

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

WARREN COUNTY,  
NORTH CAROLINA

FOR THE FISCAL YEAR  
ENDING JUNE 30, 2014



Prepared by the Warren County Finance Department

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County of Warren  
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Warrenton, NC 27589

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FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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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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December 19, 2014

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, 2014 has been prepared in compliance with these requirements and is hereby submitted.

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

The county's financial statements have been audited by Winston, Williams, Creech, Evans & Company, LLP a firm of licensed certified public accountants. The object of the audit is to provide reasonable assurance that the financial statements of Warren County for the fiscal year ended June 30, 2014 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, 2014, 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, 2014. 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 20,975 according to the 2010 Census. 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, 2014.

### **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 June 2014 was 9% as compared to the State of North Carolina's rate of 6.5% during the same period. However, over the past several months, we have seen increased activity in the homebuilding industry across the county, which is a good indicator that the state of the economy continues to improve.

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. Since the downturn of the economy, construction has been slow, however, over the past few months there has been an increase in the homebuilding industry in this area.

## **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. In an ongoing effort to strengthen the county's economy, the Economic Development office continues to focus heavily on business retention, small business development, promoting entrepreneurship as a viable opportunity, and developing tourism-related opportunities. A concerted effort has been placed on identifying and developing agribusiness opportunities in the county particularly for our small local farmers.

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 5,000 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 State National Insurance Company, Inc. 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. The Warren County Finance Office has received this award for the past 9 years.

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

Gloria M. Edmonds  
Finance Director



**WARREN COUNTY, NORTH CAROLINA  
LIST OF PRINCIPAL OFFICIALS  
JUNE 30, 2014**

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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  
Gloria M. Edmonds  
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  
Ken Krulik  
Ken Bowman  
Andy G. Smith  
Lisa Alston  
Vacant  
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  
Economic Development Director  
Health Director  
Human Resources Manager  
Information Technology/GIS Administrator  
Recreation Director  
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, 2013**

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, 2014 and the related notes to the financial statements, which collectively comprise Warren County's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of both Warren County Public Facilities Company and Warren County ABC Board. Those 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 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, based upon our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Warren County as of June 30, 2014, 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 Law Enforcement Officers' and Other Postemployment Benefit's 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist 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, statistical section, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office and Management and Budget Circular A-133, *Audits of State and 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 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 basic

financial statements. Such information has been subjected to the auditing procedures applied 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the combining and individual fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and State awards are fairly stated, in all material respects, in relation to the financial statements 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 December 19, 2014, on our consideration of Warren County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Warren County's internal control over financial reporting and compliance.

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

Winston, Williams, Creech, Evans & Company, LLP  
Certified Public Accountants  
Oxford, NC  
December 19, 2014

## 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, 2014. 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

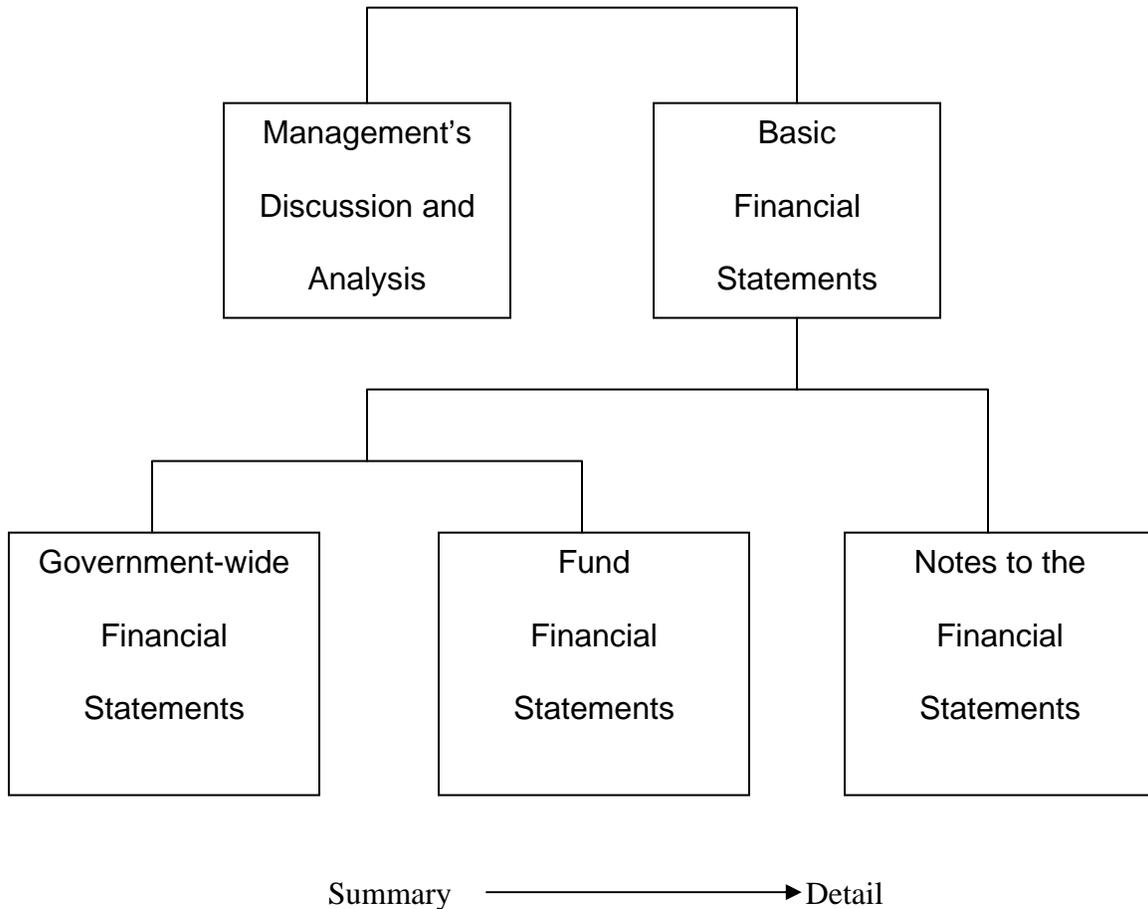
- The assets and deferred outflows of resources of Warren County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$50,343,213 (*net position*).
- The government's total net position increased by \$874,600 primarily due to increased net position in the General Fund.
- As of the close of the current fiscal year, Warren County's governmental funds reported combined ending fund balances of \$13,396,453, an increase of \$1,132,990 in comparison with the prior year. Approximately 55.77 percent of this total amount or \$7,471,552 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 \$7,529,080, or 28.54% of total general fund expenditures for the fiscal year.
- Warren County's total debt decreased by \$404,415(1.90%) 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 \$ 50,343,213 as of June 30, 2014, one of the largest portions (69.66%) 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 \$2,463,226. The balance of \$12,808,590 is unrestricted.

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

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 16,110,269	\$ 14,784,510	\$ 3,041,085	\$ 3,207,985	\$ 19,151,354	\$ 17,992,495
Capital Assets	18,236,327	18,289,134	35,721,795	36,315,380	53,958,122	54,604,514
Total Assets	34,346,596	33,073,644	38,762,880	39,523,365	73,109,476	72,597,009
Long-term liabilities outstanding	6,240,593	6,595,194	14,625,684	14,675,498	20,866,277	21,270,692
Other liabilities	1,087,163	904,293	766,592	708,385	1,853,755	1,612,678
Total Liabilities	7,327,756	7,499,487	15,392,276	15,383,883	22,720,032	22,883,370
Deferred Inflows of Resources	46,231	55,253	-	-	46,231	55,253
Net position:						
Net investment in						
capital assets	13,641,321	13,294,536	21,430,076	21,759,836	35,071,397	35,054,372
Restricted	2,463,226	2,429,321	-	-	2,463,266	2,429,321
Unrestricted	10,868,062	9,795,047	1,940,528	2,379,646	12,808,590	12,174,693
Total net position	\$ 26,972,609	\$ 25,518,904	\$ 23,370,604	\$ 24,139,482	\$ 50,343,213	\$ 49,658,386

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

- Cash and equivalents remain steady.
- Current ad valorem tax collections exceeded budget projections.
- Sales tax revenues exceeded budget projections as the economy continues to rebound.

- The increase in the County’s inventory of capital assets is due to equipment purchases and continued building renovations.

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

	Governmental		Business-like		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 2,086,176	\$ 2,525,123	\$ 3,802,975	\$ 3,911,563	\$5,889,151	\$ 6,436,686
Operating grants and contributions	5,532,237	5,422,395	-	-	5,532,237	5,422,395
Capital grants and contributions	152,238	477,771	279,257	1,118,852	431,495	1,596,623
Property taxes	18,278,128	17,863,798	-	-	18,278,128	17,863,798
Other taxes	2,302,821	2,296,217	-	-	2,241,156	2,296,217
Grants and contributions not related to specific programs	86,345	80,257	-	-	86,345	80,257
Investment Earnings	2,279	6,082	296	1,336	2,575	7,418
Miscellaneous	298,443	13,269	85,921	66,416	384,364	79,685
<b>Total Revenues</b>	<b>28,738,667</b>	<b>28,684,912</b>	<b>4,168,449</b>	<b>5,098,167</b>	<b>32,845,451</b>	<b>33,783,079</b>
Expenses:						
General government	3,337,645	3,142,083	-	-	3,337,645	3,142,083
Public safety	8,385,357	7,594,569	-	-	8,385,357	7,594,569
Economic and physical development	582,985	691,085	-	-	582,985	691,085
Environmental protection	406,315	389,915	1,546,049	1,533,361	1,952,364	1,923,276
Human services	8,986,367	8,735,030	-	-	8,986,367	8,735,030
Cultural and recreation	886,737	932,823	-	-	886,737	932,823
Education	4,504,182	4,452,554	-	-	4,504,182	4,452,554
Interest on long-term debt	195,374	265,358	-	-	195,374	265,358
Water and sewer	-	-	3,201,505	3,194,112	3,201,505	3,194,112
<b>Total Expenses</b>	<b>27,284,962</b>	<b>26,203,417</b>	<b>4,747,554</b>	<b>4,727,473</b>	<b>32,032,516</b>	<b>30,930,890</b>
Increase in net position before transfers	1,453,705	2,481,495	(579,105)	370,694	874,600	2,852,189
Transfers	-	-	-	-	-	-
Increase in net position	1,453,705	2,481,495	(579,105)	370,694	874,600	2,852,189
Net position, July 1	25,518,904	23,037,409	24,139,482	23,768,788	49,658,386	46,806,196
Restatement	-	-	(189,773)	-	(189,773)	-
Net position, July 1, as restated	25,518,904	23,037,409	23,949,709	23,768,788	49,468,613	46,806,196
Net position, June 30	<b>\$ 26,972,609</b>	<b>\$ 25,518,904</b>	<b>\$ 23,370,604</b>	<b>\$ 24,139,482</b>	<b>\$ 50,343,213</b>	<b>\$ 49,658,386</b>

**Governmental activities.** Governmental activities increased the County’s net position by \$1,453,705 accounting for 166.2 percent of the total growth in the net position of Warren County. Key elements of this increase are as follows:

- Ad valorem tax collections exceeded budgeted projections by \$342,326.
- Local option sales tax revenue exceeded budget by \$195,056 as the national economic recession continues to improve.

**Business-type activities.** Business-type activities decreased Warren County's net position by \$579,105 or 66.2% 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 \$11,532,223 while total fund balance reached \$12,598,454. 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 41.84% of general fund expenditures, while total fund balance represents 48.07% of that same amount. Contributing factors for the positive change to fund balance in the current year are due to the over realized collections of ad valorem taxes and sales tax collections and conservative spending in Human Services and Public Safety.

At June 30, 2014, the governmental funds of Warren County reported a combined fund balance of \$13,396,453 a 9.24% 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 \$646,844 or 2.44 percent. A total increase of \$450,910 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 \$(18,853) and those for the Water and Sewer Districts equaled \$1,959,381. 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, 2014 totals \$53,958,122 (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
- Purchase of Public Safety Equipment
- Significant Construction in Progress of Water lines

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

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 1,375,546	\$ 1,205,157	\$ 233,570	\$ 233,570	\$ 1,609,116	\$ 1,438,727
Buildings	14,473,082	15,000,022	-	-	14,473,082	15,000,022
Improvements other than buildings	237,820	241,102	-	-	237,820	241,102
Equipment and furniture	941,482	994,033	153,489	157,408	1,094,971	1,151,441
Water Lines/Elevated Tanks	-	-	21,823,541	22,692,198	21,823,541	22,692,198
Vehicles and motorized Equipment	543,535	394,000	45,345	44,692	588,880	438,692
Construction in progress	664,862	454,820	13,465,850	13,187,512	14,130,712	13,642,332
<b>Total</b>	<b>\$ 18,236,327</b>	<b>\$ 18,289,134</b>	<b>\$ 35,721,795</b>	<b>\$ 36,315,380</b>	<b>\$ 53,958,122</b>	<b>\$ 54,604,514</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, 2014, Warren County had total bonded debt outstanding of \$13,326,500 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	
	2014	2013	2014	2013	2014	2013
General Obligation Bonds	\$ 164,500	\$ 190,500	\$ 13,162,000	\$ 13,367,000	\$ 13,326,500	\$ 13,557,500
Installment Purchases	4,877,839	5,292,098	1,129,719	1,188,544	6,007,558	6,480,642
Other Obligations	1,198,254	1,112,596	333,965	119,954	1,532,219	1,232,550
<b>Total Long-Term Debt</b>	<b>\$ 6,240,593</b>	<b>\$ 6,595,194</b>	<b>\$ 14,625,684</b>	<b>\$ 14,675,498</b>	<b>\$ 20,866,277</b>	<b>\$ 21,270,692</b>

During the past fiscal year, Warren County's total debt decreased by \$404,415, 1.90 percent. General obligation debt of \$231,000 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 \$197,118,399. The County has \$12,000,000 in bonds authorized at June 30, 2014 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 65 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 9%, reflecting a decrease from the prior year.

**Governmental Activities:** The County adopted a budget for fiscal year 2014 with a 1.1 percent decrease in General Fund expenditures. The tax rate remained at .66 cents.

**Business-type Activities:** The budgets for the Regional Water System and the District I Water and Sewer Enterprise Fund increased while budgets for District II and District III Water and Sewer Enterprise Funds decreased. 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 Director, Warren County, 548 West Ridgeway Street, Warrenton, NC 27589. Questions concerning the Warren County ABC Board and the Warren County Public Facilities Corporation should be

directed to the offices of the Warren County ABC Board, 1230 US Hwy. 158 Bus. W, Norlina, NC 27563 and the Warren County Public Facilities Corporation, 501 US Hwy. 158 Bus. E, Warrenton, NC 27589.

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

**WARREN COUNTY, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2014**

	Governmental Activities	Business-type Activities	Total	Component Units	
				Warren County Public Facilities Co.	Warren County ABC Board
<b>ASSETS</b>					
Cash and cash equivalents	\$ 12,525,778	\$ 2,079,176	\$ 14,604,954	\$ 179,950	\$ 96,835
Restricted cash	317,030	308,169	625,199	284,929	527,727
Receivables (net)	1,633,103	653,740	2,286,843	-	11,259
Taxes receivable	1,407,028	-	1,407,028	-	-
Accrued interest receivable on taxes	202,018	-	202,018	-	-
Inventory	25,312	-	25,312	-	319,076
Prepaid expenses	-	-	-	-	10,560
Loan fees	-	-	-	5,600	-
Capital assets					
Land, improvements, and construction in progress	2,040,408	13,699,420	15,739,828	1,333,882	404,644
Other capital assets, net of depreciation	16,195,919	22,022,375	38,218,294	661,616	1,159
Total capital assets	18,236,327	35,721,795	53,958,122	1,995,498	405,803
Total Assets	\$ 34,346,596	\$ 38,762,880	\$ 73,109,476	\$ 2,465,977	\$ 1,371,260
<b>LIABILITIES</b>					
Accounts payable & accrued expenses	\$ 1,058,539	\$ 364,213	\$ 1,422,752	\$ 451,144	\$ 243,129
Accrued interest payable	28,624	69,709	98,333	-	-
Customer deposits	-	332,670	332,670	-	-
Long-term liabilities:					
Due within one year					
Landfill closure payable	-	19,500	19,500	-	-
Bonds payable	27,500	215,000	242,500	-	-
Installment purchases payable	777,689	60,900	838,589	185,100	59,472
Compensated absenses payable	197,937	13,216	211,153	-	-
Due in more than one year					
Accrued landfill closure cost	-	254,412	254,412	-	-
Pension obligation	284,495	-	284,495	-	-
Other postemployment benefits	122,013	7,187	129,200	-	-
Compensated absenses payable	593,809	39,650	633,459	-	-
Installment purchases payable	4,100,150	1,068,819	5,168,969	1,514,976	790,528
Bonds payable	137,000	12,947,000	13,084,000	-	-
Total long-term liabilities	6,240,593	14,625,684	20,866,277	1,700,076	850,000
Total Liabilities	7,327,756	15,392,276	22,720,032	2,151,220	1,093,129
DEFERRED INFLOWS OF RESOURCES	46,231	-	46,231	9,901	-
<b>NET POSITION</b>					
Net investment in capital assets	13,641,321	21,430,076	35,071,397	129,205	32,445
Restricted for:					
Stabilization by State Statute	1,671,810	-	1,671,810	-	-
Public Safety	499,955	-	499,955	-	-
Economic Development	291,461	-	291,461	-	-
Capital improvements	-	-	-	-	181,873
Working capital	-	-	-	-	63,813
Unrestricted	10,868,062	1,940,528	12,808,590	175,651	-
Total Net Position	\$ 26,972,609	\$ 23,370,604	\$ 50,343,213	\$ 304,856	\$ 278,131

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, 2014**

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-Type Activities	Total	Warren County Public Facilities Co.	Warren County ABC Board
Primary Government:									
Governmental Activities:									
General government	\$ 3,337,645	\$ 166,700	\$ 82,682	\$ -	\$ (3,088,263)	\$ -	\$ (3,088,263)	\$ -	\$ -
Public safety	8,385,357	353,966	414,594	-	(7,616,797)	-	(7,616,797)	-	-
Economic and physical development	582,985	21,161	48,462	110,015	(403,347)	-	(403,347)	-	-
Environmental protection	406,315	-	-	-	(406,315)	-	(406,315)	-	-
Human services	8,986,367	1,498,726	4,861,142	-	(2,626,499)	-	(2,626,499)	-	-
Cultural and recreation	886,737	45,623	80,107	42,223	(718,784)	-	(718,784)	-	-
Education	4,504,182	-	45,250	-	(4,458,932)	-	(4,458,932)	-	-
Interest on long-term debt	195,374	-	-	-	(195,374)	-	(195,374)	-	-
Total governmental activities	27,284,962	2,086,176	5,532,237	152,238	(19,514,311)	-	(19,514,311)	-	-
Business-type activities:									
Solid Waste	1,546,049	1,409,142	-	66,454	-	(70,453)	(70,453)	-	-
Water and Sewer	3,201,505	2,393,833	-	212,803	-	(594,869)	(594,869)	-	-
Total business-type activities	4,747,554	3,802,975	-	279,257	-	(665,322)	(665,322)	-	-
Total primary government	\$ 32,032,516	\$ 5,889,151	\$ 5,532,237	\$ 431,495	\$ (19,514,311)	\$ (665,322)	\$ (20,179,633)	\$ -	\$ -
Component units:									
Warren County Public Facilities Co.	\$ 41,663	\$ 118,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,137	\$ -
Warren County ABC Board	2,098,907	2,153,531	-	-	-	-	-	-	54,624
Total component units	\$ 2,140,570	\$ 2,272,331	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,137	\$ 54,624
General revenues:									
Taxes:									
Property taxes, levied for general purpose					\$ 18,278,128	\$ -	\$ 18,278,128	\$ -	\$ -
Local option sales tax					2,241,156	-	2,241,156	-	-
Other taxes and licenses					61,665	-	61,665	-	-
Grants and contributions not restricted to specific programs					86,345	-	86,345	-	-
Investment earnings, unrestricted					2,279	296	2,575	142	47
Miscellaneous, unrestricted					298,443	85,921	384,364	-	10
Transfers					-	-	-	-	-
Total general revenues, special items and transfers					20,968,016	86,217	21,054,233	142	57
Change in net position					1,453,705	(579,105)	874,600	77,279	54,681
Net position - beginning					25,518,904	24,139,482	49,658,386	227,577	223,450
Restatement					-	(189,773)	(189,773)	-	-
Net position - beginning, as restated					25,518,904	23,949,709	49,468,613	227,577	223,450
Net position - ending					\$ 26,972,609	\$ 23,370,604	\$ 50,343,213	\$ 304,856	\$ 278,131

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, 2014**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 11,714,514	\$ 811,264	\$ 12,525,778
Restricted cash	317,030	-	317,030
Accounts receivable (net)	1,568,992	64,111	1,633,103
Taxes receivable (net)	1,287,948	119,080	1,407,028
Due from other funds	38,707	-	38,707
Inventory	25,312	-	25,312
Total Assets	<u>\$ 14,952,503</u>	<u>\$ 994,455</u>	<u>\$ 15,946,958</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accounts payable & accrued liabilities	\$ 1,019,870	\$ 38,669	\$ 1,058,539
Due to other funds	-	38,707	38,707
Total Liabilities	<u>1,019,870</u>	<u>77,376</u>	<u>1,097,246</u>
Deferred Inflows of Resources	<u>1,334,179</u>	<u>119,080</u>	<u>1,453,259</u>
Fund balances:			
Nonspendable:			
Inventories	25,312	-	25,312
Restricted:			
Stabilization by State Statute	1,607,699	64,111	1,671,810
Public Safety	-	499,955	499,955
Economic Development	-	291,461	291,461
Committed:			
Revaluation	317,030	-	317,030
Assigned:			
Subsequent year's expenditures	3,119,333	-	3,119,333
Unassigned	<u>7,529,080</u>	<u>(57,528)</u>	<u>7,471,552</u>
Total Equity	<u>12,598,454</u>	<u>797,999</u>	<u>13,396,453</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 14,952,503</u>	<u>\$ 994,455</u>	<u>\$ 15,946,958</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, 2014**

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

Total equity (Exhibit 3)	\$ 13,396,453
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	18,236,327
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	202,018
Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not the government-wide	1,407,028
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>(6,269,217)</u>
Net position of governmental activities (Exhibit 1)	<u>\$ 26,972,609</u>

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

**WARREN COUNTY, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>			
Ad valorem taxes	\$ 17,424,935	\$ 847,131	\$ 18,272,066
Local option sales taxes	2,241,156	-	2,241,156
Other taxes and licenses	61,665	-	61,665
Unrestricted intergovernmental	120,331	-	120,331
Restricted intergovernmental	5,307,578	342,799	5,650,377
Permits and fees	250,123	-	250,123
Sales and services	1,827,827	-	1,827,827
Investment earnings	2,198	81	2,279
Miscellaneous	40,605	-	40,605
Total Revenues	<u>27,276,418</u>	<u>1,190,011</u>	<u>28,466,429</u>
<u>EXPENDITURES</u>			
Current:			
General government	3,146,719	-	3,146,719
Public safety	7,309,830	998,656	8,308,486
Environmental protection	399,740	-	399,740
Economic and physical development	467,545	112,052	579,597
Human services	8,854,940	-	8,854,940
Cultural and recreational	865,195	-	865,195
Intergovernmental:			
Education	4,493,277	-	4,493,277
Capital outlay	-	131,544	131,544
Debt service:			
Principal	639,118	-	639,118
Interest and other charges	205,376	-	205,376
Total Expenditures	<u>26,381,740</u>	<u>1,242,252</u>	<u>27,623,992</u>
Revenues Over (Under) Expenditures	<u>894,678</u>	<u>(52,241)</u>	<u>842,437</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in from other funds	-	119,000	119,000
Transfers out to other funds	(119,000)	-	(119,000)
Debt issued	290,553	-	290,553
Total Other Financing Sources (Uses)	<u>171,553</u>	<u>119,000</u>	<u>290,553</u>
Net Change in Fund Balances	1,066,231	66,759	1,132,990
Fund Balance - July 1	<u>11,532,223</u>	<u>731,240</u>	<u>12,263,463</u>
Fund Balance - June 30	<u>\$ 12,598,454</u>	<u>\$ 797,999</u>	<u>\$ 13,396,453</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, 2014**

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)	\$ 1,132,990
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.	595,961
Cost of disposed capital asset not recorded in fund statements	(11,029)
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.	(903,915)
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.	440,259
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	(72,799)
Some revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements	<u>272,238</u>
Total changes in net position of governmental activities (Exhibit 2)	<u>\$ 1,453,705</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, 2014**

	General Fund			Variance with Final Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Ad valorem taxes	\$ 17,082,609	\$ 17,082,609	\$ 17,424,935	\$ 342,326
Local option sales taxes	2,001,600	2,046,100	2,241,156	195,056
Other taxes and licenses	55,000	55,000	61,665	6,665
Unrestricted intergovernmental	117,200	117,200	120,331	3,131
Restricted intergovernmental	4,883,883	5,334,793	5,307,578	(27,215)
Permits and fees	228,575	228,575	250,123	21,548
Sales and services	1,878,222	1,799,522	1,827,827	28,305
Investment earnings	5,000	5,000	2,166	(2,834)
Miscellaneous	299,420	15,884	40,605	24,721
Total revenues	<u>26,551,509</u>	<u>26,684,683</u>	<u>27,276,386</u>	<u>591,703</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,340,359	3,515,680	3,141,719	373,961
Public safety	7,755,083	7,973,499	7,309,830	663,669
Environmental protection	411,843	415,116	399,740	15,376
Economic and physical development	645,071	676,912	467,545	209,367
Human services	9,438,272	9,651,026	8,854,940	796,086
Cultural and recreational	889,697	902,721	865,195	37,526
Intergovernmental:				
Education	4,635,578	4,913,357	4,493,277	420,080
Debt service	854,621	854,621	844,494	10,127
Contingency	315,000	29,436	-	29,436
Total Expenditures	<u>28,285,524</u>	<u>28,932,368</u>	<u>26,376,740</u>	<u>2,555,628</u>
Revenues Over (Under) Expenditures	<u>(1,734,015)</u>	<u>(2,247,685)</u>	<u>899,646</u>	<u>3,147,331</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out to other funds	(169,000)	(169,000)	(169,000)	-
Debt issued	-	296,520	290,553	(5,967)
Appropriated fund balance	1,903,015	2,120,165	-	(2,120,165)
Total Other Financing Sources (Uses)	<u>1,734,015</u>	<u>2,247,685</u>	<u>121,553</u>	<u>(2,126,132)</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>1,021,199</u>	<u>\$ 1,021,199</u>
Fund Balance - July 1			<u>11,260,225</u>	
Fund Balance - June 30			<u>12,281,424</u>	
A legally budgeted Revaluation Fund is consolidated into the General Fund for reporting purposes:				
Investment earnings			32	
Transfer in from General Fund			50,000	
Expenditures			(5,000)	
Fund Balance, Beginning			<u>271,998</u>	
Fund Balance, Ending			<u>\$ 12,598,454</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, 2014**

	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	\$ 418,129	\$ 725,219	\$ 692,792	\$ 127,446	\$ 115,590	\$ 2,079,176
Restricted cash	-	94,352	157,243	56,574	-	308,169
Receivables (net)	74,400	54,242	55,086	71,278	398,734	653,740
Total Current Assets	<u>492,529</u>	<u>873,813</u>	<u>905,121</u>	<u>255,298</u>	<u>514,324</u>	<u>3,041,085</u>
Noncurrent Assets:						
Capital assets:						
Land, improvements, and construction in progress	885,519	-	304,260	12,395,061	114,580	13,699,420
Other capital assets, net of depreciation	3,413,332	3,583,118	8,635,427	6,318,432	72,066	22,022,375
Total Capital Assets	<u>4,298,851</u>	<u>3,583,118</u>	<u>8,939,687</u>	<u>18,713,493</u>	<u>186,646</u>	<u>35,721,795</u>
Total Assets	<u>\$ 4,791,380</u>	<u>\$ 4,456,931</u>	<u>\$ 9,844,808</u>	<u>\$ 18,968,791</u>	<u>\$ 700,970</u>	<u>\$ 38,762,880</u>
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts payable and accrued liabilities	\$ 102,762	\$ 6,486	\$ 5,603	\$ 12,454	\$ 236,908	\$ 364,213
Accrued interest payable	-	5,134	9,175	55,400	-	69,709
Customer deposits	14,590	97,858	70,568	149,654	-	332,670
Accrued landfill closure	-	-	-	-	19,500	19,500
Compensated absences	2,154	3,231	2,237	663	4,931	13,216
Installment obligations	37,261	9,566	14,073	-	-	60,900
General obligation bonds payable	-	33,000	47,000	135,000	-	215,000
Total Current Liabilities	<u>156,767</u>	<u>155,275</u>	<u>148,656</u>	<u>353,171</u>	<u>261,339</u>	<u>1,075,208</u>
Noncurrent Liabilities:						
Accrued landfill closure cost	-	-	-	-	254,412	254,412
Compensated absences	6,462	9,694	6,711	1,989	14,794	39,650
OPEB obligation	1,312	1,838	1,204	201	2,632	7,187
Installment obligations	669,600	145,888	253,331	-	-	1,068,819
General obligation bonds payable	-	1,264,000	2,271,000	9,412,000	-	12,947,000
Total Noncurrent Liabilities	<u>677,374</u>	<u>1,421,420</u>	<u>2,532,246</u>	<u>9,414,190</u>	<u>271,838</u>	<u>14,317,068</u>
Total Liabilities	<u>834,141</u>	<u>1,576,695</u>	<u>2,680,902</u>	<u>9,767,361</u>	<u>533,177</u>	<u>15,392,276</u>
<b>NET POSITION</b>						
Net investment in capital assets	3,591,990	2,130,664	6,354,283	9,166,493	186,646	21,430,076
Unrestricted	365,249	749,572	809,623	34,937	(18,853)	1,940,528
Total Net Position	<u>\$ 3,957,239</u>	<u>\$ 2,880,236</u>	<u>\$ 7,163,906</u>	<u>\$ 9,201,430</u>	<u>\$ 167,793</u>	<u>\$ 23,370,604</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, 2014**

	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	
<b>OPERATING REVENUES</b>						
Charges for services	\$ 740,978	\$ 494,387	\$ 481,625	\$ 676,843	\$ 1,409,142	\$ 3,802,975
Miscellaneous	47,218	7,031	24,064	3,342	4,266	85,921
<b>Total Operating Revenues</b>	<b>788,196</b>	<b>501,418</b>	<b>505,689</b>	<b>680,185</b>	<b>1,413,408</b>	<b>3,888,896</b>
<b>OPERATING EXPENSES</b>						
Salaries and employee benefits	110,615	166,240	115,523	35,478	240,572	668,428
Water purchases	454,606	106,595	87,855	118,904	-	767,960
Contracted services	-	-	-	-	1,170,470	1,170,470
Other operating expenses	248,371	78,019	104,022	49,827	98,278	578,517
Landfill closure/postclosure costs	-	-	-	-	19,964	19,964
Depreciation	256,214	146,376	304,205	186,496	16,765	910,056
<b>Total Operating Expenses</b>	<b>1,069,806</b>	<b>497,230</b>	<b>611,605</b>	<b>390,705</b>	<b>1,546,049</b>	<b>4,115,395</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(281,610)</b>	<b>4,188</b>	<b>(105,916)</b>	<b>289,480</b>	<b>(132,641)</b>	<b>(226,499)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Interest earnings	44	99	88	51	14	296
Interest expense	(20,101)	(63,351)	(113,375)	(435,318)	(14)	(632,159)
<b>Total Nonoperating Revenues (Expenses) - Net</b>	<b>(20,057)</b>	<b>(63,252)</b>	<b>(113,287)</b>	<b>(435,267)</b>	<b>-</b>	<b>(631,863)</b>
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>(301,667)</b>	<b>(59,064)</b>	<b>(219,203)</b>	<b>(145,787)</b>	<b>(132,641)</b>	<b>(858,362)</b>
Capital Contributions	-	-	10,356	202,447	66,454	279,257
<b>TOTAL CONTRIBUTIONS AND TRANSFERS</b>	<b>-</b>	<b>-</b>	<b>10,356</b>	<b>202,447</b>	<b>66,454</b>	<b>279,257</b>
<b>CHANGE IN NET ASSETS</b>	<b>(301,667)</b>	<b>(59,064)</b>	<b>(208,847)</b>	<b>56,660</b>	<b>(66,187)</b>	<b>(579,105)</b>
<b>TOTAL NET POSITION-BEGINNING</b>	<b>4,258,906</b>	<b>2,939,300</b>	<b>7,372,753</b>	<b>9,144,770</b>	<b>423,753</b>	<b>24,139,482</b>
<b>RESTATEMENT</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(189,773)</b>	<b>(189,773)</b>
<b>TOTAL NET POSITION-BEGINNING, AS RESTATED</b>	<b>4,258,906</b>	<b>2,939,300</b>	<b>7,372,753</b>	<b>9,144,770</b>	<b>233,980</b>	<b>23,949,709</b>
<b>TOTAL NET POSITION-ENDING</b>	<b>\$ 3,957,239</b>	<b>\$ 2,880,236</b>	<b>\$ 7,163,906</b>	<b>\$ 9,201,430</b>	<b>\$ 167,793</b>	<b>\$ 23,370,604</b>

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, 2014**

	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	\$ 792,873	\$ 506,436	\$ 727,474	\$ 1,001,846	\$ 1,385,110	\$ 4,413,739
Cash paid for goods and services	(682,547)	(178,086)	(199,719)	(237,837)	(1,156,276)	(2,454,465)
Cash paid to employees for services	(110,615)	(166,240)	(115,523)	(35,478)	(240,572)	(668,428)
Miscellaneous operating revenue	47,218	7,031	24,064	3,342	4,266	85,921
Net cash provided by operating activities	<u>46,929</u>	<u>169,141</u>	<u>436,296</u>	<u>731,873</u>	<u>(7,472)</u>	<u>1,376,767</u>
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(8,121)	(8,121)	(13,509)	(281,071)	(5,650)	(316,472)
Principal paid on debt	(37,261)	(39,566)	(59,074)	(130,000)	(2,950)	(268,851)
Interest paid on debt	(20,101)	(63,351)	(113,375)	(435,318)	(14)	(632,159)
State grants	-	-	10,356	202,447	66,454	279,257
Proceeds from debt	-	-	5,026	-	-	5,026
Net cash provided by capital and related financing activities	<u>(65,483)</u>	<u>(111,038)</u>	<u>(170,576)</u>	<u>(643,942)</u>	<u>57,840</u>	<u>(933,199)</u>
Cash flows from investing activities:						
Interest on investments	44	99	88	51	14	296
Net cash provided by investing activities	<u>44</u>	<u>99</u>	<u>88</u>	<u>51</u>	<u>14</u>	<u>296</u>
Net increase in cash and cash equivalents	<u>(18,510)</u>	<u>58,202</u>	<u>265,808</u>	<u>87,982</u>	<u>50,382</u>	<u>443,864</u>
Cash and cash equivalents, July 1	<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>
Cash and cash equivalents, June 30	<u>\$ 418,129</u>	<u>\$ 819,571</u>	<u>\$ 850,035</u>	<u>\$ 184,020</u>	<u>\$ 115,590</u>	<u>\$ 2,387,345</u>
Reconciliation of operating income to net cash provided by operating activities:						
Operating income (loss)	\$ (281,610)	\$ 4,188	\$ (105,916)	\$ 289,480	\$ (132,641)	\$ (226,499)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	256,214	146,376	304,205	186,496	16,765	910,056
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	51,895	12,049	245,849	325,003	(24,032)	610,764
Increase (decrease) in accounts payable and accrued liabilities	20,597	3,288	(9,517)	(80,350)	110,976	44,994
Increase (decrease) in accrued interest payable	-	(119)	(179)	(425)	-	(723)
Increase (decrease) in customer deposits	(265)	2,900	1,104	10,200	-	13,939
Increase (decrease) in accrued landfill closure cost	-	-	-	-	19,963	19,963
Increase (decrease) in compensated absences	(117)	136	526	1,403	1,021	2,969
Increase (decrease) in OPEB obligation	215	323	224	66	476	1,304
Total adjustments	<u>328,539</u>	<u>164,953</u>	<u>542,212</u>	<u>442,393</u>	<u>125,169</u>	<u>1,603,266</u>
Net cash provided by operating activities	<u>\$ 46,929</u>	<u>\$ 169,141</u>	<u>\$ 436,296</u>	<u>\$ 731,873</u>	<u>\$ (7,472)</u>	<u>\$ 1,376,767</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, 2014**

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and investments	\$ 35,124
Accounts receivable	<u>1,854</u>
Total Assets	<u><u>\$ 36,978</u></u>
<b>LIABILITIES AND NET POSITION</b>	
Liabilities:	
Miscellaneous liabilities	<u>\$ 36,978</u>
Total Liabilities	<u><u>\$ 36,978</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, 2014**

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**I. Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

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

**Discretely Presented Component Units**

*Warren County ABC Board*

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

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

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

*Warren County Industrial Facility and Pollution Control Financing Authority*

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

*Warren County Public Facilities Company*

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

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

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

**WARREN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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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 the following agency funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Fines and Forfeitures and DMV Interest Fund, which accounts for various legal fines and forfeitures that the County is required to remit to Warren County Board of Education; the Municipal Tax Fund, which accounts for funds that are billed and collected by the county for various municipalities and special districts within the County but that are not revenues to the County.

**Non-major Funds** – The County maintains five legally budgeted special revenue funds and four legally budgeted capital projects funds. The Special Fire Districts Fund, the Emergency Telephone System Fund, the CDBG Infra Water Hookup 2010, the CDBG Scattered Sites 2011, and the CDBG Ephraim Place are reported as non-major special revenue funds. The 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 non-major fund.

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating

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

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

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

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

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. 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 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.

**WARREN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
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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, a 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 Tax 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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**Warren County Restricted Cash**

Governmental Activities		
General Fund	Tax Revaluation	\$ 317,030
Business-type Activities		
District I Enterprise Fund	RD Reserve for USDA loans	94,352
District II Enterprise Fund	RD Reserve for USDA loans	157,243
District III Enterprise Fund	RD Reserve for USDA loans	56,574
Total Restricted Cash		\$ 625,199

**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, 2013. 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 areas follows: \$50,000 for buildings and building improvements; and \$5,000 for equipment, vehicles, computer software, and furniture. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

**WARREN COUNTY, NORTH CAROLINA  
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Capital Assets of the County are depreciated on a straight-line basis over the following estimated useful lives:

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

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

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

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

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

**8. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then.

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.

**WARREN COUNTY, NORTH CAROLINA  
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**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 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, 2014 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.

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

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

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

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

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

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.

**E. Reconciliation of Government-Wide and Fund Financial Statements**

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

The governmental fund balance sheet includes reconciliation between fund balance-total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$13,576,156 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)	\$ 29,037,680
Less Accumulated Depreciation	<u>(10,801,353)</u>
Net capital assets	<u>18,236,327</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.	202,018
Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not the government-wide	1,407,028

**WARREN COUNTY, NORTH CAROLINA  
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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	(5,042,339)
Compensated absences	(791,746)
Other postemployment benefits	(122,013)
Net pension obligation	(284,495)
Accrued interest payable	(28,624)

Total adjustment \$ 13,576,156

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

The government fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances for the governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$ 320,715 as follows:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 595,961
Cost of capital assets sold not recorded in fund statements	(11,029)
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	(903,915)
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	(290,553)
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	730,812
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	12,859
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(53,429)
Other postemployment benefits are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(13,361)

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Net pension obligation is accrued in the government-wide statements but not in the fund statements because it does not use current resources	(18,868)
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	266,176
Reversal of deferred tax revenue recorded at 7-1-20134	(1,399,940)
Recording of tax receipts deferred in the fund statements as of 6-30-2014	1,407,028
Increase in accrued taxes receivable for year ended 6-30-2014	<u>(1,026)</u>
Total adjustment	<u>\$ 320,715</u>

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

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

In Exhibit C-1, the Special Fire Districts Fund had a deficit fund of \$365, the CDBG Ephraim Place Project Fund had a deficit fund balance in the amount of \$13,639, 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

**WARREN COUNTY, NORTH CAROLINA  
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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, 2014, the County's deposits had a carrying amount of \$695,500 and a bank balance of \$952,831. Of the bank balance, \$420,142 was covered by federal depository insurance, and \$532,689 in interest bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2014, Warren County had \$1,700 cash on hand.

At June 30, 2014, the ABC Board's deposits had a carrying amount of \$622,562 and a bank balance of \$678,377. All of the bank balance was covered by federal depository insurance. At June 30, 2014, the ABC Board had \$2,000 cash on hand.

**2. Investments**

At June 30, 2014, the County's investments consisted of \$14,568,077 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, 2014, 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, 2014. The County's investment 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.* 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.

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

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

<u>Year Levied</u>	<u>Total Taxes</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 702,030	\$ 40,370	\$ 742,400
2012	747,923	43,004	790,927
2013	848,570	48,793	897,363
2014	<u>867,519</u>	<u>-</u>	<u>867,519</u>
Totals	<u>\$ 3,166,042</u>	<u>\$ 132,167</u>	<u>\$ 3,298,209</u>

**4. Receivables**

Receivables at the government-wide level at June 30, 2014, were as follows:

	<u>Accounts</u>	<u>Taxes and Related Accrued Interest</u>	<u>Due from other Governments</u>	<u>Total</u>
Governmental Activities:				
General	\$ 1,862,926	\$ 1,989,966	\$ 484,173	\$ 4,337,065
Other Governmental	<u>62,555</u>	<u>124,080</u>	<u>1,556</u>	<u>188,191</u>
Total Receivables	1,925,481	2,114,046	485,729	4,525,256
Allowance for Doubtful Accounts	<u>(778,107)</u>	<u>(505,000)</u>	<u>-</u>	<u>(1,283,107)</u>
Total-Governmental Activities	<u>\$ 1,147,374</u>	<u>\$ 1,609,046</u>	<u>\$ 485,729</u>	<u>\$ 3,242,149</u>
Business-Type Activities:				
Solid Waste	\$ 550,594	\$ -	\$ 12,612	\$ 563,206
Water & Sewer	<u>266,379</u>	<u>-</u>	<u>14,490</u>	<u>280,869</u>
Total Receivables	816,973	-	27,102	844,075
Allowance for Doubtful Accounts	<u>(190,335)</u>	<u>-</u>	<u>-</u>	<u>(190,335)</u>
Total-Business-Type Activities	<u>\$ 626,638</u>	<u>\$ -</u>	<u>\$ 27,102</u>	<u>\$ 653,740</u>

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

Sales tax refund	\$ 107,406
Sales tax	394,343
White goods	1,560
Scrap tire	6,352
Solid waste	<u>3,170</u>
Total	<u>\$ 512,831</u>

**WARREN COUNTY, NORTH CAROLINA  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**5. Capital Assets**

Capital asset activity for the year ended June 30, 2014, 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	\$ 1,205,157	\$ 179,898	\$ (9,509)	\$ 1,375,546
Construction in Progress	454,820	210,042	-	664,862
Total capital assets not being depreciated	<u>1,659,977</u>	<u>389,940</u>	<u>(9,509)</u>	<u>2,040,408</u>
Capital assets being depreciated:				
Buildings	21,629,938	-	-	21,629,938
Improvements	264,733	9,750	-	274,483
Equipment	2,701,134	132,133	-	2,833,267
Vehicles	2,011,175	330,314	(81,905)	2,259,584
Total capital assets being depreciated	<u>26,606,980</u>	<u>472,197</u>	<u>(81,905)</u>	<u>26,997,272</u>
Less accumulated depreciation for:				
Buildings	6,629,916	526,940	-	7,156,856
Improvements	23,631	13,032	-	36,663
Equipment	1,707,101	184,684	-	1,891,785
Vehicles	1,617,175	179,259	(80,385)	1,716,049
Total accumulated depreciation	<u>9,977,823</u>	<u>\$ 903,915</u>	<u>\$ (80,385)</u>	<u>10,801,353</u>
Total capital assets being depreciated, net	<u>16,629,157</u>			<u>16,195,919</u>
Governmental activity capital assets, net	<u>\$ 18,289,134</u>			<u>\$ 18,236,327</u>
<b>Business-type activities:</b>				
<b>Solid Waste</b>				
Capital assets not being depreciated:				
Land	\$ 114,580	\$ -	\$ -	\$ 114,580
Total capital assets not being depreciated	<u>114,580</u>	<u>-</u>	<u>-</u>	<u>114,580</u>
Capital assets being depreciated:				
Buildings	215,824	-	-	215,824
Land improvements	17,743	-	-	17,743
Equipment	185,605	5,650	-	191,255
Vehicles	124,759	-	-	124,759
Total capital assets being depreciated	<u>543,931</u>	<u>5,650</u>	<u>-</u>	<u>549,581</u>
Less accumulated depreciation for:				
Buildings	215,824	-	-	215,824
Land improvements	17,743	-	-	17,743
Equipment	110,163	13,325	-	123,488
Vehicles	117,020	3,440	-	120,460
Total accumulated depreciation	<u>460,750</u>	<u>\$ 16,765</u>	<u>\$ -</u>	<u>477,515</u>
Total capital assets being depreciated, net	<u>83,181</u>			<u>72,066</u>
Solid Waste capital assets, net	<u>\$ 197,761</u>			<u>\$ 186,646</u>

**WARREN COUNTY, NORTH CAROLINA  
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	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Regional Water</b>				
Capital assets not being depreciated:				
Land	\$ 48,265	\$ -	\$ -	\$ 48,265
Construction in progress	<u>837,254</u>	<u>-</u>	<u>-</u>	<u>837,254</u>
Total capital assets not being depreciated	<u>885,519</u>	<u>-</u>	<u>-</u>	<u>885,519</u>
Capital assets being depreciated:				
Equipment	91,036	-	-	91,036
Vehicles	42,506	8,121	-	50,627
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>8,121</u>	<u>-</u>	<u>7,877,545</u>
Less accumulated depreciation for:				
Equipment	59,668	2,901	-	62,569
Vehicles	42,508	270	-	42,778
Water distribution lines	<u>4,105,823</u>	<u>253,043</u>	<u>-</u>	<u>4,358,866</u>
Total accumulated depreciation	<u>4,207,999</u>	<u>\$ 256,214</u>	<u>\$ -</u>	<u>4,464,213</u>
Total capital assets being depreciated, net	<u>3,661,425</u>			<u>3,413,332</u>
Regional water capital assets, net	<u>\$ 4,546,944</u>			<u>\$ 4,298,851</u>
<b>Water District One</b>				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Total capital assets not being depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets being depreciated:				
Equipment	28,573	-	-	28,573
Vehicles	98,516	8,121	-	106,637
Water distribution lines	<u>5,761,577</u>	<u>-</u>	<u>-</u>	<u>5,761,577</u>
Total capital assets being depreciated	<u>5,888,666</u>	<u>8,121</u>	<u>-</u>	<u>5,896,787</u>
Less accumulated depreciation for:				
Equipment	21,731	2,065	-	23,796
Vehicles	98,516	271	-	98,787
Water distribution lines	<u>2,047,046</u>	<u>144,040</u>	<u>-</u>	<u>2,191,086</u>
Total accumulated depreciation	<u>2,167,293</u>	<u>\$ 146,376</u>	<u>\$ -</u>	<u>2,313,669</u>
Total capital assets being depreciated, net	<u>3,721,373</u>			<u>3,583,118</u>
Water District One capital assets, net	<u>\$ 3,721,373</u>			<u>\$ 3,583,118</u>

**WARREN COUNTY, NORTH CAROLINA  
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	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Water District Two</b>				
Capital assets not being depreciated:				
Land	\$ 70,725	\$ -	\$ -	\$ 70,725
Construction in progress	<u>228,147</u>	<u>5,388</u>	<u>-</u>	<u>233,535</u>
Total capital assets not being depreciated	<u>298,872</u>	<u>5,388</u>	<u>-</u>	<u>304,260</u>
Capital assets being depreciated:				
Equipment	28,572	-	-	28,572
Vehicles	23,149	8,121	-	31,270
Elevated tanks	950,448	-	-	950,448
Water distribution lines	<u>11,124,320</u>	<u>-</u>	<u>-</u>	<u>11,124,320</u>
Total capital assets being depreciated	<u>12,126,489</u>	<u>8,121</u>	<u>-</u>	<u>12,134,610</u>
Less accumulated depreciation for:				
Equipment	21,731	2,065	-	23,796
Vehicles	23,148	271	-	23,419
Elevated tanks	273,252	23,762	-	297,014
Water distribution lines	<u>2,876,846</u>	<u>278,108</u>	<u>-</u>	<u>3,154,954</u>
Total accumulated depreciation	<u>3,194,977</u>	<u>\$ 304,206</u>	<u>\$ -</u>	<u>3,499,183</u>
Total capital assets being depreciated, net	<u>8,931,512</u>			<u>8,635,427</u>
Water District Two capital assets, net	<u>\$ 9,230,384</u>			<u>\$ 8,939,687</u>
<b>Water District Three</b>				
Capital assets not being depreciated:				
Construction in progress	<u>\$ 12,122,111</u>	<u>\$ 240,466</u>	<u>\$ -</u>	<u>\$ 12,395,061</u>
Total capital assets not being depreciated	<u>12,122,111</u>	<u>240,466</u>	<u>-</u>	<u>12,395,061</u>
Capital assets being depreciated:				
Equipment	63,272	-	-	63,272
Vehicles	82,866	8,121	-	90,987
Water distribution lines	<u>6,771,312</u>	<u>-</u>	<u>-</u>	<u>6,771,312</u>
Total capital assets being depreciated	<u>6,917,450</u>	<u>8,121</u>	<u>-</u>	<u>6,925,571</u>
Less accumulated depreciation for:				
Equipment	26,356	9,005	-	35,361
Vehicles	45,912	8,210	-	54,122
Water distribution lines	<u>348,374</u>	<u>169,282</u>	<u>-</u>	<u>517,656</u>
Total accumulated depreciation	<u>420,642</u>	<u>\$ 186,497</u>	<u>\$ -</u>	<u>607,139</u>
Capital assets being depreciated, net	<u>6,496,808</u>			<u>6,318,432</u>
Water District Three capital assets, net	<u>\$ 18,618,918</u>			<u>\$ 18,713,493</u>
Business-type activities capital assets, net	<u>\$ 36,315,380</u>			<u>\$ 35,721,795</u>

**WARREN COUNTY, NORTH CAROLINA  
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**Depreciation Expense**

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

General Government	\$ 183,662
Public Safety	399,320
Economic and Physical Development	16,224
Environmental Protection	5,041
Human Services	151,337
Cultural and Recreational	<u>148,331</u>
Total Depreciation Expense	<u>\$ 903,915</u>

**Discretely presented component units**

Activity for the ABC Board for the year ended June 30, 2014, was as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Amount</u>
Construction in progress	\$ 404,644	\$ -	\$ 404,644
Furniture/Equipment	100,254	99,095	1,159
Vehicles	17,472	17,472	-
Leasehold improvements	<u>47,125</u>	<u>47,125</u>	<u>-</u>
	<u>\$ 569,495</u>	<u>\$ 163,692</u>	<u>\$ 405,803</u>

Activity for the Warren County Public Facilities Company for the year ended June 30, 2014, 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>(316,995)</u>
Property and equipment, net	<u>\$ 661,616</u>

**B. Liabilities**

**I. Payables**

Payables at the government-wide level at June 30, 2014, were as follows:

	<u>Vendors</u>
Governmental Activities:	
General	\$ 1,019,870
Other governmental	<u>38,669</u>
Total-governmental activities	<u>\$ 1,058,539</u>
Business-type Activities:	
Solid Waste	\$ 236,908
Water & Sewer Fund	<u>127,305</u>
Total-business-type activities	<u>\$ 364,213</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 7.07% and 7.28%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 7.07% 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, 2012, 2013, and 2014 were \$656,269, \$639,831, and \$721,216, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2012, 2013, and 2014 were \$6,390, \$6,196, and \$6,348 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, 2013, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>35</u>
Total	<u>36</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, 2013, 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>	
6/30/12	\$ 27,049	0.00%	\$ 239,079
6/30/13	26,548	0.00%	265,627
6/30/14	\$ 21,876	13.75%	\$ 284,495

Annual Pension Cost and Net Pension Obligation for Fiscal Year Ending 6/30/14

Employer annual required contribution	\$ 30,236
Interest on net pension obligation	13,281
Adjustment to annual required contribution	<u>(21,641)</u>
Annual pension cost	21,876
Employer contributions made for fiscal year ending 6/30/14	<u>3,008</u>
Increase (decrease) in net pension obligation	18,868
Net pension obligation beginning of fiscal year	<u>265,627</u>
Net pension obligation end of fiscal year	<u>\$ 284,495</u>

**WARREN COUNTY, NORTH CAROLINA  
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**4. Funded Status and Funding Progress.**

As of December 31, 2013, the most recent actuarial valuation date, the plan was 0.0 percent funded. The actuarial accrued liability for benefits was \$197,084, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$197,084. The covered payroll (annual payroll of active employees covered by the plan) was \$1,185,857 and the ratio of the UAAL to the covered payroll was 16.62 percent.

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

**c. Supplemental Retirement Income Plan for Law Enforcement Officers**

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

*Funding Policy* – Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer’s salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2014, were \$175,563, which consisted of \$62,109 from the County and \$113,454 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

**WARREN COUNTY, NORTH CAROLINA  
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Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7.07%) of the Fund's assets may be used by the State Treasurer to administer the Fund. Contributions for the fiscal year ended June 30, 2014 were \$6,420, which consisted of \$3,473 from the County and \$2,947 from the employees.

**e. Other Postemployment Benefits**

**Healthcare Benefits**

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

Membership of the HCB Plan consisted of the following at December 31, 2013, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees receiving benefits	4	1
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	<u>270</u>	<u>34</u>
Total	<u>274</u>	<u>35</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 0.28% of annual covered payroll. For the current year, the County contributed \$0 or 0.00% of annual covered payroll. The County obtains healthcare coverage through private insurers. The County's required contributions, under a County resolution, for employees not engaged in law enforcement and for law enforcement officers represented 0.06% 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.

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

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

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

Annual required contribution	\$ 27,729
Interest on net OPEB obligation	4,581
Adjustment to annual required contribution	<u>4,377</u>
Annual OPEB cost (expense)	27,933
Contributions made	<u>13,268</u>
Increase (decrease) in net OPEB obligation	14,665
Net OPEB obligation, beginning of year	<u>114,535</u>
Net OPEB obligation, end of year	<u>\$ 129,200</u>

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the HCB plan, and the net OPEB obligation for 2014 were as follows:

For Year Ended	Annual OPEB	Percentage of	Net OPEB
<u>June 30</u>	<u>Cost</u>	<u>Annual OPEB</u>	<u>Obligation</u>
		<u>Cost Contributed</u>	
2014	\$ 27,933	47.5%	\$ 129,200
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, 2013, 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 \$335,367. The covered payroll (annual payroll of active employees covered by the plan) was \$10,006,830 and the ratio of the UAAL to the covered payroll was 3.4 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

**WARREN COUNTY, NORTH CAROLINA  
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trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2013 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date. The rate included a 3.00 percent inflation assumption. The medical cost trend increase of 7.75 to 5.00 percent annually. The actuarial value of assets, in any was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2013, was 30 years.

**f. Other Employment Benefits**

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

For the fiscal year ended June 30, 2014, the County made contributions to the State for death benefits of \$0. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.00% and 0.00% of covered payroll respectively.

Due to a surplus in the death benefit, a decision was made by the State to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. A temporary relief period based on the number of years the employer has contributed as of December 31, 2010 was established as follows:

**WARREN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<u>No. Years Contributing</u>	<u>Years Relief</u>	<u>FY Contributions Resume</u>
Less than 10	1	2014
10-20	2	2015
20 or more	3	2016

The period of reprieve is determined separately for law enforcement officers. Warren County will have a three year reprieve because it has been contributing for more than 20 years. Contributions will resume in the fiscal year beginning July 1, 2015.

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

	<u>Unavailable Revenue</u>	<u>Unearned Revenue</u>
Prepaid taxes not yet earned		
General Fund	\$ 46,231	\$ 46,231
Taxes receivable, net		
General Fund	\$ 1,287,948	\$ -
Special Revenue Fund	<u>119,080</u>	<u>-</u>
Total	<u>\$ 1,407,028</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 others; and natural disasters. The County protects itself from loss with general liability insurance, business automobile insurance, professional and umbrella liability insurance coverage purchased through State National Insurance Company, Inc. and Workers' Compensation coverage through Key Risk Insurance Company. The County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$1,283,615, with a deductible of \$1,000 for any one occurrence; general, automobile, professional, and employment practices liability coverage of \$1,000,000 per occurrence; and Workers' compensation coverage up to the statutory limits. The County provides competitive employee health, dental and vision benefits through Blue Cross Blue Shield of NC.

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

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more of the County's funds at any given time are performance bonded through a commercial surety bond. The Director of Finance 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.

**WARREN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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, 2014, 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, 2014 was \$83,106. Future rent payments total:

For Year Ending <u>June 30</u>	General <u>Fund</u>	Enterprise <u>Fund</u>	<u>Total</u>
2015	\$ 15,120	\$ 36,310	\$ 51,430
2016	-	28,795	28,795
2017	-	14,900	14,900
2018	-	11,860	11,860
2019	-	5,000	5,000
Total	<u>\$ 15,120</u>	<u>\$ 96,865</u>	<u>\$ 111,985</u>

The County has made and entered into an agreement on May 25, 2008 with Waste Industries, Inc. to operate eight Manned Convenience Center sites at the landfill. The agreement calls for charges on a monthly basis at the following rates:

Monthly charge for all sites                      \$ 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.

**WARREN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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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 \$273,912 reported as accrued landfill closure liability at June 30, 2014 represents the latest estimate for costs remaining.

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

**7. Contingent Liabilities**

At June 30, 2014, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

**8. Long-Term Obligations**

**a. Installment Purchases**

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

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

On 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%.

**WARREN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

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

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

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

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.

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

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

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

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

**WARREN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

For Warren County, the future minimum payments as of June 30, 2014, including \$820,186 of interest, are:

Year Ending June 30,	Governmental Activities <u>Installment Purchases</u>		Business-type Activities <u>Installment Purchases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 777,689	\$ 141,160	\$ 60,908	\$ 18,707
2016	751,166	120,309	60,908	17,722
2017	703,785	109,935	60,908	16,737
2018	613,118	80,884	60,908	15,753
2019	458,118	63,523	60,908	14,768
2019-2023	1,488,696	114,924	304,541	59,073
2024-2028	85,267	2,386	304,541	34,459
2029-2033	-	-	<u>216,097</u>	<u>9,846</u>
Total	<u>\$ 4,877,839</u>	<u>\$ 633,121</u>	<u>\$ 1,129,719</u>	<u>\$ 187,065</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, 2014 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%	\$ 164,500
<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>\$ 164,500</u>

**Business-type Activity:**

**Water Bonds**

Serviced by the Water and Sewer District One Fund:

<b>\$1,629,000</b>	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%	\$ 1,297,000
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**WARREN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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% 2,318,000

Serviced by the Water and Sewer District Three Fund:

**\$2,900,000** Water bonds issued June 1, 2006 and due June 1 in various installments from 2008 to 2045; interest at 4.5% 2,649,000

**\$681,000** Water bonds issued June 1, 2006 and due June 1 in various installments from 2008 to 2045; interest at 4.5% 622,000

**\$4,957,000** Series 2009 Water bonds issued February 9, 2009 in various installments from 2009 to 2048; interest at 4.75% 4,735,000

**\$1,561,000** Water bonds issued January 25, 2012 and due June 1 in various installments from 2012 to 2051; interest at 3.75% 1,541,000

Total \$ 13,162,000

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

Year Ending <u>June 30,</u>	General Obligation Bonds		Water Bonds	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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	30,000	2,880	256,000	559,361
2020-2024	48,000	3,960	1,466,500	2,609,216
2025-2029	-	-	1,839,500	2,239,116
2030-2034	-	-	2,299,500	1,774,414
2035-2039	-	-	2,650,000	1,204,050
2040-2044	-	-	2,294,000	614,993
2045-2049	-	-	1,312,000	166,838
2050	-	-	125,000	6,638
Total	<u>\$ 164,500</u>	<u>\$ 33,210</u>	<u>\$13,162,000</u>	<u>\$ 11,520,038</u>

At June 30, 2014, Warren County had \$12,000,000 in bonds authorized at June 30, 2014 for Warren County Water and Sewer District Number III. As of June 30, 2014, \$1,901,000 of the \$12,000,000 remains unissued. Warren County had a legal debt margin of \$197,118,399.

**WARREN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**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, 2014:

	Balance <u>July 1, 2013</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2014</u>	Current <u>Portion</u>
<b>Governmental Activities:</b>					
General obligation bonds	\$ 190,500	\$ -	\$ (26,000)	\$ 164,500	\$ 27,500
Installment purchases	5,292,098	290,553	(704,812)	4,877,839	777,689
Pension obligation	265,627	18,868	-	284,495	-
Other postemployment benefits	108,652	13,361	-	122,013	-
Compensated absences	<u>738,317</u>	<u>747,433</u>	<u>(694,004)</u>	<u>791,746</u>	<u>197,937</u>
Total	<u>\$ 6,595,194</u>	<u>\$ 1,070,215</u>	<u>\$ (1,424,816)</u>	<u>\$ 6,240,593</u>	<u>\$ 1,003,126</u>
<b>Business-type Activities:</b>					
Water Bonds	\$ 13,367,000	\$ -	\$ (205,000)	\$ 13,162,000	\$ 215,000
Installment purchases	1,188,544	5,025	(63,850)	1,129,719	60,900
Other postemployment benefits	5,883	1,304	-	7,187	-
Compensated absences	49,895	42,482	(39,511)	52,866	13,216
Accrued landfill closure	<u>64,176</u>	<u>229,336</u>	<u>(19,600)</u>	<u>273,912</u>	<u>19,500</u>
Total	<u>\$ 14,675,498</u>	<u>\$ 278,147</u>	<u>\$ (327,961)</u>	<u>\$ 14,625,684</u>	<u>\$ 308,616</u>

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

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

Bank loan, with 9 monthly consecutive interest payments beginning Dec. 1, 2013, with interest calculated on unpaid principal balances using an interest rate of 3.95%; 83 monthly consecutive principal and interest payments of \$29,449 each, beginning Sept. 1, 2014, with interest calculated on unpaid principal balances using an interest rate of 3.95%; and one principal and interest payment of \$1,628,229 on August 1, 2021, with unpaid principal balances using an interest rate of 3.95%.

	\$ 3,362,113
Less: Current portion	<u>(185,101)</u>
Long-Term Debt	<u>\$ 3,177,012</u>

For the year end June 30, 2014 the balance of advances from FBC bank on the loan was \$1,700,077. Interest paid for the year was \$ 26,216. This amount includes \$14,274 in capitalized interest.

**WARREN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

2015	\$	185,101
2016		230,009
2017		239,727
2018		249,506
2019		259,684
Thereafter		<u>2,198,086</u>
Total		<u>\$ 3,362,113</u>

**d. Conduit Debt Obligations**

Warren County Industrial Facility and Pollution Control Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County nor the Authority nor the State nor any political subdivision thereof, is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2014, 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	19,000	Supplemental funding for project
General Fund	Simulcast System Upgrade Fund	100,000	Supplemental funding for project
		<u>\$ 169,000</u>	
<b><u>Due from/to Other Funds</u></b>			
CDBG Ephraim Place	General Fund	\$ 13,639	Central depository overdraft
CDBG Scattered Sites 2011	General Fund	24,080	Central depository overdraft
CDBG Infra Hook-up 2010	General Fund	637	Central depository overdraft
Energy Efficient Grant	General Fund	351	Central depository overdraft
		<u>\$ 38,707</u>	

**IV. Fund Balance**

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

Total fund balance-General Fund	\$ 12,598,454
Less:	
Inventories	25,312
Stabilization by State Statute	1,607,699
Revaluation	317,030
Appropriated fund balance in 2015 budget	3,119,333
Remaining Fund Balance	<u>\$ 7,529,080</u>

**WARREN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**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 \$59,814 to the Area Mental Health during the fiscal year ended June 30, 2014. 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, 2014. 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, 2014. Complete financial statements for K.A.R.T.S. can be obtained from their administrative offices at 943 W. Andrews Avenue, Henderson, N.C. 27536.

**C. Vance Granville Community College**

The County, in conjunction with the State of North Carolina, Vance County, Granville County, Warren County, Vance County Board of Education, and Warren County Board of Education, participates in a joint venture to operate the Vance Granville Community College. The State, Vance County, Granville County, Vance County Board of Education, and Granville County Board of Education appoint the twelve voting members of the board of trustees. Warren County appoints a nonvoting member of the board of trustees. The president of the community college's student government serves as an ex officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$177,112 and \$10,600 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2014. 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, 2014. 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.

**WARREN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**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 \$9,060 to the Council during the fiscal year ended June 30, 2014.

**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 that do not appear in the basic financial statements because they are not revenues and expenditures of the County.

	<u>Federal</u>	<u>State</u>
Temporary Assistance to Needy Families	\$ 177,143	\$ (15)
Independent Living Transitional	1,028	-
CWS Adoption Subsidy	-	30,224
IV-E Foster Care	50,876	13,854
IV-E Adoption Subsidy	113,722	30,946
Medical Assistance Program	24,599,088	13,981,029
Health Choice	461,770	145,680
Women, Infants and Children	360,972	-
SC/SA Adult Care Payments	-	280,926
Special Children Adoption	-	43,200
State Foster Home	-	4,016
	\$ 25,764,599	\$ 14,529,860
Totals	<u>\$ 25,764,599</u>	<u>\$ 14,529,860</u>

**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, 2014 and December 19, 2014, which is the date that the financial statements were available to be issued for possible recognition or disclosure in the financial statements. There were no events that occurred during this time that were deemed to be significant enough to be disclosed.

**WARREN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**X. Restatement of Beginning Net Position**

During the 13-14 audit, it was discovered that the full amount of closure costs had not been booked for landfill closure costs in the Solid Waste Fund. Beginning net position was restated to show the best estimate for these costs as of June 30, 2014.

The beginning balance would have changed as follows:

	<b>Governmental Activities <u>Net Position</u></b>
Balance, July 1, 2013	\$ 423,753
Change due to:	
Change in Postclosure Estimate	<u>(189,773)</u>
Balance, July 1, 2013, as restated	<u>\$ 233,980</u>

## **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)
12/31/2008	\$ -	\$ 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%
12/31/2013	\$ -	\$ 197,084	\$ 197,084	0.00%	\$ 1,185,857	16.62%

**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
2009	\$ 17,421	0.00%
2010	21,086	0.00%
2011	31,749	0.00%
2012	29,096	0.00%
2013	29,472	0.00%
2014	\$ 30,236	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%
12/31/2013	\$ -	\$ 335,367	\$ 335,367	0.00%	\$ 10,006,830	3.40%

**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%
2014	\$ 27,729	47.85%

**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	12/31/2013
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend rate*	7.75 - 5.0%
Year of Ultimate trend rate	2019

\*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, 2014**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014		2013	
	Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES</b>				
Ad Valorem Taxes:				
Taxes		\$ 17,266,645		\$ 17,021,109
Penalties and interest		158,290		172,985
Total	\$ 17,082,609	17,424,935	\$ 342,326	17,194,094
Local Option Sales Taxes:				
Article 39 one percent		824,639		833,743
Article 40 one-half of one percent		1,085,240		1,064,030
Article 42 one-half of one percent		456,780		460,031
Article 44		356		1,413
Medicaid hold harmless		(125,859)		(122,878)
Total	2,046,100	2,241,156	195,056	2,236,339
Other taxes and licenses:				
Excise tax stamps		61,665		59,878
Total	55,000	61,665	6,665	59,878
Unrestricted intergovernmental:				
Payment in lieu of taxes		4,668		4,361
Beer and wine tax		81,677		75,896
Other		33,986		42,606
Total	117,200	120,331	3,131	122,863
Restricted intergovernmental:				
Federal and State grants		5,137,450		5,207,988
Court facility fees		22,401		30,677
ABC bottles taxes		7,668		7,551
Other		140,059		236,819
Total	5,334,793	5,307,578	(27,215)	5,483,035
Permits and fees:				
Register of Deeds fees		84,025		99,394
Inspection fees		102,267		120,365
Other		63,831		62,439
Total	228,575	250,123	21,548	282,198
Sales and services:				
Rents		11,625		8,725
Franchise fees		13,737		14,224
Recreation fees		30,974		38,383
Jail fees		52,058		87,185
Sheriff's fees		14,032		19,235
Ambulance fees		408,854		872,312
Health fees		841,069		1,127,080
Library fees		14,649		15,732
Animal control fees		18,283		21,176
Other		422,546		33,086
Total	1,799,522	1,827,827	28,305	2,237,138

**WARREN COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014		Variance Positive (Negative)	2013
	Budget	Actual		Actual
Investment earnings	5,000	2,166	(2,834)	5,597
Micellaneous Revenues				
Donations and private grants		8,339		8,162
Insurance proceeds		8,175		12,130
Other		24,091		11,035
Total	15,884	40,605	24,721	31,327
Total Revenues	26,684,683	27,276,386	591,703	27,652,469
<u>EXPENDITURES</u>				
<u>General Government</u>				
Governing Body:				
Salaries and employee benefits		86,073		85,270
Other operating expenditures		35,090		31,311
Insurance other than property		497,859		437,611
Total	653,570	619,022	34,548	554,192
Administration:				
Salaries and employee benefits		194,389		189,242
Other operating expenditures		11,696		10,198
Total	206,437	206,085	352	199,440
Human Resources:				
Salaries and employee benefits		110,503		113,217
Other operating expenditures		22,282		22,007
Total	136,576	132,785	3,791	135,224
Fleet Services:				
Salaries and employee benefits		7,400		-
Other operating expenditures		1,105		-
Capital outlay		21,900		-
Total	36,229	30,405	5,824	-
Elections:				
Salaries and employee benefits		134,220		126,666
Other operating expenditures		120,022		115,691
Total	281,386	254,242	27,144	242,357
Finance:				
Salaries and employee benefits		295,771		307,197
Other operating expenditures		124,748		128,275
Total	447,128	420,519	26,609	435,472
Tax Assessor:				
Salaries and employee benefits		158,751		121,533
Other operating expenditures		47,568		64,581
Capital outlay		276		-
Total	265,864	206,595	59,269	186,114

**WARREN COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014		Variance Positive (Negative)	2013
	Budget	Actual		Actual
<b>Tax Collections:</b>				
Salaries and employee benefits		225,027		178,200
Other operating expenditures		76,317		81,788
Total	335,793	301,344	34,449	259,988
<b>Legal:</b>				
Contracted services	157,325	138,269	19,056	169,638
<b>Register of Deeds:</b>				
Salaries and employee benefits		146,411		127,517
Other operating expenditures		73,641		51,303
Capital outlay		3,782		857
Total	232,048	223,834	8,214	179,677
<b>Public Buildings:</b>				
Salaries and employee benefits		250,456		278,098
Other operating expenditures		157,565		142,968
Capital outlay		14,200		7,895
Total	491,660	422,221	69,439	428,961
<b>Data Processing:</b>				
Salaries and employee benefits		37,150		12,259
Other operating expenditures		28,976		37,194
Total	96,463	66,126	30,337	49,453
<b>Court Facilities:</b>				
Operating expenditures		65,720		48,416
Capital outlay		-		5,642
Total	116,611	65,720	50,891	54,058
<b>Miscellaneous Appropriations:</b>				
Payments to local organizations	58,590	54,552	4,038	80,787
Total General Government	3,515,680	3,141,719	373,961	2,975,361
<b>Public Safety</b>				
<b>Sheriff:</b>				
Salaries and employee benefits		1,776,152		1,642,712
Other operating expenditures		479,653		522,325
Capital outlay		91,416		157,944
Total	2,473,658	2,347,221	126,437	2,322,981
<b>Child Support Officer:</b>				
Salaries and employee benefits		42,801		41,452
Other operating expenditures		4,855		6,252
Total	49,011	47,656	1,355	47,704
<b>Jail:</b>				
Salaries and employee benefits		762,515		734,537
Other operating expenditures		384,445		308,921
Capital outlay		-		7,630
Total	1,206,304	1,146,960	59,344	1,051,088

**WARREN COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014		Variance Positive (Negative)	2013
	Budget	Actual		Actual
Central Communications:				
Salaries and employee benefits		580,727		407,343
Other operating expenditures		32,221		35,376
Capital outlay		300		29,651
Total	680,151	613,248	66,903	472,370
Emergency Management:				
Salaries and employee benefits		105,346		103,501
Other operating expenditures		41,881		43,235
Capital outlay		-		-
Total	158,952	147,227	11,725	146,736
Fire:				
Assistance to local fire departments	330,815	330,585	230	288,437
Emergency Medical Services:				
Salaries and employee benefits		1,547,578		1,281,029
Other operating expenditures		404,851		340,567
Capital outlay		166,526		88,055
Total	2,487,533	2,118,955	368,578	1,709,651
Halifax County EMS	92,449	92,449	-	84,646
Code Enforcement:				
Salaries and employee benefits		153,900		149,569
Other operating expenditures		21,212		16,561
Capital outlay		-		-
Total	182,599	175,112	7,487	166,130
Medical Examiner:				
Contracted Services	6,000	4,000	2,000	7,500
Animal Control:				
Salaries and employee benefits		183,952		178,547
Other operating expenditures		68,166		62,876
Capital outlay		-		14,947
Total	271,728	252,118	19,610	256,370
KARTS				
Other operating expenditures	34,299	34,299	-	34,299
Total Public Safety	7,973,499	7,309,830	663,669	6,587,912

**WARREN COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014		Variance Positive (Negative)	2013
	Budget	Actual		Actual
<u>Environmental Protection</u>				
Soil Conservation:				
Salaries and employee benefits		141,225		135,826
Other operating expenditures		34,528		31,395
Total	179,116	175,753	3,363	167,221
Forestry Service	120,000	107,987	12,013	100,276
Lake Gaston Weed Control	116,000	116,000	-	116,000
Total Environmental Protection	415,116	399,740	15,376	383,497
<u>Economic and Physical Development</u>				
Planning:				
Salaries and employee benefits		141,775		137,891
Other operating expenditures		12,949		27,167
Total	176,753	154,724	22,029	165,058
Economic Development:				
Salaries and employee benefits		69,989		111,936
Other operating expenditures		56,570		58,904
Capital outlay		-		-
Total	198,780	126,559	72,221	170,840
Agricultural Extension:				
Salaries and employee benefits		74,929		92,734
Other operating expenditures		73,405		118,042
Capital outlay		-		54,477
Total	209,911	148,334	61,577	265,253
Buck Springs Camp Development:				
Other operating expenditures		1,928		1,598
Total	55,468	1,928	53,540	1,598
Kerr Tar Hub	36,000	36,000	-	36,000
Total Economic and Physical Development	676,912	467,545	209,367	638,749

**WARREN COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014		Variance Positive (Negative)	2013
	Budget	Actual		Actual
<u>Human Services</u>				
Health Clinic/Home Health:				
Salaries and employee benefits		2,039,005		2,004,912
Other operating expenditures		715,881		728,114
Total	3,078,885	2,754,886	323,999	2,733,026
Area Mental Health District	60,646	59,814	832	59,697
Youth and Family Programs:				
Juvenile Crime Prevention Program		9,879		12,923
Tri-County Conflict Management		-		2,250
Emergency Shelter Care		12,858		2,430
Total	16,525	22,737	(6,212)	17,603
Veteran Services:				
Salaries and employee benefits		79,366		29,660
Other operating expenditures		6,711		5,736
Total	89,778	86,077	3,701	35,396
Senior Citizens Services:				
Salaries and employee benefits		174,658		145,117
Contracted services		239,504		244,402
Capital outlay		21,900		-
Total	459,516	436,062	23,454	389,519
Youth Services Bureau:				
Salaries and employee benefits		127,846		107,988
Other operating expenditures		30,131		42,187
Capital outlay		-		21,900
Total	173,580	157,977	15,603	172,075
Rural Operating Assistance Program:				
Contracted services		61,602		52,477
Other operating expenditures		54,743		59,720
Total	124,855	116,345	8,510	112,197
Social Services:				
Salaries and employee benefits		2,789,167		2,641,500
Other operating expenditures		841,557		870,621
Capital outlay		21,900		-
Total	3,778,473	3,652,624	125,849	3,512,121

**WARREN COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014		Variance Positive (Negative)	2013
	Budget	Actual		Actual
Public Assistance:				
Child Day Care		761,016		782,159
Special Assistance to Adults		280,926		292,474
Other Programs		157,698		172,915
Total	1,439,697	1,199,640	240,057	1,247,548
DSS Child Support				
Salaries and employee benefits		258,392		218,907
Other operating expenditures		84,739		86,885
Total	397,071	343,131	53,940	305,792
Armory				
Other operating expenditures	32,000	25,647	6,353	22,243
Total Human Services	9,651,026	8,854,940	742,146	8,607,217
<u>Cultural and Recreational</u>				
Recreation:				
Salaries and employee benefits		185,000		202,957
Other operating expenditures		133,945		135,918
Capital outlay		90,965		-
Total	434,522	409,910	24,612	338,875
Libraries:				
Salaries and employee benefits		347,940		335,440
Other operating expenditures		107,345		106,584
Total	468,199	455,285	12,914	442,024
Total Cultural and Recreational	902,721	865,195	37,526	780,899
<u>Education</u>				
Warren County Public Schools				
Current expense		3,775,219		3,246,185
Capital outlay		180,050		684,306
Total	4,357,000	3,955,269	401,731	3,930,491
Vance Granville Community College				
Current expense		177,112		177,112
Capital outlay		241,258		221,278
Total	418,712	418,370	342	398,390
Science, Engineering, Math and Aerospace				
Salaries and employee benefits		108,797		111,427
Other operating expenditures		10,841		6,884
Total	137,645	119,638	18,007	118,311
Total Education	4,913,357	4,493,277	420,080	4,447,192

**WARREN COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014		Variance Positive (Negative)	2013
	Budget	Actual		Actual
<u>Debt Service</u>				
Principal retirement		639,118		1,435,514
Interest and fees		205,376		271,476
Total Debt Service	854,621	844,494	10,127	1,706,990
<u>Contingency</u>				
	29,436	-	29,436	-
Total Expenditures	28,932,368	26,376,740	2,555,628	26,127,817
Revenues Over (Under) Expenditures	(2,247,685)	899,646	3,147,331	1,524,652
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in				
National Guard Armory Renovation Project	-	-	-	19,640
Total	-	-	-	19,640
Transfers out				
Revaluation Fund	(50,000)	(50,000)	-	(50,000)
CDBG Ephraim Place Project	(19,000)	(19,000)	-	(20,000)
Emergency Telephone System Fund	-	-	-	(5,253)
Simulcast System Upgrade Fund	(100,000)	(100,000)	-	-
Total	(169,000)	(169,000)	-	(75,253)
Installment purchase obligations issued	296,520	290,553	(5,967)	207,225
Appropriated Fund Balance	2,120,165	-	(2,120,165)	-
Total Other Financial Sources (Uses)	2,247,685	121,553	(2,126,132)	151,612
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses				
	\$ -	1,021,199	\$ 1,021,199	1,676,264
Fund Balance-July 1		11,260,225		9,583,961
Fund Balance-June 30		\$ 12,281,424		\$ 11,260,225

**WARREN COUNTY, NORTH CAROLINA  
REVALUATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014		Variance Positive (Negative)	2013
	Budget	Actual		Actual
<u>REVENUES</u>				
Investment earnings	\$ 90	\$ 32	\$ (58)	\$ 120
<u>EXPENDITURES</u>				
General government	55,090	5,000	50,090	5,000
Revenues Over (Under) Expenditures	(55,000)	(4,968)	50,032	(4,880)
<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>	45,032	<u>\$ 45,032</u>	45,120
Fund Balance - July 1		271,998		226,878
Fund Balance - June 30		<u>\$ 317,030</u>		<u>\$ 271,998</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.

## Capital Project Funds

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

- **Buck Springs Leadership Center Fund:** This fund is used to account for funds set aside to construct a leadership center.
- **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, 2014**

	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	Buck Springs Leadership Center	Ambulance Storage Facility	Simulcast System Upgrade	Energy Efficient Grant	
<b>ASSETS</b>										
Current Assets:										
Cash and cash equivalents	\$ 18,187	\$ 419,911	\$ -	\$ -	\$ -	\$ 291,461	\$ 45,596	\$ 36,109	\$ -	\$ 811,264
Accounts receivable, net	4,316	20,938	637	38,220	-	-	-	-	-	64,111
Taxes receivable, net	119,080	-	-	-	-	-	-	-	-	119,080
<b>Total Assets</b>	<b>\$ 141,583</b>	<b>\$ 440,849</b>	<b>\$ 637</b>	<b>\$ 38,220</b>	<b>\$ -</b>	<b>\$ 291,461</b>	<b>\$ 45,596</b>	<b>\$ 36,109</b>	<b>\$ -</b>	<b>\$ 994,455</b>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities:										
Accounts payable and accrued liabilities Due to General Fund	\$ 22,868 -	\$ 1,661 -	\$ - 637	\$ 14,140 24,080	\$ - 13,639	\$ - -	\$ - -	\$ - -	\$ - 351	\$ 38,669 38,707
<b>Total liabilities</b>	<b>22,868</b>	<b>1,661</b>	<b>637</b>	<b>38,220</b>	<b>13,639</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>351</b>	<b>77,376</b>
Deferred inflows of resources	119,080	-	-	-	-	-	-	-	-	119,080
Fund Balances:										
Restricted:										
Stabilization by State Statute Public Safety	4,316 -	20,938 418,250	637 -	38,220 -	- -	- -	- 45,596	- 36,109	- -	64,111 499,955
Economic Development	-	-	-	-	-	291,461	-	-	-	291,461
Unassigned:	(4,681)	-	(637)	(38,220)	(13,639)	-	-	-	(351)	(57,528)
<b>Total fund balances</b>	<b>(365)</b>	<b>439,188</b>	<b>-</b>	<b>-</b>	<b>(13,639)</b>	<b>291,461</b>	<b>45,596</b>	<b>36,109</b>	<b>(351)</b>	<b>797,999</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 141,583</b>	<b>\$ 440,849</b>	<b>\$ 637</b>	<b>\$ 38,220</b>	<b>\$ -</b>	<b>\$ 291,461</b>	<b>\$ 45,596</b>	<b>\$ 36,109</b>	<b>\$ -</b>	<b>\$ 994,455</b>

**WARREN COUNTY, NORTH CAROLINA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2014**

	Special Revenue Funds					Capital Projects Fund				Total Nonmajor Governmental Funds
	Special Fire Districts Fund	Emergency Telephone System Fund	CDBG Infra Hook-up 2010	CDBG Scattered Site 2011	CDBG Ephraim Place	Buck Springs Leadership Center	Ambulance Storage Facility	Simulcast System Upgrade	Energy Efficient Grant	
<b>REVENUES</b>										
Ad valorem taxes	\$ 847,131	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 847,131
Restricted intergovernmental	-	232,784	70,195	38,220	1,600	-	-	-	-	342,799
Investment earnings	-	35	-	-	-	30	5	11	-	81
<b>Total Revenues</b>	<b>847,131</b>	<b>232,819</b>	<b>70,195</b>	<b>38,220</b>	<b>1,600</b>	<b>30</b>	<b>5</b>	<b>11</b>	<b>-</b>	<b>1,190,011</b>
<b>EXPENDITURES</b>										
Public safety	846,600	152,056	-	-	-	-	-	-	-	998,656
Economic and physical development	-	-	54,848	38,204	19,000	-	-	-	-	112,052
Capital outlay	-	-	-	-	-	-	11,150	120,394	-	131,544
<b>Total Expenditures</b>	<b>846,600</b>	<b>152,056</b>	<b>54,848</b>	<b>38,204</b>	<b>19,000</b>	<b>-</b>	<b>11,150</b>	<b>120,394</b>	<b>-</b>	<b>1,242,252</b>
Revenues Over (Under) Expenditures	531	80,763	15,347	16	(17,400)	30	(11,145)	(120,383)	-	(52,241)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers from other funds	-	-	-	-	19,000	-	-	100,000	-	119,000
Total Other Financing Sources (Uses) - Net	-	-	-	-	19,000	-	-	100,000	-	119,000
Net change in Fund Balances	531	80,763	15,347	16	1,600	30	(11,145)	(20,383)	-	66,759
Fund Balance - July 1	(896)	358,425	(15,347)	(16)	(15,239)	291,431	56,741	56,492	(351)	731,240
Fund Balance - June 30	\$ (365)	\$ 439,188	\$ -	\$ -	\$ (13,639)	\$ 291,461	\$ 45,596	\$ 36,109	\$ (351)	\$ 797,999

**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, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014		Variance Positive (Negative)	2013
	Budget	Actual		Actual
<u>REVENUES</u>				
Ad Valorem taxes	\$ 874,723	\$ 847,131	\$ (27,592)	\$ 808,984
<u>EXPENDITURES</u>				
Public safety	874,723	846,600	28,123	809,061
Revenues Over (Under) Expenditures	<u>\$ -</u>	531	<u>\$ 531</u>	(77)
Fund Balance - July 1		<u>(896)</u>		<u>(819)</u>
Fund Balance - June 30		<u>\$ (365)</u>		<u>\$ (896)</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, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014		Variance Positive (Negative)	2013
	Budget	Actual		Actual
<b><u>REVENUES</u></b>				
Restricted intergovernmental				
Wireless communications	\$ 238,368	\$ 232,784	\$ (5,584)	\$ 242,444
Investment earnings	-	35	35	124
Total Revenues	238,368	232,819	(5,549)	242,568
<b><u>EXPENDITURES</u></b>				
Public safety	238,368	152,056	86,312	134,243
Revenues Over (Under) Expenditures	-	80,763	80,763	108,325
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfer in (out)				
General Fund	-	-	-	5,253
Total	-	-	-	5,253
Revenues Over (Under)				
Expenditures and Other Uses	\$ -	80,763	\$ 80,763	113,578
Fund Balance - July 1		358,425		244,847
Fund Balance - June 30		\$ 439,188		\$ 358,425

Fund Balance agrees to Balance on the PSAP Revenue-Expenditure Report.

**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, 2014**

	<u>Project Authorization</u>	<u>Actual Prior Years</u>	<u>Actual Current Year</u>	<u>Actual Total to Date</u>	<u>Variance Positive (Negative)</u>
<u>REVENUES</u>					
Restricted intergovernmental CDBG Infra-Hookup grant	\$ 250,000	\$ 111,422	\$ 70,195	\$ 181,617	\$ (68,383)
<u>EXPENDITURES</u>					
Economic and physical development Administration	25,000	22,192	-	22,192	2,808
Water improvements	225,000	104,577	54,848	159,425	65,575
Total	<u>250,000</u>	<u>126,769</u>	<u>54,848</u>	<u>181,617</u>	<u>68,383</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (15,347)</u>	15,347	<u>\$ -</u>	<u>\$ -</u>
Fund Balance - July 1			<u>(15,347)</u>		
Fund Balance - June 30			<u>\$ -</u>		

**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, 2014**

	<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	\$ 38,220	\$ 41,836	\$ (358,164)
<b><u>EXPENDITURES</u></b>					
Economic and physical development					
Administration	33,000	2,202	14,650	16,852	16,148
Planning	7,000	-	-	-	7,000
Rehabilitation	128,785	-	-	-	128,785
Relocation	15,000	-	-	-	15,000
Clearance	16,000	-	-	-	16,000
Reconstruction	200,215	1,430	23,554	24,984	175,231
Total	<u>400,000</u>	<u>3,632</u>	<u>38,204</u>	<u>41,836</u>	<u>358,164</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (16)</u>	16	<u>\$ -</u>	<u>\$ -</u>
Fund Balance - July 1			<u>(16)</u>		
Fund Balance - June 30			<u>\$ -</u>		

**WARREN COUNTY, NORTH CAROLINA  
CDBG EPHRAIM PLACE PROJECT  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
<b><u>REVENUES</u></b>					
Restricted intergovernmental	\$ 467,690	\$ 349,599	\$ 1,600	\$ 351,199	\$ (116,491)
Miscellaneous	-	2,880	-	2,880	2,880
Total	<u>467,690</u>	<u>352,479</u>	<u>1,600</u>	<u>354,079</u>	<u>(113,611)</u>
<b><u>EXPENDITURES</u></b>					
Economic and Physical Development	<u>506,690</u>	<u>387,718</u>	<u>19,000</u>	<u>406,718</u>	<u>99,972</u>
Revenues Over (Under) Expenditures	(39,000)	(35,239)	(17,400)	(52,639)	(13,639)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfer in (out) General Fund	<u>39,000</u>	<u>20,000</u>	<u>19,000</u>	<u>39,000</u>	<u>-</u>
Revenues Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (15,239)</u>	1,600	<u>\$ (13,639)</u>	<u>\$ (13,639)</u>
Fund Balance - July 1			<u>(15,239)</u>		
Fund Balance - June 30			<u>\$ (13,639)</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, 2014**

	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	-	46,415	30	46,445	46,445
Total Revenues	<u>288,476</u>	<u>347,496</u>	<u>30</u>	<u>347,526</u>	<u>59,050</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>\$ 291,431</u>	<u>30</u>	<u>\$ 291,461</u>	<u>\$ 291,461</u>
Fund Balance - July 1			<u>291,431</u>		
Fund Balance - June 30			<u>\$ 291,461</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, 2014**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
<b>REVENUES</b>					
Investment Earnings	\$ -	\$ 3,608	\$ 5	\$ 3,613	\$ 3,613
<b>EXPENDITURES</b>					
Capital outlay					
Survey	2,105	2,104	-	2,104	1
Legal & Administrative	5,500	5,885	-	5,885	(385)
Land	20,000	20,000	-	20,000	-
Furniture/Fixtures Generator	36,000	32,401	-	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	270,709	11,150	281,859	5,041
Telephone System	10,000	13,929	-	13,929	(3,929)
Contingency	4,500	-	-	-	4,500
Total	<u>441,805</u>	<u>388,672</u>	<u>11,150</u>	<u>399,822</u>	<u>41,983</u>
Revenues Over (Under)					
Expenditures	<u>(441,805)</u>	<u>(385,064)</u>	<u>(11,145)</u>	<u>(396,209)</u>	<u>45,596</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>\$ 56,741</u>	<u>(11,145)</u>	<u>\$ 45,596</u>	<u>\$ 45,596</u>
Fund Balance - July 1			<u>56,741</u>		
Fund Balance - June 30			<u>\$ 45,596</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, 2014**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
<b>REVENUES</b>					
Investment earnings	\$ -	\$ 106	\$ 11	\$ 117	\$ 117
Miscellaneous income	-	-	-	-	-
Total	<u>-</u>	<u>106</u>	<u>11</u>	<u>117</u>	<u>117</u>
<b>EXPENDITURES</b>					
Capital outlay					
Legal and administrative		1,873	-	1,873	
Engineering/General		35,988	7,519	43,507	
Engineering/Capital		-	112,875	112,875	
Land		28,288	-	28,288	
Total	<u>222,535</u>	<u>66,149</u>	<u>120,394</u>	<u>186,543</u>	<u>35,992</u>
Revenues Over (Under)					
Expenditures	<u>(222,535)</u>	<u>(66,043)</u>	<u>(120,383)</u>	<u>(186,426)</u>	<u>36,109</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer in (out)					
General Fund	100,000	-	100,000	100,000	-
Emergency Telephone System Fund	122,535	122,535	-	122,535	-
Total	<u>222,535</u>	<u>122,535</u>	<u>100,000</u>	<u>222,535</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 56,492</u>	<u>(20,383)</u>	<u>\$ 36,109</u>	<u>\$ 36,109</u>
Fund Balance - July 1			<u>56,492</u>		
Fund Balance - June 30			<u>\$ 36,109</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, 2014**

	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, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014		Variance Positive (Negative)	2013
	Budget	Actual		Actual
<b>REVENUES</b>				
Operating Revenues				
Water and Sewer Charges	\$ 961,405	\$ 740,978	\$ (220,427)	\$ 802,623
Nonoperating Revenues				
Permits and Fees	200	150	(50)	225
Miscellaneous Revenue	38,768	35,876	(2,892)	659
Interest Earnings	200	40	(160)	207
Total Nonoperating Revenues	39,168	36,066	(3,102)	1,091
Total Revenues	1,000,573	777,044	(223,529)	803,714
<b>EXPENDITURES</b>				
Salaries and employee benefits		110,516		115,784
Water purchases		454,606		492,721
Other operating expenditures		248,371		264,307
Capital outlay		8,121		-
Debt service				
Principal		37,261		-
Interest		20,101		-
Total Expenditures	1,000,573	878,976	121,597	872,812
Revenues Over (Under) Expenditures	-	(101,932)	(101,932)	(69,098)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out)				
District III Enterprise Fund	-	-	-	104
Total Transfers	-	-	-	104
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ (101,932)	\$ (101,932)	\$ (68,994)
<b>RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL</b>				
Excess of revenues and other sources over (under) expenditures and other uses		\$ (101,932)		\$ (68,994)
Reconciling items:				
Capital outlay		8,121		-
Depreciation		(256,214)		(256,012)
Principal payment		37,261		-
(Increase) decrease in compensated absences payable		117		(1,248)
(Increase) decrease in OPEB obligation		(216)		(236)
Interest income from Soul City Pump Station Improvements		4		2
Miscellaneous income from Waste Water Treatment Plant		11,192		17,754
Total		(199,735)		(239,740)
Change in net assets		\$ (301,667)		\$ (308,734)

**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, 2014**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
<b>REVENUES</b>					
Restricted intergovernmental:					
Rural Center Grant	\$ 350,000	\$ 350,000	\$ -	\$ 350,000	\$ -
Investment earnings	-	2,080	4	2,084	2,084
Miscellaneous	8,768	43,664	-	43,664	34,896
Total Revenues	<u>358,768</u>	<u>395,744</u>	<u>4</u>	<u>395,748</u>	<u>36,980</u>
<b>EXPENDITURES</b>					
Capital Outlay	430,127	429,230	-	429,230	897
Revenues Over (Under) Expenditures	<u>(71,359)</u>	<u>(33,486)</u>	<u>4</u>	<u>(33,482)</u>	<u>37,877</u>
<b>OTHER FINANCING SOURCES (USES)</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>\$ 37,873</u>	<u>\$ 4</u>	<u>\$ 37,877</u>	<u>\$ 37,877</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, 2014**

	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	18,325	11,192	29,517	17,650
Total Revenues	<u>11,867</u>	<u>18,325</u>	<u>11,192</u>	<u>29,517</u>	<u>17,650</u>
<b><u>EXPENDITURES</u></b>					
Capital Outlay	<u>884,850</u>	<u>837,253</u>	<u>-</u>	<u>837,253</u>	<u>47,597</u>
Revenues Over (Under) Expenditures	<u>(872,983)</u>	<u>(818,928)</u>	<u>11,192</u>	<u>(807,736)</u>	<u>65,247</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>743,397</u>	<u>-</u>	<u>743,397</u>	<u>(129,586)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (75,531)</u>	<u>\$ 11,192</u>	<u>\$ (64,339)</u>	<u>\$ (64,339)</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, 2014**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014		Variance Positive (Negative)	2013
	Budget	Actual		Actual
<b>REVENUES</b>				
Operating Revenues				
Water and Sewer Charges	\$ 489,100	\$ 494,387	\$ 5,287	\$ 509,543
Other operating revenues	2,241	7,031	4,790	3,138
Total Operating Revenues	<u>491,341</u>	<u>501,418</u>	<u>10,077</u>	<u>512,681</u>
Nonoperating Revenues				
Interest Earnings	300	99	(201)	425
Total Nonoperating Revenues	<u>300</u>	<u>99</u>	<u>(201)</u>	<u>425</u>
Total Revenues	<u>491,641</u>	<u>501,517</u>	<u>9,876</u>	<u>513,106</u>
<b>EXPENDITURES</b>				
Salaries and employee benefits		165,781		169,544
Water purchases		106,595		105,029
Other operating expenditures		78,019		76,208
Capital outlay		8,121		-
Debt service:				
Interest and other charges		63,351		64,339
Debt principal		39,566		38,764
Total Expenditures	<u>491,641</u>	<u>461,433</u>	<u>30,208</u>	<u>453,884</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>40,084</u>	<u>40,084</u>	<u>59,222</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer to other funds				
District III Enterprise Fund	-	-	-	152
Debt proceeds	-	-	-	16,041
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,193</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 40,084</u>	<u>\$ 40,084</u>	<u>\$ 75,415</u>
<b>RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL</b>				
Excess of revenues and other sources over (under) expenditures and other uses		\$ 40,084		\$ 75,415
Reconciling items:				
Debt service payment		39,566		38,764
Depreciation		(146,376)		(146,174)
Debt proceeds		-		(16,041)
Capital outlay		8,121		-
(Increase) decrease in compensated absences payable		(136)		(1,827)
(Increase) decrease in OPEB obligation		(323)		(346)
Total		<u>(99,148)</u>		<u>(125,624)</u>
Change in net assets		<u>\$ (59,064)</u>		<u>\$ (50,209)</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, 2014**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014		Variance Positive (Negative)	2013
	Budget	Actual		Actual
<b>REVENUES</b>				
Operating Revenues				
Water and sewer charges	\$ 484,150	\$ 481,625	\$ (2,525)	\$ 511,474
Other charges for services	-	-	-	-
Total Operating Revenues	<u>484,150</u>	<u>481,625</u>	<u>(2,525)</u>	<u>511,474</u>
Nonoperating Revenues				
Debt reimbursement	10,356	10,356	-	10,356
Rents	20,850	21,150	300	17,888
Miscellaneous	3,222	2,914	(308)	4,716
Interest Earnings	300	88	(212)	343
Total Nonoperating Revenues	<u>34,728</u>	<u>34,508</u>	<u>(220)</u>	<u>33,303</u>
Total Revenues	<u>518,878</u>	<u>516,133</u>	<u>(2,745)</u>	<u>544,777</u>
<b>EXPENDITURES</b>				
Salaries and employee benefits		114,773		113,083
Water purchases		87,855		84,893
Other operating expenditures		104,022		141,688
Capital outlay		8,121		-
Debt service:				
Interest and other charges		113,375		114,115
Principal		59,074		43,000
Total Expenditures	<u>518,878</u>	<u>487,220</u>	<u>31,658</u>	<u>496,779</u>
Revenues Over (Under) Expenditures	-	28,913	28,913	47,998
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out)				
District Three Enterprise Fund	-	-	-	100
Debt proceeds	-	-	-	48,125
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,225</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 28,913</u>	<u>\$ 28,913</u>	<u>\$ 96,223</u>
<b>RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL</b>				
Excess of revenues and other sources over (under) expenditures and other uses		\$ 28,913		\$ 96,223
Reconciling items:				
Depreciation		(304,205)		(304,004)
Capital outlay		8,121		-
Debt service payment		59,074		43,000
Debt proceeds		-		(48,125)
(Increase) decrease in compensated absences payable		(526)		-
(Increase) decrease in OPEB obligation		(224)		-
Total		<u>(237,760)</u>		<u>(309,129)</u>
Change in net assets		<u>\$ (208,847)</u>		<u>\$ (212,906)</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, 2014**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
<b><u>REVENUES</u></b>					
Restricted intergovernmental:					
DENR Water Revolving Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>EXPENDITURES</u></b>					
Engineering/Preliminary	4,000	3,833	-	3,833	167
Equipment Capital/Meters	224,842	224,314	721	225,035	(193)
Closing Cost	4,577	-	4,667	4,667	(90)
Total	<u>233,419</u>	<u>228,147</u>	<u>5,388</u>	<u>233,535</u>	<u>(116)</u>
Revenues Over (Under) Expenditures	(233,419)	(228,147)	(5,388)	(233,535)	(116)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Proceeds from DENR debt	233,419	228,328	\$ 5,026	233,354	(65)
Total	<u>233,419</u>	<u>228,328</u>	<u>5,026</u>	<u>233,354</u>	<u>(65)</u>
Excess of Revenues and Other Source Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 181</u>	<u>\$ (362)</u>	<u>\$ (181)</u>	<u>\$ (181)</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, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014		Variance Positive (Negative)	2013
	Budget	Actual		Actual
<b>REVENUES</b>				
Operating Revenues				
Water and sewer charges	\$ 700,600	\$ 675,471	\$ (25,129)	\$ 667,597
Other charges for services	1,000	697	(303)	1,394
Total Operating Revenues	<u>701,600</u>	<u>676,168</u>	<u>(25,432)</u>	<u>668,991</u>
Nonoperating Revenues				
Miscellaneous	800	3,342	2,542	1,910
Interest Earnings	200	39	(161)	193
Total Nonoperating Revenues	<u>1,000</u>	<u>3,381</u>	<u>2,381</u>	<u>2,103</u>
Total Revenues	<u>702,600</u>	<u>679,549</u>	<u>(23,051)</u>	<u>671,094</u>
<b>EXPENDITURES</b>				
Salaries and employee benefits		34,009		16,574
Water purchases		118,904		104,500
Other operating expenditures		49,827		51,242
Capital outlay		8,121		8,121
Debt Service				
Principal paid		130,000		105,000
Interest expense		435,318		381,667
Total Expenditures	<u>788,257</u>	<u>776,179</u>	<u>12,078</u>	<u>667,104</u>
Revenues Over (Under) Expenditures	<u>(85,657)</u>	<u>(96,630)</u>	<u>(10,973)</u>	<u>3,990</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out)				
District III/Phase I Capital Project	-	-	-	243,452
Regional Water Enterprise Fund	-	-	-	(104)
District I Enterprise Fund	-	-	-	(152)
District II Enterprise Fund	-	-	-	(100)
Fund balance appropriated	85,657	-	(85,657)	-
Total Other Financing Sources (Uses)	<u>85,657</u>	<u>-</u>	<u>(85,657)</u>	<u>243,096</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (96,630)</u>	<u>\$ (96,630)</u>	<u>\$ 247,086</u>
<b>RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL</b>				
Excess of revenues and other sources over (under) expenditures and other uses		\$ (96,630)		\$ 247,086
Reconciling items:				
Depreciation		(186,496)		(188,258)
Capital outlay		8,121		8,121
Principal paid		130,000		105,000
(Increase) decrease in compensated absences payable		(1,403)		(179)
(Increase) decrease in OPEB obligation		(66)		-
Investment earnings for District Three/Phase I		-		35
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		6		2
Charges for services for District Three/Phase II		375		15
Restricted intergovernmental revenue for District Three/Phase III		202,447		717,553
Miscellaneous revenue for District Three/Phase III		-		13,252
Investment earnings for District Three/Phase III		6		59
Charges for services for District Three/Phase III		300		24,450
Total		<u>153,290</u>		<u>763,530</u>
Change in net assets		<u>\$ 56,660</u>		<u>\$ 1,010,616</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, 2014**  
**WITH COMPARATIVE ACTUAL AMOUNTS 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:					
Federal grants	\$ 3,955,000	\$ 3,955,000	\$ -	\$ 3,955,000	\$ -
State grants	1,040,000	623,840	-	623,840	(416,160)
Charges for services	104,000	166,425	375	166,800	62,800
Investment earnings	-	41,819	6	41,825	41,825
Miscellaneous	116,421	174,296	-	174,296	57,875
Total Revenues	<u>5,215,421</u>	<u>4,961,380</u>	<u>381</u>	<u>4,961,761</u>	<u>(253,660)</u>
<b><u>EXPENDITURES</u></b>					
Construction	<u>10,176,921</u>	<u>9,799,568</u>	<u>-</u>	<u>9,799,568</u>	<u>377,353</u>
Revenues Over (Under) Expenditures	<u>(4,961,500)</u>	<u>(4,838,188)</u>	<u>381</u>	<u>(4,837,807)</u>	<u>123,693</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>\$ 136,635</u>	<u>\$ 381</u>	<u>\$ 137,016</u>	<u>\$ 137,016</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, 2014**  
**WITH COMPARATIVE ACTUAL AMOUNTS 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:					
State grants	\$ 920,000	\$ 717,553	\$ 202,447	\$ 920,000	\$ -
Charges for services	54,000	48,300	300	48,600	(5,400)
Miscellaneous	-	13,252	-	13,252	13,252
Investment earnings	-	288	6	294	294
Total Revenues	<u>974,000</u>	<u>779,393</u>	<u>202,753</u>	<u>982,146</u>	<u>8,146</u>
<b>EXPENDITURES</b>					
Construction	<u>2,535,000</u>	<u>2,322,544</u>	<u>183,076</u>	<u>2,505,620</u>	<u>29,380</u>
Revenues Over (Under) Expenditures	<u>(1,561,000)</u>	<u>(1,543,151)</u>	<u>19,677</u>	<u>(1,523,474)</u>	<u>37,526</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bonds issued	<u>1,561,000</u>	<u>1,561,000</u>	<u>-</u>	<u>1,561,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,561,000</u>	<u>1,561,000</u>	<u>-</u>	<u>1,561,000</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 17,849</u>	<u>\$ 19,677</u>	<u>\$ 37,526</u>	<u>\$ 37,526</u>

**WARREN COUNTY, NORTH CAROLINA**  
**EATON'S FERRY BRIDGE CAPITAL PROJECT**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**WITH COMPARATIVE ACTUAL AMOUNTS 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:					
State grants	\$ 416,159	\$ -	\$ -	\$ -	\$ (416,159)
Total Revenues	<u>416,159</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(416,159)</u>
<b><u>EXPENDITURES</u></b>					
Construction	582,675	-	89,874	89,874	492,801
Revenues Over (Under) Expenditures	<u>(166,516)</u>	<u>-</u>	<u>(89,874)</u>	<u>(89,874)</u>	<u>76,642</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfer from (to) other funds					
District III Enterprise Fund	29,505	-	-	-	(29,505)
District III/Phase III Capital Project	137,011	-	-	-	(137,011)
Total Other Financing Sources (Uses)	<u>166,516</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(166,516)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (89,874)</u>	<u>\$ (89,874)</u>	<u>\$ (89,874)</u>

**WARREN COUNTY, NORTH CAROLINA**  
**SOLID WASTE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014		Variance Positive (Negative)	2013
	Budget	Actual		Actual
<b>REVENUES</b>				
Operating revenues				
Charges for services	\$ 1,507,026	\$ 1,409,142	\$ (97,884)	\$ 1,394,467
Nonoperating Revenues				
State grants and reimbursements				
Tire Disposal Tax	35,000	42,451	7,451	43,606
White Goods Disposal Tax	6,000	8,828	2,828	6,418
Solid Waste Disposal Tax	15,000	13,803	(1,197)	12,788
Electronic management funds	1,200	1,372	172	1,199
Miscellaneous	3,300	4,266	966	6,874
Interest earnings	100	14	(86)	70
Total Nonoperating Revenues	60,600	70,734	10,134	70,955
Total Revenues	1,567,626	1,479,876	(87,750)	1,465,422
<b>EXPENDITURES</b>				
Salaries and employee benefits		239,075		228,942
Other operating expenditures		98,278		103,938
Contracted services		1,170,470		1,182,313
Capital outlay		5,650		58,100
Debt service:				
Interest and other charges		14		134
Debt principal		2,950		5,795
Total Expenditures	1,588,983	1,516,437	72,546	1,579,222
Revenues Over (Under) Expenditures	(21,357)	(36,561)	(15,204)	(113,800)
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriated fund balance	21,357	-	(21,357)	-
Total Other Financing Sources (Uses)	21,357	-	(21,357)	-
Revenues and Other Financing Sources				
Over (Under) Expenditures and Other Uses	\$ -	\$ (36,561)	\$ (36,561)	\$ (113,800)
<b>RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL</b>				
Revenues and other financing sources over (under)				
expenditures and other uses		\$ (36,561)		\$ (113,800)
Reconciling items:				
Capital outlay		5,650		58,100
Debt service payment		2,950		5,795
Depreciation		(16,765)		(18,867)
(Increase) decrease in compensated absences payable		(1,021)		1,173
(Increase) decrease in OPEB obligation		(476)		(474)
(Increase) decrease in accrued landfill closure and				
postclosure care costs		(19,964)		-
Total		(29,626)		45,727
Change in net assets		\$ (66,187)		\$ (68,073)

## 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, 2014**

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<u>Social Services</u>				
Assets				
Cash	\$ 33,454	\$ 82,929	\$ 81,259	\$ 35,124
Liabilities				
Miscellaneous liabilities	\$ 33,454	\$ 82,929	\$ 81,259	\$ 35,124
<u>Fines and Forfeitures and DMV Interest</u>				
Assets				
Cash	\$ 791	\$ -	\$ 791	\$ -
Accounts receivable	4,864	53,705	56,715	1,854
	<u>\$ 5,655</u>	<u>\$ 53,705</u>	<u>\$ 57,506</u>	<u>\$ 1,854</u>
Liabilities				
Intergovernmental payable	\$ 4,864	\$ 53,705	\$ 56,715	\$ 1,854
Due to DMV	791	-	791	-
Total	<u>\$ 5,655</u>	<u>\$ 53,705</u>	<u>\$ 57,506</u>	<u>\$ 1,854</u>
<u>Motor Vehicle Tax</u>				
Assets				
Cash	\$ -	\$ 670,936	\$ 670,936	\$ -
Liabilities				
Intergovernmental payable	\$ -	\$ 670,936	\$ 670,936	\$ -
<u>Totals - All Agency Funds</u>				
Assets				
Cash	\$ 34,245	\$ 753,865	\$ 752,986	\$ 35,124
Accounts receivable	4,864	53,705	56,715	1,854
	<u>\$ 39,109</u>	<u>\$ 807,570</u>	<u>\$ 809,701</u>	<u>\$ 36,978</u>
Liabilities				
Miscellaneous liabilities	\$ 33,454	\$ 82,929	\$ 81,259	\$ 35,124
Intergovernmental payable	4,864	724,641	727,651	1,854
Due to DMV	791	-	791	-
Total liabilities	<u>\$ 39,109</u>	<u>\$ 807,570</u>	<u>\$ 809,701</u>	<u>\$ 36,978</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, 2014**

Fiscal Year	Uncollected Balance July 1, 2013	Additions	Collections and Adjustments	Uncollected Balance June 30, 2014
2013-2014	\$ -	\$ 16,918,182	\$ 16,257,829	\$ 660,353
2012-2013	637,837		381,711	256,126
2011-2012	261,478	-	104,711	156,767
2010-2011	150,236	-	30,970	119,266
2009-2010	118,965	-	17,632	101,333
2008-2009	111,066	-	12,080	98,986
2007-2008	119,776	-	7,134	112,642
2006-2007	114,728	-	7,160	107,568
2005-2006	98,143	-	6,420	91,723
2004-2005	88,148	-	4,964	83,184
2003-2004	75,670	-	75,670	-
	<u>\$ 1,776,047</u>	<u>\$ 16,918,182</u>	<u>\$ 16,906,281</u>	<u>\$ 1,787,948</u>
				Less: allowance for uncollectible accounts: <u>500,000</u>
				Ad valorem taxes receivable - net: <u>\$ 1,287,948</u>
<hr/>				
Reconcilement with revenues:				
Ad valorem taxes - General Fund				<u>\$ 17,424,935</u>
Reconciling items:				
Amounts written off for 2003-2004 levy				70,509
Interest and Discounts				<u>(589,163)</u>
Total Reconciling Items				<u>(518,654)</u>
Total Collections and Credits				<u>\$ 16,906,281</u>

**WARREN COUNTY, NORTH CAROLINA  
ANALYSIS OF CURRENT TAX LEVY  
COUNTY-WIDE LEVY  
JUNE 30, 2014**

	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	\$ 2,401,828,203	0.660	\$ 15,852,066	\$ 15,852,066	\$ -
Registered motor vehicles taxed at current year's rate	<u>161,393,636</u>	0.660	<u>1,065,198</u>	<u>-</u>	<u>1,065,198</u>
Total Original Levy	2,563,221,839		16,917,264	15,852,066	1,065,198
Discoveries:	86,839,697	0.660	573,142	554,430	18,712
Abatements	<u>(19,500,303)</u>	0.660	<u>(128,702)</u>	<u>(120,715)</u>	<u>(7,987)</u>
Total Property Valuation	<u><u>\$ 2,630,561,233</u></u>				
Net Levy			17,361,704	16,285,781	1,075,923
Uncollected taxes at June 30, 2014			<u>660,353</u>	<u>593,950</u>	<u>66,403</u>
Current year's taxes collected			<u>\$ 16,701,351</u>	<u>\$ 15,691,831</u>	<u>\$ 1,009,520</u>
Current levy collection percentage			<u>96.20%</u>	<u>96.35%</u>	<u>93.83%</u>

## **STATISTICAL SECTION**

### **Financial Trends**

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

### **Revenue Capacity**

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

### **Debt Capacity**

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

### **Demographic and Economic Information**

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

### **Operating Information**

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

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

	Fiscal Year Ended									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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	\$ 13,641,321
Restricted	636,545	54,916	119,168	10,931	-	-	2,399,348	1,780,754	2,429,321	2,463,226
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	10,868,062
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>	<u>\$ 26,972,609</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	\$ 21,430,076
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	1,940,528
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>	<u>\$ 23,370,604</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	\$ 35,071,397
Restricted	636,545	54,916	119,168	10,931	-	-	2,399,348	1,780,754	2,429,321	2,463,226
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	12,808,590
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>	<u>\$ 50,343,213</u>

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

Expenses	Fiscal Year Ended									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<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	\$ 3,337,645
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	8,385,357
Economic development	640,594	378,250	547,258	479,538	703,870	812,368	676,787	738,211	691,085	582,985
Environmental protection	228,788	279,035	372,069	377,402	382,002	375,553	384,936	382,291	389,915	406,315
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	8,986,367
Culture and recreation	473,935	459,433	476,213	678,723	965,352	889,294	854,045	877,411	932,823	886,737
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	4,504,182
Interest on long-term debt	464,609	475,435	473,778	503,449	467,666	396,113	397,854	330,508	265,358	195,374
<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>27,284,962</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	1,546,049
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	3,201,505
<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>4,747,554</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>\$ 32,032,516</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	\$ 166,700
Public safety	193,446	310,715	279,159	278,293	245,412	240,209	194,105	189,748	279,493	353,966
Economic and physical development	15,329	13,111	11,212	18,436	11,617	19,641	17,890	18,527	20,032	21,161
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	1,498,726
Culture and recreation	23,079	24,280	23,059	40,287	63,779	61,172	64,122	56,264	54,115	45,623
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	5,532,237
Capital grants and contributions	462,491	354,356	718,191	318,369	274,488	1,036,382	369,081	630,355	477,771	152,238
<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>7,770,651</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	1,409,142
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	2,393,833
Capital grants and contributions	231,482	2,549,686	352,523	634,873	3,245,436	1,251,583	304,788	87,609	1,118,852	279,257
<b>Total business-type activities program revenues</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>4,082,232</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>\$ 11,852,883</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)	\$ (19,514,311)
Business-type activities	(557,093)	2,078,792	(35,620)	170,494	2,635,299	710,712	(183,865)	(819,658)	302,942	(665,322)
<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>\$ (20,179,633)</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	\$ 18,278,128
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	2,241,156
Other taxes and licenses	237,987	265,569	283,953	163,181	60,007	49,661	65,081	62,831	59,878	61,665
Unrestricted grants and contributions	131,026	125,192	165,522	199,658	165,847	81,749	200,746	268,347	80,257	86,345
Investment earnings, unrestricted	177,394	414,341	563,824	441,867	146,561	17,402	15,940	7,741	6,082	2,279
Miscellaneous	48,992	68,593	148,940	100,260	159,464	24,499	100,202	91,685	13,269	298,443
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>20,968,016</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	296
Miscellaneous	13,466	163,023	39,978	184,466	46,448	53,550	37,964	67,609	66,416	85,921
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>86,217</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>\$ 21,054,233</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	\$ 1,453,705
Business-type activities	(1,025,908)	2,356,619	90,735	476,504	2,794,530	768,669	(142,434)	(741,500)	370,694	(579,105)
<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>	<b>\$ 874,600</b>

TABLE 3

**WARREN COUNTY, NORTH CAROLINA**  
**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCES**  
**LAST TEN 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
2014	\$ 18,278,128	\$ 2,241,156	\$ 61,665	\$ -	\$ 7,668	\$ 20,588,617

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

	Fiscal Year Ended									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>General fund</b>										
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	25,312
Restricted										
Stabilization by State Statute	-	-	-	-	-	-	1,390,404	1,780,754	1,665,595	1,607,699
Committed										
Revaluation	-	-	-	-	-	-	181,751	226,878	271,998	317,030
Assigned										
Subsequent year's expenditures	-	-	-	-	-	-	1,606,391	1,414,257	1,903,015	3,119,333
Unassigned	-	-	-	-	-	-	5,263,593	6,363,638	7,666,303	7,529,080
<b>Total general fund</b>	<u>\$ 8,431,335</u>	<u>\$ 9,104,031</u>	<u>\$ 9,282,470</u>	<u>\$ 7,839,005</u>	<u>\$ 8,104,209</u>	<u>\$ 8,779,980</u>	<u>\$ 8,467,527</u>	<u>\$ 9,810,839</u>	<u>\$ 11,532,223</u>	<u>\$ 12,598,454</u>
<b>All other governmental funds</b>										
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	64,111
Public Safety	-	-	-	-	-	-	496,185	442,878	427,600	499,955
Economic Development	-	-	-	-	-	-	310,759	310,935	291,431	291,461
Unassigned	-	-	-	-	-	-	(264,814)	(62,714)	(32,486)	(57,528)
<b>Total all other governmental funds</b>	<u>\$ 841,753</u>	<u>\$ 1,890,347</u>	<u>\$ 1,123,865</u>	<u>\$ 2,498,429</u>	<u>\$ 718,708</u>	<u>\$ 1,062,195</u>	<u>\$ 744,130</u>	<u>\$ 710,171</u>	<u>\$ 731,240</u>	<u>\$ 797,999</u>

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

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

	Fiscal Year Ended									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<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	\$ 18,272,066
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	2,241,156
Other taxes and licenses	237,987	265,569	283,953	163,181	60,007	49,661	65,081	62,831	59,878	61,665
Unrestricted Intergovernmental	140,833	143,984	165,522	380,410	165,847	81,749	200,746	268,347	122,863	120,331
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	5,650,377
Permits and fees	280,957	388,895	354,962	350,392	278,866	275,480	248,403	263,379	285,882	254,318
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	1,809,456
Investment earnings	177,394	414,341	563,824	441,867	146,559	17,402	15,940	7,741	6,082	2,279
Miscellaneous	48,992	76,362	148,940	144,837	162,956	90,351	157,960	106,468	56,217	54,781
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>	<u>28,466,429</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	3,146,719
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	8,308,486
Environmental protection	244,756	272,848	370,576	372,892	372,374	367,069	382,164	376,324	383,497	399,740
Economic and physical development	581,475	384,721	544,662	508,901	704,303	835,742	672,395	729,274	742,845	579,597
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	8,854,940
Cultural and recreation	478,667	448,659	511,975	661,340	892,207	760,937	863,403	722,136	780,899	865,195
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	4,493,277
Capital outlay	245,699	958,343	3,622,830	1,764,985	1,281,067	1,069,604	316,048	135,876	103,975	131,544
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	639,118
Interest and other charges	462,986	412,662	451,026	491,027	472,447	405,061	397,515	335,416	271,476	205,376
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>	<u>27,623,992</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>	<u>842,437</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	119,000
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)	(119,000)
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	290,553
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>	<u>290,553</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>	<u>\$ 1,132,990</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%	3.11%

TABLE 6

**WARREN COUNTY, NORTH CAROLINA**  
**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCES**  
**LAST TEN 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
2014	\$ 18,272,066	\$ 2,241,156	\$ 61,665		\$ 7,668	\$ 20,582,555

TABLE 7

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

Fiscal Year Ended December 31	Real Property			Personal Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Net Property	Motor Vehicles	Other					
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%
2014	\$ 2,091,363	\$ 222,394	\$ 2,313,757	\$ 130,764	\$ 75,960	\$ 19,570	\$ 2,500,911	0.66	\$ 1,650,601	151.52%

Source: Warren County tax department

**WARREN COUNTY, NORTH CAROLINA**  
**PROPERTY TAX RATES**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**JUNE 30, 2014**  
(UNAUDITED)

	<b>Fiscal Year Ended</b>									
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
County Direct Rates*										
County-wide Rate	0.84	0.84	0.84	0.92	0.92	0.60	0.60	0.62	0.66	0.66
Municipality Rates										
Town of Warrenton	0.65	0.65	0.65	0.70	0.61	0.61	0.62	0.61	0.61	0.61
Town of Norlina	0.64	0.64	0.64	0.64	0.64	0.64	0.64	0.64	0.64	0.64
Town of Macon	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.279

\* 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

**WARREN COUNTY, NORTH CAROLINA  
PRINCIPAL PROPERTY TAXPAYERS  
JUNE 30, 2014 & 7 YEARS AGO  
(UNAUDITED)**

2014				2007			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Halifax Electric	\$ 30,159,137	1	1.15%	Inland Paperboard & Packaging	\$ 15,966,152	1	1.15%
Progress Energy	28,932,481	2	1.10%	Carolina Power & Light	14,367,588	2	1.04%
Island Paperboard & Packaging	17,777,855	3	0.68%	Halifax Electric Membership	11,585,403	3	0.84%
P H Forest Investments	15,492,857	4	0.59%	Carolina Telephone	7,134,872	4	0.51%
Eatons Crossing	14,200,823	5	0.54%	Sustainable Forest	6,625,256	5	0.48%
Carolina Telephone	10,016,461	6	0.38%	Glen Raven Mills	5,740,964	6	0.41%
Grissom - Glen Raven	7,112,189	7	0.27%	LMSW Kidney Center	4,720,600	7	0.34%
Dominon NC Power	5,937,593	8	0.23%	Sustainable Forest Investment	4,665,846	8	0.34%
Stonehouse Timber Lodge	5,551,361	9	0.21%	Cochrane Furniture	4,063,127	9	0.29%
MHC Lake Gaston LLC	5,423,897	10	0.21%	Lake Gaston Outparcel	3,726,746	10	0.27%
Totals	<u>\$ 140,604,654</u>		<u>5.35%</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 TEN 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>Total Collections to Date</b>		
		<b>Amount</b>	<b>Percentage of Levy</b>	<b>Collections in Subsequent Years</b>	<b>Amount</b>	<b>Percentage of Levy</b>	
2005	\$ 10,930	\$ 10,362	94.8%	\$ 485	\$ 10,847	99.2%	
2006	11,246	10,612	94.4%	542	11,154	99.2%	
2007	11,648	10,857	93.2%	684	11,541	99.1%	
2008	11,812	11,109	94.0%	591	11,700	99.1%	
2009	13,247	12,557	94.8%	591	13,148	99.3%	
2010	15,190	14,488	95.3%	602	15,090	99.3%	
2011	15,281	14,535	95.1%	627	15,162	99.2%	
2012	15,840	15,090	95.3%	594	15,684	99.0%	
2013	16,967	16,329	96.2%	382	16,711	98.5%	
2014	\$ 17,362	\$ 16,701	96.2%	\$ -	\$ 16,701	96.2%	

Source: Warren County Tax Department

TABLE 11

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

<b>Fiscal Year</b>	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
	<b>General Obligation Bonds</b>	<b>Installment Purchases</b>	<b>General Obligation Bonds</b>	<b>Installment Purchases</b>			
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
2014	\$ 165	\$ 4,878	\$ 13,162	\$ 1,130	19,335	4.95%	922

**WARREN COUNTY, NORTH CAROLINA**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN 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	0.05%	46
2013	191	-	191	0.01%	9
2014	\$ 165	\$ -	\$ 165	0.01%	8

**WARREN COUNTY, NORTH CAROLINA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF JUNE 30, 2014**  
 (UNAUDITED)

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Overlapping Debt</b>
County of Warren	\$ 5,043	100.00%	\$ 5,043
Underlying:			
Town of Warrenton	-		-
Town of Norlina	-		-
Town of Macon	-		-
	\$ 5,043		\$ 5,043

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

	Fiscal Year Ended									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$ 104,551	\$ 107,358	\$ 108,514	\$ 112,497	\$ 115,190	\$ 202,529	\$ 203,751	\$ 204,208	\$ 206,131	\$ 210,445
Total net debt applicable to limit	14,227	13,333	12,446	16,489	15,587	14,696	13,742	14,430	13,558	13,327
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>	<u>197,118</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%	6.33%
<b>Legal Debt Margin Calculation for Fiscal Year 2014</b>										
Total assessed value										2,630,561
Debt limit (8% of total assessed value)										210,445
Debt applicable to limit:										
General obligation bonds										13,327
Less: Amount set aside for repayment of general obligation debt										-
Total net debt applicable to limit										<u>13,327</u>
Legal debt margin										<u>\$ 197,118</u>

TABLE 15

**WARREN COUNTY, NORTH CAROLINA  
DEMOGRAPHICS AND ECONOMIC STATISTICS  
LAST TEN 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%
2014	20,975	390,764	18,630	46	74.1%	2,551	10.0%

\*information not available

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

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

<b>Employer</b>	<b>2014</b>		<b>Employer</b>	<b>2006</b>	
	<b>Employees</b>	<b>Rank</b>		<b>Employees</b>	<b>Rank</b>
Warren County Schools	250-499	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
Comfort of Home Care Agency	100-249	6	Temple-Inland	150	6
Smoke House Lumber Co.	100-249	7	Warren Hills Nursing	135	7
Elberta Crate & Box Co.	50-99	8	Cochrane Furniture	N/A	8
The Point Café LLC	50-99	9	Cast Stone Systems	60	9
Cast Stone Systems	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.

TABLE 17

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

Function	Fiscal Year Ended									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government	41	40	45	57	57	56	44	41	40	36
Public Safety										
Sheriff	29	33	35	35	39	38	38	38	37	38
Central Communications	12	12	13	13	12	10	10	10	10	14
Detention	18	17	19	19	19	17	17	17	17	18
Emergency Management	2	2	2	2	2	2	2	2	2	2
Emergency Services	17	20	22	19	20	20	20	20	20	26
Code Enforcement	3	3	3	4	5	4	2	4	4	4
Animal Control	2	3	4	4	4	4	4	4	4	5
Environmental Protection	4	4	4	4	4	4	-	3	3	3
Economic & Physical Development	11	12	13	13	13	5	12	11	11	11
Human Services	110	115	120	120	120	120	126	132	131	126
Culture and recreation	10	7	11	20	23	17	12	12	12	12
Education	3	3	3	13	9	10	7	3	3	2
Solid Waste	4	5	5	5	4	4	4	5	5	5
Public Works	7	7	8	8	8	9	10	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>	<u>312</u>

Source: Warren County finance department

TABLE 18

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

Function	Fiscal Year Ended									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety										
Animal Control- Dogs & Catspicked up	285	704	1,202	961	1,149	1,785	1,721	1,538	1,572	1,359
Fire Calls	303	1,383	2,618	2,741	3,326	735	3,025	310	384	1,278
Breaking and entering investigations	273	463	350	211	233	242	278	154	187	244
EMS Calls	1,830	2,381	2,576	2,439	1,163	2,699	4,629	2,632	1,289	2,164
Code Enforcement Inspections	4,160	3,709	3,968	723	4,173	889	1,153	2,277	722	704
Human Services										
Number of home health visits	5,023	5,340	5,252	4,917	5,062	5,427	5,783	4,939	4,641	3,395
Number of home health patients	366	559	314	468	264	441	243	395	143	296
Environmental Protection										
Tons of Solid Waste Collected	8,156	10,345	10,986	10,600	9,893	9,441	8,704	8,873	8,349	7,142
Culture and recreation										
Recreation Youth Participants	595	650	675	850	875	875	1,024	989	940	945
Library Items Circulated	80,080	79,612	80,489	68,690	61,727	59,560	54,530	49,160	44,586	51,446
Number of Library Visits	56,500	52,588	53,172	44,532	54,278	58,408	54,132	45,087	51,341	60,126

Source: Various county government departments

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

Function	Fiscal Year Ended									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Buildings & Grounds Motor Vehicles	3	3	9	12	11	11	11	11	9	9
Public Safety										
Sheriff's Patrol Units	33	33	36	36	36	36	36	36	44	46
Ambulances	4	4	5	8	8	5	5	6	6	8
Other Motor Vehicles	7	7	8	7	7	2	4	6	6	9
Environmental Protection										
Motor Vehicles	4	4	6	1	1	3	3	3	3	1
Economic & Physical Development										
Motor Vehicles	1	1	4	4	4	1	1	6	6	2
Human Services										
Motor Vehicles	22	22	24	23	22	23	21	20	20	25
Culture and recreation										
Park Acreage	31	31	36	40	40	42	41	40	40	120
Parks	3	3	3	3	3	3	3	3	3	3
Library motor vehicles	1	1	1	1	1	1	1	1	1	1
Water & Sewer										
Motor Vehicles & Equipment	3	3	8	8	9	7	7	7	7	9
Fire Hydrants	187	187	337	344	483	451	521	571	523	523
Pump Stations	8	8	13	13	14	5	5	8	10	10
Miles of Water Main	247	247	324	329	444	437	437	609	465	600
Elevated Tanks	4	4	6	6	7	7	7	7	7	7
Miles of Gravity Sewer Lines	5	5	5	5	5	5	5	5	5	5
Miles of Sewer Force Main	23	23	23	23	23	23	23	23	23	23

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 discretely presented component units, its major fund, and the aggregate remaining fund information of Warren County, North Carolina as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprises Warren County's basic financial statements, and have issued our report thereon dated December 19, 2014. 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness.

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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. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness. [14-1].

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Warren County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Governmental Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 14-1.

We noted certain matters that we reported to management of the Warren County, in a separate letter dated December 19, 2014.

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

Warren County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. 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  
Certified Public Accountants  
Oxford, NC  
December 19, 2014

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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 the 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 Warren County's major federal program for the year ended June 30, 2014. Warren County's major federal program is 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 Warren County's major federal program 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 the 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 14-2, 14-3, 14-4, 14-5, and 14-6 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, 2014.

## **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 14-2, 14-3, 14-4, 14-5, and 14-6. Our opinion on the major federal program is not modified with respect to these matters.

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

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

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

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 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 14-2, 14-3, 14-5, and 14-6 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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 14-4 to be a significant deficiency.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB 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  
Certified Public Accountants  
Oxford, NC  
December 19, 2014

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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 Warren County's major state program for the year ended June 30, 2014. Warren County's major state program is 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 Warren County's major state program 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 the 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 14-2, 14-3, 14-4, 14-5, and 14-6 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, 2014.

### **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 14-2, 14-3, 14-4, 14-5, and 14-6. Our opinion on the major state program is not modified with respect to these matters.

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

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

Management of Warren County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Warren County's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major state program and to test and report on internal control over compliance in accordance with OMB 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 14-2, 14-3, 14-5, and 14-6 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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 14-4 to be a significant deficiency.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB 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  
Certified Public Accountants  
Oxford, NC  
December 19, 2014

**WARREN COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

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Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted   X   yes        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: Modified

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   \$ 891,871  

Auditee qualified as low-risk auditee?        yes          X   no



**WARREN COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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with a projection of the cost for the next two years to ensure any changes in the remaining term are reflected in the current period.

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

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**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: 14-2**

**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 the State-provided income maintenance amounts for the Medicaid program and must be lower than that amount.

Condition: There were 60 Medicaid files reviewed. There were 4 Family and Children's cases that contained errors regarding the budget and profile sheet. One file could not be found.

Questioned Costs: There was \$1,830 in questioned costs on these cases.

Context: One case contained several errors regarding the budget and profile sheet. This case showed income on the profile sheet that was not consistent with the budget. The needs unit and state-provided income maintenance amount were changed on the budget sheet but this change was not carried over to the profile sheet. The number of members in the household and needs unit did not agree between the budget, the re-enrollment information sheet and the profile sheet. The income on the budget did not agree with verification sources and no notations were made on why the amounts differed. There was also income on the profile sheet that could not be traced to a source. One case did not include the right person's Social Security. The income from the case head should have been included, not the unearned income of the son that is no longer on that Medicaid case. The case remained eligible when you replaced the incorrect income with the correct income. One case did not exclude the \$50 deduction for child support. Overall overstated income so did not effect eligibility. One case contained multiple errors concerning the budget and the program type. First, the budget used the incorrect state-provided income maintenance limit for the case type and needs unit size. There were 5 people listed in the needs unit but the maintenance amount for 6 in the needs unit was used. The case was supposed to be approved for transitional Medicaid because the case head had started working. The worker stated in the narrative that the system would not allow her to key the case as transitional Medicaid. This could be due to the fact that the client had already been on transitional for 9 months in the past. She may have been able to finish her 12 month of transitional, therefore only being approved for 3 months. The case was keyed as MAF-C. The children could have been approved for MIC since the income was over the limit for MAF-C. One file could not be located at the time of the audit.

**WARREN COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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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 does not agree with the finding on the transitional case. Client had been approved for transitional effective November 2012 and received 6 months. Transitional ended July 2013. During August and September 2013, client was not working. Client applied for WFFA in August 2013. Client failed to co-op and case was transferred to MAF for September 2013. Client called in October 2013 with a new job for WFFA. The County agrees with the remaining items in 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: 14-3**

**MATERIAL WEAKNESS**

**MATERIAL NONCOMPLIANCE**

Liquid Assets and Reserve Calculations for Eligibility

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

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

Questioned Costs: There are no questioned costs.

Context: One error noted involved a bank account that was not verified with a financial institution. Another error involved the calculation of countable liquid assets with life insurance policies. On the application the applicant stated that there were life insurance policies. The insurance policies were in the permanent file and included cash values that were not included on the budget sheet. This did not affect the eligibility of the applicant because it was under the allowable limit. One case was audited in two different certification periods and contained the same error in both periods. The case was approved on deductible status when the applicant was over the reserve limit. Applicant should have been

**WARREN COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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encouraged to spend down the reserve before being placed on deductible status.

Effect: Files are incomplete/incorrect and do not support reserve calculations. Cases could be approved for Medicaid that are 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 could cause ineligible applicants to be approved for services.

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: County agrees with the case regarding deductible status. Case was terminated and Medicaid Manual Section 2230 was reviewed with staff regarding countable reserve issues. Second party reviews will be conducted. The County rebuts the finding regarding the cash value of the life insurance policy. The burial exclusion would have zeroed the countable value of this policy and therefore the person would remain eligible. Staff was informed to document burial exclusion as noted in policy MA-2230. County also does not agree with the finding for the case where the bank account was not verified. The verification was sent out in June 2014 and returned in July 2014 however the case was recertified in March 2014 for the period beginning in April 2014. The County will put in place a policy to wait for verification to return and follow MA policies 2230 and 2260 which states client statement that reserve is under reserve limit can be used pending verification.

**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: 14-4**

SIGNIFICANT DEFICIENCY

SIGNIFICANT NONCOMPLIANCE

Verification of Citizenship and Identity

Criteria: Case records should verify citizenship and identity for all members on the case.

Condition: There were 60 Medicaid files reviewed. There was one case that did not correctly verify citizenship in a timely manner.

Questioned Costs: There are no questioned costs.

Context: Two forms of identification are required for citizenship (one form of citizenship and one form of identity verification). A SOLQ was obtained for the child to verify their identity. A DMA Form 5020, Notice of Case Status was used by DSS to determine that the child was born in the United States. A DMA Form 5020 can only be used for up to 90 days to verify citizenship. At that time, a birth certificate or some other acceptable form of citizenship must be obtained. The Agency did not obtain another form of citizenship verification in a timely manner.

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

**WARREN COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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Cause: Ineffective case review process, incomplete documentation, and an inaccurate understanding of acceptable forms of citizenship proof can cause files to be approved for applicants who are actually ineligible.

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 records should be 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.

**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 14-5**

MATERIAL WEAKNESS

MATERIAL NONCOMPLIANCE

Program Internal Control

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

Condition: The internal controls for 2<sup>nd</sup> party reviews and training are weak. Due to new systems, rule changes, higher caseloads and recent state-wide publicity regarding Medicaid administration, the morale of workers has decreased. These conditions appear to be occurring state-wide but due to the decentralization of the eligibility determination, internal controls are addressed at the county level..

Questioned Costs: There are no questioned costs.

Context: A key internal control for eligibility is the second party review process. The idea behind this is to spot check a randomly selected sample of files for accuracy. After the files have been reviewed the idea is to retrain workers in any ineffective areas. All programs should have a formal system for 2<sup>nd</sup> party reviews. 10% of ongoing cases are being reviewed. All new applications are being reviewed. All self-employment and unearned income cases are reviewed. Supervisors would like to see this number increase but since NC Fast created a backlog, it's hard to keep the reviews going. Supervisors are spending time answering questions about policy and reviewing new workers cases that there is little time to do 2<sup>nd</sup> party reviews.

The Affordable Care Act, NC Fast, and the universal caseworker idea have impacted DSS negatively. With cases coming down from the marketplace, DSS had to increase the caseload for workers causing the morale among workers to decrease. With a caseload of 400-450 for Adult and 300-400 for Family

**WARREN COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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and Children workers feel stressed and over worked. When morale is low, workers are less dedicated to the assigned duties for a given day. With the pressure to clear backlog and to keep their ongoing cases, workers are more likely to do just enough to get each task done. The risk of errors also increases with the decrease in morale. With no incentive for overtime (and sometimes no approval for overtime), workers are not completing the task effectively in the given time frame.

With NC Fast being a new system, workers have to be trained on the system. Proper training has not taken place with workers. With technology changing daily, it is hard for workers to keep up with all the changes and handle their caseload each day. Workers are making errors due to changes in the system or not able to understand the technology.

The introduction of Modified Adjusted Gross Income (MAGI) budgeting methodology has also caused an increase in the amount of time it takes to work a case (initial application or redetermination). Due to the process of household determination and composition, you may have several budgets to encompass all members of a “physical” household that are applying for services instead of being able to do one budget for all members of the household previously. In the initial phases of implementation it was not unheard of for a case to double and sometimes triple in the time it took to process the application or redetermination.

The introduction of the universal caseworker has also highlighted issues in training. May caseworkers are now handling Medicaid cases that did not receive adequate training of Medicaid’s complicated rules for eligibility. If a worker had been hired as a new employee, the training and supervision of that employee is different than that worker that came over from Food Stamps or another area of DSS. The lack of knowledge/training of the Medicaid criteria for income especially proves to be an issue since this is different depending on the program being considered.

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

Cause: Overwhelming changes from the Affordable Care Act, the implementation of NC Fast and NC Tracks, the introduction of the universal caseworkers, turnover in DSS staff and budget pressures.

Recommendation: More second party reviews need to take place to ensure that eligibility is determined correctly and timely. Group training sessions should be held on the new systems to allow time for team members to share best practices or tricks learned. Consider the additional role for quality control reviewer or internal audit to assist in second party reviews so supervisors can spend more time training and supervising workers. Morale boosters should be sought out. These do not have to be monetary, but some manner/means to make worker(s) feel appreciated for the work that they do.

Views of responsible officials and planned corrective actions: The County agrees with the finding. The agency continues to take advantage of any one on one or other local trainings to prepare staff for their duties. The agency has also provided each staff member with two monitors to assist them with making their job easier in allowing them to view their job aides while entering information in the NCFAST system. We have knowledgeable staffs that are able to train and the staff is asked to read their policies. Case loads are reorganized as needed to help workers with their large case loads. This reorganization of caseloads is taking place and intake unit is being formed to lessen work on the employees.

**WARREN COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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The agency continues to praise staff, recognize staff in agency meetings, make overtime available, and promote activities within the agency, including business casual Fridays, periodically to boost morale.

Reassignments within the agency have allowed us to create a quality control position that will conduct second party reviews. The Income Maintenance Caseworkers are currently fully staffed. Supervisors will continue to search for more training in NCFAST for staff and schedule their staff to attend.

**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 14-6**

**MATERIAL WEAKNESS**

**MATERIAL NONCOMPLIANCE**

Medicaid Transportation

Criteria: Case records should contain a request for transportation services that includes notation from the caseworker that the applicant was eligible for transportation services.

Condition: There were two transportation cases that did not have a current DMA-5047 and DMA 5024.

Questioned Costs: There were no questioned costs.

Context: There were 60 Medicaid transportation cases selected for testing. Testing consisted of ensuring person was eligible for transportation services (DMA-5047) and that the case file contained a request for transportation services (DMA-5024). Two case files selected for testing included clients that were receiving services however the DMA-5024 and DMA-5047 were not located in the file. Only outdated forms were in the file. Correct forms were placed in the file after it was brought to the the client's attention during the audit. Both cases were eligible for the transportation services they received.

Effect: Files are incomplete when required forms are not filled out and filed timely to show services requested and that the person is eligible to receive the service. Also, expenses may be paid for services that were not provided.

Cause: Ineffective case review process.

Recommendation: All required transportation forms (including DMA-5024 and DMA-5047 should be updated and filled out in a timely manner. Second party reviews of transportation cases should be performed to ensure proper documentation is being maintained in the files.

Views of responsible officials and planned corrective actions: The County believes both files referenced to be eligible for services and that all required documentation is in the file.

A program change was implemented to drastically reduce the loss of county dollars. Prior to June 1, 2013 the program accepted a client appointment request, an approval for fuel pick up was provided before the appointment & verification was to be submitted after client was seen. The problem was

**WARREN COUNTY, NORTH CAROLINA  
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that clients were picking up the fuel but was not submitting verifications that they were seen for a service.

As of June 1, 2013 client must receive the service (attend the appointment), submit verification of service along with a fuel assistance request form. Once request is viewed, Medicaid eligibility is verified & then an approved fuel voucher is mailed to client, authorizing them to pick up fuel. A copy of the approved fuel voucher along with the request form is filed in the record.

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

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See Findings 14-2, 14-3, 14-4, 14-5, and 14-6

**WARREN COUNTY, NORTH CAROLINA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**Section II – Financial Statement Findings**

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**Finding: 14-1**

Name of contact person: Marshall Brothers

Corrective Action: We will begin a process of annually reviewing the 5-year historical trend of costs to maintain along with a projection of the cost for the next two years to ensure any changes in the remaining term are reflected in the current period.

Proposed Completion Date: June 30, 2015

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

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**Finding: 14-2**

Name of Contact Person: Alice Abbott, NCfast Children & Family Medicaid Supervisor II

Corrective Action: The County 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.

Proposed Completion Date: January 31, 2015.

**Finding: 14-3**

Name of Contact Person: Francine Allen, Adult Medicaid Supervisor II

Corrective Action: Deductible case was terminated and Medicaid Manual Section 2230 was reviewed with staff regarding countable reserve issues. Second party reviews will be conducted. Staff were informed to document burial exclusion as noted in policy MA-2230. The County will put in place a policy to wait for liquid asset verification to return and follow MA policies 2230 and 2260 which states client statement that reserve is under reserve limit can be used pending verification.

Proposed Completion Date: January 31, 2015.

**Finding: 14-4**

Name of Contact Person: Alice Abbott, NCfast Children & Family Medicaid Supervisor II

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.

**WARREN COUNTY, NORTH CAROLINA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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Proposed Completion Date: January 31, 2015.

**Finding: 14-5**

Name of Contact Person: Francine Allen, Adult Medicaid Supervisor II

Corrective Action: The agency continues to take advantage of any one on one or other local trainings to prepare staff for their duties. The agency has also provided each staff with two monitors to assist them with making their job easier in allowing them to view their job aides while entering information in the NCFAST system. Case loads are being reorganized as needed to help workers with their large case loads; an intake unit to lessen work on the employees is being formed.

The agency continues to praise staff, recognize staff in agency meetings, make overtime available, and promote activities within the agency, including business casual Fridays, periodically to boost morale.

Reassignments within the agency have allowed us to create a quality control position that will conduct second party reviews. The Income Maintenance Caseworkers are currently fully staffed. Supervisors will continue to search for more training in NCFAST for staff and schedule their staff to attend.

Proposed Completion Date: January 31, 2015.

**Finding: 14-6**

Name of Contact Person: Sherenia Branche, Transportation Supervisor I

Corrective Action: The County does not agree with the finding.

Proposed Completion Date: January 31, 2015.

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

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See Findings 14-2, 14-3, 14-4, 14-5 and 14-6

**WARREN COUNTY, NORTH CAROLINA  
PRIOR YEAR FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**Finding: 13-1**

**Status:** The Agency created a system for documenting time for in home aides.

**Finding: 13-2**

**Status:** Corrected during audit for FY 2013.

**Finding 13-3**

**Status:** Internal reviews and training were limited during the year.

**Finding: 13-4**

**Status:** Lead Workers are still in the process of doing second party reviews and internal tests to ensure that documentation is contained in the files. There were limited training done due to the new system and new universal caseworkers.

**Finding: 13-5**

**Status:** The files reviewed were prior to the new fuel reimbursement system.

**Finding: 13-6**

**Status:** Limited to no reviews and training were completed for the year.

**WARREN COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014**

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES	STATE EXPENDITURES
<b>FEDERAL AWARDS:</b>			
<u>U.S. Dept. of Agriculture</u>			
<u>Food and Nutrition Services</u>			
Passed-through the N.C. Dept. of Health and Human Services, Division of Social Service Administration			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	\$ 299,779	\$ -
Passed-through the N.C. Dept. of Health and Human Services, Division of Public Health Administration			
Special Supplemental Nutrition Program for Women, Infants, & Childre	10.557	150,238	-
WIC Grants To States (WGS)	10.578	860	-
Direct Benefit Payments			
Special Supplemental Nutrition Program for Women, Infants, & Childre	10.557	360,972	-
<u>Rural Utilities Service</u>			
Direct Program:			
Water and Waste Disposal Systems for Rural Communities	10.760	202,447	-
Total US Department of Agriculture		1,014,296	-
<u>U.S. Dept. of Housing and Urban Development</u>			
<u>Office of Community Planning and Development</u>			
Passed-through the N.C. Department of Commerce			
Community Development Block Gran	14.228	108,415	-
<u>U.S. Dept. of Homeland Security</u>			
Passed-through the N.C. Department of Crime Control			
Emergency Management Performance Gran	97.042	34,580	-
Emergency Food and Shelter National Board Program	97.024	1,228	-
Total Dept. of Homeland Security		35,808	-
<u>U.S. Dept. of Justice</u>			
<u>Bureau of Justice Assistance</u>			
Passed-through the N.C. Dept. of Crime Control			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	8,910	-
<u>National Aeronautics and Space Administration</u>			
Direct Program:			
Science	43.001	45,250	-
<u>U.S. Dept. of Health and Human Services</u>			
<u>Administration for Community Living</u>			
Passed-through the Kerr-Tar Council of Governments			
National Family Caregiver Support, Title III, Part I	93.052	11,742	749
<u>Aging Cluster:</u>			
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Center	93.044	59,071	83,213
Special Programs for the Aging Title III, Part C Nutrition Service	93.045	77,194	34,448
Nutrition Services Incentive Program	93.053	12,920	-
Total Administration for Community Living		149,185	117,661
<u>Centers for Medicare and Medicaid Services</u>			
Passed-through the N.C. Dept. of Health and Human Services, Division of Medical Assistance			
Centers for Medicare and Medicaid Services (CMS) Research Demonstrations and Evaluation	93.779	2,219	-
Direct Benefit Payments			
Medical Assistance Program	93.778	24,599,088	13,981,029
Children's Health Insurance Program	93.767	461,770	145,680
Passed-through the N.C. Dept. of Health and Human Services, Division of Social Service Administration			
Children's Health Insurance Program	93.767	16,606	707
Medical Assistance Program	93.778	661,008	61,466
Total Centers for Medicare and Medicaid Service		25,740,691	14,188,882
<u>Centers for Disease Control and Prevention</u>			
Passed-through the N.C. Dept. of Health and Human Services, Division of Public Health			
Public Health Emergency Preparedness	93.069	30,487	-
Immunization Cooperative Agreement	93.268	7,976	-
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	10,572	2,550
Preventive Health and Health Services Block Gran	93.991	10,783	-
Maternal and Child Health Services Block Grant to the State	93.994	84,474	65,337
Total Centers for Disease Control		144,292	67,887
<u>Office Population Affairs</u>			
Passed-through the N.C. Dept. of Health and Human Services			
Family Planning Services	93.217	39,600	-

**WARREN COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
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GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES	STATE EXPENDITURES
<b>U.S. Dept. of Health and Human Services (cont.)</b>			
<u>Administration for Children and Families</u>			
Passed-through the N.C. Dept. of Health Human Services, Division of Social Service			
Social Services Block Grant	93.667	-	500
Temporary Assistance for Needy Families	93.558	2,383	-
<u>Foster Care and Adoption Cluster</u>			
Foster Care Title IV-E - ARRA:			
Title IV-E Foster Care - Administration	93.658	128,302	26,740
Title IV-E Foster Care - Direct	93.658	50,876	13,854
Adoption Assistance - ARRA			
Adoption Assistance - Administration	93.659	19,711	5,054
Adoption Assistance - Direct Benefits Payment	93.659	113,722	30,946
Total Foster Care and Adoption Cluste		312,611	76,594
Temporary Assistance for Needy Families			
Administration	93.558	282,014	-
Direct Benefit Payments	93.558	177,143	43,185
Low-Income Home Energy Assistance Block Grant			
Administration	93.568	23,329	-
Energy Assistance Payments- Direct Benefit Payment	93.568	171,900	-
Crisis Intervention Program	93.568	113,906	-
Promoting Safe and Stable Families	93.556	4,928	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	18,104	-
Social Services Block Grant	93.667	151,725	13,406
Child Care Mandatory and Matching Funds of the Child Care and Development Fun	93.596	80,659	-
Chafee Foster Care Independence Program			
Independent Living Initiative - Link	93.674	706	176
Independent Living Transitiona	93.674	1,028	-
Total		1,025,442	56,767
Passed-through the N.C. Dept. of Health Human Services, Division of Child Development			
Child Support Enforcement	93.563	286,128	-
<u>Subsidized Child Care Cluster</u>			
Child Care and Development Block Grant	93.575	228,510	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fun			
Child Care and Development Fund-Mandator	93.596	129,828	-
Child Care and Development Fund-Matcl	93.596	97,654	39,010
Temporary Assistance for Needy Families	93.558	108,463	-
Foster Care Title IV-E - ARRA	93.658	6,482	3,396
State Appropriations		-	71,683
TANF-MOE		-	75,697
Total Subsidized Child Care Cluste		570,937	189,786
Total Administration for Children and Familie		1,911,695	323,647
Total U.S. Dept. of Health and Human Service:		28,283,011	14,698,826
<u>Environmental Protection Agency</u>			
<u>Office of Water</u>			
Passed-through the N.C. Dept. of Environment and Natural Resources			
Capitalization Grants for Drinking Water State Revolving Funds- ARR#	66.648	233,354	-
Total federal awards		29,729,044	14,698,826
<b>STATE AWARDS:</b>			
<u>N.C. Dept. of Agriculture and Consumer Service:</u>			
Technical Assistance		-	20,362
N.C. Agricultural Development and Farmland Preservation Trus		-	4,722
Total N.C. Dept. of Agriculture and Consumer Service:		-	25,084
<u>N.C. Dept. of Cultural Resources</u>			
State Library of North Carolina			
State Aid to Public Libraries		-	78,842
<u>N.C. Dept. of Health and Human Services</u>			
<u>Division of Social Services</u>			
State/County Special Assistance for Adults - Direc			
Benefit Payments		-	280,926
CWS Direct Benefit Payments		-	30,224
Incentive/Prog Integrity		-	1,485
State Foster Care Benefits Program - Direc		-	4,016
Energy Assistance		-	2,362
Senior Center Development		-	11,680
Smart Start		-	10,225
Total Division of Social Service		-	340,918
<u>Division of Public Health</u>			
General Aid to Counties		-	96,403
Food and Lodging Fees		-	4,549
Environmental Health		-	4,000
School Nurse Funding Initiative		-	150,000
WHSF		-	2,230
General Communicable Disease Contro		-	9,592
Tuberculosis		-	2,946
Risk Reduction/Health Promotior		-	6,286
Maternal Health (HMHC)		-	838
TB Medical Services		-	540
Total Division of Public Health		-	277,384
Total N.C. Dept. of Health and Human Service:		-	618,302

**WARREN COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
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GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES	STATE EXPENDITURES
<u>N.C. Dept. of Administration</u> Veteran Services Program		-	1,452
<u>N.C. Dept. of Environment and Natural Resource:</u> Environmental Health			
PARTF Grant		-	42,223
PPA Recycling Grant		-	1,500
Division of Waste Management			
Scrap Tire Fund		-	17,436
White Good Fund		-	881
Electronic Management		-	1,372
Total N.C. Dept. of Environment and Natural Resource		-	63,412
<u>N.C. Dept. of Transportation</u> Elderly and Disabled Transportation Assistance		-	50,926
Work First		-	3,816
Rural General Public Program		-	61,602
Total N.C. Dept. of Transportation		-	116,344
<u>N.C. Dept. of Public Safety</u> Juvenile Crime Prevention Council Program		-	73,334
Total N.C. Dept. of Public Safety		-	73,334
Total State Awards		-	976,770
Total federal and State awards		\$ 29,729,044	\$ 15,675,596

**NOTES TO PRECEDING SCHEDULE OF FEDERAL AND STATE AWARDS:**

**1. BASIS OF PRESENTATION**

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

**2. SUBRECIPIENTS**

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

<u>Program Title</u>	<u>CFDA #</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
Rural Operating Assistance Program	-	\$ -	\$ 65,418
Dept. of Safety - Juvenile Crime Prevention Council Program	-	-	73,334