | 400,000 | 400,000 | - | 400,000 | - |
| Charges for services | 212,600 | 210,068 | (800) | 209,268 | (3,332) |
| Miscellaneous | - | 158,388 | - | 158,388 | 158,388 |
| Investment earnings | - | 69,776 | 195 | 69,971 | 69,971 |
| Total Revenues | <u>3,233,600</u> | <u>3,459,232</u> | <u>(605)</u> | <u>3,458,627</u> | <u>225,027</u> |
| <u>EXPENDITURES</u> | | | | | |
| Construction | 6,733,100 | 6,707,485 | - | 6,707,485 | 25,615 |
| Revenues Over (Under) Expenditures | <u>(3,499,500)</u> | <u>(3,248,253)</u> | <u>(605)</u> | <u>(3,248,858)</u> | <u>250,642</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>3,567,512</u> | <u>-</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>\$ 319,259</u> | <u>\$ (605)</u> | <u>\$ 318,654</u> | <u>\$ 318,654</u> |

RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL

| | |
|--|-----------------|
| Revenues and other sources over (under) expenditures | \$ (605) |
| Capital outlay | - |
| | <u>\$ (605)</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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|--|--------------------------|--------------------------|---------------------------|----------------------------|------------------------------------|
| REVENUES | | | | | |
| Restricted intergovernmental: | | | | | |
| Federal grants | \$ 3,955,000 | \$ 3,955,000 | \$ - | \$ 3,955,000 | \$ - |
| State grants | 1,040,000 | 296,908 | - | 296,908 | (743,092) |
| Charges for services | 104,000 | 166,535 | (425) | 166,110 | 62,110 |
| Investment earnings | - | 41,810 | 5 | 41,815 | 41,815 |
| Miscellaneous | 116,421 | 174,296 | 0 | 174,296 | 57,875 |
| Total Revenues | <u>5,215,421</u> | <u>4,634,549</u> | <u>(420)</u> | <u>4,634,129</u> | <u>(581,292)</u> |
| EXPENDITURES | | | | | |
| Construction | <u>10,176,921</u> | <u>9,731,385</u> | <u>29,173</u> | <u>9,760,558</u> | <u>416,363</u> |
| Revenues Over (Under) Expenditures | <u>(4,961,500)</u> | <u>(5,096,836)</u> | <u>(29,593)</u> | <u>(5,126,429)</u> | <u>(164,929)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfer from General Fund | 4,500 | 9,000 | - | 9,000 | 4,500 |
| Bonds issued | 4,957,000 | 4,957,000 | - | 4,957,000 | - |
| Premium on bonds issued | - | 8,823 | - | 8,823 | 8,823 |
| Total Other Financing Sources (Uses) - Net | <u>4,961,500</u> | <u>4,974,823</u> | <u>-</u> | <u>4,974,823</u> | <u>13,323</u> |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | <u>\$ -</u> | <u>\$ (122,013)</u> | <u>\$ (29,593)</u> | <u>\$ (151,606)</u> | <u>\$ (151,606)</u> |
| RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL | | | | | |
| Revenues and other sources over (under) expenditures | | | \$ (29,593) | | |
| Capital outlay | | | 29,173 | | |
| Bonds issued | | | <u>-</u> | | |
| Net Income | | | <u>\$ (420)</u> | | |

WARREN COUNTY, NORTH CAROLINA
DISTRICT THREE/PHASE III CAPITAL PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|--|--------------------------|--------------------------|---------------------------|----------------------------|------------------------------------|
| REVENUES | | | | | |
| Restricted intergovernmental: | | | | | |
| Federal grants | \$ - | \$ - | \$ - | \$ - | \$ - |
| State grants | 920,000 | - | - | - | (920,000) |
| Charges for services | 15,300 | 300 | 400 | 700 | (14,600) |
| Total Revenues | <u>935,300</u> | <u>300</u> | <u>400</u> | <u>700</u> | <u>(934,600)</u> |
| EXPENDITURES | | | | | |
| Construction | 2,496,300 | 30,000 | 65,274 | 95,274 | 2,401,027 |
| Revenues Over (Under) Expenditures | <u>(1,561,000)</u> | <u>(29,700)</u> | <u>(64,874)</u> | <u>(94,574)</u> | <u>1,466,427</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Bonds issued | 1,561,000 | - | - | - | (1,561,000) |
| Total Other Financing Sources (Uses) - Net | <u>1,561,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,561,000)</u> |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | <u>\$ -</u> | <u>\$ (29,700)</u> | <u>\$ (64,874)</u> | <u>\$ (94,574)</u> | <u>\$ (94,574)</u> |

RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL

| | |
|--|---------------|
| Revenues and other sources over (under) expenditures | \$ (64,874) |
| Capital outlay | 65,274 |
| Bonds issued | <u>-</u> |
| Net Income | <u>\$ 400</u> |

WARREN COUNTY, NORTH CAROLINA
SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

| | 2011 | | Variance Positive (Negative) | 2010 |
|---|--------------|--------------|------------------------------------|--------------|
| | Budget | Actual | | Actual |
| REVENUES | | | | |
| Operating revenues | | | | |
| Charges for services | \$ 1,389,322 | \$ 1,365,509 | \$ (23,813) | \$ 1,273,105 |
| Nonoperating Revenues | | | | |
| State grants and reimbursements | | | | |
| Tire Disposal Tax | 19,200 | 33,773 | 14,573 | 26,113 |
| White Goods Disposal Tax | 7,500 | 7,207 | (293) | 13,804 |
| Solid Waste Disposal Tax | 15,000 | 14,813 | (187) | 14,927 |
| Miscellaneous | 3,400 | 3,208 | (192) | 3,919 |
| Interest earnings | 700 | 343 | (357) | 467 |
| Total Nonoperating Revenues | 45,800 | 59,344 | 13,544 | 59,230 |
| Total Revenues | 1,435,122 | 1,424,853 | (10,269) | 1,332,335 |
| EXPENDITURES | | | | |
| Salaries and employee benefits | | 217,448 | | 202,613 |
| Other operating expenditures | | 91,191 | | 80,109 |
| Contracted services | | 1,090,605 | | 1,084,417 |
| Capital outlay | | 43,145 | | - |
| Debt service: | | | | |
| Interest and other charges | | 176 | | - |
| Debt principal | | 2,788 | | - |
| Total Expenditures | 1,507,081 | 1,445,353 | 61,728 | 1,367,139 |
| Revenues Over (Under) Expenditures | (71,959) | (20,500) | 51,459 | (34,804) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer in (out) | | | | |
| General Fund | - | - | - | - |
| Installment purchase obligations issued | - | 17,204 | 17,204 | - |
| Appropriated fund balance | 71,959 | - | (71,959) | - |
| Total Other Financing Sources (Uses) | 71,959 | 17,204 | (54,755) | - |
| Revenues and Other Financing Sources Over (Under) Expenditures | \$ - | \$ (3,296) | \$ (3,296) | \$ (34,804) |
| RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL | | | | |
| Revenues and other financing sources under expenditures | | \$ (3,296) | | \$ (34,804) |
| Capital outlay | | 43,145 | | - |
| Debt service payment | | 2,788 | | - |
| Depreciation | | (10,842) | | (19,543) |
| Installment purchase obligations issued | | (17,204) | | - |
| (Increase) decrease in compensated absences payable | | (1,302) | | 141 |
| (Increase) decrease in OPEB obligation | | (401) | | (750) |
| Net Income for Solid Waste Fund | | \$ 12,888 | | \$ (54,956) |

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, 2011

| | Balance July 1, 2010 | Additions | Deductions | Balance June 30, 2011 |
|---|-------------------------|-------------------|-------------------|--------------------------|
| <u>Social Services</u> | | | | |
| Assets | | | | |
| Cash | \$ 14,248 | \$ 76,502 | \$ 72,332 | \$ 18,418 |
| Liabilities | | | | |
| Miscellaneous liabilities | \$ 14,248 | \$ 76,502 | \$ 72,332 | \$ 18,418 |
| <u>Fines and Forfeitures and DMV Interest</u> | | | | |
| Assets | | | | |
| Cash | \$ 701 | \$ 9,120 | \$ 9,253 | \$ 568 |
| Accounts receivable | 8,509 | 126,191 | 128,678 | 6,022 |
| | <u>\$ 9,210</u> | <u>\$ 135,311</u> | <u>\$ 137,931</u> | <u>\$ 6,590</u> |
| Liabilities | | | | |
| Intergovernmental payable | \$ 8,509 | \$ 126,191 | \$ 128,678 | \$ 6,022 |
| Due to DMV | 701 | 9,120 | 9,253 | 568 |
| Total | <u>\$ 9,210</u> | <u>\$ 135,311</u> | <u>\$ 137,931</u> | <u>\$ 6,590</u> |
| <u>Motor Vehicle Tax</u> | | | | |
| Assets | | | | |
| Cash | \$ - | \$ 683,397 | \$ 683,397 | \$ - |
| Liabilities | | | | |
| Intergovernmental payable | \$ - | \$ 683,397 | \$ 683,397 | \$ - |
| <u>Totals - All Agency Funds</u> | | | | |
| Assets | | | | |
| Cash | \$ 14,949 | \$ 769,019 | \$ 764,982 | \$ 18,986 |
| Accounts receivable | 8,509 | 126,191 | 128,678 | 6,022 |
| | <u>\$ 23,458</u> | <u>\$ 895,210</u> | <u>\$ 893,660</u> | <u>\$ 25,008</u> |
| Liabilities | | | | |
| Miscellaneous liabilities | \$ 14,248 | \$ 76,502 | \$ 72,332 | \$ 18,418 |
| Intergovernmental payable | 8,509 | 809,588 | 812,075 | 6,022 |
| Due to DMV | 701 | 9,120 | 9,253 | 568 |
| Total liabilities | <u>\$ 23,458</u> | <u>\$ 895,210</u> | <u>\$ 893,660</u> | <u>\$ 25,008</u> |

OTHER SCHEDULES

This schedule contains additional information required on property taxes.

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

WARREN COUNTY, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

| Fiscal Year | Uncollected Balance July 1, 2010 | Additions | Collections and Adjustments | Uncollected Balance June 30, 2011 |
|--|--|----------------------|-----------------------------------|--|
| 2010-2011 | \$ - | \$ 14,810,011 | \$ 14,063,760 | \$ 746,251 |
| 2009-2010 | 701,765 | - | 444,807 | 256,958 |
| 2008-2009 | 241,478 | - | 66,737 | 174,741 |
| 2007-2008 | 185,902 | - | 31,984 | 153,918 |
| 2006-2007 | 160,444 | - | 24,141 | 136,303 |
| 2005-2006 | 129,554 | - | 16,474 | 113,080 |
| 2004-2005 | 111,162 | - | 10,691 | 100,471 |
| 2003-2004 | 93,505 | - | 8,463 | 85,042 |
| 2002-2003 | 111,626 | - | 7,180 | 104,446 |
| 2001-2002 | 167,425 | - | 7,190 | 160,235 |
| 2000-2001 | 93,551 | - | 93,551 | - |
| | <u>\$ 1,996,412</u> | <u>\$ 14,810,011</u> | <u>\$ 14,774,978</u> | <u>\$ 2,031,445</u> |
| | | | | Less: allowance for uncollectible accounts: <u>500,000</u> |
| | | | | Ad valorem taxes receivable - net: <u>\$ 1,531,445</u> |
| Reconciliation with revenues: | | | | |
| Ad valorem taxes - General Fund | | | | <u>\$ 15,318,279</u> |
| Reconciling items: | | | | |
| Amounts written off for 2000-2001 levy | | | | 88,753 |
| Interest and Discounts | | | | <u>(632,054)</u> |
| Total Reconciling Items | | | | <u>(543,301)</u> |
| Total Collections and Credits | | | | <u>\$ 14,774,978</u> |

**WARREN COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
JUNE 30, 2011**

| | County-wide | | | Total Levy | |
|--|-------------------------|-------|----------------------|---|---------------------------------|
| | Property Valuation | Rate | Total Levy | Property Excluding Registered Motor Vehicles | Registered Motor Vehicles |
| Original levy: | | | | | |
| Property taxed at current year's rate | \$ 2,468,335,213 | 0.600 | \$ 14,810,011 | \$ 14,163,310 | \$ 646,701 |
| Discoveries: | 103,342,587 | 0.600 | 620,056 | 614,933 | 5,123 |
| Abatements | <u>(24,793,657)</u> | 0.600 | <u>(148,762)</u> | <u>(140,937)</u> | <u>(7,825)</u> |
| Total Property Valuation | <u>\$ 2,546,884,143</u> | | | | |
| Net Levy | | | 15,281,305 | 14,637,306 | 643,999 |
| Uncollected taxes at June 30, 2010 | | | <u>746,251</u> | <u>632,522</u> | <u>113,729</u> |
| Current year's taxes collected | | | <u>\$ 14,535,054</u> | <u>\$ 14,004,784</u> | <u>\$ 530,270</u> |
| Current levy collection percentage | | | <u>95.12%</u> | <u>95.68%</u> | <u>82.34%</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 EIGHT FISCAL YEARS*
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

| | Fiscal Years | | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Governmental activities | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 5,318,311 | \$ 5,450,318 | \$ 6,013,698 | \$ 7,406,216 | \$ 8,356,319 | \$ 10,018,301 | \$ 11,523,737 | \$ 12,220,550 |
| Restricted | - | 636,545 | 54,916 | 119,168 | 10,931 | - | - | 2,399,348 |
| Unrestricted | 3,708,387 | 4,807,363 | 7,718,588 | 8,646,672 | 8,485,896 | 7,446,330 | 8,442,300 | 5,997,626 |
| Total governmental activities net asset | <u>\$ 9,026,698</u> | <u>\$ 10,894,226</u> | <u>\$ 13,787,202</u> | <u>\$ 16,172,056</u> | <u>\$ 16,853,146</u> | <u>\$ 17,464,631</u> | <u>\$ 19,966,037</u> | <u>\$ 20,617,524</u> |
| Business-type activities | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 17,416,727 | \$ 20,419,414 | \$ 19,286,085 | \$ 19,086,139 | \$ 19,480,250 | \$ 21,706,937 | \$ 22,843,191 | \$ 22,523,838 |
| Restricted | - | - | - | - | - | - | - | - |
| Unrestricted | 1,774,845 | (2,253,750) | 1,236,198 | 1,526,879 | 1,609,269 | 2,177,111 | 1,809,528 | 1,986,447 |
| Total business-type activities net assets | <u>\$ 19,191,572</u> | <u>\$ 18,165,664</u> | <u>\$ 20,522,283</u> | <u>\$ 20,613,018</u> | <u>\$ 21,089,519</u> | <u>\$ 23,884,048</u> | <u>\$ 24,652,719</u> | <u>\$ 24,510,285</u> |
| Primary government | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 22,735,038 | \$ 25,869,732 | \$ 25,299,783 | \$ 26,492,355 | \$ 27,836,569 | \$ 31,725,238 | \$ 34,366,928 | \$ 34,744,388 |
| Restricted | - | 636,545 | 54,916 | 119,168 | 10,931 | - | - | 2,399,348 |
| Unrestricted | 5,483,232 | 2,553,613 | 8,954,786 | 10,173,551 | 10,095,165 | 9,623,441 | 10,251,828 | 7,984,073 |
| Total primary government net asset | <u>\$ 28,218,270</u> | <u>\$ 29,059,890</u> | <u>\$ 34,309,485</u> | <u>\$ 36,785,074</u> | <u>\$ 37,942,665</u> | <u>\$ 41,348,679</u> | <u>\$ 44,618,756</u> | <u>\$ 45,127,809</u> |

* Information prior to 06/30/04 is unavailable.

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

| Expenses | Fiscal Years | | | | | | | |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Governmental activities: | | | | | | | | |
| General government | \$ 2,295,882 | \$ 2,499,642 | \$ 2,214,866 | \$ 2,561,297 | \$ 3,064,896 | \$ 3,133,446 | \$ 2,650,142 | \$ 3,363,969 |
| Public safety | 4,282,062 | 4,446,747 | 5,199,174 | 5,432,066 | 5,897,695 | 6,487,102 | 7,133,833 | 7,033,229 |
| Economic development | 629,167 | 640,594 | 378,250 | 547,258 | 479,538 | 703,870 | 812,368 | 676,787 |
| Environmental protection | 226,995 | 228,788 | 279,035 | 372,069 | 377,402 | 382,002 | 375,553 | 384,936 |
| Human services | 8,685,370 | 8,955,055 | 8,932,781 | 9,634,595 | 9,964,742 | 9,244,375 | 8,843,649 | 8,961,158 |
| Culture and recreation | 427,444 | 473,935 | 459,433 | 476,213 | 678,723 | 965,352 | 889,294 | 854,045 |
| Education | 2,644,396 | 2,917,144 | 2,926,413 | 3,239,620 | 3,598,596 | 3,765,787 | 4,766,622 | 4,460,339 |
| Interest on long-term debt | 522,050 | 464,609 | 475,435 | 473,778 | 503,449 | 467,666 | 396,113 | 397,854 |
| Total governmental activities expenses | 19,713,366 | 20,626,514 | 20,865,387 | 22,736,896 | 24,565,041 | 25,149,600 | 25,867,574 | 26,132,317 |
| Business-type activities | | | | | | | | |
| Solid Waste | 1,133,055 | 1,217,341 | 1,210,403 | 1,203,460 | 1,319,767 | 1,336,601 | 1,387,291 | 1,411,789 |
| Water and Sewer | 1,705,079 | 1,855,912 | 1,850,972 | 2,224,113 | 2,291,284 | 2,405,556 | 2,778,124 | 2,868,012 |
| Total business-type activities expenses | 2,838,134 | 3,073,253 | 3,061,375 | 3,427,573 | 3,611,051 | 3,742,157 | 4,165,415 | 4,279,801 |
| Total primary government expense | \$ 22,551,500 | \$ 23,699,767 | \$ 23,926,762 | \$ 26,164,469 | \$ 28,176,092 | \$ 28,891,757 | \$ 30,032,989 | \$ 30,412,118 |
| Program Revenues | | | | | | | | |
| Governmental activities: | | | | | | | | |
| Charges for services: | | | | | | | | |
| General government | \$ 244,474 | \$ 234,884 | \$ 246,568 | \$ 235,715 | \$ 220,303 | \$ 207,332 | \$ 181,485 | \$ 159,919 |
| Public safety | 84,810 | 193,446 | 310,715 | 279,159 | 278,293 | 245,412 | 240,209 | 194,105 |
| Economic and physical development | - | 15,329 | 13,111 | 11,212 | 18,436 | 11,617 | 19,641 | 17,890 |
| Human services | 1,486,101 | 1,892,895 | 2,132,383 | 1,978,004 | 1,911,990 | 1,932,022 | 2,024,707 | 2,090,364 |
| Culture and recreation | 22,675 | 23,079 | 24,280 | 23,059 | 40,287 | 63,779 | 61,172 | 64,122 |
| Operating grants and contributions | 4,803,520 | 4,619,374 | 4,689,246 | 4,768,953 | 5,096,559 | 5,635,258 | 6,519,634 | 5,641,667 |
| Capital grants and contributions | 150,000 | 462,491 | 354,356 | 718,191 | 318,369 | 274,488 | 1,036,382 | 369,081 |
| Total governmental activities program revenue | 6,791,580 | 7,441,498 | 7,770,659 | 8,014,293 | 7,884,237 | 8,369,908 | 10,083,230 | 8,537,148 |
| Business-type activities | | | | | | | | |
| Charges for services: | | | | | | | | |
| Solid Waste | 1,186,161 | 1,145,235 | 1,176,871 | 1,178,027 | 1,257,962 | 1,203,030 | 1,273,105 | 1,365,509 |
| Water and Sewer | 827,422 | 1,139,443 | 1,413,610 | 1,681,403 | 1,888,710 | 1,928,990 | 2,351,439 | 2,425,639 |
| Capital grants and contributions | 1,339,916 | 231,482 | 2,549,686 | 532,523 | 634,873 | 3,245,436 | 1,251,583 | 304,788 |
| Total business-type activities program revenues | 3,353,499 | 2,284,678 | 5,140,167 | 3,391,953 | 3,781,545 | 6,377,456 | 4,876,127 | 4,095,936 |
| Total primary government program revenue | \$ 10,145,079 | \$ 9,726,176 | \$ 12,910,826 | \$ 11,406,246 | \$ 11,665,782 | \$ 14,747,364 | \$ 14,959,357 | \$ 12,633,084 |
| Net (expenses)/revenue | | | | | | | | |
| Governmental activities | \$ (12,921,786) | \$ (13,185,016) | \$ (13,094,728) | \$ (14,722,603) | \$ (16,680,804) | \$ (16,779,692) | \$ (15,784,344) | \$ (17,595,169) |
| Business-type activities | 515,365 | (557,093) | 2,078,792 | (35,620) | 170,494 | 2,635,299 | 710,712 | (183,865) |
| Total primary government net expense | \$ (12,406,421) | \$ (13,742,109) | \$ (11,015,936) | \$ (14,758,223) | \$ (16,510,310) | \$ (14,144,393) | \$ (15,073,632) | \$ (17,779,034) |
| General Revenues and Other Changes in Net Assets | | | | | | | | |
| Governmental activities: | | | | | | | | |
| Taxes | | | | | | | | |
| Property taxes | \$ 11,576,957 | \$ 10,876,517 | \$ 11,878,217 | \$ 12,297,154 | \$ 12,528,996 | \$ 13,953,610 | \$ 16,017,334 | \$ 16,111,062 |
| Local option sales taxes | 2,857,560 | 3,119,926 | 3,292,261 | 3,648,064 | 3,887,932 | 2,982,087 | 2,095,105 | 1,963,435 |
| Other taxes and licenses | 928,792 | 237,987 | 265,569 | 283,953 | 163,181 | 60,007 | 49,661 | 65,081 |
| Unrestricted grants and contributions | - | 131,026 | 125,192 | 165,522 | 199,658 | 165,847 | 81,749 | 200,746 |
| Investment earnings, unrestricted | 64,840 | 177,394 | 414,341 | 563,824 | 441,867 | 146,561 | 17,402 | 15,940 |
| Miscellaneous | 92,886 | 48,992 | 68,593 | 148,940 | 140,260 | 159,464 | 24,499 | 100,202 |
| Transfers | (253,360) | 546,655 | (56,469) | - | - | (76,399) | - | - |
| Total governmental activities | 15,267,675 | 15,138,497 | 15,987,704 | 17,107,457 | 17,361,894 | 17,391,177 | 18,285,750 | 18,456,466 |
| Business-type activities: | | | | | | | | |
| Investment earnings | 16,386 | 64,374 | 58,335 | 86,377 | 121,544 | 36,384 | 4,407 | 3,467 |
| Miscellaneous | 80,401 | 13,466 | 163,023 | 39,978 | 184,466 | 46,448 | 53,550 | 37,964 |
| Transfers | 253,360 | (546,655) | 56,469 | - | - | 76,399 | - | - |
| Total business-type activities | 350,147 | (468,815) | 277,827 | 126,355 | 306,010 | 159,231 | 57,957 | 41,431 |
| Total primary government | \$ 15,617,822 | \$ 14,669,682 | \$ 16,265,531 | \$ 17,233,812 | \$ 17,667,904 | \$ 17,550,408 | \$ 18,343,707 | \$ 18,497,897 |
| Changes in Net Assets | | | | | | | | |
| Governmental activities | \$ 2,345,889 | \$ 1,953,481 | \$ 2,892,976 | \$ 2,384,854 | \$ 681,090 | \$ 611,485 | \$ 2,501,406 | \$ 861,297 |
| Business-type activities | 865,512 | (1,025,908) | 2,356,619 | 90,735 | 476,504 | 2,794,530 | 768,669 | (142,434) |
| Total primary government | \$ 3,211,401 | \$ 927,573 | \$ 5,249,595 | \$ 2,475,589 | \$ 1,157,594 | \$ 3,406,015 | \$ 3,270,075 | \$ 718,863 |

* Information prior to 06/30/04 is unavailable.

TABLE 3

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

| Fiscal Year | Property Tax | Local Sales Tax | Other Taxes | Motor Fuel Tax | Alcoholic Beverage Tax | Total |
|--------------------|---------------------|------------------------|--------------------|-----------------------|-------------------------------|---------------|
| 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 |
| 2008 | 12,528,996 | 3,887,932 | 144,368 | 12,211 | 6,602 | 16,580,109 |
| 2009 | 13,471,491 | 2,982,087 | 60,007 | 850 | 7,095 | 16,521,530 |
| 2010 | 16,017,334 | 2,095,105 | 49,661 | - | 7,341 | 18,169,441 |
| 2011 | \$ 16,111,062 | \$ 1,963,435 | \$ 65,081 | \$ - | \$ 7,400 | \$ 18,146,978 |

* Information prior to 06/30/04 is unavailable.

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

| | Fiscal Years | | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | |
| General fund | | | | | | | | |
| Reserved by state statute | \$ 2,051,718 | \$ 1,268,739 | \$ 1,328,415 | \$ 1,524,375 | \$ 1,464,419 | \$ 1,756,087 | \$ 1,660,388 | \$ - |
| Reserved For | | | | | | | | |
| Inventory | 6,315 | 5,002 | 8,002 | 14,771 | 18,848 | 25,478 | 25,388 | - |
| Register of Deeds | 5,450 | - | 2,326 | 2,363 | 10,931 | - | - | - |
| Unreserved | | | | | | | | |
| Undesignated | 3,803,527 | 5,821,619 | 5,849,224 | 3,719,715 | 4,160,879 | 4,812,350 | 4,757,385 | - |
| Designated for Library | 60,391 | 60,401 | 60,402 | - | - | - | - | - |
| Designated for recreation | 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 | 1,099,929 | 1,141,509 | 1,743,772 | 3,771,246 | 2,183,928 | 1,510,294 | 2,336,819 | - |
| Nonspendable | | | | | | | | |
| Inventories | | | | | | | | 25,388 |
| Restricted | | | | | | | | |
| Stabilization by State Statute | | | | | | | | 1,390,404 |
| Committed | | | | | | | | |
| Revaluation | | | | | | | | 181,751 |
| Assigned | | | | | | | | |
| Subsequent year's expenditures | | | | | | | | 1,606,391 |
| Unassigned | | | | | | | | 5,263,593 |
| Total general fund | <u>\$ 7,115,544</u> | <u>\$ 8,431,335</u> | <u>\$ 9,104,031</u> | <u>\$ 9,282,470</u> | <u>\$ 7,839,005</u> | <u>\$ 8,104,209</u> | <u>\$ 8,779,980</u> | <u>\$ 8,467,527</u> |
| All other governmental funds | | | | | | | | |
| Reserved by state statute | | | | | | | | |
| Special revenue funds | \$ 16,884 | \$ 17,379 | \$ 35,850 | \$ 33,261 | \$ 44,527 | \$ - | \$ 99,196 | \$ - |
| Capital projects funds | 314,461 | - | 301,214 | 324,953 | 20,489 | 18,858 | 179,645 | - |
| Unreserved, reported in: | | | | | | | | |
| Undesignated | | | | | | | | |
| Special revenue funds | 504,153 | 578,760 | 952,191 | 678,950 | (28,912) | 439,115 | 327,428 | - |
| Capital projects funds | - | 245,614 | 601,092 | (68,711) | 1,759,961 | 240,735 | 450,926 | - |
| Designated for subsequent year's expenditures | | | | | | | | |
| Special revenue funds | - | - | - | 155,412 | 702,364 | 20,000 | 5,000 | - |
| Capital projects funds | - | - | - | - | - | - | - | - |
| Restricted | | | | | | | | |
| Stabilization by State Statute | | | | | | | | 202,000 |
| Public Safety | | | | | | | | 496,185 |
| Economic Development | | | | | | | | 310,759 |
| Unassigned | | | | | | | | (264,814) |
| Total all other governmental funds | <u>\$ 835,498</u> | <u>\$ 841,753</u> | <u>\$ 1,890,347</u> | <u>\$ 1,123,865</u> | <u>\$ 2,498,429</u> | <u>\$ 718,708</u> | <u>\$ 1,062,195</u> | <u>\$ 744,130</u> |

* Information prior to 06/30/04 is unavailable.

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

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

| | Fiscal Years | | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|--------------------|-----------------------|---------------------|---------------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Revenues | | | | | | | | |
| Ad Valorem taxes | \$ 10,962,711 | \$ 11,457,516 | \$ 11,748,015 | \$ 11,940,857 | \$ 12,657,868 | \$ 14,085,532 | \$ 15,998,844 | \$ 16,064,818 |
| Local option sales taxes | 2,857,560 | 3,119,926 | 3,292,261 | 3,648,064 | 3,887,932 | 2,982,087 | 2,095,105 | 1,963,435 |
| Other taxes and licenses | 209,916 | 237,987 | 265,569 | 283,953 | 163,181 | 60,007 | 49,661 | 65,081 |
| Unrestricted Intergovernmental | 122,665 | 140,833 | 143,984 | 165,522 | 380,410 | 165,847 | 81,749 | 200,746 |
| Restricted Intergovernmental | 5,595,178 | 5,127,823 | 5,088,306 | 5,551,113 | 5,297,217 | 5,969,538 | 7,608,880 | 5,995,413 |
| Permits and fees | 292,661 | 280,957 | 388,895 | 354,962 | 350,392 | 278,866 | 275,480 | 248,403 |
| Sales and services | 1,486,759 | 2,022,911 | 2,274,666 | 2,108,218 | 2,055,876 | 2,121,504 | 2,198,871 | 2,237,698 |
| Investment earnings | 64,840 | 177,394 | 414,341 | 563,824 | 441,867 | 146,559 | 17,402 | 15,940 |
| Miscellaneous | 96,573 | 48,992 | 76,362 | 148,940 | 144,837 | 162,956 | 90,351 | 157,960 |
| Total Revenues | 21,688,863 | 22,614,339 | 23,692,399 | 24,765,453 | 25,379,580 | 25,972,896 | 28,416,343 | 26,949,494 |
| Expenditures | | | | | | | | |
| Current: | | | | | | | | |
| General government | 2,308,718 | 2,496,824 | 2,498,608 | 2,515,946 | 3,180,965 | 3,060,249 | 3,176,002 | 3,043,227 |
| Public safety | 4,398,852 | 4,513,470 | 5,151,737 | 5,573,705 | 6,230,742 | 6,354,606 | 7,231,978 | 7,067,568 |
| Environmental protection | 220,848 | 244,756 | 272,848 | 370,576 | 372,892 | 372,374 | 367,069 | 382,164 |
| Economic and physical development | 638,925 | 581,475 | 384,721 | 544,662 | 508,901 | 704,303 | 835,742 | 672,395 |
| Human services | 8,640,782 | 8,848,709 | 8,833,292 | 9,528,206 | 9,770,819 | 9,102,596 | 8,774,095 | 8,825,203 |
| Cultural and recreation | 410,777 | 478,667 | 448,659 | 511,975 | 661,340 | 892,207 | 760,937 | 863,403 |
| Intergovernmental: | | | | | | | | |
| Education | 2,624,383 | 2,916,338 | 2,925,857 | 3,238,524 | 3,598,499 | 3,765,688 | 4,766,166 | 4,454,943 |
| Capital outlay | 1,509,801 | 245,699 | 958,343 | 3,622,830 | 1,764,985 | 1,281,067 | 1,069,604 | 316,048 |
| Debt service: | | | | | | | | |
| Principal | 1,216,266 | 1,197,741 | 1,191,690 | 1,328,116 | 1,477,511 | 1,568,083 | 1,576,383 | 1,647,467 |
| Interest and other charges | 496,117 | 462,986 | 412,662 | 451,026 | 491,027 | 472,447 | 405,061 | 397,515 |
| Total expenditures | 22,465,469 | 21,986,665 | 23,078,417 | 27,685,566 | 28,057,681 | 27,573,620 | 28,963,037 | 27,669,933 |
| Excess of revenues over (under) expenditure: | (776,606) | 627,674 | 613,982 | (2,920,113) | (2,678,101) | (1,600,724) | (546,694) | (720,439) |
| Other financing sources (uses) | | | | | | | | |
| Transfers in from other funds | 363,573 | 1,002,559 | 771,938 | 1,237,130 | 1,087,795 | 896,882 | 429,552 | 422,326 |
| Transfers out to other funds | (616,933) | (455,904) | (828,407) | (1,237,130) | (1,087,795) | (973,281) | (429,552) | (422,326) |
| Proceeds from the issuance of debt | 253,791 | 147,717 | 1,163,777 | 2,332,070 | 2,609,200 | 162,604 | 1,565,952 | 89,921 |
| Total other financing sources (uses) | 431 | 694,372 | 1,107,308 | 2,332,070 | 2,609,200 | 86,205 | 1,565,952 | 89,921 |
| Net change in fund balances | \$ (776,175) | \$ 1,322,046 | \$ 1,721,290 | \$ (588,043) | \$ (68,901) | \$ (1,514,519) | \$ 1,019,258 | \$ (630,518) |
| Debt service as a percentage of noncapital expenditure: | 8.17% | 7.64% | 7.25% | 7.51% | 7.72% | 7.82% | 7.40% | 7.58% |

* Information prior to 06/30/04 is unavailable.

TABLE 6

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

| Fiscal Year | Property Tax | Sales Tax | Other Taxes | Motor Fuel Tax | Alcoholic Beverage Tax | Total |
|--------------------|---------------------|------------------|--------------------|-----------------------|-------------------------------|---------------|
| 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 |
| 2008 | 12,069,157 | 3,887,932 | 100,812 | 12,211 | 6,602 | 16,076,714 |
| 2009 | 13,471,604 | 2,982,088 | 60,007 | 850 | 7,095 | 16,521,644 |
| 2010 | 15,322,048 | 2,095,105 | 49,661 | - | 7,341 | 17,474,155 |
| 2011 | \$ 15,318,279 | \$ 1,963,435 | \$ 65,081 | \$ - | \$ 7,400 | \$ 17,354,195 |

* Information prior to 06/30/04 is unavailable.

WARREN COUNTY, NORTH CAROLINA
ASSESSED VALUE AND ESTIMATED ACTUAL OF TAXABLE PROPERTY
LAST EIGHT 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 | | | | | |
| 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 | 1,066,168 | 100,318 | 1,166,486 | 127,570 | 62,375 | 9,999 | 1,346,432 | 0.84 | 1,648,810 | 81.66% |
| 2008 | 1,130,181 | 106,341 | 1,236,522 | 109,142 | 69,974 | 9,421 | 1,406,217 | 0.92 | 1,898,566 | 74.07% |
| 2009 | 1,976,555 | 185,978 | 2,162,533 | 117,148 | 82,282 | 14,329 | 2,347,634 | 0.92 | 1,408,580 | 166.67% |
| 2010 | 2,161,026 | 197,360 | 2,358,386 | 168,462 | 19,432 | 14,668 | 2,531,612 | 0.60 | 1,518,967 | 166.67% |
| 2011 | \$ 2,147,345 | \$ 202,048 | \$ 2,349,393 | \$ 130,631 | \$ 82,491 | \$ 15,631 | \$ 2,546,884 | 0.62 | \$ 1,579,068 | 161.29% |

* Information prior to 06/30/04 is unavailable.

Source: Warren County tax department

WARREN COUNTY, NORTH CAROLINA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2011
(UNAUDITED)

| | Fiscal Year Ended | | | | | | | |
|----------------------|--------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
| County Direct Rates* | | | | | | | | |
| County-wide Rate | 0.84 | 0.84 | 0.84 | 0.84 | 0.92 | 0.60 | 0.60 | 0.60 |
| Municipality Rates | | | | | | | | |
| Town of Warrenton | 0.65 | 0.65 | 0.65 | 0.65 | 0.70 | 0.61 | 0.61 | 0.62 |
| Town of Norlina | 0.64 | 0.64 | 0.64 | 0.64 | 0.64 | 0.64 | 0.64 | 0.64 |
| Town of Macon | 0.30 | 0.30 | 0.30 | 0.30 | 0.30 | 0.30 | 0.30 | 0.30 |

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

Note:

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

Source: Warren County tax department

TABLE 9

WARREN COUNTY, NORTH CAROLINA
PRINCIPAL PROPERTY TAXPAYERS
JUNE 30, 2011 & 10 YEARS AGO
(UNAUDITED)

| 2011 | | | | 2001 | | | |
|--------------------------------|------------------------|------|--|-----------------------------|------------------------|------|--|
| Taxpayer | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxpayer | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Progress Energy | \$ 23,332,269 | 1 | 0.93% | Glen Raven Mills | \$ 21,995,084 | 1 | 2.47% |
| Lake Gaston Golf Links | 20,513,972 | 2 | 0.81% | Peck Manufacturing | 16,516,022 | 2 | 1.86% |
| PH Forest Investments | 15,735,367 | 3 | 0.62% | Halifax Electric Membership | 7,260,819 | 3 | 0.82% |
| Inland Paper Board & Packaging | 19,944,334 | 4 | 0.79% | Champion International | 6,313,374 | 4 | 0.71% |
| Redtail Gaston LLC | 13,247,414 | 5 | 0.53% | Carolina Power & Light | 5,634,531 | 5 | 0.63% |
| Carolina Telephone | 11,414,966 | 6 | 0.45% | Cochrane Furniture | 4,837,085 | 6 | 0.54% |
| Glen Raven Mills | 7,270,316 | 7 | 0.29% | Carolina Power & Light | 4,783,554 | 7 | 0.54% |
| MHC Lake Gaston LLC | 5,534,936 | 8 | 0.22% | Chesapeake Packaging | 4,683,167 | 8 | 0.53% |
| Stonehouse Timber Lodge | 5,259,123 | 9 | 0.21% | International Paper | 4,095,049 | 9 | 0.46% |
| Bugg A S&W | 5,173,588 | 10 | 0.21% | Alvis P Fleming | 3,234,459 | 10 | 0.36% |
| Totals | <u>\$ 127,426,285</u> | | <u>5.06%</u> | | <u>\$ 79,353,144</u> | | <u>8.92%</u> |

Source: Warren County tax department

TABLE 10

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

| Fiscal Year Ended December 31 | Total Tax Levy for Fiscal Year | Collected within the Fiscal Year of the Levy | | | Total Collections to Date | | |
|--|---|---|-------------------------------|--|----------------------------------|-------------------------------|--|
| | | Amount | Percentage of Levy | Collections in Subsequent Years | Amount | Percentage of Levy | |
| 2004 | \$ 10,471 | \$ 9,900 | 94.5% | \$ 471 | \$ 10,371 | 99.0% | |
| 2005 | 10,930 | 10,362 | 94.8% | 455 | 10,817 | 99.0% | |
| 2006 | 11,246 | 10,612 | 94.4% | 498 | 11,110 | 98.8% | |
| 2007 | 11,648 | 10,857 | 93.2% | 637 | 11,494 | 98.7% | |
| 2008 | 11,812 | 11,109 | 94.0% | 528 | 11,637 | 98.5% | |
| 2009 | 13,247 | 12,557 | 94.8% | 433 | 12,990 | 98.1% | |
| 2010 | 15,190 | 14,488 | 95.3% | - | 14,488 | 95.3% | |
| 2011 | \$ 15,281 | \$ 14,535 | 95.1% | \$ - | \$ 14,535 | 95.1% | |

* Information prior to 06/30/04 is unavailable.

Source: Warren County tax department

TABLE 11

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

| Fiscal Year | Governmental Activities | | Business-type Activities | | Total Primary Government | Percentage of Personal Income | Per Capita |
|--------------------|---------------------------------|------------------------------|---------------------------------|------------------------------|---------------------------------|--------------------------------------|-------------------|
| | General Obligation Bonds | Installment Purchases | General Obligation Bonds | Installment Purchases | | | |
| 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 |
| 2008 | 3,965 | 8,042 | 12,524 | 217 | 24,748 | 6.50% | 1,262 |
| 2009 | 3,165 | 7,281 | 12,422 | - | 22,868 | 6.01% | 2,081 |
| 2010 | 2,380 | 7,883 | 12,316 | - | 22,579 | 5.93% | 1,127 |
| 2011 | \$ 1,588 | \$ 6,933 | \$ 12,154 | \$ 188 | \$ 20,863 | 5.91% | 1,051 |

* Information prior to 06/30/04 is unavailable.

WARREN COUNTY, NORTH CAROLINA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST EIGHT 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 |
|------------------------|---|---|--------------|---|-----------------------|
| 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 |
| 2008 | 3,965 | - | 3,965 | 0.21% | 202 |
| 2009 | 3,165 | - | 3,165 | 0.22% | 234 |
| 2010 | 2,380 | - | 2,380 | 0.16% | 119 |
| 2011 | \$ 1,588 | \$ - | \$ 1,588 | 0.10% | 80 |

* Information prior to 06/30/04 is unavailable.

WARREN COUNTY, NORTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2011
 (UNAUDITED)

| Governmental Unit | Debt Outstanding | Estimated Percentage Applicable | Estimated Share of Overlapping Debt |
|--------------------------|-----------------------------|--|--|
| County of Warren | \$ 1,588 | 100.00% | \$ 1,588 |
| Underlying: | | | |
| Town of Warrenton | - | | - |
| Town of Norlina | - | | - |
| Town of Macon | - | | - |
| | <u>\$ 1,588</u> | | <u>\$ 1,588</u> |

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

| | Fiscal Years | | | | | | | |
|--|------------------|------------------|--------------------|------------------|------------------|------------------|----------------|-------------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Debt limit | \$ 102,522 | \$ 104,551 | \$ 107,358 | \$ 108,514 | \$ 112,497 | \$ 115,190 | \$ 202,529 | \$ 203,751 |
| Total net debt applicable to limit | <u>11,552</u> | <u>14,227</u> | <u># 13,333</u> | <u>12,446</u> | <u>16,489</u> | <u>15,587</u> | <u>14,696</u> | <u>13,742</u> |
| Legal debt margin | <u>\$ 90,970</u> | <u>\$ 90,324</u> | <u># \$ 94,025</u> | <u>\$ 96,068</u> | <u>\$ 96,008</u> | <u>\$ 99,603</u> | <u>187,833</u> | <u>190,009</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 11.27% | 13.61% | 12.42% | 11.47% | 14.66% | 13.53% | 7.26% | 6.74% |
| Legal Debt Margin Calculation for Fiscal Year 2008 | | | | | | | | |
| Total assessed value | | | | | | | | 2,546,884 |
| Debt limit (8% of total assessed value) | | | | | | | | 203,751 |
| Debt applicable to limit: | | | | | | | | |
| General obligation bonds | | | | | | | | 13,742 |
| Less: Amount set aside for repayment of general obligation debt | | | | | | | | <u>-</u> |
| Total net debt applicable to limit | | | | | | | | <u>13,742</u> |
| Legal debt margin | | | | | | | | <u>\$ 190,009</u> |

* Information prior to 06/30/04 is unavailable.

TABLE 15

**WARREN COUNTY, NORTH CAROLINA
DEMOGRAPHICS AND ECONOMIC STATISTICS
LAST EIGHT 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 |
|--------------------|-------------------|---|---------------------------------------|-------------------|---|--------------------------|--------------------------|
| 2004 | 19,831 | 356,376 | 17,971 | 40.69 | * | 3,128 | 8.7% |
| 2005 | 19,890 | 368,825 | 18,543 | 41.02 | * | 3,069 | 7.6% |
| 2006 | 20,215 | 380,630 | 19,164 | 41.35 | * | 2,812 | 7.3% |
| 2007 | 19,605 | 399,315 | 20,368 | 39.79 | * | 2,704 | 6.5% |
| 2008 | 19,605 | 288,507 | 14,716 | 37.00 | * | 3,074 | 9.7% |
| 2009 | 19,388 | 285,314 | 14,716 | * | * | 2,628 | 12.7% |
| 2010 | 20,033 | 368,367 | 18,388 | 44 | * | 2,632 | 11.7% |
| 2011 | 19,843 | 353,083 | 17,794 | 44 | * | 2,600 | 12.5% |

*information not available

** Information prior to 06/30/04 is unavailable.

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

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

| Employer | 2011 | | | 2003 | | |
|---------------------------------|--------------|------|---|--------------|------|---|
| | Employees | Rank | Percentage of Total County Employment | Employees | Rank | Percentage of Total County Employment |
| Warren County Schools | 450 | 1 | 6.50% | 454 | 2 | 11.50% |
| NC Department of Correction | 405 | 2 | 5.85% | 478 | 1 | 11.00% |
| County of Warren | 330 | 3 | 4.77% | 250 | 3 | 6.00% |
| Warren Hills Nursing Center | 143 | 4 | 2.07% | 160 | 4 | 3.80% |
| Elberta Crate & Box | 98 | 5 | 1.42% | 83 | 7 | 2.00% |
| Glen Raven Inc | 157 | 6 | 2.27% | 146 | 6 | 3.50% |
| Maxim Healthcare Services | 64 | 7 | 0.92% | - | - | 0.00% |
| Cast Stone Systems, Inc. | 60 | 8 | 0.87% | - | - | 0.00% |
| NC Department of Transportation | 37 | 9 | 0.53% | - | - | 0.00% |
| Magnolia Gardens | 36 | 10 | 0.52% | - | - | 0.00% |
| Cochrane Furniture Company | | | | 148 | 5 | 3.50% |
| Temple-Inland | | | | 148 | 5 | 3.50% |
| Total | <u>1,780</u> | | <u>25.72%</u> | <u>1,867</u> | | <u>44.80%</u> |

* Information prior to 06/30/04 is unavailable.

Source: NC Employment Security Commission and employers.

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

| Function | Fiscal Years | | | | | | | |
|---------------------------------|--------------|------------|------------|------------|------------|------------|------------|------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| General Government | 40 | 41 | 40 | 45 | 57 | 57 | 56 | 44 |
| Public Safety | | | | | | | | |
| Sheriff | 25 | 29 | 33 | 35 | 35 | 39 | 38 | 38 |
| Central Communications | 10 | 12 | 12 | 13 | 13 | 12 | 10 | 10 |
| Detention | 17 | 18 | 17 | 19 | 19 | 19 | 17 | 17 |
| Emergency Management | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Emergency Services | 18 | 17 | 20 | 22 | 19 | 20 | 20 | 20 |
| Code Enforcement | 3 | 3 | 3 | 3 | 4 | 5 | 4 | 2 |
| Animal Control | 2 | 2 | 3 | 4 | 4 | 4 | 4 | 4 |
| Environmental Protection | 4 | 4 | 4 | 4 | 4 | 4 | 4 | - |
| Economic & Physical Development | 12 | 11 | 12 | 13 | 13 | 13 | 5 | 12 |
| Human Services | 108 | 110 | 115 | 120 | 120 | 120 | 120 | 126 |
| Culture and recreation | 10 | 10 | 7 | 11 | 20 | 23 | 17 | 12 |
| Education | 3 | 3 | 3 | 3 | 13 | 9 | 10 | 7 |
| Solid Waste | 4 | 4 | 5 | 5 | 5 | 4 | 4 | 4 |
| Public Works | 2 | 7 | 7 | 8 | 8 | 8 | 9 | 10 |
| Total | <u>260</u> | <u>273</u> | <u>283</u> | <u>307</u> | <u>336</u> | <u>339</u> | <u>320</u> | <u>308</u> |

* Information prior to 06/30/04 is unavailable.

Source: Warren County finance department

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

| Function | Fiscal Years | | | | | | | |
|--------------------------------------|--------------|--------|--------|--------|--------|--------|--------|--------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Public Safety | | | | | | | | |
| Animal Control- Dogs & Catspicked up | 376 | 285 | 704 | 1,202 | 961 | 1,149 | 1,785 | 1,721 |
| Fire Calls | 363 | 303 | 1,383 | 2,618 | 2,741 | 3,326 | 735 | 3,025 |
| Breaking and entering investigations | 331 | 273 | 463 | 350 | 211 | 233 | 242 | 278 |
| EMS Calls | 1,731 | 1,830 | 2,381 | 2,576 | 2,439 | 1,163 | 2,699 | 4,629 |
| Code Enforcement Inspections | 4,094 | 4,160 | 3,709 | 3,968 | 723 | 4,173 | 889 | 1,153 |
| Human Services | | | | | | | | |
| Number of home health visits | 5,555 | 5,023 | 5,340 | 5,252 | 4,917 | 5,062 | 5,427 | 5,783 |
| Number of home health patients | 359 | 366 | 559 | 314 | 468 | 264 | 441 | 243 |
| Environmental Protection | | | | | | | | |
| Tons of Solid Waste Collected | 8,685 | 8,156 | 10,345 | 10,986 | 10,600 | 9,893 | 9,441 | 8,704 |
| Culture and recreation | | | | | | | | |
| Recreation Youth Participants | 581 | 595 | 650 | 675 | 850 | 875 | 875 | 1,024 |
| Library Items Circulated | 67,461 | 80,080 | 79,612 | 80,489 | 68,690 | 61,727 | 59,560 | 54,530 |
| Number of Library Visits | 43,618 | 56,500 | 52,588 | 53,172 | 44,532 | 54,278 | 58,408 | 54,132 |

* Information prior to 06/30/04 is unavailable.

Source: Various county government departments

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

| Function | Fiscal Years | | | | | | | |
|------------------------------------|--------------|------|------|------|------|------|------|------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| General Government | | | | | | | | |
| Buildings & Grounds Motor Vehicles | 5 | 3 | 3 | 9 | 12 | 11 | 11 | 11 |
| Public Safety | | | | | | | | |
| Sheriff's Patrol Units | 29 | 33 | 33 | 36 | 36 | 36 | 36 | 36 |
| Ambulances | 4 | 4 | 4 | 5 | 8 | 8 | 5 | 5 |
| Other Motor Vehicles | 7 | 7 | 7 | 8 | 7 | 7 | 2 | 4 |
| Environmental Protection | | | | | | | | |
| Motor Vehicles | 5 | 4 | 4 | 6 | 1 | 1 | 3 | 3 |
| Economic & Physical Development | | | | | | | | |
| Motor Vehicles | 1 | 1 | 1 | 4 | 4 | 4 | 1 | 1 |
| Human Services | | | | | | | | |
| Motor Vehicles | 22 | 22 | 22 | 24 | 23 | 22 | 23 | 21 |
| Culture and recreation | | | | | | | | |
| Park Acreage | 1 | 31 | 31 | 36 | 40 | 40 | 42 | 41 |
| Parks | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Library motor vehicles | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Water & Sewer | | | | | | | | |
| Motor Vehicles & Equipment | 3 | 3 | 3 | 8 | 8 | 9 | 7 | |
| Fire Hydrants | 187 | 187 | 187 | 337 | 344 | 483 | 451 | 521 |
| Pump Stations | 8 | 8 | 8 | 13 | 13 | 14 | 5 | 5 |
| Miles of Water Main | 247 | 247 | 247 | 324 | 329 | 444 | 437 | 437 |
| Elevated Tanks | 4 | 4 | 4 | 6 | 6 | 7 | 7 | 7 |
| Miles of Gravity Sewer Lines | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Miles of Sewer Force Main | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 |

* Information prior to 06/30/04 is unavailable.

Source: Warren County finance department

COMPLIANCE SECTION

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Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

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, 2011, which collectively comprises Warren County's basic financial statements, and have issued our report thereon dated December 15, 2011. Our report includes a reference to 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. Other auditors audited the financial statements of Warren County Public Facilities Company and the Warren County ABC Board, as described in our report on Warren County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of Warren County Public Facilities Company and Warren County ABC Board were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

Management of Warren County is responsible for establishing and maintaining effective 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 opinions 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.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

As 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.

We noted certain matters that we reported to management of Warren County, in a separate letter dated December 15, 2011.

This report is intended solely for the information and use of the audit committee, management, others within the entity, members of the Board, 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
December 15, 2011

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

Certified Public Accountants



America Counts on CPAs

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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 Warren County, North Carolina, compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each Warren County's major federal programs for the year ended June 30, 2011. 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'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 of Warren County's compliance with those requirements.

In our opinion, Warren County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

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Internal Control Over Compliance

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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.

We noted certain matters that we reported to management of Warren County, in a separate letter dated December 15, 2011.

This report is intended solely for the information and use of the audit committee, management, others within the entity, 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
December 15, 2011

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

Certified Public Accountants



America Counts on CPAs

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

Jennifer T. Reese, CPA
Curtis G. Van Horne, CPA
Cathy E. McKinley, CPA
Thomas F. Edmunds IV, CPA
Leah P. Englebright, CPA
James C. Lamb, CPA
Tara H. Roberson, CPA

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 Warren County, North Carolina, compliance with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission that could have a direct and material effect on each of its major State programs for the year ended June 30, 2011. 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 Auditors 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 of Warren County's compliance with those requirements.

In our opinion, Warren County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2011.

102 W. Spring Street P.O. Box 1366 Oxford, NC 27565 (919) 693-5196 fax (919) 693-7614

www.wwcecpa.com



Internal Control Over Compliance

Management of Warren County is responsible for establishing and maintaining effective internal control over compliance with the 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 the requirements that could have a direct and material effect on a major State program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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.

We noted certain matters that we reported to management of Warren County, in a separate letter dated December 15, 2011.

This report is intended solely for the information and use of the audit committee, management, others within the entity, 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
December 15, 2011

**WARREN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant Deficiency(s) identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted Yes No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? Yes No

Significant Deficiency(s) identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to federal awards Yes No

Type of auditor's report issued on compliance for major federal programs: 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 federal programs:

| <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u> |
|---------------------|---|
| 93.778 | Medical Assistance Program |

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 887,346

Auditee qualified as low-risk auditee? Yes No

State Awards

Internal Control Over Major Programs:

Material weakness(es) identified? Yes No

Significant Deficiency(s) identified that are not considered to be material weaknesses? Yes No

Noncompliance material to state awards Yes No

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

**WARREN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

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
Drinking Water State Revolving Fund

II. Financial Statement Findings

None reported.

III Federal Award Findings and Questioned Costs

None reported.

IV State Award Findings and Questioned Costs

None reported.

WARREN COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Section II - Financial Statement Findings

None reported.

Section III - Federal Award Findings

None reported.

Section IV - State Award Findings

None reported.

WARREN COUNTY, NORTH CAROLINA
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Prior Year Audit Findings:

B. Financial Award Findings and Questioned Costs

Finding: 10-1

Status: The County has implemented changes to try to improve upon their internal control in as cost effective of a way as possible.

Finding: 10-2

Status: The County has sought additional education and guidance regarding preparation of financial statements.

Finding: 09-1

Status: The County continues to try to keep duties separated among personnel as much as possible.

Finding: 09-2

Status: The County continues to try to obtain additional knowledge concerning preparation of financial statements.

Finding: 08-1

Status: The County continues to try to keep duties separated among personnel as much as possible.

Finding: 08-2

Status: The County continues to try to obtain additional knowledge concerning preparation of financial statements.

Finding: 07-1

Status: The County continues to try to keep duties separated among personnel as much as possible.

Finding: 07-2

Status: The County continues to try to obtain additional knowledge concerning preparation of financial statements.

Finding: 07-3

Status: Significant improvement has been made in documentation. Problem has been corrected.

WARREN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

| GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE | FEDERAL CFDA NUMBER | FEDERAL EXPENDITURES | STATE EXPENDITURES |
|--|---------------------------|-------------------------|-----------------------|
| FEDERAL AWARDS: | | | |
| <u>U.S. Dept. of Agriculture</u> | | | |
| Office of Agricultural Marketing Service Farmers Market Promotion Program Passed-through the N.C. Dept. of Health and Human Services: Division of Social Services: Administration: Supplemental Nutrition Assistance Program | 10.168 | \$ 4,765 | \$ - |
| Passed-through the N.C. Dept. of Health and Human Services: Division of Public Health: Administration: Special Supplemental Nutrition Program for Women, Infants, & Children | 10.561 | 298,410 | - |
| Direct Benefit Payments: Special Supplemental Nutrition Program for Women, Infants, & Children | 10.557 | 158,296 | - |
| Passed-through the Kerr-Tar Council of Governments: Nutrition Program for the Elderly | 10.557 | 485,490 | - |
| | 10.570 | 15,605 | - |
| Total US Department of Agriculture | | 962,566 | - |
| <u>U.S. Dept. of Housing and Urban Development</u> | | | |
| Office of Community Planning and Development Passed-through the N.C. Department of Commerce: Community Development Block Grant | 14.228 | 187,844 | - |
| <u>National Foundation of Arts and Humanities</u> | | | |
| Office of Library Services-State Orogams Passed-through the N.C. Dept. of Cultural Resources State Library of North Carolina LSTA Strengthening Public and Academic Library Collections Grant | 45.310 | 20,000 | - |
| <u>U.S. Election Assistance Commission</u> | | | |
| Passed through State Board of Elections: HAVA Grant | 90.401 | 45,438 | - |
| Total General Services Administration | | 45,438 | - |
| <u>Department of Homeland Security</u> | | | |
| Passed-through the N.C. Department of Crime Control: Emergency Management Performance Grant | 97.042 | 34,885 | - |
| Emergency Food and Shelter Program | 97.024 | 7,035 | - |
| Total Department of Homeland Security | | 41,920 | - |
| <u>Department of Justice</u> | | | |
| Bureau of Justice Assistance Passed through the NC Department of Crime Control: Byrne Justice Assistance Grant | 16.738 | 32,491 | - |
| Total Department of Justice | | 32,491 | - |
| <u>National Aeronautics and Space Administration</u> | | | |
| Direct Program: Science and Math Grant | 43.001 | 99,947 | - |
| <u>U.S. Department of Energy</u> | | | |
| Passed through the NC Department of Commerce Energy Division ARRA Energy Efficiency and Conservation | 81.128 | 177,374 | - |

WARREN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

| 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 | 60,178 | 91,355 |
| Special Programs for the Aging - Title III C | | | |
| Nutrition Services | 93.045 | 64,152 | 33,329 |
| Special Programs for the Aging_ Title III D | | | |
| Disease Prevention and Health Promotion Services | 93.043 | 2,379 | 152 |
| National Family Caregiver Support, Title III, Part E | 93.052 | 6,580 | 420 |
| Total Administration on Aging | | 133,289 | 125,256 |
| <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 - Administration | 93.658 | 112,426 | 12,952 |
| Title IV-E Foster Care-Direct | 93.658 | 24,478 | 4,928 |
| Adoption Assistance - Administration | 93.659 | 9,434 | - |
| Adoption Assistance - Direct Benefits Payments | 93.659 | 124,458 | 28,045 |
| Total Foster Care and Adoption Cluster | | 270,796 | 45,925 |
| Temporary Assistance for Needy Families | | | |
| Administration | 93.558 | 408,877 | - |
| Direct Benefit Payments | 93.558 | 234,691 | - |
| Low-Income Home Energy Assistance Block Grant: | | | |
| Administration | 93.568 | 266,551 | - |
| Direct Benefit Payments | 93.568 | 323,171 | - |
| Promoting Safe and Stable Families | 93.556 | (2,818) | - |
| Child Welfare Services | 93.645 | (1,445) | (1,377) |
| Social Services Block Grant | 93.667 | 173,504 | 4,502 |
| Child Care Development Fund-Administration | 93.596 | 92,258 | - |
| Chafee Foster Care Independence Program | 93.674 | 4,286 | 1,010 |
| Chafee Foster Care Independence Program - Direct | 93.674 | 277 | - |
| Subsidized Child Care: | | | |
| <u>Child Care and Development Fund Cluster:</u> | | | |
| <u>Division of Child Development</u> | | | |
| Child Care and Development Fund-Discretionary | 93.575 | 266,992 | - |
| Child Care and Development Fund-Mandatory | 93.596 | 120,639 | - |
| Child Care and Development Fund-Match | 93.596 | 128,336 | 69,685 |
| ARRA - Child Care and Development Block Grant | 93.713 | 24,086 | - |
| Total Child Care Fund Cluster | | 540,053 | 69,685 |
| Social Services Block Grant | 93.667 | 984 | - |
| Temporary Assistance for Needy Families | 93.558 | 109,202 | - |
| ARRA Emergency Contingency Fund | 93.714 | 55,326 | - |
| Child Support Enforcement | 93.563 | 280,720 | - |
| Family Violence Prevention | 93.671 | (53,939) | - |
| State Appropriations | | - | 55,086 |
| Smart Start | | - | 2,508 |
| TANF-MOE | | - | 117,323 |
| Total Subsidized Child Care Cluster | | 932,346 | 244,602 |
| Total Administration for Children and Families | | 2,702,494 | 294,662 |
| <u>Centers for Medicare and Medicaid Services</u> | | | |
| Passed through the NC Dept. of Insurance | | | |
| Centers for Medicare and Medicaid Services Research | | | |
| Demonstrations and Evaluations | 93.779 | 2,904 | - |
| Passed through the NC Dept. of Health and Human Services | | | |
| Division of Social Services: | | | |
| Childrens Health Insurance program | 93.767 | 25,847 | 1,022 |
| Medical Assistance Program | 93.778 | 646,471 | 50,920 |
| Medical Assistance Program - Direct | 93.778 | 24,216,689 | 9,934,092 |
| Total Centers for Medicare and Medicaid Services | | 24,891,911 | 9,986,034 |

**WARREN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

| 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: | | | |
| Family Planning Services | 93.217 | 33,913 | - |
| Immunization Grants | 93.268 | 8,831 | - |
| Investigations and Technical Assistance | 93.283 | 67,511 | - |
| Temporary Assistance for Needy Families | 93.558 | 2,894 | - |
| Preventive Health and Health Services Block Grant | 93.991 | 15,320 | - |
| Maternal and Child Health Services Block Grant | 93.994 | 154,458 | - |
| Total Centers for Disease Control | | 282,927 | - |
| Total U.S. Dept. of Health and Human Services | | 28,010,621 | 10,405,952 |
| Total federal awards | | 29,578,201 | 10,405,952 |
| STATE AWARDS: | | | |
| <u>N.C. Dept. of Cultural Resources</u> | | | |
| State Library of North Carolina: | | | |
| State Aid to Public Libraries | | - | 91,143 |
| | | - | 91,143 |
| <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 | | - | 316,984 |
| CWS Direct Benefit Payments | | - | 22,489 |
| Incentive/Prog Integrity | | - | 1,405 |
| State Adult Protective Services | | - | 25,517 |
| State Foster Care Benefits Program - Direct | | - | 2,856 |
| Energy Assistance | | - | 7,407 |
| Senior Center Development | | - | 4,081 |
| Smart Start | | - | 10,192 |
| Total Division of Social Services | | - | 390,931 |
| <u>Division of Public Health:</u> | | | |
| General | | - | 132,065 |
| Communicable Disease | | - | 9,592 |
| Tuberculosis | | - | 2,946 |
| AIDS-State | | - | 500 |
| Breast and Cervical Cancer | | - | 4,561 |
| Risk Reduction/Health Promotion | | - | 13,573 |
| TB Medical Services | | - | 540 |
| Womens' Preventative Health | | - | 1,810 |
| Preparedness and Response | | - | 53,221 |
| Total Division of Public Health | | - | 218,808 |
| Total N.C. Dept. of Health and Human Services | | - | 609,739 |
| <u>N.C. Dept. of Administration</u> | | | |
| Veteran Services Program | | - | 2,000 |
| | | - | 2,000 |

WARREN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

| GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE | FEDERAL CFDA NUMBER | FEDERAL EXPENDITURES | STATE EXPENDITURES |
|---|---------------------------|-------------------------|-----------------------|
| <u>N.C. Dept. of Environment and Natural Resources</u> | | | |
| Division of Soil and Water Conservation | | | |
| Soil Technician Grant | | - | 20,429 |
| Environmental Health | | | |
| Environmental Health Services | | - | 4,000 |
| Food/Lodging Fee Collection | | - | 3,148 |
| PPA Recycling Grant | | - | 20,080 |
| Lead Prevention/State | | - | 1,200 |
| ARRA - Drinking Water State Revolving Fund | | - | 365,142 |
| PARTF Grant | | - | 68,495 |
| Division of Waste Management | | | |
| Scrap Tire Fund | | - | 10,189 |
| White Good Fund | | - | 1,285 |
| Total N.C. Dept. of Environment and Natural Resources | | - | 493,968 |
| <u>NC Dept. of Transportation</u> | | | |
| Elderly and Disabled Transportation Assistance | | - | 64,017 |
| Work First | | - | 4,162 |
| Rural General Public Program | | - | 63,775 |
| Total N.C. Dept. of Transportation | | - | 131,954 |
| <u>NC Dept. Juvenile Justice and Delinquency Prevention</u> | | | |
| Juvenile Crime Prevention Council Program | | - | 88,136 |
| Total N.C. Dept. of Juvenile Justice and Delinquency Prevention | | - | 88,136 |
| Total State Awards | | - | 1,416,940 |
| Total federal and State awards | | \$ 29,578,201 | \$ 11,822,892 |

**WARREN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

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 | 60,178 | 91,355 |
| Special Program for the Aging - Title III C | 93.045 | 64,152 | 33,329 |

3. LOANS OUTSTANDING

Warren County had the following loan balances outstanding at June 30, 2011. These loan balances are also included in the state expenditures presented in the schedule.

| | <u>State Amount Outstanding</u> |
|-------------------------------------|---|
| Drinking Water State Revolving Fund | \$ 173,442 |