

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

WARREN COUNTY,  
NORTH CAROLINA

FOR THE FISCAL YEAR  
ENDING JUNE 30, 2013



Prepared by the Warren County Finance Department

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

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# **INTRODUCTORY SECTION**

**Warren County Board of Commissioners**

P.O. Box 619

Warrenton, NC 27589

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

[www.warrencountync.com](http://www.warrencountync.com)

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November 25, 2013

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, 2013 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 comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute 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, 2013 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, 2013, 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, 2013. 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 northeast of the Raleigh-Durham-Chapel Hill metropolitan area. The county was formed in 1779 when Bute County was abolished and divided into Warren and Franklin counties. The landmass is 429 square miles with a population of 20,972. 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 thriving tourism industry.

The county operates under the County-Manager form of government. Policy-making and legislative authority are vested in a five-person governing Board of Commissioners (the

“Board”) elected at large on a partisan basis from five districts with four-year staggered terms. The Board takes office on the first Monday in December following each election, at which time the Board elects a chair and vice-chair from 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, 2013.

### **Factors Affecting Financial Condition**

Over the past few years declines in the housing market and the overall economy of the State and Nation have proven to be economic challenges for Warren County. Warren County’s unemployment rate in August 2013 was 10.9% as compared to the State of North Carolina’s rate of 8.7% during the same period. However, recent increased activity in the homebuilding industry across the country appears to be a good indicator that the state of the economy may be on the rebound.

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 residential property

values on Lake Gaston. The homebuilding industry on Lake Gaston has also seen a steep decline over the past few 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 continues to focus heavily on business retention, small business development and promoting entrepreneurship as a viable opportunity. A concerted effort has also placed on identifying and developing agribusiness opportunities in the county particularly for our small local farmers.

Tourism is growing in the State, and Warren County is pleased to be sharing in that growth. Growth is reflected in the money tourists spend and in the tax revenues they generate. According to a survey on the 2012 Economic Impact of Travel on NC Counties prepared for the NC Division of Tourism, Film and Sports Development by the US Travel Association, tourists spent \$25.29 million in Warren County in 2012, an increase of 7 percent over 2011. That percentage of increase placed Warren County in the top five counties in the state in percentage increase from tourism. In response to the positive press surrounding the survey, the Warren County Tourism Committee released the following statement, "The growth in tourism for Warren County reflects the new tourism products being developed by local entrepreneurs in our communities. Our Tourism Committee is working on a 3-year marketing plan to help draw additional customers to our destination businesses.... We are excited to be among the top growth counties in our state."

Warren County also continues to be actively involved in an innovative four-county regional economic development initiative dubbed Triangle North with Franklin, Granville and Vance counties. The driving premise behind this initiative is that by taking a regional approach to economic development, the resources of each county can be shared 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.

Warren County's investment in water and sewer infrastructure is expanding into the northeastern and southeastern sections of the county. The County has constructed approximately 600+ miles of waterline throughout the county serving approximately 4,400+ customers with potable drinking water. The availability and abundance of water in the county's jurisdictional boundaries is an 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; this means the Trust Company has deposit insurance, surety bonds, letters of credit or investment securities in a sufficient amount to protect the local government from failure due to default or insolvency of the depository. All county funds on deposit are FDIC insured. This insurance is backed by United States government securities.

### **Risk Management**

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

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

### **Long Term Financial Planning**

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

### **Other Information and Acknowledgements**

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.

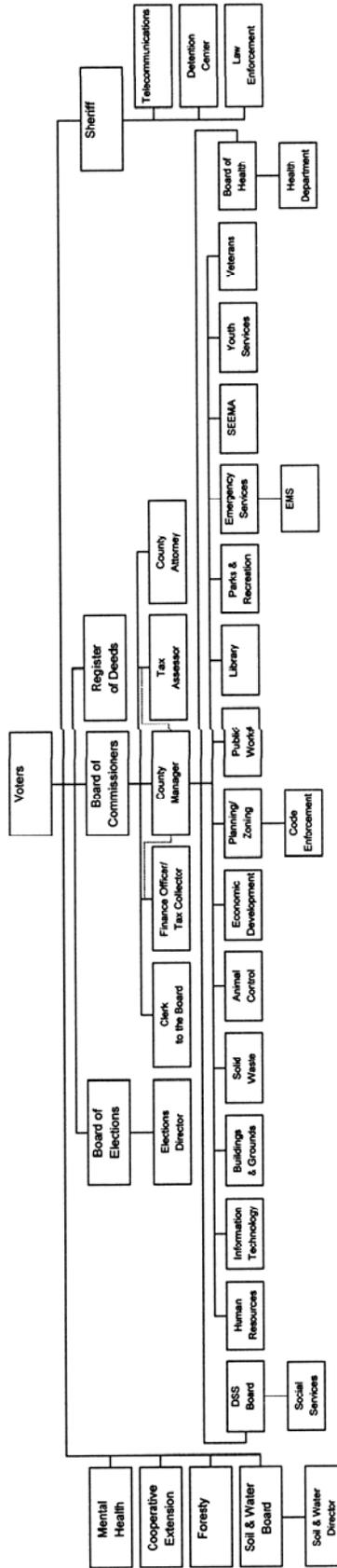
We appreciate the dedication of employees in all departments who carry out the services and programs approved and funded by the Board of County Commissioners. Preparation of this report would not have been possible without the dedicated efforts of the entire Finance Department staff. We also express 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, 2013**

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**Board of County  
Commissioners**

Bertadean Baker, Chairperson  
Jennifer Jordan, Vice-Chairperson  
Ruby Downy  
Ulysses S. Ross  
Barry Richardson

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

**County Officials**

Linda T. Worth  
Barry J. Mayo  
Starlin Beatty  
Yvonne Alston  
Johnny M. Williams  
Marshall Brothers  
Debbie Formyduval  
Macon Robertson  
Doug Young  
Larry West  
Michelle Winstead  
Jamytta Bell  
Cheryl Reddish  
Crystal Smith  
Charles Williams  
Elma Rae Van Blitterswyk-Greene  
Ken Krulik  
Peggy Richardson  
Andy G. Smith  
Elgin Lane  
Robert Hines  
Richard Williams  
Jacqueline Leath  
Debbie Scott  
Alicia Giddiens

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



Government Finance Officers Association

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

Presented to

**Warren County  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

**FINANCIAL SECTION**

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

Certified Public Accountants



America Counts on CPAs

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

Jennifer T. Reese, CPA  
Curtis G. Van Horne, CPA  
Cathy E. McKinley, CPA  
Tara H. Roberson, CPA  
K. Jamison Crampton, CPA

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## Independent Auditor's Report

To the Board of County Commissioners  
Warren County, North Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Warren County, North Carolina, as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise Warren County's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, 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, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, and the Other Postemployment Benefit and Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Warren County's basic financial statements. The introductory information, combining and individual fund financial statements, budgetary schedules, other schedules, and the statistical section, 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 fund financial statements, budgetary schedules, other schedules and the accompanying schedule of expenditures of federal and State awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures in the audit of the financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and State awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2013, on our consideration of Warren County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Warren County's internal control over financial reporting and compliance.

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

Winston, Williams, Creech, Evans & Company, LLP  
Certified Public Accountants  
November 25, 2013

## 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, 2013. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

### Financial Highlights

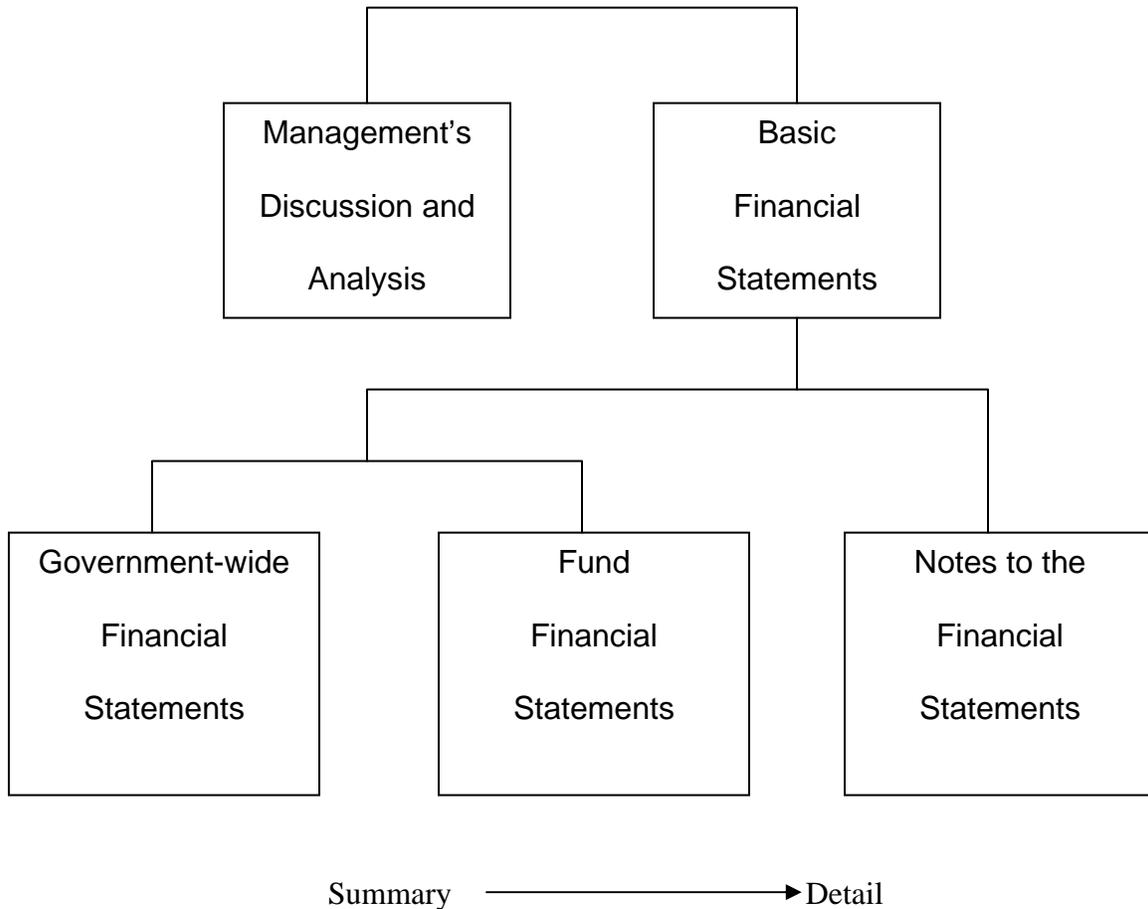
- The assets and deferred outflows of resources of Warren County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$49,658,386 (*net position*).
- The government's total net position increased by \$2,852,189, primarily due to increased net position in the General Fund.
- As of the close of the current fiscal year, Warren County's governmental funds reported combined ending fund balances of \$12,263,463, an increase of \$1,742,453 in comparison with the prior year. Approximately 62.25 percent of this total amount or \$7,633,817 is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,666,303, or 29.25% of total general fund expenditures for the fiscal year.
- Warren County's total debt decreased by \$427,313 (1.97%) 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 position and how they have changed. Net position is the difference between the County's total assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

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

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

### **Fund Financial Statements**

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

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how

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

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

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

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Warren County has three fiduciary funds: the Social Services Fund for benefit of certain individuals; the Fines and Forfeitures Fund for funds collected by the County and remitted to the Warren County Board of Education; and the 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 40 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 74 of the report.

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as one useful indicator of a government’s financial condition. The County’s assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$ 49,658,386 as of June 30, 2013, one of the largest portions (70.59%) reflects the County’s investment in capital assets (e.g. land, buildings, machinery, and equipment), and less any related debt still outstanding that was issued to acquire those items. Warren County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Warren County’s investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. Warren County has restricted net position of \$2,429,321. The balance of \$12,174,693 is unrestricted.

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 16,444,487	\$ 13,081,166	\$ 3,207,985	\$ 3,154,393	\$ 17,992,495	\$ 16,235,559
Capital Assets	16,629,157	18,694,844	36,315,380	35,224,388	54,604,514	53,919,232
Total Assets	33,073,644	31,776,010	39,523,365	38,378,781	72,597,009	70,154,791
Long-term liabilities outstanding	6,595,194	7,872,043	14,675,498	13,825,962	21,270,692	21,698,005
Other liabilities	904,293	866,558	708,385	784,032	1,612,678	1,650,590
Total Liabilities	7,499,487	8,738,601	15,383,883	14,609,994	22,883,370	23,348,595
Deferred Inflows of Resources	55,253	-	-	-	55,253	55,253
Net position:						
Net investment in						
capital assets	13,294,536	12,962,674	21,759,836	21,679,388	35,054,372	34,642,062
Restricted	2,429,321	1,780,754	-	-	2,429,321	1,780,754
Unrestricted	9,795,047	8,293,981	2,379,646	2,089,399	12,174,693	10,383,380
Total net position	\$ 25,518,904	\$ 23,037,409	\$ 24,139,482	\$ 23,768,787	\$ 49,658,386	\$ 46,806,196

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

- Cash and equivalents increased due to increased tax collections, ad valorem tax collections for current and delinquent levies exceeded budget projections.
- Sales tax revenues increased as the economy begins to rebound.

- The County’s inventory of capital assets has increased; this inventory increase is the effect of new buildings and building renovations being completed.

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

	Governmental		Business-like		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 2,525,123	\$ 2,627,652	\$ 3,911,563	\$ 3,681,279	\$ 6,436,686	\$ 6,308,931
Operating grants and contributions	5,422,395	5,418,451	-	-	5,422,395	5,418,451
Capital grants and contributions	477,771	630,355	1,118,852	87,609	1,596,623	717,964
Property taxes	17,863,798	16,544,452	-	-	17,863,798	16,544,452
Other taxes	2,296,217	2,266,214	-	-	2,296,217	2,266,214
Grants and contributions not related to specific programs	80,257	268,347	-	-	80,257	268,347
Investment Earnings	6,082	7,741	1,336	1,798	7,418	9,539
Miscellaneous	13,269	91,685	66,416	67,609	79,685	159,294
<b>Total Revenues</b>	<b>28,684,912</b>	<b>27,854,897</b>	<b>5,098,167</b>	<b>3,838,295</b>	<b>33,783,079</b>	<b>31,693,192</b>
Expenses:						
General government	3,142,083	3,022,868	-	-	3,142,083	3,022,868
Public safety	7,594,569	7,229,935	-	-	7,594,569	7,229,935
Economic and physical development	691,085	738,211	-	-	691,085	738,211
Environmental protection	389,915	382,291	1,533,361	1,492,133	1,923,276	1,874,424
Human services	8,735,030	8,611,989	-	-	8,735,030	8,611,989
Cultural and recreation	932,823	877,411	-	-	932,823	877,411
Education	4,452,554	4,233,048	-	-	4,452,554	4,233,048
Interest on long-term debt	265,358	330,508	-	-	265,358	330,508
Water and sewer	-	-	3,194,112	3,096,413	3,194,112	3,096,413
<b>Total Expenses</b>	<b>26,203,417</b>	<b>25,426,261</b>	<b>4,727,473</b>	<b>4,588,546</b>	<b>30,930,890</b>	<b>30,014,807</b>
Increase in net position before transfers	2,481,495	2,428,636	370,694	(750,251)	2,852,189	1,678,385
Transfers	-	(8,751)	-	8,751	-	-
Increase in net position	2,481,495	2,419,885	370,694	(741,500)	2,852,189	1,678,385
Net position, July 1	23,037,409	20,617,524	23,768,788	24,510,288	46,806,196	45,127,811
Net position, June 30	<b>\$ 25,518,904</b>	<b>\$ 23,037,409</b>	<b>\$ 24,139,482</b>	<b>\$ 23,768,788</b>	<b>\$ 49,658,386</b>	<b>\$ 46,806,196</b>

**Governmental activities.** Governmental activities increased the County’s net position by \$2,481,495 accounting for 87.00 percent of the total growth in the net position of Warren County. Key elements of this increase are as follows:

- Ad valorem tax collections for current and delinquent levies exceeded budgeted projections by \$459,276 as a result of continued emphasis on the delinquent tax collection program.

- Local option sales tax revenue exceeded budget by \$392,841 as the national economic recession begins to play a lesser role on the County's economy.

**Business-type activities.** Business-type activities increased Warren County's net position by \$370,694 or 13.00% compared to the prior year. The key elements for this increase are an increase in receivables and capital assets and a reduction in debt.

### **Financial Analysis of the County's Funds**

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

**Governmental Funds.** The focus of Warren County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Warren County's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of Warren County. At the end of the current fiscal year, Warren County's fund balance available in the General Fund was \$9,841,316 while total fund balance reached \$11,532,223. The Governing Body of Warren County has determined that the county should maintain an available fund balance of 8% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 37.36% of general fund expenditures, while total fund balance represents 43.78% of that same amount. The contributing factors for the positive change to fund balance in the current year was due to the over realized sales tax collections, sales and service receipts and DSS 1571 reimbursements.

At June 30, 2013, the governmental funds of Warren County reported a combined fund balance of \$12,263,463 a 16.56% increase over last year.

**General Fund Budgetary Highlights:** During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased the budget by \$1,272,315 or 4.62 percent. A total increase of \$914,819 was made to restricted intergovernmental revenues for additional grants from outside sources and to maintain services.

**Proprietary Funds.** Warren County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Solid Waste Fund at the end of the fiscal year amounted to \$228,942 and those for the Water and Sewer Districts equaled \$2,150,704. 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, 2013 totals \$54,604,514 (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:

- New vehicles added
- Continued construction of EMS Satellite Facilities
- Purchase of Public Safety Equipment
- Significant Construction in Progress of Water lines

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

Figure 4

	Governmental		Business-Type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Land	\$ 1,205,157	\$ 1,215,052	\$ 233,570	\$ 233,570	\$ 1,438,727	\$ 1,448,622
Buildings	15,000,022	15,472,457	-	-	15,000,022	15,472,457
Improvements other than buildings	241,102	296,177	-	-	241,102	296,177
Equipment and furniture	994,033	992,281	157,408	94,038	1,151,441	1,086,319
Water Lines/Elevated Tanks	-	-	22,692,198	23,560,430	22,692,198	23,560,430
Vehicles and motorized Equipment	394,000	368,032	44,692	20,283	438,692	388,315
Construction in progress	454,820	350,845	13,187,512	11,316,067	13,642,332	11,666,912
<b>Total</b>	<b>\$ 18,289,134</b>	<b>\$ 18,694,844</b>	<b>36,315,380</b>	<b>35,224,388</b>	<b>\$ 54,604,514</b>	<b>\$ 53,919,232</b>

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, 2013, Warren County had total bonded debt outstanding of \$13,557,500 all of which is debt backed by the full faith and credit of the County.

## Warren County's Outstanding Debt

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
General Obligation Bonds	\$ 190,500	\$ 885,000	\$ 13,367,000	\$ 13,545,000	\$ 13,557,500	\$ 14,430,000
Installment Purchases	5,292,098	5,917,440	1,188,544	173,059	6,480,642	6,090,499
Other Obligations	1,112,596	1,069,603	119,954	107,903	1,232,550	1,177,506
<b>Total Long-Term Debt</b>	<b>\$ 6,595,194</b>	<b>\$ 7,872,043</b>	<b>\$ 14,675,498</b>	<b>\$ 13,825,962</b>	<b>\$ 21,270,692</b>	<b>\$ 21,698,005</b>

During the past fiscal year, Warren County's total debt decreased by \$427,313, 1.97 percent. General obligation debt of \$872,500 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 \$192,573,929. The County has \$12,000,000 in bonds authorized at June 30, 2013 for Warren County Water and Sewer District Number III. Of the \$12,000,000 in bonds authorized, \$1,901,000 remains unissued.

Additional information regarding Warren County's long-term debt can be found in Note III B-8 beginning on page 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 slow with unemployment at 10.9%, reflecting slight decrease from the prior year.

**Governmental Activities:** The County adopted a budget for fiscal year 2014 with a 3.44 percent increase in General Fund expenditures. The tax rate remained at .66 cents.

**Business-type Activities:** There was a slight increase in the County's FY 2013 budgets for water and sewer. These changes in budgets are partially due to a percent change in the allocation of expenses for each District and reflect the increase in bond debt. 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 POSITION**  
**JUNE 30, 2013**

EXHIBIT 1

	Governmental Activities	Business-type Activities	Total	Component Units	
				Warren County Public Facilities Co.	Warren County ABC Board
<b>ASSETS</b>					
Cash and cash equivalents	\$ 11,205,516	\$ 1,943,481	\$ 13,148,997	\$ 116,696	\$ 155,016
Restricted cash	271,998	-	271,998	-	-
Receivables (net)	1,678,700	1,264,504	2,943,204	-	-
Taxes receivable	1,399,940	-	1,399,940	-	-
Accrued interest receivable on taxes	203,044	-	203,044	-	-
Inventory	25,312	-	25,312	-	320,452
Prepaid expenses	-	-	-	-	10,737
Deferred charges-issuance costs	-	-	-	-	-
Loan fees	-	-	-	6,400	-
Capital assets					
Land, improvements, and construction in progress	1,659,977	13,421,082	15,081,059	35,000	-
Other capital assets, net of depreciation	16,629,157	22,894,298	39,523,455	650,807	2,522
Total capital assets	18,289,134	36,315,380	54,604,514	685,807	2,522
Total Assets	\$ 33,073,644	\$ 39,523,365	\$ 72,597,009	\$ 808,903	\$ 488,727
<b>LIABILITIES</b>					
Accounts payable & accrued expenses	\$ 862,810	\$ 319,223	\$ 1,182,033	\$ -	\$ 265,275
Accrued interest payable	41,483	70,431	111,914	-	-
Customer deposits	-	318,731	318,731	-	-
Long-term liabilities:					
Due within one year					
Landfill closure payable	-	19,500	19,500	-	-
Bonds payable	26,000	205,000	231,000	-	-
Installment purchases payable	696,979	63,858	760,837	60,742	-
Compensated absenses payable	184,579	12,473	197,052	-	-
Due in more than one year					
Accrued landfill closure cost	-	44,676	44,676	-	-
Pension obligation	265,627	-	265,627	-	-
Other postemployment benefits	108,652	5,883	114,535	-	-
Compensated absenses payable	553,738	37,422	591,160	-	-
Installment purchases payable	4,595,119	1,124,686	5,719,805	510,684	-
Bonds payable	164,500	13,162,000	13,326,500	-	-
Total long-term liabilities	6,595,194	14,675,498	21,270,692	571,426	-
Total Liabilities	7,499,487	15,383,883	22,883,370	571,426	265,275
DEFERRED INFLOWS OF RESOURCES	55,253	-	55,253	9,900	-
<b>NET POSITION</b>					
Net investment in capital assets	13,294,536	21,759,836	35,054,372	114,381	2,522
Restricted for:					
Stabilization by State Statute	1,710,290	-	1,710,290	-	-
Public Safety	427,600	-	427,600	-	-
Economic Development	291,431	-	291,431	-	-
Capital improvements	-	-	-	-	160,442
Working capital	-	-	-	-	60,488
Unrestricted	9,795,047	2,379,646	12,174,693	113,196	-
Total Net Position	\$ 25,518,904	\$ 24,139,482	\$ 49,658,386	\$ 227,577	\$ 223,452

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, 2013**

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-Type Activities	Total	Warren County Public Facilities Co.	Warren County ABC Board
<b>Primary Government:</b>									
<b>Governmental Activities:</b>									
General government	\$ 3,142,083	\$ 172,091	\$ 87,530	\$ -	\$ (2,882,462)	\$ -	\$ (2,882,462)	\$ -	\$ -
Public safety	7,594,569	279,493	431,611	14,667	(6,868,798)	-	(6,868,798)	-	-
Economic and physical development	691,085	20,032	22,277	115,038	(533,738)	-	(533,738)	-	-
Environmental protection	389,915	-	-	-	(389,915)	-	(389,915)	-	-
Human services	8,735,030	1,999,392	4,729,649	-	(2,005,989)	-	(2,005,989)	-	-
Cultural and recreation	932,823	54,115	79,390	-	(799,318)	-	(799,318)	-	-
Education	4,452,554	-	71,938	348,066	(4,032,550)	-	(4,032,550)	-	-
Interest on long-term debt	265,358	-	-	-	(265,358)	-	(265,358)	-	-
Total governmental activities	26,203,417	2,525,123	5,422,395	477,771	(17,778,128)	-	(17,778,128)	-	-
<b>Business-type activities:</b>									
Solid Waste	1,533,361	1,394,467	-	64,011	-	(74,883)	(74,883)	-	-
Water and Sewer	3,194,112	2,517,096	-	1,054,841	-	377,825	377,825	-	-
Total business-type activities	4,727,473	3,911,563	-	1,118,852	-	302,942	302,942	-	-
Total primary government	\$ 30,930,890	\$ 6,436,686	\$ 5,422,395	\$ 1,596,623	\$ (17,778,128)	\$ 302,942	\$ (17,475,186)	\$ -	\$ -
<b>Component units:</b>									
Warren County Public Facilities Co.	\$ 66,254	\$ 118,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,546	\$ -
Warren County ABC Board	1,932,791	2,048,448	-	-	-	-	-	-	115,657
Total component units	\$ 1,999,045	\$ 2,167,248	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,546	\$ 115,657
<b>General revenues:</b>									
Taxes:									
Property taxes, levied for general purpose					\$ 17,863,798	\$ -	\$ 17,863,798	\$ -	\$ -
Local option sales tax					2,236,339	-	2,236,339	-	-
Other taxes and licenses					59,878	-	59,878	-	-
Grants and contributions not restricted to specific programs					80,257	-	80,257	-	-
Investment earnings, unrestricted					6,082	1,336	7,418	199	201
Miscellaneous, unrestricted					13,269	66,416	79,685	-	318
Transfers					-	-	-	-	-
Total general revenues, special items and transfers					20,259,623	67,752	20,327,375	199	519
Change in net position					2,481,495	370,694	2,852,189	52,745	116,176
Net position - beginning					23,037,409	23,768,788	46,806,197	174,832	107,276
Net position - ending					\$ 25,518,904	\$ 24,139,482	\$ 49,658,386	\$ 227,577	\$ 223,452

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, 2013**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 10,473,197	\$ 732,319	\$ 11,205,516
Restricted cash	271,998	-	271,998
Accounts receivable (net)	1,543,722	44,695	1,588,417
Taxes receivable (net)	1,276,047	123,893	1,399,940
Due from other governments	90,283	-	90,283
Due from other funds	31,590	-	31,590
Inventory	25,312	-	25,312
Total Assets	<u>\$ 13,712,149</u>	<u>\$ 900,907</u>	<u>\$ 14,613,056</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accounts payable & accrued liabilities	\$ 848,626	\$ 14,184	\$ 862,810
Due to other funds	-	31,590	31,590
Total Liabilities	<u>848,626</u>	<u>45,774</u>	<u>894,400</u>
Deferred Inflows of Resources	<u>1,331,300</u>	<u>123,893</u>	<u>1,455,193</u>
Fund balances:			
Nonspendable:			
Inventories	25,312	-	25,312
Restricted:			
Stabilization by State Statute	1,665,595	44,695	1,710,290
Public Safety	-	427,600	427,600
Economic Development	-	291,431	291,431
Committed:			
Revaluation	271,998	-	271,998
Assigned:			
Subsequent year's expenditures	1,903,015	-	1,903,015
Unassigned	7,666,303	(32,486)	7,633,817
Total Equity	<u>11,532,223</u>	<u>731,240</u>	<u>12,263,463</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 13,712,149</u>	<u>\$ 900,907</u>	<u>\$ 14,613,056</u>

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

**WARREN COUNTY, NORTH CAROLINA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO  
THE STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
JUNE 30, 2013**

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

Total equity (Exhibit 3)	\$ 12,263,463
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	18,289,134
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	203,044
Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not the government-wide	1,399,940
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>(6,636,677)</u>
Net position of governmental activities (Exhibit 1)	<u>\$ 25,518,904</u>

**WARREN COUNTY, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>			
Ad valorem taxes	\$ 17,194,094	\$ 808,984	\$ 18,003,078
Local option sales taxes	2,236,339	-	2,236,339
Other taxes and licenses	59,878	-	59,878
Unrestricted intergovernmental	122,863	-	122,863
Restricted intergovernmental	5,483,035	357,482	5,840,517
Permits and fees	285,882	-	285,882
Sales and services	2,208,564	-	2,208,564
Investment earnings	5,717	365	6,082
Miscellaneous	56,217	-	56,217
	<u>27,652,589</u>	<u>1,166,831</u>	<u>28,819,420</u>
<u>EXPENDITURES</u>			
Current:			
General government	2,980,361	-	2,980,361
Public safety	6,587,912	943,304	7,531,216
Environmental protection	383,497	-	383,497
Economic and physical development	638,749	104,096	742,845
Human services	8,607,217	-	8,607,217
Cultural and recreational	780,899	-	780,899
Intergovernmental:			
Education	4,447,192	-	4,447,192
Capital outlay	-	103,975	103,975
Debt service:			
Principal	1,435,514	-	1,435,514
Interest and other charges	271,476	-	271,476
	<u>26,132,817</u>	<u>1,151,375</u>	<u>27,284,192</u>
Revenues Over (Under) Expenditures	<u>1,519,772</u>	<u>15,456</u>	<u>1,535,228</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in from other funds	19,640	25,253	44,893
Transfers out to other funds	(25,253)	(19,640)	(44,893)
Debt issued	207,225	-	207,225
	<u>201,612</u>	<u>5,613</u>	<u>207,225</u>
Net Change in Fund Balances	1,721,384	21,069	1,742,453
Fund Balance - July 1	<u>9,810,839</u>	<u>710,171</u>	<u>10,521,010</u>
Fund Balance - June 30	<u>\$ 11,532,223</u>	<u>\$ 731,240</u>	<u>\$ 12,263,463</u>

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

**WARREN COUNTY, NORTH CAROLINA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

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)	\$ 1,742,453
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.	493,035
Cost of disposed capital asset not recorded in fund statements	(9,895)
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.	(903,517)
The issuance of long-term debt (e.g., bonds and installment debt) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt.	1,319,842
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	(35,810)
Some revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements	<u>(124,613)</u>
Total changes in net position of governmental activities (Exhibit 2)	<u>\$ 2,481,495</u>

**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, 2013**

	General Fund			Variance with Final Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Ad valorem taxes	\$ 16,734,818	\$ 16,734,818	\$ 17,194,094	\$ 459,276
Local option sales taxes	1,809,498	1,843,498	2,236,339	392,841
Other taxes and licenses	55,000	55,000	59,878	4,878
Unrestricted intergovernmental	127,200	127,200	122,863	(4,337)
Restricted intergovernmental	5,229,848	6,144,667	5,483,035	(661,632)
Permits and fees	223,675	223,675	285,882	62,207
Sales and services	1,668,840	1,668,840	2,208,564	539,724
Investment earnings	8,000	8,000	5,597	(2,403)
Miscellaneous	21,300	36,180	56,217	20,037
Total revenues	<u>25,878,179</u>	<u>26,841,878</u>	<u>27,652,469</u>	<u>810,591</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,093,267	3,326,162	2,975,361	350,801
Public safety	7,320,731	7,362,700	6,587,912	774,788
Environmental protection	397,291	400,291	383,497	16,794
Economic and physical development	739,750	800,040	638,749	161,291
Human services	9,318,814	9,611,839	8,607,217	1,004,622
Cultural and recreational	833,931	825,311	780,899	44,412
Intergovernmental:				
Education	3,993,673	4,625,726	4,447,192	178,534
Debt service	1,744,779	1,744,779	1,706,990	37,789
Contingency	20,000	12,450	-	12,450
Total Expenditures	<u>27,462,236</u>	<u>28,709,298</u>	<u>26,127,817</u>	<u>2,581,481</u>
Revenues Over (Under) Expenditures	<u>(1,584,057)</u>	<u>(1,867,420)</u>	<u>1,524,652</u>	<u>3,392,072</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in from other funds	5,000	19,640	19,640	-
Transfers out to other funds	(50,000)	(75,253)	(75,253)	-
Debt issued	214,800	214,800	207,225	(7,575)
Appropriated fund balance	1,414,257	1,708,233	-	(1,708,233)
Total Other Financing Sources (Uses)	<u>1,584,057</u>	<u>1,867,420</u>	<u>151,612</u>	<u>(1,715,808)</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>1,676,264</u>	<u>\$ 1,676,264</u>
Fund Balance - July 1			<u>9,583,961</u>	
Fund Balance - June 30			<u>11,260,225</u>	
A legally budgeted Revaluation Fund is consolidated into the General Fund for reporting purposes:				
Investment earnings			120	
Transfer in from General Fund			50,000	
Expenditures			(5,000)	
Fund Balance, Beginning			<u>226,878</u>	
Fund Balance, Ending			<u>\$ 11,532,223</u>	

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

**WARREN COUNTY, NORTH CAROLINA**  
**STATEMENT OF FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2013**

	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
<b>ASSETS</b>						
Current Assets:						
Cash and cash equivalents	\$ 436,639	\$ 761,369	\$ 584,227	\$ 96,038	\$ 65,208	\$ 1,943,481
Receivables (net)	126,295	66,291	300,935	396,281	374,702	1,264,504
Total Current Assets	<u>562,934</u>	<u>827,660</u>	<u>885,162</u>	<u>492,319</u>	<u>439,910</u>	<u>3,207,985</u>
Noncurrent Assets:						
Capital assets:						
Land, improvements, and construction in progress	885,519	-	298,872	12,122,111	114,580	13,421,082
Other capital assets, net of depreciation	3,661,425	3,721,373	8,931,512	6,496,807	83,181	22,894,298
Total Capital Assets	<u>4,546,944</u>	<u>3,721,373</u>	<u>9,230,384</u>	<u>18,618,918</u>	<u>197,761</u>	<u>36,315,380</u>
Total Assets	<u>\$ 5,109,878</u>	<u>\$ 4,549,033</u>	<u>\$ 10,115,546</u>	<u>\$ 19,111,237</u>	<u>\$ 637,671</u>	<u>\$ 39,523,365</u>
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts payable and accrued liabilities	\$ 82,166	\$ 3,199	\$ 15,121	\$ 92,806	\$ 125,931	\$ 319,223
Accrued interest payable	-	5,253	9,354	55,824	-	70,431
Customer deposits	14,855	94,958	69,464	139,454	-	318,731
Accrued landfill closure	-	-	-	-	19,500	19,500
Compensated absences	2,183	3,197	2,105	312	4,676	12,473
Installment obligations	37,261	9,565	14,082	-	2,950	63,858
General obligation bonds payable	-	30,000	45,000	130,000	-	205,000
Total Current Liabilities	<u>136,465</u>	<u>146,172</u>	<u>155,126</u>	<u>418,396</u>	<u>153,057</u>	<u>1,009,216</u>
Noncurrent Liabilities:						
Accrued landfill closure cost	-	-	-	-	44,676	44,676
Compensated absences	6,550	9,592	6,316	936	14,028	37,422
OPEB obligation	1,096	1,515	980	135	2,157	5,883
Installment obligations	706,861	155,454	262,371	-	-	1,124,686
General obligation bonds payable	-	1,297,000	2,318,000	9,547,000	-	13,162,000
Total Noncurrent Liabilities	<u>714,507</u>	<u>1,463,561</u>	<u>2,587,667</u>	<u>9,548,071</u>	<u>60,861</u>	<u>14,374,667</u>
Total Liabilities	<u>850,972</u>	<u>1,609,733</u>	<u>2,742,793</u>	<u>9,966,467</u>	<u>213,918</u>	<u>15,383,883</u>
<b>NET POSITION</b>						
Net investment in capital assets	3,802,822	2,229,354	6,590,931	8,941,918	194,811	21,759,836
Unrestricted	456,084	709,946	781,822	202,852	228,942	2,379,646
Total Net Position	<u>\$ 4,258,906</u>	<u>\$ 2,939,300</u>	<u>\$ 7,372,753</u>	<u>\$ 9,144,770</u>	<u>\$ 423,753</u>	<u>\$ 24,139,482</u>

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

**WARREN COUNTY, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	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	\$ 802,623	\$ 509,543	\$ 511,474	\$ 693,456	\$ 1,394,467	\$ 3,911,563
Miscellaneous	18,638	3,138	22,604	15,162	6,874	66,416
Total Operating Revenues	<u>821,261</u>	<u>512,681</u>	<u>534,078</u>	<u>708,618</u>	<u>1,401,341</u>	<u>3,977,979</u>
OPERATING EXPENSES						
Salaries and employee benefits	117,268	171,717	113,083	16,753	228,243	647,064
Water purchases	492,721	105,029	84,893	104,500	-	787,143
Contracted services	-	-	-	-	1,182,313	1,182,313
Other operating expenses	264,307	76,208	141,688	51,242	103,938	637,383
Depreciation	256,012	146,174	304,004	188,258	18,867	913,315
Total Operating Expenses	<u>1,130,308</u>	<u>499,128</u>	<u>643,668</u>	<u>360,753</u>	<u>1,533,361</u>	<u>4,167,218</u>
OPERATING INCOME (LOSS)	<u>(309,047)</u>	<u>13,553</u>	<u>(109,590)</u>	<u>347,865</u>	<u>(132,020)</u>	<u>(189,239)</u>
NONOPERATING REVENUES (EXPENSES)						
Interest earnings	209	425	343	289	70	1,336
Interest expense	-	(64,339)	(114,115)	(381,667)	(134)	(560,255)
Total Nonoperating Revenues (Expenses) - Net	<u>209</u>	<u>(63,914)</u>	<u>(113,772)</u>	<u>(381,378)</u>	<u>(64)</u>	<u>(558,919)</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(308,838)</u>	<u>(50,361)</u>	<u>(223,362)</u>	<u>(33,513)</u>	<u>(132,084)</u>	<u>(748,158)</u>
Capital Contributions	-	-	10,356	1,044,485	64,011	1,118,852
Transfers in (out)						
District I Enterprise Fund	-	-	-	(152)	-	(152)
District II Enterprise Fund	-	-	-	(100)	-	(100)
District III Enterprise Fund	104	152	100	-	-	356
Regional Water System Fund	-	-	-	(104)	-	(104)
TOTAL CONTRIBUTIONS AND TRANSFERS	<u>104</u>	<u>152</u>	<u>10,456</u>	<u>1,044,129</u>	<u>64,011</u>	<u>1,118,852</u>
CHANGE IN NET ASSETS	<u>(308,734)</u>	<u>(50,209)</u>	<u>(212,906)</u>	<u>1,010,616</u>	<u>(68,073)</u>	<u>370,694</u>
TOTAL NET POSITION-BEGINNING	<u>4,567,640</u>	<u>2,989,509</u>	<u>7,585,659</u>	<u>8,134,154</u>	<u>491,826</u>	<u>23,768,788</u>
TOTAL NET POSITION-ENDING	<u>\$ 4,258,906</u>	<u>\$ 2,939,300</u>	<u>\$ 7,372,753</u>	<u>\$ 9,144,770</u>	<u>\$ 423,753</u>	<u>\$ 24,139,482</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, 2013**

	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	\$ 798,063	\$ 499,550	\$ 264,662	\$ 354,993	\$ 1,397,392	\$ 3,314,660
Cash paid for goods and services	(841,461)	(174,584)	(210,808)	(179,426)	(1,264,154)	(2,670,433)
Cash paid to employees for services	(117,268)	(171,717)	(113,083)	(16,753)	(228,243)	(647,064)
Miscellaneous operating revenue	18,638	3,138	22,604	15,162	6,874	66,416
Net cash provided by operating activities	<u>(142,028)</u>	<u>156,387</u>	<u>(36,625)</u>	<u>173,976</u>	<u>(88,131)</u>	<u>63,579</u>
Cash flows from noncapital financing activities:						
Transfers in	104	152	100	-	-	356
Transfers out	-	-	-	(356)	-	(356)
Net cash provided by noncapital and financing activities	<u>104</u>	<u>152</u>	<u>100</u>	<u>(356)</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(718,462)	-	(224,314)	(1,003,430)	(58,100)	(2,004,306)
Principal paid on debt	(365)	(38,764)	(43,000)	(105,000)	(5,795)	(192,924)
Interest paid on debt	-	(64,339)	(114,115)	(381,667)	(134)	(560,255)
State grants	-	-	10,356	1,044,485	64,011	1,118,852
Net cash provided by capital and related financing activities	<u>(718,827)</u>	<u>(103,103)</u>	<u>(371,073)</u>	<u>(445,612)</u>	<u>(18)</u>	<u>(1,638,633)</u>
Cash flows from investing activities:						
Interest on investments	209	425	343	289	70	1,336
Proceeds from debt	737,914	16,041	276,453	-	-	1,030,408
Net cash provided by investing activities	<u>738,123</u>	<u>16,466</u>	<u>276,796</u>	<u>289</u>	<u>70</u>	<u>1,031,744</u>
Net increase in cash and cash equivalents	<u>(122,628)</u>	<u>69,902</u>	<u>(130,802)</u>	<u>(271,703)</u>	<u>(88,079)</u>	<u>(543,310)</u>
Cash and cash equivalents, July 1	<u>559,267</u>	<u>691,467</u>	<u>715,029</u>	<u>367,741</u>	<u>153,287</u>	<u>2,486,791</u>
Cash and cash equivalents, June 30	<u>\$ 436,639</u>	<u>\$ 761,369</u>	<u>\$ 584,227</u>	<u>\$ 96,038</u>	<u>\$ 65,208</u>	<u>\$ 1,943,481</u>
Reconciliation of operating income to net cash provided by operating activities:						
Operating income (loss)	\$ (309,047)	\$ 13,553	\$ (109,590)	\$ 347,865	\$ (132,020)	\$ (189,239)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	256,012	146,174	304,004	188,258	18,867	913,315
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	(4,560)	(9,993)	(246,812)	(338,463)	2,925	(596,903)
Increase (decrease) in accounts payable and accrued liabilities	(87,017)	410	11,512	(42,744)	15,342	(102,497)
Increase (decrease) in accrued interest payable	-	(119)	(170)	(406)	-	(695)
Increase (decrease) in customer deposits	1,100	4,189	3,000	19,254	-	27,543
Increase (decrease) in accrued landfill closure cost	-	-	-	-	7,454	7,454
Increase (decrease) in compensated absences	1,248	1,827	1,203	178	(1,173)	3,283
Increase (decrease) in OPEB obligation	236	346	228	34	474	1,318
Total adjustments	<u>167,019</u>	<u>142,834</u>	<u>72,965</u>	<u>(173,889)</u>	<u>43,889</u>	<u>252,818</u>
Net cash provided by operating activities	<u>\$ (142,028)</u>	<u>\$ 156,387</u>	<u>\$ (36,625)</u>	<u>\$ 173,976</u>	<u>\$ (88,131)</u>	<u>\$ 63,579</u>

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

**WARREN COUNTY, NORTH CAROLINA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2013**

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and investments	\$ 34,245
Accounts receivable	<u>4,864</u>
Total Assets	<u><u>\$ 39,109</u></u>
<b>LIABILITIES AND NET POSITION</b>	
Liabilities:	
Miscellaneous liabilities	<u>\$ 39,109</u>
Total Liabilities	<u><u>\$ 39,109</u></u>

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

**NOTES TO THE BASIC FINANCIAL  
STATEMENTS**

**WARREN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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**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 County is able to impose its will upon the Authority. The Authority has no financial transactions or account balances; therefore, it is not presented in the combined financial statements. The Authority does not issue separate financial statements.

*Warren County Public Facilities Company*

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

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

Warren County Public Facilities Company  
130 North Main Street  
Warrenton, North Carolina 27589

**WARREN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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**B. Basis of Presentation, Basis of Accounting**

**Basis of Presentation, Measurement Focus – Basis of Accounting**

**Government-wide Statements:** The statement of net position and the statement of activities display information about the primary government net position (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. However, some interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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

The County reports the following major governmental funds:

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

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

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

**WARREN COUNTY, NORTH CAROLINA  
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**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 six legally budgeted special revenue funds. The Special Fire Districts Fund, the Emergency Telephone System Fund, the CDBG Infra Water Hookup, the CDBG Scattered Sites 2011, 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, Simulcast System Upgrade and the Energy Efficient Grant are reported as capital projects funds. The Solid Waste Fund is the only enterprise fund that is a nonmajor fund.

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

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

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

**WARREN COUNTY, NORTH CAROLINA  
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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 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes that were billed during this period are shown as a receivable on the financial statements and are offset by deferred inflows of resources.

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

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

**C. Budgetary Data**

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and two of the Special Revenue Funds, the Special Fire Districts Fund, and the Emergency Telephone System Fund. An annual budget is also adopted for the

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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.

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

**1. Deposits and Investments**

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

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

The County 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 and 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.

**WARREN COUNTY, NORTH CAROLINA  
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**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, 2012. 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.

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:

**WARREN COUNTY, NORTH CAROLINA  
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	<u>Useful Life</u>
Buildings	40 years
Equipment	5-10 years
Vehicles	5-10 years
Computer Software	5 years
Water and sewer lines	40 years
Elevated tanks	40 years

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

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

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

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

**8. Deferred outflows/inflows of resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has only one item that meets the criterion for this category – prepaid taxes.

**9. Long-Term Obligations**

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

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

**10. Compensated Absences**

The vacation policies of the County and the ABC Board provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. An expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned in the County's government-wide, proprietary fund. For the County's government-wide and proprietary funds and the ABC Board, an expense and a liability for compensated absences

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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, 2013 is recorded in the government-wide and proprietary fund financial statements on a LIFO basis.

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

**11. Net Position/Fund Balances**

**Net Position**

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

**Fund Balances**

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

The governmental fund types classify fund balances as follows:

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

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

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

Restricted for Stabilization 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 Warren County's Board of Commissioners (highest level of decision-making authority). Any changes or removal of specific purposes requires majority action by the Board of Commissioners.

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

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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 is not already classified in restricted or committed. The governing body approves the appropriation however the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$100,000.

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

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

**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 position

The governmental fund balance sheet includes reconciliation between fund balance-total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$ 13,255,441 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)	\$ 28,266,957
Less Accumulated Depreciation	<u>(9,977,823)</u>
Net capital assets	<u>18,289,134</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.	 203,044
 Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not the government-wide	 1,399,940
 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	(5,482,598)
Compensated absences	(738,317)
Other postemployment benefits	(108,652)
Net pension obligation	(265,627)

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Accrued interest payable	(41,483)
Total adjustment	\$ 13,255,441

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

The government fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$739,042 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 493,035
Cost of capital assets sold not recorded in fund statements	(9,895)
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	(903,517)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities – it affects only the government-wide statement of net position	(207,225)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements	1,527,067
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	(1,097)
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	8,280
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	3,957
Other postemployment benefits are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(20,402)
Net pension obligation is accrued in the government-wide statements but not in the fund statements because it does not use current resources	(26,548)

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Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements	
Fair value of assets donated that is not recorded in the fund statements but is recorded in the government-wide statements	14,667
Reversal of deferred tax revenue recorded at 7-1-2012	(1,552,821)
Recording of tax receipts deferred in the fund statements as of 6-30-2013	1,399,940
Increase in accrued taxes receivable for year ended 6-30-2013	<u>13,601</u>
Total adjustment	<u>\$ 739,042</u>

**II. Stewardship, Compliance, and Accountability**

**B. Deficit Fund Balance or Net Position of Individual Funds**

In Exhibit C-1, the Special Fire Districts Fund had a deficit fund of \$896, the CDBG Ephraim Place Project Fund had a deficit fund balance in the amount of \$15,239, the CDBG Scattered Sites 2011 had a deficit fund balance in the amount of \$16, the CDBG Infra Hook-up 2010 had a deficit fund balance in the amount of \$15,347, and the Energy Efficient Grant had a deficit fund balance in the amount of \$351. 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.

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

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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, 2013, the County's deposits had a carrying amount of \$616,054 and a bank balance of \$1,198,065. Of the bank balance, \$285,964 was covered by federal depository insurance, and \$912,101 in interest bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2013, Warren County had \$1,700 cash on hand.

At June 30, 2013, the ABC Board's deposits had a carrying amount of \$153,016 and a bank balance of \$178,471. All of the bank balance was covered by federal depository insurance. At June 30, 2013, the ABC Board had \$2,000 cash on hand.

**2. Investments**

At June 30, 2013, the County's investments consisted of \$12,837,486 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, 2013, 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, 2013. 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 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.

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<u>Year Levied</u>	<u>Total Taxes</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 713,704	\$ 233,742	\$ 947,446
2011	701,584	166,629	868,213
2012	747,923	110,315	858,238
2013	<u>848,570</u>	<u>-</u>	<u>848,570</u>
Totals	<u>\$ 3,011,781</u>	<u>\$ 510,686</u>	<u>\$ 3,522,467</u>

**4. Receivables**

Receivables at the government-wide level at June 30, 2013, were as follows:

	<u>Accounts</u>	<u>Taxes and Related Accrued Interest</u>	<u>Due from other governments</u>	<u>Total</u>
<b>Governmental Activities:</b>				
General	\$ 2,122,531	\$ 1,979,091	\$ 90,283	\$ 4,191,905
Other Governmental	<u>40,365</u>	<u>128,893</u>	<u>4,330</u>	<u>173,588</u>
Total Receivables	2,162,896	2,107,984	94,613	4,365,493
Allowance for doubtful accounts	<u>(578,809)</u>	<u>(505,000)</u>	<u>-</u>	<u>(1,083,809)</u>
Total-governmental activities	<u>\$ 1,584,087</u>	<u>\$ 1,602,984</u>	<u>\$ 94,613</u>	<u>\$ 3,281,684</u>
<b>Business-type Activities:</b>				
Solid Waste	\$ 534,384	\$ -	\$ 4,906	\$ 539,290
Water & Sewer	<u>849,525</u>	<u>-</u>	<u>63,082</u>	<u>912,607</u>
Total Receivables	1,383,909	-	67,988	1,451,897
Allowance for doubtful accounts	<u>(187,393)</u>	<u>-</u>	<u>-</u>	<u>(187,393)</u>
Total-business-type activities	<u>\$ 1,196,516</u>	<u>\$ -</u>	<u>\$ 67,988</u>	<u>\$ 1,264,504</u>

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

Sales tax refund \$ 162,601

**5. Capital Assets**

Capital asset activity for the year ended June 30, 2013, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,215,052	\$ -	\$ (9,895)	\$ 1,205,157
Construction in Progress	<u>350,845</u>	<u>103,975</u>	<u>-</u>	<u>454,820</u>
Total capital assets not being depreciated	<u>1,565,897</u>	<u>103,975</u>	<u>(9,895)</u>	<u>1,659,977</u>
Capital assets being depreciated:				
Buildings	21,623,603	6,335	-	21,629,938
Improvements	258,173	6,560	-	264,733
Equipment	2,542,215	158,919	-	2,701,134
Vehicles	<u>1,779,262</u>	<u>231,913</u>	<u>-</u>	<u>2,011,175</u>
Total capital assets being depreciated	<u>26,203,253</u>	<u>403,727</u>	<u>-</u>	<u>26,606,980</u>

**WARREN COUNTY, NORTH CAROLINA  
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	Beginning Balances	Increases	Decreases	Ending Balances
Less accumulated depreciation for:				
Buildings	6,102,397	527,519	-	6,629,916
Improvements	10,745	12,886	-	23,631
Equipment	1,549,934	157,167	-	1,707,101
Vehicles	<u>1,411,230</u>	<u>205,945</u>	-	<u>1,617,175</u>
Total accumulated depreciation	<u>9,074,306</u>	<u>\$ 903,517</u>	<u>\$ -</u>	<u>9,977,823</u>
Total capital assets being depreciated, net	<u>17,128,947</u>			<u>16,629,157</u>
Governmental activity capital assets, net	<u>\$ 18,694,844</u>			<u>\$ 18,289,134</u>
 <b>Business-type activities:</b>				
<b>Solid Waste</b>				
Capital assets not being depreciated:				
Land	<u>\$ 114,580</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,580</u>
Total capital assets not being depreciated	<u>114,580</u>	<u>-</u>	<u>-</u>	<u>114,580</u>
Capital assets being depreciated:				
Buildings	215,824	-	-	215,824
Land improvements	17,743	-	-	17,743
Equipment	127,505	58,100	-	185,605
Vehicles	<u>124,759</u>	<u>-</u>	<u>-</u>	<u>124,759</u>
Total capital assets being Depreciated	<u>485,831</u>	<u>58,100</u>	<u>-</u>	<u>543,931</u>
Less accumulated depreciation for:				
Buildings	215,824	-	-	215,824
Land improvements	17,743	-	-	17,743
Equipment	94,736	15,427	-	110,163
Vehicles	<u>113,580</u>	<u>3,440</u>	<u>-</u>	<u>117,020</u>
Total accumulated depreciation	<u>441,883</u>	<u>\$ 18,867</u>	<u>\$ -</u>	<u>460,750</u>
Total capital assets being depreciated, net	<u>43,948</u>			<u>83,181</u>
Solid Waste capital assets, net	<u>\$ 158,528</u>			<u>\$ 197,761</u>
 <b>Regional Water</b>				
Capital assets not being depreciated:				
Land	<u>\$ 48,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,265</u>
Construction in progress	<u>118,792</u>	<u>718,462</u>	<u>-</u>	<u>837,254</u>
Total capital assets not being depreciated	<u>167,057</u>	<u>718,462</u>	<u>-</u>	<u>885,519</u>
Capital assets being depreciated:				
Equipment	91,036	-	-	91,036
Vehicles	42,506	-	-	42,506
Water distribution lines	<u>7,735,882</u>	<u>-</u>	<u>-</u>	<u>7,735,882</u>
Total capital assets being Depreciated	<u>7,869,424</u>	<u>-</u>	<u>-</u>	<u>7,869,424</u>

**WARREN COUNTY, NORTH CAROLINA  
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	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Less accumulated depreciation for:				
Equipment	56,700	2,968	-	59,668
Vehicles	42,508	-	-	42,508
Water distribution lines	<u>3,852,779</u>	<u>253,044</u>	-	<u>4,105,823</u>
Total accumulated depreciation	<u>3,951,987</u>	<u>\$ 256,012</u>	<u>\$ -</u>	<u>4,207,999</u>
Total capital assets being depreciated, net	<u>3,917,437</u>			<u>3,661,425</u>
Regional water capital assets, net	<u>\$ 4,084,494</u>			<u>\$ 4,546,944</u>
<b>Water District One</b>				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Total capital assets not being depreciated	-	-	-	-
Capital assets being depreciated:				
Equipment	28,573	-	-	28,573
Vehicles	98,516	-	-	98,516
Water distribution lines	<u>5,761,577</u>	-	-	<u>5,761,577</u>
Total capital assets being depreciated	<u>5,888,666</u>	-	-	<u>5,888,666</u>
Less accumulated depreciation for:				
Equipment	19,596	2,135	-	21,731
Vehicles	98,516	-	-	98,516
Water distribution lines	<u>1,903,007</u>	<u>144,039</u>	-	<u>2,047,046</u>
Total accumulated depreciation	<u>2,021,119</u>	<u>\$ 146,608</u>	<u>\$ -</u>	<u>2,167,293</u>
Total capital assets being depreciated, net	<u>3,867,547</u>			<u>3,721,373</u>
Water District One capital assets, net	<u>\$ 3,867,547</u>			<u>\$ 3,721,373</u>
<b>Water District Two</b>				
Capital assets not being depreciated:				
Land	\$ 70,725	\$ -	\$ -	\$ 70,725
Construction in progress	<u>3,833</u>	<u>224,314</u>	-	<u>228,147</u>
Total capital assets not being depreciated	<u>74,558</u>	<u>224,314</u>	-	<u>298,872</u>
Capital assets being depreciated:				
Equipment	28,572	-	-	28,572
Vehicles	23,149	-	-	23,149
Elevated tanks	950,448	-	-	950,448
Water distribution lines	<u>11,124,320</u>	-	-	<u>11,124,320</u>
Total capital assets being depreciated	<u>12,126,489</u>	-	-	<u>12,126,489</u>

**WARREN COUNTY, NORTH CAROLINA  
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	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Less accumulated depreciation for:				
Equipment	19,596	2,135	-	21,731
Vehicles	23,148	-	-	23,148
Elevated tanks	249,491	23,761	-	273,252
Water distribution lines	<u>2,598,738</u>	<u>278,108</u>	-	<u>2,876,846</u>
Total accumulated depreciation	<u>2,890,973</u>	<u>\$ 304,004</u>	<u>\$ -</u>	<u>3,194,977</u>
Total capital assets being depreciated, net	<u>9,235,516</u>			<u>8,931,512</u>
 Water District Two capital assets, net	 <u>\$ 9,310,074</u>			 <u>\$ 9,230,384</u>
 <b>Water District Three</b>				
Capital assets not being depreciated:				
Construction in progress	<u>\$ 11,193,443</u>	<u>\$ 928,668</u>	<u>\$ -</u>	<u>\$ 12,122,111</u>
Total capital assets not being depreciated	<u>11,193,443</u>	<u>928,668</u>	<u>-</u>	<u>12,122,111</u>
 Capital assets being depreciated:				
Equipment	28,572	34,700	-	63,272
Vehicles	42,804	40,062	-	82,866
Water distribution lines	<u>6,771,312</u>	<u>-</u>	<u>-</u>	<u>6,771,312</u>
Total capital assets being depreciated	<u>6,842,688</u>	<u>74,762</u>	<u>-</u>	<u>6,917,449</u>
 Less accumulated depreciation for:				
Equipment	19,595	6,761	-	26,356
Vehicles	33,698	12,214	-	45,912
Water distribution lines	<u>179,091</u>	<u>169,283</u>	<u>-</u>	<u>348,374</u>
Total accumulated depreciation	<u>232,384</u>	<u>\$ 188,258</u>	<u>\$ -</u>	<u>420,642</u>
Capital assets being depreciated, net	<u>6,610,304</u>			<u>6,496,807</u>
 Water District Three capital assets, net	 <u>\$ 17,803,747</u>			 <u>\$ 18,618,918</u>
 Business-type activities capital assets, net	 <u>\$ 35,224,388</u>			 <u>\$ 36,315,380</u>

**Depreciation Expense**

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

General Government	\$ 183,126
Public Safety	410,040
Economic and Physical Development	217
Education	5,112
Environmental Protection	5,041
Human Services	150,149
Cultural and Recreational	<u>149,832</u>
Total Depreciation Expense	<u>\$ 903,517</u>

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**Discretely presented component units**

Activity for the ABC Board for the year ended June 30, 2013, was as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Amount</u>
Furniture/Equipment	\$ 100,254	\$ 97,732	\$ 2,522
Vehicles	17,472	17,472	-
Leasehold improvements	47,125	46,579	-
	<u>\$ 164,851</u>	<u>\$ 162,329</u>	<u>\$ 2,522</u>

Activity for the Warren County Public Facilities Company for the year ended June 30, 2013, 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>(292,804)</u>
Property and equipment, net	<u>\$ 685,807</u>

**Construction and Other Commitments**

At June 30, 2013, 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>270,710</u>	<u>16,190</u>
Total	<u>\$ 470,892</u>	<u>\$ 93,698</u>

**A. Liabilities**

**I. Payables**

Payables at the government-wide level at June 30, 2013, were as follows:

	<u>Vendors</u>
Governmental Activities:	
General	\$ 848,626
Other governmental	<u>14,184</u>
Total-governmental activities	<u>\$ 862,810</u>
Business-type Activities:	
Solid Waste	\$ 125,931
Water & Sewer Fund	<u>193,292</u>
Total-business-type activities	<u>\$ 319,223</u>

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NOTES TO THE FINANCIAL STATEMENTS  
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**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 6.74% and 6.77%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 6.74% 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, 2011, 2012, and 2013 were \$618,836, \$656,269, and \$639,831, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2011, 2012, and 2013 were \$5,467, \$6,390, and \$6,196 respectively. The contributions made by the County and the ABC Board equaled the required contributions for each year.

**b. Law Enforcement Officer's Special Separation Allowance**

**1. Plan Description**

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

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2012, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>34</u>
Total	<u>34</u>

**WARREN COUNTY, NORTH CAROLINA  
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**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 68.

**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, 2012 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, 2012, was 18 years.

<u>Fiscal Year Ended</u>	<u>Three-Year Trend Information</u>		<u>Net Pension Obligation</u>
	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	
6/30/11	\$ 31,109	0.00%	\$ 212,030
6/30/12	27,049	0.00%	239,079
6/30/13	26,548	0.00%	\$ 265,627

Annual Pension Cost and Net Pension Obligation for Fiscal Year Ending 6/30/13

Employer annual required contribution	\$ 29,472
Interest on net pension obligation	11,954
Adjustment to annual required contribution	<u>(14,878)</u>
Annual pension cost	26,548
Employer contributions made for fiscal year ending 6/30/13	<u>-</u>
Increase (decrease) in net pension obligation	26,548
Net pension obligation beginning of fiscal year	<u>239,079</u>
Net pension obligation end of fiscal year	<u>\$ 265,627</u>

**4. Funded Status and Funding Progress.**

As of December 31, 2012, the most recent actuarial valuation date, the plan was 0.0 percent funded. The actuarial accrued liability for benefits was \$184,833, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$184,833. The covered payroll (annual payroll of active employees covered by the plan) was \$1,137,515 and the ratio of the UAAL to the covered payroll was 16.25 percent.

**WARREN COUNTY, NORTH CAROLINA  
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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, 2013, were \$168,462, which consisted of \$57,978 from the County and \$110,484 from the law enforcement officers.

**d. Registers of Deeds’ Supplemental Pension Fund**

*Plan Description* – Warren County also contributes to the Registers of Deeds’ Supplemental Pension Fund (Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county register of deeds that is retired under the Local Government Employees’ Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. 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 (93.26%) 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 (6.74%) of the Fund’s assets may be used by the State Treasurer in administering the Fund. Contributions for the fiscal year ended June 30, 2013 were \$6,150, which consisted of \$3,253 from the County and \$2,897 from the employees.

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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, 2011, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees receiving benefits	3	-
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	<u>241</u>	<u>34</u>
Total	<u>244</u>	<u>34</u>

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

The current ARC rate is 0.30% of annual covered payroll. For the current year, the County contributed \$5,368 or 0.06% 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 0.06% 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*

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*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	\$ 26,921
Interest on net OPEB obligation	3,713
Adjustment to annual required contribution	<u>3,547</u>
Annual OPEB cost (expense)	27,087
Contributions made	<u>5,368</u>
Increase (decrease) in net OPEB obligation	21,719
Net OPEB obligation, beginning of year	<u>92,816</u>
Net OPEB obligation, end of year	<u>\$ 114,535</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the HCB plan, and the net OPEB obligation for 2013 were as follows:

For Year Ended <u>June 30</u>	Annual OPEB <u>Cost</u>	Percentage of Annual OPEB <u>Cost Contributed</u>	Net OPEB <u>Obligation</u>
2013	\$ 27,087	19.8%	\$ 114,535
2012	28,768	18.7%	92,816
2011	23,934	8.3%	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, 2011, 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 \$282,447. The covered payroll (annual payroll of active employees covered by the plan) was \$8,979,565 and the ratio of the UAAL to the covered payroll was 3.1 percent.

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-

**WARREN COUNTY, NORTH CAROLINA  
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term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2011 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 9.50 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 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011, 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. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The County considers these contributions to be immaterial.

**3. Deferred Outflows and Inflows of Resources**

	<u>Unavailable Revenue</u>	<u>Unearned Revenue</u>
Prepaid taxes not yet earned		
General Fund	\$ <u>55,253</u>	\$ <u>55,253</u>
Taxes receivable, net		
General Fund	\$ 1,276,047	\$ -
Special Revenue Fund	<u>123,893</u>	<u>-</u>
Total	<u>\$ 1,399,940</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

**WARREN COUNTY, NORTH CAROLINA  
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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 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, 2013, 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, 2013 was \$80,170. Future rent payments total:

For Year Ending <u>June 30</u>	General <u>Fund</u>	Enterprise <u>Fund</u>	<u>Total</u>
2014	\$ 14,400	\$ 17,800	\$ 32,200
2015	14,400	12,120	26,520
2016	14,400	5,680	20,080
2017	14,400	3,600	18,000
2018	14,400	7,660	22,060
2019	<u>14,400</u>	<u>800</u>	<u>15,200</u>
	<u>\$ 114,517</u>	<u>\$ 111,300</u>	<u>\$ 225,817</u>

**WARREN COUNTY, NORTH CAROLINA  
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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                      \$ 50,019 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    \$ 62.67 per ton

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

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

The County has made and entered into an agreement with Waste Industries, Inc. to service a convenience site for Jack's Landing for \$270 per month.

**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 \$64,176 reported as accrued landfill closure liability at June 30, 2013 represents the latest estimate for 3 years of postclosure maintenance and monitoring.

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, 2013, 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%.

**WARREN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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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 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 through NCDENR with principal in the amount of \$9,128.55 due annually on May 1 through 2030. This is an interest free loan.

On January 28, 2013 the County entered into an installment purchase agreement with BB&T to purchase various vehicles for the Sheriff, Animal Control, and EMS departments. The installment agreement requires monthly payments of \$5,893.79 due at the end of each month beginning February 28, 2013 and ending January 31, 2016.

**WARREN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
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On April 13, 2013, the County entered into an installment agreement to finance the Water Meter Project District II. The agreement is a 0.00% interest agreement for \$233,512, annual principal payments are to be made on May 1<sup>st</sup> of each year of \$11,675.60. The first payment is due within six months of the project completion and ending on May 1, 2033. The debt amounting to 228,328 has been booked as a receivable for the 2012-2013 fiscal year. Per discussion with Finance Director, the county will not receive the money for the project until the entire \$233,512 amount has been expensed. The remaining amount will be included in debt in fiscal year 2013-2014.

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

For Warren County, the future minimum payments as of June 30, 2013, including \$1,211,865 of interest, are:

Year Ending <u>June 30,</u>	Governmental Activities		Business-type Activities	
	<u>Installment Purchases</u>		<u>Installment Purchases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 696,979	\$ 205,535	\$ 63,858	\$ 21,863
2015	682,638	179,543	60,908	18,707
2016	654,165	153,763	60,908	17,722
2017	613,118	128,671	60,908	16,737
2018	613,118	103,838	60,908	15,753
2019-2023	1,861,547	221,633	304,541	63,996
2024-2028	170,533	9,954	304,541	39,382
2029-2033	-	-	271,972	14,768
Total	<u>\$ 5,292,098</u>	<u>\$ 1,002,937</u>	<u>\$ 1,188,544</u>	<u>\$208,928</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 power of the County's water and sewer operations. Principal and interest payments are appropriated when due.

Bonds payable at June 30, 2013 are comprised of the following individual issues:

**General Obligation Bonds**

Serviced by the County's General Fund:

<b>\$500,000</b>	Public Improvement serial bonds due on June 1 in installments of \$7,500 to \$40,000 through June 1, 2020 including interest at 6%	\$ 190,500
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**WARREN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<b>\$6,235,000</b> 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%	-
<b>Total</b>	<u>\$ 190,500</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%	\$ 1,327,000
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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%	2,363,000
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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%	2,690,000
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\$681,000 Water bonds issued June 1, 2006 and due June 1 in various installments from 2008 to 2045; interest at 4.5%	632,000
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\$4,957,000 Series 2009 Water bonds issued February 9, 2009 in various installments from 2009 to 2048; interest at 4.75%	4,794,000
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\$1,561,000 Water bonds issued January 25, 2012 and due June 1 in various installments from 2012 to 2051; interest at 3.75%	<u>1,561,000</u>
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Total	<u>\$ 13,367,000</u>
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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  
NOTES TO THE FINANCIAL STATEMENTS  
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Year Ending June 30,	General Obligation Bonds		Water Bonds	
	Principal	Interest	Principal	Interest
2014	\$ 26,000	\$ 11,430	\$ 205,000	\$ 611,017
2015	27,500	9,870	215,000	601,607
2016	29,000	8,220	224,500	591,727
2017	30,000	6,480	234,000	581,414
2018	30,000	4,680	246,000	570,664
2019-2023	48,000	3,960	1,401,000	2,673,651
2024-2028	-	-	1,758,500	2,320,060
2029-2033	-	-	2,203,000	1,875,896
2034-2038	-	-	2,645,000	1,325,825
2039-2043	-	-	2,379,000	723,448
2044-2048	-	-	1,660,000	241,758
2049-2050	-	-	196,000	13,988
Total	<u>\$ 190,500</u>	<u>\$ 44,640</u>	<u>\$13,367,000</u>	<u>\$ 12,131,055</u>

At June 30, 2013, Warren County had \$12,000,000 in bonds authorized at June 30, 2013 for Warren County Water and Sewer District Number III. As of June 30, 2013, \$1,901,000 of the \$12,000,000 remain unissued. Warren County had a legal debt margin of \$192,573,929.

**c. Long-Term Obligation Activity**

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2013:

	Balance July 1, 2012	Additions	Retirements	Balance June 30, 2013	Current Portion
<b>Governmental Activities:</b>					
General obligation bonds	\$ 885,000	\$ -	\$ (694,500)	\$ 190,500	\$ 26,000
Installment purchases	5,917,440	207,225	(832,567)	5,292,098	696,979
Pension obligation	239,079	26,548	-	265,627	-
Other postemployment benefits	88,250	20,402	-	108,652	-
Compensated absences	742,274	738,317	(742,274)	738,317	184,579
Total	<u>\$ 7,872,043</u>	<u>\$ 992,492</u>	<u>\$ (2,269,341)</u>	<u>\$ 6,595,194</u>	<u>\$ 907,558</u>
<b>Business-type Activities:</b>					
Water Bonds	\$ 13,545,000	-	\$ (178,000)	\$ 13,367,000	\$ 205,000
Installment purchases	173,060	1,030,408	(14,924)	1,188,544	63,858
Other postemployment benefits	4,566	1,317	-	5,883	-
Compensated absences	46,614	49,895	(46,614)	49,895	12,473
Accrued landfill closure	55,968	8,208	-	64,176	19,500
Total	<u>\$ 13,825,208</u>	<u>\$ 1,090,908</u>	<u>\$ (239,538)</u>	<u>\$ 14,675,498</u>	<u>\$ 300,831</u>

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

**WARREN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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.	\$ 571,426
Less: Current portion	<u>(60,742)</u>
Long-Term Debt	<u>\$ 510,684</u>

Interest paid for the year was \$ 26,216.

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

2014	\$ 60,742
2015	64,411
2016	68,234
2017	72,424
2018	76,799
Thereafter	<u>228,816</u>
Total	<u>\$ 571,426</u>

**d. Conduit Debt Obligations**

Warren County Industrial Facility and Pollution Control Authority have issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Either 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, 2013, 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>
<b><u>Transfers from/to Other Funds</u></b>			
<b><u>General Fund</u></b>			
General Fund	Revaluation Fund	\$ 50,000	Required annual contributions for revaluation
General Fund	CDBG Ephraim Place Project	20,000	Supplemental funding for project
General Fund	Emergency Telephone System Fund	3,346	Adjust beginning balance to PSAP report
		<u>\$ 73,346</u>	
<b><u>Capital Projects Funds</u></b>			
National Guard Armory Renovation Project	General Fund	<u>\$ 19,640</u>	Close out of project due to completion
<b><u>Enterprise Funds</u></b>			
District Three Enterprise Fund	Regional Water System Fund	\$ 104	Debt service payment
District Three Enterprise Fund	District Two Enterprise Fund	100	Debt service payment
District Three Enterprise Fund	District One Enterprise Fund	152	Debt service payment
District Three/Phase I Capital Project	District Three Enterprise Fund	243,452	Close out of project due to completion
		<u>\$ 243,808</u>	

**WARREN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Due from/to Other Funds**

CDBG Ephraim Place	General Fund	\$ 15,239	Central depository overdraft
CDBG Scattered Sites 2011	General Fund	16	Central depository overdraft
CDBG Infra Hook-up 2010	General Fund	15,984	Central depository overdraft
Energy Efficient Grant	General Fund	351	Central depository overdraft
		<u>\$ 31,590</u>	

**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	\$ 11,532,223
Less:	
Inventories	25,312
Stabilization by State Statute	1,665,595
Revaluation	271,998
Appropriated fund balance in 2014 budget	1,903,015
Remaining Fund Balance	\$ 7,666,303

**V. Joint Ventures**

**A. Area Mental Health District**

Warren County participates with Alamance, Cabarrus, Caswell, Chatham, Davidson, Franklin, Granville, Halifax, Orange, Person, Rowan, Stanly, Union, and Vance counties in an Area Authority and Managed Care Organization operated by Cardinal Innovations Healthcare Solutions. Each participating government appoints representation on the Oversight Board and has representation on the Board of Directors of Cardinal Innovations. The County contributed \$59,697 to the Area Mental Health during the fiscal year ended June 30, 2013. The County does not retain an equity interest in the program. Complete financial statements for Cardinal Innovations Health Care Solutions may be obtained from their administrative offices located at 4855 Milestone Avenue, Kannapolis, NC 28081.

**B. Kerr Area Rural Transportation Authority**

The Kerr Area Rural Transportation Authority (K.A.R.T.S.) is an association of five County governments, including Warren County. K.A.R.T.S. is a joint venture of the participating counties for the purpose of providing a safe, adequate and convenient transportation system for the jurisdictional area creating the authority and its immediate environs. The counties served by K.A.R.T.S. in addition to Warren County are Granville, Vance, Franklin, and Person. General support of K.A.R.T.S. is provided by Federal, State and local grants and users' fees. Each county appoints two members of the Authority management body and this governing body determines the budget and financing requirements of the Authority. The County has an ongoing financial responsibility for the joint venture because K.A.R.T.S. continued existence depends on the participant governments' continued findings. The County contributed \$34,299 to K.A.R.T.S. during the fiscal year ended June 30, 2013. 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, 2013. 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.

**WARREN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
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**C. Vance Granville Community College**

The County, in conjunction with the State of North Carolina, Vance County, Granville County, Warren County, Vance County Board of Education, and Warren County Board of Education, participates in a joint venture to operate the Vance Granville Community College. The State, Vance County, Granville County, Vance County Board of Education, and Granville County Board of Education appoint the twelve voting members of the board of trustees. Warren County appoints a nonvoting member of the board of trustees. The president of the community college's student government serves as an ex officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$177,112 and \$6,000 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2013. 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, 2013. 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 \$9,059 to the Council during the fiscal year ended June 30, 2013.

**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 basic financial statements because they are not revenues and expenditures of the County.

	<u>Federal</u>	<u>State</u>
Temporary Assistance to Needy Families	\$ 187,545	\$ -
CWS Adoption Subsidy	-	29,590
IV-E Foster Care	40,898	10,691
IV-E Adoption Subsidy	108,945	30,150
Medical Assistance Program	23,486,338	13,530,405
Women, Infants and Children	387,159	-
SC/SA Adult Care Payments	-	292,474
SFHF Maximization	-	153
State Foster Care	-	<u>10,003</u>
Totals	<u>\$ 24,210,885</u>	<u>\$ 13,903,466</u>

**WARREN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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**VIII. Summary Disclosure of Significant Commitments and Contingencies**

**Federal and State Assisted Programs**

The County has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

**IX. Significant Effects of Subsequent Events**

The County has evaluated events and transactions that occurred between June 30, 2013 and November 25, 2013, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. In August 2013, the County modified four existing loans in the amount of \$3,354,926 to obtain better interest rates. There were no other events that occurred during this time that were deemed to be significant enough to be disclosed.

**X. Change in Accounting Principles/Restatement**

The County implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items Previously reported as Assets and Liabilities*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position. Additionally, GASB Statement 65 requires that deferred costs from the refunding of debt, which were previously deferred and amortized, be presented as deferred outflows of resources.

## **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

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

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- 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)
12/31/2007	\$ -	\$ 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%
12/31/2011	-	169,136	169,136	0.00%	1,172,344	14.43%
12/31/2012	\$ -	\$ 184,833	\$ 184,833	0.00%	\$ 1,137,515	16.25%

**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
2013	\$ 29,472	0.00%
2012	29,096	0.00%
2011	31,749	0.00%
2010	21,086	0.00%
2009	17,421	0.00%
2008	\$ 15,198	0.00%

**Notes to the Required Schedules:**

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

Valuation date	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	18 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%
12/31/2011	\$ -	\$ 282,447	\$ 282,447	0.00%	\$ 8,979,565	3.1%

**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	23,673	0.00%
2011	23,673	8.30%
2012	28,644	18.70%
2013	\$ 26,921	19.94%

**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	12/31/2011
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*	9.5 - 5.0%
Year of Ultimate trend rate	2018

\*Includes inflation at 3.00% percent.

**COMBINING AND INDIVIDUAL FUND**  
**STATEMENTS AND SCHEDULES**

## MAJOR GOVERNMENTAL FUNDS

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- **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, 2013**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
<b>REVENUES</b>				
Ad Valorem Taxes:				
Taxes		\$ 17,021,109		\$ 15,755,680
Penalties and interest		172,985		173,118
Total	\$ 16,734,818	17,194,094	\$ 459,276	15,928,798
Local Option Sales Taxes:				
Article 39 one percent		833,743		825,727
Article 40 one-half of one percent		1,064,030		1,043,615
Article 42 one-half of one percent		460,031		454,083
Article 44		1,413		1,045
Medicaid hold harmless		(122,878)		(121,087)
Total	1,843,498	2,236,339	392,841	2,203,383
Other taxes and licenses:				
Excise tax stamps		59,878		62,831
Total	55,000	59,878	4,878	62,831
Unrestricted intergovernmental:				
Payment in lieu of taxes		4,361		4,469
Beer and wine tax		75,896		82,005
ABC Profits		-		137,332
Other		42,606		44,541
Total	127,200	122,863	(4,337)	268,347
Restricted intergovernmental:				
Federal and State grants		5,207,988		5,335,783
Court facility fees		30,677		32,792
ABC bottles taxes		7,551		7,503
Other		236,819		232,061
Total	6,144,667	5,483,035	(661,632)	5,608,139
Permits and fees:				
Register of Deeds fees		99,394		88,347
Inspection fees		120,365		107,707
Other		66,123		67,325
Total	223,675	285,882	62,207	263,379
Sales and services:				
Rents		8,725		10,064
Franchise fees		14,224		14,689
Recreation fees		38,383		43,082
Jail fees		87,185		11,644
Sheriff's fees		19,235		14,795
Ambulance fees		872,312		792,583
Health fees		1,127,080		1,306,974
Library fees		15,732		13,182
Animal control fees		21,176		21,285
Other		4,512		12,465
Total	1,668,840	2,208,564	539,724	2,240,763

**WARREN COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
Investment earnings	8,000	5,597	(2,403)	6,971
Micellaneous Revenues				
Donations and private grants		33,052		33,908
Insurance proceeds		12,130		55,327
Other		11,035		13,888
Total	36,180	56,217	20,037	103,123
Total Revenues	26,841,878	27,652,469	810,591	26,685,734
<b>EXPENDITURES</b>				
<b>General Government</b>				
Governing Body:				
Salaries and employee benefits		85,270		82,952
Other operating expenditures		31,311		43,004
Insurance other than property		437,611		357,465
Total	574,666	554,192	20,474	483,421
Administration:				
Salaries and employee benefits		189,242		183,324
Other operating expenditures		10,198		11,226
Total	202,399	199,440	2,959	194,550
Human Resources:				
Salaries and employee benefits		113,217		108,921
Other operating expenditures		22,007		9,629
Total	147,986	135,224	12,762	118,550
Elections:				
Salaries and employee benefits		126,666		125,980
Other operating expenditures		115,691		114,197
Total	253,321	242,357	10,964	240,177
Finance:				
Salaries and employee benefits		307,197		299,434
Other operating expenditures		128,275		120,990
Total	442,402	435,472	6,930	420,424
Tax Assessor:				
Salaries and employee benefits		121,533		149,181
Other operating expenditures		64,581		75,004
Capital outlay		-		389
Total	272,579	186,114	86,465	224,574
Tax Collections:				
Salaries and employee benefits		178,200		206,373
Other operating expenditures		81,788		81,905
Total	320,178	259,988	60,190	288,278

**WARREN COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
Legal:				
Contracted services	182,325	169,638	12,687	85,931
Register of Deeds:				
Salaries and employee benefits		127,517		118,094
Other operating expenditures		51,303		60,415
Capital outlay		857		189
Total	199,210	179,677	19,533	178,698
Public Buildings:				
Salaries and employee benefits		278,098		335,686
Other operating expenditures		142,968		141,001
Capital outlay		7,895		48,749
Total	445,169	428,961	16,208	525,436
Data Processing:				
Salaries and employee benefits		12,259		22,294
Other operating expenditures		37,194		47,552
Total	82,321	49,453	32,868	69,846
Court Facilities:				
Operating expenditures		48,416		97,255
Capital outlay		5,642		-
Total	72,373	54,058	18,315	97,255
Miscellaneous Appropriations:				
Payments to local organizations	131,233	80,787	50,446	5,533
Total General Government	3,326,162	2,975,361	350,801	2,932,673
<u>Public Safety</u>				
Sheriff:				
Salaries and employee benefits		1,642,712		1,633,343
Other operating expenditures		522,325		489,685
Capital outlay		157,944		21,930
Total	2,371,001	2,322,981	48,020	2,144,958
Child Support Officer:				
Salaries and employee benefits		41,452		37,205
Other operating expenditures		6,252		2,952
Total	48,078	47,704	374	40,157
Jail:				
Salaries and employee benefits		734,537		700,057
Other operating expenditures		308,921		315,387
Capital outlay		7,630		8,250
Total	1,156,212	1,051,088	105,124	1,023,694

**WARREN COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
Central Communications:				
Salaries and employee benefits		407,343		396,468
Other operating expenditures		35,376		89,506
Capital outlay		29,651		-
Total	500,746	472,370	28,376	485,974
Emergency Management:				
Salaries and employee benefits		103,501		92,463
Other operating expenditures		43,235		41,299
Capital outlay		-		16,245
Total	162,678	146,736	15,942	150,007
Fire:				
Assistance to local fire departments	288,915	288,437	478	287,326
Emergency Medical Services:				
Salaries and employee benefits		1,281,029		1,230,311
Other operating expenditures		340,567		296,389
Capital outlay		88,055		-
Total	2,253,528	1,709,651	543,877	1,526,700
Halifax County EMS	84,646	84,646	-	70,482
Code Enforcement:				
Salaries and employee benefits		149,569		143,945
Other operating expenditures		16,561		15,866
Capital outlay		-		1,200
Total	174,970	166,130	8,840	161,011
Medical Examiner:				
Contracted Services	13,000	7,500	5,500	3,700
Animal Control:				
Salaries and employee benefits		178,547		175,236
Other operating expenditures		62,876		53,358
Capital outlay		14,947		9,412
Total	274,627	256,370	18,257	238,006
KARTS				
Other operating expenditures	34,299	34,299	-	34,299
Total Public Safety	7,362,700	6,587,912	774,788	6,166,314

**WARREN COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
<u>Environmental Protection</u>				
Soil Conservation:				
Salaries and employee benefits		135,826		131,536
Other operating expenditures		31,395		30,454
Total	171,883	167,221	4,662	161,990
Forestry Service	112,408	100,276	12,132	98,334
Lake Gaston Weed Control	116,000	116,000	-	116,000
Total Environmental Protection	400,291	383,497	16,794	376,324
<u>Economic and Physical Development</u>				
Planning:				
Salaries and employee benefits		137,891		130,493
Other operating expenditures		27,167		14,531
Total	182,182	165,058	17,124	145,024
Economic Development:				
Salaries and employee benefits		111,936		95,605
Other operating expenditures		58,904		78,524
Capital outlay		-		-
Total	187,180	170,840	16,340	174,129
Agricultural Extension:				
Salaries and employee benefits		92,734		77,917
Other operating expenditures		118,042		53,905
Capital outlay		54,477		82
Total	340,260	265,253	75,007	131,904
Buck Springs Camp Development:				
Other operating expenditures		1,598		2,840
Total	54,418	1,598	52,820	2,840
Kerr Tar Hub	36,000	36,000	-	36,000
Total Economic and Physical Development	800,040	638,749	161,291	489,897

**WARREN COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
<u>Human Services</u>				
Health Clinic/Home Health:				
Salaries and employee benefits		2,004,912		1,886,826
Other operating expenditures		728,114		773,400
Capital outlay		-		16,500
Total	3,071,457	2,733,026	338,431	2,676,726
Area Mental Health District	60,646	59,697	949	59,649
Youth and Family Programs:				
Juvenile Crime Prevention Program		12,923		9,446
Tri-County Conflict Management		2,250		3,230
Emergency Shelter Care		2,430		16,716
Total	17,690	17,603	87	29,392
Veteran Services:				
Salaries and employee benefits		29,660		30,052
Other operating expenditures		5,736		5,156
Total	44,709	35,396	9,313	35,208
Senior Citizens Services:				
Salaries and employee benefits		145,117		136,856
Contracted services		244,402		216,566
Total	405,124	389,519	15,605	353,422
Youth Services Bureau:				
Salaries and employee benefits		107,988		108,606
Other operating expenditures		42,187		33,489
Capital outlay		21,900		-
Total	192,247	172,075	20,172	142,095
Rural Operating Assistance Program:				
Contracted services		52,477		46,104
Other operating expenditures		59,720		67,909
Total	112,197	112,197	-	114,013
Social Services:				
Salaries and employee benefits		2,641,500		2,738,196
Other operating expenditures		870,621		807,453
Total	3,723,492	3,512,121	211,371	3,545,649

**WARREN COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
Public Assistance:				
Child Day Care		782,159		790,795
Special Assistance to Adults		292,474		296,041
Other Programs		172,915		134,013
Total	1,624,224	1,247,548	376,676	1,220,849
DSS Child Support				
Salaries and employee benefits		218,907		203,298
Other operating expenditures		86,885		67,658
Total	334,553	305,792	28,761	270,956
Armory				
Other operating expenditures	25,500	22,243	3,257	21,879
Total Human Services	9,611,839	8,607,217	975,861	8,469,838
<u>Cultural and Recreational</u>				
Recreation:				
Salaries and employee benefits		202,957		188,059
Other operating expenditures		135,918		125,164
Total	369,915	338,875	31,040	313,223
Libraries:				
Salaries and employee benefits		335,440		304,311
Other operating expenditures		106,584		104,602
Total	455,396	442,024	13,372	408,913
Total Cultural and Recreational	825,311	780,899	44,412	722,136
<u>Education</u>				
Warren County Public Schools				
Current expense		3,246,185		3,182,228
Capital outlay		684,306		733,667
Total	3,957,251	3,930,491	26,760	3,915,895
Vance Granville Community College				
Current expense		177,112		174,112
Capital outlay		221,278		6,000
Total	533,002	398,390	134,612	180,112
Science, Engineering, Math and Aerospace				
Salaries and employee benefits		111,427		126,379
Other operating expenditures		6,884		10,410
Total	135,473	118,311	17,162	136,789
Total Education	4,625,726	4,447,192	178,534	4,232,796

**WARREN COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
<u>Debt Service</u>				
Principal retirement		1,435,514		1,565,404
Interest and fees		271,476		335,416
Total Debt Service	1,744,779	1,706,990	37,789	1,900,820
<u>Contingency</u>				
	12,450	-	12,450	-
Total Expenditures	28,709,298	26,127,817	2,581,481	25,290,798
Revenues Over (Under) Expenditures	(1,867,420)	1,524,652	3,392,072	1,394,936
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in				
National Guard Armory Renovation Project	19,640	19,640	-	-
Total	19,640	19,640	-	-
Transfers out				
Revaluation Fund	(50,000)	(50,000)	-	(50,000)
CDBG Ephraim Place Project	(20,000)	(20,000)	-	-
Emergency Telephone System Fund	(5,253)	(5,253)	-	-
Ambulance Storage Facility	-	-	-	(38,000)
Solid Waste Fund	-	-	-	(8,751)
Total	(75,253)	(75,253)	-	(96,751)
Installment purchase obligations issued	214,800	207,225	(7,575)	-
Appropriated Fund Balance	1,708,233	-	(1,708,233)	-
Total Other Financial Sources (Uses)	1,867,420	151,612	(1,715,808)	(96,751)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	1,676,264	<u>\$ 1,676,264</u>	1,298,185
Fund Balance-July 1		9,583,961		8,285,776
Fund Balance-June 30		<u>\$ 11,260,225</u>		<u>\$ 9,583,961</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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
<u>REVENUES</u>				
Investment earnings	\$ 90	\$ 120	\$ 30	\$ 127
<u>EXPENDITURES</u>				
General government	55,090	5,000	50,090	5,000
Revenues Over (Under) Expenditures	(55,000)	(4,880)	50,120	(4,873)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer in (out)				
General Fund	50,000	50,000	-	50,000
Appropriated fund balance	5,000	-	(5,000)	-
	<u>55,000</u>	<u>50,000</u>	<u>(5,000)</u>	<u>50,000</u>
Excess of Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	45,120	<u>\$ 45,120</u>	45,127
Fund Balance - July 1		<u>226,878</u>		<u>181,751</u>
Fund Balance - June 30		<u>\$ 271,998</u>		<u>\$ 226,878</u>

# NONMAJOR GOVERNMENTAL FUNDS

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## 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 Hook-up 2010 Fund:** This fund is used to account for revenues and expenditures to rehabilitate substandard rural housing for infra water hook-up.
- **CDBG Scattered Sites 2011 Fund:** This fund is used to account for revenues and expenditures to rehabilitate substandard rural housing at scattered sites.
- **CDBG Ephraim Place Fund:** This fund is used to account for revenues and expenditures to rehabilitate substandard rural housing at Ephraim Place.
- **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.
- **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, 2013

	Special Revenue Funds						Capital Projects Funds					Total Nonmajor Governmental Funds
	Special Fire Districts Fund	Emergency Telephone System Fund	CDBG Infra Hook-up 2010	CDBG Scattered Sites 2011	CDBG Ephraim Place	CDBG Scattered Sites	National Guard Armory Renovation Project	Buck Springs Leadership Center	Ambulance Storage Facility	Simulcast System Upgrade	Energy Efficient Grant	
<b>ASSETS</b>												
Current Assets:												
Cash and cash equivalents	\$ 11,596	\$ 315,872	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 291,431	\$ 55,236	\$ 58,184	\$ -	\$ 732,319
Accounts receivable, net	-	42,553	637	-	-	-	-	-	1,505	-	-	44,695
Taxes receivable, net	123,893	-	-	-	-	-	-	-	-	-	-	123,893
<b>Total Assets</b>	<b>\$ 135,489</b>	<b>\$ 358,425</b>	<b>\$ 637</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 291,431</b>	<b>\$ 56,741</b>	<b>\$ 58,184</b>	<b>\$ -</b>	<b>\$ 900,907</b>
<b>LIABILITIES AND FUND BALANCES</b>												
Liabilities:												
Accounts payable and accrued liabilities	\$ 12,492	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,692	\$ -	\$ -	\$ 14,184
Due to General Fund	-	-	15,984	16	15,239	-	-	-	-	351	-	31,590
<b>Total liabilities</b>	<b>12,492</b>	<b>-</b>	<b>15,984</b>	<b>16</b>	<b>15,239</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,692</b>	<b>351</b>	<b>-</b>	<b>45,774</b>
Deferred inflows of resources	123,893	-	-	-	-	-	-	-	-	-	-	123,893
Fund Balances:												
Restricted:												
Stabilization by State Statute	-	42,553	637	-	-	-	-	-	1,505	-	-	44,695
Public Safety	-	315,872	-	-	-	-	-	-	55,236	56,492	-	427,600
Economic Development	-	-	-	-	-	-	-	291,431	-	-	-	291,431
Unassigned:	(896)	-	(15,984)	(16)	(15,239)	-	-	-	-	-	(351)	(32,486)
<b>Total fund balances</b>	<b>(896)</b>	<b>358,425</b>	<b>(15,347)</b>	<b>(16)</b>	<b>(15,239)</b>	<b>-</b>	<b>-</b>	<b>291,431</b>	<b>56,741</b>	<b>56,492</b>	<b>(351)</b>	<b>731,240</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 135,489</b>	<b>\$ 358,425</b>	<b>\$ 637</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 291,431</b>	<b>\$ 56,741</b>	<b>\$ 58,184</b>	<b>\$ -</b>	<b>\$ 900,907</b>

**WARREN COUNTY, NORTH CAROLINA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2013**

	Special Revenue Funds						Capital Projects Funds					
	Special Fire Districts Fund	Emergency Telephone System Fund	CDBG Infra Hook-up 2010	CDBG Scattered Site 2011	CDBG Ephraim Place	CDBG Scattered Sites	National Guard Armory Renovation Project	Buck Springs Leadership Center	Ambulance Storage Facility	Simulcast System Upgrade	Energy Efficient Grant	Total Nonmajor Governmental Funds
<b>REVENUES</b>												
Ad valorem taxes	\$ 808,984	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 808,984
Other taxes and licenses	-	-	-	-	-	-	-	-	-	-	-	-
Restricted intergovernmental	-	242,444	111,422	3,616	-	-	-	-	-	-	-	357,482
Investment earnings	-	124	-	-	-	-	2	134	65	40	-	365
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>808,984</b>	<b>242,568</b>	<b>111,422</b>	<b>3,616</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>134</b>	<b>65</b>	<b>40</b>	<b>-</b>	<b>1,166,831</b>
<b>EXPENDITURES</b>												
General government	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	809,061	134,243	-	-	-	-	-	-	-	-	-	943,304
Economic and physical development	-	-	81,769	3,327	19,000	-	-	-	-	-	-	104,096
Capital outlay	-	-	-	-	-	-	-	-	70,294	33,681	-	103,975
Debt service	-	-	-	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>809,061</b>	<b>134,243</b>	<b>81,769</b>	<b>3,327</b>	<b>19,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70,294</b>	<b>33,681</b>	<b>-</b>	<b>1,151,375</b>
Revenues Over (Under)												
Expenditures	(77)	108,325	29,653	289	(19,000)	-	2	134	(70,229)	(33,641)	-	15,456
<b>OTHER FINANCING SOURCES (USES)</b>												
Transfers to other funds	-	-	-	-	-	-	(19,640)	-	-	-	-	(19,640)
Transfers from other funds	-	5,253	-	-	20,000	-	-	-	-	-	-	25,253
Debt issued	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses) - Net</b>	<b>-</b>	<b>5,253</b>	<b>-</b>	<b>-</b>	<b>20,000</b>	<b>-</b>	<b>(19,640)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,613</b>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(77)	113,578	29,653	289	1,000	-	(19,638)	134	(70,229)	(33,641)	-	21,069
Fund Balance - July 1	(819)	244,847	(45,000)	(305)	(16,239)	-	19,638	291,297	126,970	90,133	(351)	710,171
Fund Balance - June 30	\$ (896)	\$ 358,425	\$ (15,347)	\$ (16)	\$ (15,239)	\$ -	\$ -	\$ 291,431	\$ 56,741	\$ 56,492	\$ (351)	\$ 731,240

**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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
<u>REVENUES</u>				
Ad Valorem taxes	\$ 845,851	\$ 808,984	\$ (36,867)	\$ 775,126
<u>EXPENDITURES</u>				
Public safety	845,851	809,061	36,790	775,122
Revenues Over (Under) Expenditures	<u>\$ -</u>	(77)	<u>\$ (77)</u>	4
Fund Balance - July 1		<u>(819)</u>		<u>(823)</u>
Fund Balance - June 30		<u>\$ (896)</u>		<u>\$ (819)</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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
<u>REVENUES</u>				
Restricted intergovernmental				
Wireless communications	\$ 238,362	\$ 242,444	\$ 4,082	\$ 200,900
Investment earnings	100	124	24	164
Total Revenues	<u>238,462</u>	<u>242,568</u>	<u>4,106</u>	<u>201,064</u>
<u>EXPENDITURES</u>				
Public safety	<u>238,462</u>	<u>134,243</u>	<u>104,219</u>	<u>165,796</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>108,325</u>	<u>108,325</u>	<u>35,268</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer in (out)				
General Fund	-	5,253	5,253	-
Total	<u>-</u>	<u>5,253</u>	<u>5,253</u>	<u>-</u>
Revenues Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>113,578</u>	<u>\$ 113,578</u>	<u>35,268</u>
Fund Balance - July 1		<u>244,847</u>		<u>209,579</u>
Fund Balance - June 30		<u>\$ 358,425</u>		<u>\$ 244,847</u>

Emergency Telephone System Unspent Balance

Amounts reported above are different from the PSAP Revenue-Expenditure Report because:

Net Change in Fund Balance, reported on Budget to Actual	\$ 113,578
Less: Transfers from General Fund to adjust fund balance to the proper beginning balance	<u>(5,253)</u>
Net Change per PSAP Revenue-Expenditure Report	108,325
Beginning Balance, PSAP Revenue-Expenditure Report	250,100
Ending Balance, PSAP Revenue-Expenditure Report	<u>\$ 358,425</u>

WARREN COUNTY, NORTH CAROLINA  
 CDBG INFRA HOOK-UP 2010  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
<u>REVENUES</u>					
Restricted intergovernmental CDBG Infra-Hookup grant	\$ 250,000	\$ -	\$ 111,422	\$ 111,422	\$ (138,578)
<u>EXPENDITURES</u>					
Economic and physical development Administration	25,000	22,176	16	22,192	2,808
Water improvements	225,000	22,824	81,753	104,577	120,423
Total	250,000	45,000	81,769	126,769	123,231
Revenues Over (Under) Expenditures	\$ -	\$ (45,000)	29,653	\$ (15,347)	\$ (15,347)
Fund Balance - July 1			(45,000)		
Fund Balance - June 30			\$ (15,347)		

**WARREN COUNTY, NORTH CAROLINA**  
**CDBG SCATTERED SITE 2011**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	<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>
<b><u>REVENUES</u></b>					
Restricted intergovernmental CDBG Scattered Site grant	\$ 400,000	\$ -	\$ 3,616	\$ 3,616	\$ (396,384)
<b><u>EXPENDITURES</u></b>					
Economic and physical development					
Administration	40,000	305	1,897	2,202	37,798
Planning	7,000		-	-	7,000
Rehabilitation	22,750		-	-	22,750
Relocation	15,000		-	-	15,000
Clearance	27,000		-	-	27,000
Reconstruction	288,250	-	1,430	1,430	286,820
Total	<u>400,000</u>	<u>305</u>	<u>3,327</u>	<u>3,632</u>	<u>396,368</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (305)</u>	289	<u>\$ (16)</u>	<u>\$ (16)</u>
Fund Balance - July 1			<u>(305)</u>		
Fund Balance - June 30			<u>\$ (16)</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, 2013**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
<u>REVENUES</u>					
Restricted intergovernmental	\$ 467,690	\$ 349,599	\$ -	\$ 349,599	\$ (118,091)
Miscellaneous	-	2,880	-	2,880	2,880
Total	<u>467,690</u>	<u>352,479</u>	<u>-</u>	<u>352,479</u>	<u>(115,211)</u>
<u>EXPENDITURES</u>					
Economic and Physical Development	<u>487,690</u>	<u>368,718</u>	<u>19,000</u>	<u>387,718</u>	<u>99,972</u>
Revenues Over (Under) Expenditures	(20,000)	(16,239)	(19,000)	(35,239)	(15,239)
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfer in (out) General Fund	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Revenues Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (16,239)</u>	1,000	<u>\$ (15,239)</u>	<u>\$ (15,239)</u>
Fund Balance - July 1			<u>(16,239)</u>		
Fund Balance - June 30			<u>\$ (15,239)</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, 2013**

	<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>
<b><u>REVENUES</u></b>					
Restricted intergovernmental	\$ 400,000	\$ 384,448	\$ -	\$ 384,448	\$ (15,552)
Miscellaneous	-	-	-	-	-
Total	<u>400,000</u>	<u>384,448</u>	<u>-</u>	<u>384,448</u>	<u>(15,552)</u>
<b><u>EXPENDITURES</u></b>					
Economic and Physical Development	<u>400,000</u>	<u>384,448</u>	<u>-</u>	<u>384,448</u>	<u>15,552</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance - July 1			<u>-</u>		
Fund Balance - June 30			<u>\$ -</u>		

**WARREN COUNTY, NORTH CAROLINA  
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, 2013**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
<b>REVENUES</b>					
Golden Leaf Foundation Grant	\$ 800,000	\$ 800,000	\$ -	\$ 800,000	\$ -
Investment earnings	266	263	2	265	1
Miscellaneous	17,145	17,145	-	17,145	-
Total	<u>817,411</u>	<u>817,408</u>	<u>2</u>	<u>817,410</u>	<u>1</u>
<b>EXPENDITURES</b>					
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>1,060,717</u>	<u>1,060,716</u>	<u>-</u>	<u>1,060,716</u>	<u>1</u>
Revenues Over (Under)					
Expenditures	<u>(243,306)</u>	<u>(243,308)</u>	<u>2</u>	<u>(243,306)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds of installment purchase	200,000	200,000	-	200,000	-
Transfer in (out)					
General Fund	(19,640)	-	(19,640)	(19,640)	-
General Fund	62,946	62,946	-	62,946	-
Total	<u>243,306</u>	<u>262,946</u>	<u>(19,640)</u>	<u>243,306</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 19,638</u>	<u>(19,638)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance - July 1			<u>19,638</u>		
Fund Balance - June 30			<u>\$ -</u>		

**WARREN COUNTY, NORTH CAROLINA  
BUCK SPRINGS LEADERSHIP CENTER  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
<b>REVENUES</b>					
Restricted intergovernmental:					
Kellogg Grant	\$ 50,000	\$ 79,379	\$ -	\$ 79,379	\$ 29,379
Private Contributions	238,476	221,702	-	221,702	(16,774)
Investment Earnings	-	46,281	134	46,415	46,415
Total Revenues	<u>288,476</u>	<u>347,362</u>	<u>134</u>	<u>347,496</u>	<u>59,020</u>
<b>EXPENDITURES</b>					
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
Total Expenditures	<u>288,476</u>	<u>56,065</u>	<u>-</u>	<u>56,065</u>	<u>232,411</u>
Revenues Over (Under)					
Expenditures	<u>-</u>	<u>291,297</u>	<u>134</u>	<u>291,431</u>	<u>291,431</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer in (out)					
General Fund	<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>\$ 291,297</u>	<u>134</u>	<u>\$ 291,431</u>	<u>\$ 291,431</u>
Fund Balance - July 1			<u>291,297</u>		
Fund Balance - June 30			<u>\$ 291,431</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, 2013**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
<b>REVENUES</b>					
Investment Earnings	\$ -	\$ 3,543	\$ 65	\$ 3,608	\$ 3,608
<b>EXPENDITURES</b>					
Capital outlay					
Survey	2,105	2,104	-	2,104	1
Legal & Administrative	5,500	5,460	425	5,885	(385)
Land	20,000	20,000	-	20,000	-
Furniture/Fixtures Generator	36,000	18,266	14,135	32,401	3,599
Site Development	44,950	12,774	-	12,774	32,176
Architectural Fees	31,850	30,870	-	30,870	980
Construction Contract	286,900	219,764	50,945	270,709	16,191
Telephone System	10,000	9,140	4,789	13,929	(3,929)
Contingency	4,500	-	-	-	4,500
Total	<u>441,805</u>	<u>318,378</u>	<u>70,294</u>	<u>388,672</u>	<u>53,133</u>
Revenues Over (Under)					
Expenditures	<u>(441,805)</u>	<u>(314,835)</u>	<u>(70,229)</u>	<u>(385,064)</u>	<u>56,741</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Installment purchase obligations issued	340,000	340,000	-	340,000	-
Transfer in (out)					
General Fund	279,785	279,785	-	279,785	-
General Fund	<u>(177,980)</u>	<u>(177,980)</u>	<u>-</u>	<u>(177,980)</u>	<u>-</u>
Total	<u>441,805</u>	<u>441,805</u>	<u>-</u>	<u>441,805</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 126,970</u>	<u>(70,229)</u>	<u>\$ 56,741</u>	<u>\$ 56,741</u>
Fund Balance - July 1			<u>126,970</u>		
Fund Balance - June 30			<u>\$ 56,741</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, 2013**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
<u>REVENUES</u>					
Investment earnings	\$ -	\$ 66	\$ 40	\$ 106	\$ 106
Miscellaneous income	-	-	-	-	-
Total	<u>-</u>	<u>66</u>	<u>40</u>	<u>106</u>	<u>106</u>
<u>EXPENDITURES</u>					
Capital outlay					
Legal and administrative		480	1,393	1,873	
Engineering/General		3,700	32,288	35,988	
Land		28,288	-	28,288	
Total	<u>624,400</u>	<u>32,468</u>	<u>33,681</u>	<u>66,149</u>	<u>558,251</u>
Revenues Over (Under)					
Expenditures	<u>(624,400)</u>	<u>(32,402)</u>	<u>(33,641)</u>	<u>(66,043)</u>	<u>558,357</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Proceeds of installment purchase	501,865	-	-	-	(501,865)
Transfer in (out)					
Emergency Telephone System Fund	122,535	122,535	-	122,535	-
Total	<u>624,400</u>	<u>122,535</u>	<u>-</u>	<u>122,535</u>	<u>(501,865)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 90,133</u>	<u>(33,641)</u>	<u>\$ 56,492</u>	<u>\$ 56,492</u>
Fund Balance - July 1			<u>90,133</u>		
Fund Balance - June 30			<u>\$ 56,492</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, 2013**

	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	\$ 182,964	\$ -	\$ 182,964	\$ 31
Miscellaneous income	30,000	25,871	-	25,871	(4,129)
Total	<u>212,933</u>	<u>208,835</u>	<u>-</u>	<u>208,835</u>	<u>(4,098)</u>
<u>EXPENDITURES</u>					
Capital outlay					
Contracted services		26,117	-	26,117	
Postage		3	-	3	
Advertising		461	-	461	
Construction contract		182,605	-	182,605	
Total	<u>212,933</u>	<u>209,186</u>	<u>-</u>	<u>209,186</u>	<u>3,747</u>
Revenues Over (Under)					
Expenditures	<u>\$ -</u>	<u>\$ (351)</u>	<u>-</u>	<u>\$ (351)</u>	<u>\$ (351)</u>
Fund Balance - July 1			<u>(351)</u>		
Fund Balance - June 30			<u>\$ (351)</u>		

## ENTERPRISE FUNDS

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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.

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- **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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
<b>REVENUES</b>				
Operating Revenues				
Water and Sewer Charges	\$ 937,500	\$ 802,623	\$ (134,877)	\$ 821,593
Nonoperating Revenues				
Permits and Fees	200	225	25	250
Miscellaneous Revenue	100	659	559	2,542
Interest Earnings	200	207	7	253
Total Nonoperating Revenues	500	1,091	591	3,045
Total Revenues	938,000	803,714	(134,286)	824,638
<b>EXPENDITURES</b>				
Salaries and employee benefits		115,784		109,650
Water purchases		492,721		501,499
Other operating expenditures		264,307		244,607
Debt service				
Debt Principal		365		365
Total Expenditures	938,104	873,177	64,927	856,121
Revenues Over (Under) Expenditures	(104)	(69,463)	(69,359)	(31,483)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out)				
Waste Water Treatment Plant	-	-	-	(5,044)
District III Enterprise Fund	104	104	-	-
Total Transfers	104	104	-	(5,044)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ (69,359)	\$ (69,359)	\$ (36,527)
<b>RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL</b>				
Excess of revenues and other sources over (under) expenditures and other uses		\$ (69,359)		\$ (36,527)
Reconciling items:				
Capital outlay		-		-
Depreciation		(256,012)		(256,795)
Principal payment		365		365
(Increase) decrease in compensated absences payable		(1,248)		353
(Increase) decrease in OPEB obligation		(236)		(241)
Capital contributions for Soul City Pump Station Imp.		-		-
Interest income from Soul City Pump Station Improvements		2		8
Miscellaneous income from Soul City Pump Station Imp.		-		34,171
Miscellaneous income from Waste Water Treatment Plant		17,754		571
Transfers into Soul City Pump Station Improvements		-		-
Transfers into Waster Water Treatment Plant		-		5,483
Total		(239,375)		(216,085)
Change in net assets		\$ (308,734)		\$ (252,612)

**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, 2013**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
<b><u>REVENUES</u></b>					
Restricted intergovernmental:					
Rural Center Grant	\$ 350,000	\$ 350,000	\$ -	\$ 350,000	\$ -
Investment earnings	-	2,078	2	2,080	2,080
Miscellaneous	8,768	43,664	-	43,664	34,896
Total Revenues	<u>358,768</u>	<u>395,742</u>	<u>2</u>	<u>395,744</u>	<u>36,976</u>
<b><u>EXPENDITURES</u></b>					
Capital Outlay	430,127	429,230	-	429,230	897
Revenues Over (Under) Expenditures	<u>(71,359)</u>	<u>(33,488)</u>	<u>2</u>	<u>(33,486)</u>	<u>37,873</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfers in (out)					
Regional Water Enterprise Fund	66,184	66,184	-	66,184	-
General Fund	5,175	5,175	-	5,175	-
Total	<u>71,359</u>	<u>71,359</u>	<u>-</u>	<u>71,359</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 37,871</u>	<u>\$ 2</u>	<u>\$ 37,873</u>	<u>\$ 37,873</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, 2013**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
<b><u>REVENUES</u></b>					
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	11,867	571	17,754	18,325	6,458
Total Revenues	<u>11,867</u>	<u>571</u>	<u>17,754</u>	<u>18,325</u>	<u>6,458</u>
<b><u>EXPENDITURES</u></b>					
Capital Outlay	884,850	118,791	718,462	837,253	47,597
Revenues Over (Under) Expenditures	<u>(872,983)</u>	<u>(118,220)</u>	<u>(700,708)</u>	<u>(818,928)</u>	<u>54,055</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Debt proceeds	867,500	-	737,914	737,914	(129,586)
Transfers in (out)					
Regional Water Enterprise Fund	5,044	5,044	-	5,044	-
District I Enterprise Fund	110	110	-	110	-
District II Enterprise Fund	329	329	-	329	-
Total	<u>872,983</u>	<u>5,483</u>	<u>737,914</u>	<u>743,397</u>	<u>(129,586)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (112,737)</u>	<u>\$ 37,206</u>	<u>\$ (75,531)</u>	<u>\$ (75,531)</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, 2013**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
<b>REVENUES</b>				
Operating Revenues				
Water and Sewer Charges	\$ 473,100	\$ 509,543	\$ 36,443	\$ 429,784
Other operating revenues	1,400	3,138	1,738	6,406
Total Operating Revenues	<u>474,500</u>	<u>512,681</u>	<u>38,181</u>	<u>436,190</u>
Nonoperating Revenues				
Interest Earnings	250	425	175	466
Total Nonoperating Revenues	<u>250</u>	<u>425</u>	<u>175</u>	<u>466</u>
Total Revenues	<u>474,750</u>	<u>513,106</u>	<u>38,356</u>	<u>436,656</u>
<b>EXPENDITURES</b>				
Salaries and employee benefits		169,544		160,561
Water purchases		105,029		98,396
Other operating expenditures		76,208		60,186
Debt service:				
Interest and other charges		64,339		65,720
Debt principal		38,764		37,764
Total Expenditures	<u>474,902</u>	<u>453,884</u>	<u>21,018</u>	<u>422,627</u>
Revenues Over (Under) Expenditures	<u>(152)</u>	<u>59,222</u>	<u>59,374</u>	<u>14,029</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer to other funds				
Waste Water Treatment Plan	-	-	-	(110)
District III Enterprise Fund	152	152	-	-
Debt proceeds	-	16,041	16,041	-
Fund balance appropriated	-	-	-	-
Total Other Financing Sources (Uses)	<u>152</u>	<u>16,193</u>	<u>16,041</u>	<u>(110)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 75,415</u>	<u>\$ 75,415</u>	<u>\$ 13,919</u>
<b>RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL</b>				
Excess of revenues and other sources over (under) expenditures and other uses		\$ 75,415		\$ 13,919
Reconciling items:				
Debt service payment		38,764		37,764
Depreciation		(146,174)		(146,608)
Debt proceeds		(16,041)		-
(Increase) decrease in compensated absences payable		(1,827)		516
(Increase) decrease in OPEB obligation		(346)		(353)
Capital contributions for Meter Replacement Project		-		-
Administrative expenses for Meter Replacement Project		-		-
Total		<u>(125,624)</u>		<u>(108,681)</u>
Change in net assets		<u>\$ (50,209)</u>		<u>\$ (94,762)</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, 2013**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
<b>REVENUES</b>				
Operating Revenues				
Water and sewer charges	\$ 510,100	\$ 511,474	\$ 1,374	\$ 454,181
Other charges for services	-	-	-	-
Total Operating Revenues	<u>510,100</u>	<u>511,474</u>	<u>1,374</u>	<u>454,181</u>
Nonoperating Revenues				
Debt reimbursement	10,356	10,356	-	10,356
Rents	15,000	17,888	2,888	15,000
Miscellaneous	700	4,716	4,016	2,932
Interest Earnings	300	343	43	428
Total Nonoperating Revenues	<u>26,356</u>	<u>33,303</u>	<u>6,947</u>	<u>28,716</u>
Total Revenues	<u>536,456</u>	<u>544,777</u>	<u>8,321</u>	<u>482,897</u>
<b>EXPENDITURES</b>				
Salaries and employee benefits		113,083		105,628
Water purchases		84,893		87,102
Other operating expenditures		141,688		101,181
Capital outlay		-		-
Debt service:				
Interest and other charges		114,115		116,070
Principal		43,000		41,000
Total Expenditures	<u>549,133</u>	<u>496,779</u>	<u>52,354</u>	<u>450,981</u>
Revenues Over (Under) Expenditures	<u>(12,677)</u>	<u>47,998</u>	<u>60,675</u>	<u>31,916</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out)				
District Two/Phase II Capital Project	-	-	-	-
Wastewater Treatment Plant	-	-	-	(329)
District Three Enterprise Fund	100	100	-	-
Debt proceeds	-	48,125	48,125	-
Fund balance appropriated	12,577	-	(12,577)	-
Total Other Financing Sources (Uses)	<u>12,677</u>	<u>48,225</u>	<u>35,548</u>	<u>(329)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 96,223</u>	<u>\$ 96,223</u>	<u>\$ 31,587</u>
<b>RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL</b>				
Excess of revenues and other sources over (under) expenditures and other uses		\$ 96,223		\$ 31,587
Reconciling items:				
Depreciation		(304,004)		(304,280)
Capital outlay		-		-
Debt service payment		43,000		41,000
Debt proceeds		(48,125)		-
(Increase) decrease in compensated absences payable		-		-
(Increase) decrease in OPEB obligation		-		-
Total		<u>(309,129)</u>		<u>(263,280)</u>
Change in net assets		<u>\$ (212,906)</u>		<u>\$ (231,693)</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, 2013**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
<u>REVENUES</u>					
Restricted intergovernmental:					
DENR Water Revolving Fund	\$ 233,419	\$ -	\$ -	\$ -	\$ (233,419)
Total	<u>233,419</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(233,419)</u>
<u>EXPENDITURES</u>					
Engineering/Preliminary	4,000	3,833	-	3,833	167
Equipment Capital/Meters	224,842	-	224,314	224,314	528
Closing Cost	4,577	-	-	-	4,577
Total	<u>233,419</u>	<u>3,833</u>	<u>224,314</u>	<u>3,833</u>	<u>229,586</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Proceeds from debt	-	-	228,328	228,328	228,328
Total	<u>-</u>	<u>-</u>	<u>228,328</u>	<u>228,328</u>	<u>228,328</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (3,833)</u>	<u>\$ 4,014</u>	<u>\$ 224,495</u>	<u>\$ 224,495</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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
<b>REVENUES</b>				
Operating Revenues				
Water and sewer charges	\$ 591,726	\$ 667,597	\$ 75,871	\$ 551,330
Other charges for services	1,000	1,394	394	897
Total Operating Revenues	<u>592,726</u>	<u>668,991</u>	<u>76,265</u>	<u>552,227</u>
Nonoperating Revenues				
Restricted intergovernmental:				
State grants	-	-	-	-
Miscellaneous	800	1,910	1,110	2,561
Interest Earnings	300	193	(107)	197
Total Nonoperating Revenues	<u>1,100</u>	<u>2,103</u>	<u>1,003</u>	<u>2,758</u>
Total Revenues	<u>593,826</u>	<u>671,094</u>	<u>77,268</u>	<u>554,985</u>
<b>EXPENDITURES</b>				
Salaries and employee benefits		16,540		15,700
Water purchases		104,500		103,515
Other operating expenditures		51,242		32,453
Contracted services		-		-
Capital outlay		74,762		74,762
Debt Service				
Principal paid		105,000		100,000
Interest expense		381,667		410,712
Total Expenditures	<u>900,844</u>	<u>733,711</u>	<u>167,133</u>	<u>737,142</u>
Revenues Over (Under) Expenditures	<u>(307,018)</u>	<u>(62,617)</u>	<u>244,401</u>	<u>(182,157)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out)				
District III/Phase I Capital Project	307,374	243,452	(63,922)	-
Regional Water Enterprise Fund	(104)	(104)	-	-
District I Enterprise Fund	(152)	(152)	-	-
District II Enterprise Fund	(100)	(100)	-	-
General Fund	-	-	-	-
Fund balance appropriated	-	-	-	-
Total Other Financing Sources (Uses)	<u>307,018</u>	<u>243,096</u>	<u>(63,922)</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 180,479</u>	<u>\$ 180,479</u>	<u>\$ (182,157)</u>
<b>RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL</b>				
Excess of revenues and other sources over (under) expenditures and other uses		\$ 180,479		\$ (182,157)
Reconciling items:				
Depreciation		(188,258)		(175,817)
Capital outlay		74,762		74,762
Principal paid		105,000		100,000
(Increase) decrease in compensated absences payable		(179)		51
(Increase) decrease in OPEB obligation		(34)		-
Investment earnings for District Three/Phase I		35		102
Charges for services for District Three/Phase I		-		250
Transfer for District Three/Phase I		(243,452)		-
Restricted intergovernmental revenue for District Three/Phase II		326,932		-
Investment earnings for District Three/Phase II		2		2
Charges for services for District Three/Phase II		15		300
Restricted intergovernmental revenue for District Three/Phase III		717,553		-
Miscellaneous revenue for District Three/Phase III		13,252		-
Investment earnings for District Three/Phase III		59		229
Charges for services for District Three/Phase III		24,450		23,150
Total		<u>830,137</u>		<u>23,029</u>
Change in net assets		<u>\$ 1,010,616</u>		<u>\$ (159,128)</u>

**WARREN COUNTY, NORTH CAROLINA**  
**DISTRICT THREE/PHASE I CAPITAL PROJECT**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
<b><u>REVENUES</u></b>					
Restricted intergovernmental:					
Federal grants	\$ 2,621,000	\$ 2,621,000	\$ -	\$ 2,621,000	\$ -
State grants	400,000	400,000	-	400,000	-
Charges for services	209,517	209,518	-	209,518	1
Miscellaneous	158,388	158,388	-	158,388	-
Investment earnings	70,111	70,073	35	70,108	(3)
Total Revenues	<u>3,459,016</u>	<u>3,458,979</u>	<u>35</u>	<u>3,459,014</u>	<u>(2)</u>
<b><u>EXPENDITURES</u></b>					
Construction	6,733,076	6,707,485	-	6,707,485	25,591
Revenues Over (Under) Expenditures	<u>(3,274,060)</u>	<u>(3,248,506)</u>	<u>35</u>	<u>(3,248,471)</u>	<u>25,589</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfers out					
District III Enterprise Fund	(324,952)	(31,500)	(243,452)	(274,952)	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>3,274,060</u>	<u>3,567,512</u>	<u>(243,452)</u>	<u>3,324,060</u>	<u>50,000</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 319,006</u>	<u>\$ (243,417)</u>	<u>\$ 75,589</u>	<u>\$ 75,589</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, 2013**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
<b><u>REVENUES</u></b>					
Restricted intergovernmental:					
Federal grants	\$ 3,955,000	\$ 3,955,000	\$ -	\$ 3,955,000	\$ -
State grants	1,040,000	296,908	326,932	623,840	(416,160)
Charges for services	104,000	166,410	15	166,425	62,425
Investment earnings	-	41,817	2	41,819	41,819
Miscellaneous	116,421	174,296	-	174,296	57,875
Total Revenues	<u>5,215,421</u>	<u>4,634,431</u>	<u>326,949</u>	<u>4,961,380</u>	<u>(254,041)</u>
<b><u>EXPENDITURES</u></b>					
Construction	<u>10,176,921</u>	<u>9,763,909</u>	<u>35,659</u>	<u>9,799,568</u>	<u>377,353</u>
Revenues Over (Under) Expenditures	<u>(4,961,500)</u>	<u>(5,129,478)</u>	<u>291,290</u>	<u>(4,838,188)</u>	<u>123,312</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
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>\$ (154,655)</u>	<u>\$ 291,290</u>	<u>\$ 136,635</u>	<u>\$ 136,635</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, 2013**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
<b>REVENUES</b>					
Restricted intergovernmental:					
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -
State grants	920,000	-	717,553	717,553	(202,447)
Charges for services	54,000	23,850	24,450	48,300	(5,700)
Miscellaneous	-	-	13,252	13,252	13,252
Investment earnings	-	229	59	288	288
Total Revenues	<u>974,000</u>	<u>24,079</u>	<u>755,314</u>	<u>779,393</u>	<u>(194,607)</u>
<b>EXPENDITURES</b>					
Construction	<u>2,535,000</u>	<u>1,429,535</u>	<u>893,009</u>	<u>2,322,544</u>	<u>212,456</u>
Revenues Over (Under) Expenditures	<u>(1,561,000)</u>	<u>(1,405,456)</u>	<u>(137,695)</u>	<u>(1,543,151)</u>	<u>17,849</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer in (out)					
Bonds issued	<u>1,561,000</u>	<u>1,561,000</u>	<u>-</u>	<u>1,561,000</u>	<u>-</u>
Total Other Financing Sources (Uses) - Net	<u>1,561,000</u>	<u>1,561,000</u>	<u>-</u>	<u>1,561,000</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 155,544</u>	<u>\$ (137,695)</u>	<u>\$ 17,849</u>	<u>\$ 17,849</u>

**WARREN COUNTY, NORTH CAROLINA**  
**SOLID WASTE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
<b>REVENUES</b>				
Operating revenues				
Charges for services	\$ 1,447,612	\$ 1,394,467	\$ (53,145)	\$ 1,399,794
Nonoperating Revenues				
State grants and reimbursements				
Tire Disposal Tax	28,000	43,606	15,606	45,153
White Goods Disposal Tax	6,000	6,418	418	9,764
Solid Waste Disposal Tax	15,500	12,788	(2,712)	15,506
Eelectronic management funds	1,300	1,199	(101)	1,630
FEMA disaster funds	500	-	(500)	5,200
Miscellaneous	2,300	6,874	4,574	3,175
Interest earnings	100	70	(30)	114
Total Nonoperating Revenues	53,700	70,955	17,255	80,542
Total Revenues	1,501,312	1,465,422	(35,890)	1,480,336
<b>EXPENDITURES</b>				
Salaries and employee benefits		228,942		237,505
Other operating expenditures		103,938		93,925
Contracted services		1,182,313		1,147,974
Capital outlay		58,100		-
Debt service:				
Interest and other charges		134		259
Debt principal		5,795		5,670
Total Expenditures	1,588,806	1,579,222	9,584	1,485,333
Revenues Over (Under) Expenditures	(87,494)	(113,800)	(26,306)	(4,997)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in (out)				
General Fund	-	-	-	8,751
Appropriated fund balance	87,494	-	(87,494)	-
Total Other Financing Sources (Uses)	87,494	-	(87,494)	8,751
Revenues and Other Financing Sources				
Over (Under) Expenditures and Other Uses	\$ -	\$ (113,800)	\$ (113,800)	\$ 3,754
<b>RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL</b>				
Revenues and other financing sources over (under) expenditures and other uses		\$ (113,800)		\$ 3,754
Reconciling items:				
Capital outlay		58,100		-
Debt service payment		5,795		5,670
Depreciation		(18,867)		(10,984)
Installment purchase obligations issued		-		-
(Increase) decrease in compensated absences payable		1,173		(1,213)
(Increase) decrease in OPEB obligation		(474)		(532)
Total		45,727		(7,059)
Change in net assets		\$ (68,073)		\$ (3,305)

## AGENCY FUNDS

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

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- **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, 2013**

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
<u>Social Services</u>				
Assets				
Cash	\$ 36,078	\$ 77,517	\$ 80,141	\$ 33,454
Liabilities				
Miscellaneous liabilities	\$ 36,078	\$ 77,517	\$ 80,141	\$ 33,454
<u>Fines and Forfeitures and DMV Interest</u>				
Assets				
Cash	\$ 631	\$ 9,860	\$ 9,700	\$ 791
Accounts receivable	5,426	84,592	85,154	4,864
	<u>\$ 6,057</u>	<u>\$ 94,452</u>	<u>\$ 94,854</u>	<u>\$ 5,655</u>
Liabilities				
Intergovernmental payable	\$ 5,426	\$ 84,592	\$ 85,154	\$ 4,864
Due to DMV	631	9,860	9,700	791
Total	<u>\$ 6,057</u>	<u>\$ 94,452</u>	<u>\$ 94,854</u>	<u>\$ 5,655</u>
<u>Motor Vehicle Tax</u>				
Assets				
Cash	\$ -	\$ 683,186	\$ 683,186	\$ -
Liabilities				
Intergovernmental payable	\$ -	\$ 683,186	\$ 683,186	\$ -
<u>Totals - All Agency Funds</u>				
Assets				
Cash	\$ 36,709	\$ 770,563	\$ 773,027	\$ 34,245
Accounts receivable	5,426	84,592	85,154	4,864
	<u>\$ 42,135</u>	<u>\$ 855,155</u>	<u>\$ 858,181</u>	<u>\$ 39,109</u>
Liabilities				
Miscellaneous liabilities	\$ 36,078	\$ 77,517	\$ 80,141	\$ 33,454
Intergovernmental payable	5,426	767,778	768,340	4,864
Due to DMV	631	9,860	9,700	791
Total liabilities	<u>\$ 42,135</u>	<u>\$ 855,155</u>	<u>\$ 858,181</u>	<u>\$ 39,109</u>

## **OTHER SCHEDULES**

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This schedule contains additional information required on property taxes.

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- 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, 2013**

Fiscal Year	Uncollected Balance July 1, 2012	Additions	Collections and Adjustments	Uncollected Balance June 30, 2013
2012-2013	\$ -	\$ 16,498,383	\$ 15,860,546	\$ 637,837
2011-2012	736,594		475,116	261,478
2010-2011	258,815	-	108,579	150,236
2009-2010	160,282	-	41,317	118,965
2008-2009	133,473	-	22,407	111,066
2007-2008	131,442	-	11,666	119,776
2006-2007	123,230	-	8,502	114,728
2005-2006	104,062	-	5,919	98,143
2004-2005	93,500	-	5,351	88,149
2003-2004	80,117	-	4,448	75,669
2002-2003	99,467	-	99,467	-
	<u>\$ 1,920,982</u>	<u>\$ 16,498,383</u>	<u>\$ 16,643,318</u>	<u>\$ 1,776,047</u>
				Less: allowance for uncollectible accounts: <u>500,000</u>
				Ad valorem taxes receivable - net: <u>\$ 1,276,047</u>
<hr/>				
Reconciliation with revenues:				
Ad valorem taxes - General Fund				<u>\$ 17,194,094</u>
Reconciling items:				
Amounts written off for 2002-2003 levy				94,990
Interest and Discounts				<u>(645,766)</u>
Total Reconciling Items				<u>(550,776)</u>
Total Collections and Credits				<u>\$ 16,643,318</u>

**WARREN COUNTY, NORTH CAROLINA  
ANALYSIS OF CURRENT TAX LEVY  
COUNTY-WIDE LEVY  
JUNE 30, 2013**

	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	\$ 2,408,923,429	0.660	\$ 15,898,895	\$ 15,697,009	\$ 201,886
Registered motor vehicles taxed at prior year's rate	96,659,742	0.620	599,290	-	599,290
Total Original Levy	2,505,583,171		16,498,185	15,697,009	801,176
Discoveries:	83,684,848	0.660	552,320	537,659	14,661
Abatements	(12,625,152)	0.660	(83,326)	(23,348)	(59,978)
Total Property Valuation	<u>\$ 2,576,642,868</u>				
Net Levy			16,967,179	16,211,320	755,859
Uncollected taxes at June 30, 2013			637,837	485,673	152,164
Current year's taxes collected			<u>\$ 16,329,342</u>	<u>\$ 15,725,647</u>	<u>\$ 603,695</u>
Current levy collection percentage			<u>96.24%</u>	<u>97.00%</u>	<u>79.87%</u>

## **STATISTICAL SECTION**

### **Financial Trends**

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

### **Revenue Capacity**

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

### **Debt Capacity**

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

### **Demographic and Economic Information**

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

### **Operating Information**

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

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

	Fiscal Year Ended								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities									
Net investment in capital assets	\$ 5,450,318	\$ 6,013,698	\$ 7,406,216	\$ 8,356,319	\$ 10,018,301	\$ 11,523,737	\$ 12,220,550	\$ 12,962,674	\$ 13,294,536
Restricted	636,545	54,916	119,168	10,931	-	-	2,399,348	1,780,754	2,429,321
Unrestricted	4,807,363	7,718,588	8,646,672	8,485,896	7,446,330	8,442,300	5,997,626	8,293,981	9,795,047
Total governmental activities net position	<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>	<u>\$ 23,037,409</u>	<u>\$ 25,518,904</u>
Business-type activities									
Net investment in capital assets	\$ 20,419,414	\$ 19,286,085	\$ 19,086,139	\$ 19,480,250	\$ 21,706,937	\$ 22,843,191	\$ 22,523,838	\$ 21,679,388	\$ 21,759,836
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	(2,253,750)	1,236,198	1,526,879	1,609,269	2,177,111	1,809,528	1,986,447	2,089,399	2,379,646
Total business-type activities net position	<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>	<u>\$ 23,768,787</u>	<u>\$ 24,139,482</u>
Primary government									
Net investment in capital assets	\$ 25,869,732	\$ 25,299,783	\$ 26,492,355	\$ 27,836,569	\$ 31,725,238	\$ 34,366,928	\$ 34,744,388	\$ 34,642,062	\$ 35,054,372
Restricted	636,545	54,916	119,168	10,931	-	-	2,399,348	1,780,754	2,429,321
Unrestricted	2,553,613	8,954,786	10,173,551	10,095,165	9,623,441	10,251,828	7,984,073	10,383,380	12,174,693
Total primary government net position	<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>	<u>\$ 46,806,196</u>	<u>\$ 49,658,386</u>

\* Information prior to 06/30/05 is unavailable.

TABLE 2

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

Expenses	Fiscal Year Ended								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental activities:</b>									
General government	\$ 2,499,642	\$ 2,214,866	\$ 2,561,297	\$ 3,064,896	\$ 3,133,446	\$ 2,650,142	\$ 3,363,969	\$ 3,022,868	\$ 3,142,083
Public safety	4,446,747	5,199,174	5,432,066	5,897,695	6,487,102	7,133,833	7,033,229	7,229,935	7,594,569
Economic development	640,594	378,250	547,258	479,538	703,870	812,368	676,787	738,211	691,085
Environmental protection	228,788	279,035	372,069	377,402	382,002	375,553	384,936	382,291	389,915
Human services	8,955,055	8,932,781	9,634,595	9,964,742	9,244,375	8,843,649	8,961,158	8,611,989	8,735,030
Culture and recreation	473,935	459,433	476,213	678,723	965,352	889,294	854,045	877,411	932,823
Education	2,917,144	2,926,413	3,239,620	3,598,596	3,765,787	4,766,622	4,460,339	4,233,048	4,452,554
Interest on long-term debt	464,609	475,435	473,778	503,449	467,666	396,113	397,854	330,508	265,358
<b>Total governmental activities expenses</b>	<b>20,626,514</b>	<b>20,865,387</b>	<b>22,736,896</b>	<b>24,565,041</b>	<b>25,149,600</b>	<b>25,867,574</b>	<b>26,132,317</b>	<b>25,426,261</b>	<b>26,203,417</b>
<b>Business-type activities</b>									
Solid Waste	1,217,341	1,210,403	1,203,460	1,319,767	1,336,601	1,387,291	1,411,789	1,492,133	1,533,361
Water and Sewer	1,855,912	1,850,972	2,224,113	2,291,284	2,405,556	2,778,124	2,868,012	3,096,413	3,194,112
<b>Total business-type activities expenses</b>	<b>3,073,253</b>	<b>3,061,375</b>	<b>3,427,573</b>	<b>3,611,051</b>	<b>3,742,157</b>	<b>4,165,415</b>	<b>4,279,801</b>	<b>4,588,546</b>	<b>4,727,473</b>
<b>Total primary government expenses</b>	<b>\$ 23,699,767</b>	<b>\$ 23,926,762</b>	<b>\$ 26,164,469</b>	<b>\$ 28,176,092</b>	<b>\$ 28,891,757</b>	<b>\$ 30,032,989</b>	<b>\$ 30,412,118</b>	<b>\$ 30,014,807</b>	<b>\$ 30,930,890</b>
<b>Program Revenues</b>									
<b>Governmental activities:</b>									
Charges for services:									
General government	\$ 234,884	\$ 246,568	\$ 235,715	\$ 220,303	\$ 207,332	\$ 181,485	\$ 159,919	\$ 263,556	\$ 172,091
Public safety	193,446	310,715	279,159	278,293	245,412	240,209	194,105	189,748	279,493
Economic and physical development	15,329	13,111	11,212	18,436	11,617	19,641	17,890	18,527	20,032
Human services	1,892,895	2,132,383	1,978,004	1,911,990	1,932,022	2,024,707	2,090,364	2,099,557	1,999,392
Culture and recreation	23,079	24,280	23,059	40,287	63,779	61,172	64,122	56,264	54,115
Operating grants and contributions	4,619,374	4,689,246	4,768,953	5,096,559	5,635,258	6,519,634	5,641,667	5,418,451	5,422,395
Capital grants and contributions	462,491	354,356	718,191	318,369	274,488	1,036,382	369,081	630,355	477,771
<b>Total governmental activities program revenue</b>	<b>7,441,498</b>	<b>7,770,659</b>	<b>8,014,293</b>	<b>7,884,237</b>	<b>8,369,908</b>	<b>10,083,230</b>	<b>8,537,148</b>	<b>8,676,458</b>	<b>8,425,289</b>
<b>Business-type activities</b>									
Charges for services:									
Solid Waste	1,145,235	1,176,871	1,178,027	1,257,962	1,203,030	1,273,105	1,365,509	1,399,794	1,394,467
Water and Sewer	1,139,443	1,413,610	1,681,403	1,888,710	1,928,990	2,351,439	2,425,639	2,281,485	2,517,096
Capital grants and contributions	231,482	2,549,686	532,523	634,873	3,245,436	1,251,583	304,788	87,609	1,118,852
<b>Total business-type activities program revenue</b>	<b>2,284,678</b>	<b>5,140,167</b>	<b>3,391,953</b>	<b>3,781,545</b>	<b>6,377,456</b>	<b>4,876,127</b>	<b>4,095,936</b>	<b>3,768,888</b>	<b>5,030,415</b>
<b>Total primary government program revenues</b>	<b>\$ 9,726,176</b>	<b>\$ 12,910,826</b>	<b>\$ 11,406,246</b>	<b>\$ 11,665,782</b>	<b>\$ 14,747,364</b>	<b>\$ 14,959,357</b>	<b>\$ 12,633,084</b>	<b>\$ 12,445,346</b>	<b>\$ 13,455,704</b>
<b>Net (expenses)/revenue</b>									
Governmental activities	\$ (13,185,016)	\$ (13,094,728)	\$ (14,722,603)	\$ (16,680,804)	\$ (16,779,692)	\$ (15,784,344)	\$ (17,595,169)	\$ (16,749,803)	\$ (17,778,128)
Business-type activities	(557,093)	2,078,792	(35,620)	170,494	2,635,299	710,712	(183,865)	(819,658)	302,942
<b>Total primary government net expenses</b>	<b>\$ (13,742,109)</b>	<b>\$ (11,015,936)</b>	<b>\$ (14,758,223)</b>	<b>\$ (16,510,310)</b>	<b>\$ (14,144,393)</b>	<b>\$ (15,073,632)</b>	<b>\$ (17,779,034)</b>	<b>\$ (17,569,461)</b>	<b>\$ (17,475,186)</b>
<b>General Revenues and Other Changes in Net Position</b>									
<b>Governmental activities:</b>									
Taxes									
Property taxes	\$ 10,876,517	\$ 11,878,217	\$ 12,297,154	\$ 12,528,996	\$ 13,953,610	\$ 16,017,334	\$ 16,111,062	\$ 16,544,452	\$ 17,863,798
Local option sales taxes	3,119,926	3,292,261	3,648,064	3,887,932	2,982,087	2,095,105	1,963,435	2,203,383	2,236,339
Other taxes and licenses	237,987	265,569	283,953	163,181	60,007	49,661	65,081	62,831	59,878
Unrestricted grants and contributions	131,026	125,192	165,522	199,658	165,847	81,749	200,746	268,347	80,257
Investment earnings, unrestricted	177,394	414,341	563,824	441,867	146,561	17,402	15,940	7,741	6,082
Miscellaneous	48,992	68,593	148,940	140,260	159,464	24,499	100,202	91,685	13,269
Transfers	546,655	(56,469)	-	-	(76,399)	-	-	(8,751)	-
<b>Total governmental activities</b>	<b>15,138,497</b>	<b>15,987,704</b>	<b>17,107,457</b>	<b>17,361,894</b>	<b>17,391,177</b>	<b>18,285,750</b>	<b>18,456,466</b>	<b>19,169,688</b>	<b>20,259,623</b>
<b>Business-type activities:</b>									
Investment earnings	64,374	58,335	86,377	121,544	36,384	4,407	3,467	1,798	1,336
Miscellaneous	13,466	163,023	39,978	184,466	46,448	53,550	37,964	67,609	66,416
Transfers	(546,655)	56,469	-	-	76,399	-	-	8,751	-
<b>Total business-type activities</b>	<b>(468,815)</b>	<b>277,827</b>	<b>126,355</b>	<b>306,010</b>	<b>159,231</b>	<b>57,957</b>	<b>41,431</b>	<b>78,158</b>	<b>67,752</b>
<b>Total primary government</b>	<b>\$ 14,669,682</b>	<b>\$ 16,265,531</b>	<b>\$ 17,233,812</b>	<b>\$ 17,667,904</b>	<b>\$ 17,550,408</b>	<b>\$ 18,343,707</b>	<b>\$ 18,497,897</b>	<b>\$ 19,247,846</b>	<b>\$ 20,327,375</b>
<b>Changes in Net Position</b>									
Governmental activities	\$ 1,953,481	\$ 2,892,976	\$ 2,384,854	\$ 681,090	\$ 611,485	\$ 2,501,406	\$ 861,297	\$ 2,419,885	\$ 2,481,495
Business-type activities	(1,025,908)	2,356,619	90,735	476,504	2,794,530	768,669	(142,434)	(741,500)	370,694
<b>Total primary government</b>	<b>\$ 927,573</b>	<b>\$ 5,249,595</b>	<b>\$ 2,475,589</b>	<b>\$ 1,157,594</b>	<b>\$ 3,406,015</b>	<b>\$ 3,270,075</b>	<b>\$ 718,863</b>	<b>\$ 1,678,385</b>	<b>\$ 2,852,189</b>

\* Information prior to 06/30/05 is unavailable.

TABLE 3

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Local Sales Tax</b>	<b>Other Taxes</b>	<b>Motor Fuel Tax</b>	<b>Alcoholic Beverage Tax</b>	<b>Total</b>
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
2012	16,544,452	2,203,383	62,831	-	7,503	18,818,169
2013	\$ 17,863,798	\$ 2,236,339	\$ 52,327	\$ -	\$ 7,551	\$ 20,160,015

\* Information prior to 06/30/05 is unavailable.

TABLE 4

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

	Fiscal Year Ended								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
General fund									
Reserved by state statute	\$ 1,268,739	\$ 1,328,415	\$ 1,524,375	\$ 1,464,419	\$ 1,756,087	\$ 1,660,388	\$ -	\$ -	\$ -
Reserved For									
Inventory	5,002	8,002	14,771	18,848	25,478	25,388	-	-	-
Register of Deeds	-	2,326	2,363	10,931	-	-	-	-	-
Unreserved									
Undesignated	5,821,619	5,849,224	3,719,715	4,160,879	4,812,350	4,757,385	-	-	-
Designated for Library	60,401	60,402	-	-	-	-	-	-	-
Designated for recreation	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	1,141,509	1,743,772	3,771,246	2,183,928	1,510,294	2,336,819	-	-	-
Nonspendable									
Inventories	-	-	-	-	-	-	25,388	25,312	25,312
Restricted									
Stabilization by State Statute	-	-	-	-	-	-	1,390,404	1,780,754	1,665,595
Committed									
Revaluation	-	-	-	-	-	-	181,751	226,878	271,998
Assigned									
Subsequent year's expenditures	-	-	-	-	-	-	1,606,391	1,414,257	1,903,015
Unassigned	-	-	-	-	-	-	5,263,593	6,363,638	7,666,303
<b>Total general fund</b>	<b>\$ 8,431,335</b>	<b>\$ 9,104,031</b>	<b>\$ 9,282,470</b>	<b>\$ 7,839,005</b>	<b>\$ 8,104,209</b>	<b>\$ 8,779,980</b>	<b>\$ 8,467,527</b>	<b>\$ 9,810,839</b>	<b>\$ 11,532,223</b>
All other governmental funds									
Reserved by state statute									
Special revenue funds	\$ 17,379	\$ 35,850	\$ 33,261	\$ 44,527	\$ -	\$ 99,196	\$ -	\$ -	\$ -
Capital projects funds	-	301,214	324,953	20,489	18,858	179,645	-	-	-
Unreserved, reported in:									
Undesignated									
Special revenue funds	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	19,072	44,695
Public Safety	-	-	-	-	-	-	496,185	442,878	427,600
Economic Development	-	-	-	-	-	-	310,759	310,935	291,431
Unassigned	-	-	-	-	-	-	(264,814)	(62,714)	(32,486)
<b>Total all other governmental funds</b>	<b>\$ 841,753</b>	<b>\$ 1,890,347</b>	<b>\$ 1,123,865</b>	<b>\$ 2,498,429</b>	<b>\$ 718,708</b>	<b>\$ 1,062,195</b>	<b>\$ 744,130</b>	<b>\$ 710,171</b>	<b>\$ 731,240</b>

\* Information prior to 06/30/05 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 NINE FISCAL YEARS\***  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**  
**(UNAUDITED)**

	Fiscal Year Ended								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>									
Ad Valorem taxes	\$ 11,457,516	\$ 11,748,015	\$ 11,940,857	\$ 12,657,868	\$ 14,085,532	\$ 15,998,844	\$ 16,064,818	\$ 16,703,924	\$ 18,003,078
Local option sales taxes	3,119,926	3,292,261	3,648,064	3,887,932	2,982,087	2,095,105	1,963,435	2,203,383	2,236,339
Other taxes and licenses	237,987	265,569	283,953	163,181	60,007	49,661	65,081	62,831	59,878
Unrestricted Intergovernmental	140,833	143,984	165,522	380,410	165,847	81,749	200,746	268,347	122,863
Restricted Intergovernmental	5,127,823	5,088,306	5,551,113	5,297,217	5,969,538	7,608,880	5,995,413	6,073,237	5,840,517
Permits and fees	280,957	388,895	354,962	350,392	278,866	275,480	248,403	263,379	285,882
Sales and services	2,022,911	2,274,666	2,108,218	2,055,876	2,121,504	2,198,871	2,237,698	2,240,763	2,208,564
Investment earnings	177,394	414,341	563,824	441,867	146,559	17,402	15,940	7,741	6,082
Miscellaneous	48,992	76,362	148,940	144,837	162,956	90,351	157,960	106,468	56,217
Total Revenues	<u>22,614,339</u>	<u>23,692,399</u>	<u>24,765,453</u>	<u>25,379,580</u>	<u>25,972,896</u>	<u>28,416,343</u>	<u>26,949,494</u>	<u>27,930,073</u>	<u>28,819,420</u>
<b>Expenditures</b>									
Current:									
General government	2,496,824	2,498,608	2,515,946	3,180,965	3,060,249	3,176,002	3,043,227	2,937,673	2,980,361
Public safety	4,513,470	5,151,737	5,573,705	6,230,742	6,354,606	7,231,978	7,067,568	7,107,232	7,531,216
Environmental protection	244,756	272,848	370,576	372,892	372,374	367,069	382,164	376,324	383,497
Economic and physical development	581,475	384,721	544,662	508,901	704,303	835,742	672,395	729,274	742,845
Human services	8,848,709	8,833,292	9,528,206	9,770,819	9,102,596	8,774,095	8,825,203	8,469,838	8,607,217
Cultural and recreation	478,667	448,659	511,975	661,340	892,207	760,937	863,403	722,136	780,899
Intergovernmental:									
Education	2,916,338	2,925,857	3,238,524	3,598,499	3,765,688	4,766,166	4,454,943	4,232,796	4,447,192
Capital outlay	245,699	958,343	3,622,830	1,764,985	1,281,067	1,069,604	316,048	135,876	103,975
Debt service:									
Principal	1,197,741	1,191,690	1,328,116	1,477,511	1,568,083	1,576,383	1,647,467	1,565,404	1,435,514
Interest and other charges	462,986	412,662	451,026	491,027	472,447	405,061	397,515	335,416	271,476
Total expenditures	<u>21,986,665</u>	<u>23,078,417</u>	<u>27,685,566</u>	<u>28,057,681</u>	<u>27,573,620</u>	<u>28,963,037</u>	<u>27,669,933</u>	<u>26,611,969</u>	<u>27,284,192</u>
Excess of revenues over (under) expenditures	<u>627,674</u>	<u>613,982</u>	<u>(2,920,113)</u>	<u>(2,678,101)</u>	<u>(1,600,724)</u>	<u>(546,694)</u>	<u>(720,439)</u>	<u>1,318,104</u>	<u>1,535,228</u>
<b>Other financing sources (uses)</b>									
Transfers in from other funds	1,002,559	771,938	1,237,130	1,087,795	896,882	429,552	422,326	203,796	44,893
Transfers out to other funds	(455,904)	(828,407)	(1,237,130)	(1,087,795)	(973,281)	(429,552)	(422,326)	(212,547)	(44,893)
Proceeds from the issuance of debt	147,717	1,163,777	2,332,070	2,609,200	162,604	1,565,952	89,921	-	207,225
Total other financing sources (uses)	<u>694,372</u>	<u>1,107,308</u>	<u>2,332,070</u>	<u>2,609,200</u>	<u>86,205</u>	<u>1,565,952</u>	<u>89,921</u>	<u>(8,751)</u>	<u>207,225</u>
Net change in fund balances	<u>\$ 1,322,046</u>	<u>\$ 1,721,290</u>	<u>\$ (588,043)</u>	<u>\$ (68,901)</u>	<u>\$ (1,514,519)</u>	<u>\$ 1,019,258</u>	<u>\$ (630,518)</u>	<u>\$ 1,309,353</u>	<u>\$ 1,742,453</u>
Debt service as a percentage of noncapital expenditures	7.64%	7.25%	7.51%	7.72%	7.82%	7.40%	7.58%	7.26%	6.36%

\* Information prior to 06/30/05 is unavailable.

TABLE 6

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Other Taxes</b>	<b>Motor Fuel Tax</b>	<b>Alcoholic Beverage Tax</b>	<b>Total</b>
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
2012	16,703,924	2,203,383	62,831	-	7,503	18,977,641
2013	\$ 18,003,078	\$ 2,236,338	\$ 52,327	\$ -	\$ 7,551	\$ 20,299,294

\* Information prior to 06/30/05 is unavailable.

**WARREN COUNTY, NORTH CAROLINA**  
**ASSESSED VALUE AND ESTIMATED ACTUAL OF TAXABLE PROPERTY**  
**LAST NINE 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					
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	0.60	1,528,130	166.67%
2012	2,216,338	221,592	2,437,930	112,231	18,070	15,631	2,552,600	0.62	1,776,273	143.71%
2013	\$ 2,235,512	\$ 221,694	\$ 2,577,843	\$ 119,498	\$ 17,273	\$ 17,334	\$ 2,697,280	0.66	\$ 1,780,205	151.52%

\* Information prior to 06/30/05 is unavailable.

Source: Warren County tax department

**WARREN COUNTY, NORTH CAROLINA**  
**PROPERTY TAX RATES**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**JUNE 30, 2013**  
(UNAUDITED)

	<b>Fiscal Year Ended</b>									
	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>
County Direct Rates*										
County-wide Rate	0.84	0.84	0.84	0.84	0.92	0.60	0.60	0.60	0.66	0.66
Municipality Rates										
Town of Warrenton	0.65	0.65	0.65	0.65	0.70	0.61	0.61	0.62	0.61	0.61
Town of Norlina	0.64	0.64	0.64	0.64	0.64	0.64	0.64	0.64	0.64	0.64
Town of Macon	0.30	0.30	0.30	0.30	0.30	0.30	0.30	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, 2013 & 6 YEARS AGO  
(UNAUDITED)**

<b>2013</b>				<b>2007</b>			
<b>Taxpayer</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>	<b>Taxpayer</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>
Progress Energy Carolina	\$ 25,608,778	1	0.99%	Inland Paperboard & Packaging	\$ 15,966,152	1	1.15%
Inland Paper Board	17,353,601	2	0.67%	Carolina Power & Light	14,367,588	2	1.04%
P H Forest Investments	15,691,271	3	0.61%	Halifax Electric Membership	11,585,403	3	0.84%
Atlas NC	14,050,955	4	0.55%	Carolina Telephone	7,134,872	4	0.51%
Halifax Electric	11,932,424	5	0.46%	Sustainable Forest	6,625,256	5	0.48%
Carolina Telephone	11,127,503	6	0.43%	Glen Raven Mills	5,740,964	6	0.41%
Grissom - Glen Raven	7,215,143	7	0.28%	LMSW Kidney Center	4,720,600	7	0.34%
Stonehouse Timber Lodge	5,599,368	8	0.22%	Sustainable Forest Investment	4,665,846	8	0.34%
M H C Lake Gaston Meritax	5,426,116	9	0.21%	Cochrane Furniture	4,063,127	9	0.29%
AS & WS Bugg	5,173,588	10	0.20%	Lake Gaston Outparcel	3,726,746	10	0.27%
Totals	<u>\$ 119,178,747</u>		<u>4.63%</u>		<u>\$ 78,596,554</u>		<u>5.67%</u>

Source: Warren County Tax Department

TABLE 10

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

<b>Fiscal Year Ended December 31</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2005	\$ 10,930	\$ 10,362	94.8%	\$ 480	\$ 10,842	99.2%
2006	11,246	10,612	94.4%	536	11,148	99.1%
2007	11,648	10,857	93.2%	677	11,534	99.0%
2008	11,812	11,109	94.0%	584	11,693	99.0%
2009	13,247	12,557	94.8%	579	13,136	99.2%
2010	15,190	14,488	95.3%	584	15,072	99.2%
2011	15,281	14,535	95.1%	596	15,131	99.0%
2012	15,840	15,090	95.3%	489	15,579	98.4%
2013	\$ 16,967	\$ 16,329	96.2%	\$ -	\$ 16,329	96.2%

\* Information prior to 06/30/05 is unavailable.

Source: Warren County Tax Department

**WARREN COUNTY, NORTH CAROLINA**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST NINE 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			
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
2012	885	5,917	13,545	173	20,520	5.90%	1,059
2013	\$ 191	\$ 5,292	\$ 13,367	\$ 1,189	\$ 20,039	5.10%	1,604

\* Information prior to 06/30/05 is unavailable.

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>Per Capita</b>
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
2012	885	-	885	0.10%	90
2013	\$ 191	\$ -	\$ 191	0.01%	9

\* Information prior to 06/30/05 is unavailable.

**WARREN COUNTY, NORTH CAROLINA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF JUNE 30, 2013**  
 (UNAUDITED)

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Overlapping Debt</b>
County of Warren	\$ 20,039	100.00%	\$ 20,039
Underlying:			
Town of Warrenton	-		-
Town of Norlina	-		-
Town of Macon	-		-
	\$ 20,039		\$ 20,039

TABLE 14

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

	Fiscal Year Ended								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 104,551	\$ 107,358	\$ 108,514	\$ 112,497	\$ 115,190	\$ 202,529	\$ 203,751	\$ 204,208	\$ 206,131
Total net debt applicable to limit	<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>	<u>14,430</u>	<u>13,558</u>
Legal debt margin	<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>	<u>189,778</u>	<u>192,573</u>
Total net debt applicable to the limit as a percentage of debt limit	13.61%	12.42%	11.47%	14.66%	13.53%	7.26%	6.74%	7.07%	6.58%
<b>Legal Debt Margin Calculation for Fiscal Year 2013</b>									
Total assessed value									2,576,643
Debt limit (8% of total assessed value)									206,131
Debt applicable to limit:									
General obligation bonds									13,558
Less: Amount set aside for repayment of general obligation debt									
Total net debt applicable to limit									<u>13,558</u>
Legal debt margin									<u>\$ 192,573</u>

\* Information prior to 06/30/05 is unavailable.

TABLE 15

**WARREN COUNTY, NORTH CAROLINA  
DEMOGRAPHICS AND ECONOMIC STATISTICS  
LAST NINE FISCAL YEARS\*\*  
(UNAUDITED)**

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income (amounts expressed in thousands)</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>Education Level in Years of Formal Schooling</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
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	73.5%	2,600	12.5%
2012	19,381	347,830	19,381	41	73.1%	2,458	12.8%
2013	20,576	393,269	19,113	45	73.1%	3,353	11.1%

\*information not available

\*\* Information prior to 06/30/05 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 SEVEN YEARS AGO\*  
(UNAUDITED)**

<b>Employer</b>	<b>2013</b>		<b>Employer</b>	<b>2006</b>	
	<b>Employees</b>	<b>Rank</b>		<b>Employees</b>	<b>Rank</b>
Warren County Schools	500-999	1	State of N.C.	489	1
NC Dept of Public Safety	250-499	2	Warren County Schools	370	2
County of Warren	250-499	3	County of Warren	307	3
Warren Hills Nursing Center	100-249	4	Elberta Crate & Box	200	4
Glen Raven Mills Inc	100-249	5	Glen Raven Mills	156	5
Elberta Crate & Box	50-99	6	Temple-Inland	150	6
Cast Stone Systems	50-99	7	Warren Hills Nursing	135	7
Comfort of Home Care Agency	50-99	8	Cochrane Furniture	N/A	8
Smoke House Lumber Co.	50-99	9	Cast Stone Systems	60	9
Allergan Sales	50-99	10			

Source: esesc23.esc.state.nc.us

Source: NC Employment Security Commission

\* 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 NINE FISCAL YEARS\***  
(UNAUDITED)

Function	Fiscal Year Ended								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government	41	40	45	57	57	56	44	41	40
Public Safety									
Sheriff	29	33	35	35	39	38	38	38	37
Central Communications	12	12	13	13	12	10	10	10	10
Detention	18	17	19	19	19	17	17	17	17
Emergency Management	2	2	2	2	2	2	2	2	2
Emergency Services	17	20	22	19	20	20	20	20	20
Code Enforcement	3	3	3	4	5	4	2	4	4
Animal Control	2	3	4	4	4	4	4	4	4
Environmental Protection	4	4	4	4	4	4	-	3	3
Economic & Physical Development	11	12	13	13	13	5	12	11	11
Human Services	110	115	120	120	120	120	126	132	131
Culture and recreation	10	7	11	20	23	17	12	12	12
Education	3	3	3	13	9	10	7	3	3
Solid Waste	4	5	5	5	4	4	4	5	5
Public Works	7	7	8	8	8	9	10	10	10
Total	<u>273</u>	<u>283</u>	<u>307</u>	<u>336</u>	<u>339</u>	<u>320</u>	<u>308</u>	<u>312</u>	<u>309</u>

\* Information prior to 06/30/05 is unavailable.

Source: Warren County finance department

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

Function	Fiscal Year Ended								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Public Safety</b>									
Animal Control- Dogs & Catspicked up	285	704	1,202	961	1,149	1,785	1,721	1,538	1,572
Fire Calls	303	1,383	2,618	2,741	3,326	735	3,025	310	384
Breaking and entering investigations	273	463	350	211	233	242	278	154	187
EMS Calls	1,830	2,381	2,576	2,439	1,163	2,699	4,629	2,632	1,289
Code Enforcement Inspections	4,160	3,709	3,968	723	4,173	889	1,153	2,277	722
<b>Human Services</b>									
Number of home health visits	5,023	5,340	5,252	4,917	5,062	5,427	5,783	4,939	4,641
Number of home health patients	366	559	314	468	264	441	243	395	143
<b>Environmental Protection</b>									
Tons of Solid Waste Collected	8,156	10,345	10,986	10,600	9,893	9,441	8,704	8,873	8,349
<b>Culture and recreation</b>									
Recreation Youth Participants	595	650	675	850	875	875	1,024	989	940
Library Items Circulated	80,080	79,612	80,489	68,690	61,727	59,560	54,530	49,160	44,586
Number of Library Visits	56,500	52,588	53,172	44,532	54,278	58,408	54,132	45,087	51,341

\* Information prior to 06/30/05 is unavailable.

Source: Various county government departments

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

Function	Fiscal Year Ended								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government									
Buildings & Grounds Motor Vehicles	3	3	9	12	11	11	11	11	9
Public Safety									
Sheriff's Patrol Units	33	33	36	36	36	36	36	36	44
Ambulances	4	4	5	8	8	5	5	6	6
Other Motor Vehicles	7	7	8	7	7	2	4	6	6
Environmental Protection									
Motor Vehicles	4	4	6	1	1	3	3	3	3
Economic & Physical Development									
Motor Vehicles	1	1	4	4	4	1	1	6	6
Human Services									
Motor Vehicles	22	22	24	23	22	23	21	20	20
Culture and recreation									
Park Acreage	31	31	36	40	40	42	41	40	40
Parks	3	3	3	3	3	3	3	3	3
Library motor vehicles	1	1	1	1	1	1	1	1	1
Water & Sewer									
Motor Vehicles & Equipment	3	3	8	8	9	7	7	7	7
Fire Hydrants	187	187	337	344	483	451	521	571	523
Pump Stations	8	8	13	13	14	5	5	8	10
Miles of Water Main	247	247	324	329	444	437	437	609	465
Elevated Tanks	4	4	6	6	7	7	7	7	7
Miles of Gravity Sewer Lines	5	5	5	5	5	5	5	5	5
Miles of Sewer Force Main	23	23	23	23	23	23	23	23	23

\* Information prior to 06/30/05 is unavailable.

Source: Warren County Finance Department

**COMPLIANCE SECTION**

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

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

### Independent Auditor's Report

To The Board of County Commissioners  
Warren County, North Carolina

We have audited, in accordance with the audited standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate 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, 2013 and the related notes to the financial statements, which collectively comprises Warren County's basic financial statements, and have issued our report thereon dated November 25, 2013. Our report includes a reference to other auditors who audited the financial statements of the Warren County Public Facilities Company and Warren County ABC Board, as described in our report on Warren County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of Warren County Public Facilities Company and Warren County ABC Board were not audited in accordance with *Government Auditing Standards*.

### Internal Control over Financial Reporting

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

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

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severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. [13-1 and 13-2]

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Warren County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 13-1 and 13-2.

We noted certain matters that we reported to management of the Warren County, in a separate letter dated November 25, 2013.

### **Warren County's Response to Findings**

Warren County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

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

Winston, Williams, Creech, Evans & Company, LLP  
Oxford, NC  
November 25, 2013

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

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

### Independent Auditor's Report

To the Board of County Commissioners  
Warren County, North Carolina

#### Report on Compliance for Each Major Federal Program

We have audited 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 of Warren County's major federal programs for the year ended June 30, 2013. Warren County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### Management's Responsibility

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

#### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Warren County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Warren County's compliance.

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## **Basis for Qualified Opinion on Medical Assistance Program**

As described in the accompanying schedule of findings and questioned costs, Warren County did not comply with requirements regarding the CFDA 93.778 Medical Assistance Program as described in finding numbers 13-3, 13-4, 13-5 and 13-6 for Eligibility. Compliance with such requirements is necessary, in our opinion, for Warren County to comply with the requirements applicable to that program.

## **Qualified Opinion on Medical Assistance Program**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Warren County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Medical Assistance Program for the year ended June 30, 2013.

## **Other matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 13-1, 13-2, 13-3, 13-4, 13-5, and 13-6. Our opinion on each major federal program is not modified with respect to these matters.

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

## **Report on Internal Control over Compliance**

Management of Warren County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Warren County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB 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 preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 13-3, 13-4, and 13-5 to be material weaknesses.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 13-1, 13-2, and 13-6 to be significant deficiencies.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

Winston, Williams, Creech, Evans & Company, LLP  
Oxford, NC  
November 25, 2013

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

### Independent Auditor's Report

To the Board of County Commissioners  
Warren County, North Carolina

#### Report on Compliance for Each Major State Program

We have audited Warren County, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Warren County's major state programs for the year ended June 30, 2013. Warren County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### Management's Responsibility

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

#### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Warren County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, 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 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 on compliance for each major state program. However, our audit does not provide a legal determination on Warren County's compliance.

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### **Basis for Qualified Opinion on the Medical Assistance Program**

As described in the accompanying schedule of findings and questioned costs, Warren County did not comply with requirements regarding CFDA 93.778 Medical Assistance Program as described in finding numbers 13-3, 13-4, 13-5, and 13-6 for Eligibility. Compliance with such requirements is necessary, in our opinion, for Warren County to comply with the requirements applicable to those programs.

### **Qualified Opinion on the Medical Assistance Program**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Warren County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Medical Assistance for the year ended June 30, 2013.

### **Unmodified Opinion on Each of the Other Major State Programs**

In our opinion, Warren County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major state programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2013.

### **Other Matters**

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 13-1, 13-2, 13-3, 13-4, 13-5, and 13-6. Our opinion on each major state program is not modified with respect to these matters.

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

### **Report on Internal Control over Compliance**

Management of Warren County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Warren County's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program 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.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 13-3, 13-4, and 13-5 to be material weaknesses.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 13-1, 13-2, and 13-6 to be significant deficiencies.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

Winston, Williams, Creech, Evans & Company, LLP  
Oxford, NC  
November 25, 2013

WARREN COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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**Section I. Summary of Auditor's Results**

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Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?                    \_\_\_yes            X no
  
- Significant Deficiency(s) identified  
that are not considered to be  
material weaknesses    X yes            \_\_\_none reported

Noncompliance material to financial  
statements noted    \_\_\_yes            X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?                    X yes            \_\_\_no
  
- Significant Deficiency(s) identified  
that are not considered to be  
material weaknesses    X yes            \_\_\_none reported

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

Any audit findings disclosed that are  
required to be reported in accordance  
with Section 510(a) of Circular A-133                    X yes            \_\_\_no

Identification of major federal programs:

<u>CFDA#</u>	<u>Program Name</u>
93.778	Medical Assistance Program

Dollar threshold used to distinguish  
between Type A and Type B Programs                    \$ 854,620

Auditee qualified as low-risk auditee?                    X yes            \_\_\_no

**WARREN COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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State Awards

Internal control over major State programs:

- Material weakness(es) identified?   X   yes      \_\_\_ no
  
- Significant Deficiency(s) identified that are not considered to be material weaknesses   X   yes      \_\_\_ none reported

Type of auditor's report issued on compliance for major State programs: Unqualified, for all programs except for Medical Assistance Program, which was qualified.

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act   X   yes      \_\_\_ no

Identification of major State programs:

Program Name  
Medical Assistance  
State County Special Assistance  
Clean Water Revolving Loan and Grant

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**Section II – Financial Statement Findings**

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**Finding:        13 - 1**

SIGNIFICANT DEFICIENCY  
SIGNIFICANT NONCOMPLIANCE

Criteria: In-home aide services should be reported for reimbursement on the DSS-1571 in accordance with the instructions in the Fiscal Manual. In-home aide workers must have their activities documented by appropriate time records.

Condition: There were 3 pay periods chosen to review for Home Health Aids. There were differences noted between the handwritten timesheets that were signed by the client and the provider and the electronic spreadsheet that was signed by the supervisor. Documentation of vacation and sick leave time was not always clearly documented on provider's statements. The supervisor spoke with the aides and they stated that they put it on the provider statement so that total hours would agree to the electronic spreadsheet however they were not labeled as vacation / sick. There were also two instances where part time aides were paid incorrectly. In one case an employee was overpaid by 1 hour and in another case an employee was paid 12 hours less than actually worked. These items were discovered during our audit and were scheduled to be corrected on the next pay period.

Questioned Costs: As the net is an underpayment of 11 hours and the 11 hours have not been paid to the employee nor reported on the DSS-1571, no questioned costs.

Context: There were five employees tested per payroll. Three total payrolls were tested.

Effect: Amount reported on DSS-1571 for reimbursement of In-home aides could be misstated.

Cause: Ineffective record keeping. Ineffective reconciliation of total hours between provider statement and electronic statement used for payroll purposes.

**WARREN COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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Recommendation: All In-Home Aides should be instructed on a consistent manner to document provider statements that includes documenting paid time off. Supervisor or payroll should reconcile / review the payroll summary to the provider summary.

Views of responsible officials and planned corrective actions: The County agrees with this finding. The agency will create a system for documenting time for In-Home Aides to ensure consistency. All In-Home Aides will be instructed of the proper documentation for time worked and paid time off.

**Finding: 13 - 2**

SIGNIFICANT DEFICIENCY  
SIGNIFICANT NONCOMPLIANCE

Criteria: Counties should use Form 3538 to compute overhead cost for the In-Home Aide program which is an off-site program and does not benefit from all overhead cost as does an on-site program. The computation of charges for this cost to the in-home aide program is based on the program's share of the local department's full-time equivalencies expressed as a percentage of the total overhead cost determined by the local department as benefiting the In-Home Aide Program.

Condition: There were two months reviewed in which the County did not calculate the allocation of internal costs related to In-Home Aides correctly on Form 3538.

Questioned Costs: None as error was corrected when caught.

Context: Two months were incorrectly calculating allocation of internal costs.

Effect: Amount reported on DSS-1571 for reimbursement of internal allocation of In-home aides could be misstated.

Cause: Incorrect numbers were used for FTE's for calculation on 3538. Indirect cost numbers were not updated upon receiving new indirect cost report for calculation of the 3538.

Recommendation: Review all calculations on forms supporting the DSS-1571 and the DSS-1571 for accuracy before submission.

Views of responsible officials and planned corrective actions: The County agrees with this finding. Check points will be created in the preparation and review process to ensure that the supporting documentation and the DSS-1571 are accurate before submission.

**WARREN COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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**Section III – Federal Award Findings and Questioned Costs**

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See Findings 13-1 and 13-2

**US Department of Health and Human Services**

**Centers for Medicare and Medicaid Services**

Passed-through the N.C. Dept. of Health and Human Services Division of Medical Assistance

Program Name: Medical Assistance Program

CFDA #: 93.778

**Finding: 13-3**

MATERIAL WEAKNESS

MATERIAL NONCOMPLIANCE

Income Verification and Budget Calculations for Eligibility

Criteria: Case records should contain verification that automated matches were completed. These matches include Unemployment Benefits, Social Security, SSI and DOT. If income or resources are listed in the matches, the case record should reflect that they were addressed. Case files should also contain income verification such as pay stubs, wage verification form, award letters for benefits, etc. Earned income is converted to a monthly amount. Total countable income is then compared to and must be lower than the State-provided income maintenance amounts for the Medicaid program.

Condition: The condition is a description of the situation, as it existed at the time. Note that even if the client corrects a situation during the period, it is still considered a finding if it occurred during the period.

Questioned Costs: We were unable to directly determine the questioned costs for this case as the state pays the benefits directly. The information was requested from the State as the benefits are paid directly by the State however information was not available at our report date

Context: There were 60 Medicaid cases that were reviewed for automated income matches and income verification/correctly computed budgets. One case file incorrectly calculated earned income and therefore the deductible calculated for that applicant was incorrect. There was also a case that should have been split into 2 separate cases due to ages of children on the cases or coded under a different Medicaid program. Four cases contained incorrect values for unearned income. These cases were related to improper allocation of COLAs for Social security, keying errors of unearned income amounts, or neglecting to use the most recent social security payment. Two files did not contain budgets that are required for the Medicaid program certified. There were 5 case files that did not calculate earned income correctly or did not verify client statements for earned income. One of those case files did not include a 2nd employer indicated on the OLV, one incorrectly included overtime, two converted income with the incorrect conversion factor, and one did not verify a discrepancy noted between client statement and the OLV. Two case files did not properly account for child support in the budgets. One budget utilized a needs unit of 2 and it should have been 3. There was also a case file that did not include an automated income match or any notation that one was completed. One other file had a correctly calculated budget in the file but the figures were incorrectly keyed into EIS. One other case file contained only a notice that they were being recertified with a 10 day notice of termination if requested documents were not received. There was no notation in the file that the requested documents were ever received and thus the case should have been terminated.

**WARREN COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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Effect: Cases did not have a correct budget calculation for Medicaid eligibility. It is possible that these errors could lead to incorrectly approving or denying an applicant benefits. One case was not terminated when documentation was not received as indicated. Benefits can be paid to ineligible applicants.

Cause: The County has had a lot of turnover recently in leadership and by moving caseworkers around among the different programs. Ineffective case review process for caseworkers new to the programs and due to caseload.

Recommendation: Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain, what constitutes income for each program and the acceptable deductions from income, and the importance of complete and accurate record keeping stressed.

Views of responsible officials and planned corrective actions: The County agrees with the finding and will perform internal reviews on a test basis to ensure proper documentation is taking place for eligibility. Training of employees will take place to ensure they are aware of what information is required to be kept in files, how to calculate income and the appropriate deductions.

**US Department of Health and Human Services  
Centers for Medicare and Medicaid Services**

Passed-through the N.C. Dept. of Health and Human Services Division of Medical Assistance

Program Name: Medical Assistance Program

CFDA #: 93.778

**Finding: 13-4**

**MATERIAL WEAKNESS**

**MATERIAL NONCOMPLIANCE**

Liquid Assets and Reserve Calculations for Eligibility

Criteria: Case records should contain verification that liquid assets were verified and whether countable or non-countable for purposes for determining eligibility. The countable reserves are then compared to and must be below the State-provided reserve limits for the particular Medicaid program.

Condition: There were 13 errors noted in the calculation and verification of liquid assets for the cases that require resource limits on liquid assets.

Questioned Costs: Unable to determine questioned costs. Contact was made with the state to obtain questioned costs and we were unable to receive the information from the state person identified by the State of NC before the issuance of our audit report.

Context: There were 37 total cases selected for testing reserves. Reserve limits are not applicable to Medicaid for Infants and Children and Medicaid for Pregnant Women. There were a total of 8 errors involving the decision to exclude vehicles from the liquid asset calculation. Cars were indicated during the automated match with DOT records however there was no documentation that the car had been junked, sold or was no longer in the applicant's possession. A view was incorrectly applied that if there was not an active registration (tags) on the car, then it was not countable. Several of these cases would have been ineligible for the Medicaid program if these cars were included in their reserve calculation. There was one error noted involving a bank account that was not verified with the financial institution. There was 1 error noted involving the calculation of countable liquid assets with regards to life insurance. Three cases were noted to be over the reserve limit provided by the State for the Medicaid program indicated. These three cases were not eligible for the Medicaid program due to this

**WARREN COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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reserve limit being surpassed.

Effect: Files are incomplete/incorrect and do not support reserve calculations. Cases were approved for Medicaid that were not eligible due to reserve limits being exceeded.

Cause: Ineffective case review process, incomplete documentation, and incorrect application of rules for what is countable or non-countable for purposes of determining eligibility.

Recommendation: Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping stressed. Workers should also be retrained on what is countable and non-countable for purposes of determining eligibility with regards to reserve / liquid asset calculations.

Views of responsible officials and planned corrective actions: While the County agrees with the finding, the Supervisor does wish to get clarity from a State representative on whether cars that no longer have active tags and appear to be junk cars should be counted as liquid assets. Lead Workers will perform second party reviews to ensure proper documentation is contained in files to support eligibility determinations. Workers will be retrained on what information should be maintained in case files, the importance of complete and accurate record keeping, and reserve calculations.

**US Department of Health and Human Services  
Centers for Medicare and Medicaid Services**

Passed-through the N.C. Dept. of Health and Human Services Division of Medical Assistance

Program Name: Medical Assistance Program

CFDA #: 93.778

**Finding: 13-5**

MATERIAL WEAKNESS  
MATERIAL NONCOMPLIANCE

Medicaid Transportation

Criteria: Case records should contain a request for transportation that includes notation from the caseworker that the applicant was eligible for transportation services. The cases should also contain verification that an approved service was in fact provided. Internal policy does allow for 3 no shows in a three month timeframe for regional transportation.

Condition: There were 13 errors noted in the calculation and verification of liquid assets for the cases that require resource limits on liquid assets. There were a total of 27 transportation cases that contained errors. 1 case file could not be located by the County. 2 cases included payments for a service in which the applicant did not show up (1 each for gas voucher and regional transportation). 2 records did not contain notice of request for services. Also, 23 cases did not contain timely verification that services were provided (some of these cases were verified as much as 10 months after the service was provided and 2 verified that they did not in fact show up to the appointment.

Questioned Costs: Unable to determine questioned costs. There was one case that verification was so long after the service was provided that a change in management took place at the medical office and no one could provide verification needed and another case in which a gas voucher was issued for a no-show appointment.

**WARREN COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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Context: here were 60 Medicaid transportation cases selected for testing. Testing consisted of ensuring person was eligible for transportation services, that the case file contained a request for transportation and that the County verified services (County's internal policy).

Effect: Files are incomplete when request is not filed timely to show service requested and that the person is eligible to receive the service. Also, expenses may be paid for services that were not provided. A person could have 3 no-shows in a 3 month period but not be discovered timely to terminate benefits.

Cause: Ineffective case review process, ineffective filing process and ineffective internal processes to ensure verifications are received from person receiving service or caseworker verifying service verbally on the phone.

Recommendation: Timely verification of all transportation requests provided should be performed before payment for services.

Views of responsible officials and planned corrective actions: The County agrees with the finding. A new fuel reimbursement system will be put in place to ensure that payments are made for services approved and actually provided.

**US Department of Health and Human Services  
Centers for Medicare and Medicaid Services**

Passed-through the N.C. Dept. of Health and Human Services Division of Medical Assistance  
Program Name: Medical Assistance Program  
CFDA #: 93.778

**Finding: 13-6**

SIGNIFICANT DEFICIENCY  
SIGNIFICANT NONCOMPLIANCE

Citizenship and Eligibility

Criteria: All recipients of Medicaid must document and verify their citizenship or their alien status. There are several ways and acceptable forms for verification. Each of these types of verification is segregated by levels that are defined by document type reviewed.

Condition: 2 Medicaid files were input into EIS with a citizenship code of EIS25 which indicates a birth certificate (or similar record) was maintained in the file and used for verification of citizenship. These two cases were children that were born to mothers on Medicaid and thus should have been put in EIS at EIS10. There was no birth certificate located in these files.

Questioned Costs: Applicants are still eligible therefore no costs questioned.

Context: There were 60 Medicaid cases tested for citizenship verification. 3 of those 60 did not contain proof of citizenship as indicated in the EIS system. 2 of those 3 cases were indeed citizens however there was an error in logging citizenship in the EIS system. The third case contained no information used to verify citizenship.

Effect: Files are incomplete/incorrect and do not support citizenship declarations by applicant or system indicated citizenship.

Cause: Ineffective case review process and incomplete documentation.

**WARREN COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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Recommendation: Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record should be stressed.

Views of responsible officials and planned corrective actions: The County agrees with the finding. Files will be reviewed internally on a test basis to ensure proper documentation is in place to support eligibility determinations. Workers will also be retrained on what documentation should be maintained in the files.

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**Section IV – State Award Findings and Questioned Costs**

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See Findings 13-1, 13-2, 13-3, 13-4, 13-5, and 13-6

**WARREN COUNTY, NORTH CAROLINA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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**Section II – Financial Statement Findings**

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**Finding: 13-1**

Name of contact person: Dianna Talley, Adult Services Supervisor

Corrective Action: The Agency has created a system for documenting time for In-Home Aides to ensure consistency. All In-home Aides will be instructed of the proper documentation for time worked and paid time off. Folders have been set up for each month for each In-home Aide to assure that the time record matches the time sheets and payroll records/summary.

Proposed Completion Date: System put in place December 13, 2013.

**Finding: 13-2**

Name of contact person: Mary Ann Roberson, Administrative Officer

Corrective Action: The Administrative Officer has already made the necessary corrections and sent the revisions to the Auditors. In addition, she has created check points to assure that the supporting information for the DSS-1571 and the final DSS-1571 are accurate before submission.

Proposed Completion Date: September 30, 2013.

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**Section III – Federal Award Findings and Questioned Costs**

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**See Findings 13-1 and 13-2**

**Finding: 13-3**

Name of Contact Person: Francine Allen, Medicaid Supervisor/Universal Supervisor

Corrective Action: Internal reviews will be performed on a test basis to ensure proper documentation is taking place for eligibility. Training will take place with employees to ensure they are aware of what information is required to be kept in files, how to calculate income and the appropriate deductions.

Proposed Completion Date: January 31, 2014.

**WARREN COUNTY, NORTH CAROLINA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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**Finding: 13-4**

Name of Contact Person: Francine Allen, Medicaid Supervisor/Universal Supervisor

Corrective Action: Lead Workers will do 2<sup>nd</sup> party reviews; they will perform internal tests to ensure proper documentation is contained in the files to support eligibility determinations. Workers will be retrained on what information should be maintained in the case files and the importance of complete and accurate record keeping. Workers will also be retrained on reserve calculations including verifications required, what is countable and what is non-countable. Also the 2<sup>nd</sup> Party Review forms will be revised .

Proposed Completion Date: January 31, 2014.

**Finding: 13-5**

Name of Contact Person: Sherenia Branche, Medicaid Transportation & Energy Assistance Supervisor

Corrective Action: A new fuel reimbursement system was already adopted at the time of the review to assure that payments are made for services approved and actually provided. However, the files reviewed were prior to the adoption of the new system.

Proposed Completion Date: June 1, 2013.

**Finding: 13-6**

Name of Contact Person: Alice Abbott, Work First Supervisor/Universal Supervisor

Corrective Action: Files will be reviewed internally on a test basis to ensure proper documentation is contained in the files to support eligibility determinations. Workers will be retrained on what documentation the files should contain and the importance of complete and accurate recordkeeping will be stressed.

Proposed Completion Date: January 31, 2014.

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**Section IV – State Award Findings and Questioned Costs**

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See Findings 13-1, 13-2, 13-3, 13-4, 13-5, and 13-6

**WARREN COUNTY, NORTH CAROLINA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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None noted.

**WARREN COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES	STATE EXPENDITURES
<b>FEDERAL AWARDS:</b>			
<u>U.S. Dept. of Agriculture</u>			
Office of Agricultural Marketing Service Passed-through the N.C. Dept. of Health and Human Services: Division of Social Services: Administration: Supplemental Nutrition Assistance Program	10.561	\$ 256,164	\$ -
Passed-through the N.C. Dept. of Health and Human Services: Division of Public Health: Administration: Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	146,357	-
Direct Benefit Payments: Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	387,159	-
Passed-through the Kerr-Tar Council of Governments: Nutrition Program for the Elderly	10.570	<u>11,451</u>	<u>-</u>
<u>Rural Utilities Service</u>			
Direct Program: Water and Wastewater Disposal Systems for Rural Communities	10.760	<u>706,845</u>	<u>-</u>
Total US Department of Agriculture		<u>1,507,976</u>	<u>-</u>
<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	<u>115,038</u>	<u>-</u>
<u>U.S. Election Assistance Commission</u>			
Passed through State Board of Elections: HAVA Grant	39.011	<u>8,097</u>	<u>-</u>
<u>Department of Homeland Security</u>			
Passed-through the N.C. Department of Crime Control: Homeland Security	97.067	14,665	-
Emergency Management Performance Grant	97.042	35,504	-
Emergency Food and Shelter Program	97.024	<u>2,670</u>	<u>-</u>
Total Department of Homeland Security		<u>52,839</u>	<u>-</u>
<u>Department of Justice</u>			
Bureau of Justice Assistance ARRA- Edward Byrne Memorial Justice Assistance Grant	16.803	9,000	-
Passed through the NC Department of Crime Control: Equitable Sharing Program	16.922	<u>4,192</u>	<u>-</u>
<u>National Aeronautics and Space Administration</u>			
Direct Program: Science and Math Grant	43.001	<u>71,938</u>	<u>-</u>

**WARREN COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

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	40,845	122,303
Special Programs for the Aging - Title III C			
Nutrition Services	93.045	42,062	47,613
National Family Caregiver Support, Title III, Part E	93.052	11,280	720
Total Administration on Aging		94,187	170,636
<u>Administration for Children and Families</u>			
Passed-through the N.C. Dept. of Health Human Services:			
Division of Social Services:			
Social Service Block Grant	93.667	-	500
Temporary Assistance for Needy Families	93.558	2,388	-
<u>Foster Care and Adoption Cluster:</u>			
Title IV-E Foster Care - Administration	93.658	103,796	8,787
Title IV-E Foster Care-Direct	93.658	40,898	10,691
Adoption Assistance - Administration	93.659	28,385	6,713
Adoption Assistance - Direct Benefits Payments	93.659	108,945	30,150
Total Foster Care and Adoption Cluster		282,024	56,341
Temporary Assistance for Needy Families			
Administration	93.558	378,531	-
Direct Benefit Payments	93.558	187,545	-
Low-Income Home Energy Assistance Block Grant:			
Administration	93.568	288,111	-
Promoting Safe and Stable Families	93.556	1,032	-
Child Welfare Services	93.645	8,799	-
Social Services Block Grant	93.667	183,161	14,989
Child Care Development Fund-Administration	93.596	73,395	-
Chafee Foster Care Independence Program	93.674	1,220	305
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	207,253	-
Child Care and Development Fund-Mandatory	93.596	96,410	-
Child Care and Development Fund-Match	93.596	130,542	59,438
Social Services Block Grant	93.667	1,523	-
Total Child Care Fund Cluster		435,728	59,438
Temporary Assistance for Needy Families	93.558	117,543	-
Foster Care Title IV-E	93.658	5,110	2,409
Child Support Enforcement	93.563	287,803	836
State Appropriations		-	55,186
Smart Start		-	62,226
TANF-MOE		-	45,010
Total Subsidized Child Care Cluster		846,184	225,105
Total Administration for Children and Families		2,252,390	297,240
<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	4,226	-
Passed through the NC Dept. of Health and Human Services			
Division of Medical Assistance:			
Direct Benefit Payments:			
Medical Assistance Program	93.778	23,486,338	13,530,405
Division of Social Services:			
Administration:			
Childrens Health Insurance program	93.767	29,637	718
Medical Assistance Program	93.778	655,821	66,375
Total Centers for Medicare and Medicaid Services		24,176,022	13,597,498

**WARREN COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

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:			
Public Health Emergency Preparedness	93.069	44,760	-
Family Planning Services	93.217	29,579	-
State Health Access Program	93.256	4,400	-
Immunization Grants	93.268	8,055	-
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	10,965	2,550
Preventive Health and Health Services Block Grant	93.991	9,640	-
Maternal and Child Health Services Block Grant	93.994	88,265	66,206
Total Centers for Disease Control		195,664	68,756
Total U.S. Dept. of Health and Human Services		26,718,263	14,134,130
Total federal awards		28,487,343	14,134,130
 <b>STATE AWARDS:</b>			
<u>N.C. Dept. of Agriculture and Consumer Services</u>			
Technical Assistance		-	20,597
 <u>N.C. Dept. of Cultural Resources</u>			
State Library of North Carolina:			
State Aid to Public Libraries		-	79,390
 <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		-	292,474
Administration		-	10,946
CWS Direct Benefit Payments		-	29,590
Incentive/Prog Integrity		-	52
SFHF Maximization		-	153
State Foster Care Benefits Program - Direct		-	10,003
Energy Assistance		-	2,051
Senior Center Development		-	11,752
Smart Start		-	9,993
Total Division of Social Services		-	367,014
 <u>Division of Public Health:</u>			
General Aid to Counties		-	96,403
Food and Lodging Fees		-	3,039
Environmental Health		-	4,000
Public Health Nursing		-	400
School Nurse Funding Initiative		-	150,000
WHSP		-	2,219
Healthy Communities		-	2,840
General Communicable Disease Control		-	9,592
Tuberculosis		-	2,946
Risk Reduction/Health Promotion		-	6,206
TB Medical Services		-	540
Total Division of Public Health		-	278,185
Total N.C. Dept. of Health and Human Services		-	645,199
 <u>N.C. Dept. of Administration</u>			
Veteran Services Program		-	1,452
 <u>N.C. Rural Economic Development Center</u>			
Rural Center Development Grant		-	35,659

**WARREN COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES	STATE EXPENDITURES
<u>N.C. Dept of Environment and Natural Resources</u>			
Environmental Health			
PPA Recycling Grant		-	7,228
Electronic Management		-	1,199
Clean Water Revolving Loan and Grant Program			802,080
Abandoned Mobile Home Grant		-	11,344
Division of Waste Management			
Scrap Tire Fund		-	29,204
White Good Fund		-	3,167
Total N.C. Dept. of Environment and Natural Resources		-	854,222
<u>NC Dept. of Transportation</u>			
Elderly and Disabled Transportation Assistance		-	48,840
Work First		-	10,880
Rural General Public Program		-	52,477
Total N.C. Dept. of Transportation		-	112,197
<u>NC Dept. of Public Safety</u>			
Gang Prevention		-	-
Juvenile Crime Prevention Council Program		-	108,320
Total N.C. Dept. of Public Safety		-	108,320
<u>N.C. Department of Public Instruction</u>			
Public School Building Capital Fund		-	348,066
Total State Awards		-	2,205,102
Total federal and State awards		\$ 28,487,343	\$ 16,339,232

**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. LOANS OUTSTANDING

Warren County had the following loan balances outstanding at June 30, 2013. These loan balances are also included in the state expenditures presented in the schedule.

	State Amount Outstanding
Clean Water Revolving Fund	\$ 802,080