

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

## **CASWELL COUNTY, NORTH CAROLINA**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2014**



Prepared by the  
Caswell County Finance Department

Finance Director  
Gwen Vaughn

County of Caswell  
P. O. Box 98  
Yanceyville, NC 27379

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## **INTRODUCTORY SECTION**



## CASWELL COUNTY

“Preserving the Past, Embracing the Future”

*Office of the County Manager*

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January 2, 2015

To the Board of County Commissioners and  
The Citizens of Caswell County, North Carolina

It is my pleasure to submit the Comprehensive Annual Financial Report for Caswell County, North Carolina for the fiscal year ended June 30, 2014. North Carolina State law requires all general-purpose local governments to publish within four months of the close of each fiscal year a complete set of financial statements. The financial statements must be presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the County of Caswell for the fiscal year ended June 30, 2014.

The Comprehensive Annual Financial Report consists of management’s representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed to protect County assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the County’s financial statements in conformity with GAAP. Because the cost of the internal controls should not outweigh their benefits, the County’s framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial 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 goal of the independent audit is to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, 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, are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federal and state mandated “Single Audit” designed to meet the special needs of grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These auditor reports are available in the Single Audit section of this report.

GAAP requirements specify that management provide a narrative, introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Some information traditionally reported in the letter of transmittal is now included in the MD&A as required. The County’s MD&A can be found immediately following the report of the independent auditors.

### **Profile of the County**

Caswell County, founded in 1777, is located in the north central Piedmont region of North Carolina, along the Virginia border. Approximately 23,614 people live in the small towns and communities of Caswell. The Town of Yanceyville, incorporated in 1986, is the County seat and largest municipality, with a population of approximately 2,019. The Town of Milton, which celebrated its bicentennial in 1996 as one of the oldest incorporated towns in the nation, has a current population of approximately 166. The balance of the County residents resides in unincorporated communities.

Caswell County takes great pride in its agricultural heritage and rich historical traditions. The County is renowned as the birthplace of “Bright Leaf” tobacco and has one of the finest antebellum courthouses in the southeast. The Thomas Day House, home of the renowned 19<sup>th</sup> century cabinet and furniture maker is located in Milton. Caswell County also has one of the finest civic centers of any rural county in the state, and features an annual performing arts series with national touring performances of Broadway shows, musicals, and plays.

### **Governmental Structure**

Caswell County has a Commissioner/Manager form of government. The seven members of the Board of Commissioners are elected to staggered four-year terms. Five of the seven are elected by district, and the remaining two are elected by the population at large. The Board of Commissioners holds policy-making and legislative authority.

The County provides a full range of services including public safety, social services, health services, emergency medical services, cultural and recreational activities, general administration, and others. In addition to these general government functions, the County also provides solid waste management services. The Board of Commissioners also extends financial support to certain agencies and groups who are involved in serving our citizens. Among them are the Caswell County Board of Education, Piedmont Community College, volunteer fire departments, the Piedmont Triad Partnership (a regional economic development organization), the Piedmont Triad Council of Governments, and Caswell Parish.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.



## **Local Economy**

During the past year Caswell County has realized no major economic change. Statistical data from the North Carolina Rural Economic Development Center supports a slight reduction in overall population.

The most recent data indicated median household income at \$35,315 compared to the state at \$46,334 according to the US Census Bureau.

Employment categories include government, education, health care and social assistance, private industry, construction and retail trade. State and local government has the largest number of employees collectively, totaling over 950 workers. Other major employers are WS Construction, Sky Valley Foods and Duke Athletics employee with more than 200 workers. A variety of food service chains, local restaurants and private employers generally employ between 75-100 workers. The most significant impact of the lack of industry in the County is that a large percentage of the County's workforce is forced to commute outside of the County to work.

The County's unemployment rate for June 2014 (not seasonally adjusted) is 7.2%, while reported at 8.9% for June 2013 according to the US Department of Labor Bureau of Labor Statistics.

The County's tax base is the primary source of local revenue along with the state sales and use tax distributions.

## **Short and Long Term Financial Planning**

The Caswell County Board of Commissioners utilizes a Capital Improvement Plan to examine short and long term capital needs. The plan is updated based on projects and expenditures the Board elects to fund during the annual budget adoption. A Capital Improvement Fund was budgeted in previous fiscal years to tackle urgent needs. The Board addresses other projects as funding becomes available.

The construction of the new Law Enforcement Center has shown potential to aid in the revenue growth for the County. The additional revenue will be used to offset the debt service associated with the Law Enforcement Center.

Caswell County has developed a Comprehensive Plan that will be used as a guide for making strategic decisions for orderly growth and economic development.

## **Major Initiatives**

The primary focus of economic development activities over the next several years will be to expand the County's industrial product base by continuing the development of the Industrial Park along the US Highway 29 corridor and developing the existing acreage in the Caswell Industrial Park. Concurrent with that focus is on the development of small commercial businesses within the County.

As the Caswell County Board of Commissioners implements the Comprehensive Plan, opportunity for community development, growth strategies, goals and policies are expected to stimulate the economy of the County.

Like many North Carolina counties, Caswell continues to be faced with budgetary restraints. Property tax collections remain a high priority with a stable collection rate above 96%. Sales &

Use tax revenues show a slight increase while sales & services and permits and fees remain stagnant.

### **Awards and Accomplishments**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Caswell County for its comprehensive annual financial report for the fiscal year ended June 30, 2013. The County also received this award for the fiscal years ended June 30, 1997 through 2012. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

In summary, this Comprehensive Annual Financial Report provides a source of information to citizens, the Board of Commissioners, other governmental agencies, investors and creditors, all of who rely upon it for decision making and the opportunity to learn more about Caswell County's financial condition.

Sincere appreciation is expressed to the Finance Department's staff and Winston, Williams, Creech, Evans and Company, LLP, without whose dedicated assistance this report could not have been produced. We also express our gratitude to the Board of Commissioners for their continued support and guidance throughout the past fiscal year.

Respectfully submitted,

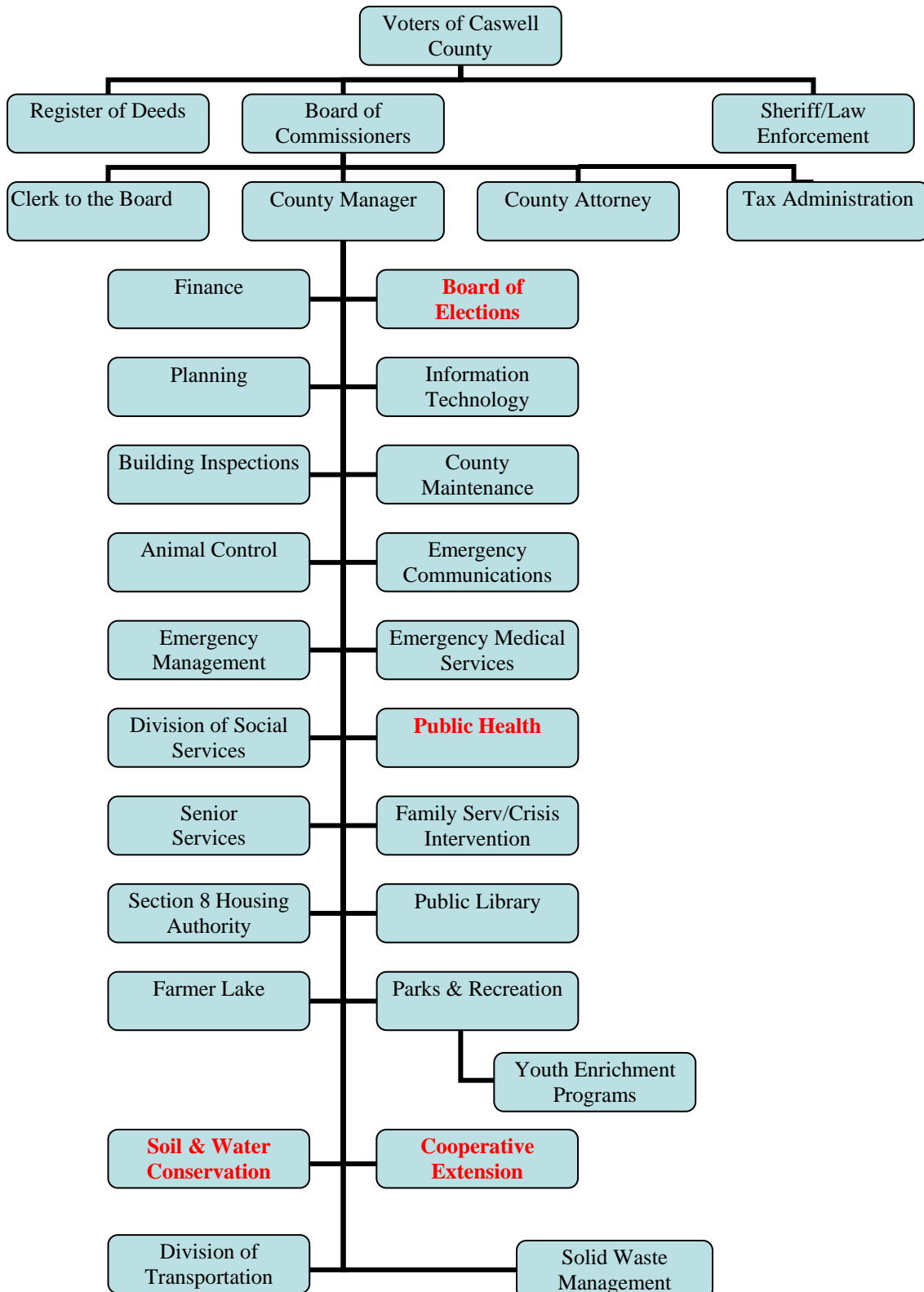
***Bryan S. Miller***

Bryan S. Miller  
County Manager

***Gwendolyn Y. Vaughn***

Gwendolyn Y. Vaughn  
Finance Director

# CASWELL COUNTY ORGANIZATION CHART FY 2013-2014



Departments listed in **RED BOLD** have their own statutory boards.

**CASWELL COUNTY, NORTH CAROLINA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**List of Principal Officers  
June 30, 2014**

County Commissioners

Kenneth D. Travis, Chairman

Larry G. Hamlett, Vice Chairman

William E. Carter

Nathaniel Hall

Jeremiah Jefferies

Cathy Lucas

N. Kent Williamson

County Officials

Bryan S. Miller.....County Manager

Dr. Douglas Barker ..... Superintendent of Schools

John I. Satterfield .....Clerk of Court

Gwendolyn Y. Vaughn ..... Finance Director

Tammy W. Riggs .....Register of Deeds

Thomas C. Bernard .....Tax Director

Michael L. Welch .....Sheriff

Brian M. Ferrell.....County Attorney



Government Finance Officers Association

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

Presented to

**Caswell 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  
Caswell 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 unit, each major fund, and the aggregate remaining fund information of Caswell County, North Carolina, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Caswell 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 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 Caswell 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 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

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appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, based on our audit, 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 unit, each major fund, and the aggregate remaining fund information of Caswell 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 the Management's Discussion and Analysis, and the Law Enforcement Officers' and the 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Caswell County's basic financial statements. The introductory information, combining and individual fund financial statements, budgetary schedules, other schedules, and the statistical section as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of 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 basic financial statements and certain additional procedures; including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our



opinion, based on our audit, the procedures performed as described above, 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 sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide assurance on them.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 2, 2015, on our consideration of Caswell 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Caswell County's internal control over financial reporting and compliance.

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

Winston, Williams, Creech, Evans & Company, LLP  
Certified Public Accountants  
Oxford, North Carolina  
January 2, 2015

## **Management's Discussion and Analysis**

As management of Caswell County, we offer readers of Caswell County's financial statements this narrative overview and analysis of the financial activities of Caswell County for the fiscal year ended June 30, 2014. We encourage readers to read the information presented here in conjunction with additional information furnished in the County's financial statements, which follows this narrative.

### **Financial Highlights**

- The assets and deferred outflows of resources of Caswell County's primary governmental activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$22,426,285 (net position).
- The total assets and deferred outflows of resources of Caswell County's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$20,667,741 (net position).
- The total assets and deferred outflows of resources of Caswell County's business type activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1,758,544 (net position).
- The government's total net position decreased by \$162,213, due to decreases in net position in the governmental and business-type activities.
- As of the close of the current fiscal year, Caswell County's governmental funds reported combined ending fund balances of \$7,822,356; a decrease of \$1,490,178 in comparison to the prior year. Approximately 52.40 percent of this total amount, or \$4,099,171, is available for spending at the government's discretion (unassigned fund balance). Approximately \$809,179 of the loss in fund balance is attributed to the Law Enforcement Center.
- At the end of the current fiscal year, unassigned fund balanced for the General Fund was \$4,228,094 or 18.15 percent of total general fund expenditures for the fiscal year.
- Caswell County's total debt decreased by \$575,825, or 5.55% during the current fiscal year.
- The County's tax rate for the current fiscal year is 0.6590 cents per \$100 valuation.

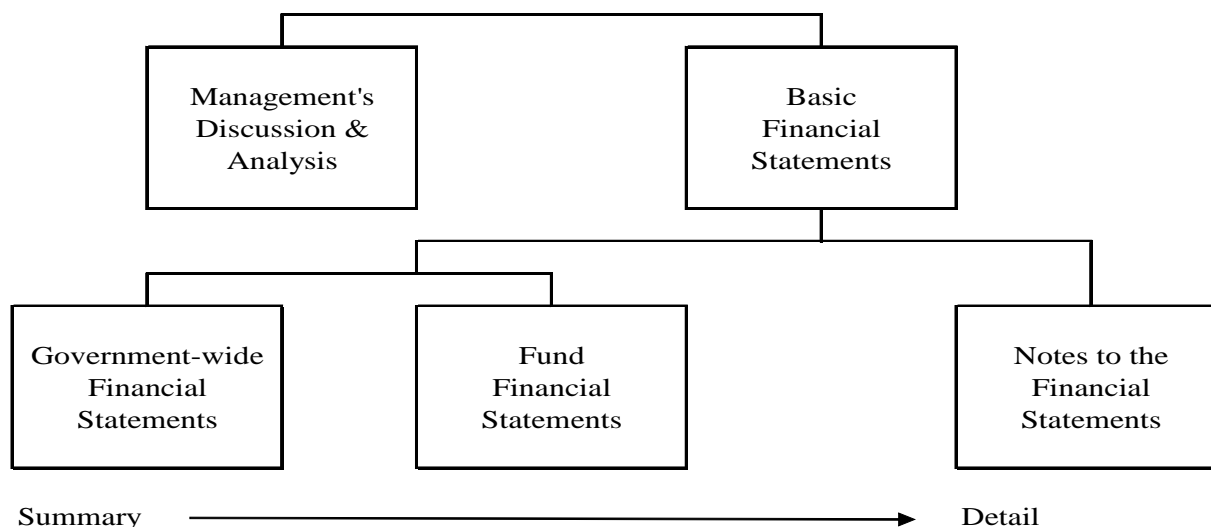
### **Overview of the Fiscal Statements**

This discussion and analysis is intended to serve as an introduction to Caswell 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. 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 Caswell 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 10) 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 statement, 2) the budgetary comparison statements, 3) the Enterprise 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** (Exhibits A-1 through C-13) is provided to show details about the County's non-major governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes can also be

found in this part of the statements. Following the non-major governmental funds are the **Enterprise Funds** (Exhibits D-1 through D-2). Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. After the Enterprise funds are the **Agency Funds** (Exhibit E-1 through E-2). Agency funds are used to account for assets held by the County as an agent for individuals and local governments. Following the Agency funds are other schedules (Exhibits F-1 through F-2). These schedules contain additional information required on property taxes.

### **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 assets and deferred outflows of resources and 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, human services, parks and recreation, education, and general administration. Property taxes, sales taxes, and state and federal grant funds finance the majority of these activities. The business-type activities are those that the County charges customers to provide. This includes the solid waste services and transportation offered by Caswell County. The final category is the component units. The Caswell County ABC Board is a discretely presented component unit. The members of the governing body 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 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. Caswell County, like 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 of the County's budget ordinance. All of the funds of Caswell County can be divided into three categories: governmental funds and enterprise funds, and fiduciary 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* which provides a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps 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.

Caswell 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 of Commissioners about which services to provide and how to fund 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 with 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, changes to appropriations and ending balances in the General Fund, and 4) the difference or variance between the final budget and the actual resources and changes. 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 status.

**Proprietary Funds** – Caswell 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. Caswell County uses an enterprise fund for its solid waste management and transportation 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. Caswell County has four fiduciary funds, one expendable trust funds and three agency funds.

**Notes to the Financial 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 Caswell County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 69 - 72 of this 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 liabilities and deferred inflows of resources by \$22,426,285 as of June 30, 2014. The County's net position decreased by \$162,213 for the fiscal year ended June 30, 2014. One of the largest

portions \$15,890,499 (70.86%) reflects the County's net investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Caswell County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Caswell County's investment in 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. An additional portion of Caswell County's net position \$2,801,298 (12.49%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$3,734,488 (16.65%) is unrestricted.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 9,704,746	\$ 11,050,745	\$1,264,444	\$ 1,374,596	\$ 10,969,190	\$12,425,341
Capital assets	<u>23,508,492</u>	<u>22,611,109</u>	<u>618,427</u>	<u>549,559</u>	<u>24,126,919</u>	<u>23,160,668</u>
Total assets	<u>33,213,238</u>	<u>33,661,854</u>	<u>1,882,871</u>	<u>1,924,155</u>	<u>35,096,109</u>	<u>35,586,009</u>
Deferred outflow of resources	<u>28,132</u>	<u>32,151</u>	<u>-</u>	<u>-</u>	<u>28,132</u>	<u>32,151</u>
Long-term liabilities outstanding	11,700,543	12,114,307	79,199	68,363	11,779,742	12,182,670
Other liabilities	<u>832,172</u>	<u>767,646</u>	<u>45,128</u>	<u>44,346</u>	<u>877,300</u>	<u>811,992</u>
Total liabilities	<u>12,532,715</u>	<u>12,881,953</u>	<u>124,327</u>	<u>112,709</u>	<u>12,657,042</u>	<u>12,994,662</u>
Deferred inflows of resources	<u>40,914</u>	<u>34,344</u>	<u>-</u>	<u>655</u>	<u>40,914</u>	<u>34,999</u>
Net position:						
Net investment in capital assets	15,272,072	14,660,932	618,427	549,559	15,890,499	15,210,491
Restricted	2,801,298	3,379,060	-	-	2,801,298	3,379,060
Unrestricted	<u>2,594,371</u>	<u>2,737,716</u>	<u>1,140,117</u>	<u>1,261,232</u>	<u>3,734,488</u>	<u>3,998,948</u>
Total Net position	<u>\$ 20,667,741</u>	<u>20,777,708</u>	<u>\$ 1,758,544</u>	<u>\$ 1,810,791</u>	<u>\$22,425,985</u>	<u>\$22,588,499</u>

Caswell County, along with many other counties in North Carolina, funds school facilities that become assets of the school district and community college facilities that become property of the community college, through the issuance of debt. General Obligation Bonds have been issued by the County to fund the majority of the cost of these assets. The County's liabilities at June 30, 2014 include outstanding general obligation debt of \$1,547,389 related to funding these non-county assets. This represents 100% of the County's outstanding general obligation debt. Because the County does not retain the related assets, this debt liability (less any unspent proceeds) reduces the County's net position and presents a less favorable picture as compared to governments that do not extensively fund the capital of other government entities.

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

- Continued diligence in the collection of property taxes by maintaining a collection percentage of above 97%.
- Continued use of Debt Setoff Clearinghouse for certain debt collection.
- Improve collections of emergency medical services debt using an outside collection agency.
- Continued use of revenue from inmate housing.

**Caswell County's Changes in Net Position**  
**Figure 3**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 2,615,339	\$ 2,668,069	\$ 1,244,901	\$ 1,287,179	\$ 3,860,240	\$ 3,955,248
Operating grants and contributions	6,072,961	6,357,151	-	-	6,072,961	6,357,151
Capital grants and contributions	529,754	253,429	-	-	529,754	253,429
General revenues:						
Property taxes	10,753,510	9,848,060	-	-	10,753,510	9,848,060
Other taxes	2,941,326	3,011,766	51,474	50,813	2,992,800	3,062,579
Grants and contributions not restricted to specific programs	211,981	192,202	-	-	211,981	192,202
Other	176,806	238,848	(7,121)	17,008	169,685	255,856
Total revenues	<u>23,301,677</u>	<u>22,569,525</u>	<u>1,289,254</u>	<u>1,355,000</u>	<u>24,590,931</u>	<u>23,924,525</u>
Expenses:						
General government	2,898,539	2,776,985	-	-	2,898,539	2,776,985
Public safety	6,364,755	5,895,526	-	-	6,364,755	5,895,526
Environmental protection	85,876	85,682	-	-	85,876	85,682
Economic & physical dev	831,474	551,766	-	-	831,474	551,766
Human services	9,236,361	9,031,116	-	-	9,236,361	9,031,116
Cultural & recreational	789,275	677,478	-	-	789,275	677,478
Education	3,056,549	3,048,723	-	-	3,056,549	3,048,723
Interest on long-term debt	148,815	531,384	-	-	148,815	531,384
Solid waste	-	-	881,886	817,753	881,886	817,753
Transportation	-	-	459,614	459,391	459,614	459,391
Total expenses	<u>23,411,644</u>	<u>22,598,660</u>	<u>1,341,500</u>	<u>1,277,144</u>	<u>24,753,144</u>	<u>23,875,804</u>
Change in net assets before transfers and special items	(109,967)	(29,135)	(52,246)	77,856	(162,213)	48,721
Transfers	-	-	-	-	-	-
Change in net position	<u>(109,967)</u>	<u>(29,135)</u>	<u>(52,246)</u>	<u>77,856</u>	<u>(162,213)</u>	<u>48,721</u>
Net position, July 1	20,777,708	20,927,756	1,810,790	1,732,934	22,588,498	22,660,690
Restatement	-	(120,913)	-	-	-	-
Net position, June 30	<u>\$ 20,667,741</u>	<u>\$ 20,777,708</u>	<u>\$ 1,758,544</u>	<u>\$ 1,810,790</u>	<u>\$ 22,426,285</u>	<u>\$ 22,588,498</u>

**Governmental activities.** Governmental activities decreased the County's net position by \$109,967, thereby accounting for 67.79% of the total loss in the net position of Caswell County. The key element of this decrease is the reduction in grants and contributions not restricted to specific programs.

**Business-type activities.** Business-type activities decreased Caswell County's net position by \$52,246. Key elements of this decrease are due to appropriation of funds for capital outlay equipment; upgrading convenience site equipment and replacing transportation vehicles.

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

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

**Governmental funds.** The focus of Caswell County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Caswell 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 Caswell County. At the end of the current fiscal year, Caswell County's fund balance available for appropriation in the general fund was \$5,456,320, while total fund balance reached \$7,168,771. The Governing Body of Caswell 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 23.83% of general fund expenditures, while total fund balance represents 31.31% of that same amount. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 18.47% of total General Fund expenditures, while total fund balance represents 31.31% of the same amount of expenditures. Fund balance for the General Fund decreased \$677,880 from the prior year. Expenditures increased from the previous year by \$1,072,766. Several factors contributing to the increase includes additional spending for change in administration and interim management; in public safety for new law enforcement center and 911 communication upgrades and increased debt service. Additionally, transfers to other funds for capital projects resulted in expenditure increases. Revenues increased \$342,645 primarily due to ad valorem taxes and sales and use taxes distributions.

At June 30, 2014, the governmental funds of Caswell County reported a combined fund balance of \$7,822,356, a 16 percent decrease from last year. The primary reason for this decrease is due to the construction for the detention center and capital outlay projects.



## General Fund Budgetary Highlights

During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased the total budget by 6.13% or \$1,357,729. The largest change involved human services expenditures due to increased restricted intergovernmental revenues.

**Proprietary Funds.** Caswell County's enterprise funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Solid Waste Management and Transportation Funds at the end of the fiscal year totaled \$1,140,117. The total net position for the funds increased \$52,246. Other factors concerning the finances of these two funds have already been addressed in the discussion of Caswell County's business-type activities.

## Capital Assets and Debt Administration

**Capital Assets.** Caswell County's investment in capital assets for its governmental and business-type activities as of June 30, 2014 totals \$24,126,919 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, facilities and vehicles.

Major capital asset transactions during the year include purchases of vehicles, mainly for public safety function and General Government equipment, computer equipment and upgrades. Major construction was done during the year on the Detention Center.

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

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 915,870	\$ 915,870	\$ 37,500	\$ 37,500	\$ 953,370	\$ 953,370
CIP	421,625	9,068,439	-	-	421,625	9,068,439
Buildings	16,273,084	7,138,543	12,539	-	16,285,623	7,138,543
Improvements	969,469	922,390	235,469	244,545	1,204,938	1,166,935
Equipment	1,731,285	1,394,646	107,616	70,119	1,838,901	1,464,765
Vehicles	930,366	816,247	225,303	197,395	1,155,669	1,013,642
Audiovisuals	10,577	10,577	-	-	10,577	10,577
Other Assets	2,245,625	2,333,495	-	-	2,245,625	2,333,495
Infrastructure	10,591	10,902	-	-	10,591	10,902
Total	\$ 23,508,492	\$ 22,611,109	\$ 618,427	\$ 549,559	\$ 24,126,919	\$ 23,160,668

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, Caswell County has a total debt outstanding of \$9,799,552, the majority of which is backed by the full faith and credit of the County.

**Caswell County's Outstanding Debt  
Figure 5**

	Governmental Activities	
	<u>2014</u>	<u>2013</u>
Bonds	\$ 9,427,000	\$ 10,122,000
Plus: Premiums on Issuance	<u>12,389</u>	<u>14,159</u>
Total Bonds	9,439,389	10,136,159
Installment Purchases	87,814	<u>239,218</u>
Capital Leases	<u>272,349</u>	-
Total	<u>\$ 9,799,552</u>	<u>\$ 10,375,377</u>

Caswell County's total debt decreased by \$575,825 (5.55 percent) during the past fiscal year, primarily due to scheduled debt payments made during the fiscal year.

Caswell County's bond ratings remain stable with North Carolina Municipal Council at '79', Standard and Poor's Rating Services at 'A' and Moody's Investors' Service at 'A1'.

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 margin for Caswell County is \$115,957,644. The County's current general obligation debt represents approximately 1.33% percent of total assessed value of taxable property.

Additional information regarding the County's long-term debt can be found in Note III.B.7.

**Economic Factors and Next Year's Budget and Rates**

The following key economic indicators reflect the economic situation for Caswell County.

- The County maintained prior year's ad valorem tax rate for the fiscal year 2014. Growth in tax base of the County is expected to continue at a moderate rate yielding increases in property tax revenues.
- The Board of Commissioners continues to research prospects for additional revenue sources including a 0.25% local sales and use tax levy for the taxpayers vote.
- The County's revaluation is scheduled for 2016.

## **Budget Highlights for the Fiscal Year Ending June 30, 2014**

### **Governmental Activities**

Property taxes and sales and use taxes distributions are expected to be the primary sources of increase in revenues. The increase in the property tax rate for the County will help raise revenue for the General Fund. Furthermore, the County will use the increases in revenues to finance programs currently in place, including additional funding for education. The new Law Enforcement Center is expected to create additional revenue and employment in the upcoming fiscal year due to the ability to house state and federal inmates. In addition to these projects, additional revenue is expected with new small business operations contributing to new growth in the County. The County is continuing to make infrastructure improvements to the Pelham Industrial Park with the completion of the water tank in 2013. The 911 Communication Center renovation was completed in May 2014 and includes upgraded equipment and a modern training facility.

### **Business-type Activities**

Rates for Solid Waste and transportation services are expected to remain the same. The Solid Waste Fund will have added expenditures for equipment and vehicle upgrades, as well as Convenience Center improvements.

The Caswell Area Transportation Fund included a slight rate increase that will help offset transportation cost.

Revenues are expected to continue to grow at a slow pace for the business-type activities.

### **Request 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:

#### ***Gwendolyn Y. Vaughn***

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144 Court Square  
Yanceyville, NC 27373  
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#### ***Bryan S. Miller***

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Yanceyville, NC 27373  
336/694-4193  
[bmiller@caswellcountync.gov](mailto:bmiller@caswellcountync.gov)

# **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Caswell County ABC Board
<b>ASSETS</b>				
Cash and Investments	\$ 6,456,889	\$ 1,007,971	\$ 7,464,860	\$ 283,366
Restricted cash and investments	563,175	-	563,175	-
Taxes receivable	981,781	99,100	1,080,881	-
Accrued interest receivable on taxes	163,746	-	163,746	-
Accounts receivable	1,675,432	21,096	1,696,528	-
Internal balances	(136,277)	136,277	-	-
Prepaid items	-	-	-	5,466
Inventories	-	-	-	210,707
Capital assets				
Land, improvements, and construction in progress	1,337,495	37,500	1,374,995	6,000
Other capital assets, net of depreciation	22,170,997	580,927	22,751,924	88,775
Total Capital assets	23,508,492	618,427	24,126,919	94,775
Total Assets	\$ 33,213,238	\$ 1,882,871	\$ 35,096,109	\$ 594,314
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	28,132	-	28,132	-
<b>LIABILITIES</b>				
Accounts payable & accrued liabilities	\$ 695,949	\$ 45,128	\$ 741,077	\$ 121,723
Accrued interest payable	136,223	-	136,223	-
Long-term liabilities:				
Due within one year				
Bonds	685,000	-	685,000	-
Capital leases	64,648	-	64,648	-
Installment obligations	28,662	-	28,662	-
Compensated absences	154,217	4,979	159,196	-
Due in more than one year				
Bonds	8,754,389	-	8,754,389	-
Capital leases	207,701	-	207,701	-
Installment obligations	59,152	-	59,152	-
Compensated absences	462,653	14,939	477,592	-
Net pension obligation	295,424	-	295,424	-
Other postemployment benefits	988,697	59,281	1,047,978	-
Total Long-term liabilities	11,700,543	79,199	11,779,742	-
Total Liabilities	12,532,715	124,327	12,657,042	121,723
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	40,914	-	40,914	-
<b>NET POSITION</b>				
Net investment in capital assets	15,272,072	618,427	15,890,499	94,775
Restricted for:				
Register of deeds	29,772	-	29,772	-
Stabilization by State statute	1,780,763	-	1,780,763	-
General Government	207,713	-	207,713	-
Public Safety	400,421	-	400,421	-
Economic Development	38,415	-	38,415	-
Human Services	16,973	-	16,973	-
Cultural and Recreational	50,674	-	50,674	-
Education	276,567	-	276,567	-
Working capital	-	-	-	61,721
Unrestricted (deficit)	2,594,371	1,140,117	3,734,488	316,095
Total net position	\$ 20,667,741	\$ 1,758,544	\$ 22,426,285	\$ 472,591

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

**CASWELL COUNTY, NORTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-Type Activities	Total	Caswell County ABC Board
<b>Primary Government:</b>								
Governmental Activities:								
General government	\$ 2,898,539	\$ 242,258	\$ 1,250	\$ -	\$ (2,655,031)	\$ -	\$ (2,655,031)	
Public safety	6,364,755	985,080	470,173	-	(4,909,502)	-	(4,909,502)	
Environmental protection	85,876	-	-	-	(85,876)	-	(85,876)	
Economic and physical development	831,474	16,409	92,927	529,754	(192,384)	-	(192,384)	
Human services	9,236,361	1,301,949	5,309,671	-	(2,624,741)	-	(2,624,741)	
Cultural and recreation	789,275	69,643	116,508	-	(603,124)	-	(603,124)	
Education	3,056,549	-	82,432	-	(2,974,117)	-	(2,974,117)	
Interest on long-term debt	148,815	-	-	-	(148,815)	-	(148,815)	
Total governmental activities	<u>23,411,644</u>	<u>2,615,339</u>	<u>6,072,961</u>	<u>529,754</u>	<u>(14,193,590)</u>	<u>-</u>	<u>(14,193,590)</u>	
Business-type activities:								
Solid waste management fund	881,886	830,230	-	-	-	(51,656)	(51,656)	
Caswell division of transportation	459,614	414,671	-	-	-	(44,943)	(44,943)	
Total business-type activities	<u>1,341,500</u>	<u>1,244,901</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(96,599)</u>	<u>(96,599)</u>	
Total primary government	<u>\$ 24,753,144</u>	<u>\$ 3,860,240</u>	<u>\$ 6,072,961</u>	<u>\$ 529,754</u>	<u>(14,193,590)</u>	<u>(96,599)</u>	<u>(14,290,189)</u>	
Component units:								
Caswell County ABC Board	<u>\$ 1,905,844</u>	<u>\$ 1,915,759</u>	<u>\$ -</u>	<u>\$ -</u>				<u>\$ 9,915</u>
General revenues:								
Taxes:								
Property taxes, levied for general purpose					10,753,510	-	10,753,510	-
Local option sales tax					2,387,229	-	2,387,229	-
Other taxes					554,097	51,474	605,571	-
Grants and contributions not restricted to specific programs					211,981	-	211,981	-
Investment earnings, unrestricted					3,512	4,203	7,715	85
Miscellaneous, unrestricted					173,294	(11,324)	161,970	-
Transfers					-	-	-	-
Total general revenues					<u>14,083,623</u>	<u>44,353</u>	<u>14,127,976</u>	<u>85</u>
Change in net position					<u>(109,967)</u>	<u>(52,246)</u>	<u>(162,213)</u>	<u>10,000</u>
Net position - beginning					<u>20,777,708</u>	<u>1,810,790</u>	<u>22,588,498</u>	<u>462,591</u>
Net position - ending					<u>\$ 20,667,741</u>	<u>\$ 1,758,544</u>	<u>\$ 22,426,285</u>	<u>\$ 472,591</u>

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

**FUND  
FINANCIAL STATEMENTS**



**CASWELL COUNTY, NORTH CAROLINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014**

	Major	Non-major	
	General	Other	Total
	Fund	Governmental	Governmental
		Funds	Funds
<b><u>ASSETS</u></b>			
Cash and investments	\$ 5,667,308	\$ 789,581	\$ 6,456,889
Restricted cash and investments	563,175	-	563,175
Taxes receivable	803,552	178,229	981,781
Accounts receivable	1,607,120	68,312	1,675,432
Due from other funds	105,331	-	105,331
	<u>8,746,486</u>	<u>1,036,122</u>	<u>9,782,608</u>
Total Assets	<u>\$ 8,746,486</u>	<u>\$ 1,036,122</u>	<u>\$ 9,782,608</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable & accrued liabilities	\$ 596,972	\$ 98,977	\$ 695,949
Due to other funds	136,277	105,331	241,608
	<u>733,249</u>	<u>204,308</u>	<u>937,557</u>
Total Liabilities	<u>733,249</u>	<u>204,308</u>	<u>937,557</u>
Deferred inflows of resources:	<u>844,466</u>	<u>178,229</u>	<u>1,022,695</u>
Fund balances:			
Restricted:			
Stabilization by State statute	1,712,451	68,312	1,780,763
Register of Deeds	29,772	-	29,772
Education	276,567	-	276,567
General Government	-	207,713	207,713
Public Safety	-	400,421	400,421
Economic Development	-	38,415	38,415
Human Services	-	16,973	16,973
Cultural and Recreational	-	50,674	50,674
Committed:			
Tax Revaluation	256,836	-	256,836
Assigned:			
Subsequent year's expenditures	665,051	-	665,051
Unassigned:	4,228,094	(128,923)	4,099,171
	<u>7,168,771</u>	<u>653,585</u>	<u>7,822,356</u>
Total Fund Balances	<u>7,168,771</u>	<u>653,585</u>	<u>7,822,356</u>
Total Liabilities, Deferred inflows of resources, and Fund Balances	<u>\$ 8,746,486</u>	<u>\$ 1,036,122</u>	<u>\$ 9,782,608</u>

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

**CASWELL COUNTY, NORTH CAROLINA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO  
THE STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
JUNE 30, 2014**

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

Total equity and other credits (Exhibit 4)	\$ 7,822,356
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	23,508,492
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	191,878
Liabilities for earned but deferred revenues in the fund statements	981,781
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	<u>(11,836,766)</u>
Net position of governmental activities (Exhibit 1)	<u><u>\$ 20,667,741</u></u>

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

	Major	Nonmajor	
	General	Other	Total
	Fund	Governmental	Governmental
	Funds	Funds	Funds
<b><u>REVENUES</u></b>			
Ad valorem taxes	\$ 10,599,860	\$ 270,618	\$ 10,870,478
Other licenses and taxes	2,060,007	232,502	2,292,509
Unrestricted intergovernmental revenues	211,981	-	211,981
Restricted intergovernmental revenues	6,434,519	767,048	7,201,567
Permits and fees	505,090	-	505,090
Sales and services	2,093,186	-	2,093,186
Investment earnings	2,150	1,362	3,512
Miscellaneous	238,100	4,291	242,391
	<u>22,144,893</u>	<u>1,275,821</u>	<u>23,420,714</u>
Total Revenues	22,144,893	1,275,821	23,420,714
<b><u>EXPENDITURES</u></b>			
Current			
General government	2,741,452	-	2,741,452
Public safety	6,072,167	591,295	6,663,462
Cultural and recreational	484,949	-	484,949
Environmental protection	84,767	-	84,767
Economic and physical development	297,964	487,121	785,085
Human services	8,950,156	-	8,950,156
Capital outlay	-	1,292,156	1,292,156
Intergovernmental			
Education	2,998,193	-	2,998,193
Debt Service			
Principal	916,535	-	916,535
Interest	336,617	-	336,617
	<u>22,882,800</u>	<u>2,370,572</u>	<u>25,253,372</u>
Total Expenditures	22,882,800	2,370,572	25,253,372
Revenues Over (Under) Expenditures	<u>(737,907)</u>	<u>(1,094,751)</u>	<u>(1,832,658)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Debt issued	342,480	-	342,480
Transfers from other funds	74,088	356,541	430,629
Transfers to other funds	(356,541)	(74,088)	(430,629)
	<u>60,027</u>	<u>282,453</u>	<u>342,480</u>
Total Other Financing Sources (Uses)	60,027	282,453	342,480
Net Change in Fund Balances	(677,880)	(812,298)	(1,490,178)
Fund Balance - July 1	7,846,651	1,465,883	9,312,534
Fund Balance - June 30	<u>\$ 7,168,771</u>	<u>\$ 653,585</u>	<u>\$ 7,822,356</u>

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

**CASWELL 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)	\$ (1,490,178)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period	897,383
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(116,968)
The issuance of long-term 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 has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	571,806
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>27,990</u>
Total changes in net position of governmental activities (Exhibit 2)	<u><u>\$ (109,967)</u></u>

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

**CASWELL 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	
REVENUES				
Ad valorem taxes	\$ 10,128,354	\$ 10,128,354	\$ 10,599,860	\$ 471,506
Other taxes and licenses	2,118,350	2,118,350	2,060,007	(58,343)
Restricted intergovernmental revenues	6,921,589	6,793,189	6,434,519	(358,670)
Unrestricted intergovernmental revenues	187,921	187,921	211,981	24,060
Permits and fees	466,500	560,164	505,090	(55,074)
Sales and services	2,443,624	2,444,352	2,093,186	(351,166)
Investment earnings	500	4,500	1,780	(2,720)
Miscellaneous	30,600	122,311	238,100	115,789
Total Revenues	22,297,438	22,359,141	22,144,523	(214,618)
EXPENDITURES				
General government	2,664,806	2,841,382	2,741,452	99,930
Public safety	5,392,470	6,097,376	6,072,167	25,209
Environmental protection	91,799	91,799	84,767	7,032
Economic and physical development	231,895	299,348	297,964	1,384
Human services	9,505,924	9,721,731	8,950,156	771,575
Cultural and recreational	510,833	559,655	484,949	74,706
Intergovernmental:				
Education	2,998,193	2,998,193	2,998,193	-
Debt Service	1,410,961	1,319,353	1,253,152	66,201
Total Expenditures:	22,806,881	23,928,837	22,882,800	1,046,037
Revenues Over (Under) Expenditures	(509,443)	(1,569,696)	(738,277)	831,419
OTHER FINANCING SOURCES (USES)				
Appropriated fund balance	401,878	1,417,678	-	(1,417,678)
Debt proceeds	-	342,480	342,480	-
Transfers from other funds	870,588	870,588	668,188	(202,400)
Transfers to other funds	(763,023)	(1,061,050)	(1,055,663)	5,387
Total Other Financing Sources (Uses)	509,443	1,569,696	(44,995)	(1,614,691)
Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ -	\$ -	(783,272)	\$ (783,272)
Fund Balance - July 1			7,418,640	
Fund Balance - June 30			\$ 6,635,368	

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

**CASWELL 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**

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General Fund Fund Balance - June 30, 2014	\$	6,635,368
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A legally budgeted Tax Revaluation Fund and School Capital Reserve Fund for reporting purposes:

Revaluation Fund		
Investment Earnings	327	
Transfer-in from General Fund	30,000	
Fund Balance, Beginning	226,509	
School Capital Reserve Fund		
Investment Earnings	43	
Transfer-in from General Fund	669,122	
Transfer-out to General Fund	(594,100)	
Fund Balance, Beginning	201,502	
Fund Balance, Ending (Exhibit 4)	\$	7,168,771

**CASWELL COUNTY, NORTH CAROLINA**  
**STATEMENT OF FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2014**

	Enterprise Funds		
	Major Solid Waste Management	Non-major Caswell Division of Transportation	Total Enterprise Funds
<b><u>ASSETS</u></b>			
Current Assets:			
Cash and investments	\$ 914,115	\$ 93,856	\$ 1,007,971
Taxes receivable	99,100	-	99,100
Accounts receivable	14,849	6,247	21,096
Due from other funds	136,277	-	136,277
Total Current Assets	<u>1,164,341</u>	<u>100,103</u>	<u>1,264,444</u>
Noncurrent Assets:			
Capital assets:			
Land, improvements, and construction in progress	37,500	-	37,500
Other capital assets, net of depreciation	150,402	430,525	580,927
Total Noncurrent Assets	<u>187,902</u>	<u>430,525</u>	<u>618,427</u>
Total Assets	<u>\$ 1,352,243</u>	<u>\$ 530,628</u>	<u>\$ 1,882,871</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u></b>			
Current Liabilities:			
Accounts Payable	\$ 43,593	\$ 1,535	\$ 45,128
Compensated absences payable	2,312	2,667	4,979
Total Current Liabilities	<u>45,905</u>	<u>4,202</u>	<u>50,107</u>
Noncurrent Liabilities:			
Compensated absences payable	6,936	8,003	14,939
Other postemployment benefits	19,646	39,635	59,281
Total Noncurrent Liabilities	<u>26,582</u>	<u>47,638</u>	<u>74,220</u>
Total Liabilities	<u>72,487</u>	<u>51,840</u>	<u>124,327</u>
Deferred Inflows of Resources:	<u>-</u>	<u>-</u>	<u>-</u>
Net Position			
Net investment in capital assets	187,902	430,525	618,427
Unrestricted	<u>1,091,854</u>	<u>48,263</u>	<u>1,140,117</u>
Total Net Position	<u>\$ 1,279,756</u>	<u>\$ 478,788</u>	<u>\$ 1,758,544</u>

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

**CASWELL COUNTY, NORTH CAROLINA  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	Enterprise Funds		
	Major	Non-major	
	Solid Waste Management	Caswell Division of Transportation	Total Enterprise Funds
OPERATING REVENUES			
Charges for services - user fees	\$ 830,230	\$ 414,671	\$ 1,244,901
Total operating revenue	830,230	414,671	1,244,901
OPERATING EXPENSES			
Administration			
Salaries	-	78,039	78,039
Other expenses	-	64,208	64,208
Operations:			
Salaries	124,688	161,830	286,518
Other expenses	712,843	84,337	797,180
Depreciation	44,355	71,200	115,555
Total operating expenses	881,886	459,614	1,341,500
OPERATING INCOME (LOSS)	(51,656)	(44,943)	(96,599)
NONOPERATING REVENUES (EXPENSES)			
Interest earned on investments	451	306	757
Interest earned on interfund loan	3,446	-	3,446
Disposal Tax	51,474	-	51,474
Loss on disposal of assets	-	(11,324)	(11,324)
Total Nonoperating Revenues	55,371	(11,018)	44,353
CHANGE IN NET POSITION	3,715	(55,961)	(52,246)
TOTAL NET POSITION-BEGINNING	1,276,041	534,749	1,810,790
TOTAL NET POSITION-ENDING	\$ 1,279,756	\$ 478,788	\$ 1,758,544

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



**CASWELL COUNTY, NORTH CAROLINA**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Enterprise Funds		
	Major	Non-major	
	Solid Waste Management	Caswell Division of Transportation	Total Enterprise Funds
Cash flows from operating activities:			
Cash received from customers	\$ 829,664	\$ 422,771	\$ 1,252,435
Cash paid for goods and services	(851,096)	(142,950)	(994,046)
Cash paid to employees for services	(124,688)	(239,869)	(364,557)
Net cash provided by operating activities	(146,120)	39,952	(106,168)
Cash flows from noncapital activities:			
Disposal tax	51,474	-	51,474
Net cash from noncapital financing activities	51,474	-	51,474
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(110,839)	(89,081)	(199,920)
Proceeds from sale of property and equipment	-	4,172	4,172
Net cash provided by capital and related financing activities	(110,839)	(84,909)	(195,748)
Cash flows from investing activities:			
Interest on interfund loan	3,446	-	3,446
Interest on investments	451	306	757
Net cash flows from investing activities	3,897	306	4,203
Net increase in cash and cash equivalents	(201,588)	(44,651)	(246,239)
Cash and cash equivalents, July 1	1,115,703	138,507	1,254,210
Cash and cash equivalents, June 30	\$ 914,115	\$ 93,856	\$ 1,007,971
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ (51,656)	\$ (44,943)	\$ (96,599)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	44,355	71,200	115,555
Change in assets and liabilities:			
(Increase) decrease in taxes receivable	(7,345)	-	(7,345)
(Increase) decrease in accounts receivable	(566)	8,100	7,534
(Increase) decrease in due from other funds	(136,277)	-	(136,277)
Increase (decrease) in accounts payable and accrued liabilities	1,872	(1,088)	784
Increase (decrease) in compensated absences payable	26	142	168
Increase (decrease) in other postemployment benefits	3,471	7,196	10,667
Increase (decrease) in unearned revenue	-	(655)	(655)
Total adjustments	(94,464)	84,895	(9,569)
Net cash provided by operating activities	\$ (146,120)	\$ 39,952	\$ (106,168)

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

**CASWELL COUNTY, NORTH CAROLINA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2014**

	Pension Trust Fund	Agency Funds
<b>ASSETS</b>		
Cash	\$ 5,949	\$ 40,120
Accounts receivable	-	5,253
Total Assets	<u>\$ 5,949</u>	<u>\$ 45,373</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Miscellaneous liabilities	<u>\$ -</u>	<u>\$ 45,373</u>
Total Liabilities	<u>-</u>	<u>45,373</u>
Net Position		
Held in trust for pension benefits	<u>5,949</u>	<u>-</u>
Total Liabilities and Net Position	<u>\$ 5,949</u>	<u>\$ 45,373</u>

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

**CASWELL COUNTY, NORTH CAROLINA**  
**STATEMENT OF CHANGES IN FUND NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Pension Trust Fund
Additions:	
Contribution from General Fund	\$ 32,500
Investment income interest	11
Total	<u>32,511</u>
Deductions:	
Retiree salaries	30,004
Retiree benefits	2,214
Total	<u>32,218</u>
Changes in net position	293
Net position held in trust for beneficiary benefit - beginning of year	<u>5,656</u>
Net position held in trust for beneficiary benefit - end of year	<u>\$ 5,949</u>

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

**NOTES TO THE BASIC FINANCIAL  
STATEMENTS**

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

**A. Reporting Entity**

The County, which is governed by a seven-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 unit, legally separate entities for which the County is financially accountable. The discretely presented component unit is reported in a separate column in the basic financial statements to emphasize that is legally separate from the county.

**Discretely Presented Component Unit**

**Caswell 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.

Caswell County ABC Board  
P.O. Box 338  
Yanceyville, North Carolina 27379

**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 unit. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental and business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

**Fund Financial Statements:** The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and*

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

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*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 funds are aggregated and reported as non-major funds.

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

The County reports the following major governmental funds:

**General Fund.** This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Revaluation Fund and the School Capital Reserve Fund are legally budgeted funds 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 enterprise funds:

**Solid Waste Management Fund.** This fund accounts for the collection and disposal of the county's solid waste.

**Caswell Division of Transportation Fund.** This fund provides transportation for external clients of County departments and agencies and derives its revenue from user fees.

Additionally, the County reports the following fiduciary fund types:

**Trust Funds.** The County has one trust fund, the pension trust-special separation allowance fund, that accounts for the accumulation of resources to be used for the payment of special separation benefits to qualified law enforcement officers.

**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 Floodplain Mapping Fund, which accounts for various legal fines and forfeitures that the County is required to remit to Caswell County Board of Education and the fees collected by the Register of Deeds that the County is required to remit to the North Carolina Department of Crime Control and Public Safety; and the Motor Vehicle Tax Fund, which accounts for registered motor vehicle property taxes that are billed and collected by the County for various municipalities and special districts within the County.

**Non-major Funds** - The County maintains twelve legally budgeted funds. The Special Fire District Fund, Emergency Telephone System, Revolving Loan, and Special Grants Fund are reported as non-major special revenue funds. The County Building, Equipment and Automation, Water and Sewer, School Capital Projects, Scattered Site, Library Development, Detention Center Project Fund and Senior Center Project Fund are reported as capital projects funds.

**C. Measurement Focus and Basis of Accounting**

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

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

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**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 revenues of the County enterprise funds are charges to customers for sales and services. 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.

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

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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.

**D. Budgetary Data**

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, all of the Special Revenue Funds (the Revaluation Fund, the Special Fire Districts Fund, the Emergency Telephone System Fund, the School Capital Reserve Fund, the Revolving Loan Fund, and the Special Grant Fund) and for five of the Capital Projects Funds (the County Building Fund, the Water and Sewer Fund, the Equipment and Automation Fund, the Library Development Fund, and the School Capital Projects Fund). An annual budget is also adopted for the two Enterprise Funds (the Solid Waste Fund and the Caswell Division of Transportation Fund). Project ordinances are prepared for only three funds, the Scattered Site Fund, the Detention Center Project Fund and the Senior Center Project Capital Project Funds.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for the General Fund, at the departmental level for the Special Revenue and Enterprise Funds, and at the object level for the Capital Projects Funds. The County Manager is authorized by the budget ordinance to transfer appropriations between functional areas within a fund up to \$5,000; however, any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$5,000 must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

**1. Deposits and Investments**

All deposits of the County and the ABC Board are made in board-designated official depositories and are secured as required by G. S. 159-31. The County and the ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County and the ABC Board 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 and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

The County's and the ABC Board's investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, 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.



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**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 consider demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use to be cash and cash equivalents.

**3. Restricted Assets**

The unexpended bond proceeds of the Detention Center Project Fund are classified as restricted assets because their use is completely restricted to the purpose for which the bonds were originally issued. Money in the Tax Revaluation Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. Money in the School Capital Projects Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 159-18 through 22.

**Caswell County Restricted Cash**

Governmental Activities		
General Fund	Tax Revaluation	\$ 256,836
General Fund	Register of Deeds	29,772
General Fund	Unexpended Public School Building Funds	<u>276,567</u>
Total Restricted Cash		<u>\$ 563,175</u>

**4. Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2013.

**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 ABC Board are valued at cost (first-in, first-out), which approximates market. The inventory of the ABC Board consists of goods held for sale. The cost of the inventory carried at the ABC Board is recorded as an expense as it is sold.

**7. Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization costs are: \$5,000 for buildings, building improvements, equipment, vehicles, and

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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 Caswell 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 all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Caswell County Board of Education.

Capital Assets are depreciated on a straight-line basis over the following estimated useful lives:

	<u>Useful Life</u>
Land improvements	15 years
Building, improvements, and other plant assets	15 years
Infrastructure	50 years
General equipment	5-10 years
Vehicles	5-10 years

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

	<u>Useful Life</u>
Buildings	20-33 years
Equipment (warehouse, store, and office)	4-12 years
Vehicles	4-5 years
Leasehold Improvements	8 years

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has one item that meets this criterion – a charge on refunding that had previously been classified as an asset.

In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows or 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 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 in the 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.

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

**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 and proprietary fund and the ABC Board. 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. Employees typically take leave as it is earned and there is no current portion. A current portion has been estimated.

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 accrual for sick leave has been made.

**11. Net Position/Fund Balances**

**Net Position**

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

**Fund Balances**

In the governmental fund financial statements, fund balance is composed of four 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:

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

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

Restricted for Register of Deeds-portion of fund balance that is restricted by revenue source to pay for the computer equipment and imaging technology for the Register of Deeds office.

Restricted for Education-portion of fund balance that can only be used for School Capital per G.S. 159-18-22.

Restricted for General Government-portion of fund balance that is restricted by revenue source for general government.

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

Restricted for Economic Development-portion of fund balance that is restricted by revenue source for economic development

Restricted for Human Services-portion of fund balance that is restricted by revenue source for Human services

Restricted for Cultural and Recreational-portion of fund balance that is restricted by revenue source for cultural and recreational

Committed Fund Balance-Portion of fund balance that can only be used for specific purpose imposed by resolution of the 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 Board of Commissioners 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.

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

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

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

The governmental fund balance sheet includes reconciliation between total fund balance for the governmental funds and net position for governmental activities as reported in the government-wide statement of net position. The net adjustment of \$ 12,845,385 consists of the following:

<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)	\$ 36,116,833
Less Accumulated Depreciation	<u>(12,608,341)</u>
Net capital assets	<u>23,508,492</u>

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Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are not available and therefore deferred in the fund statements.	163,746
Deferred charges related to advance refunding bond issued – included on government-wide statements as these funds are not available and therefore deferred in the fund statements	28,132
Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not the government-wide.	981,781
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:	
Premium on bonds	(12,389)
Bonds, leases, and installment financing	(9,787,163)
Net pension obligation	(295,424)
Compensated absences	(616,870)
Accrued interest payable	(136,223)
Other postemployment obligations	(988,697)
Total adjustment	<u>\$ 12,845,385</u>

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. The total adjustment of \$1,380,211 is comprised of the following:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 1,747,437
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	(847,985)
Cost of disposed capital asset not recorded in fund statements.	(2,069)
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	(342,480)
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	916,535
Amortization on deferred premium payments on debt that is recorded in the statement of activities but not in the fund statements	1,770
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)	190,051

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Amortization on deferred charges-refunding costs that is recorded in the statement of activities but not in the fund statements	(4,019)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(11,285)
Net pension obligation is accrued in the government-wide statements but not in the fund statements because they do not use current resources	(8,890)
Postemployment benefits are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(141,886)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements	
Reversal of deferred tax revenue recorded at 7-1-13	(1,097,632)
Recording of tax receipts deferred in the fund statements as of 6-30-14	981,781
Increase in accrued interest receivable for year ended 6-30-14	<u>(1,117)</u>
Total adjustment	<u>\$ 1,380,211</u>

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

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

In Exhibit C-1, the following funds had a deficit fund balance as follows:

	<u>Amount</u>
School Capital Projects Fund	\$ 426
Detention Center Project Fund	104,905
County Building Fund	4,105
Scattered Site Fund	1,237

These deficit fund balances resulted from the requirement to incur expenses prior to requesting reimbursement and lack of funding received from the General Fund to supplement the accounts.

**B. Excess of Expenditures over Appropriations**

For the fiscal year ended June 30, 2014, the expenditures in the Senior Center Capital Project Fund exceeded the budget by \$25,563. These expenditures will be monitored more closely in the future to ensure budget amendments are made in a timely manner for additional expenditures.

**III. Detail Notes on All Funds**

**c. Assets**

**1. Deposits**

All of the County's and the ABC Board'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 pledged collateral is based on an approved averaging method for non-

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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, 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 this 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 State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The County and the ABC Board has no formal policy regarding custodial credit risk for deposits.

At June 30, 2014, the County's deposits had a carrying amount of \$569,370 and a bank balance of \$737,143. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$487,143 in interest bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2014, the carrying amount of deposits for the ABC Board was \$278,291, and the bank balance of \$270,357. Of the bank balance, \$250,000 was covered by federal depository insurance and \$20,357 is collateralized under the pooling method. At June 30, 2014, the ABC Board had \$5,075 in petty cash and change funds.

**2. Investments**

At June 30, 2014, the County's investments consisted of \$7,504,734, in the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAM by Standard and Poors. The County has no policy on credit risk.

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

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

<u>Year</u> <u>Levied</u>	<u>Total</u> <u>Taxes</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,109,637	\$ 294,637	\$ 1,404,274
2012	1,135,521	301,847	1,437,368
2013	1,151,050	305,975	1,457,025
2014	<u>1,169,380</u>	<u>-</u>	<u>1,169,380</u>
Totals	<u>\$ 4,565,588</u>	<u>\$ 902,459</u>	<u>\$ 5,468,047</u>

**4. Receivables**

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

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	<u>Accounts</u>	<u>Taxes and Related Accrued Interest</u>	<u>Due from other governments</u>	<u>Total</u>
Governmental Activities:				
General	\$ 2,701,228	\$ 1,117,298	\$ 201,711	\$ 4,020,237
Other Governmental	<u>68,312</u>	<u>178,229</u>	<u>-</u>	<u>246,541</u>
Total	2,769,540	1,295,527	201,711	4,266,778
Allowance for doubtful accounts	<u>(1,295,819)</u>	<u>(150,000)</u>	<u>-</u>	<u>(1,445,819)</u>
Net-governmental activities	<u>\$ 1,473,721</u>	<u>\$ 1,145,527</u>	<u>\$ 201,711</u>	<u>\$ 2,820,959</u>
Business-type Activities:				
Solid Waste	\$ 14,849	\$ 107,200	\$ -	\$ 122,049
CDOT	<u>6,247</u>	<u>-</u>	<u>-</u>	<u>6,247</u>
Total	21,096	107,200	-	128,296
Allowance for doubtful accounts	<u>-</u>	<u>(8,100)</u>	<u>-</u>	<u>(8,100)</u>
Total-business-type activities	<u>\$ 21,096</u>	<u>\$ 99,100</u>	<u>\$ -</u>	<u>\$ 120,196</u>

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

Sales tax refund \$ 201,711

**5. Capital Assets**

**Primary Government**

Capital asset activity for the year ended June 30, 2014, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 915,870	\$ -	\$ -	\$ -	\$ 915,870
Construction in progress	<u>9,068,439</u>	<u>1,221,739</u>	<u>-</u>	<u>(9,868,553)</u>	<u>421,625</u>
Total capital assets not being depreciated	<u>9,984,309</u>	<u>1,221,739</u>	<u>-</u>	<u>(9,868,553)</u>	<u>1,337,495</u>
Capital assets being depreciated:					
Buildings	11,573,333	9,348,044	-	-	20,921,377
Improvements	2,267,048	114,056	-	-	2,381,104
Equipment	3,922,762	603,860	-	-	4,526,622
Vehicles	2,069,411	328,291	45,690	-	2,352,012
Audio visual	105,771	-	-	-	105,771
Other Assets	4,475,175	-	-	-	4,475,175
Infrastructure	<u>17,277</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,277</u>
Total capital assets being depreciated	<u>24,430,777</u>	<u>10,394,251</u>	<u>45,690</u>	<u>-</u>	<u>34,779,338</u>
Less accumulated depreciation for:					
Buildings	4,434,790	213,503	-	-	4,648,293
Improvements	1,344,658	66,977	-	-	1,411,635
Equipment	2,528,116	267,221	-	-	2,795,337
Vehicles	1,253,164	212,103	43,621	-	1,421,646
Audio visuals	95,194	-	-	-	95,194
Other assets	2,141,680	87,870	-	-	2,229,550
Infrastructure	<u>6,375</u>	<u>311</u>	<u>-</u>	<u>-</u>	<u>6,686</u>
Total accumulated depreciation	<u>11,803,977</u>	<u>\$ 847,985</u>	<u>\$ 43,621</u>	<u>\$ -</u>	<u>12,608,341</u>
Total capital assets being depreciated, net	<u>12,626,800</u>				<u>22,170,997</u>
Governmental activity capital assets, net	<u>\$ 22,611,109</u>				<u>\$ 23,508,492</u>



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	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
Business-type activities:					
<b>Solid Waste</b>					
Capital assets not being depreciated:					
Land	\$ 37,500	\$ -	\$ -	\$ -	\$ 37,500
Capital assets being depreciated:					
Buildings	14,017	13,085	-	-	27,102
Land improvements	120,417	-	-	-	120,417
General Equipment	321,703	71,731	-	-	393,434
Vehicles	66,709	26,023	-	-	92,732
Other Assets	403,675	-	-	-	403,675
Total capital assets being depreciated	926,521	110,839	-	-	1,037,360
Less accumulated Depreciation for:					
Buildings	14,018	545	-	-	14,563
Land improvements	118,068	1,598	-	-	119,666
General Equipment	253,710	33,809	-	-	287,519
Vehicles	53,132	8,403	-	-	61,535
Other assets	403,675	-	-	-	403,675
Total accumulated depreciation	842,603	\$ 44,355	\$ -	\$ -	886,958
Total capital assets being depreciated, net	83,918				150,402
Solid Waste capital assets, net	\$ 121,418				\$ 187,902
 Caswell Division of Transportation					
Capital assets being depreciated:					
Building improvements	\$ 231,507	\$ -	\$ -	\$ -	\$ 231,507
Land improvements	16,900	-	-	-	16,900
Computer equipment	10,190	-	-	-	10,190
Vehicles	368,594	89,081	35,085	-	422,590
Total capital assets not being depreciated	627,191	89,081	35,085	-	681,187
Less accumulated depreciation for:					
Building improvements	5,788	5,788	-	-	11,576
Land improvements	423	1,690	-	-	2,113
Computer equipment	8,064	425	-	-	8,489
Vehicles	184,776	63,297	19,589	-	228,484
Total accumulated depreciation	199,051	\$ 71,200	\$ 19,589	\$ -	250,662
Total capital assets being depreciated, net	428,140				430,525
Caswell Div. Transportation capital assets, net	428,140				430,525
Business-type activities capital assets, net	\$ 549,558				\$ 618,427
 <b>Caswell County ABC Board</b>					
Capital assets not being depreciated:					
Land	\$ 6,000	\$ -	\$ -	\$ -	\$ 6,000
Total capital assets not being depreciated	6,000	-	-	-	6,000

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	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
Capital assets being depreciated:					
Buildings	160,356	-	-	-	160,356
Warehouse equipment	2,326	-	-	-	3,652
Vehicles	16,496	-	-	-	16,496
Office furniture and equipment	18,892	-	-	-	18,892
Store fixtures and equipment	91,460	-	-	-	91,460
Leasehold improvements	<u>15,952</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,952</u>
Total capital assets being depreciated	<u>305,482</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>305,482</u>
Less accumulated depreciation for:					
Assets being depreciated	<u>210,156</u>	<u>6,551</u>	<u>-</u>	<u>-</u>	<u>216,707</u>
Total accumulated depreciation	<u>210,156</u>	<u>\$ 6,551</u>	<u>\$ -</u>	<u>\$ -</u>	<u>216,707</u>
Total capital assets being depreciated, net	<u>95,326</u>				<u>88,775</u>
ABC Board capital assets – net	<u>\$ 101,326</u>				<u>\$ 94,775</u>

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

General Government	\$ 151,572
Public Safety	384,601
Economic and Physical Development	40,324
Human Services	97,796
Cultural and Recreational	<u>173,692</u>
Total Depreciation Expense	<u>\$ 847,985</u>

**d. Liabilities**

**1. Payables**

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

	<u>Vendors</u>
Governmental Activities:	
General	\$ 596,972
Other governmental	<u>98,977</u>
Total-governmental activities	<u>\$ 695,949</u>
Business-type Activities:	
Solid Waste	\$ 43,593
CDOT	<u>1,535</u>
Total-business-type activities	<u>\$ 45,128</u>

**2. Pension Plan & Postemployment Obligations**

**a. Local Governmental Employees' Retirement System**

*Plan Description* – Caswell 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

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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% respectively, and 7.28% of annual covered payroll. The current rate for DSS employees is 7.07% 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 Caswell 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 \$515,770, \$479,055, and \$544,354, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2012, 2013, and 2014 were \$8,837, \$7,370, and \$6,995, 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**

Caswell 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. 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 Separation Allowance is reported in the County's report as a pension trust fund.

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	3
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>35</u>
Total	<u>38</u>

A separate report on the Pension Trust Fund was not issued for the plan.

**2. Summary of Significant Accounting Policies:**

*Basis of Accounting* –Financial statements for the Separation Allowance are prepared using the modified accrual basis of accounting. Employer contributions to the plan are recognized when due and when the County has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

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*Method Used to Value Investments*-No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

**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 benefit payments on a pay as you go basis through benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly.

The annual required contribution for the current year was determined as part of the December 31, 2013 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) medical cost trend rate of 4.25% to 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 dollars on a closed basis. The remaining amortization period at December 31, 2013, was 17 years.

Fiscal Year Ended	<u>Three-Year Trend Information</u>		Net Pension Obligation
	Annual Pension Cost (APC)	Percentage of APC Contributed	
2012	\$ 40,606	52.94%	\$ 270,027
2013	40,839	59.58%	286,534
2014	\$ 41,108	78.37%	\$ 295,424

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

Employer annual required contribution	\$ 50,126
Interest on net pension obligation	14,327
Adjustment to annual required contribution	<u>(23,345)</u>
Annual pension cost	41,108
Employer contributions made for fiscal year ending 6/30/14	<u>32,218</u>
Increase (decrease) in net pension obligation	8,890
Net pension obligation beginning of fiscal year	<u>286,534</u>
Net pension obligation end of fiscal year	<u><u>\$ 295,424</u></u>

**4. Funded Status and Funding Progress**

As of December 31, 2013, the most recent actuarial valuation date, the plan was 0.00% funded. The actuarial accrued liability for benefits was \$424,848, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$424,848. The covered payroll (annual payroll of active employees covered by the plan) was \$1,207,485, and the ratio of the UAAL to the covered payroll was 35.18%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the

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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 contributions 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 \$115,017, which consisted of \$60,958 from the County and \$54,059 from the law enforcement officers.

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

*Plan Description* – Caswell 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 who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy* – On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 3 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administer the Fund. For the fiscal year ended June 30, 2014, the County's required and actual contributions were \$1,386.

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**e. Other Postemployment Benefits**

**Healthcare Benefits**

*Plan Description* –Under the terms of a County resolution, the County administers a single-employer defined benefit Healthcare Benefits Plan (HCB Plan). According to a County resolution, the County provides health care benefits to retirees of the County who participate in the North Carolina Local Governmental Employees’ Retirement System (System). The amount of benefit coverage is determined one of four ways – (1) If an individual has 30 years or more service with the county, then the County pays for 100% of the cost of coverage (2) If an individual had 25 years in the System, but at least 15 of those years are with the County, then the County pays for 100% of cost of coverage (3) If an individual has 20 years in the System, but at least 15 of those years with the county, then the County pays 75% of the cost of coverage (4) If an individual was hired before December 18, 2002, the County pays the following percentage of the cost of health insurance: 20 years or more, then the County pays 100% of the cost of coverage; 15-19 years, then the County pays 75% and 10-14 years, then the County pays 50% of the cost of coverage. The County pays the full cost of coverage for these benefits through private insurers. The Board of Commissioners may amend the benefit provisions. A separate report was note issued for the 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	16	3
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	<u>183</u>	<u>29</u>
Total	<u>199</u>	<u>32</u>

*Funding Policy* – The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees 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 4.21% of annual covered payroll. For the current year, the County contributed \$168,645 or 2.2% of annual covered payroll. The County obtains healthcare coverage through private insurers. The County’s required contributions, under a Board resolution, for employees not engaged in law enforcement and for law enforcement officers represented \$168,645 and 2.2% of covered payroll, respectively. The County’s obligation to contribute to HCB Plan is established and may be amended by the County Board of Commissioners.

*Summary of Significant Accounting Policies* – Post employment 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

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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 current year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the postemployment healthcare benefits:

Annual required contribution	\$ 319,597
Interest on net OPEB obligation	35,817
Adjustment to annual required contribution	<u>(34,216)</u>
Annual OPEB cost (expense)	321,198
Contributions made	<u>(168,645)</u>
Increase (decrease) in net OPEB obligation	152,553
Net OPEB obligation, beginning of year	<u>895,425</u>
Net OPEB obligation, end of year	<u>\$ 1,047,978</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 <u>June 30</u>	Annual OPEB <u>Cost</u>	Percentage of Annual OPEB <u>Cost Contributed</u>	Net OPEB <u>Obligation</u>
2012	\$ 311,343	49.6%	\$ 746,890
2013	311,623	52.3 %	895,425
2014	\$ 321,198	52.5 %	\$ 1,047,978

*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 \$3,360,398. The covered payroll (annual payroll of active employees covered by the plan) was \$7,590,994, and the ratio of the UAAL to the covered payroll was 44.3%.

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

*Actuarial Methods and Assumptions* – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to 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.

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In the December 31, 2013 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 % 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 % inflation assumption. The medical cost trend rate varied between 7.75% to 5.00%. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected unit credit on a level percent of pay, 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 may 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 postemployment 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:

<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. Caswell 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.



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

The amount of deferred outflows of resources is a charge on refunding of debt of \$28,132.

	<u>Unavailable Revenue</u>	<u>Unearned Revenue</u>
Prepaid taxes not yet earned		
General Fund	\$ 40,914	\$ 40,914
Taxes receivable		
General Fund	\$ 803,552	\$ -
Special Fire District	178,229	-
Total	<u>\$ 981,781</u>	<u>\$ -</u>

**4. Risk Management**

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

The County has flood insurance as part of their liability policy. The deductible is \$25,000 per occurrence.

In accordance with G.S. 159-29, County employees who 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 bonded for \$100,000 and \$75,000, respectively. The Register of Deeds is bonded for \$25,000.

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

Caswell County ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The ABC Board has property, general liability, auto liability, workers' compensation, and employee health coverage. The ABC 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.

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**5. Summary Disclosure of Significant Commitments**

The County entered into various agreements prior to June 30, 2014, as follows:

	<u>Unpaid Commitments</u>
Contract for soil conservation survey over 10 years (3 years remaining)	\$ 61,141
Total	<u>\$ 61,141</u>

These amounts were not recorded in the basic financial statements at June 30, 2014, since services have either not yet been commenced or fully performed.

The County entered into an agreement with a private contractor for the removal of solid waste.

**6. 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.

**7. Long-Term Obligations**

**a. Capital Leases**

Caswell County has entered into a lease agreement to upgrade E911. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of their inception. The agreement was executed on June 3, 2013 for the lease of equipment to upgrade E911 that requires five annual payments of \$74,088.

<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
E911 Equipment	\$ 342,480	\$ -	\$ 342,480

For Caswell County, the future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014 were as follows:

Year Ending June 30	
2015	\$ 74,088
2016	74,088
2017	74,087
2018	<u>74,087</u>
Total minimum lease payments	296,350
Less: amount representing interest	<u>24,001</u>
Present value of the minimum lease payments	<u>\$ 272,349</u>

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**b. Installment Purchase**

Paid or serviced by the General Fund:

Note payable to Wachovia Bank, N.A. for renovations to the Caswell County Courthouse. Principal payments of \$61,667, plus accrued interest at 4.45% are due semi-annually starting July 1, 1999. The loan is collateralized by a Deed of Trust and Security Agreement dated January 4, 1999, creating a lien in and on the mortgaged property.

\$ -

Note payable to BB&T Bank for the purchase of EMS medical equipment. Principal payments of \$30,515, plus accrued interest at 2.11% are due annually starting September 26, 2012.

87,814

Total

\$ 87,814

Caswell County, the future minimum payments as of June 30, 2014, including \$3,732 of interest, are:

Year Ending <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 28,662	\$ 1,853
2016	29,267	1,248
2017	<u>29,885</u>	<u>631</u>
Total	<u>\$ 87,814</u>	<u>\$ 3,732</u>

**c. General Obligation Indebtedness**

The County records long-term debt of the government funds at face value in the government-wide financial statements. All general obligation bonds serviced by the County's general fund are collateralized by the full faith, credit, and taxing power of the County. The County issued general obligation bonds to provide funds for the construction of new schools. Principal and interest payments are appropriated when due.

The County's general obligation bonds payable at June 30, 2014 are comprised of the following individual issues:

Serviced by the County's General Fund:

**General Obligation Bonds**

**\$2,560,000** 2010 General Obligation Refunding Bonds. Due February 1 in installments of \$203,250 to \$307,350 through February 1, 2021; interest ranging from 2% to 3.25%

\$ 1,535,000

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The annual requirements to amortize debt and related interest on the general obligation bonds and notes payable for future years ended June 30, 2014 were as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2015	\$ 235,000	\$ 44,200
2016	230,000	39,500
2017	225,000	32,600
2018	220,000	25,850
2019-2021	<u>625,000</u>	<u>38,550</u>
Total	<u>\$ 1,535,000</u>	<u>\$ 180,700</u>

The payments above do not include accrued vacation pay since annual maturities are not determinable. The bonds as described do not have any sinking fund requirements. Enterprise Fund long-term debt was comprised of accrued vacation pay.

**d. Private Placement Bonds**

The County records long-term debt of the government funds at face value in the government-wide financial statements. The County issued private placement bonds to provide funds for the construction of the new detention center. Principal and interest payments are appropriated when due.

The County's private placement bonds payable at June 30, 2014 are comprised of the following individual issues:

Serviced by the County's General Fund:

**\$8,567,000** 2011 Bonds. Due February 1 and August 1 in installments of \$142,426 to \$ 447,983 through August 1, 2026; interest at 3.325% \$ 7,892,000

The annual requirements to amortize debt and related interest on the private placement bonds and notes payable for future years ended June 30, 2014 were as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2015	\$ 450,000	\$ 258,668
2016	553,000	243,706
2017	656,000	223,606
2018	656,000	201,794
2019-2023	3,280,000	681,790
2024-2027	<u>2,297,000</u>	<u>152,800</u>
Total	<u>\$ 7,892,000</u>	<u>\$ 1,762,364</u>

**CASWELL COUNTY, NORTH CAROLINA  
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**8. Long-Term Obligation Activity**

The following is a summary of changes in general long-term debt for the year ended June 30, 2014:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014	Current Portion
<b>Governmental Activities:</b>					
General obligation bonds	\$ 1,780,000	\$ -	\$ (245,000)	\$ 1,535,000	\$ 235,000
Plus: premiums on issuance	14,159	-	(1,770)	12,389	-
Total General obligation bonds	1,794,159	-	(246,770)	1,547,389	235,000
Capital Leases	-	342,480	(70,131)	272,349	64,648
Private placement bonds	8,342,000	-	(450,000)	7,892,000	450,000
Installment purchases	239,218	-	(151,404)	87,814	28,662
Compensated Absences	605,585	616,870	(605,585)	616,870	154,217
Postemployment Benefits	846,811	141,886	-	988,697	-
Pension obligation	286,534	8,890	-	295,424	-
Total governmental activities	<u>\$12,114,307</u>	<u>\$ 1,110,126</u>	<u>\$(1,523,890)</u>	<u>\$ 11,700,543</u>	<u>\$ 932,527</u>
<b>Business Type Activities:</b>					
Postemployment Benefits					
Solid Waste	\$ 16,175	\$ 3,471	\$ -	\$ 19,646	\$ -
Caswell Div. of Trans	32,439	7,196	-	39,635	-
Total	<u>48,614</u>	<u>10,667</u>	<u>-</u>	<u>59,281</u>	<u>-</u>
Compensated Absences					
Solid Waste	9,222	9,248	(9,222)	9,248	2,312
Caswell Div. of Trans	10,527	10,670	(10,527)	10,670	2,267
Total	<u>19,749</u>	<u>19,918</u>	<u>(19,750)</u>	<u>19,918</u>	<u>4,979</u>
Total business-type activities	<u>\$ 68,363</u>	<u>\$ 30,585</u>	<u>\$ (19,750)</u>	<u>\$ 79,199</u>	<u>\$ 4,979</u>

Compensated absences, postemployment benefits and the net pension obligation for governmental activities are generally liquidated by the General Fund. Compensated absences and postemployment benefits for business-type activities are generally liquidated by the Solid Waste Management Fund and the Caswell Division of Transportation Fund.

On June 30, 2014, Caswell County had a legal debt margin of \$115,957,644.

**d. Interfund Balances and Activity**

**Transfers from/to other funds**

From the School Capital Reserve Fund to the General Fund for school bond payments	\$ 594,100
From the Emergency Telephone System Fund for funding for project	74,088
From the General Fund to the School Capital Reserve Fund for restricted sales tax	669,122
From the General Fund to the Special Fire Districts Fund for volunteer fire departments rescue operations	31,500
From the General Fund to the Revaluation Fund for revaluation reserve and expenses paid	30,000
From the General Fund to the Emergency Telephone System Fund for repayment of disqualified expenses	1,477
From the General Fund to the County Building Fund for contributions to projects	99,375
From the General Fund to the Water and Sewer Fund for additional funding for project	50,164

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From the General Fund to the Detention Center Project Fund to finalize the project	174,025
Total	<u>\$ 1,723,851</u>
<b><u>Due from/to other funds</u></b>	
From the School Capital Projects Fund to General Fund for central depository overdraft	\$ 426
From the Detention Center Project Fund to General Fund for central depository overdraft	104,905
From the General Fund to Solid Waste Fund for interfund loan for vehicles	136,277
Total	<u>\$ 241,608</u>

**C. Fund Balances**

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

Total fund balance-General Fund	\$ 7,168,771
Less:	
Stabilization by State Statute	1,712,451
Appropriated fund balance in 2015 budget	665,051
Register of Deeds	29,772
Tax Revaluation	256,836
Education	276,567
Remaining Fund Balance	\$ 4,228,094

**IV. Joint Ventures**

Caswell County participates with Alamance, Cabarrus, Chatham, Davidson, Franklin, Granville, Halifax, Orange, Person, Rowan, Stanly, Union, Vance, and Warren counties in an Area Authority and Managed Care Organization operated by Cardinal Innovations Healthcare Solutions. An Area Board serves as the governing unit of Cardinal Innovations. The Area Board is comprised of a single governing board and community oversight boards; one for each community operations center. The appointment of members to the governing board and the community oversight boards is in accordance with bylaws set forth in the Joint Resolution. 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.

**V. Jointly Governed Organization**

**Piedmont Triad Council of Governments**

The Council is a voluntary association of the county governments, established as a jointly governed organization of the participating counties to coordinate funding from federal and State agencies. Each county appoints one member of the Council's governing board, whose responsibilities include approving the budget and designating the management of the Council. The participating counties do not retain an ongoing financial interest in or responsibility for the Council.

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

Person – Caswell Lake Authority

The Authority is a jointly governed organization formed by Person and Caswell Counties to regulate the use of Hyco Lake. Each county appoints three members to the Authority, but neither county provides funding, nor do they retain an ongoing financial interest therein in or for the Authority.

Piedmont Community College

The County provides a small percentage of the College's annual operating budget, but the College is not fiscally dependent upon this annual allocation. The County does not retain an ongoing interest in or responsibility for the College.

Piedmont Triad Partnership

The Partnership is an economic development marketing arm of North Carolina's Piedmont Triad Region. The region is marketed domestically and internationally to attract new business investments and new job creation. The Partnership teams with the local economic development offices in the region and with the North Carolina Department of Commerce to provide economic, demographic, site, building, and labor information to companies and consultants around the globe. The participating counties do not retain ongoing financial interest in or responsibility for the Partnership. The Caswell County Board of Commissioners appoints one member to the Partnership board.

**VI. Benefit Payments Issued by the State**

The amounts listed below were paid directly to individual recipients by the State from federal and State moneys. County personnel are involved with certain functions; primarily eligibility determinations that cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients, which do not appear in the basic financial statements because they are not revenues and expenditures of the County.

	<u>Federal</u>	<u>State</u>
Temporary Assistance to Needy Families	\$ 116,814	\$ -
Foster Care	62,595	20,653
Adoption Assistance	86,320	22,610
Medicaid	21,012,097	11,873,558
Health Choice	316,744	99,928
Women, Infants and Children (WIC)	316,831	-
State/County Special Assistance for Adults	-	247,055
CWS Adoption Subsidy	-	34,705
Section 8 Housing	914,303	-
Foster Care at Risk Maximization	-	460
SFHF Maximization	-	5,900
State Foster Home	-	(1,077)
Totals	<u>\$ 22,825,704</u>	<u>\$ 12,303,792</u>

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

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

**Federal and State Assisted Programs**

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

**VIII. Significant Effects of Subsequent Events**

The County has evaluated events and transactions that occurred between June 30, 2014 and January 2, 2015, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. The County is currently seeking planning to close on a loan in January 2015 for funding for two ambulances in the amount of \$368,692. There were no additional events that occurred during this time that were deemed to be significant enough to be disclosed.



## **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 the Other Postemployment Benefits
- Schedule of Employer Contributions for the Other Postemployment Benefits
- Notes to the Required Schedules for the Other Postemployment Benefits

**CASWELL 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	\$ 10,367	\$ 246,253	\$ 235,886	4.21%	\$ 1,117,016	21.12%
12/31/2009	10,607	362,680	352,073	2.92%	1,222,188	28.81%
12/31/2010	-	363,604	363,604	0.00%	1,202,545	30.24%
12/31/2011	-	367,429	367,429	0.00%	1,196,382	30.71%
12/31/2012	-	408,290	408,290	0.00%	1,240,609	32.91%
12/31/2013	\$ -	\$ 424,848	\$ 424,848	0.00%	\$ 1,207,485	35.18%

**CASWELL 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
2008	\$ 26,449	0.00%
2009	29,829	0.00%
2010	32,458	38.51%
2011	43,235	47.76%
2012	43,028	49.96%
2013	\$ 44,142	55.12%

**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 dollar closed
Remaining amortization period	17 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.

**CASWELL 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)
12/31/2008	\$ 7,713	\$ 2,395,807	\$ 2,385,153	0.40%	\$ 5,771,002	41.3%
12/31/2009	-	2,221,100	2,213,387	0.30%	5,621,039	39.4%
12/31/2011	-	3,450,794	3,450,794	0.00%	7,357,897	46.9%
12/31/2013	\$ -	\$ 3,360,398	\$ 3,360,398	0.00%	\$ 7,590,994	44.3%

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

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2009	\$ 348,223	15.82%
2010	256,161	25.46%
2011	256,161	60.28%
2012	310,288	49.82%
2013	310,288	52.56%
2014	\$ 319,597	52.77%

**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 - 5.00%
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.

**CASWELL 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 FISCAL YEAR ENDED JUNE 30, 2013**

	2014		2013	
	Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES</b>				
Ad Valorem Taxes:				
Current year		\$ 10,076,280		\$ 9,557,554
Prior year		320,898		283,351
Penalties and interest		202,682		188,836
Total	\$ 10,128,354	10,599,860	\$ 471,506	10,029,741
Other taxes and licenses				
Sales tax	1,824,150	1,733,228	(90,922)	1,700,979
Medicaid hold harmless	275,000	317,461	42,461	318,790
Privilege licenses	600	755	155	705
Cable television franchise	18,600	8,563	(10,037)	16,891
Total	2,118,350	2,060,007	(58,343)	2,037,365
Unrestricted intergovernmental:				
Beer and wine	93,500	93,593	93	86,644
Gasoline tax refund	4,000	9,645	5,645	8,543
Indirect cost	78,421	85,753	7,332	78,421
ABC profit distribution	10,000	20,429	10,429	17,150
DWI state/Civil license revocation	2,000	2,561	561	1,444
Total	187,921	211,981	24,060	192,202
Restricted intergovernmental:				
Federal and state grants	4,941,337	4,640,424	(300,913)	4,912,503
School share of sales tax	659,509	648,817	(10,692)	634,505
Court facility fees	70,000	55,373	(14,627)	64,225
ABC Board bottle tax	7,500	7,614	114	8,016
Sheriff-DEA Funds	18,109	6,379	(11,730)	5,377
EMS Medicaid Cost Settlement	100,000	79,177	(20,823)	108,022
School resource officer	82,432	82,432	-	82,432
Section 8	914,302	914,303	1	982,402
Total	6,793,189	6,434,519	(358,670)	6,797,482
Permits and fees:				
Subdivision fees	2,000	860	(1,140)	1,465
Building permits and inspection fees	132,000	89,906	(42,094)	85,900
Outdoor storage ordinance	750	250	(500)	650
Tax collection fees	10,500	10,481	(19)	10,471
Election fees	1,940	7,594	5,654	16
Register of deeds	148,400	146,464	(1,936)	155,649
Sheriff's fees and permits	4,000	-	(4,000)	5
Concealed weapon permit	15,000	23,265	8,265	23,222
Impound fee	2,000	1,840	(160)	1,430
Civil case processing	30,000	28,694	(1,306)	10,376
Jail telephone fees	7,900	8,577	677	14,673
Animal control fees	150	5,500	5,350	13,133
Parks & recreation fees	70,000	52,289	(17,711)	51,971
Farmer lake fees	7,400	5,176	(2,224)	5,288
Tax and maps cards/GIS	3,000	2,584	(416)	2,097
4-H Activities	8,421	9,145	724	17,681
Cooperative Extension	8,003	6,154	(1,849)	5,290
Other	108,700	106,311	(2,389)	62,232
Total	560,164	505,090	(55,074)	461,549



**CASWELL 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 FISCAL YEAR ENDED JUNE 30, 2013**

	2014		2013	
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Sales and service:</b>				
Election reimbursements	4,918	-	(4,918)	-
Rents, concessions and fees	46,426	46,441	15	46,429
Jail fees	1,500	5,883	4,383	1,040
Ambulance fees	2,000	7,255	5,255	3,115
EMS source collections	800,000	440,954	(359,046)	711,304
Health department fees	1,075,937	1,251,813	175,876	1,102,804
Senior activities	68,470	50,136	(18,334)	62,548
Library fees	10,700	12,178	1,478	11,605
Detention center housing	419,750	260,971	(158,779)	152,283
Guilford Mills reimbursement	11,500	17,150	5,650	10,424
Other	3,151	405	(2,746)	2,090
Total	<u>2,444,352</u>	<u>2,093,186</u>	<u>(351,166)</u>	<u>2,103,642</u>
<b>Interest on investments</b>	<u>4,500</u>	<u>1,780</u>	<u>(2,720)</u>	<u>6,796</u>
<b>Miscellaneous:</b>				
Other	122,311	238,100	115,789	172,869
Total	<u>122,311</u>	<u>238,100</u>	<u>115,789</u>	<u>172,869</u>
<b>Total revenues</b>	<u>22,359,141</u>	<u>22,144,523</u>	<u>(214,618)</u>	<u>21,801,646</u>
<b><u>EXPENDITURES</u></b>				
<b><u>General Government</u></b>				
<b>Governing body:</b>				
Salaries and employee benefits		52,495		52,466
Other operating expenditures		3,642		4,429
Total	<u>56,870</u>	<u>56,137</u>	<u>733</u>	<u>56,895</u>
<b>Administration</b>				
Salaries and employee benefits		192,000		179,099
Other operating expenditures		138,860		67,106
Total	<u>334,301</u>	<u>330,860</u>	<u>3,441</u>	<u>246,205</u>
<b>Board of Elections</b>				
Salaries and employee benefits		61,250		70,628
Other operating expenditures		43,051		34,725
Total	<u>110,804</u>	<u>104,301</u>	<u>6,503</u>	<u>105,353</u>
<b>Finance Department</b>				
Salaries and employee benefits		187,049		202,987
Other operating expenditures		8,265		17,482
Total	<u>211,758</u>	<u>195,314</u>	<u>16,444</u>	<u>220,469</u>
<b>Tax Office</b>				
Salaries and employee benefits		291,844		310,055
Other operating expenditures		120,534		183,792
Capital outlay		11,592		3,128
Total	<u>447,474</u>	<u>423,970</u>	<u>23,504</u>	<u>496,975</u>

**CASWELL 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 FISCAL YEAR ENDED JUNE 30, 2013**

	2014		2013	
	Budget	Actual	Variance Positive (Negative)	Actual
Register of Deeds				
Salaries		122,941		121,390
Other operating expenditures		52,942		57,778
Capital outlay		8,275		8,275
Total	187,985	184,158	3,827	187,443
Court facilities				
Other operating expenditures		57,160		51,738
Total	65,950	57,160	8,790	51,738
Public facilities				
Salaries		209,203		208,450
Other operating expenditures		313,288		281,416
Capital outlay		13,624		5,003
Total	540,534	536,115	4,419	494,869
Informational Technology:				
Salaries and employee benefits		50,622		50,087
Other operating expenditures		13,209		6,614
Capital outlay		19,775		-
Total	88,623	83,606	5,017	56,701
Nondepartmental:				
Health insurance - retirees		132,314		122,623
Unemployment insurance		54,896		26,275
Professional Services		211,738		194,839
Supplies		5,784		6,407
Maintenance and repairs		24,573		15,041
Advertising		3,005		1,947
Dues and subscriptions		15,954		15,517
Insurance and bonds		313,172		235,123
Insurance settlement		5,000		-
Wellness benefits / activities		3,395		3,772
Total	797,083	769,831	27,252	621,544
<b>Total General Government</b>	<b>2,841,382</b>	<b>2,741,452</b>	<b>99,930</b>	<b>2,538,192</b>
<u>Public Safety</u>				
Sheriff:				
Salaries		1,679,991		1,684,026
Other operating expenditures		367,919		362,280
Capital outlay		124,738		-
Total	2,200,077	2,172,648	27,429	2,046,306
Jail:				
Salaries and employee benefits		736,108		602,349
Other operating expenditures		467,409		325,716
Total	1,217,604	1,203,517	14,087	928,065

**CASWELL 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 FISCAL YEAR ENDED JUNE 30, 2013**

	2014		2013	
	Budget	Actual	Variance Positive (Negative)	Actual
Emergency Management				
Salaries and employee benefits		60,731		60,602
Other operating expenditures		50,796		54,480
Capital outlay		-		5,540
Total	85,935	111,527	(25,592)	120,622
911 communications				
Salaries and employee benefits		416,038		413,293
Other operating expenditures		23,699		20,268
Capital outlay		637,794		88,017
Total	1,082,424	1,077,531	4,893	521,578
School resource officer				
Salaries and employee benefits		92,798		91,154
Other operating expenditures		6,709		8,162
Total	100,665	99,507	1,158	99,316
Inspections:				
Salaries and employee benefits		109,599		109,336
Other operating expenditures		21,919		21,458
Total	133,170	131,518	1,652	130,794
Emergency medical services				
Salaries and employee benefits		941,592		969,697
Other operating expenditures		234,349		231,152
Capital outlay		94,278		128,662
Total	1,270,501	1,270,219	282	1,329,511
Coroner:				
Professional services		2,100		3,000
Autopsy		3,600		6,100
Total	7,000	5,700	1,300	9,100
<b>Total Public Safety</b>	<b>6,097,376</b>	<b>6,072,167</b>	<b>25,209</b>	<b>5,185,292</b>
<u>Environmental Protection</u>				
Soil and water conservation service:				
Salaries and employee benefits		80,743		80,598
Other operating expenditures		4,024		4,003
Total	91,799	84,767	7,032	84,601
<b>Total environmental protection</b>	<b>91,799</b>	<b>84,767</b>	<b>7,032</b>	<b>84,601</b>
<u>Economic and physical development:</u>				
Economic development:				
Other operating expenditures		54,980		-
Total	55,950	54,980	970	-
Extension service:				
Salaries and employee benefits		152,220		151,220
Other operating expenditures		30,426		31,574
Total	178,412	182,646	(4,234)	182,794

**CASWELL 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 FISCAL YEAR ENDED JUNE 30, 2013**

	2014		2013	
	Budget	Actual	Variance Positive (Negative)	Actual
Planning board:				
Salaries and employee benefits		52,667		54,129
Other operating expenditures		7,671		38,694
Total	64,986	60,338	4,648	92,823
<b>Total economic and physical developm</b>	<b>299,348</b>	<b>297,964</b>	<b>1,384</b>	<b>275,617</b>
<u>Human services</u>				
Health department				
Salaries and employee benefits		1,950,504		2,004,187
Other operating expenditures		933,864		860,199
Capital outlay		10,375		-
Total	3,123,180	2,894,743	228,437	2,864,386
Mental Health:				
Alcohol rehabilitation		7,038		6,715
Alamance - Caswell Area Mental Health		115,061		115,061
Total	122,101	122,099	2	121,776
Animal control:				
Salaries and employee benefits		73,147		73,043
Other operating expenditures		131,339		138,150
Total	204,557	204,486	71	211,193
Social Services Administration:				
Salaries		2,032,241		2,074,846
Other operating expenditures		237,157		223,776
Capital outlay		90,010		291,535
Total	2,525,915	2,359,408	166,507	2,590,157
Purchased services:				
Day care services		441,221		496,941
Smart start - child daycare		97,824		96,056
State boarding home program		41,259		15,271
Psychological services		-		1,500
E-funds		7,175		8,658
Total	635,682	587,479	48,203	618,426
JOBS:				
Supportive services		4,203		4,172
Total	7,000	4,203	2,797	4,172
Aid to families with dependent children:				
Program payments	157,780	144,012	13,768	123,300
General aid				
Program payments	288,002	247,234	40,768	262,855
Medical assistance				
Program payments	10,000	2,551	7,449	3,114

**CASWELL 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 FISCAL YEAR ENDED JUNE 30, 2013**

	2014		2013	
	Budget	Actual	Variance Positive (Negative)	Actual
Other county assistance:				
Fuel emergencies		263,357		264,220
Total	284,217	263,357	20,860	264,220
Section 8 housing authority:				
Salaries and employee benefits		111,420		108,421
Other operating expenditures		14,683		15,333
Housing assistance payments		898,852		854,879
Total	1,023,330	1,024,955	(1,625)	978,633
Nutrition program:				
Salaries and employee benefits		185,348		199,839
Other operating expenditures		214,669		227,401
Total	435,636	400,017	35,619	427,240
Meals on wheels				
Other operating expenditures		349		159
Total	5,060	349	4,711	159
Senior center				
Other operating expenditures		49,834		52,154
Total	75,354	49,834	25,520	52,154
BEST Grant				
Salaries and employee benefits		2,707		25,324
Other operating expenditures		-		2,689
Total	2,707	2,707	-	28,013
SHIIP Grant				
Other operating expenditures	6,889	2,831	4,058	5,885
DJJDP				
Salaries and employee benefits		64,497		76,199
Other operating expenditures		22,196		10,591
Capital outlay		-		629
Total	96,377	86,693	9,684	87,419
EDTAP/RGP	135,976	98,066	37,910	105,391
Family Services				
Salaries and employee benefits		109,196		119,815
Other operating expenditures		66,584		29,612
Total	191,520	175,780	15,740	149,427

**CASWELL 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 FISCAL YEAR ENDED JUNE 30, 2013**

	2014		2013	
	Budget	Actual	Variance Positive (Negative)	Actual
Family Services/Intervention				
Salaries and employee benefits		6,219		2,074
Other operating expenditures		9,916		15,039
Total	17,967	16,135	1,832	17,113
Special appropriations:				
Aging program		169,744		147,763
Caswell Parish, Inc.		10,000		9,900
Cooperative Forestry		71,809		73,863
CCR&R partnership		3,000		2,500
Administration		8,664		20,742
Total	372,481	263,217	109,264	254,768
<b>Total human services</b>	<b>9,721,731</b>	<b>8,950,156</b>	<b>771,575</b>	<b>9,169,801</b>
<u>Cultural and recreational:</u>				
County library:				
Salaries and employee benefits		153,090		183,069
Other operating expenditures		63,091		61,073
Capital outlay		28,562		21,950
Total	313,714	244,743	68,971	266,092
Recreation:				
Salaries and employee benefits		106,779		137,437
Other operating expenditures		78,936		65,305
Capital outlay		-		5,711
Total	189,462	185,715	3,747	208,453
Farmer Lake				
Salaries and employee benefits		42,208		37,462
Other operating expenditures		9,783		14,732
Total	53,979	51,991	1,988	52,194
Other:				
Arts Council	2,500	2,500	-	2,500
<b>Total cultural and recreational</b>	<b>559,655</b>	<b>484,949</b>	<b>74,706</b>	<b>529,239</b>
<u>Education:</u>				
Public schools:				
Current expense	2,469,413	2,469,413	-	2,490,085
Capital outlay	300,000	300,000	-	300,000
Piedmont Community College:				
Current expense	224,730	224,730	-	224,730
Capital outlay	4,050	4,050	-	34,050
<b>Total education</b>	<b>2,998,193</b>	<b>2,998,193</b>	<b>-</b>	<b>3,048,865</b>

**CASWELL 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 FISCAL YEAR ENDED JUNE 30, 2013**

	2014		2013	
	Budget	Actual	Variance Positive (Negative)	Actual
<u>Debt service:</u>				
Principal payments		916,535		628,848
Interest payments		336,617		349,579
<b>Total debt service</b>	<u>1,319,353</u>	<u>1,253,152</u>	<u>66,201</u>	<u>978,427</u>
<b>Total Expenditures</b>	<u>23,928,837</u>	<u>22,882,800</u>	<u>1,046,037</u>	<u>21,810,034</u>
<b>Revenues over (under) expenditures</b>	<u>(1,569,696)</u>	<u>(738,277)</u>	<u>831,419</u>	<u>(8,388)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Loan proceeds	342,480	342,480	-	146,400
Transfers from other funds				
School capital reserve fund	594,100	594,100	-	604,100
Emergency telephone system fund	74,088	74,088	-	-
Solid waste management fund	202,400	-	(202,400)	-
Total	<u>870,588</u>	<u>668,188</u>	<u>(202,400)</u>	<u>604,100</u>
Transfers to other funds				
School capital reserve fund	(674,509)	(669,122)	5,387	(656,233)
Special fire districts fund	(31,500)	(31,500)	-	(31,500)
Emergency telephone system fund	(1,477)	(1,477)	-	(53,637)
County building fund	(99,375)	(99,375)	-	-
Water and sewer fund	(50,164)	(50,164)	-	-
Detention center project fund	(174,025)	(174,025)	-	-
Revaluation fund	(30,000)	(30,000)	-	(30,000)
Total	<u>(1,061,050)</u>	<u>(1,055,663)</u>	<u>5,387</u>	<u>(771,370)</u>
Appropriated fund balance	<u>1,417,678</u>	<u>-</u>	<u>(1,417,678)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>1,569,696</u>	<u>(44,995)</u>	<u>(1,614,691)</u>	<u>(20,870)</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>(783,272)</u>	<u>\$ (783,272)</u>	<u>(29,258)</u>
Fund balance - July 1		<u>7,418,640</u>		<u>7,447,898</u>
Fund balance - June 30		<u>\$ 6,635,368</u>		<u>\$ 7,418,640</u>

**CASWELL 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			2013
	Budget	Actual	Variance Positive (Negative)	Actual
<b><u>REVENUES</u></b>				
Restricted intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Investment earnings	300	327	27	497
	<u>300</u>	<u>327</u>	<u>27</u>	<u>497</u>
<b><u>EXPENDITURES</u></b>				
General government				
Revaluation of tax base	30,300	-	30,300	-
Revenues Over (Under) Expenditures	<u>(30,000)</u>	<u>327</u>	<u>30,354</u>	<u>497</u>
<b><u>OTHER FINANCING SOURCES</u></b>				
Appropriated fund balance	-	-	-	-
Transfers from other funds				
General Fund	30,000	30,000	-	30,000
Emergency Telephone Fund	-	-	-	-
Total	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Excess of Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>30,327</u>	<u>\$ 30,327</u>	<u>30,497</u>
Fund Balance - July 1		<u>226,509</u>		<u>196,012</u>
Fund Balance - June 30		<u>\$ 256,836</u>		<u>\$ 226,509</u>



**CASWELL COUNTY, NORTH CAROLINA**  
**CAPITAL RESERVE FUND - SCHOOL CAPITAL OUTLAY**  
**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><u>REVENUES</u></b>				
Interest on investments	\$ 500	\$ 43	\$ (457)	\$ 105
<b><u>EXPENDITURES</u></b>				
Reserve	80,909	-	80,909	-
Education	-	-	-	-
Total Expenditures	80,909	-	80,909	-
Revenues Over (Under) Expenditures	(80,409)	43	80,452	105
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfer from other funds				
General Fund	674,509	669,122	(5,387)	656,233
Transfers to other funds				
General Fund	(594,100)	(594,100)	-	(604,100)
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	80,409	75,022	(5,387)	52,133
Revenues and other sources over (under) expenditures and other uses	\$ -	75,065	\$ 75,065	52,238
<b>FUND BALANCE</b>				
Beginning of year - July 1		201,502		149,264
End of year - June 30		\$ 276,567		\$ 201,502

# 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 District Fund:** This special revenue fund is used to account for taxes collected for fire districts.
- **Emergency Telephone System Fund:** This fund is used to set aside money for 911.
- **Revolving Loan Fund:** This fund is used to account for an economic incentive grant that is loaned out.
- **Special Grants Fund:** This fund is used to account for the receipts and disbursements made for various special projects.

## Capital Project Funds

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

- **Scattered Site Fund:** This fund is used to account for revenues and expenditures to rehabilitate substandard rural housing.
- **County Building Fund:** This fund is used to account for funds set aside for county buildings.
- **Water and Sewer Fund:** This fund is used to account for funds set aside for water and sewer projects.
- **Equipment and Automation Fund:** This fund is used to account for funds set aside to ensure that sufficient funds are available to replace patrol cars, ambulances, animal control officer's vehicles, and emergency management vehicles in a systematic manner.
- **Library Development Fund:** This fund is used to account for funds set aside for capital improvements at the library.
- **School Capital Projects Fund:** This fund is used to account for fund set aside for capital projects for Caswell County Schools.
- **Senior Center Project Fund:** This fund is used to set aside money for construction of a senior center.
- **Detention Center Project Fund:** This capital projects fund is used to account for funds set aside for the construction of the detention center.

**CASWELL COUNTY, NORTH CAROLINA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2014**

	Special Revenue Funds				Capital Projects Funds								
	Special Fire District Fund	Emergency Telephone System Fund	Revolving Loan Fund	Special Grants Fund	Scattered Site Fund	County Building Fund	Water and Sewer Fund	Equipment and Automation Fund	Library Development Fund	School Capital Projects Fund	Senior Center Project Fund	Detention Center Project Fund	Total
<b>ASSETS</b>													
Current Assets:													
Cash and cash equivalents	\$ 196,244	\$ 216,536	\$ 25,100	\$ 170,945	\$ 17,013	\$ 45,595	\$ 13,733	\$ 36,768	\$ 50,674	\$ -	\$ 16,973	\$ -	\$ 789,581
Taxes receivable	178,229	-	-	-	-	-	-	-	-	-	-	-	178,229
Accounts receivable	30,288	19,774	-	-	18,250	-	-	-	-	-	-	-	68,312
Total Assets	<u>\$ 404,761</u>	<u>\$ 236,310</u>	<u>\$ 25,100</u>	<u>\$ 170,945</u>	<u>\$ 35,263</u>	<u>\$ 45,595</u>	<u>\$ 13,733</u>	<u>\$ 36,768</u>	<u>\$ 50,674</u>	<u>\$ -</u>	<u>\$ 16,973</u>	<u>\$ -</u>	<u>\$ 1,036,122</u>
<b>LIABILITIES AND FUND BALANCES</b>													
Liabilities:													
Accounts payable	\$ 467	\$ 11,892	\$ -	\$ -	\$ 36,500	\$ 49,700	\$ 418	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 98,977
Due to other funds	-	-	-	-	-	-	-	-	-	426	-	104,905	105,331
Total liabilities	<u>467</u>	<u>11,892</u>	<u>-</u>	<u>-</u>	<u>36,500</u>	<u>49,700</u>	<u>418</u>	<u>-</u>	<u>-</u>	<u>426</u>	<u>-</u>	<u>104,905</u>	<u>204,308</u>
Deferred Inflows of Resources	<u>178,229</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>178,229</u>
Fund Balances:													
Restricted:													
Stabilization by State Statute	30,288	19,774	-	-	18,250	-	-	-	-	-	-	-	68,312
Public Safety	195,777	204,644	-	-	-	-	-	-	-	-	-	-	400,421
Economic Development	-	-	25,100	-	-	-	13,315	-	-	-	-	-	38,415
Human Services	-	-	-	-	-	-	-	-	-	-	16,973	-	16,973
Cultural and Recreational	-	-	-	-	-	-	-	-	50,674	-	-	-	50,674
General Government	-	-	-	170,945	-	-	-	36,768	-	-	-	-	207,713
Unassigned:	-	-	-	-	(19,487)	(4,105)	-	-	-	(426)	-	(104,905)	(128,923)
Total fund equity	<u>226,065</u>	<u>224,418</u>	<u>25,100</u>	<u>170,945</u>	<u>(1,237)</u>	<u>(4,105)</u>	<u>13,315</u>	<u>36,768</u>	<u>50,674</u>	<u>(426)</u>	<u>16,973</u>	<u>(104,905)</u>	<u>653,585</u>
Total Liabilities and													
Fund Equity	<u>\$ 404,761</u>	<u>\$ 236,310</u>	<u>\$ 25,100</u>	<u>\$ 170,945</u>	<u>\$ 35,263</u>	<u>\$ 45,595</u>	<u>\$ 13,733</u>	<u>\$ 36,768</u>	<u>\$ 50,674</u>	<u>\$ -</u>	<u>\$ 16,973</u>	<u>\$ -</u>	<u>\$ 1,036,122</u>

**CASWELL 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 Funds								
	Special Fire District Fund	Emergency Telephone System Fund	Revolving Loan Fund	Special Grants Fund	Scattered Site Fund	County Building Fund	Water and Sewer Fund	Equipment and Automation Fund	Library Development Fund	School Capital Projects Fund	Senior Center Project Fund	Detention Center Project Fund	Total
<b>REVENUES</b>													
Ad Valorem taxes	\$ 270,618	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 270,618
Other taxes and licenses	232,502	-	-	-	-	-	-	-	-	-	-	-	232,502
Restricted intergovernmental	-	237,294	25,000	-	459,765	-	44,989	-	-	-	-	-	767,048
Sales and service	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment earnings	-	333	-	105	-	-	3	51	53	-	5	812	1,362
Miscellaneous	-	-	-	-	-	-	-	-	191	-	-	4,100	4,291
<b>Total Revenues</b>	<b>503,120</b>	<b>237,627</b>	<b>25,000</b>	<b>105</b>	<b>459,765</b>	<b>-</b>	<b>44,992</b>	<b>51</b>	<b>244</b>	<b>-</b>	<b>5</b>	<b>4,912</b>	<b>1,275,821</b>
<b>EXPENDITURES</b>													
General government	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	337,098	254,197	-	-	-	-	-	-	-	-	-	-	591,295
Economic development	-	-	16,900	-	470,221	-	-	-	-	-	-	-	487,121
Education	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	273,373	30,667	-	-	-	-	988,116	1,292,156
Debt service	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>337,098</b>	<b>254,197</b>	<b>16,900</b>	<b>-</b>	<b>470,221</b>	<b>273,373</b>	<b>30,667</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>988,116</b>	<b>2,370,572</b>
Revenues Over (under) Expenditures	166,022	(16,570)	8,100	105	(10,456)	(273,373)	14,325	51	244	-	5	(983,204)	(1,094,751)
<b>OTHER FINANCING SOURCES (USES)</b>													
Transfers-in													
General Fund	31,500	1,477	-	-	-	99,375	50,164	-	-	-	-	174,025	356,541
Transfers-out													
General Fund	-	(74,088)	-	-	-	-	-	-	-	-	-	-	(74,088)
Total other financing sources (uses)	31,500	(72,611)	-	-	-	99,375	50,164	-	-	-	-	174,025	282,453
Change in Fund Balances	197,522	(89,181)	8,100	105	(10,456)	(173,998)	64,489	51	244	-	5	(809,179)	(812,298)
Fund Balance - July 1	28,543	313,599	17,000	170,840	9,219	169,893	(51,174)	36,717	50,430	(426)	16,968	704,274	1,465,883
Fund Balance - June 30	\$ 226,065	\$ 224,418	\$ 25,100	\$ 170,945	\$ (1,237)	\$ (4,105)	\$ 13,315	\$ 36,768	\$ 50,674	\$ (426)	\$ 16,973	\$ (104,905)	\$ 653,585

**CASWELL COUNTY, NORTH CAROLINA  
SPECIAL FIRE DISTRICT 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><u>REVENUES</u></b>				
Ad valorem taxes	\$ 20,425	\$ 270,618	\$ 250,193	\$ 19,771
Other taxes				
Sales taxes	4,500	5,184	684	5,463
Vehicle fire taxes	300,000	227,318	(72,682)	334,433
Total	<u>324,925</u>	<u>503,120</u>	<u>178,195</u>	<u>359,667</u>
<b><u>EXPENDITURES</u></b>				
Public safety:				
Sales Tax distribution		5,217		5,397
Caswell Fire District		22,211		19,627
Travel		1,500		1,500
Aid to volunteer fire departments		250,000		250,000
Rescue operations		30,000		30,000
Fire tax balance		28,170		139,232
Total	<u>440,858</u>	<u>337,098</u>	<u>103,760</u>	<u>445,756</u>
Revenues Over (Under) Expenditures	(115,933)	166,022	281,955	(86,089)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers from other funds				
General Fund	31,500	31,500	-	31,500
Appropriated fund balance	84,433	-	(84,433)	-
Total	<u>115,933</u>	<u>31,500</u>	<u>(84,433)</u>	<u>31,500</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	197,522	<u>\$ 197,522</u>	(54,589)
Fund Balance - July 1		<u>28,543</u>		<u>83,132</u>
Fund Balance - June 30		<u>\$ 226,065</u>		<u>\$ 28,543</u>

**CASWELL COUNTY, NORTH CAROLINA  
EMERGENCY TELEPHONE SYSTEM FUND  
SCHEDULE OF REVENUE, 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	2013
	Budget	Actual	Positive (Negative)	Actual
<b><u>REVENUES</u></b>				
Restricted intergovernmental revenues:				
PSAP funds	\$ 237,295	\$ 237,294	\$ (1)	\$ 208,270
Investment earnings	1,000	333	(667)	688
Total Revenues	<u>238,295</u>	<u>237,627</u>	<u>(668)</u>	<u>208,958</u>
<b><u>EXPENDITURES</u></b>				
Public safety:				
Salaries		76,366		76,312
Telephone		18,036		18,010
Maintenance and repairs		35,549		16,217
Equipmental rental		-		11,572
Small tools/equipment		20,189		24,355
Other expenses		13,292		7,884
Capital outlay		90,765		3,196
Total Expenditures	<u>295,074</u>	<u>254,197</u>	<u>40,877</u>	<u>157,546</u>
Revenues Over (Under) Expenditures	<u>(56,779)</u>	<u>(16,570)</u>	<u>40,209</u>	<u>51,412</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Fund balance appropriated	130,928	-	130,928	-
Transfers from other funds				
General Fund	-	1,477	1,477	53,637
Transfers to other funds				
General Fund	<u>(74,149)</u>	<u>(74,088)</u>	<u>61</u>	<u>-</u>
Total	<u>(74,149)</u>	<u>(74,088)</u>	<u>61</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>56,779</u>	<u>(72,611)</u>	<u>(15,832)</u>	<u>53,637</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>(89,181)</u>	<u>\$ (89,181)</u>	105,049
Fund Balance - July 1		<u>313,599</u>		<u>208,550</u>
Fund Balance - June 30		<u>\$ 224,418</u>		<u>\$ 313,599</u>

**CASWELL COUNTY, NORTH CAROLINA**  
**EMERGENCY TELEPHONE SYSTEM FUND**  
**SCHEDULE OF REVENUE, 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	Actual
			Variance Favorable (Unfavorable)
<u>Explanation for transfers</u>			
Transfer to adjust beginning balance to actual		\$ 1,477	
<u>Emergency Telephone System Unspent Balance</u>			
Amounts reported above are different from the PSAP Revenue-Expenditure Report because:			
Net Change in Fund Balance, reported on Budget to Actual		\$ (89,181)	
Plus: Transfers from General Fund to adjust fund balance			
to the proper beginning balance		(1,477)	
Net Change per PSAP Revenue-Expenditure Report		(90,658)	
Beginning Balance, PSAP Revenue-Expenditure Report		315,076	
Ending Balance, PSAP Revenue-Expenditure Report		\$ 224,418	

**CASWELL COUNTY, NORTH CAROLINA  
REVOLVING LOAN 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><u>REVENUES</u></b>				
Restricted intergovernmental				
USDA Rural Development Business Grant	\$ 150,000	\$ -	\$ (150,000)	\$ -
Loan repayment	-	25,000	25,000	-
Total	<u>150,000</u>	<u>25,000</u>	<u>(125,000)</u>	<u>-</u>
<b><u>EXPENDITURES</u></b>				
Economic Development	<u>150,000</u>	<u>16,900</u>	<u>133,100</u>	<u>8,000</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>8,100</u>	<u>8,100</u>	<u>(8,000)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>8,100</u>	<u>\$ 8,100</u>	<u>(8,000)</u>
<b>FUND BALANCE</b>				
Beginning of year - July 1		<u>17,000</u>		<u>25,000</u>
End of year - June 30		<u>\$ 25,100</u>		<u>\$ 17,000</u>



**CASWELL COUNTY, NORTH CAROLINA**  
**SPECIAL GRANTS 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	2013
	Budget	Actual	Favorable (Unfavorable)	Actual
<b><u>REVENUES</u></b>				
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -
Interest on investments	-	105	105	175
Miscellaneous income	-	-	-	-
Total Revenues	-	105	105	175
<b><u>EXPENDITURES</u></b>				
General Government	-	-	-	-
Total expenditures	40,983	-	40,983	-
Revenues over (under) expenditures	(40,983)	105	41,088	175
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Appropriated fund balance	40,983	-	(40,983)	-
Total other financing sources	40,983	-	(40,983)	-
Excess of Revenues and Other Sources Over (Under) Expenditures And Other Uses	\$ -	105	\$ 105	175
Fund Balance - July 1		170,840		170,665
Fund Balance - June 30		\$ 170,945		\$ 170,840

**CASWELL COUNTY, NORTH CAROLINA  
SCATTERED SITE 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**

		Actual			
	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
<u>REVENUES</u>					
Restricted intergovernmental					
Community development block grant					
2008 Scattered Site	\$ 400,000	\$ 400,000	\$ -	\$ 400,000	\$ -
2010 Scattered Site	500,000	138,296	262,351	400,647	(99,353)
2011 Scattered Site	400,000	-	178,329	178,329	(221,671)
Water Project	-	42,446	-	42,446	42,446
SFR program	200,000	281,687	-	281,687	81,687
URP grant revenue	75,000	75,000	19,085	94,085	19,085
Home energy revenue	20,000	20,000	-	20,000	-
SFR-Duke help	-	20,000	-	20,000	20,000
Investment earnings	-	102	-	102	102
Total revenues	1,595,000	977,531	459,765	1,437,296	(157,704)
<u>EXPENDITURES</u>					
Economic and physical development					
Community development block grant					
2008 Scattered Site					
Administration		61,337	-	61,337	
Rehabilitation		43,905	-	43,905	
Rehabilitation		297,142	-	297,142	
Total	400,000	402,384	-	402,384	(2,384)
2010 Scattered Site					
Administration		48,639	14,739	63,378	
Rehabilitation		157,663	222,242	379,905	
Total	500,000	206,302	236,981	443,283	56,717
2011 Scattered Site					
Administration		245	276	521	
Rehabilitation		1,800	176,284	178,084	
Total	400,000	2,045	176,560	178,605	221,395
SFR					
Administration		38,101	-	38,101	
Rehabilitation		202,373	-	202,373	
Total	200,000	240,474	-	240,474	(40,474)
URP expenses	75,000	80,334	56,680	137,014	(62,014)
Home energy expenses	20,000	17,682	-	17,682	2,318
Duke home energy expenses	-	19,091	-	19,091	(19,091)
Total expenditures	1,595,000	968,312	470,221	1,438,533	156,467
Revenues Over (Under) Expenditures	\$ -	\$ 9,219	(10,456)	\$ (1,237)	\$ (1,237)
Fund Balance - July 1			9,219		
Fund Balance - June 30			\$ (1,237)		

**CASWELL COUNTY, NORTH CAROLINA  
COUNTY BUILDING 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	2013
	Budget	Actual	Positive (Negative)	Actual
<b><u>REVENUES</u></b>				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Sales and service	-	-	-	-
Miscellaneous	60,000	-	(60,000)	50,000
Total Revenues	60,000	-	(60,000)	50,000
<b><u>EXPENDITURES</u></b>				
Capital outlay				
County buildings	875,137	273,373	601,764	305,034
Revenues Over (Under) Expenditures	(815,137)	(273,373)	541,764	(255,034)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers from other funds				
General Fund	815,137	99,375	(715,762)	-
Total other financing sources	815,137	99,375	(715,762)	-
Revenues and other financing sources (uses) over expenditures	\$ -	(173,998)	\$ (173,998)	(255,034)
Fund Balance - July 1		169,893		424,927
Fund Balance - June 30		\$ (4,105)		\$ 169,893

**CASWELL COUNTY, NORTH CAROLINA  
WATER AND SEWER 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	2013
	Budget	Actual	Positive (Negative)	Actual
<b><u>REVENUES</u></b>				
Restricted intergovernmental revenues	\$ 1,584,920	44,989	\$ (1,539,931)	\$ 42,446
Investment earnings	-	3	3	14
Total Revenues	<u>1,584,920</u>	<u>44,992</u>	<u>(1,539,928)</u>	<u>42,460</u>
<b><u>EXPENDITURES</u></b>				
Economic and physical development:				
Operating expenses	<u>1,699,314</u>	<u>30,667</u>	<u>1,668,647</u>	<u>178,167</u>
Total expenditures	<u>1,699,314</u>	<u>30,667</u>	<u>1,668,647</u>	<u>178,167</u>
Revenues Over (Under) Expenditures	<u>(114,394)</u>	<u>14,325</u>	<u>128,719</u>	<u>(135,707)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfer from other funds				
Special Grants Fund	5,280	-	(5,280)	-
General Fund	100,164	50,164	(50,000)	-
Fund balance appropriated	<u>8,950</u>	<u>-</u>	<u>(8,950)</u>	<u>-</u>
Total	<u>114,394</u>	<u>50,164</u>	<u>(64,230)</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>64,489</u>	<u>\$ 64,489</u>	<u>(135,707)</u>
Fund Balance - July 1		<u>(51,174)</u>		<u>84,533</u>
Fund Balance - June 30		<u>\$ 13,315</u>		<u>\$ (51,174)</u>

**CASWELL COUNTY, NORTH CAROLINA  
EQUIPMENT AND AUTOMATION 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><u>REVENUES</u></b>				
Interest on investments	\$ -	\$ 51	\$ 51	\$ 93
<b><u>EXPENDITURES</u></b>				
General government: Equipment	-	-	-	-
Revenues Over (Under) Expenditures	-	51	51	93
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Appropriated fund balance	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>51</u>	<u>\$ 51</u>	<u>93</u>
Fund Balance - July 1		<u>36,717</u>		<u>36,624</u>
Fund Balance - June 30		<u>\$ 36,768</u>		<u>\$ 36,717</u>

**CASWELL COUNTY, NORTH CAROLINA**  
**LIBRARY DEVELOPMENT FUND**  
**STATEMENT 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>				
Interest on investments	\$ -	\$ 53	\$ 53	\$ 84
Miscellaneous	16,248	191	(16,057)	-
Total	16,248	244	(16,004)	84
<u>Expenditures</u>				
Cultural and recreational Library	16,248	-	16,248	-
Revenues Over (Under) Expenditures	-	244	244	84
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer to other funds General Fund	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	244	\$ 244	84
Fund balance - July 1		50,430		50,346
Fund balance - June 30		\$ 50,674		\$ 50,430

**CASWELL COUNTY, NORTH CAROLINA  
SCHOOL CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - 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
<u>REVENUES</u>				
Restricted intergovernmental Public School Building Capital Fund	\$ 56,501	\$ -	\$ (56,501)	\$ -
<u>EXPENDITURES</u>				
Education	56,501	-	56,501	-
Revenues Over (Under) Expenditures	-	-	-	-
<u>OTHER FINANCING SOURCES (USES)</u>				
Appropriated fund balance	-	-	-	-
Transfer from other funds				
General Fund	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	-	\$ -	-
Fund Balance - July 1		(426)		(426)
Fund Balance - June 30		\$ (426)		\$ (426)

**CASWELL COUNTY, NORTH CAROLINA**  
**SENIOR CENTER PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

		Actual			
	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
<b><u>REVENUES</u></b>					
Restricted intergovernmental					
Foundation grant	\$ 2,000,000	\$ 2,000,000	\$ -	\$ 2,000,000	\$ -
Interest on investments	-	95,184	5	95,189	95,189
Total Revenues	2,000,000	2,095,184	5	2,095,189	95,189
<b><u>EXPENDITURES</u></b>					
Capital outlay					
Administration & engineering fees	143,000	137,093	-	137,093	5,907
Construction	1,068,513	1,068,512	-	1,068,512	1
Site work & utilities	625,077	625,076	-	625,076	1
Furnishing & equipment	132,979	109,275	-	109,275	23,704
Miscellaneous contracts	4,950	4,950	-	4,950	-
Contingency	12,981	-	-	-	12,981
Miscellaneous	10,000	11,492	-	11,492	(1,492)
Capital outlay	55,153	121,818	-	121,818	(66,665)
Total	2,052,653	2,078,216	-	2,078,216	(25,563)
Revenues Over (Under) Expenditures	(52,653)	16,968	5	16,973	69,626
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Appropriated fund balance	52,653	-	-	-	(52,653)
Total Other Financing Sources (Uses)	52,653	-	-	-	(52,653)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ 16,968	5	\$ 16,973	\$ 16,973
Fund Balance - July 1			16,968		
Fund Balance - June 30			\$ 16,973		



**CASWELL COUNTY, NORTH CAROLINA**  
**DETENTION CENTER PROJECT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

		Actual			
	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
<u>REVENUES</u>					
Restricted intergovernmental	\$ 197,434	\$ -	\$ -	\$ -	\$ (197,434)
Interest on investments	17,578	16,900	812	17,712	134
Miscellaneous revenue	4,316	92,605	4,100	96,705	92,389
Total Revenues	219,328	109,505	4,912	114,417	(104,911)
<u>EXPENDITURES</u>					
Capital outlay					
Administration & engineering fees	642,261	605,553	36,707	642,260	1
Construction management	238,482	201,696	36,786	238,482	-
Construction Phase	7,663,430	6,778,276	885,154	7,663,430	-
Furnishing and equipment	336,215	306,746	29,469	336,215	-
Total	8,880,388	7,892,271	988,116	8,880,387	1
Bond issuance costs	79,965	79,965	-	79,965	-
Total	8,960,353	7,972,236	988,116	8,960,352	1
Revenues Over (Under) Expenditures	(8,741,025)	(7,862,731)	(983,204)	(8,845,935)	(104,910)
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers from (to) other funds					
General Fund	594,971	420,946	174,025	594,971	-
General Fund	(420,946)	(420,941)	-	(420,941)	5
Bonds issued	8,567,000	8,567,000	-	8,567,000	-
Total Other Financing Sources (Uses)	8,741,025	8,567,005	174,025	8,741,030	5
Excess of Revenues and Other Sources Over (Under)					
Expenditures and Other Uses	\$ -	\$ 704,274	(809,179)	\$ (104,905)	\$ (104,905)
Fund Balance - July 1			704,274		
Fund Balance - June 30			\$ (104,905)		

## 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.
- **Caswell County Division of Transportation:** This fund is used to account for the revenues and expenses for transportation.

**CASWELL COUNTY, NORTH CAROLINA**  
**SOLID WASTE MANAGEMENT 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			2013
	Budget	Actual	Variance Positive (Negative)	Actual
<b><u>REVENUES</u></b>				
Tire disposal tax		\$ 28,404		\$ 28,951
White goods disposal tax		7,253		7,263
Solid waste disposal tax		15,817		14,599
Charges for services - user fees		725,625		729,602
Tipping fees		88,581		93,465
Recycling		16,024		14,295
Interest on interfund loan		3,446		998
Interest on investments		451		683
Total Revenues	<u>\$ 876,763</u>	<u>885,601</u>	<u>\$ 8,838</u>	<u>889,856</u>
<b><u>EXPENDITURES</u></b>				
Operations				
Salaries		121,191		120,427
Other expenses		712,843		664,314
Capital outlay		110,839		-
Total expenditures	<u>1,187,231</u>	<u>944,873</u>	<u>242,358</u>	<u>784,741</u>
Revenues over (under) expenditures	<u>(310,468)</u>	<u>(59,272)</u>	<u>251,196</u>	<u>105,115</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfer from (to) other funds				
General Fund	(226,400)	-	226,400	-
Appropriated fund balance	<u>536,868</u>	<u>-</u>	<u>(536,868)</u>	<u>-</u>
Total other financing sources	<u>310,468</u>	<u>-</u>	<u>(310,468)</u>	<u>-</u>
Revenues Over (Under) Sources and Other Uses	<u>\$ -</u>	<u>\$ (59,272)</u>	<u>\$ (59,272)</u>	<u>\$ 105,115</u>
<b>RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL</b>				
Excess of revenues over (under) expenditures		\$ (59,272)		\$ 105,115
Depreciation		(44,355)		(29,067)
Capital outlay		110,839		-
(Increase) decrease in accrued vacation payable		(26)		(599)
(Increase) decrease in other postemployment benefits		(3,471)		(3,346)
Net Income (loss)		<u>\$ 3,715</u>		<u>\$ 72,103</u>

**CASWELL COUNTY, NORTH CAROLINA**  
**CASWELL DEPARTMENT OF TRANSPORTATION 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			2013
	Budget	Actual	Variance Positive (Negative)	Actual
<b><u>REVENUES</u></b>				
Changes for services - user fees	\$ 454,817	\$ 414,671	\$ (40,146)	\$ 449,817
Interest on investments	2,000	306	(1,694)	463
Miscellaneous	5,000	-	(5,000)	14,864
Total Revenues	461,817	414,977	(46,840)	465,144
<b><u>EXPENDITURES</u></b>				
Administration				
Salaries		70,701		68,655
Other expenses		64,208		62,372
Total	142,372	134,909	7,463	131,027
Operations				
Salaries		161,830		170,881
Other expenses		84,337		91,812
Capital outlay		89,081		139,769
Total	440,732	335,248	105,484	402,462
Total	583,104	470,157	112,947	533,489
Revenues over (under ) expenditures	(121,287)	(55,180)	66,107	(68,345)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfer to other funds				
General Fund	-	-	-	-
Appropriated fund balance	121,287	-	(121,287)	-
Total Other Financing Sources(Uses)	121,287	-	(121,287)	-
Excess of Revenues and Other Sources				
Over (Under) Expenditures and Other Uses	\$ -	\$ (55,180)	\$ (55,180)	\$ (68,345)

**RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL**

Excess of revenues over (under) expenditures	\$ (55,180)	\$ (68,345)
Capital outlay	89,081	139,769
Depreciation	(71,200)	(58,601)
Book value of asset disposal	(11,324)	-
(Increase) decrease in compensated absences payable	(142)	(91)
(Increase) decrease in other postemployment benefits	(7,196)	(6,979)
Net Income	\$ (55,961)	\$ 5,753

## 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, DMV Interest, and Floodplain Mapping 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 Caswell County Board of Education and account for the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles.
- **Property 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.

**CASWELL COUNTY, NORTH CAROLINA**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF NET ASSETS**  
**JUNE 30, 2014**

	Agency Funds			Total
	Social Services Fund	Fines and Forfeitures & DMV Interest Fund	Property Tax Fund	June 30, 2014
<b>ASSETS</b>				
Cash	\$ 27,923	\$ -	\$ 12,197	\$ 40,120
Accounts receivable	-	5,253	-	5,253
Total Assets	<u>\$ 27,923</u>	<u>\$ 5,253</u>	<u>\$ 12,197</u>	<u>\$ 45,373</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Liabilities:</b>				
Miscellaneous liabilities	<u>\$ 27,923</u>	<u>\$ 5,253</u>	<u>\$ 12,197</u>	<u>\$ 45,373</u>
Total Liabilities	<u>27,923</u>	<u>5,253</u>	<u>12,197</u>	<u>45,373</u>
<b>Net Assets:</b>				
Assets held in trust for beneficiary benefits	-	-	-	-
Total Liabilities and Fund Balances	<u>\$ 27,923</u>	<u>\$ 5,253</u>	<u>\$ 12,197</u>	<u>\$ 45,373</u>

**CASWELL COUNTY, NORTH CAROLINA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<u>Social Services Agency Fund</u>				
Assets				
Cash and cash equivalents	\$ 23,575	\$ 267,693	\$ 263,345	\$ 27,923
Liabilities				
Accounts payable	\$ 23,575	\$ 267,693	\$ 263,345	\$ 27,923
<u>Fines and Forfeitures and Floodplain Mapping Fund</u>				
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Accounts receivable	5,746	76,211	76,704	5,253
	<u>\$ 5,746</u>	<u>\$ 76,211</u>	<u>\$ 76,704</u>	<u>\$ 5,253</u>
Liabilities				
Fines and Forfeitures due to others	\$ 5,746	64,338	64,831	\$ 5,253
Floodplain mapping fees due to others	-	6,530	6,530	-
ROD deed of trust fees due to others	-	2,375	2,375	-
Archives/Cultural fees due to others	-	2,968	2,968	-
Total	<u>\$ 5,746</u>	<u>\$ 76,211</u>	<u>\$ 76,704</u>	<u>\$ 5,253</u>
<u>Property Tax Agency Fund</u>				
Assets				
Cash and cash equivalents	\$ (14,239)	\$ 377,226	\$ 350,790	\$ 12,197
Liabilities				
Intergovernmental payable	\$ (14,239)	\$ 377,226	\$ 350,790	\$ 12,197
<u>Total - All Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 9,336	\$ 644,919	\$ 614,135	\$ 40,120
Accounts receivable	5,746	76,211	76,704	5,253
Total assets	<u>\$ 15,082</u>	<u>\$ 721,130</u>	<u>\$ 690,839</u>	<u>\$ 45,373</u>
Liabilities				
Accounts payable	\$ 23,575	\$ 267,693	\$ 263,345	\$ 27,923
Intergovernmental payable	(8,493)	453,437	427,494	17,450
Total liabilities	<u>\$ 15,082</u>	<u>\$ 721,130</u>	<u>\$ 690,839</u>	<u>\$ 45,373</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



**CASWELL COUNTY, NORTH CAROLINA**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
**GENERAL FUND**  
**JUNE 30, 2014**

Fiscal Year	Uncollected Balance July 1, 2013	Additions	Collections and Adjustments	Uncollected Balance June 30, 2014
2014	\$ -	\$ 10,381,745	\$ 10,098,777	\$ 282,968
2013	358,272	-	194,661	163,611
2012	164,710	-	41,276	123,434
2011	129,177	-	25,443	103,734
2010	88,741	-	21,938	66,803
2009	69,811	-	14,699	55,112
2008	64,564	-	9,892	54,672
2007	49,706	-	6,582	43,124
2006	34,786	-	3,192	31,594
2005	30,126	-	1,626	28,500
2004	34,382	-	34,382	-
	<u>\$ 1,024,275</u>	<u>\$ 10,381,745</u>	<u>\$ 10,452,468</u>	953,552
				Less: allowance for uncollectible accounts (150,000)
				<u>\$ 803,552</u>
<hr/>				
Reconciliation with revenues:				
Taxes-ad valorem-General Fund			\$ 10,599,860	
Interest/Penalties/Adjustments			<u>(180,032)</u>	
				\$ 10,419,828
Amounts written off for tax year 2003- 2004 per statute of limitations				<u>32,640</u>
Total Collections and Credits				<u>\$ 10,452,468</u>

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

	County-wide			Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Total Levy		
Original levy: County-wide	\$ 1,575,378,604	0.659	\$ 10,381,745	\$ 9,091,114	\$ 1,290,631
Discoveries and Abatements	(3,413,657)	0.659	(22,496)	(7,663)	(14,833)
Total Property Valuation	<u>\$ 1,571,964,947</u>				
Net Levy			10,359,249	9,083,451	1,275,798
Uncollected taxes at June 30, 2014			<u>282,968</u>	<u>213,691</u>	<u>69,277</u>
Current year's taxes collected			<u>\$ 10,076,281</u>	<u>\$ 8,869,760</u>	<u>\$ 1,206,521</u>
Current levy collection percentage			<u>97.27%</u>	<u>97.65%</u>	<u>94.57%</u>

# **STATISTICAL SECTION**

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## **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.

TABLE 1

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

	Fiscal Years									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	\$ 10,601,033	\$ 10,576,338	\$ 10,325,745	\$ 11,215,747	\$ 12,410,816	\$ 12,739,104	\$ 13,347,778	\$ 10,089,638	\$ 14,660,932	\$ 15,272,072
Restricted	13,003	22,796	25,113	11,089	-	27,081	2,752,022	6,703,496	3,379,060	2,801,298
Unrestricted	(375,306)	(193,127)	3,006,291	4,388,487	4,248,895	5,143,018	3,132,651	4,134,622	2,737,716	2,594,371
Total governmental activities net assets	<u>10,238,730</u>	<u>10,406,007</u>	<u>13,357,149</u>	<u>15,615,323</u>	<u>16,659,711</u>	<u>17,909,203</u>	<u>19,232,451</u>	<u>20,927,756</u>	<u>20,777,708</u>	<u>20,667,741</u>
Business-type activities										
Net investment in capital assets	347,016	335,493	413,140	399,746	342,495	289,050	363,093	497,458	549,559	618,427
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	797,014	992,810	1,062,526	1,207,368	1,327,084	1,448,996	1,409,580	1,235,478	1,261,232	1,140,117
Total business-type activities net assets	<u>1,144,030</u>	<u>1,328,303</u>	<u>1,475,666</u>	<u>1,607,114</u>	<u>1,669,579</u>	<u>1,738,046</u>	<u>1,772,673</u>	<u>1,732,936</u>	<u>1,810,791</u>	<u>1,758,544</u>
Primary government										
Net investment in capital assets	10,948,049	10,911,831	10,738,885	11,615,493	12,753,311	13,028,154	13,710,871	10,587,096	15,210,491	15,890,499
Restricted	13,003	22,796	25,113	11,089	-	27,081	2,752,022	6,703,496	3,379,060	2,801,298
Unrestricted	421,708	799,683	4,068,817	5,595,855	5,575,979	6,592,014	4,542,231	5,370,100	3,998,948	3,734,488
Total primary government net assets	<u>\$ 11,382,760</u>	<u>\$ 11,734,310</u>	<u>\$ 14,832,815</u>	<u>\$ 17,222,437</u>	<u>\$ 18,329,290</u>	<u>\$ 19,647,249</u>	<u>\$ 21,005,124</u>	<u>\$ 22,660,692</u>	<u>\$ 22,588,499</u>	<u>\$ 22,426,285</u>

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

Expenses	Fiscal Years									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:										
General government	\$ 2,287,963	\$ 2,510,021	\$ 2,716,518	\$ 2,606,514	\$ 2,750,326	\$ 2,369,681	\$ 2,605,238	\$ 2,558,821	\$ 2,776,985	\$ 2,898,539
Public safety	3,957,247	4,102,122	4,604,607	4,664,353	5,167,360	5,337,280	5,226,796	5,421,247	5,895,526	6,364,755
Economic development	482,277	651,479	617,287	481,559	662,332	719,660	444,511	473,281	551,766	85,876
Environmental Protection	65,248	66,686	72,421	73,994	76,770	106,290	92,111	83,539	85,682	831,474
Human Services	9,562,191	10,041,796	10,380,813	10,158,848	9,555,464	9,004,764	8,989,125	9,327,818	9,031,116	9,236,361
Cultural and recreation	541,669	589,669	663,739	698,931	675,516	662,422	689,813	577,194	677,478	789,275
Education	3,287,832	3,171,275	3,072,620	3,192,066	3,592,260	3,544,945	3,169,626	3,018,673	3,048,723	3,056,549
Interest on long-term debt	383,104	340,756	308,200	276,522	239,484	200,573	110,621	314,061	531,384	148,815
Total governmental activities expenses	20,567,531	21,473,804	22,436,205	22,152,787	22,719,512	21,945,615	21,327,841	21,774,634	22,598,660	23,411,644
Business-type activities										
Solid Waste	709,111	703,398	775,226	782,428	807,436	789,064	826,414	834,262	817,753	881,886
Transportation	375,189	395,668	377,872	428,649	401,871	394,927	430,931	403,303	459,391	459,614
Total business-type activities	1,084,300	1,099,066	1,153,098	1,211,077	1,209,307	1,183,991	1,257,345	1,237,565	1,277,144	1,341,500
Total primary government expenses	21,651,831	22,572,870	23,589,303	23,363,864	23,928,819	23,129,606	22,585,186	23,012,199	23,875,804	24,753,144
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	359,316	332,754	295,295	325,096	252,292	243,523	197,907	277,159	225,038	242,258
Public Safety	600,367	534,337	907,701	876,492	1,380,862	1,274,872	1,272,583	924,296	1,183,729	985,080
Economic and Physical Development	31,352	31,177	29,188	25,738	19,215	23,170	10,066	20,721	25,086	16,409
Environmental Protection	9,330	8,064	-	-	-	-	-	-	-	-
Human Services	1,422,018	1,259,804	1,210,071	1,573,848	1,395,632	1,612,554	1,372,572	1,319,114	1,165,352	1,301,949
Cultural and recreation	74,107	59,962	58,825	64,433	70,005	88,032	70,393	75,779	68,864	69,643
Education	82,432	82,432	82,432	82,432	82,432	-	-	-	-	-
Operating grants and contributions										
General government	23,010	16,150	-	80,995	15,518	42	8,721	4,789	3,750	1,250
Public Safety	276,864	212,681	208,486	313,673	522,855	363,782	500,924	444,248	339,088	470,173
Environmental Protection	6,113	15,605	12,499	-	-	-	-	-	-	-
Economic and Physical Development	8,976	49,981	75,053	20,485	19,041	93,579	19,918	25,109	22,058	92,927
Human Services	5,530,698	5,581,091	5,874,434	5,827,482	5,781,256	5,750,578	5,876,146	6,037,956	5,777,624	5,309,671
Cultural and recreation	129,177	122,083	143,141	133,327	127,377	124,699	150,545	135,628	132,199	116,508
Education	-	-	-	-	-	82,432	164,864	82,432	82,432	82,432
Capital grants and contributions										
General government	-	-	194,810	-	8,325	-	-	-	-	-
Public Safety	-	-	-	-	29,800	-	-	-	-	-
Economic and Physical Development	181,305	311,313	334,436	228,023	595,190	857,756	153,822	773,919	253,429	529,754
Human Services	-	-	2,000,000	-	-	-	-	-	-	-
Education	103,875	-	-	-	-	291,323	-	-	-	-
Total governmental activities program revenues	8,838,940	8,617,434	11,426,371	9,552,024	10,299,800	10,806,342	9,798,461	10,121,150	9,278,649	9,218,054

TABLE 2 (CONT.)

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

	Fiscal Years									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-type activities										
Charges for services:										
Solid Waste	677,236	766,460	811,321	811,217	812,476	835,368	846,978	845,324	837,362	830,230
CDOT	395,074	458,284	424,831	453,936	388,635	340,729	382,325	393,643	449,817	414,671
Total business-type activities program revenues	1,072,310	1,224,744	1,236,152	1,265,153	1,201,111	1,176,097	1,229,303	1,238,967	1,287,179	1,244,901
Total primary government program revenues	9,911,250	9,842,178	12,662,523	10,817,177	11,500,911	11,982,439	11,027,764	11,360,117	10,565,828	10,462,955
Net (expenses)/revenue										
Governmental activities	(11,728,591)	(12,856,370)	(11,009,834)	(12,600,763)	(12,419,712)	(11,139,273)	(11,529,380)	(11,653,484)	(13,320,011)	(14,193,590)
Business-type activities	(11,990)	125,678	83,054	54,076	(8,196)	(7,894)	(28,042)	1,402	10,035	(96,599)
Total primary government net expenses	(11,740,581)	(12,730,692)	(10,926,780)	(12,546,687)	(12,427,908)	(11,147,167)	(11,557,422)	(11,652,082)	(13,309,976)	(14,290,189)
<b>Genreal Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	7,438,046	8,136,631	8,809,848	9,453,260	9,136,526	9,533,263	9,944,802	10,008,923	9,848,060	10,753,510
Local option sales taxes	3,603,619	3,752,643	4,049,329	4,035,897	3,353,873	2,299,932	2,150,040	2,314,067	2,654,274	2,387,229
Other taxes and licenses	506,641	496,862	489,292	726,145	361,918	362,558	480,200	591,422	357,492	554,097
Grants & Contributions, unrestricted	236,577	247,491	251,752	233,650	248,064	185,470	256,218	200,362	192,202	211,981
Investment earnings, unrestricted	85,088	185,206	225,712	294,289	118,962	31,767	18,458	21,351	12,328	3,512
Miscellaneous, unrestricted	889	204,814	188,703	115,696	66,124	(11,725)	2,910	112,664	226,520	173,294
Transfers	-	-	-	-	-	(12,500)	-	100,000	-	-
Total governmental activities	11,870,860	13,023,647	14,014,636	14,858,937	13,285,467	12,388,765	12,852,628	13,348,789	13,290,876	14,083,623
Business-type activities:										
Other taxes and licenses	42,524	33,542	35,484	35,492	43,979	51,126	52,525	54,075	50,813	51,474
Investment earnings, unrestricted	6,255	24,596	28,825	28,132	17,991	10,715	10,144	4,753	2,144	4,203
Miscellaneous, unrestricted	-	457	-	13,748	8,691	14,520	-	33	14,864	(11,324)
Transfers	-	-	-	-	-	-	-	(100,000)	-	-
Total business-type activities	48,779	58,595	64,309	77,372	70,661	76,361	62,669	(41,139)	67,821	44,353
Total primary government	11,919,639	13,082,242	14,078,945	14,936,309	13,356,128	12,465,126	12,915,297	13,307,650	13,358,697	14,127,976
<b>Changes in Net Position</b>										
Governmental activities	142,269	167,277	3,004,802	2,258,174	865,755	1,249,492	1,323,248	1,695,305	(29,135)	(109,967)
Business-type activities	36,789	184,273	147,363	131,448	62,465	68,467	34,627	(39,737)	77,856	(52,246)
Total primary government	\$ 179,058	\$ 351,550	\$ 3,152,165	\$ 2,389,622	\$ 928,220	\$ 1,317,959	\$ 1,357,875	\$ 1,655,568	\$ 48,721	\$ (162,213)

TABLE 3

**CASWELL 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 Tax</b>	<b>Motor Fuel Tax</b>	<b>Alcoholic Beverage Tax</b>	<b>Total</b>
2005	\$ 7,438,046	\$ 3,603,619	\$ 506,641	\$ 42,219	\$ 7,111	\$ 11,597,636
2006	8,136,631	3,752,643	496,862	34,842	7,195	12,428,173
2007	8,809,848	4,049,329	489,292	45,034	7,418	13,400,921
2008	9,453,260	4,035,897	726,145	19,099	7,614	14,242,015
2009	9,136,526	3,353,873	345,282	8,759	7,877	12,852,317
2010	9,533,263	2,299,932	354,639	315	7,604	12,195,753
2011	9,944,802	2,150,040	480,200	408	7,337	12,582,787
2012	10,008,923	2,314,067	591,422	138	7,511	12,922,061
2013	9,848,060	2,654,274	357,492	8,543	8,016	12,876,385
2014	\$ 10,753,510	\$ 2,387,229	\$ 554,097	\$ 9,645	\$ 7,614	\$ 13,712,095

TABLE 4

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

	Fiscal Years									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General fund										
Reserved by state statute	\$ 1,567,447	\$ 1,373,462	\$ 1,385,915	\$ 1,408,865	\$ 1,641,218	\$ 1,651,554	\$ -	\$ -	\$ -	\$ -
Reserved For										
Inventory	15,096	35,643	27,175	24,272	24,069	-	-	-	-	-
Encumbrances	52,259	38,351	18,679	72,485	44,181	62,274	-	-	-	-
Register of Deeds	13,003	22,796	25,113	11,089	-	27,081	-	-	-	-
Unreserved										
Undesignated	1,853,142	dan	2,177,880	3,309,488	3,315,956	4,115,211	-	-	-	-
Designated for subsequent years' expenditures	526,505	559,750	40,817	43,670	539,317	308,289	-	-	-	-
Nonspendable:										
Prepaid	-	-	-	-	-	-	-	-	12,475	-
Restricted										
Stabilization by State Statute	-	-	-	-	-	-	1,269,072	1,469,856	1,595,257	1,712,451
Register of Deeds	-	-	-	-	-	-	35,577	30,377	30,474	29,772
Education	-	-	-	-	-	-	19,259	149,264	201,502	276,567
Committed										
Tax Revaluation	-	-	-	-	-	-	160,852	196,012	226,509	256,836
Assigned										
Subsequent year's expenditures	-	-	-	-	-	-	621,682	414,756	370,928	665,051
Unassigned	-	-	-	-	-	-	4,512,319	5,532,909	5,409,506	4,228,094
Total general fund	<u>\$ 4,027,452</u>	<u>\$ 2,030,002</u>	<u>\$ 3,675,579</u>	<u>\$ 4,869,869</u>	<u>\$ 5,564,741</u>	<u>\$ 6,164,409</u>	<u>\$ 6,618,761</u>	<u>\$ 7,793,174</u>	<u>\$ 7,846,651</u>	<u>\$ 7,168,771</u>
All other governmental funds										
Reserved by state statute	\$ 190,232	\$ 222,410	\$ 318,825	\$ 316,936	\$ 235,825	\$ 91,879	\$ -	\$ -	\$ -	\$ -
Reserved For										
Inventory	-	-	-	-	-	-	-	-	-	-
Encumbrances	700	8,938	4,140	-	2,095	-	-	-	-	-
Unreserved, reported in nonmajor:										
Designated for subsequent year's expenditures	268,475	45,293	-	-	74,262	423,354	-	-	-	-
Undesignated										
Special revenue funds	781,828	987,335	1,231,133	1,220,027	1,186,846	724,071	-	-	-	-
Capital projects funds	228,002	114,366	2,061,444	1,245,731	352,207	446,287	-	-	-	-
Restricted										
Stabilization by State Statute	-	-	-	-	-	-	22,861	18,290	128,073	68,312
General Government	-	-	-	-	-	-	203,731	632,216	377,450	207,713
Public Safety	-	-	-	-	-	-	841,699	4,185,359	918,343	400,421
Economic Development	-	-	-	-	-	-	238,387	150,843	26,219	38,415
Human Services	-	-	-	-	-	-	75,215	16,945	16,968	16,973
Culutral and Recreational	-	-	-	-	-	-	46,221	50,346	50,430	50,674
Unassigned	-	-	-	-	-	-	(5,974)	(426)	(51,600)	(128,923)
Total all other governmental fund	<u>\$ 1,469,237</u>	<u>\$ 1,378,342</u>	<u>\$ 3,615,542</u>	<u>\$ 2,782,694</u>	<u>\$ 1,851,235</u>	<u>\$ 1,685,591</u>	<u>\$ 1,422,140</u>	<u>\$ 5,053,573</u>	<u>\$ 1,465,883</u>	<u>\$ 653,585</u>

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



TABLE 5

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

	Fiscal Years									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues</b>										
Ad Valorem taxes	\$ 7,678,570	\$ 7,819,445	\$ 8,845,456	\$ 9,152,289	\$ 9,487,847	\$ 9,497,206	\$ 9,921,103	\$ 10,048,226	\$ 10,049,512	\$ 10,870,478
Other taxes and licenses	3,140,987	3,149,925	3,303,360	3,532,946	2,608,389	1,945,673	2,045,832	2,278,282	2,377,261	2,292,509
Unrestricted Intergovernmental	236,577	247,491	251,752	233,650	248,064	185,470	256,218	200,362	192,202	211,981
Restricted Intergovernmental	7,348,531	7,563,650	10,276,536	8,010,639	8,540,095	8,620,865	7,662,996	8,234,402	7,259,181	7,201,567
Permits and fees	631,159	561,928	543,220	532,070	464,882	457,005	372,551	454,451	461,549	505,090
Sales and services	1,791,821	1,614,228	1,988,158	2,217,279	2,343,959	2,412,776	2,211,576	1,994,210	2,103,642	2,093,186
Investment earnings	85,088	185,206	225,712	294,289	118,962	31,767	18,458	21,351	12,328	3,512
Miscellaneous	54,092	201,713	143,566	145,409	94,580	80,603	153,182	177,958	315,302	242,391
Total Revenues	20,966,825	21,343,586	25,577,760	24,118,571	23,906,778	23,231,365	22,641,916	23,409,242	22,770,977	23,420,714
<b>Expenditures</b>										
Current:										
General government	2,155,621	2,394,524	2,803,416	2,475,636	2,599,753	2,416,327	2,468,431	2,420,079	2,538,192	2,741,452
Public safety	3,900,738	4,005,953	4,346,784	4,923,453	5,009,197	5,093,273	5,243,023	5,538,007	5,788,594	6,663,462
Environmental protection	59,436	66,686	72,421	73,994	76,770	77,957	91,359	82,372	84,601	484,949
Economic and physical development	469,875	631,878	603,732	462,784	637,715	646,353	433,037	445,626	526,691	84,767
Human Services	9,536,680	9,995,605	10,293,605	10,131,519	9,469,557	8,879,535	8,882,518	9,251,869	9,169,801	785,085
Cultural and recreational	443,520	469,457	549,946	574,047	557,241	541,811	550,408	534,461	529,239	8,950,156
Intergovernmental:										
Education	3,288,564	3,173,637	3,071,899	3,191,959	3,592,260	3,544,272	3,169,266	3,018,865	3,048,865	2,998,193
Capital outlay	-	-	11,189	901,238	1,098,705	419,269	518,744	5,208,454	3,787,180	1,292,156
Debt service:										
Principal	1,433,769	1,076,237	1,105,318	1,042,584	1,027,265	962,163	970,480	465,194	628,848	916,535
Interest and other charges	391,384	351,354	311,274	286,915	253,535	264,141	98,749	305,469	349,579	336,617
Total expenditures	21,679,587	22,165,331	23,169,584	24,064,129	24,321,998	22,845,101	22,426,015	27,270,396	26,451,590	25,253,372
Excess of revenues over (under) expenditures	(712,762)	(821,745)	2,408,176	54,442	(415,220)	386,264	215,901	(3,861,154)	(3,680,613)	(1,832,658)
<b>Other financing sources (uses)</b>										
Transfers in from other funds	2,355,855	2,857,784	2,255,189	2,840,128	2,374,894	1,814,362	498,669	1,700,303	85,137	430,629
Transfers out to other funds	(2,355,855)	(2,857,784)	(2,255,189)	(2,840,128)	(2,374,894)	(1,826,862)	(523,669)	(1,600,303)	(85,137)	(430,629)
Proceeds from the issuance of debt	475,834	-	208,001	307,000	-	2,560,000	-	8,567,000	146,400	342,480
Premium on debt	-	-	-	-	-	19,468	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	-	(2,519,208)	-	-	-	-
Total other financing sources (uses)	475,834	-	208,001	307,000	-	47,760	(25,000)	8,667,000	146,400	342,480
Net change in fund balances	\$ (236,928)	\$ (821,745)	\$ 2,616,177	\$ 361,442	\$ (415,220)	\$ 434,024	\$ 190,901	\$ 4,805,846	\$ (3,534,213)	\$ (1,490,178)
Debt service as a percentage of noncapital expenditure	8.51%	6.49%	6.18%	5.88%	5.61%	5.52%	4.98%	3.60%	4.44%	5.33%

TABLE 6

**CASWELL 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>Franchise Tax</b>	<b>Motor Fuel Tax</b>	<b>Alcoholic Beverage Tax</b>	<b>Total</b>
2005	\$ 7,662,338	\$ 2,627,070	\$ 18,491	\$ 42,219	\$ 7,111	\$ 10,357,229
2006	7,802,264	2,644,991	18,525	34,842	7,195	10,507,817
2007	8,828,438	2,814,068	13,921	45,034	7,418	11,708,879
2008	9,133,407	2,799,193	17,681	19,099	7,614	11,976,994
2009	9,487,847	4,035,897	18,523	19,099	7,614	13,568,980
2010	9,497,206	2,299,932	18,651	315	7,604	11,823,708
2011	9,921,103	2,150,040	17,260	408	7,337	12,096,148
2012	10,048,226	2,314,067	17,463	138	7,511	12,387,405
2013	10,029,741	2,340,947	16,891	8,543	8,016	12,404,138
2014	\$ 10,870,478	\$ 2,387,229	\$ 8,563	\$ 9,645	\$ 7,614	\$ 13,283,529

TABLE 7

**CASWELL COUNTY, NORTH CAROLINA**  
**ASSESSED VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

<b>Fiscal Year Ended June 30</b>	<b>Property Excluding Registered Motor Vehicles</b>	<b>Motor Vehicles</b>	<b>Plus Discoveries</b>	<b>Less Abatements</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>
2005	\$ 1,147,702,000	\$ 121,612,566	\$ -	\$ (17,791,333)	\$ 1,251,523,233	0.6000
2006	1,212,616,902	57,454,670	-	(3,233,995)	1,266,837,577	0.6000
2007	1,241,366,794	62,554,833	-	(5,667,569)	1,298,254,058	0.6450
2008*	1,268,019,940	57,787,907	-	(4,698,065)	1,321,109,782	0.6720
2009	1,413,876,471	58,244,940	-	(10,633,704)	1,461,487,707	0.6290
2010	1,427,782,014	56,869,634	-	(14,220,984)	1,470,430,664	0.6290
2011	1,356,449,165	52,254,518	62,225,646	-	1,470,929,329	0.6590
2012	1,363,246,889	119,266,464	747,800	-	1,483,261,153	0.6590
2013	1,370,285,585	125,098,179	9,294,082	-	1,504,677,846	0.6590
2014	\$ 1,376,118,058	\$ 195,846,889	\$ -	\$ (3,413,657)	\$ 1,571,964,947	0.6590

\*Caswell County typically reassessed property every four years.  
Per \$100 of value.

Source: Caswell County Tax Department

TABLE 8

**PROPERTY TAX RATES  
DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS**

<b>Tax Year</b>	<b>Caswell County</b>	<b>Town of Yanceyville</b>
2005	0.600	0.300
2006	0.645	0.300
2007	0.672	0.300
2008	0.672	0.340
2009	0.629	0.330
2010	0.629	0.330
2011	0.659	0.330
2012	0.659	0.330
2013	0.659	0.330
2014	0.659	0.330

Source: Caswell County Tax Department and the Town of Yanceyville

The total direct rate for the county has no specific components.

TABLE 9

**CASWELL COUNTY, NORTH CAROLINA**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**JUNE 30, 2014 AND TEN YEARS AGO**  
(UNAUDITED)

<u><b>Taxpayer</b></u>	<b>2014</b>			<b>2004</b>		
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>
Progress Energy	\$ 23,802,416	1	1.62%	-	-	0.00%
Duke Energy Corp	17,768,131	2	1.21%	8,909,030	3	0.90%
EMC Piedmont	12,054,343	3	0.82%	7,219,300	5	0.73%
Yanceyville HCRE LLC	7,214,527	4	0.49%	-	-	0.00%
Southside Materials LLC	6,335,423	5	0.43%	-	-	0.00%
Norfolk Southern	5,623,932	6	0.38%	2,958,041	9	0.30%
Mebtel Communications Inc.	4,132,487	7	0.28%	-	-	0.00%
Southside Realty Investments	3,641,322	8	0.25%	-	-	0.00%
Public Service Co of NC Inc	3,525,818	9	0.24%	-	-	0.00%
Central Telephone Co	3,522,951	10	0.24%	5,794,527	6	0.59%
Burlington Industries	-	-	0.00%	9,072,114	1	0.92%
BellSouth Telephone Co	-	-	0.00%	9,024,071	2	0.92%
Carolina Power & Light	-	-	0.00%	7,769,709	4	0.79%
Vulcan Land, Inc	-	-	0.00%	3,854,781	7	0.39%
Carpediem West LLC	-	-	0.00%	3,036,984	8	0.31%
Caswell Pines Golf Co	-	-	0.00%	2,871,132	10	0.29%
Totals	<u>\$ 87,621,350</u>		<u>5.96%</u>	<u>\$ 60,509,689</u>		<u>6.14%</u>

TABLE 10

**CASWELL COUNTY, NORTH CAROLINA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**  
 (UNAUDITED)

<b>Fiscal Year Ended December 31</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2005	\$ 7,542,970	\$ 7,224,144	95.77%	\$ 290,326	\$ 7,514,470	99.62%
2006	7,601,025	7,246,041	95.33%	323,390	7,569,431	99.58%
2007	8,345,589	7,965,340	95.44%	337,125	8,302,465	99.48%
2008	8,862,255	8,456,367	95.42%	351,216	8,807,583	99.38%
2009	9,217,803	8,850,355	96.01%	312,336	9,162,691	99.40%
2010	9,249,009	8,855,999	95.75%	326,207	9,182,206	99.28%
2011	9,298,541	8,893,686	95.65%	301,121	9,194,807	98.88%
2012	9,774,691	9,421,720	96.39%	229,537	9,651,257	98.74%
2013	9,915,827	9,557,555	96.39%	194,661	9,752,216	98.35%
2014	\$ 10,359,249	\$ 10,076,281	97.27%	\$ -	\$ 10,076,281	97.27%

TABLE 11

**CASWELL COUNTY, NORTH CAROLINA**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

<b>Fiscal Year</b>	<b>Governmental Activities</b>				<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
	<b>General Obligation Bonds</b>	<b>Private Placement Bonds</b>	<b>Installment Obligations</b>	<b>Capital Leases</b>			
2005	\$ 6,470,000	\$ -	\$ 1,649,498	\$ 152,750	\$ 8,272,248	6.38%	0.27%
2006	5,715,000	-	1,392,731	88,279	7,196,010	7.62%	0.33%
2007	4,985,000	-	1,350,297	17,056	6,352,353	10.23%	N/A
2008	4,275,000	-	1,335,365	6,404	5,616,769	12.10%	N/A
2009	3,580,000	-	1,009,503	-	4,589,503	N/A	N/A
2010	2,990,000	-	722,340	-	3,712,340	N/A	N/A
2011	2,285,000	-	456,860	-	2,741,860	N/A	N/A
2012	2,045,928	8,567,000	246,666	-	10,859,594	N/A	N/A
2013	1,794,159	8,342,000	239,218	-	10,375,377	N/A	N/A
2014	\$ 1,547,389	\$ 7,892,000	\$ 87,814	\$ 272,349	\$ 9,799,552	N/A	N/A

Note: Population figures are as of July 1 of the fiscal year.

N/A Information not available for this period.

TABLE 12

**CASWELL COUNTY, NORTH CAROLINA**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
 (UNAUDITED)

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Percentage of Personal Income</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>Per Capita</b>
2005	\$ 7,245,000	13.73	0.74%	306.68
2006	6,470,000	11.80	0.52%	273.30
2007	5,715,000	7.67	0.45%	242.95
2008	4,985,000	6.29	0.38%	212.52
2009	4,275,000	N/A	0.24%	176.19
2010	3,580,000	N/A	N/A	153.63
2011	2,990,000	N/A	N/A	126.76
2012	2,045,928	N/A	N/A	86.26
2013	1,794,159	N/A	N/A	75.64
2014	\$ 1,547,389	N/A	N/A	65.24

Note: Population figures are as of July 1 of the fiscal year.

N/A Information not available for this period.



**CASWELL COUNTY, NORTH CAROLINA**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**  
 (UNAUDITED)

	Fiscal Years									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Assessed value	\$ 1,251,523,233	\$ 1,266,837,577	\$ 1,298,254,058	\$ 1,321,109,782	\$ 1,461,487,707	\$ 1,470,430,664	\$ 1,470,929,329	\$ 1,483,261,154	\$ 1,504,677,846	\$ 1,571,964,947
Debt limit (8% of total assessed value)	100,121,859	101,347,006	103,860,325	105,688,783	116,919,016	117,634,453	117,674,346	118,660,892	120,374,228	125,757,196
Debt applicable to limit:										
Total bonds	6,470,000	5,715,000	4,985,000	4,275,000	3,580,000	2,990,000	2,285,000	10,612,928	10,136,159	9,439,389
Total installment payments	1,649,498	1,392,731	1,350,297	1,335,365	1,009,503	722,340	456,860	246,666	239,218	87,814
Total capital leases	152,750	88,279	17,056	6,404	-	-	-	-	-	272,349
Total debt applicable to limitations	8,272,248	7,196,010	6,352,353	5,616,769	4,589,503	3,712,340	2,741,860	10,859,594	10,375,377	9,799,552
Legal debt margin	<u>\$ 91,849,611</u>	<u>\$ 94,150,996</u>	<u>\$ 97,507,972</u>	<u>\$ 100,072,014</u>	<u>\$ 112,329,513</u>	<u>\$ 113,922,113</u>	<u>\$ 114,932,486</u>	<u>\$ 107,801,298</u>	<u>\$ 109,998,851</u>	<u>\$ 115,957,644</u>
Total net debt applicable to the limit	8.26%	7.10%	6.12%	5.31%	3.93%	3.16%	2.33%	9.15%	8.62%	7.79%

TABLE 14

**CASWELL COUNTY, NORTH CAROLINA  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<b>Year</b>	<b>Population (1)</b>	<b>Median Age (1)</b>	<b>Personal Income (Thousands of Dollars) (2)</b>	<b>Per Capita Personal Income (2)</b>	<b>Public School Enrollment (3)</b>	<b>Unemployment Rate (4)</b>	<b>Number of Building Permits (5)</b>
2005	23,674	39.4	548,427	25,391	3,244	7.7%	1255
2006	23,523	39.7	582,738	26,419	3,337	7.2%	1159
2007	23,457	41	649,879	28,285	3,210	7.2%	980
2008	24,264	41	679,756	29,894	3,148	7.8%	1183
2009	23,303	41	717,121	29,830	3,273	13.5%	920
2010	23,587	41	723,831	29,690	3,030	11.9%	944
2011	23,719	43.6	747,132	31,326	2,880	10.9%	875
2012	23,767	N/A	776,988	N/A	2,880	9.6%	943
2013	23,839	N/A	N/A	N/A	2,777	9.3%	867
2014	23,614	45	N/A	N/A	2,735	7.6%	865

## Notes:

- (1) NC Rural Economic Development Center.
- (2) Bureau of Economic Analysis, U.S. Department of Commerce, Figures are for the prior calendar year.
- (3) State Board of Education.
- (4) NC Employment Security Commission.
- (5) Total number of building permits issued by Caswell County Inspections Department.
- N/A Not Available.

TABLE 15

**CASWELL COUNTY, NORTH CAROLINA  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND SIX YEARS AGO\*  
(UNAUDITED)**

<b>2014</b>				<b>2009</b>			
<b>Employer</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County</b>	<b>Employer</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County</b>
Caswell County Schools	525	1	4.74%	Caswell County Schools	575	1	5.36%
Caswell County Local Gov	223	2	2.01%	Caswell County Local Gov	219	2	2.04%
Department of Public Safety	176	3	1.59%	State of NC DOC	171	3	1.59%
WS Construction	120	4	1.08%	Royal Park Uniform, Inc.	118	4	1.10%
Sky Valley Foods	49	5	0.44%	WS Construction	97	5	0.90%
Piedmont Comm College	42	6	0.38%	Ssc Yanceyville Operating Co	70	6	0.65%
Duke Athletics	39	7	0.35%	Caswell House	52	7	0.48%
Ssc Yanceyville Operating Co	37	8	0.33%	Piedmont Comm College	44	8	0.41%
Caswell House	36	9	0.33%	Bayada Nurses, Inc.	41	9	0.38%
Caswell Medical Center	33	10	0.30%	Food Lion LLC	40	10	0.37%
Total	<u>1280</u>		<u>11.55%</u>	Total	<u>1427</u>		<u>13.28%</u>

Source: NC Employment Security Commission and employers.

Percentage of Total County is calculated using the County's estimated employment totals (Source: NCESC)

\* Information prior to 6-30-09 is unavailable

TABLE 16

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

<b>Function/Program</b>	<b>Fiscal Years</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>
Governing and Management	25	25	25	25	23	24	23	25	26	24
Community and Environment	3	3	2	5	2	2	5	5	5	6
Human Services	100	94	99	97	90	107	98	96	89	93
Public Safety	61	64	65	66	71	75	73	76	86	87
Cultural and Recreation	5	7	8	11	6	7	13	14	13	14
Total	194	193	199	204	192	215	212	216	219	224

Source: County Finance Department

Note: This schedule represents the number of persons employed as of June 30 of each year.

TABLE 17

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

Function	Fiscal Years									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Public Safety/Sheriff</b>										
Court Papers	8,389	8,425	8,551	7,051	7,186	7,350	6,514	6,586	5,618	5,832
Investigation Reports Filed	1,115	929	911	1,085	1,113	1,095	1,203	1,185	1,255	1,343
Calls Answered	37,859	28,487	27,798	34,383	35,717	38,945	34,287	31,362	13,006	33,291
<b>Public Safety/Emerg Mgmt/Fire</b>										
Number of calls dispatched (includes fire & medical first response calls)	13,940	15,613	16,646	16,910	15,772	15,704	15,431	16,590	15,060	14,880
<b>Solid Waste</b>										
Tonnage Disposed	7,759	7,410	7,447	7,756	7,063	7,531	7,159	7,155	7,504	7,362
Number of Households Served	7,241	7,405	7,680	8,000	8,122	8,200	7,873	8,622	8,729	8,727
<b>Community Services/Library</b>										
Circulation	56,922	62,248	63,172	60,128	66,989	67,962	73,883	69,054	62,471	74,443
Computer Use	6,190	7,527	10,170	6,657	7,687	7,796	8,823	10,808	12,486	12,718
Program Attendance	65,353	66,808	69,087	71,531	64,392	69,648	74,899	74,491	86,214	75,181
<b>Community Services/Building Inspections</b>										
Number of Building Permits Issued	360	303	233	266	206	205	206	175	178	183
Number of Other Permits Issued (Includes Electrical, Plumbing & Mechanical)	871	1,074	935	917	714	739	669	768	689	682
<b>Human Services/Social Services</b>										
Average # Medicaid Eligible Cases	3,361	3,580	3,638	3,755	4,726	4,777	4,847	5,124	4,768	4,889
Average # Food Stamp Households per month	1,536	1,701	1,744	1,775	1,885	2,106	2,574	2,607	2,674	2,639
Average \$ Fraud Collections per month	2,466	1,795	1,891	4,587	5,379	5,084	4,134	5,180	2,299	2,025
Aging & Nutrition Services/ Meals Served	12,522	12,755	14,379	11,245	10,600	9,718	8,734	8,885	10,085	7,853
Aging & Nutrition Services/Clients Served	1,705	1,836	1,802	1,622	1,740	1,224	1,131	1,158	1,132	940
Meals on Wheels/Meals Served	N/A	N/A	24,722	27,232	26,397	31,234	32,517	33,388	32,106	33,771
Meals on Wheels/Clients Served	N/A	N/A	1,287	1,375	2,256	1,559	1,647	1,701	1,671	1,664
<b>Register of Deeds</b>										
Documents Recorded	5,067	3,722	4,093	4,432	3,364	3,090	2,925	3,085	3,150	2,832
Marriage Licenses	132	120	104	117	85	91	99	114	88	100
Births & Deaths	131	147	142	141	185	658	812	768	806	790
<b>Education</b>										
School enrollment	3,244	3,337	3,210	3,148	3,273	3,030	2,880	2,824	2,777	2,735

Sources: Various county government departments.

Solid Waste- Total tonnage disposed for County

Solid Waste- Households served based on calculation using tax collection rate

County administered Meals On Wheels services implemented FY 2006-2007

School enrollment (average daily membership) - State Board of Education/NC DPI

Sheriff Report/Calls Answered - FYE 2013 Reporting format changed

N/A Not available

TABLE 18

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

Function	Fiscal Years									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Administration	0	0	2	2	1	1	1	2	2	1
Building Inspections	2	2	2	2	1	1	1	1	1	1
Maintenance	3	3	3	3	3	3	3	3	6	10
Section 8	2	2	2	2	2	2	2	2	2	2
Animal Control	2	2	2	2	2	2	2	2	2	2
Public Safety										
Sheriff's patrol & other vehicles	42	45	45	57	58	56	56	62	53	56
Emergency management	3	3	3	3	3	3	3	2	1	5
Ambulances	3	4	1	1	3	4	4	7	5	5
E911	1	2	2	2	2	2	2	2	1	2
Environmental Protection										
Soil & Water Conservation	1	1	1	0	0	0	0	1	1	1
Economic & Physical Development										
Economic Development/Planning	1	1	0	0	0	0	0	0	0	0
Planning	1	1	1	1	1	1	1	0	0	0
Human Services										
Transportation	11	11	12	10	13	11	11	11	13	11
Culture and Recreation										
Parks & Recreation	1	1	2	2	2	2	2	3	2	3
Farmer Lake	1	1	1	1	1	0	0	1	1	1
Library	1	1	1	1	1	1	1	1	1	1
Water & Sewer										
Landfill	2	2	2	2	2	2	2	2	2	2
Pump Stations	1	1	1	0	1	1	1	1	1	1
Elevated tanks	1	1	1	0	1	1	1	1	1	1
Elevated water pump station	1	1	1	0	1	1	1	1	1	1

Sources: Various county government departments.

## **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  
Caswell County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Caswell County, North Carolina as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprises Caswell County's basic financial statements, and have issued our report thereon dated January 2, 2015. The financial statements of Caswell 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 Caswell County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Caswell County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any

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deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

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

Winston, Williams, Creech, Evans & Company, LLP  
Certified Public Accountants  
Oxford, NC  
January 2, 2015

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

Certified Public Accountants



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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  
Caswell County, North Carolina

### Report on Compliance for Each Major Federal Program

We have audited Caswell County, North Carolina, compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Caswell County's major federal programs for the year ended June 30, 2014. Caswell County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

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

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Caswell County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Caswell County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Caswell County's compliance.

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## **Basis for Qualified Opinion on Medical Assistance Program and Section 8 Housing Choice Vouchers**

As described in the accompanying schedule of findings and questioned costs, Caswell County did not comply with requirements regarding the CFDA 93.778 Medical Assistance Program as described in finding numbers 14-1, 14-2, and 14-3 for Eligibility and CFDA 14.871 Section 8 Housing Choice Vouchers as described in finding numbers 14-4 for Eligibility and 14-5 for Reporting. Compliance with such requirements is necessary, in our opinion, for Caswell County to comply with the requirements applicable to those programs.

## **Qualified Opinion on Medical Assistance Program and Section 8 Housing Choice Vouchers**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Caswell 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 and the Section 8 Housing Choice Vouchers 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 14-1, 14-2, 14-3, 14-4, and 14-5. Our opinion on each major federal program is not modified with respect to these matters.

Caswell 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. Caswell 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 Caswell 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 Caswell County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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 14-1 and 14-3 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 items 14-2, 14-4, and 14-5 to be a significant deficiency.

Caswell 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. Caswell 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  
January 2, 2015

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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  
Caswell County, North Carolina

### Report on Compliance for Each Major State Program

We have audited Caswell 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 Caswell County's major state program for the year ended June 30, 2014. Caswell 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 Caswell 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 Caswell County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination on Caswell 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, Caswell County did not comply with requirements regarding CFDA 93.778 Medical Assistance Program as described in finding numbers 14-1, 14-2, and 14-3 for Eligibility. Compliance with such requirements is necessary, in our opinion, for Caswell County to comply with the requirements applicable to that program.

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

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Caswell 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 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 14-1, 14-2, and 14-3. Our opinion on each major state program is not modified with respect to these matters.

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

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

Management of Caswell 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 Caswell County's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 14-1 and 14-3 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 14-2 to be a significant deficiency.

Caswell 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. Caswell 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  
January 2, 2015

**CASWELL 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? \_\_\_\_yes      X no
- Significant Deficiency(s) identified  
that are not considered to be  
material weaknesses \_\_\_\_yes      X none reported

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

Federal Awards

Internal control over major federal programs:

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

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

CFDA#  
93.778  
14.871

Program Name  
Medical Assistance Program  
Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish  
between Type A and Type B Programs \$ 784,955

Auditee qualified as low-risk auditee? \_\_\_\_ yes      X no



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

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State Awards

Internal control over major State programs:

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

Type of auditor's report issued on compliance for major State programs: Modified.

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act

  X   yes        no

Identification of major State programs:

Program Name

Medical Assistance

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**Section II – Financial Statement Findings**

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None noted.

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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: 14-1**

MATERIAL WEAKNESS

MATERIAL NONCOMPLIANCE

Income Verification and Budget Calculations for Eligibility

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

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

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Condition: 8 Medicaid files were found to contain 11 errors. There were 3 files that contained 4 errors regarding the calculation of income on the budget. 1 case file did not calculate the proper budget for the type of program. 1 file contained 3 errors regarding online verifications (OLV), calculation of income on budget, and reference to wrong type of case. There were 2 files that used Food and Nutrition Services (FNS) to verify wages, but 1 file did not use the correct amount for income and the other file did not have the supporting documentation from FNS. One file contained an error regarding the verification of income.

Questioned Costs: There were \$91 in questioned costs.

Context: One file contained a mathematical error in calculating unearned income and total income did not match budget items included. One case had rounded each income payment instead of the actual amounts to calculate the monthly average income. One case did not calculate average monthly earned income correctly. 1 PACE case was tested and Part 1 of the budget was not completed. Part 1 determines the Need Amount and then this number is used to compare to the PML amount. Since the PML is highly unlikely to be over the monthly amount of need, client would remain eligible. One case had unearned income that could not be traced to the budget, it did not have the OLV in the file, and referred to the case as MAF-C even though it was a MIC case. Two cases used FNS to verify income but only used income input in system. When FNS income is used for a Medicaid case, verification (recalculation) of that FNS income must take place using the support in the FNS case. Verification was provided after the auditors requested the information, however one case could not be recalculated with the support provided. One case file had documentation that the applicant had started working after the case had been approved. There was a wage verification form and a check stub in the file, however there was not a new budget completed. The worker should have reviewed the case to make sure client would have been eligible with new income. The case should have been evaluated for Job Bonus or transitional Medicaid prior to termination. Another updated budget should have been placed in the file showing the applicant was ineligible. With the wages provided the client would have been ineligible.

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. Benefits can be paid to ineligible applicants.

Cause: Ineffective case file review process.

Recommendation: Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on income calculations for each program type.

Views of responsible officials and planned corrective actions: The County agrees with the finding. These issues have been addressed at the time of the audit. We will continue to reiterate to the workers the importance of a more detailed narrative of actions taken and why those actions were taken. We continue to have weekly training sessions on Medicaid policies. We complete random second party reviews on cases on a regular basis. We would like as a County to complete 100% second party reviews on all cases processed by new workers and random reviews on existing workers before cases are processed, however in our County we do not have the resources to provide the manpower to accomplish 100% second party reviews.

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

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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**

SIGNIFICANT DEFICIENCY

SIGNIFICANT NONCOMPLIANCE

Liquid Assets and Reserve Calculations for Eligibility

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

Condition: There was 1 error noted in the calculation and verification of liquid assets for the cases that require resource limits on liquid assets.

Questioned Costs: There were no questioned costs.

Context: Out of the 60 Medicaid files tested, 1 did not document the verification of a checking account. Narrative stated that the client had a debit card with a zero balance. There was a 5097 requesting the verification but it was not completed.

Effect: Files are incomplete/incorrect and do not support reserve calculations.

Cause: Ineffective case review process and incomplete documentation.

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.

Views of responsible officials and planned corrective actions: The County agrees with the finding. This issue was a result of a lack of documentation by the worker. Even though it had the potential of being an ineligible case, it was not. There is no money cost to the State/County. These issues have been addressed at the time of the audit. We will continue to reiterate to the workers the importance of a more detailed narrative of actions taken and why those actions were taken. We continue to have weekly training sessions on Medicaid policies. We complete random second party reviews on cases on a regular basis. We would like as a County to complete 100% second party reviews on all cases processed by new workers and random reviews on existing workers before cases are processed, however in our County we do not have the resources to provide the manpower to accomplish 100% second party reviews.

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

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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 14-3**

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-SOI 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: Due to new systems, changes in eligibility rules, introduction of a universal caseworker, higher caseloads, and recent state-wide publicity regarding Medicaid administration, the pressure on workers has increased and the time spent on 2nd party reviews and internal training has decreased. The legislative requirement to speed up the implementation of NC FAST caused an internal shift in focus from training and reviews to getting applications processed. There was also a lack of training from the State which caused the Agency to "learn as they went". 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 agency would retrain workers in any ineffective areas. The supervisors review cases each month. Supervisors would like to see this number increase, but since NC FAST created a backlog, it's been harder to keep the reviews going. Supervisors are spending time answering questions about policy and reviewing new workers cases which is leaving little time to do 2nd party reviews. Lead workers were utilized during the year to assist with second party reviews and the Agency is creating a quality control position to be filled internally to perform second party reviews going forward.

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 an increase in caseload and necessary overtime. With the pressure to clear backlog and to keep their ongoing cases, workers are more likely to make mistakes and not catch those mistakes.

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 being able to understand the technology.

The introduction of Modified Adjusted Gross Income (MAGI) budgeting methodology has also caused

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

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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. Many 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 of a worker who 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: There is an increased risk that 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.

Cause: Overwhelming changes from the Affordable Care Act, the implementation of NC FAST and NC Tracks, the introduction of the universal caseworkers, reorganization of 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 a quality control reviewer or internal auditor 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 workers feel appreciated for the work that they do.

Views of responsible officials and planned corrective actions: The County agrees that there have been numerous challenges due to the roll out of NC FAST and implementation of the Affordable Care Act. As a result, there have been organizational changes in an effort to meet the demands of the changing system and to keep up with the work flow. The County also made efforts to follow the State’s recommended model for the universal worker concept until we determined that doing so could impact quality as a result of insufficient time and resources to train staff. At that time, the County reorganized to specialize in Long Term Care, SA, CAP and PACE programs in order to ensure that quality was not compromised, but continued with the Universal Worker in all other programs. However the State added LTC and SA to the list of programs processed in NCFast and without prior training this added to staff struggles and frustration. Quality Control has always been a priority for Caswell County DSS. Since the inception of NC FAST and the ACA, supervisors and lead workers have had to place a strong emphasis on keeping up with the applications and recertifications, thus leaving less time for second party reviews. Lead workers often conducted second party reviews when supervisors were unable to do so due to work load and implementation issues encountered.

The Agency readily recognized the need and priority to ensure quality and continues weekly training and the completion of second party reviews as time allows but especially with new staff.

Due to the nature of the work within a department of social services, it is important that staff feel valued and appreciated. Caswell County DSS strives to ensure that morale of staff is as high as possible. There are times when morale is higher than others for many differing factors. However, during the NC FAST and ACA rollout, Caswell County experienced very little turnover. The agency put in place a

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

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mechanism for comp time as needed and requested in order that staff be allowed to determine their own caseload demands. This was worked with supervisory guidance and approval. Once additional Medicaid reimbursement was secured, the County began to pay for overtime in order to increase morale. In addition, there are frequent unit gatherings to celebrate successes and to simply gather to relieve stress. The agency director has provided lunch for the staff in the units affected as a demonstration of appreciation for their ongoing efforts.

Caswell County DSS agrees that errors can and will occur as caseloads increase, new systems are introduced, and changes frequently occur. However, it has not been the experience or observation by management within the agency that errors occur as a result of decreased dedication by staff or a reduced commitment to the assurance of quality in their work. Caswell County DSS strives to ensure quality in its delivery of services and to ensure the fiscal accountability and integrity of the funding in each program area.

**US Department of Housing and Urban Development  
Office of Public and Indian Housing**

Program Name: Section 8 Housing Choice Vouchers  
CFDA #: 14.871

**Finding 14-4**

**SIGNIFICANT DEFICIENCY  
SIGNIFICANT NONCOMPLIANCE**

Eligibility

Criteria: There are four factors which affect eligibility: family definition, income limits, citizenship status, and eviction for drug-related criminal activity. The the case of income limits, the household's annual income may not exceed the applicable income limit as established by HUD. Annual income means all amounts, monetary or not, that go to or are on behalf of, the family head or spouse or to any other family member, or all amounts anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date. The annual income is then compared to the applicable income limit to determine eligibility. A family's income must be within the income limits for the County's jurisdiction at the time the family receives a voucher to search for housing.

Condition: Annual income was calculated incorrectly for two families.

Questioned Costs: There are no questioned costs.

Context: One family's income was understated the income annualized did not include holiday pay and bonuses into the calculation of income. The family was already in the six month period of a zero HAP (housing assistance payment), therefore there was no change to the HAP because of the understatement of income. Another file overstated income because an additional increase in Social Security was included incorrectly. Notification was received of a COLA in Social Security. The County applied this COLA to the amount noted on the electronic income verification system; however, the verified income amount already included the COLA.

Effect: If the income is overstated after calculation, applicants could have a total tenant payment that is too high. If the income is understated after calculation, applicants could have a total tenant payment that is too low and thus the HAP would be overstated or even be ineligible if income is computed incorrectly.

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

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Cause: Misunderstanding on what is included and excluded from the income calculation and a misapplication of a future increase in social security payments.

Recommendation: The administrative policy and the Housing Choice Voucher Program Guidebook clearly state what to include in income. Refer to policy regularly and when training workers. Verification of the EIV system should take place if there is uncertainty to whether COLAs and other adjustments have been applied to the amounts reported.

Views of Responsible Officials: 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 included and excluded from income.

**US Department of Housing and Urban Development  
Office of Public and Indian Housing**

Program Name: Section 8 Housing Choice Vouchers  
CFDA #: 14.871

**Finding 14-5**

SIGNIFICANT DEFICIENCY  
SIGNIFICANT NONCOMPLIANCE

Reporting

Criteria: The County's Section 8 program must submit an unaudited Financial Data Schedule (FDS) prepared on the basis of Generally Accepted Accounting Principles (GAAP). The deadline for this submission is two months after the end of the County's fiscal year. The FDS is to be submitted electronically to HUD's Real Estate Assessment Center (REAC).

Condition: There is a limited knowledge of the County's HUD management in the preparation and submission of REAC FDS schedules.

Questioned Costs: The REAC submission of the FDS for June 30, 2014 did not occur within two months of the County's fiscal year end.

Context: Section 8 Housing Authority failed to file financial reports in a timely manner. The unaudited Financial Report is due within 60 days of year end. The report was filed September 2014.

Effect. Financial Statements were not presented timely to the US Department of Housing and Urban Development.

Cause: Management has limited knowledge regarding FDS submissions in REAC.

Recommendation: Management should obtain additional training to become proficient with the REAC system and FDS schedules in REAC.

Views of responsible officials: The County agrees with the finding. The County has been working towards catching up all late filings and filing this fiscal year on-time with HUD. The County had the information ready to file on time; however, REAC system validations caused questions and couldn't be resolved in time. The filing for fiscal year 2014 was only a few days late which is a great improvement over prior years. We will continue to learn the REAC system and understand its validations and how to trouble shoot the REAC system.

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

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

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See Findings 14-1, 14-2, and 14-3



**CASWELL 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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**None noted.**

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

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**Finding: 14-1**

Name of Contact Person: Mary Harrelson, Income Maintenance Supervisor

Corrective Action: These issues have been addressed at the time of the audit. We will continue to reiterate to the workers the importance of a more detailed narrative of actions taken and why those actions were taken. We continue to have weekly training sessions on Medicaid policies. We complete random second party reviews on cases on a regular basis.

Proposed Completion Date: September 30, 2014.

**Finding: 14-2**

Name of Contact Person: Mary Harrelson, Income Maintenance Supervisor

Corrective Action: These issues have been addressed at the time of the audit. We will continue to reiterate to the workers the importance of a more detailed narrative of actions taken and why those actions were taken. We continue to have weekly training sessions on Medicaid policies. We complete random second party reviews on cases on a regular basis.

Proposed Completion Date: September 30, 2014.

**Finding: 14-3**

Name of Contact Person: Mary Harrelson, Income Maintenance Supervisor

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. We have knowledgeable staff that are able to train and the staff is asked to read their policies. Caseloads are reorganized as needed to help workers with their caseloads.

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

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The agency has decided to go back to specialized caseworkers after issues were encountered with the universal caseworker and knowledge transfer of income and eligibility requirements.

The agency continues to praise staff, recognize staff in agency meetings, paid overtime is available, and activities within the agency are provided and business casual Fridays are offered each week to boost morale.

The Income Maintenance Caseworkers are currently fully staffed. Supervisors will research for more training in NCFast for staff and schedule their staff to attend.

Proposed Completion Date: June 30, 2015.

**Finding: 14-4**

Name of Contact Person: Angy Turner, Director of Section 8 Housing

Corrective Action: These issues have been addressed at the time of the audit. We will continue to reiterate to workers the importance reviewing the Administrative Manual for what is included and excluded from income.

Proposed Completion Date: October 31, 2014.

**Finding: 14-5**

Name of Contact Person: Angy Turner, Director of Section 8 Housing

Corrective Action: We will continue to seek out training on the REAC system for financial submissions. We will also strive to input data earlier to allow more time for trouble shooting validation errors in the system.

Proposed Completion Date: August 31, 2015.

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

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See Findings 14-1, 14-2, and 14-3

**CASWELL COUNTY, NORTH CAROLINA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**Finding 13-1**

Social Services continues to reiterate the importance of a more detailed narrative of actions taken to calculate income and why these actions were taken. Social Services continues to have weekly training sessions. Second party reviews are completed on a random basis. However, Social Services continues to contain errors in income calculations (See Finding 14-1).

**Finding 13-2**

Social Services continues to hold training sessions and reiterate the importance of noting what is to be included in reserve limit calculations. Second party reviews take place randomly on cases. However, Social Services continues to have errors involving liquid assets and reserve limits (See Finding 14-2).

**Finding 12-02**

See Finding 14-5

**Finding 12-03**

See Finding 14-1

**Finding 12-04**

Finding has been corrected.

**CASWELL 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 (DIRECT & PASS- THROUGH) EXPENDITURES	STATE EXPENDITURES
<b>FEDERAL AWARDS:</b>			
<u>U.S. Dept. of Agriculture</u>			
Food and Nutrition Service			
Passed-through the N.C. Dept. of Health and Human Services, Division of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			
Total Food and Nutrition Service	10.561	\$ 168,951	\$ -
		168,951	-
Passed-through the N.C. Dept. of Health and Human Services, Division of Public Health:			
Special Supplemental Nutrition Program for Women, Infants, & Childrer			
Direct Benefit Payments:	10.557	109,424	-
Special Supplemental Nutrition Program for Women, Infants, & Childrer			
Total Division of Public Health	10.557	316,831	-
		426,255	-
Total U.S. Dept of Agriculture		595,206	-
<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 Grant	14.228	490,720	-
Passed-through the N.C. Dept. of Health and Human Services, Division of Aging and Adult Services:			
Emergency Solutions Grant Program	14.231	8,122	-
<u>Office of Public and Indian Housing</u>			
Section 8 Housing Choice Vouchers	14.871	914,303	-
Total U.S. Dept of Housing and Urban Development		1,413,145	-
<u>U.S. Dept. of Cultural Resources</u>			
Passed-through the N.C. Dept. of Cultural Resources			
<u>Institute of Museum and Library Services</u>			
Grants to States	45.310	31,952	-
Total U.S. Dept. of Cultural Resources		31,952	-
<u>U.S. Dept. of Homeland Security</u>			
Passed-through the N.C. Dept. of Public Safety:			
Emergency Solutions Grant Program	97.024	5,411	-
Emergency Management Performance Grant	97.042	35,317	-
Homeland Security Grant Program	97.067	59,485	-
Total U.S. Dept. of Homeland Security		100,213	-
<u>U.S. Dept. of Transportation</u>			
Passed-through N.C. Dept. of Transportation:			
<u>Federal Transit Administration (FTA)</u>			
Formula Grants for Rural Areas	20.509	143,739	13,575
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	7,524	940
<u>National Highway Traffic Safety Administration (NHTSA)</u>			
State and Community Highway Safety	20.600	9,287	-
Total U.S. Dept. of Transportation		160,550	14,515
<u>U.S. Dept. of Justice</u>			
Passed-through the N.C. Dept. of Public Safety:			
<u>Office for Victims of Crime</u>			
Crime Victim Assistance	16.575	39,686	-
Total U.S. Dept. of Justice		39,686	-

**CASWELL 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 (DIRECT & PASS- THROUGH) EXPENDITURES	STATE EXPENDITURES
<u>U.S. Dept. of Health and Human Services</u>			
<u>Administration for Community Living</u>			
Passed-through the Piedmont Triad Council of Governments:			
<u>Agency Cluster:</u>			
Special Programs for the Aging - Title III Part B			
Grants for Supportive Services and Senior Centers	93.044	4,562	269
Special Programs for the Aging - Title III Part C Nutrition Services	93.045	124,245	60,838
Nutrition Service Incentive Program	93.053	31,218	-
Total Agency Cluster		<u>160,025</u>	<u>61,107</u>
Special Programs for the Aging - Title III Part D Disease Prevention and Health Promotion Services	93.043	515	31
National Family Caregiver Support, Title III, Part E	93.052	8,421	561
Passed-through the N.C. Dept. of Insurance, Division of SHIP:			
Medicare Enrollment Assistance Program	93.071	139	-
Total Administration for Community Living		<u>169,100</u>	<u>61,699</u>
<u>Administration for Children and Families</u>			
Passed-through the N.C. Dept. of Health and Human Services, Division of Social Services:			
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	15,661	-
<u>Foster Care and Adoption Cluster:</u>			
Foster Care-Title IV-E - ARRA			
IV-E Optional	93.658	101,804	17,923
Foster Care - Direct Benefit Payments	93.658	62,595	20,653
Adoption Assistance - ARRA:			
Adoption Assistance - Direct Benefits Payments	93.659	86,321	22,610
IV-E Adoption Assistance	93.659	21,866	-
Total Foster Care and Adoption Cluster		<u>272,586</u>	<u>61,186</u>
Temporary Assistance for Needy Families			
Temporary Assistance for Needy Families (TANF)	93.558	287,777	-
TANF - Direct Benefit Payments	93.558	116,814	-
Child Support Enforcement	93.563	258,868	-
Low-Income Home Energy Assistance Block Grant:			
Administration	93.568	104,955.00	-
Assistance	93.568	24,972.00	-
Crisis Intervention	93.568	113,580.00	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	16,590	-
Social Services Block Grant	93.667	126,227	16,440
Promoting Safe & Stable Families	93.556	6,985	-
Chafee Foster Care Independence Program	93.674	1,987	497
Total Division of Social Services		<u>1,347,002</u>	<u>78,123</u>
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Child Development:			
Subsidized Child Care			
<u>Child Care Development Fund Cluster:</u>			
Division of Social Services:			
Child Care Development Fund- Administration	93.596	80,116	-
Division of Child Development:			
Child Care and Development Block Grant	93.575	139,650	-
Child Care and Development Fund-Mandatory	93.596	82,771	-
Child Care and Development Fund-Match	93.596	109,362	48,259
Total Child Care Development Fund Cluster		<u>411,899</u>	<u>48,259</u>
Temporary Assistance for Needy Families	93.558	75,893	-
Foster Care Title IV-E - ARRA	93.658	3,835	2,006
State Appropriations		-	26,811
TANF-MOE		-	50,458
Total Subsidized Child Care		<u>491,627</u>	<u>127,534</u>

**CASWELL 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 (DIRECT & PASS- THROUGH) EXPENDITURES	STATE EXPENDITURES
<u>Centers for Medicare and Medicaid Services</u>			
Passed-through the N.C. Dept. of Insurance, Division of SHIP			
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations, and Evaluations	93.779	2,692	-
Passed-through the N.C. Dept. of Health and Human Services, Division of Medical Assistance:			
Direct Benefit Payments:			
Medical Assistance Program	93.778	21,012,097	11,873,558
Children's Health Insurance Program	93.767	316,744	99,928
Passed-through the N.C. Dept. of Health and Human Services, Division of Social Services:			
Administration:			
Medical Assistance Program	93.778	369,018	17,132
Childrens Health Insurance Program	93.767	5,816	878
<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	26,602	-
Immunization Cooperative Agreements	93.268	8,598	-
Preventive Health and Health Services Block Grant	93.991	10,713	-
Temporary Assistance for Needy Families	93.558	1,875	-
<u>Office of Population Affairs</u>			
Passed-through the N.C. Dept. of Health and Human Services:			
Family Planning Services	93.217	21,911	-
<u>Health Resources and Services Administration</u>			
Passed-through the N.C. Dept. of Health and Human Services:			
Maternal and Child Health Services Block Grant to the States	93.994	40,615	31,670
Total U.S. Dept. of Health and Human Services		23,824,410	12,290,522
Total federal awards		26,165,162	12,305,037
<b>STATE AWARDS:</b>			
<u>N.C. Dept. of Cultural Resources</u>			
Division of State Library			
State Aid to Libraries		-	83,264
<u>N.C. Dept. of Public Safety:</u>			
Division of Juvenile Justice and Delinquency Prevention			
Juvenile Crime Prevention Programs		-	93,075
<u>N.C. Dept. of Health and Human Services</u>			
<u>Division of Social Services:</u>			
State/County Special Assistance for Adults - Direct Benefit Payments		-	247,055
CWS Direct Benefit Payments		-	34,705
SFHF Maximization - Direct		-	5,900
State Foster Home		-	(1,077)
Foster Care at Risk Maximization - Direct		-	460
Energy Program		-	6,031
Total Division of Social Services		-	293,074
<u>Division of Public Health:</u>			
Communicable Disease		-	10,909
Food and Lodging Fees		-	3,124
Environmental Health		-	4,000
General Aid to Counties		-	80,079
Public Health Nursing		-	1,200
Tuberculosis		-	1,659
Risk Reduction/Health Promotion		-	5,679
WHSF		-	5,288
TB Medical Services		-	540
Maternal Health (HMMC)		-	988
Pediatric Primary Care		-	5,779
School Nurse Funding Initiative		-	200,000
Total Division of Public Health		-	319,245

**CASWELL 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 (DIRECT & PASS- THROUGH) EXPENDITURES	STATE EXPENDITURES
<u>Division of Aging:</u>			
In-Home Service		-	52,981
Caregiver Match		-	3,339
Senior Center		-	11,680
Total Division of Aging		-	68,000
Total N.C. Dept. of Health and Human Services		-	680,319
<u>N.C. Rural Economic Development Center</u>			
SECU Internship Program		-	1,250
<u>N.C. Council for Women/Domestic Violence Commission</u>			
Domestic Violence		-	45,856
Marriage License		-	28,437
Total N.C. Council for Women/Domestic Violence Commission		-	74,293
<u>N.C. Dept. of Environment and Natural Resources</u>			
Division of Soil and Water Conservation			
Soil Technician Grant		-	24,511
<u>N.C. Dept. of Transportation</u>			
Rural Operating Assistance Program (ROAP)			
ROAP Elderly and Disabled Transportation Assistance Program		-	54,612
ROAP - Work First		-	7,937
ROAP - Rural General Public Program		-	24,353
Total N.C. Dept. of Transportation		-	86,902
<u>N.C. Dept. of Commerce</u>			
Industrial Development Fund		-	44,989
<u>N.C. Housing Finance Agency</u>			
Urgent Repair Program		-	19,131
Total State Awards		-	1,107,734
Total federal and State awards		\$ 26,165,162	\$ 13,412,771

**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 Caswell 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 the 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. Benefit payments are paid directly to recipients and are not included in the basic 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, Caswell County provided federal and State awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
Juvenile Crime Prevention Program		6,000.00