

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

CASWELL COUNTY, NORTH CAROLINA

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2015



*Prepared by the  
Caswell County Finance Department*

*Gwendolyn Vaughn, Finance Director*

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*County of Caswell County  
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336/694-4193*

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# **INTRODUCTORY SECTION**



## CASWELL COUNTY

“Preserving the Past, Embracing the Future”

*Office of the County Manager*

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January 27, 2016

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, 2015. 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, 2015.

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, 2015, 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, 2015, 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 \$37,122 compared to the state at \$45,946 according to NC Commerce, Access NC.

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 900 workers. Other major employers employ about 500 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 2015 (not seasonally adjusted) is 6.1%, while reported at 6.4% for June 2014 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 97%. 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, 2014. The County also received this award for the fiscal years ended June 30, 1997 through 2013. 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, NORTH CAROLINA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**List of Principal Officers  
June 30, 2015**

County Commissioners

- Kenneth D. Travis, Chairman
- William E. Carter, Vice Chairman
- Nathaniel Hall
- Larry G. Hamlett
- Jeremiah Jefferies
- David Owen
- N. Kent Williamson

County Officials

- Bryan S. Miller.....County Manager
- Dr. Brock Womble ..... Superintendent of Schools
- John I. Satterfield .....Clerk of Court
- Gwendolyn Y. Vaughn ..... Finance Director
- Ginny S. Mitchell.....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, 2014**

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, 2015, 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, 2015, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and Special Fire District 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' Special Separation Allowance and Other Postemployment Benefit's Schedules of Funding Progress and Employer Contributions, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Asset and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions on Exhibits A-1 thru A-8, respectively, 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 basic 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 27, 2016, 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 27, 2016

## **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, 2015. 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 \$21,789,653 (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 \$20,053,860 (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 \$1,735,793 (net position).
- The government's total net position decreased by \$636,632, due to a total restatement of \$1,217,201. However, the change in net position for the current year without the restatement was an increase of \$580,569 due to increases in both 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 \$8,150,683; an increase of \$328,327 in comparison to the prior year. Approximately 46.89 percent of this total amount, or \$3,821,742, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balanced for the General Fund was \$4,175,020 or 18.23 percent of total general fund expenditures for the fiscal year.
- Caswell County's total debt decreased by \$420,080, or 4.29% during the current fiscal year.
- The County's tax rate for the current fiscal year is 0.6790 cents per \$100 valuation.

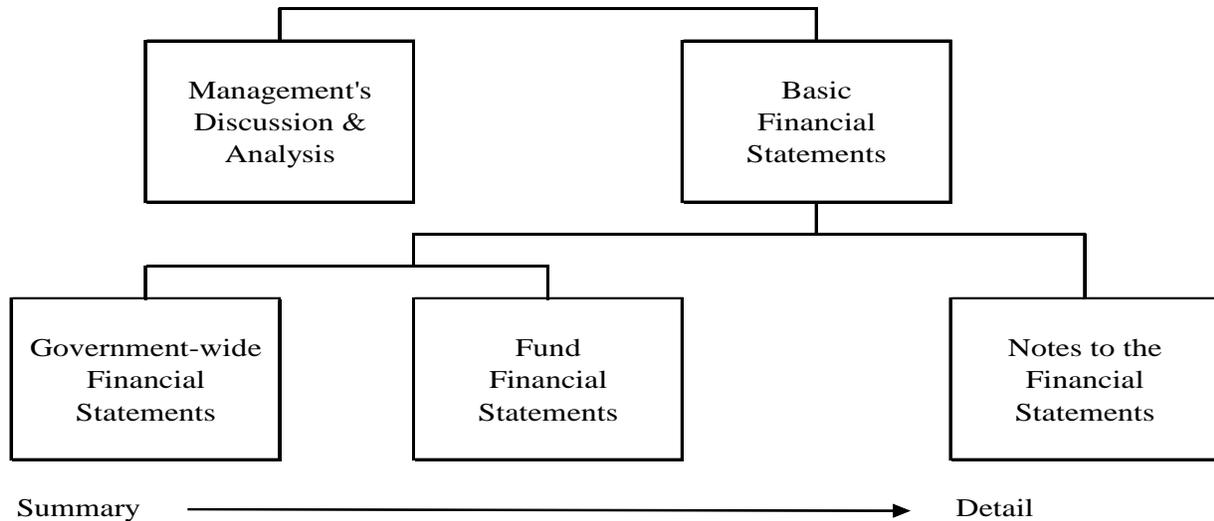
### **Overview of the Fiscal Statements**

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-12) 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 39 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 75 - 82 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 \$21,789,653 as of June 30, 2015. The County's net position increased by \$580,569 for the fiscal year ended June 30, 2015. One of the largest portions \$15,724,666 (72.17%) 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 \$3,116,026 (14.30%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,948,961 (13.53%) is unrestricted.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 10,684,980	\$ 9,704,746	\$ 1,247,046	\$1,264,444	\$ 11,932,026	\$ 10,969,190
Capital assets	<u>23,003,490</u>	<u>23,508,492</u>	<u>790,029</u>	<u>618,427</u>	<u>23,793,519</u>	<u>24,126,919</u>
Total assets	<u>33,688,470</u>	<u>33,213,238</u>	<u>2,037,075</u>	<u>1,882,871</u>	<u>35,725,545</u>	<u>35,096,109</u>
Deferred outflow of resources	<u>573,461</u>	<u>28,132</u>	<u>10,061</u>	<u>-</u>	<u>583,522</u>	<u>28,132</u>
Long-term liabilities outstanding	11,441,797	11,700,543	199,125	79,199	11,640,922	11,779,742
Other liabilities	<u>788,399</u>	<u>832,172</u>	<u>59,891</u>	<u>45,128</u>	<u>848,290</u>	<u>877,300</u>
Total liabilities	<u>12,230,196</u>	<u>12,532,715</u>	<u>259,016</u>	<u>124,327</u>	<u>12,489,212</u>	<u>12,657,042</u>
Deferred inflows of resources	<u>1,977,875</u>	<u>40,914</u>	<u>52,327</u>	<u>-</u>	<u>2,030,202</u>	<u>40,914</u>
Net position:						
Net investment in capital assets	14,934,637	15,272,072	790,029	618,427	15,724,666	15,890,499
Restricted	3,116,026	2,801,298	-	-	3,116,026	2,801,298
Unrestricted	<u>2,003,197</u>	<u>2,594,371</u>	<u>945,764</u>	<u>1,140,117</u>	<u>2,948,961</u>	<u>3,734,488</u>
Total Net position	<u>\$ 20,053,860</u>	<u>\$ 20,667,741</u>	<u>\$ 1,735,793</u>	<u>\$ 1,758,544</u>	<u>\$21,789,653</u>	<u>\$22,425,985</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, 2015 include outstanding general obligation debt of \$1,310,619 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	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 3,091,495	\$ 2,615,339	\$ 1,384,565	\$ 1,244,901	\$ 4,476,060	\$ 3,860,240
Operating grants and contributions	6,260,817	6,072,961	-	-	6,260,817	6,072,961
Capital grants and contributions	566,202	529,754	-	-	566,202	529,754
General revenues:						
Property taxes	11,081,330	10,753,510	-	-	11,081,330	10,753,510
Sales taxes	2,942,423	2,941,326	54,868	51,474	2,997,291	2,992,800
Other taxes	116,643	211,981	3,222	-	119,865	211,981
Other	105,149	176,806	-	-	105,149	176,806
Total revenues	<u>24,164,059</u>	<u>23,301,677</u>	<u>1,442,655</u>	<u>1,296,375</u>	<u>25,606,714</u>	<u>24,598,052</u>
<b>Expenses:</b>						
General government	2,813,150	2,898,539	-	-	2,813,150	2,898,539
Public safety	7,244,842	6,364,755	-	-	7,244,842	6,364,755
Transportation	-	-	-	-	-	-
Environmental protection	83,689	85,876	-	-	83,689	85,876
Economic & physical dev	420,330	831,474	-	-	420,330	831,474
Human services	8,832,869	9,236,361	-	-	8,832,869	9,236,361
Cultural & recreational	727,816	789,275	-	-	727,816	789,275
Education	3,277,785	3,056,549	-	-	3,277,785	3,056,549
Interest on long-term debt	308,194	148,815	-	-	308,194	148,815
Solid waste	-	-	844,273	881,886	844,273	881,886
Transportation	-	-	473,197	466,735	473,197	466,735
Total expenses	<u>23,708,675</u>	<u>23,411,644</u>	<u>1,317,470</u>	<u>1,348,621</u>	<u>25,026,145</u>	<u>24,760,265</u>
Change in net assets before transfers and special items	455,384	(109,967)	125,185	(52,246)	580,569	(162,213)
Change in net position	455,384	(109,967)	125,185	(52,246)	580,569	(162,213)
Net position, July 1	20,667,741	20,777,708	1,758,544	1,810,790	22,426,285	22,588,498
Restatement	(1,069,265)	-	(147,936)	-	(1,217,201)	-
Net position, June 30	<u>\$ 20,053,860</u>	<u>\$ 20,667,741</u>	<u>\$ 1,735,793</u>	<u>\$ 1,758,544</u>	<u>\$ 21,789,653</u>	<u>\$ 22,426,285</u>

**Governmental activities.** Governmental activities increased the County's net position by \$455,384, thereby accounting for 78.44% of the total increase in the net position of Caswell County. The key element of this increase is primarily due to service charges, including Emergency Medical Services and Detention Center revenue sources.

**Business-type activities.** Business-type activities increased Caswell County's net position by \$125,185. Key elements of the increase is primarily due to state and federal reimbursements for transportation services.

### **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 \$5,860,489, while total fund balance reached \$7,728,153. 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 25.91% of general fund expenditures, while total fund balance represents 34.16% 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 18.46% of total General Fund expenditures, while total fund balance represents 34.16% of the same amount of expenditures. Fund balance for the General Fund increased \$559,382 from the prior year. Expenditures (including transfers) decreased from the previous year by \$258,789. Several factors contributing to the decrease includes stabilization in delayed expenditures. Including the reduction in capital spending and debt service.

Revenues increased \$342,645 primarily due charges for services including detention center and emergency medical services and motor vehicle taxes distributions.

At June 30, 2015, the governmental funds of Caswell County reported a combined fund balance of \$8,150,683, a 4.2 percent increase from last year. The primary reason for this increase is due to additional State and Federal funds for human service programs and decreasing debt service.

### **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 4.37% or \$1,038,084. The

largest change involved human services due to increased restricted intergovernmental revenues from State appropriations.

**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 \$945,764. The total net position for the funds increased \$125,185. 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, 2015 totals \$23,793,519 (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	
	2015	2014	2015	2014	2015	2014
Land	\$ 915,870	\$ 915,870	\$ 37,500	\$ 37,500	\$ 953,370	\$ 953,370
CIP	-	421,625	-	-	-	421,625
Buildings	15,595,514	16,273,084	11,885	12,539	15,607,399	16,285,623
Improvements	904,180	969,469	227,646	235,469	1,131,826	1,204,938
Equipment	1,451,557	1,731,285	132,641	107,616	1,584,198	1,838,901
Vehicles	1,096,818	930,366	380,357	225,303	1,477,175	1,155,669
Audiovisuals	10,577	10,577	-	-	10,577	10,577
Other Assets	3,018,694	2,245,625	-	-	3,018,694	2,245,625
Infrastructure	10,280	10,591	-	-	10,280	10,591
Total	<u>\$ 23,003,490</u>	<u>\$ 23,508,492</u>	<u>\$ 790,029</u>	<u>\$ 618,427</u>	<u>\$ 23,793,519</u>	<u>\$ 24,126,919</u>

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, 2015, Caswell County has a total debt outstanding of \$9,379,472, 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>2015</u>	<u>2014</u>
Bonds	\$ 8,742,000	\$ 9,427,000
Plus: Premiums on Issuance	<u>10,619</u>	<u>12,389</u>
Total Bonds	8,752,619	9,439,389
Installment Purchases	419,152	87,814
Capital Leases	<u>207,701</u>	<u>272,349</u>
Total	<u>\$ 9,379,472</u>	<u>\$ 9,799,552</u>

Caswell County's total debt decreased by \$420,080 (4.29 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 \$118,952,004. The County's current general obligation debt represents approximately .082% 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 2015. 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, 2016**

**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 County Law Enforcement Center is expected to continue to generate 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.

### **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***

Finance Director  
Caswell County  
144 Court Square  
Yanceyville, NC 27373  
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#### ***Bryan S. Miller***

County Manager  
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# **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

**CASWELL COUNTY, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

EXHIBIT 1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Caswell County ABC Board
<b>ASSETS</b>				
Cash and Investments	\$ 6,479,530	\$ 1,025,202	\$ 7,504,732	\$ 231,527
Restricted cash and investments	609,870	-	609,870	-
Taxes receivable	846,301	93,733	940,034	-
Accrued interest receivable on taxes	158,339	-	158,339	-
Accounts receivable	1,858,232	38,206	1,896,438	-
Internal balances	(68,819)	68,819	-	-
Prepaid items	-	-	-	5,635
Inventories	-	-	-	217,252
Net pension asset	801,527	21,086	822,613	8,670
Capital assets				
Land, improvements, and construction in progress	915,870	37,500	953,370	6,000
Other capital assets, net of depreciation	<u>22,087,620</u>	<u>752,529</u>	<u>22,840,149</u>	<u>123,501</u>
Total Capital assets	<u>23,003,490</u>	<u>790,029</u>	<u>23,793,519</u>	<u>129,501</u>
Total Assets	<u>33,688,470</u>	<u>2,037,075</u>	<u>35,725,545</u>	<u>592,585</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>573,461</u>	<u>10,061</u>	<u>583,522</u>	<u>7,866</u>
<b>LIABILITIES</b>				
Accounts payable & accrued liabilities	\$ 662,503	\$ 59,891	\$ 722,394	\$ 51,116
Accrued interest payable	125,896	-	125,896	-
Long-term liabilities:				
Due within one year				
Bonds	783,000	-	783,000	-
Capital leases	66,889	-	66,889	-
Installment obligations	65,267	-	65,267	-
Compensated absences	155,288	4,597	159,885	-
Due in more than one year				
Bonds	7,969,619	-	7,969,619	-
Capital leases	140,812	-	140,812	-
Installment obligations	353,885	-	353,885	-
Compensated absences	465,864	13,791	479,655	-
Accrued postclosure liability	-	111,301	111,301	-
Net pension obligation	315,102	-	315,102	-
Other postemployment benefits	<u>1,126,071</u>	<u>69,436</u>	<u>1,195,507</u>	<u>-</u>
Total Long-term liabilities	<u>11,441,797</u>	<u>199,125</u>	<u>11,640,922</u>	<u>-</u>
Total Liabilities	<u>12,230,196</u>	<u>259,016</u>	<u>12,489,212</u>	<u>51,116</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>1,977,875</u>	<u>52,327</u>	<u>2,030,202</u>	<u>21,129</u>
<b>NET POSITION</b>				
Net investment in capital assets	14,934,637	790,029	15,724,666	129,501
Restricted for:				
Register of deeds	32,464	-	32,464	-
Stabilization by State statute	2,209,220	-	2,209,220	-
General Government	161,957	-	161,957	-
Public Safety	211,495	-	211,495	-
Economic Development	20,860	-	20,860	-
Human Services	16,973	-	16,973	-
Cultural and Recreational	22,967	-	22,967	-
Education	440,090	-	440,090	-
Working capital	-	-	-	65,430
Unrestricted (deficit)	<u>2,003,197</u>	<u>945,764</u>	<u>2,948,961</u>	<u>333,275</u>
Total net position	<u>\$ 20,053,860</u>	<u>\$ 1,735,793</u>	<u>\$ 21,789,653</u>	<u>\$ 528,206</u>

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, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			Component Unit Caswell County ABC Board
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
<b>Primary Government:</b>								
Governmental Activities:								
General government	\$ 2,813,150	\$ 231,546	\$ 7,794	\$ -	\$ (2,573,810)	\$ -	\$ (2,573,810)	
Public safety	7,244,842	1,598,840	689,838	82,611	(4,873,553)	-	(4,873,553)	
Transportation	-	22,553	-	-	22,553	-	22,553	
Environmental protection	83,689	69,117	-	-	(14,572)	-	(14,572)	
Economic and physical development	420,330	16,094	20,959	483,591	100,314	-	100,314	
Human services	8,832,869	1,074,538	5,399,652	-	(2,358,679)	-	(2,358,679)	
Cultural and recreation	727,816	78,807	142,574	-	(506,435)	-	(506,435)	
Education	3,277,785	-	-	-	(3,277,785)	-	(3,277,785)	
Interest on long-term debt	308,194	-	-	-	(308,194)	-	(308,194)	
Total governmental activities	<u>23,708,675</u>	<u>3,091,495</u>	<u>6,260,817</u>	<u>566,202</u>	<u>(13,790,161)</u>	<u>-</u>	<u>(13,790,161)</u>	
Business-type activities:								
Solid waste management fund	844,273	852,312	-	-	-	8,039	8,039	
Caswell division of transportation	473,197	532,253	-	-	-	59,056	59,056	
Total business-type activities	<u>1,317,470</u>	<u>1,384,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>67,095</u>	<u>67,095</u>	
Total primary government	<u>\$ 25,026,145</u>	<u>\$ 4,476,060</u>	<u>\$ 6,260,817</u>	<u>\$ 566,202</u>	<u>(13,790,161)</u>	<u>67,095</u>	<u>(13,723,066)</u>	
Component units:								
Caswell County ABC Board	<u>\$ 1,958,306</u>	<u>\$ 2,024,939</u>	<u>\$ -</u>	<u>\$ -</u>				<u>\$ 66,633</u>
General revenues:								
Taxes:								
Property taxes, levied for general purpose					11,081,330	-	11,081,330	-
Local option sales tax					2,942,423	-	2,942,423	-
Other taxes					116,643	54,868	171,511	-
Investment earnings, unrestricted					2,859	3,222	6,081	69
Miscellaneous, unrestricted					102,290	-	102,290	-
Total general revenues					<u>14,245,545</u>	<u>58,090</u>	<u>14,303,635</u>	<u>69</u>
Change in net position					455,384	125,185	580,569	66,702
Net position - beginning					20,667,741	1,758,544	22,426,285	473,311
Restatement					(1,069,265)	(147,936)	(1,217,201)	(11,807)
Net position - beginning, as restated					<u>19,598,476</u>	<u>1,610,608</u>	<u>21,209,084</u>	<u>461,504</u>
Net position - ending					<u>\$ 20,053,860</u>	<u>\$ 1,735,793</u>	<u>\$ 21,789,653</u>	<u>\$ 528,206</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, 2015**

	Major			Non-major	Total Governmental Funds
	General Fund	Special Fire District Fund	Water and Sewer Fund	Other Governmental Funds	
<b>ASSETS</b>					
Cash and investments	\$ 5,919,783	\$ 113,957	\$ -	\$ 445,790	\$ 6,479,530
Restricted cash and investments	609,870	-	-	-	609,870
Taxes receivable	710,301	136,000	-	-	846,301
Accounts receivable	1,516,676	890	314,842	25,824	1,858,232
Due from other funds	350,988	-	-	-	350,988
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 9,107,618</u>	<u>\$ 250,847</u>	<u>\$ 314,842</u>	<u>\$ 471,614</u>	<u>\$ 10,144,921</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable & accrued liabilities	\$ 534,718	\$ 116,150	\$ -	\$ 11,635	\$ 662,503
Due to other funds	68,819	-	314,635	36,353	419,807
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>603,537</u>	<u>116,150</u>	<u>314,635</u>	<u>47,988</u>	<u>1,082,310</u>
Deferred Inflows of Resources:	<u>775,928</u>	<u>136,000</u>	<u>-</u>	<u>-</u>	<u>911,928</u>
Fund Balances:					
Restricted:					
Stabilization by State statute	1,867,664	890	314,842	25,824	2,209,220
Register of Deeds	32,464	-	-	-	32,464
Education	440,090	-	-	-	440,090
General Government	-	-	-	161,957	161,957
Public Safety	-	-	-	211,495	211,495
Economic Development	-	-	-	20,860	20,860
Human Services	-	-	-	16,973	16,973
Cultural and Recreational	-	-	-	22,967	22,967
Committed:					
Tax Revaluation	137,316	-	-	-	137,316
Assigned:					
Subsequent year's expenditures	1,075,599	-	-	-	1,075,599
Unassigned:	4,175,020	(2,193)	(314,635)	(36,450)	3,821,742
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>7,728,153</u>	<u>(1,303)</u>	<u>207</u>	<u>423,626</u>	<u>8,150,683</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 9,107,618</u>	<u>\$ 250,847</u>	<u>\$ 314,842</u>	<u>\$ 471,614</u>	<u>\$ 10,144,921</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, 2015**

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

Total equity and other credits (Exhibit 4)	\$ 8,150,683
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	23,003,490
Net pension asset	801,527
Contributions to the pension plan in the current fiscal year	549,348
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	182,452
Liabilities for earned but deferred revenues in the fund statements	846,301
Pension related deferrals	(1,912,248)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	<u>(11,567,693)</u>
Net position of governmental activities (Exhibit 1)	<u><u>\$ 20,053,860</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  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	Major			Nonmajor	Total Governmental Funds
	General Fund	Special Fire District Fund	Water and Sewer Fund	Other Governmental Funds	
<b><u>REVENUES</u></b>					
Ad valorem taxes	\$ 10,834,573	\$ 387,644	\$ -	\$ -	\$ 11,222,217
Other licenses and taxes	2,397,990	5,534	-	-	2,403,524
Unrestricted intergovernmental revenues	208,313	-	-	-	208,313
Restricted intergovernmental revenues	6,345,101	-	354,842	426,012	7,125,955
Permits and fees	813,963	-	-	-	813,963
Sales and services	2,399,907	-	-	-	2,399,907
Investment earnings	2,074	-	-	785	2,859
Miscellaneous	122,448	-	-	5,760	128,208
<b>Total Revenues</b>	<b>23,124,369</b>	<b>393,178</b>	<b>354,842</b>	<b>432,557</b>	<b>24,304,946</b>
<b><u>EXPENDITURES</u></b>					
Current					
General government	2,736,201	-	-	-	2,736,201
Public safety	6,049,951	652,046	-	180,297	6,882,294
Cultural and recreational	552,474	-	-	-	552,474
Environmental protection	85,775	-	-	-	85,775
Economic and physical development	229,807	-	-	138,879	368,686
Human services	8,879,368	-	-	-	8,879,368
Capital outlay	-	-	429,138	28,070	457,208
Intergovernmental					
Education	3,280,031	-	-	-	3,280,031
Debt Service					
Principal	778,310	-	-	-	778,310
Interest	316,272	-	-	-	316,272
<b>Total Expenditures</b>	<b>22,908,189</b>	<b>652,046</b>	<b>429,138</b>	<b>347,246</b>	<b>24,336,619</b>
Revenues Over (Under) Expenditures	216,180	(258,868)	(74,296)	85,311	(31,673)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Debt issued	360,000	-	-	-	360,000
Transfers from other funds	55,565	31,500	61,188	25,664	173,917
Transfers to other funds	(72,363)	-	-	(101,554)	(173,917)
<b>Total Other Financing Sources (Uses)</b>	<b>343,202</b>	<b>31,500</b>	<b>61,188</b>	<b>(75,890)</b>	<b>360,000</b>
Net Change in Fund Balances	559,382	(227,368)	(13,108)	9,421	328,327
Fund Balance - July 1	7,168,771	226,065	13,315	414,205	7,822,356
Fund Balance - June 30	<u>\$ 7,728,153</u>	<u>\$ (1,303)</u>	<u>\$ 207</u>	<u>\$ 423,626</u>	<u>\$ 8,150,683</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, 2015**

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)	\$ 328,327
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	(505,002)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	544,102
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(140,887)
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.	420,080
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>(191,236)</u>
Total changes in net position of governmental activities (Exhibit 2)	<u>\$ 455,384</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, 2015**

	General Fund				Special Fire District Fund			
	Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)
<b>REVENUES</b>								
Ad valorem taxes	\$ 10,799,349	\$ 10,799,349	\$ 10,834,573	\$ 35,224	\$ 320,464	\$ 320,464	\$ 387,644	\$ 67,180
Other taxes and licenses	1,964,672	2,186,525	2,397,990	211,465	4,500	4,500	5,534	1,034
Restricted intergovernmental revenues	6,569,728	6,785,500	6,345,101	(440,399)	-	-	-	-
Unrestricted intergovernmental revenues	216,349	216,349	208,313	(8,036)	-	-	-	-
Permits and fees	473,827	515,932	813,963	298,031	-	-	-	-
Sales and services	2,413,601	2,422,712	2,399,907	(22,805)	-	-	-	-
Investment earnings	4,150	4,150	1,527	(2,623)	-	-	-	-
Miscellaneous	17,250	129,797	122,448	(7,349)	-	-	-	-
<b>Total Revenues</b>	<b>22,458,926</b>	<b>23,060,314</b>	<b>23,123,822</b>	<b>63,508</b>	<b>324,964</b>	<b>324,964</b>	<b>393,178</b>	<b>68,214</b>
<b>EXPENDITURES</b>								
General government	2,833,299	2,728,065	2,586,201	141,864	-	-	-	-
Public safety	5,534,128	6,063,644	6,049,951	13,693	356,464	356,464	652,046	(295,582)
Environmental protection	90,441	91,845	85,775	6,070	-	-	-	-
Economic and physical development	229,840	264,653	229,807	34,846	-	-	-	-
Human services	9,300,199	9,702,821	8,879,368	823,453	-	-	-	-
Cultural and recreational	503,268	592,229	552,474	39,755	-	-	-	-
Intergovernmental:								
Education	3,280,031	3,280,031	3,280,031	-	-	-	-	-
Debt Service	1,253,649	1,247,041	1,094,582	152,459	-	-	-	-
<b>Total Expenditures:</b>	<b>23,024,855</b>	<b>23,970,329</b>	<b>22,758,189</b>	<b>1,212,140</b>	<b>356,464</b>	<b>356,464</b>	<b>652,046</b>	<b>(295,582)</b>
Revenues Over (Under) Expenditures	(565,929)	(910,015)	365,633	1,275,648	(31,500)	(31,500)	(258,868)	(227,368)
<b>OTHER FINANCING SOURCES (USES)</b>								
Appropriated fund balance	665,051	760,270	-	(760,270)	-	-	-	-
Debt proceeds	-	360,000	360,000	-	-	-	-	-
Transfers from other funds	653,288	634,765	634,765	-	31,500	31,500	31,500	-
Transfers to other funds	(752,410)	(845,020)	(845,019)	1	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>565,929</b>	<b>910,015</b>	<b>149,746</b>	<b>(760,269)</b>	<b>31,500</b>	<b>31,500</b>	<b>31,500</b>	<b>-</b>
Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ -	\$ -	515,379	\$ 515,379	\$ -	\$ -	(227,368)	\$ (227,368)
Fund Balance - July 1			6,635,368				226,065	
Fund Balance - June 30			\$ 7,150,747				\$ (1,303)	

A legally budgeted Tax Revaluation Fund and School Capital Reserve Fund for reporting purposes:

<b>Revaluation Fund</b>	
Investment Earnings	480
Revaluation expenses	(150,000)
Transfer-in from General Fund	30,000
Fund Balance, Beginning	256,836
<b>School Capital Reserve Fund</b>	
Investment Earnings	67
Transfer-in from General Fund	742,656
Transfer-out to General Fund	(579,200)
Fund Balance, Beginning	276,567
Fund Balance, Ending (Exhibit 4)	\$ 7,728,153

**CASWELL COUNTY, NORTH CAROLINA**  
**STATEMENT OF FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2015**

	Enterprise Funds		
	Major		Total Enterprise Funds
	Solid Waste Management	Caswell Division of Transportation	
<b><u>ASSETS</u></b>			
Current Assets:			
Cash and investments	\$ 874,599	\$ 150,603	\$ 1,025,202
Taxes receivable	93,733	-	93,733
Accounts receivable	14,731	23,475	38,206
Due from other funds	68,819	-	68,819
Total Current Assets	<u>1,051,882</u>	<u>174,078</u>	<u>1,225,960</u>
Noncurrent Assets:			
Net pension asset	6,629	14,457	21,086
Capital assets:			
Land, improvements, and construction in progress	37,500	-	37,500
Other capital assets, net of depreciation	316,630	435,899	752,529
Total Capital Assets	<u>354,130</u>	<u>435,899</u>	<u>790,029</u>
Total Noncurrent Assets	<u>360,759</u>	<u>450,356</u>	<u>811,115</u>
Total Assets	<u>1,412,641</u>	<u>624,434</u>	<u>2,037,075</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	<u>6,265</u>	<u>3,796</u>	<u>10,061</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u></b>			
Current Liabilities:			
Accounts Payable	42,963	16,928	59,891
Compensated absences payable	1,794	2,803	4,597
Total Current Liabilities	<u>44,757</u>	<u>19,731</u>	<u>64,488</u>
Noncurrent Liabilities:			
Compensated absences payable	5,381	8,410	13,791
Other postemployment benefits	22,842	46,594	69,436
Accrued postclosure liability	111,301	-	111,301
Total Noncurrent Liabilities	<u>139,524</u>	<u>55,004</u>	<u>194,528</u>
Total Liabilities	<u>184,281</u>	<u>74,735</u>	<u>259,016</u>
Deferred Inflows of Resources:	<u>16,450</u>	<u>35,877</u>	<u>52,327</u>
Net Position			
Net investment in capital assets	354,130	435,899	790,029
Unrestricted	864,045	81,719	945,764
Total Net Position	<u>\$ 1,218,175</u>	<u>\$ 517,618</u>	<u>\$ 1,735,793</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, 2015**

	Enterprise Funds		
	Major		
	Solid Waste Management	Caswell Division of Transportation	Total Enterprise Funds
<b>OPERATING REVENUES</b>			
Charges for services - user fees	\$ 852,312	\$ 532,253	\$ 1,384,565
Total operating revenue	852,312	532,253	1,384,565
<b>OPERATING EXPENSES</b>			
Administration			
Salaries	-	74,812	74,812
Other expenses	-	59,814	59,814
Operations:			
Salaries	112,967	174,628	287,595
Other expenses	685,534	79,569	765,103
Depreciation	45,772	81,475	127,247
Total operating expenses	844,273	470,298	1,314,571
<b>OPERATING INCOME (LOSS)</b>	8,039	61,955	69,994
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest earned on investments	664	448	1,112
Interest earned on interfund loan	2,110	-	2,110
Disposal Tax	54,868	-	54,868
Loss on disposal of assets	-	(2,899)	(2,899)
Total Nonoperating Revenues	57,642	(2,451)	55,191
<b>CHANGE IN NET POSITION</b>	65,681	59,504	125,185
<b>TOTAL NET POSITION-BEGINNING</b>	1,279,756	478,788	1,758,544
<b>RESTATEMENT</b>	(127,262)	(20,674)	(147,936)
<b>TOTAL NET POSITION, BEGINNING, RESTA'</b>	1,152,494	458,114	1,610,608
<b>TOTAL NET POSITION-ENDING</b>	\$ 1,218,175	\$ 517,618	\$ 1,735,793

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, 2015**

	Enterprise Funds		
	Major		
	Solid Waste Management	Caswell Division of Transportation	Total Enterprise Funds
Cash flows from operating activities:			
Cash received from customers	\$ 852,430	\$ 515,025	\$ 1,367,455
Cash paid for goods and services	(692,079)	(119,539)	(811,618)
Cash paid to employees for services	(112,967)	(249,440)	(362,407)
Net cash provided by operating activities	<u>47,384</u>	<u>146,046</u>	<u>193,430</u>
Cash flows from noncapital financing activities:			
Disposal tax	54,868	-	54,868
(Increase) decrease in due from other funds	67,458	-	67,458
Transfers out	-	-	-
Net cash from noncapital financing activities	<u>122,326</u>	<u>-</u>	<u>122,326</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(212,000)	(97,055)	(309,055)
Proceeds from sale of property and equipment	-	7,308	7,308
Net cash provided by capital and related financing activities	<u>(212,000)</u>	<u>(89,747)</u>	<u>(301,747)</u>
Cash flows from investing activities:			
Interest on interfund loan	2,110	-	2,110
Interest on investments	664	448	1,112
Net cash flows from investing activities	<u>2,774</u>	<u>448</u>	<u>3,222</u>
Net increase in cash and cash equivalents	<u>(39,516)</u>	<u>56,747</u>	<u>17,231</u>
Cash and cash equivalents, July 1	<u>914,115</u>	<u>93,856</u>	<u>1,007,971</u>
Cash and cash equivalents, June 30	<u>\$ 874,599</u>	<u>\$ 150,603</u>	<u>\$ 1,025,202</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ 8,039	\$ 61,955	\$ 69,994
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	45,772	81,475	127,247
Pension expense	342	746	1,088
Change in assets and liabilities:			
(Increase) decrease in taxes receivable	5,367	-	5,367
(Increase) decrease in accounts receivable	118	(17,228)	(17,110)
Increase (decrease) in accounts payable and accrued liabilities	(630)	15,391	14,761
Increase (decrease) in compensated absences payable	(2,073)	543	(1,530)
Increase (decrease) in other postemployment benefits	3,196	6,960	10,156
Increase (decrease) in accrued postclosure liability	(6,482)	-	(6,482)
Increase (decrease) in deferred outflows of resources for pensions	(6,265)	(3,796)	(10,061)
Total adjustments	<u>39,345</u>	<u>84,091</u>	<u>123,436</u>
Net cash provided by operating activities	<u>\$ 47,384</u>	<u>\$ 146,046</u>	<u>\$ 193,430</u>

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, 2015**

	Pension Trust Fund	Agency Funds
<b>ASSETS</b>		
Cash	\$ 7,572	\$ 37,612
Accounts receivable	-	2,828
<b>Total Assets</b>	<b>\$ 7,572</b>	<b>\$ 40,440</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Miscellaneous liabilities	\$ -	\$ 40,440
<b>Total Liabilities</b>	-	40,440
Net Position		
Held in trust for pension benefits	7,572	-
<b>Total Liabilities and Net Position</b>	<b>\$ 7,572</b>	<b>\$ 40,440</b>

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, 2015**

	Pension Trust Fund
Additions:	
Contribution from General Fund	\$ 32,500
Investment income interest	2
Total	<u>32,502</u>
Deductions:	
Retiree salaries	28,760
Retiree benefits	2,119
Total	<u>30,879</u>
Changes in net position	1,623
Net position held in trust for beneficiary benefit - beginning of year	<u>5,949</u>
Net position held in trust for beneficiary benefit - end of year	<u>\$ 7,572</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, 2015**

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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. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**CASWELL COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**Fund Financial Statements:** The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each 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.

**Fire District Fund.** This special revenue fund is used to account for taxes collected for fire districts.

**Water and Sewer Fund.** This fund is used to account for funds set aside for water and sewer projects.

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 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 Drug Fund which accounts for receipts and disbursements involving sheriff drug funds; 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 for floodplain mapping that the County is required to remit to the North Carolina State Treasurer; 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 ten legally budgeted funds. The Emergency Telephone System, Revolving Loan, and Special Grants Fund are reported as non-major special revenue funds. The County Building, Equipment and Automation, School Capital Projects, Scattered Site, Library Development, Detention Center Project Fund and Senior Center Project Fund are reported as capital projects funds.

**CASWELL COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from 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.

**CASWELL COUNTY, NORTH CAROLINA  
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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. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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

**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).

**CASWELL COUNTY, NORTH CAROLINA  
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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.

**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	\$ 137,316
General Fund	Register of Deeds	32,464
General Fund	Unexpended School Restricted Capital	<u>440,090</u>
Total Restricted Cash		<u>\$ 609,870</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, 2014.

**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

**CASWELL COUNTY, NORTH CAROLINA  
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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 of the County 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 several items that meets this criterion – a charge on refunding that had previously been classified as an asset, pension related deferrals, and contributions made to the pension plan in the current fiscal year. 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 two items that meets the criterion for this category – prepaid taxes and other pension related deferrals.

**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.

**CASWELL COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
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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, 2015 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 fire safety and police

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 is 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.

**12. Defined Benefit Pension Plans**

The County participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS) and the Registers of Deeds' Supplemental Pension Fund (RODSPF) (collectively, the "state-administered defined benefit pension plans"). For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

**CASWELL COUNTY, NORTH CAROLINA  
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**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 \$11,903,177 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)	\$ 36,903,869
Less Accumulated Depreciation	<u>(13,900,379)</u>
Net capital assets	<u>23,003,490</u>
 Net pension asset	 801,527
 Contributions to the pension plan in the current fiscal year	 549,348
 Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements.	 158,339
 Deferred charges related to advance refunding bond issued – included on government-wide statements of net position but are not current financial resources	 24,113
 Deferred inflows of resources for taxes and special assessments receivable	 846,301
 Pension related deferrals	 (1,912,248)
 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	(10,619)
Bonds, leases, and installment financing	(9,368,853)
Net pension obligation	(315,102)
Compensated absences	(621,152)
Accrued interest payable	(125,896)
Other postemployment obligations	<u>(1,126,071)</u>
Total adjustment	<u>\$ 11,903,177</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 \$127,057 is comprised of the following:

**CASWELL COUNTY, NORTH CAROLINA  
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<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 977,736
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	(1,441,425)
Cost of disposed capital asset not recorded in fund statements.	(41,313)
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	(360,000)
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	778,310
Amortization on deferred premium payments on debt that is recorded in the statement of activities but not in the fund statements	1,770
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	544,102
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)	10,327
Amortization on deferred charges-refunding costs that is recorded in the statement of activities but not in the fund statements	(4,019)
Compensated absences	(4,282)
Net pension obligation	(19,678)
County's portion of collective pension expense	(36,210)
Other Postemployment benefits	(137,374)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements	
Increase in deferred inflows or resources – taxes receivable – at end of year	(135,480)
Increase in accrued interest receivable at end of year	<u>(5,407)</u>
Total adjustment	<u>\$ 127,057</u>

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

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

The following funds had a deficit fund balance as follows:

	<u>Amount</u>
School Capital Projects Fund	\$ 426
Detention Center Project Fund	22,294
County Building Fund	4,427
Scattered Site Fund	1,367
Special Fire District Fund	1,303

**CASWELL COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
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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, 2015, the expenditure in the Special Fire District Fund exceeded the appropriations by \$295,582. The County had prior year taxes in this fund and these out during the current fiscal year. 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**

**A. 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-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, 2015, the County's deposits had a carrying amount of \$1,367,010 and a bank balance of \$1,515,277. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$1,265,277 in interest bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2015, the carrying amount of deposits for the ABC Board was \$226,452, and the bank balance of \$228,478. Of the bank balance, \$250,000 was covered by federal depository insurance. At June 30, 2015, the ABC Board had \$5,075 in petty cash and change funds.

**CASWELL COUNTY, NORTH CAROLINA  
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**2. Investments**

At June 30, 2015, the County's investments consisted of \$6,792,776 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 Levied</u>	<u>Total Taxes</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,135,567	\$ 301,860	\$ 1,437,427
2013	1,149,794	305,641	1,455,435
2014	1,166,184	309,998	1,476,182
2015	<u>1,220,649</u>	-	<u>1,220,649</u>
Totals	<u>\$ 4,672,194</u>	<u>\$ 917,499</u>	<u>\$ 5,589,693</u>

**4. Receivables**

Receivables at the government-wide level at June 30, 2015, were as follows:

	<u>Accounts</u>	<u>Taxes and Related Accrued Interest</u>	<u>Due from other governments</u>	<u>Total</u>
<b>Governmental Activities:</b>				
General	\$ 2,844,527	\$ 1,018,640	\$ 200,624	\$ 4,063,791
Special Fire District Fund	890	136,000	-	136,890
Water and Sewer Fund	314,842	-	-	314,842
Other Governmental	<u>25,824</u>	<u>-</u>	<u>-</u>	<u>25,824</u>
Total	3,186,083	1,154,640	200,624	4,541,347
Allowance for doubtful accounts	<u>(1,528,475)</u>	<u>(150,000)</u>	<u>-</u>	<u>(1,678,475)</u>
Total governmental activities	<u>\$ 1,657,608</u>	<u>\$ 1,004,640</u>	<u>\$ 200,624</u>	<u>\$ 2,862,872</u>
<b>Business-type Activities:</b>				
Solid Waste	\$ 14,731	\$ 101,833	\$ -	\$ 116,564
CDOT	<u>23,475</u>	<u>-</u>	<u>-</u>	<u>23,475</u>
Total	38,206	101,833	-	140,039
Allowance for doubtful accounts	<u>-</u>	<u>(8,100)</u>	<u>-</u>	<u>(8,100)</u>
Total business-type activities	<u>\$ 38,206</u>	<u>\$ 93,733</u>	<u>\$ -</u>	<u>\$ 131,939</u>

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

Sales tax refund	<u>\$ 200,624</u>
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**5. Capital Assets**

**Primary Government**

Capital asset activity for the year ended June 30, 2015, was as follows:

**CASWELL COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
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	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
<b>Governmental activities:</b>					
Capital assets not being depreciated:					
Land	\$ 915,870	\$ -	\$ -	\$ -	\$ 915,870
Construction in progress	<u>421,625</u>	<u>429,460</u>	<u>-</u>	<u>(851,085)</u>	<u>-</u>
Total capital assets not being depreciated	<u>1,337,495</u>	<u>429,460</u>	<u>-</u>	<u>(851,085)</u>	<u>915,870</u>
Capital assets being depreciated:					
Buildings	20,921,377	-	-	-	20,921,377
Improvements	2,381,104	-	-	-	2,381,104
Equipment	4,526,622	61,214	-	20967	4,608,803
Vehicles	2,352,012	454,154	190,700	-	2,615,466
Audio visual	105,771	-	-	-	105,771
Other Assets	4,475,175	32,908	-	830,118	5,338,201
Infrastructure	<u>17,277</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,277</u>
Total capital assets being depreciated	<u>34,779,338</u>	<u>548,276</u>	<u>190,700</u>	<u>851,085</u>	<u>35,987,999</u>
Less accumulated depreciation for:					
Buildings	4,648,293	677,570	-	-	5,325,863
Improvements	1,411,635	65,289	-	-	1,476,924
Equipment	2,795,337	361,909	-	-	3,157,246
Vehicles	1,421,646	246,389	149,387	-	1,518,648
Audio visuals	95,194	-	-	-	95,194
Other assets	2,229,550	89,957	-	-	2,319,507
Infrastructure	<u>6,686</u>	<u>311</u>	<u>-</u>	<u>-</u>	<u>6,997</u>
Total accumulated depreciation	<u>12,608,341</u>	<u>\$ 1,441,425</u>	<u>\$ 149,387</u>	<u>\$ -</u>	<u>13,900,379</u>
Total capital assets being depreciated, net	<u>22,170,997</u>				<u>22,087,620</u>
Governmental activity capital assets, net	<u>\$ 23,508,492</u>				<u>\$ 23,003,490</u>
<b>Business-type activities:</b>					
<b>Solid Waste</b>					
Capital assets not being depreciated:					
Land	<u>\$ 37,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,500</u>
Capital assets being depreciated:					
Buildings	27,102	-	-	-	27,102
Land improvements	120,417	-	-	-	120,417
General Equipment	393,434	62,851	10,200	-	446,085
Vehicles	92,732	149,148	-	-	241,880
Other Assets	<u>403,675</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>403,675</u>
Total capital assets being depreciated	<u>1,037,360</u>	<u>211,999</u>	<u>10,200</u>	<u>-</u>	<u>1,239,159</u>
Less accumulated Depreciation for:					
Buildings	<u>14,562</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,217</u>
Land improvements	119,666	346	-	-	120,012
General Equipment	287,519	37,400	10,200	-	314,719
Vehicles	61,535	7,371	-	-	68,906
Other assets	<u>403,675</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>403,675</u>
Total accumulated depreciation	<u>886,957</u>	<u>\$ 45,772</u>	<u>\$ 10,200</u>	<u>\$ -</u>	<u>922,529</u>
Total capital assets being depreciated, net	<u>150,403</u>				<u>316,630</u>
Solid Waste capital assets, net	<u>\$ 187,903</u>				<u>\$ 354,130</u>

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	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
<b>Caswell Division of Transportation</b>					
Capital assets being depreciated:					
Building improvements	\$ 231,507	\$ -	\$ -	\$ -	\$ 231,507
Land improvements	16,900	-	-	-	16,900
Computer equipment	10,190	-	-	-	10,190
Vehicles	<u>422,590</u>	<u>97,055</u>	<u>64,596</u>	<u>-</u>	<u>455,049</u>
Total capital assets not being depreciated	<u>681,187</u>	<u>97,055</u>	<u>64,596</u>	<u>-</u>	<u>713,646</u>
Less accumulated depreciation for:					
Building improvements	11,576	5,787	-	-	17,363
Land improvements	2,113	1,690	-	-	3,803
Computer equipment	8,489	426	-	-	8,915
Vehicles	<u>228,484</u>	<u>73,572</u>	<u>54,390</u>	<u>-</u>	<u>247,666</u>
Total accumulated depreciation	<u>250,662</u>	<u>\$ 81,475</u>	<u>\$ 54,390</u>	<u>\$ -</u>	<u>277,747</u>
Total capital assets being depreciated, net	<u>430,525</u>				<u>435,899</u>
Caswell Div. Transportation capital assets, net	<u>430,525</u>				<u>435,899</u>
Business-type activities capital assets, net	<u>\$ 618,427</u>				<u>\$ 790,029</u>
 <b>Caswell County ABC Board</b>					
Capital assets not being depreciated:					
Land	\$ 6,000	\$ -	\$ -	\$ -	\$ 6,000
Total capital assets not being depreciated	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,000</u>
Capital assets being depreciated:					
Buildings	160,356	12,108	-	-	172,464
Warehouse equipment	2,326	-	-	-	2,326
Vehicles	16,496	23,023	-	-	39,519
Office furniture and equipment	18,892	2,604	-	-	21,496
Store fixtures and equipment	91,460	2,604	-	-	94,064
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>40,339</u>	<u>-</u>	<u>-</u>	<u>345,821</u>
Less accumulated depreciation for:					
Assets being depreciated	<u>216,707</u>	<u>5,613</u>	<u>-</u>	<u>-</u>	<u>222,320</u>
Total accumulated depreciation	<u>216,707</u>	<u>\$ 5,613</u>	<u>\$ -</u>	<u>\$ -</u>	<u>222,320</u>
Total capital assets being depreciated, net	<u>88,775</u>				<u>123,501</u>
ABC Board capital assets – net	<u>\$ 94,775</u>				<u>\$ 129,501</u>

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

General Government	\$ 156,706
Public Safety	946,022
Economic and Physical Development	54,150
Human Services	104,675
Cultural and Recreational	<u>179,872</u>
Total Depreciation Expense	<u>\$ 1,441,425</u>

**B. Liabilities**

**1. Payables**

Payables at the government-wide level at June 30, 2015, were as follows:

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	<u>Vendors</u>
Governmental Activities:	
General	\$ 534,718
Special Fire District	116,150
Other governmental	<u>11,635</u>
Total-governmental activities	<u>\$ 662,503</u>
Business-type Activities:	
Solid Waste	\$ 42,963
CDOT	<u>16,928</u>
Total-business-type activities	<u>\$ 59,891</u>

**2. Pension Plan & Postemployment Obligations**

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

*Plan Description.* The County is a participating employer in 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 membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO

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members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$556,303 for the year ended June 30, 2015.

*Refunds of Contributions* – County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2015, the County reported an asset of \$784,126 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the County's proportion was .133%, which was an increase of .007% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$36,545. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 85,679
Net difference between projected and actual earnings on pension plan investments	-	1,825,429
Changes in proportion and differences between County contributions and proportionate share of contributions		50,339
County contributions subsequent to the measurement date	<u>556,303</u>	<u>-</u>
<b>Total</b>	<u><u>\$ 556,303</u></u>	<u><u>1,961,447</u></u>

\$556,303 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (490,447)
2017	(490,447)
2018	(490,447)
2019	(490,106)

*Actuarial Assumptions.* The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return

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projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

*Discount rate.* The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate.* The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<u>1% Decrease</u> <u>(6.25%)</u>	<u>Discount Rate</u> <u>(7.25%)</u>	<u>1% Increase</u> <u>(8.25%)</u>
County's proportionate share of the net pension liability (asset)	\$2,661,664	\$(784,126)	\$(3,685,372)

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*Pension plan fiduciary net position.* Detailed information about the pension plan’s fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

**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 only in the County’s report under the Pension Trust Fund and no separate report has been issued. For reporting purposes, the Separation Allowance is presented as a pension trust fund; however, it does not meet the criteria for trust funds outlined in GASB Statement 68.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2014, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>38</u>
Total	<u>40</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.

*Method Used to Value Investments*-Investments are reported at fair value. Short-term money market debt instruments, deposits, and repurchase agreements, are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United State Government Agency securities are valued at the last reported sales price.

**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.

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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, 2014 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25% 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, 2014, was 16 years.

<u>Fiscal Year Ended</u>	<u>Three-Year Trend Information</u>		<u>Net Pension Obligation</u>
	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	
2013	\$ 40,839	59.58%	\$ 286,534
2014	41,108	78.37%	295,424
2015	\$ 50,557	61.08%	\$ 315,102

Annual Pension Cost and Net Pension Obligation for Fiscal Year Ending 6/30/15

Employer annual required contribution	\$ 60,742
Interest on net pension obligation	14,771
Adjustment to annual required contribution	<u>(24,946)</u>
Annual pension cost	50,557
Employer contributions made for fiscal year ending 6/30/15	<u>30,879</u>
Increase (decrease) in net pension obligation	19,678
Net pension obligation beginning of fiscal year	<u>295,424</u>
Net pension obligation end of fiscal year	<u>\$ 315,102</u>

**4. Funded Status and Funding Progress**

As of December 31, 2015, the most recent actuarial valuation date, the plan was 0.00% funded. The actuarial accrued liability for benefits was \$460,986, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$460,986. The covered payroll (annual payroll of active employees covered by the plan) was \$1,323,577, and the ratio of the UAAL to the covered payroll was 34.83%.

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

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

*Plan Description* – The County contributes to the Supplemental Retirement Income Plan (Plan), a defined 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

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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, 2015, were \$113,649 which consisted of \$59,359 from the County and \$54,290 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 (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF 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. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. 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, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

*Benefits Provided.* An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

*Contributions.* Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$2,753 for the year ended June 30, 2015.

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***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2015, the County reported an asset of \$38,487 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employees. At June 30, 2014, the County's proportion was .45%, which was a decrease of .01% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$(2,306). At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 353	\$ -
Net difference between projected and actual earnings on pension plan investments	-	207
Changes in proportion and differences between County contributions and proportionate share of contributions		2,921
County contributions subsequent to the measurement date	2,753	-
Total	\$3,106	\$ 3,128

\$2,753 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (1,219)
2017	(1,219)
2018	(285)
2019	(52)

*Actuarial Assumptions.* The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 7.75 percent, including inflation and productivity factor
Investment rate of return	5.75 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates

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are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2014 is 2.5%:

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate.* The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 5.75 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	<u>1% Decrease</u> <u>(4.75%)</u>	<u>Discount</u> <u>Rate (5.75%)</u>	<u>1% Increase</u> <u>(6.75%)</u>
County's proportionate share of the net pension liability (asset)	\$ (34,560)	\$ (38,487)	\$ (41,863)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

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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, 2014, 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>199</u>	<u>32</u>
Total	<u>215</u>	<u>35</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 3.97% of annual covered payroll. For the current year, the County contributed \$156,007 or 2.1% 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 \$156,007 and 2.1% 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	\$ 301,662
Interest on net OPEB obligation	41,919
Adjustment to annual required contribution	<u>(40,046)</u>
Annual OPEB cost (expense)	303,535
Contributions made	<u>(156,007)</u>
Increase (decrease) in net OPEB obligation	147,529
Net OPEB obligation, beginning of year	<u>1,047,978</u>
Net OPEB obligation, end of year	<u>\$ 1,195,507</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the HCB Plan, and the net OPEB obligation for 2015 were as follows:

For Year Ended <u>June 30</u>	<u>Annual OPEB Cost</u>	Percentage of Annual OPEB Cost <u>Contributed</u>	<u>Net OPEB Obligation</u>
2013	\$ 311,623	52.3%	\$ 895,425
2014	321,198	52.5 %	1,047,978
2015	\$ 303,535	51.4 %	\$ 1,351,513

*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, 2015 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**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Charge on refunding of debt	\$ 24,113	\$ -
Pensions – difference between expected and actual experience		
LGERS	-	85,679
Register of Deeds	353	-
Pensions – difference between projected and actual investment earnings	-	1,825,636
Pensions-change in proportion and difference between employer contributions and proportionate share of contributions	-	53,260
Contributions to pension plan in 2014-2015 fiscal year	559,056	-
Prepaid taxes not yet earned (General Fund)	-	65,627
Taxes receivable, (General Fund)	-	710,301
Special Fire District	-	136,000
Total	<u>\$ 583,522</u>	<u>\$ 2,876,503</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 self-funded risk-financing pools administered by the North Carolina Association of County Commissioners' Joint Risk Management Agency.

Through these pools, the County obtains property coverage equal to replacement cost of owned property subject to total insured values, with sub-limits on coverage for specified perils; general, auto, professional, employment practices, and law enforcement 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, and workers' compensation coverage up to the statutory limits.

All property coverage and some liability coverage are subject to per occurrence deductibles, as selected by the County. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request.

Both 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, and single occurrence losses in excess of \$750,000 for workers' compensation.

Through the captive, the Liability and Property Pool is reinsured for \$2,000,000 of annual aggregate losses in excess of \$250,000 per occurrence for property, auto physical damage and crime coverage, with additional limits of \$498 million purchased through a group of commercial carriers through the multi-state public entity captive.

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 crime coverage with a \$250,000 occurrence limit. 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.

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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.

**5. Summary Disclosure of Significant Commitments**

The County entered into various agreements prior to June 30, 2015, as follows:

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

These amounts were not recorded in the basic financial statements at June 30, 2015, 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.

**a. Contingent Liabilities**

At June 30, 2015, 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 could have a material adverse effect on the County's financial position. However, at this time a lawsuit is pending regarding payment of back wages to certain employees in the amount of \$60,000-\$150,000. The outcome of this matter is unknown at this time.

**b. 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	\$ 68,496	\$ 273,984

For Caswell County, the future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 were as follows:

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Year Ending June 30	
2016	\$ 74,088
2017	74,087
2018	<u>74,087</u>
Total minimum lease payments	222,262
Less: amount representing interest	<u>14,561</u>
Present value of the minimum lease payments	<u>\$ 207,701</u>

**b. Installment Purchase**

Paid or serviced by the General Fund:

Note payable to Piedmont Electric for the purchase of an ambulance. Principal payments of \$36,000 with no interest for ten years due annually in July. \$ 360,000

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. 59,152

Total \$ 419,152

Caswell County, the future minimum payments as of June 30, 2015, including \$1,879 of interest, are:

Year Ending <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 65,267	\$ 1,248
2017	65,885	631
2018	36,000	-
2019	36,000	-
2020	36,000	-
2021-2025	<u>180,000</u>	<u>-</u>
Total	<u>\$ 419,152</u>	<u>\$ 1,879</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, 2015 are comprised of the following individual issues:

Serviced by the County's General Fund:

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**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% \$ 1,300,000

The annual requirements to amortize debt and related interest on the general obligation bonds and notes payable for future years ended June 30, 2015 were as follows:

Year Ending <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 230,000	\$ 39,500
2017	225,000	32,600
2018	220,000	25,850
2019	215,000	19,250
2020-2021	<u>410,000</u>	<u>19,300</u>
Total	<u>\$ 1,300,000</u>	<u>\$ 136,500</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, 2015 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; \$ 7,442,000  
interest at 3.325%

The annual requirements to amortize debt and related interest on the private placement bonds and notes payable for future years ended June 30, 2015 were as follows:

Year Ending <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 553,000	\$ 243,706
2017	656,000	223,606
2018	656,000	201,794
2019	656,000	179,982
2020	656,000	158,170
2021-2025	3,280,000	463,671
2026-2027	<u>985,000</u>	<u>32,768</u>
Total	<u>\$ 7,442,000</u>	<u>\$ 1,503,697</u>

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**f. Long-Term Obligation Activity**

The following is a summary of changes in general long-term debt for the year ended June 30, 2015:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Current Portion
<b>Governmental Activities:</b>					
General obligation bonds	\$ 1,535,000	\$ -	\$ (235,000)	\$ 1,300,000	\$ 230,000
Plus: premiums on issuance	<u>12,389</u>	<u>-</u>	<u>(1,770)</u>	<u>10,619</u>	<u>-</u>
Total General obligation bonds	1,547,389	-	(236,770)	1,310,619	230,000
Capital Leases	272,349	-	(64,648)	207,701	66,889
Private placement bonds	7,892,000	-	(450,000)	7,442,000	553,000
Installment purchases	87,814	360,000	(28,662)	419,152	65,267
Compensated Absences	616,870	621,152	(616,870)	621,152	155,288
Net pension liability (LGRS)	1,685,126	-	(1,685,126)	-	-
Postemployment Benefits	988,697	137,374	-	1,126,071	-
Pension obligation	<u>295,424</u>	<u>19,678</u>	<u>-</u>	<u>315,102</u>	<u>-</u>
Total governmental activities	<u>\$13,385,669</u>	<u>\$ 1,138,204</u>	<u>\$(3,082,076)</u>	<u>\$ 11,441,797</u>	<u>\$ 1,070,444</u>
<b>Business Type Activities:</b>					
Postemployment Benefits					
Solid Waste	\$ 19,646	\$ 3,196	\$ -	\$ 22,842	\$ -
Caswell Div. of Trans	<u>39,635</u>	<u>6,959</u>	<u>-</u>	<u>46,594</u>	<u>-</u>
Total	<u>59,281</u>	<u>10,155</u>	<u>-</u>	<u>69,436</u>	<u>-</u>
Net Pension Liability (LGRS)					
Solid Waste	\$ 14,087	\$ -	\$ (14,087)	\$ -	\$ -
Caswell Div. of Trans	<u>30,722</u>	<u>-</u>	<u>(30,722)</u>	<u>-</u>	<u>-</u>
Total	<u>44,809</u>	<u>-</u>	<u>(44,809)</u>	<u>-</u>	<u>-</u>
Compensated Absences					
Solid Waste	9,248	7,175	(9,248)	7,175	1,794
Caswell Div. of Trans	<u>10,670</u>	<u>11,213</u>	<u>(10,670)</u>	<u>11,213</u>	<u>2,803</u>
Total	<u>19,918</u>	<u>18,388</u>	<u>(19,918)</u>	<u>18,388</u>	<u>4,597</u>
Accrued postclosure liability	<u>117,783</u>	<u>-</u>	<u>(6,482)</u>	<u>111,301</u>	<u>-</u>
Total business-type activities	<u>\$ 241,791</u>	<u>\$ 28,543</u>	<u>\$(71,209)</u>	<u>\$ 199,125</u>	<u>\$ 4,597</u>

The LGRS plan had a net pension asset as of June 30, 2015; however, the plan had a net pension liability at the beginning of the fiscal year.

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, 2015, Caswell County had a legal debt margin of \$118,952,004.

**g. Closure and Postclosure Care Costs – Solid Waste Landfill Facility**

State and federal laws and regulations require the County to place a final cover on its Solid Waste Landfill Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The Caswell County landfill closed in 1994. The \$111,301 reported as accrued landfill closure liability at June 30, 2015 represents the latest estimate for costs remaining.

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

**C. Interfund Balances and Activity**

**Transfers from/to other funds**

From the School Capital Reserve Fund to the General Fund for school bond payments	\$ 579,200
From the Emergency Telephone System Fund for funding for project	55,565
From the General Fund to the School Capital Reserve Fund for restricted sales tax	742,656
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	25,664
From the Special Grants Fund to the Water and Sewer Fund for additional funding for the project	45,989
From the General Fund to the Water and Sewer Fund for additional funding for project	15,199
Total	<u>\$ 1,525,773</u>

**Due from/to other funds**

From the School Capital Projects Fund to General Fund for central depository overdraft	\$ 426
From Scattered Site Fund to General Fund for central depository overdraft	1,903
From Detention Center Project Fund to General Fund for central depository overdraft	29,597
From County Building Fund to General Fund for central depository overdraft	4,427
From the Water and Sewer Fund to General Fund for central depository overdraft	314,635
From the General Fund to Solid Waste Fund for interfund loan for vehicles	68,819
Total	<u>\$ 419,807</u>

**D. Net Investment in Capital Assets**

	Governmental <u>Activities</u>	Business-type <u>Activities</u>
Net capital assets	\$ 23,003,490	\$ 790,029
Capital debt calculation:		
Total debt, gross	9,368,853	-
Less:		
School debt for assets to which the county does not hold title	<u>(1,300,000)</u>	<u>-</u>
Total capital debt	<u>8,068,853</u>	<u>-</u>
Net investment in capital assets	<u>\$ 14,934,637</u>	<u>\$ 790,029</u>

**E. Fund Balance**

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

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Total fund balance-General Fund	\$ 7,728,153
Less:	
Stabilization by State Statute	1,867,664
Appropriated fund balance in 2016 budget	1,075,599
Register of Deeds	32,464
Tax Revaluation	137,316
Education	440,090
Remaining Fund Balance	\$ 4,175,020

**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.

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

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

ongoing financial interest in or responsibility for the Partnership. The Caswell County Board of Commissioners appoints one member to the Partnership board.

**VI. Related Party Transactions**

Caswell County had contractual agreements with two board members during the fiscal year. The County had a lease agreement with Nate Hall for rental property for the Family service Domestic Violence Shelter. The annual rental cost to the county is \$7,800, paid in monthly installments of \$650. The County also had a contract operator agreement with William Carter as a contract distribution operator. The annual cost is \$9,600, paid in monthly installments of \$800. At fiscal yearend, both agreements with the board members were binding and there were no outstanding payments due.

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

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

	<u>Federal</u>	<u>State</u>
Temporary Assistance to Needy Families	\$ 133,925	\$ -
Foster Care	52,908	17,612
Adoption Assistance	80,077	20,910
Medicaid	21,343,242	12,108,541
Health Choice	373,240	117,181
Women, Infants and Children (WIC)	315,332	-
State/County Special Assistance for Adults	-	251,842
CWS Adoption Subsidy	-	30,426
Section 8 Housing	990,346	-
Foster Care at Risk Maximization	-	3,010
SFHF Maximization	-	448
State Foster Home	-	6,723
Totals	<u>\$ 23,289,070</u>	<u>\$ 12,556,693</u>

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

**Federal and State Assisted Programs**

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

**IX. Significant Effects of Subsequent Events**

The County has evaluated events and transactions that occurred between June 30, 2015 and January 27, 2016, 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 pursuing funding to redo the HVAC at the

**CASWELL COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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courthouse for approximately \$795,000. There were no additional events that occurred during this time that were deemed to be significant enough to be disclosed.

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

The County implemented Governmental Accounting Standards Board (GASB) statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the County to record beginning net pension liability and the effects on net position of contributions made by the County during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by \$1,069,265 and \$30,153, respectively.

**IV. Restatement**

During the 14-15 audit, items were found that required adjustment to the financial statements. These items involve a restatement for the Solid Waste management fund to include the postclosure liability and the pension restatement.

The beginning balance would have changed as follows:

	Governmental Activities <u>Net Position</u>	Business-type Activities <u>Net Position</u>
Balance, July 1, 2014	\$ 20,667,741	\$ 1,758,544
Change due to:		
Accrued postclosure liability	-	(117,783)
Pension accounting change	<u>(1,069,265)</u>	<u>(30,153)</u>
Total	<u>(1,069,265)</u>	<u>(147,936)</u>
Balance, July 1, 2014, as restated	<u>\$ (19,598,476)</u>	<u>\$ 1,610,608</u>

## **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

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

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- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Funding Progress for the Other Postemployment Benefits
- Schedule of Employer Contributions for the Other Postemployment Benefits
- Schedule of County's Proportionate Share of the Net Pension Liability (Asset) for the Local Governmental Employees' Retirement System
- Schedule of County Contributions for the Local Governmental Employees' Retirement System
- Schedule of County's Proportionate Share of the Net Pension Liability (Asset) for the Register of Deeds' Supplemental Pension Fund
- Schedule of County Contributions for the Register of Deeds' Supplemental Pension Fund

**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)
12/31/2009	\$ 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%
12/31/2014	\$ -	\$ 460,986	\$ 460,986	0.00%	\$ 1,323,577	34.83%

**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
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%
2014	\$ 60,742	50.84%

**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	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	16 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**

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
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%
2015	\$ 301,662	51.72%

**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.

**CASWELL COUNTY, NORTH CAROLINA**  
**SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM**  
**LAST TWO FISCAL YEARS**

	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	0.133%	0.140%
County's proportionate share of the net pension liability (asset)	(784,126)	1,685,126
County's covered-employee payroll	\$ 7,663,282	\$ 7,805,541
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-10.23%	21.59%
Plan fiduciary net position as a percentage of the total pension liability	102.64%	94.35%

\*The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

**CASWELL COUNTY, NORTH CAROLINA  
SCHEDULE OF COUNTY CONTRIBUTIONS  
LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM  
LAST TWO FISCAL YEARS**

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 556,303	\$ 544,352
Contributions in relation to the contractually required contribution	<u>556,303</u>	<u>544,352</u>
Contribution deficiency (excess)	-	-
County's covered-employee payroll	\$ 7,859,926	\$ 7,663,282
Contributions as a percentage of covered-employee payroll	7.08%	7.10%

**CASWELL COUNTY, NORTH CAROLINA**  
**SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND**  
**LAST TWO FISCAL YEARS**

	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	0.170%	0.150%
County's proportionate share of the net pension liability (asset)	\$ (38,487)	\$ (32,021)
County's covered-employee payroll	\$ 38,950	\$ 41,282
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-98.81%	-77.57%
Plan fiduciary net position as a percentage of the total pension liability	193.88%	190.50%

\*The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

**CASWELL COUNTY, NORTH CAROLINA  
SCHEDULE OF COUNTY CONTRIBUTIONS  
REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND  
LAST TWO FISCAL YEARS**

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	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,753	\$ 1,386
Contributions in relation to the contractually required contribution	<u>2,753</u>	<u>1,386</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>
County's covered-employee payroll	\$ 38,950	\$ 41,282
Contributions as a percentage of covered-employee payroll	7.07%	3.36%

**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.
- **Special Fire District Fund:** This special revenue fund is used to account for taxes collected for fire districts.
- **Water and Sewer Fund:** This fund is used to account for funds set aside for water and sewer projects.

**CASWELL COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
<b>REVENUES</b>				
Ad Valorem Taxes:				
Current year		\$ 10,334,826		\$ 10,076,280
Prior year		295,128		320,898
Penalties and interest		204,619		202,682
Total	\$ 10,799,349	10,834,573	\$ 35,224	10,599,860
Other taxes and licenses				
Sales tax	1,974,135	1,992,623	18,488	1,733,228
Medicaid hold harmless	193,790	388,549	194,759	317,461
Privilege licenses	600	485	(115)	755
Cable television franchise	18,000	16,333	(1,667)	8,563
Total	2,186,525	2,397,990	211,465	2,060,007
Unrestricted intergovernmental:				
Beer and wine	103,200	103,295	95	93,593
Gasoline tax refund	9,479	9,475	(4)	9,645
Indirect cost	91,670	91,670	-	85,753
ABC profit distribution	10,000	1,403	(8,597)	20,429
DWI state/Civil license revocation	2,000	2,470	470	2,561
Total	216,349	208,313	(8,036)	211,981
Restricted intergovernmental:				
Federal and state grants	5,008,726	4,594,410	(414,316)	4,640,424
School share of sales tax	538,900	538,899	(1)	648,817
Court facility fees	60,000	65,703	5,703	55,373
ABC Board bottle tax	7,000	7,877	877	7,614
Sheriff-DEA Funds	7,883	31,594	23,711	6,379
EMS Medicaid Cost Settlement	109,600	116,272	6,672	79,177
School resource officer	82,432	-	(82,432)	82,432
Section 8	970,959	990,346	19,387	914,303
Total	6,785,500	6,345,101	(440,399)	6,434,519
Permits and fees:				
Subdivision fees	1,500	890	(610)	860
Building permits and inspection fees	100,000	114,414	14,414	89,906
Outdoor storage ordinance	500	450	(50)	250
Tax collection fees	10,500	10,821	321	10,481
Election fees	2,773	25	(2,748)	7,594
Register of deeds	143,200	148,317	5,117	146,464
Concealed weapon permit	20,000	21,237	1,237	23,265
Impound fee	2,000	4,170	2,170	1,840
Civil case processing	30,000	24,235	(5,765)	28,694
Jail telephone fees	7,000	1,960	(5,040)	8,577
Animal control fees	4,735	8,672	3,937	5,500
Parks & recreation fees	62,500	56,873	(5,627)	52,289
Farmer lake fees	6,400	8,481	2,081	5,176
Tax and maps cards/GIS	1,000	1,722	722	2,584
4-H Activities	5,317	7,850	2,533	9,145
Cooperative Extension	9,007	6,904	(2,103)	6,154
Other	109,500	396,942	287,442	106,311
Total	515,932	813,963	298,031	505,090

**CASWELL COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
<b>Sales and service:</b>				
Rents, concessions and fees	46,426	46,426	-	46,441
Jail fees	1,500	5,422	3,922	5,883
Ambulance fees	4,500	15,773	11,273	7,255
EMS source collections	650,000	696,629	46,629	440,954
Health department fees	1,052,448	956,086	(96,362)	1,251,813
Senior activities	68,385	118,452	50,067	50,136
Library fees	13,453	13,453	-	12,178
Detention center housing	567,000	516,994	(50,006)	260,971
Guilford Mills reimbursement	14,000	16,432	2,432	17,150
Other	5,000	14,240	9,240	405
Total	2,422,712	2,399,907	(22,805)	2,093,186
Interest on investments	4,150	1,527	(2,623)	1,780
<b>Miscellaneous:</b>				
Other	129,797	122,448	(7,349)	238,100
Total	129,797	122,448	(7,349)	238,100
<b>Total revenues</b>	23,060,314	23,123,822	63,508	22,144,523
<b>EXPENDITURES</b>				
<u>General Government</u>				
<b>Governing body:</b>				
Salaries and employee benefits		53,620		52,495
Other operating expenditures		5,303		3,642
Total	61,140	58,923	2,217	56,137
<b>Administration</b>				
Salaries and employee benefits		202,522		192,000
Other operating expenditures		95,013		138,860
Total	297,958	297,535	423	330,860
<b>Board of Elections</b>				
Salaries and employee benefits		67,623		61,250
Other operating expenditures		40,846		43,051
Total	112,709	108,469	4,240	104,301
<b>Finance Department</b>				
Salaries and employee benefits		200,690		187,049
Other operating expenditures		6,256		8,265
Total	217,520	206,946	10,574	195,314
<b>Tax Office</b>				
Salaries and employee benefits		301,610		291,844
Other operating expenditures		134,455		120,534
Capital outlay		3,666		11,592
Total	477,762	439,731	38,031	423,970

**CASWELL COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
Register of Deeds				
Salaries		113,757		122,941
Other operating expenditures		60,104		52,942
Capital outlay		5,300		8,275
Total	191,631	179,161	12,470	184,158
Court facilities				
Other operating expenditures		43,234		57,160
Total	52,450	43,234	9,216	57,160
Public facilities				
Salaries		210,714		209,203
Other operating expenditures		268,562		313,288
Capital outlay		-		13,624
Total	495,823	479,276	16,547	536,115
Informational Technology:				
Salaries and employee benefits		51,182		50,622
Other operating expenditures		6,125		13,209
Capital outlay		4,961		19,775
Total	65,649	62,268	3,381	83,606
Nondepartmental:				
Health insurance - retirees		117,355		132,314
Unemployment insurance		25,072		54,896
Professional Services		221,597		211,738
Supplies		5,815		5,784
Maintenance and repairs		19,246		24,573
Advertising		381		3,005
Dues and subscriptions		19,238		15,954
Insurance and bonds		297,041		313,172
Insurance settlement		-		5,000
Wellness benefits / activities		3,935		3,395
County Facility		808		-
Copier Rental Fee		170		-
Total	755,423	710,658	44,765	769,831
<b>Total General Government</b>	<b>2,728,065</b>	<b>2,586,201</b>	<b>141,864</b>	<b>2,741,452</b>
<u>Public Safety</u>				
Sheriff:				
Salaries		1,707,471		1,679,991
Other operating expenditures		334,167		367,919
Capital outlay		121,484		124,738
Total	2,235,394	2,163,122	72,272	2,172,648
Jail:				
Salaries and employee benefits		780,033		736,108
Other operating expenditures		753,120		467,409
Total	1,399,408	1,533,153	(133,745)	1,203,517

**CASWELL COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
Emergency Management				
Salaries and employee benefits		63,270		60,731
Other operating expenditures		46,293		50,796
Total	171,679	109,563	62,116	111,527
911 communications				
Salaries and employee benefits		414,223		416,038
Other operating expenditures		31,127		23,699
Capital outlay		7,166		637,794
Total	427,290	452,516	(25,226)	1,077,531
School resource officer				
Salaries and employee benefits		95,474		92,798
Other operating expenditures		5,243		6,709
Total	101,778	100,717	1,061	99,507
Inspections:				
Salaries and employee benefits		108,399		109,599
Other operating expenditures		18,055		21,919
Total	152,107	126,454	25,653	131,518
Emergency medical services				
Salaries and employee benefits		950,295		941,592
Other operating expenditures		257,578		234,349
Capital outlay		350,453		94,278
Total	1,568,988	1,558,326	10,662	1,270,219
Coroner:				
Professional services		1,100		2,100
Autopsy		5,000		3,600
Total	7,000	6,100	900	5,700
<b>Total Public Safety</b>	<b>6,063,644</b>	<b>6,049,951</b>	<b>13,693</b>	<b>6,072,167</b>
<u>Environmental Protection</u>				
Soil and water conservation service:				
Salaries and employee benefits		81,649		80,743
Other operating expenditures		4,126		4,024
Total	91,845	85,775	6,070	84,767
<b>Total environmental protection</b>	<b>91,845</b>	<b>85,775</b>	<b>6,070</b>	<b>84,767</b>
<u>Economic and physical development:</u>				
Economic development:				
Other operating expenditures		-		54,980
Total	25,000	-	25,000	54,980
Extension service:				
Salaries and employee benefits		138,892		152,220
Other operating expenditures		27,669		30,426
Total	175,375	166,561	8,814	182,646

**CASWELL COUNTY, NORTH CAROLINA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
Planning board:				
Salaries and employee benefits		51,854		52,667
Other operating expenditures		11,392		7,671
Total	64,278	63,246	1,032	60,338
<b>Total economic and physical developm</b>	<b>264,653</b>	<b>229,807</b>	<b>34,846</b>	<b>297,964</b>
<u>Human services</u>				
Health department				
Salaries and employee benefits		1,876,766		1,950,504
Other operating expenditures		756,845		933,864
Capital outlay		-		10,375
Total	2,973,071	2,633,611	339,460	2,894,743
Mental Health:				
Alcohol rehabilitation		6,664		7,038
Alamance - Caswell Area Mental Health		115,061		115,061
Total	123,017	121,725	1,292	122,099
Animal control:				
Salaries and employee benefits		73,711		73,147
Other operating expenditures		138,469		131,339
Total	207,698	212,180	(4,482)	204,486
Social Services Administration:				
Salaries		2,035,175		2,032,241
Other operating expenditures		239,476		237,157
Capital outlay		110,791		90,010
Total	2,638,662	2,385,442	253,220	2,359,408
Purchased services:				
Day care services		416,988		441,221
Smart start - child daycare		104,304		97,824
State boarding home program		20,038		41,259
E-funds		7,696		7,175
Total	593,258	549,026	44,232	587,479
JOBS:				
Supportive services		3,442		4,203
Total	5,000	3,442	1,558	4,203
Aid to families with dependent children:				
Program payments	253,228	149,790	103,438	144,012
General aid				
Program payments	270,831	261,130	9,701	247,234
Medical assistance				
Program payments	10,000	2,270	7,730	2,551

**CASWELL COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
Other county assistance:				
Fuel emergencies		271,579		263,357
Total	277,821	271,579	6,242	263,357
Section 8 housing authority:				
Salaries and employee benefits		127,170		111,420
Other operating expenditures		18,379		14,683
Housing assistance payments		858,363		898,852
Total	1,003,714	1,003,912	(198)	1,024,955
Nutrition program:				
Salaries and employee benefits		188,622		185,348
Other operating expenditures		207,085		214,669
Total	441,605	395,707	45,898	400,017
Meals on wheels				
Other operating expenditures		-		349
Total	6,996	-	6,996	349
Senior center				
Other operating expenditures		120,554		49,834
Total	67,797	120,554	(52,757)	49,834
BEST Grant				
Salaries and employee benefits		6,642		2,707
Total	6,642	6,642	-	2,707
SHIIP Grant				
Other operating expenditures	6,204	2,946	3,258	2,831
DJJDP				
Salaries and employee benefits		82,599		64,497
Other operating expenditures		21,390		22,196
Capital outlay		-		-
Total	105,918	103,989	1,929	86,693
EDTAP/RGP	161,173	164,422	(3,249)	98,066
Family Services				
Salaries and employee benefits		102,882		109,196
Other operating expenditures		55,622		66,584
Total	152,608	158,504	(5,896)	175,780

**CASWELL COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
Family Services/Intervention				
Salaries and employee benefits		-		6,219
Other operating expenditures		15,920		9,916
Total	30,773	15,920	14,853	16,135
Special appropriations:				
Aging program		221,264		169,744
Caswell Parish, Inc.		10,000		10,000
Cooperative Forestry		69,747		71,809
CCR&R partnership		3,000		3,000
Caswell Historical Society		2,500		-
Administration		10,066		8,664
Total	366,805	316,577	50,228	263,217
<b>Total human services</b>	9,702,821	8,879,368	823,453	8,950,156
<u>Cultural and recreational:</u>				
County library:				
Salaries and employee benefits		222,079		153,090
Other operating expenditures		42,453		63,091
Capital outlay		30,257		28,562
Total	307,561	294,789	12,772	244,743
Recreation:				
Salaries and employee benefits		112,974		106,779
Other operating expenditures		66,966		78,936
Total	189,065	179,940	9,125	185,715
Farmer Lake				
Salaries and employee benefits		38,144		42,208
Other operating expenditures		34,201		9,783
Capital outlay		2,900		-
Total	93,103	75,245	17,858	51,991
Other:				
Arts Council	2,500	2,500	-	2,500
<b>Total cultural and recreational</b>	592,229	552,474	39,755	484,949
<u>Education:</u>				
Public schools:				
Current expense	2,469,413	2,469,413	-	2,469,413
Capital outlay	300,000	300,000	-	300,000
Teacher Supplement	231,000	231,000	-	-
Teacher Signing Bonus	50,838	50,838	-	-
Piedmont Community College:				
Current expense	224,730	224,730	-	224,730
Capital outlay	4,050	4,050	-	4,050
<b>Total education</b>	3,280,031	3,280,031	-	2,998,193

**CASWELL COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
<u>Debt service:</u>				
Principal payments		778,310		916,535
Interest payments		316,272		336,617
<b>Total debt service</b>	1,247,041	1,094,582	152,459	1,253,152
<b>Total Expenditures</b>	23,970,329	22,758,189	1,212,140	22,882,800
<b>Revenues over (under) expenditures</b>	(910,015)	365,633	1,275,648	(738,277)
<u>OTHER FINANCING SOURCES (USES)</u>				
Loan proceeds	360,000	360,000	-	342,480
Transfers from other funds				
School capital reserve fund	579,200	579,200	-	594,100
Emergency telephone system fund	55,565	55,565	-	74,088
Total	634,765	634,765	-	668,188
Transfers to other funds				
School capital reserve fund	(742,657)	(742,656)	1	(669,122)
Special fire districts fund	(31,500)	(31,500)	-	(31,500)
Emergency telephone system fund	(25,664)	(25,664)	-	(1,477)
County building fund	-	-	-	(99,375)
Water and sewer fund	(15,199)	(15,199)	-	(50,164)
Detention center project fund	-	-	-	(174,025)
Revaluation fund	(30,000)	(30,000)	-	(30,000)
Total	(845,020)	(845,019)	1	(1,055,663)
Appropriated fund balance	760,270	-	(760,270)	-
<b>Total other financing sources (uses)</b>	910,015	149,746	(760,269)	(44,995)
Excess of revenues and other sources over (under) expenditures and other uses	\$ -	515,379	\$ 515,379	(783,272)
Fund balance - July 1		6,635,368		7,418,640
Fund balance - June 30		\$ 7,150,747		\$ 6,635,368

**CASWELL COUNTY, NORTH CAROLINA  
REVALUATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
<b><u>REVENUES</u></b>				
Investment earnings	300	480	180	327
Total revenues	<u>300</u>	<u>480</u>	<u>180</u>	<u>327</u>
<b><u>EXPENDITURES</u></b>				
General government				
Revaluation of tax base	<u>280,300</u>	<u>150,000</u>	<u>130,300</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>(280,000)</u>	<u>(149,520)</u>	<u>130,660</u>	<u>327</u>
<b><u>OTHER FINANCING SOURCES</u></b>				
Appropriated fund balance	250,000	-	(250,000)	-
Transfers from other funds				
General Fund	30,000	30,000	-	30,000
Emergency Telephone Fund	-	-	-	-
Total	<u>280,000</u>	<u>30,000</u>	<u>(250,000)</u>	<u>30,000</u>
Excess of Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>(119,520)</u>	<u>\$ (119,520)</u>	<u>30,327</u>
Fund Balance - July 1		<u>256,836</u>		<u>226,509</u>
Fund Balance - June 30		<u>\$ 137,316</u>		<u>\$ 256,836</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, 2015  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
<u>REVENUES</u>				
Interest on investments	\$ 100	\$ 67	\$ (33)	\$ 43
<u>EXPENDITURES</u>				
Reserve	163,557	-	163,557	-
Education	-	-	-	-
Total Expenditures	163,557	-	163,557	-
Revenues Over (Under) Expenditures	(163,457)	67	163,524	43
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer from other funds				
General Fund	742,657	742,656	(1)	669,122
Transfers to other funds				
General Fund	(579,200)	(579,200)	-	(594,100)
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	163,457	163,456	(1)	75,022
Revenues and other sources over (under) expenditures and other uses	\$ -	163,523	\$ 163,523	75,065
<u>FUND BALANCE</u>				
Beginning of year - July 1		276,567		201,502
End of year - June 30		\$ 440,090		\$ 276,567

**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, 2015  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
<b><u>REVENUES</u></b>				
Ad valorem taxes	\$ 320,464	\$ 387,644	\$ 67,180	\$ 497,936
Other taxes				
Sales taxes	4,500	5,534	1,034	5,184
Total	<u>324,964</u>	<u>393,178</u>	<u>68,214</u>	<u>503,120</u>
<b><u>EXPENDITURES</u></b>				
Public safety:				
Sales Tax distribution		5,477		5,217
Caswell Fire District		22,035		22,211
Travel		1,500		1,500
Aid to volunteer fire departments		250,000		250,000
Rescue operations		30,000		30,000
Fire tax balance		343,034		28,170
Total	<u>356,464</u>	<u>652,046</u>	<u>(295,582)</u>	<u>337,098</u>
Revenues Over (Under) Expenditures	(31,500)	(258,868)	(227,368)	166,022
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers from other funds				
General Fund	31,500	31,500	-	31,500
Appropriated fund balance	-	-	-	-
Total	<u>31,500</u>	<u>31,500</u>	<u>-</u>	<u>31,500</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	(227,368)	<u>\$ (227,368)</u>	197,522
Fund Balance - July 1		<u>226,065</u>		<u>28,543</u>
Fund Balance - June 30		<u>\$ (1,303)</u>		<u>\$ 226,065</u>

**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, 2015  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
<b><u>REVENUES</u></b>				
Restricted intergovernmental revenues	\$ 1,559,420	\$ 354,842	\$ (1,204,578)	44,989
Investment earnings	-	-	-	3
Total Revenues	<u>1,559,420</u>	<u>354,842</u>	<u>(1,204,578)</u>	<u>44,992</u>
<b><u>EXPENDITURES</u></b>				
Capital outlay	1,735,002	429,138	1,305,864	30,667
Total expenditures	<u>1,735,002</u>	<u>429,138</u>	<u>1,305,864</u>	<u>30,667</u>
Revenues Over (Under) Expenditures	<u>(175,582)</u>	<u>(74,296)</u>	<u>101,286</u>	<u>14,325</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfer from other funds				
Special Grants Fund	51,269	45,989	(5,280)	-
General Fund	115,363	15,199	(100,164)	50,164
Fund balance appropriated	8,950	-	(8,950)	-
Total	<u>175,582</u>	<u>61,188</u>	<u>(114,394)</u>	<u>50,164</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>(13,108)</u>	<u>\$ (13,108)</u>	<u>64,489</u>
Fund Balance - July 1		<u>13,315</u>		<u>(51,174)</u>
Fund Balance - June 30		<u>\$ 207</u>		<u>\$ 13,315</u>

# NONMAJOR GOVERNMENTAL FUNDS

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## Special Revenue Funds

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

- **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.
- **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, 2015**

	Special Revenue Funds			Capital Projects Funds						Total	
	Emergency Telephone System Fund	Revolving Loan Fund	Special Grants Fund	Scattered Site Fund	County Building Fund	Equipment and Automation Fund	Library Development Fund	School Capital Projects Fund	Senior Center Project Fund		Detention Center Project Fund
<b>ASSETS</b>											
Current Assets:											
Cash and cash equivalents	\$ 223,033	\$ 20,860	\$ 125,115	\$ -	\$ -	\$ 36,842	\$ 22,967	\$ -	\$ 16,973	\$ -	\$ 445,790
Taxes receivable	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	17,888	-	-	633	-	-	-	-	-	7,303	25,824
<b>Total Assets</b>	<b>\$ 240,921</b>	<b>\$ 20,860</b>	<b>\$ 125,115</b>	<b>\$ 633</b>	<b>\$ -</b>	<b>\$ 36,842</b>	<b>\$ 22,967</b>	<b>\$ -</b>	<b>\$ 16,973</b>	<b>\$ 7,303</b>	<b>\$ 471,614</b>
<b>LIABILITIES AND FUND BALANCES</b>											
Liabilities:											
Accounts payable	\$ 11,538	\$ -	\$ -	\$ 97	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,635
Due to other funds	-	-	-	1,903	4,427	-	-	426	-	29,597	36,353
<b>Total liabilities</b>	<b>11,538</b>	<b>-</b>	<b>-</b>	<b>2,000</b>	<b>4,427</b>	<b>-</b>	<b>-</b>	<b>426</b>	<b>-</b>	<b>29,597</b>	<b>47,988</b>
Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-	-	-
Fund Balances:											
Restricted:											
Stabilization by State Statute	17,888	-	-	633	-	-	-	-	-	7,303	25,824
Public Safety	211,495	-	-	-	-	-	-	-	-	-	211,495
Economic Development	-	20,860	-	-	-	-	-	-	-	-	20,860
Human Services	-	-	-	-	-	-	-	-	16,973	-	16,973
Cultural and Recreational	-	-	-	-	-	-	22,967	-	-	-	22,967
General Government	-	-	125,115	-	-	36,842	-	-	-	-	161,957
Unassigned:	-	-	-	(2,000)	(4,427)	-	-	(426)	-	(29,597)	(36,450)
<b>Total fund equity</b>	<b>229,383</b>	<b>20,860</b>	<b>125,115</b>	<b>(1,367)</b>	<b>(4,427)</b>	<b>36,842</b>	<b>22,967</b>	<b>(426)</b>	<b>16,973</b>	<b>(22,294)</b>	<b>423,626</b>
Total Liabilities and											
Fund Equity	\$ 240,921	\$ 20,860	\$ 125,115	\$ 633	\$ -	\$ 36,842	\$ 22,967	\$ -	\$ 16,973	\$ 7,303	\$ 471,614

**CASWELL COUNTY, NORTH CAROLINA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2015**

	Special Revenue Funds			Capital Projects Funds						Total	
	Emergency Telephone System Fund	Revolving Loan Fund	Special Grants Fund	Scattered Site Fund	County Building Fund	Equipment and Automation Fund	Library Development Fund	School Capital Projects Fund	Senior Center Project Fund		Detention Center Project Fund
<b>REVENUES</b>											
Restricted intergovernmental	\$ 214,652	\$ 15,000	\$ -	\$ 113,749	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,611	\$ 426,012
Investment earnings	511	-	159	-	-	74	41	-	-	-	785
Miscellaneous	-	5,760	-	-	-	-	-	-	-	-	5,760
<b>Total Revenues</b>	<b>215,163</b>	<b>20,760</b>	<b>159</b>	<b>113,749</b>	<b>-</b>	<b>74</b>	<b>41</b>	<b>-</b>	<b>-</b>	<b>82,611</b>	<b>432,557</b>
<b>EXPENDITURES</b>											
Public safety	180,297	-	-	-	-	-	-	-	-	-	180,297
Economic development	-	25,000	-	113,879	-	-	-	-	-	-	138,879
Capital outlay	-	-	-	-	322	-	27,748	-	-	-	28,070
<b>Total Expenditures</b>	<b>180,297</b>	<b>25,000</b>	<b>-</b>	<b>113,879</b>	<b>322</b>	<b>-</b>	<b>27,748</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>347,246</b>
Revenues Over (under) Expenditures	34,866	(4,240)	159	(130)	(322)	74	(27,707)	-	-	82,611	85,311
<b>OTHER FINANCING SOURCES (USES)</b>											
Transfers-in											
General Fund	25,664	-	-	-	-	-	-	-	-	-	25,664
Transfers-out											
General Fund	(55,565)	-	-	-	-	-	-	-	-	-	(55,565)
Water and Sewer Fund	-	-	(45,989)	-	-	-	-	-	-	-	(45,989)
<b>Total other financing sources (uses)</b>	<b>(29,901)</b>	<b>-</b>	<b>(45,989)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(75,890)</b>
Change in Fund Balances	4,965	(4,240)	(45,830)	(130)	(322)	74	(27,707)	-	-	82,611	9,421
Fund Balance - July 1	224,418	25,100	170,945	(1,237)	(4,105)	36,768	50,674	(426)	16,973	(104,905)	414,205
Fund Balance - June 30	\$ 229,383	\$ 20,860	\$ 125,115	\$ (1,367)	\$ (4,427)	\$ 36,842	\$ 22,967	\$ (426)	\$ 16,973	\$ (22,294)	\$ 423,626

**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, 2015  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
<b>REVENUES</b>				
Restricted intergovernmental revenues:				
PSAP funds	\$ 214,652	\$ 214,652	\$ -	\$ 237,294
Investment earnings	300	511	211	333
Total Revenues	214,952	215,163	211	237,627
<b>EXPENDITURES</b>				
Public safety:				
Salaries		77,899		76,366
Telephone		16,136		18,036
Maintenance and repairs		50,695		35,549
Small tools/equipment		21,946		20,189
Other expenses		9,117		13,292
Capital outlay		4,504		90,765
Total	226,404	180,297	46,107	254,197
Total Expenditures	226,404	180,297	46,107	254,197
Revenues Over (Under) Expenditures	(11,452)	34,866	46,318	(16,570)
<b>OTHER FINANCING SOURCES (USES)</b>				
Fund balance appropriated	67,017	-	67,017	-
Transfers from other funds				
General Fund	-	25,664	25,664	1,477
Transfers to other funds				
General Fund	(55,565)	(55,565)	-	(74,088)
Total	(55,565)	(55,565)	-	(74,088)
Total Other Financing Sources (Uses)	11,452	(29,901)	(18,449)	(72,611)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	4,965	\$ 4,965	(89,181)
Fund Balance - July 1		224,418		313,599
Fund Balance - June 30		\$ 229,383		\$ 224,418

**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, 2015  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	2015		Variance Favorable (Unfavorable)	2014
	Budget	Actual		Actual
<u>Explanation for transfers</u>				
Transfer to adjust beginning balance to actual		\$ 25,664		\$ 1,477
Transfer to repay General Fund for expenses paid		\$ (55,565)		\$ -
<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		\$ 4,965		
Plus: Transfers from General Fund to adjust fund balance to the proper beginning balance		(25,664)		
Net Change per PSAP Revenue-Expenditure Report		(20,699)		
Beginning Balance, PSAP Revenue-Expenditure Report		250,082		
Ending Balance, PSAP Revenue-Expenditure Report		\$ 229,383		

**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, 2015  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
<u>REVENUES</u>				
Restricted intergovernmental				
USDA Rural Development Business Grant	\$ 150,000	\$ -	\$ (150,000)	\$ -
Loan repayment	-	15,000	15,000	25,000
Miscellaneous income	5,760	5,760	-	-
Total	155,760	20,760	(135,000)	25,000
<u>EXPENDITURES</u>				
Economic Development	155,760	25,000	130,760	16,900
Revenues Over (Under) Expenditures	-	(4,240)	(4,240)	8,100
<u>OTHER FINANCING SOURCES (USES)</u>				
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	\$ -	(4,240)	\$ (4,240)	8,100
<u>FUND BALANCE</u>				
Beginning of year - July 1		25,100		17,000
End of year - June 30		\$ 20,860		\$ 25,100

**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, 2015**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	2015		Variance Favorable (Unfavorable)	2014
	Budget	Actual		Actual
<b><u>REVENUES</u></b>				
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -
Interest on investments	-	159	159	105
Miscellaneous income	-	-	-	-
Total Revenues	-	159	159	105
<b><u>EXPENDITURES</u></b>				
General Government	-	-	-	-
Total expenditures	-	-	-	-
Revenues over (under) expenditures	-	159	159	105
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers to other funds				
Water and Sewer Fund	(45,989)	(45,989)	-	-
Appropriated fund balance	45,989	-	(45,989)	-
Total other financing sources	-	(45,989)	(45,989)	-
Excess of Revenues and Other Sources Over (Under) Expenditures And Other Uses	\$ -	(45,830)	\$ (45,830)	105
Fund Balance - July 1		170,945		170,840
Fund Balance - June 30		\$ 125,115		\$ 170,945

**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, 2015  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	Project Authorization	Actual			Variance Positive (Negative)
		Actual Prior Years	Actual Current Year	Actual Total to Date	
<b><u>REVENUES</u></b>					
Restricted intergovernmental					
Community development block grant					
2011 Scattered Site	400,000	178,329	113,749	292,078	(107,922)
SFR program	200,000	281,687	-	281,687	81,687
Investment earnings	-	102	-	102	102
Total revenues	<u>600,000</u>	<u>460,118</u>	<u>113,749</u>	<u>573,867</u>	<u>(26,133)</u>
<b><u>EXPENDITURES</u></b>					
Economic and physical development					
Community development block grant					
2011 Scattered Site					
Administration		521	19,333	19,854	
Rehabilitation		178,084	94,416	272,500	
Total	<u>400,000</u>	<u>178,605</u>	<u>113,749</u>	<u>292,354</u>	<u>107,646</u>
SFR					
Administration		38,101	-	38,101	
Rehabilitation		202,373	130	202,503	
Total	<u>200,000</u>	<u>240,474</u>	<u>130</u>	<u>240,604</u>	<u>(40,604)</u>
Total expenditures	<u>600,000</u>	<u>419,079</u>	<u>113,879</u>	<u>532,958</u>	<u>67,042</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 41,039</u>	<u>(130)</u>	<u>\$ 40,909</u>	<u>\$ 40,909</u>
Fund Balance - July 1			<u>(1,237)</u>		
Fund Balance - June 30			<u>\$ (1,367)</u>		

**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, 2015  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
<b><u>REVENUES</u></b>				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Sales and service	-	-	-	-
Miscellaneous	50,000	-	(50,000)	-
Total Revenues	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>	<u>-</u>
<b><u>EXPENDITURES</u></b>				
Capital outlay				
County buildings	865,137	322	864,815	273,373
Revenues Over (Under) Expenditures	<u>(815,137)</u>	<u>(322)</u>	<u>814,815</u>	<u>(273,373)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers from other funds				
General Fund	815,137	-	(815,137)	99,375
Total other financing sources	<u>815,137</u>	<u>-</u>	<u>(815,137)</u>	<u>99,375</u>
Revenues and other financing sources (uses) over expenditures	<u>\$ -</u>	<u>(322)</u>	<u>\$ (322)</u>	<u>(173,998)</u>
Fund Balance - July 1		<u>(4,105)</u>		<u>169,893</u>
Fund Balance - June 30		<u>\$ (4,427)</u>		<u>\$ (4,105)</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, 2015  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
<u>REVENUES</u>				
Interest on investments	\$ -	\$ 74	\$ 74	\$ 51
<u>EXPENDITURES</u>				
General government: Equipment	-	-	-	-
Revenues Over (Under) Expenditures	-	74	74	51
<u>OTHER FINANCING SOURCES (USES)</u>				
Appropriated fund balance	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	74	<u>\$ 74</u>	51
Fund Balance - July 1		<u>36,768</u>		<u>36,717</u>
Fund Balance - June 30		<u>\$ 36,842</u>		<u>\$ 36,768</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, 2015**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
<u>Revenues</u>				
Interest on investments	\$ -	\$ 41	\$ 41	\$ 53
Miscellaneous	27,748	-	(27,748)	191
Total	<u>27,748</u>	<u>41</u>	<u>(27,707)</u>	<u>244</u>
<u>Expenditures</u>				
Cultural and recreational Library	<u>27,748</u>	<u>27,748</u>	<u>-</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>(27,707)</u>	<u>(27,707)</u>	<u>244</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer to other funds General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>(27,707)</u>	<u>\$ (27,707)</u>	<u>244</u>
Fund balance - July 1		<u>50,674</u>		<u>50,430</u>
Fund balance - June 30		<u>\$ 22,967</u>		<u>\$ 50,674</u>

**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, 2015  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
<u>REVENUES</u>				
Restricted intergovernmental Public School Building Capital Fund	\$ -	\$ -	\$ -	\$ -
<u>EXPENDITURES</u>				
Education	-	-	-	-
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	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Fund Balance - July 1		(426)		(426)
Fund Balance - June 30		<u>\$ (426)</u>		<u>\$ (426)</u>

**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, 2015**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	Project Authorization	Actual			Variance Positive (Negative)
		Actual Prior Years	Actual Current Year	Actual Total to Date	
<b>REVENUES</b>					
Restricted intergovernmental					
Foundation grant	\$ 2,000,000	\$ 2,000,000	\$ -	\$ 2,000,000	\$ -
Interest on investments	-	95,189	-	95,189	95,189
Total Revenues	2,000,000	2,095,189	-	2,095,189	95,189
<b>EXPENDITURES</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	93,525	121,818	-	121,818	(28,293)
Total	2,091,025	2,078,216	-	2,078,216	12,809
Revenues Over (Under) Expenditures	(91,025)	16,973	-	16,973	107,998
<b>OTHER FINANCING SOURCES (USES)</b>					
Appropriated fund balance	91,025	-	-	-	(91,025)
Total Other Financing Sources (Uses)	91,025	-	-	-	(91,025)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ 16,973	-	\$ 16,973	\$ 16,973
Fund Balance - July 1			16,973		
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, 2015**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	Project Authorization	Actual			Variance Positive (Negative)
		Actual Prior Years	Actual Current Year	Actual Total to Date	
<b><u>REVENUES</u></b>					
Restricted intergovernmental	\$ 197,474	\$ -	\$ 82,611	\$ 82,611	\$ (114,863)
Interest on investments	17,578	17,712	-	17,712	134
Miscellaneous revenue	4,316	96,705	-	96,705	92,389
<b>Total Revenues</b>	<b>219,368</b>	<b>114,417</b>	<b>82,611</b>	<b>197,028</b>	<b>(22,340)</b>
<b><u>EXPENDITURES</u></b>					
Capital outlay					
Administration & engineering fees	642,261	642,260	-	642,260	1
Construction management	238,482	238,482	-	238,482	-
Construction Phase	7,663,470	7,663,430	-	7,663,430	40
Furnishing and equipment	336,215	336,215	-	336,215	-
<b>Total</b>	<b>8,880,428</b>	<b>8,880,387</b>	<b>-</b>	<b>8,880,387</b>	<b>41</b>
Bond issuance costs	79,965	79,965	-	79,965	-
<b>Total</b>	<b>8,960,393</b>	<b>8,960,352</b>	<b>-</b>	<b>8,960,352</b>	<b>41</b>
Revenues Over (Under) Expenditures	(8,741,025)	(8,845,935)	82,611	(8,763,324)	(22,299)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfers from (to) other funds					
General Fund	594,971	594,971	-	594,971	-
General Fund	(420,946)	(420,941)	-	(420,941)	5
Bonds issued	8,567,000	8,567,000	-	8,567,000	-
<b>Total Other Financing Sources (Uses)</b>	<b>8,741,025</b>	<b>8,741,030</b>	<b>-</b>	<b>8,741,030</b>	<b>5</b>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ (104,905)	82,611	\$ (22,294)	\$ (22,294)
Fund Balance - July 1			(104,905)		
Fund Balance - June 30			\$ (22,294)		

## 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, 2015**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
<b><u>REVENUES</u></b>				
Tire disposal tax		\$ 30,132		\$ 28,404
White goods disposal tax		7,589		7,253
Solid waste disposal tax		17,147		15,817
Charges for services - user fees		751,123		725,625
Tipping fees		82,324		88,581
Recycling		18,865		16,024
Interest on interfund loan		2,110		3,446
Interest on investments		664		451
Total Revenues	<u>\$ 1,118,395</u>	<u>909,954</u>	<u>\$ (208,441)</u>	<u>885,601</u>
<b><u>EXPENDITURES</u></b>				
Operations				
Salaries		117,767		121,191
Other expenses		685,534		712,843
Capital outlay		211,998		84,024
Total expenditures	<u>1,254,130</u>	<u>1,015,299</u>	<u>238,831</u>	<u>918,058</u>
Revenues over (under) expenditures	<u>(135,735)</u>	<u>(105,345)</u>	<u>30,390</u>	<u>(32,457)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Appropriated fund balance	135,735	-	(135,735)	-
Total other financing sources	<u>135,735</u>	<u>-</u>	<u>(135,735)</u>	<u>-</u>
Revenues Over (Under) Sources and Other Uses	<u>\$ -</u>	<u>\$ (105,345)</u>	<u>\$ (105,345)</u>	<u>\$ (32,457)</u>
<b>RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL</b>				
Excess of revenues over (under) expenditures		\$ (105,345)		\$ (32,457)
Depreciation		(45,772)		(44,355)
Capital outlay		211,998		84,024
Contributions to the pension plan in the current fiscal year		6,265		-
(Increase) decrease in accrued vacation payable		2,073		(26)
(Increase) decrease in other postemployment benefits		(3,196)		(3,471)
Pension expense		(342)		-
Net Income (loss)		<u>\$ 65,681</u>		<u>\$ 3,715</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, 2015**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
<b><u>REVENUES</u></b>				
Changes for services - user fees	\$ 427,773	\$ 532,253	\$ 104,480	\$ 414,671
Interest on investments	200	448	248	306
Miscellaneous	5,000	-	(5,000)	(2,899)
Total Revenues	432,973	532,701	99,728	412,078
<b><u>EXPENDITURES</u></b>				
Administration				
Salaries		70,360		70,701
Other expenses		59,814		64,208
Total	145,420	130,174	15,246	134,909
Operations				
Salaries		174,628		161,830
Other expenses		79,569		84,337
Capital outlay		97,055		-
Total	355,270	351,252	4,018	246,167
Total	500,690	481,426	19,264	381,076
Revenues over (under ) expenditures	(67,717)	51,275	118,992	31,002
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Appropriated fund balance	67,717	-	(67,717)	-
Total Other Financing Sources (Uses)	67,717	-	(67,717)	-
Excess of Revenues and Other Sources				
Over (Under) Expenditures and Other Uses	\$ -	\$ 51,275	\$ 51,275	\$ 31,002

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

Excess of revenues over (under) expenditures	\$ 51,275	\$ 31,002
Capital outlay	97,055	-
Depreciation	(81,475)	(71,200)
Contributions to the pension plan in the current fiscal year	3,796	-
Book value of asset disposal	(2,899)	(11,324)
(Increase) decrease in compensated absences payable	(542)	(142)
(Increase) decrease in other postemployment benefits	(6,960)	(7,196)
Pension expense	(746)	-
Net Income	\$ 59,504	\$ (58,860)

## 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.
- **Drug Fund:** This agency fund is used to account for receipts and disbursements involving sheriff drug funds.
- **Fines and Forfeitures 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 the NC State Treasurer.
- **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, 2015**

	Agency Funds				Total
	Social Services Fund	Drug Fund	Fines and Forfeitures & DMV Interest Fund	Property Tax Fund	June 30, 2015
<b>ASSETS</b>					
Cash	\$ 22,079	\$ 10,033	\$ -	\$ 5,500	\$ 37,612
Accounts receivable	-	-	2,828	-	2,828
Total Assets	<u>\$ 22,079</u>	<u>\$ 10,033</u>	<u>\$ 2,828</u>	<u>\$ 5,500</u>	<u>\$ 40,440</u>
<b>LIABILITIES AND NET ASSETS</b>					
Liabilities:					
Miscellaneous liabilities	\$ 22,079	\$ 10,033	\$ 2,828	\$ 5,500	\$ 40,440
Total Liabilities	<u>22,079</u>	<u>10,033</u>	<u>2,828</u>	<u>5,500</u>	<u>40,440</u>
Net Assets:					
Assets held in trust for beneficiary benefits	-	-	-	-	-
Total Liabilities and Fund Balances	<u>\$ 22,079</u>	<u>\$ 10,033</u>	<u>\$ 2,828</u>	<u>\$ 5,500</u>	<u>\$ 40,440</u>

**CASWELL COUNTY, NORTH CAROLINA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<u>Social Services Agency Fund</u>				
Assets				
Cash and cash equivalents	\$ 27,923	\$ 253,695	\$ 259,539	\$ 22,079
Liabilities				
Accounts payable	\$ 27,923	\$ 253,695	\$ 259,539	\$ 22,079
<u>Drug Fund</u>				
Assets				
Cash and cash equivalents	\$ 15,031	\$ 15,002	\$ 20,000	\$ 10,033
Liabilities				
Miscellaneous liabilities	\$ 15,031	\$ 15,002	\$ 20,000	\$ 10,033
<u>Fines and Forfeitures and Floodplain Mapping Fund</u>				
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Accounts receivable	5,253	78,503	80,928	2,828
	<u>\$ 5,253</u>	<u>\$ 78,503</u>	<u>\$ 80,928</u>	<u>\$ 2,828</u>
Liabilities				
Fines and Forfeitures due to others	\$ 5,253	66,730	69,155	\$ 2,828
Floodplain mapping fees due to others	-	6,475	6,475	-
ROD deed of trust fees due to others	-	2,355	2,355	-
Archives/Cultural fees due to others	-	2,943	2,943	-
Total	<u>\$ 5,253</u>	<u>\$ 78,503</u>	<u>\$ 80,928</u>	<u>\$ 2,828</u>
<u>Property Tax Agency Fund</u>				
Assets				
Cash and cash equivalents	\$ 12,197	\$ 387,527	\$ 394,224	\$ 5,500
Liabilities				
Intergovernmental payable	\$ 12,197	\$ 387,527	\$ 394,224	\$ 5,500
<u>Total - All Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 55,151	\$ 656,224	\$ 673,763	\$ 37,612
Accounts receivable	5,253	78,503	80,928	2,828
Total assets	<u>\$ 60,404</u>	<u>\$ 734,727</u>	<u>\$ 754,691</u>	<u>\$ 40,440</u>
Liabilities				
Accounts payable	\$ 42,954	\$ 268,697	\$ 279,539	\$ 32,112
Intergovernmental payable	17,450	466,030	475,152	8,328
Total liabilities	<u>\$ 60,404</u>	<u>\$ 734,727</u>	<u>\$ 754,691</u>	<u>\$ 40,440</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, 2015**

Fiscal Year	Uncollected Balance July 1, 2014	Additions	Collections and Adjustments	Uncollected Balance June 30, 2015
2015	\$ -	\$ 10,895,806	\$ 10,677,093	\$ 218,713
2014	282,968	-	139,753	143,215
2013	163,611	-	53,685	109,926
2012	123,434	-	30,273	93,161
2011	103,734	-	26,491	77,243
2010	66,803	-	12,592	54,211
2009	55,112	-	7,805	47,307
2008	54,672	-	5,892	48,780
2007	43,124	-	3,840	39,284
2006	31,594	-	3,133	28,461
2005	28,500	-	28,500	-
	<u>\$ 953,552</u>	<u>\$ 10,895,806</u>	<u>\$ 10,989,057</u>	860,301
				Less: allowance for uncollectible accounts (150,000)
				<u>\$ 710,301</u>
<hr/>				
Reconciliation with revenues:				
			\$ 10,834,573	
			<u>181,643</u>	
				\$ 11,016,216
				Amounts written off for tax year 2004-2005 per statute of limitations <u>(27,159)</u>
				<u>\$ 10,989,057</u>

**CASWELL COUNTY, NORTH CAROLINA  
ANALYSIS OF CURRENT TAX LEVY  
COUNTY-WIDE LEVY  
JUNE 30, 2015**

	County-wide			Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Total Levy		
Original levy: County-wide	\$ 1,604,684,241	0.679	\$ 10,895,806	\$ 9,499,772	\$ 1,396,034
Discoveries and Abatements	(540,795)	0.679	(3,672)	(4,071)	399
Total Property Valuation	<u>\$ 1,604,143,446</u>				
Net Levy			10,892,134	9,495,701	1,396,433
Uncollected taxes at June 30, 2015			218,713	218,163	550
Current year's taxes collected			<u>\$ 10,673,421</u>	<u>\$ 9,277,538</u>	<u>\$ 1,395,883</u>
Current levy collection percentage			<u>97.99%</u>	<u>97.70%</u>	<u>99.96%</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.

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

	Fiscal Years									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 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	\$ 14,934,637
Restricted	22,796	25,113	11,089	-	27,081	2,752,022	6,703,496	3,379,060	2,801,298	3,116,026
Unrestricted	(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	2,003,197
Total governmental activities net assets	<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>	<u>20,053,860</u>
Business-type activities										
Net investment in capital assets	335,493	413,140	399,746	342,495	289,050	363,093	497,458	549,559	618,427	790,029
Unrestricted	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	945,764
Total business-type activities net assets	<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>	<u>1,735,793</u>
Primary government										
Net investment in capital assets	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	15,724,666
Restricted	22,796	25,113	11,089	-	27,081	2,752,022	6,703,496	3,379,060	2,801,298	3,116,026
Unrestricted	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	2,948,961
Total primary government net assets	<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>	<u>\$ 21,789,653</u>

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

Expenses	Fiscal Years									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental activities:</b>										
General government	\$ 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	\$ 2,813,150
Public safety	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	7,244,842
Economic development	651,479	617,287	481,559	662,332	719,660	444,511	473,281	551,766	831,474	420,330
Environmental Protection	66,686	72,421	73,994	76,770	106,290	92,111	83,539	85,682	85,876	83,689
Human Services	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	8,832,869
Cultural and recreation	589,669	663,739	698,931	675,516	662,422	689,813	577,194	677,478	789,275	727,816
Education	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	3,277,785
Interest on long-term debt	340,756	308,200	276,522	239,484	200,573	110,621	314,061	531,384	148,815	308,194
Total governmental activities expenses	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	23,708,675
<b>Business-type activities</b>										
Solid Waste	703,398	775,226	782,428	807,436	789,064	826,414	834,262	817,753	881,886	844,273
Transportation	395,668	377,872	428,649	401,871	394,927	430,931	403,303	459,391	459,614	473,197
Total business-type activities	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	1,317,470
Total primary government expenses	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	25,026,145
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government	332,754	295,295	325,096	252,292	243,523	197,907	277,159	225,038	242,258	231,546
Public Safety	534,337	907,701	876,492	1,380,862	1,274,872	1,272,583	924,296	1,183,729	985,080	1,598,840
Transportation	-	-	-	-	-	-	-	-	-	22,553
Economic and Physical Development	31,177	29,188	25,738	19,215	23,170	10,066	20,721	25,086	16,409	16,094
Environmental Protection	8,064	-	-	-	-	-	-	-	-	69,117
Human Services	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	1,074,538
Cultural and recreation	59,962	58,825	64,433	70,005	88,032	70,393	75,779	68,864	69,643	78,807
Education	82,432	82,432	82,432	82,432	-	-	-	-	-	-
Operating grants and contributions										
General government	16,150	-	80,995	15,518	42	8,721	4,789	3,750	1,250	7,794
Public Safety	212,681	208,486	313,673	522,855	363,782	500,924	444,248	339,088	470,173	689,838
Environmental Protection	15,605	12,499	-	-	-	-	-	-	-	-
Economic and Physical Development	49,981	75,053	20,485	19,041	93,579	19,918	25,109	22,058	92,927	20,959
Human Services	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	5,399,652
Cultural and recreation	122,083	143,141	133,327	127,377	124,699	150,545	135,628	132,199	116,508	142,574
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	-	-	-	-	-	82,611
Economic and Physical Development	311,313	334,436	228,023	595,190	857,756	153,822	773,919	253,429	529,754	483,591
Human Services	-	2,000,000	-	-	-	-	-	-	-	-
Education	-	-	-	-	291,323	-	-	-	-	-
Total governmental activities program revenues	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	9,918,514

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

	Fiscal Years									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-type activities										
Charges for services:										
Solid Waste	766,460	811,321	811,217	812,476	835,368	846,978	845,324	837,362	830,230	852,312
CDOT	458,284	424,831	453,936	388,635	340,729	382,325	393,643	449,817	414,671	532,253
Total business-type activities program revenues	<u>1,224,744</u>	<u>1,236,152</u>	<u>1,265,153</u>	<u>1,201,111</u>	<u>1,176,097</u>	<u>1,229,303</u>	<u>1,238,967</u>	<u>1,287,179</u>	<u>1,244,901</u>	<u>1,384,565</u>
Total primary government program revenues	<u>9,842,178</u>	<u>12,662,523</u>	<u>10,817,177</u>	<u>11,500,911</u>	<u>11,982,439</u>	<u>11,027,764</u>	<u>11,360,117</u>	<u>10,565,828</u>	<u>10,462,955</u>	<u>11,303,079</u>
Net (expenses)/revenue										
Governmental activities	(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)	(13,790,161)
Business-type activities	125,678	83,054	54,076	(8,196)	(7,894)	(28,042)	1,402	10,035	(96,599)	67,095
Total primary government net expenses	<u>(12,730,692)</u>	<u>(10,926,780)</u>	<u>(12,546,687)</u>	<u>(12,427,908)</u>	<u>(11,147,167)</u>	<u>(11,557,422)</u>	<u>(11,652,082)</u>	<u>(13,309,976)</u>	<u>(14,290,189)</u>	<u>(13,723,066)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	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	11,081,330
Local option sales taxes	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	2,942,423
Other taxes and licenses	496,862	489,292	726,145	361,918	362,558	480,200	591,422	357,492	554,097	116,643
Grants & Contributions, unrestricted	247,491	251,752	233,650	248,064	185,470	256,218	200,362	192,202	211,981	-
Investment earnings, unrestricted	185,206	225,712	294,289	118,962	31,767	18,458	21,351	12,328	3,512	2,859
Miscellaneous, unrestricted	204,814	188,703	115,696	66,124	(11,725)	2,910	112,664	226,520	173,294	102,290
Transfers	-	-	-	-	(12,500)	-	100,000	-	-	-
Total governmental activities	<u>13,023,647</u>	<u>14,014,636</u>	<u>14,858,937</u>	<u>13,285,467</u>	<u>12,388,765</u>	<u>12,852,628</u>	<u>13,348,789</u>	<u>13,290,876</u>	<u>14,083,623</u>	<u>14,245,545</u>
Business-type activities:										
Other taxes and licenses	33,542	35,484	35,492	43,979	51,126	52,525	54,075	50,813	51,474	54,868
Investment earnings, unrestricted	24,596	28,825	28,132	17,991	10,715	10,144	4,753	2,144	4,203	3,222
Miscellaneous, unrestricted	457	-	13,748	8,691	14,520	-	33	14,864	(11,324)	-
Transfers	-	-	-	-	-	-	(100,000)	-	-	-
Total business-type activities	<u>58,595</u>	<u>64,309</u>	<u>77,372</u>	<u>70,661</u>	<u>76,361</u>	<u>62,669</u>	<u>(41,139)</u>	<u>67,821</u>	<u>44,353</u>	<u>58,090</u>
Total primary government	<u>13,082,242</u>	<u>14,078,945</u>	<u>14,936,309</u>	<u>13,356,128</u>	<u>12,465,126</u>	<u>12,915,297</u>	<u>13,307,650</u>	<u>13,358,697</u>	<u>14,127,976</u>	<u>14,303,635</u>
<b>Changes in Net Position</b>										
Governmental activities	167,277	3,004,802	2,258,174	865,755	1,249,492	1,323,248	1,695,305	(29,135)	(109,967)	455,384
Business-type activities	184,273	147,363	131,448	62,465	68,467	34,627	(39,737)	77,856	(52,246)	125,185
Total primary government	<u>\$ 351,550</u>	<u>\$ 3,152,165</u>	<u>\$ 2,389,622</u>	<u>\$ 928,220</u>	<u>\$ 1,317,959</u>	<u>\$ 1,357,875</u>	<u>\$ 1,655,568</u>	<u>\$ 48,721</u>	<u>\$ (162,213)</u>	<u>\$ 580,569</u>

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>
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
2015	\$ 11,081,330	\$ 2,942,423	\$ 116,643	\$ 9,475	\$ 7,877	\$ 14,157,748

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

	Fiscal Years									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund										
Reserved by state statute	\$ 1,373,462	\$ 1,385,915	\$ 1,408,865	\$ 1,641,218	\$ 1,651,554	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved For										
Inventory	35,643	27,175	24,272	24,069	-	-	-	-	-	-
Encumbrances	38,351	18,679	72,485	44,181	62,274	-	-	-	-	-
Register of Deeds	22,796	25,113	11,089	-	27,081	-	-	-	-	-
Unreserved										
Undesignated	dan	2,177,880	3,309,488	3,315,956	4,115,211	-	-	-	-	-
Designated for subsequent years' expenditures	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	1,867,664
Register of Deeds	-	-	-	-	-	35,577	30,377	30,474	29,772	32,464
Education	-	-	-	-	-	19,259	149,264	201,502	276,567	440,090
Committed										
Tax Revaluation	-	-	-	-	-	160,852	196,012	226,509	256,836	137,316
Assigned										
Subsequent year's expenditures	-	-	-	-	-	621,682	414,756	370,928	665,051	1,075,599
Unassigned	-	-	-	-	-	4,512,319	5,532,909	5,409,506	4,228,094	4,175,020
Total general fund	<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>	<u>\$ 7,728,153</u>
All other governmental funds										
Reserved by state statute	\$ 222,410	\$ 318,825	\$ 316,936	\$ 235,825	\$ 91,879	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved For										
Inventory	-	-	-	-	-	-	-	-	-	-
Encumbrances	8,938	4,140	-	2,095	-	-	-	-	-	-
Unreserved, reported in nonmajor:										
Designated for subsequent year's expenditures	45,293	-	-	74,262	423,354	-	-	-	-	-
Undesignated										
Special revenue funds	987,335	1,231,133	1,220,027	1,186,846	724,071	-	-	-	-	-
Capital projects funds	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>\$ 1,378,342</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>	<u>\$ -</u>

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

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

	Fiscal Years									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Ad Valorem taxes	\$ 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	\$ 11,222,217
Other taxes and licenses	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	2,403,524
Unrestricted Intergovernmental	247,491	251,752	233,650	248,064	185,470	256,218	200,362	192,202	211,981	208,313
Restricted Intergovernmental	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	7,125,955
Permits and fees	561,928	543,220	532,070	464,882	457,005	372,551	454,451	461,549	505,090	813,963
Sales and services	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	2,399,907
Investment earnings	185,206	225,712	294,289	118,962	31,767	18,458	21,351	12,328	3,512	2,859
Miscellaneous	201,713	143,566	145,409	94,580	80,603	153,182	177,958	315,302	242,391	128,208
Total Revenues	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	24,304,946
<b>Expenditures</b>										
Current:										
General government	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	2,736,201
Public safety	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	6,882,294
Environmental protection	66,686	72,421	73,994	76,770	77,957	91,359	82,372	84,601	84,767	85,775
Economic and physical development	631,878	603,732	462,784	637,715	646,353	433,037	445,626	526,691	484,949	368,686
Human Services	9,995,605	10,293,605	10,131,519	9,469,557	8,879,535	8,882,518	9,251,869	9,169,801	8,950,156	8,879,368
Cultural and recreational	469,457	549,946	574,047	557,241	541,811	550,408	534,461	529,239	785,085	552,474
Intergovernmental:										
Education	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	3,280,031
Capital outlay	-	11,189	901,238	1,098,705	419,269	518,744	5,208,454	3,787,180	1,292,156	457,208
Debt service:										
Principal	1,076,237	1,105,318	1,042,584	1,027,265	962,163	970,480	465,194	628,848	916,535	778,310
Interest and other charges	351,354	311,274	286,915	253,535	264,141	98,749	305,469	349,579	336,617	316,272
Total expenditures	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	24,336,619
Excess of revenues over (under) expenditures	(821,745)	2,408,176	54,442	(415,220)	386,264	215,901	(3,861,154)	(3,680,613)	(1,832,658)	(31,673)
<b>Other financing sources (uses)</b>										
Transfers in from other funds	2,857,784	2,255,189	2,840,128	2,374,894	1,814,362	498,669	1,700,303	85,137	430,629	173,917
Transfers out to other funds	(2,857,784)	(2,255,189)	(2,840,128)	(2,374,894)	(1,826,862)	(523,669)	(1,600,303)	(85,137)	(430,629)	(173,917)
Proceeds from the issuance of debt	-	208,001	307,000	-	2,560,000	-	8,567,000	146,400	342,480	360,000
Premium on debt	-	-	-	-	19,468	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	(2,519,208)	-	-	-	-	-
Total other financing sources (uses)	-	208,001	307,000	-	47,760	(25,000)	8,667,000	146,400	342,480	360,000
Net change in fund balances	\$ (821,745)	\$ 2,616,177	\$ 361,442	\$ (415,220)	\$ 434,024	\$ 190,901	\$ 4,805,846	\$ (3,534,213)	\$ (1,490,178)	\$ 328,327
Debt service as a percentage of noncapital expenditure:	6.49%	6.18%	5.88%	5.61%	5.52%	4.98%	3.60%	4.44%	5.33%	4.69%

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>
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
2015	\$ 11,222,217	\$ 2,403,524	\$ 16,333	\$ 9,475	\$ 7,877	\$ 13,659,426

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>
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
2015	\$ 1,399,082,769	\$ 205,601,473	\$ -	\$ (540,795)	\$ 1,604,143,446	0.6790

\*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>
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
2015	0.679	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, 2015 AND TEN YEARS AGO**  
(UNAUDITED)

<u>Taxpayer</u>	2015			2006		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Duke Progress Energy	\$ 23,101,314	1	1.44%	-	-	0.00%
Duke Energy Carolinas, LLC	17,244,769	2	1.08%	8,909,030	3	0.90%
Piedmont EMC	11,699,281	3	0.73%	7,219,300	5	0.73%
NC4 Caswell LLC	7,002,022	4	0.44%	-	-	0.00%
Southside Materials LLC	6,148,813	5	0.38%	-	-	0.00%
Norfolk Southern	5,458,278	6	0.34%	2,958,041	9	0.30%
Thompson Trucking Inc	4,010,764	7	0.25%	-	-	0.00%
Southside Realty Investments	3,534,066	8	0.22%	-	-	0.00%
Public Service Co of NC Inc	3,421,965	9	0.21%	-	-	0.00%
Central Telephone Co	3,332,988	10	0.21%	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>\$ 84,954,261</u>		<u>5.30%</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>
2006	\$ 7,601,025	\$ 7,246,041	95.33%	\$ 326,523	\$ 7,572,564	99.63%
2007	8,345,589	7,965,340	95.44%	340,965	8,306,305	99.53%
2008	8,862,255	8,456,367	95.42%	357,108	8,813,475	99.45%
2009	9,217,803	8,850,355	96.01%	320,141	9,170,496	99.49%
2010	9,249,009	8,855,999	95.75%	338,799	9,194,798	99.41%
2011	9,298,541	8,893,686	95.65%	327,612	9,221,298	99.17%
2012	9,774,691	9,421,720	96.39%	259,810	9,681,530	99.05%
2013	9,915,827	9,557,555	96.39%	248,346	9,805,901	98.89%
2014	10,359,249	10,076,281	97.27%	139,753	10,216,034	98.62%
2015	\$ 10,892,134	\$ 10,673,421	97.99%	\$ -	\$ 10,673,421	97.99%

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>			
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
2015	\$ 1,310,619	\$ 7,442,000	\$ 419,152	\$ 207,701	\$ 9,379,472	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>
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
2015	\$ 1,310,619	N/A	N/A	55.26

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Assessed value	\$ 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	\$1,604,143,446
Debt limit (8% of total assessed value)	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	128,331,476
Debt applicable to limit:										
Total bonds	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	8,752,619
Total installment payments	1,392,731	1,350,297	1,335,365	1,009,503	722,340	456,860	246,666	239,218	87,814	419,152
Total capital leases	88,279	17,056	6,404	-	-	-	-	-	272,349	207,701
Total debt applicable to limitations	<u>7,196,010</u>	<u>6,352,353</u>	<u>5,616,769</u>	<u>4,589,503</u>	<u>3,712,340</u>	<u>2,741,860</u>	<u>10,859,594</u>	<u>10,375,377</u>	<u>9,799,552</u>	<u>9,379,472</u>
Legal debt margin	<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>	<u>\$ 118,952,004</u>
Total net debt applicable to the limit	7.10%	6.12%	5.31%	3.93%	3.16%	2.33%	9.15%	8.62%	7.79%	7.31%

TABLE 14

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

<b>Year</b>	<b>Population (1)</b>	<b>Personal Income (Thousands of Dollars) (2)</b>	<b>Per Capita Personal Income (2)</b>	<b>Median Age (3)</b>	<b>Public School Enrollment (4)</b>	<b>Unemployment Rate (5)</b>	<b>Number of Building Permits (6)</b>
2006	23,523	582,738	26,419	39.7	3,337	7.2%	1,159
2007	23,457	649,879	28,285	41	3,210	7.2%	980
2008	24,264	679,756	29,894	41	3,148	7.8%	1,183
2009	23,303	717,121	29,830	41	3,273	13.5%	920
2010	23,587	723,831	29,690	41	3,030	11.9%	944
2011	23,719	747,132	31,326	43.6	2,880	10.9%	875
2012	23,767	655,058	28,256	44	2,880	9.6%	943
2013	23,839	656,946	28,258	44	2,777	9.3%	867
2014	23,614	679,593	29,443	44.5	2,735	7.6%	865
2015	23,719	N/A	N/A	N/A	2,716	6.9%	761

## 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) NC Rural Economic Development Center
- (4) State Board of Education
- (5) NC Employment Security Commission,
- (6) Total number of building permits issued by Caswell County Inspections Department.
- N/A Not Available.

**CASWELL COUNTY, NORTH CAROLINA  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND ONE YEAR AGO  
(UNAUDITED)**

2015				2014			
Employer	Employees	Rank	Percentage of Total County	Employer	Employees	Rank	Percentage of Total County
Caswell County Schools	488	1	5.30%	Caswell County Schools	525	1	4.74%
Caswell County Local Gov	220	2	2.39%	Caswell County Local Gov	223	2	2.01%
Department of Public Safety	176	3	1.91%	Department of Public Safety	176	3	1.59%
Ssc Yanceyville Operating Co	160	4	1.74%	WS Construction	120	4	1.08%
WS Construction	140	5	1.52%	Sky Valley Foods	49	5	0.44%
Certainteed Gypsum NC Inc.	67	6	0.73%	Piedmont Comm College	42	6	0.38%
Piedmont Comm College	55	7	0.60%	Duke Athletics	39	7	0.35%
Food Lion, Yanceyville	50	8	0.54%	Ssc Yanceyville Operating Co	37	8	0.33%
Duke Athletics/Royal Textiles	45	9	0.49%	Caswell House	36	9	0.33%
Caswell House	33	10	0.36%	Caswell Medical Center	33	10	0.30%
Total	<u>1434</u>		<u>15.56%</u>	Total	<u>1280</u>		<u>11.56%</u>

Source: NC Employment Security Commission and employers.

Percentage of Total County is calculated using the County's estimated employment totals (Source: NC Rural Economic Development Center)

**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>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>	<b>2015</b>
Governing and Management	25	25	25	23	24	23	25	26	24	26
Community and Environment	3	2	5	2	2	5	5	5	6	5
Human Services	94	99	97	90	107	98	96	89	93	94
Public Safety	64	65	66	71	75	73	76	86	87	80
Cultural and Recreation	7	8	11	6	7	13	14	13	14	15
<b>Total</b>	<b>193</b>	<b>199</b>	<b>204</b>	<b>192</b>	<b>215</b>	<b>212</b>	<b>216</b>	<b>219</b>	<b>224</b>	<b>220</b>

Source: County Finance Department

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

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

Function	Fiscal Years									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Public Safety/Sheriff</b>										
Court Papers	8,425	8,551	7,051	7,186	7,350	6,514	6,586	5,618	5,832	4,798
Investigation Reports Filed	929	911	1,085	1,113	1,095	1,203	1,185	1,255	1,343	1,255
Calls Answered	28,487	27,798	34,383	35,717	38,945	34,287	31,362	13,006	33,291	28,630
<b>Public Safety/Emerg Mgmt/Fire</b>										
Number of calls dispatched (includes fire & medical first response calls)	15,613	16,646	16,910	15,772	15,704	15,431	16,590	15,060	14,880	14,697
<b>Solid Waste</b>										
Tonnage Disposed	7,410	7,447	7,756	7,063	7,531	7,159	7,155	7,504	7,362	7,278
Number of Households Served	7,405	7,680	8,000	8,122	8,200	7,873	8,622	8,729	8,727	8,685
<b>Community Services/Library</b>										
Circulation	62,248	63,172	60,128	66,989	67,962	73,883	69,054	62,471	74,443	73,135
Computer Use	7,527	10,170	6,657	7,687	7,796	8,823	10,808	12,486	12,718	13,909
Program Attendance	66,808	69,087	71,531	64,392	69,648	74,899	74,491	86,214	75,181	73,533
<b>Community Services/Building Inspections</b>										
Number of Building Permits Issued	303	233	266	206	205	206	175	178	183	163
Number of Other Permits Issued (Includes Electrical, Plumbing & Mechanical)	1,074	935	917	714	739	669	768	689	682	598
<b>Human Services/Social Services</b>										
Average # Medicaid Eligible Cases	3,580	3,638	3,755	4,726	4,777	4,847	5,124	4,768	4,889	5,408
Average # Food Stamp Households per month	1,701	1,744	1,775	1,885	2,106	2,574	2,607	2,674	2,639	2,854
Average \$ Fraud Collections per month	1,795	1,891	4,587	5,379	5,084	4,134	5,180	2,299	2,025	2,034
Aging & Nutrition Services/ Meals Served	12,755	14,379	11,245	10,600	9,718	8,734	8,885	10,085	7,853	9,375
Aging & Nutrition Services/Clients Served	1,836	1,802	1,622	1,740	1,224	1,131	1,158	1,132	940	942
Meals on Wheels/Meals Served	N/A	24,722	27,232	26,397	31,234	32,517	33,388	32,106	33,771	32,319
Meals on Wheels/Clients Served	N/A	1,287	1,375	2,256	1,559	1,647	1,701	1,671	1,664	1,726
<b>Register of Deeds</b>										
Documents Recorded	3,722	4,093	4,432	3,364	3,090	2,925	3,085	3,150	2,832	2,688
Marriage Licenses	120	104	117	85	91	99	114	88	100	99
Births & Deaths	147	142	141	185	658	812	768	806	790	736
<b>Education</b>										
School enrollment	3,337	3,210	3,148	3,273	3,030	2,880	2,824	2,777	2,735	2,716

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

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

Function	Fiscal Years									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Government</b>										
Administration	0	2	2	1	1	1	2	2	1	1
Building Inspections	2	2	2	1	1	1	1	1	1	1
Maintenance	3	3	3	3	3	3	3	6	10	6
Section 8	2	2	2	2	2	2	2	2	2	2
Animal Control	2	2	2	2	2	2	2	2	2	2
<b>Public Safety</b>										
Sheriff's patrol & other vehicles	45	45	57	58	56	56	62	53	56	61
Emergency management	3	3	3	3	3	3	2	1	5	1
Ambulances	4	1	1	3	4	4	7	5	5	5
E911	2	2	2	2	2	2	2	1	2	2
<b>Environmental Protection</b>										
Soil & Water Conservation	1	1	0	0	0	0	1	1	1	1
<b>Economic &amp; Physical Development</b>										
Economic Development/Planning	1	0	0	0	0	0	0	0	0	0
Planning	1	1	1	1	1	1	0	0	0	0
<b>Human Services</b>										
Transportation	11	12	10	13	11	11	11	13	11	13
<b>Culture and Recreation</b>										
Parks & Recreation	1	2	2	2	2	2	3	2	3	2
Farmer Lake	1	1	1	1	0	0	1	1	1	1
Library	1	1	1	1	1	1	1	1	1	2
<b>Water &amp; Sewer</b>										
Landfill	2	2	2	2	2	2	2	2	2	3
Pump Stations	1	1	0	1	1	1	1	1	1	1
Elevated tanks	1	1	0	1	1	1	1	1	1	1
Elevated water pump station	1	1	0	1	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, 2015 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 27, 2016. 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.

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

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

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consider the deficiencies described in the accompanying schedule of findings are questioned costs to be material weaknesses [15-1 and 15-2].

### **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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 15-1 and 15-2.

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

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 27, 2016

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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, 2015. 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 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 14.871 Section 8 Housing Choice Vouchers as described in finding numbers 15-8 for Eligibility. Compliance with such requirements is necessary, in our opinion, for Caswell County to comply with the requirements applicable to those programs.

### **Qualified Opinion on 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 Section 8 Housing Choice Vouchers for the year ended June 30, 2015.

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

In our opinion, 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 each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2015.

### **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 15-3, 15-4, 15-5, 15-6, 15-7 and 15-8. 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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 15-8 to be a material weakness.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 15-3, 15-4, 15-5, 15-6, and 15-7 to be significant deficiencies.

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.

We noted certain matters that we reported to management of the Caswell County, in a separate letter dated January 27, 2016.

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

Winston, Williams, Creech, Evans & Company, LLP  
Certified Public Accountants  
Oxford, NC  
January 27, 2016

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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, 2015. 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, *Audits of States, Local Governments, and Non-Profit Organizations*, 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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## **Opinion on Medical Assistance Program**

In our opinion, 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 its major state program for the year ended June 30, 2015.

## **Other Matters**

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with applicable sections of section OMB Circular A-133 as described in the *Audit Manual for Governmental Auditors in North Carolina* and which are described in the accompanying schedule of findings and questioned costs as items 15-3, 15-4, and 15-5. 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.

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. A significant deficiency in internal control over compliance is a deficiency, or 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.

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

schedule of findings and questioned costs as items 15-3, 15-4, and 15-5 that we consider to be significant deficiencies.

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.

We noted certain matters that we reported to management of the Caswell County, in a separate letter dated January 27, 2016.

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

Winston, Williams, Creech, Evans & Company, LLP  
Certified Public Accountants  
Oxford, NC  
January 27, 2016

CASWELL COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted   X   yes        no

Federal Awards

Internal control over major federal programs:

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

Type of auditor's report issued on compliance for major federal programs: Unmodified, for all federal programs except for Section 8 Housing Choice Vouchers, which was modified.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133   X   yes        no

Identification of major federal programs:

<u>CFDA#</u>	<u>Program Name</u>
93.778	Medical Assistance Program
14.871	Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish between Type A and Type B Programs   \$ 793,539  

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, 2015**

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

**Finding 15-2**

SIGNIFICANT DEFICIENCY  
SIGNIFICANT NONCOMPLIANCE

Excess of Expenditures over Appropriations

Criteria: G.S. 159-8(a) states that monies received and expended by a local government or public authority should be included in the budget ordinance.

Condition: Caswell County expended \$295,582 more in the Special Fire District Fund than was appropriated in the annual budget ordinance and amendments.

Effect: Expenditures are over appropriations in the annual budget ordinance and amendments.

Cause: The County was overbudget in the fund due to prior year taxes received that had not been paid out to the districts. These prior year taxes were paid out during the current fiscal year.

Recommendation: Fund statements should be reviewed on a routine basis to ensure expenditures are in line with budget implications and appropriate budget amendments should be adopted.

Views of Responsible officials and corrective action plans: The County agrees with this finding. The County will look at all funds for budgetary compliance and make any necessary adjustments prior to the fiscal year end to try to prevent this from occurring again in the future.

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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: 15-3**

SIGNIFICANT DEFICIENCY  
SIGNIFICANT NONCOMPLIANCE

Income Verification and Budget Calculations for Eligibility

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

Condition: There were three cases that contained errors regarding budgets and income verifications..

**CASWELL COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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Questioned Costs: There were no questioned costs.

Context: Out of the 60 cases tested, one completed an ongoing budget and should have completed a retroactive budget. One budget used net wages instead of gross wages, A third case did not use the wages from the base period even though they were supplied. A fourth error was noted when an applicant became pregnant during her existing certification. The program did not allow for pregnancy benefits so she was moved to the Medicaid for Pregnant Women program but there was not an updated budget with current wages and as noted previously the current program's budget did not use the correct wages for certification.

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 and improper documentation to support eligibility determination.

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 and the importance of complete and accurate record keeping stressed.

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.

**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: 15-4**

SIGNIFICANT DEFICIENCY  
SIGNIFICANT NONCOMPLIANCE

Real Property and Reserve Calculations for Eligibility

Criteria: Medicaid for the Aged, Blind and Disabled case records should contain documentation that tax records and Register of Deeds were checked to verify if the individual owns property.

Condition: Two adult Medicaid cases did not properly verify real property.

Questioned Costs: There were no questioned costs.

Context: Two case files used a client statement as verification for real property instead of verifying with the Register of Deeds or the tax records.

**CASWELL COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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Effect: Files are incomplete/incorrect and do not support property ownership.

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.

**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 15-5**

SIGNIFICANT DEFICIENCY  
SIGNIFICANT NONCOMPLIANCE

Citizenship/Identity Documentation

Criteria: Case records should contain verification of citizenship / alien status and documentation of identity.

Condition: There were four case files that citizenship was not properly coded incorrectly in NCFAST.

Questioned Costs: There are no questioned costs.

Context: Two case files contained a citizenship code in EIS of 11 from previous certification periods, not requiring any other form of documentation but in NCFAST it was coded as 25 which would indicate that there needs to be verification in the file. Two case files had a citizenship code in EIS of 50 from previous certification periods verifying with Social Security but in NCFAST it was coded as a 25 which would require other documentation to be in the file. None of the files included the additional documentation such as a birth certificate, etc in the file for documentation.

Effect: Case could be ineligible or could be an NCFAST error.

Cause: Ineffective review process on cases converted from legacy systems.

Recommendation: Files should be reviewed internally to ensure proper documentation is in place for eligibility. All cases converted from a legacy system should be reviewed to ensure information that was converted is correct and supports the information found in the case files and case history.

Views of responsible officials and planned corrective actions: The County disagrees with the finding. Even with job aid for conversion of cases, workers don't make a change to the citizenship coding unless it didn't convert with citizenship. If a code came over from EIS it remains the same. If it was coded 25 it was verified by birth certificate and that remains. If a code didn't come over we would code on the person page with proper verification.

**CASWELL COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

**Finding 15-6**

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. In 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: Four files contained errors regarding income and the budgeting process.

Questioned Costs: There are no questioned costs. The file that understated income was not receiving a housing assistance payment (HAP) as it was in a six month transition period. The other files overstated income so HAP was not overpaying the rent.

Context: One file calculated income incorrectly when converting telephone verified hours and wages. Two files overstated income because a worker gave an additional COLA increase in Social Security when the increase had already been applied to the amount listed on the EIV. Another file did not include a contribution as part of income.

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.

Cause: Misunderstanding on what is included and excluded from the income calculation and a misapplication of a future increase (COLA) 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**

**CASWELL COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

**Finding 15-7**

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: No questioned costs.

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.

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

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

**Finding 15-8**

MATERIAL WEAKNESS  
MATERIAL NONCOMPLIANCE

Administrative Policy

Condition: The Caswell County Section (8) Administrative Plan is not being followed.

Context: During a walkthrough of internal control procedures and subsequent testing of those procedures, it was stated that unearned income can be verified through an online verification site, known as the EIV. Earned income is verified by a written or oral statement. If it is an oral statement,

**CASWELL COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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such as a telephone call, the worker will make notes in the file. A wage verification form or telephone calls are the stronger forms of verification of income. Check stubs are the last resort for verifying income.

Criteria: Per Chapter 7 of the Caswell County Section (8) Administrative Plan, “In order of priority, the forms of verification that the PHA will use are: Up-front Income Verification (UIV) using HUD’s Enterprise Income Verification (EIV) system, Up-front Income Verification (UIV) using a non-HUD system, Written Third-Party Verification (may be provided by applicant or participant), Written Third-party Verification Form, Oral Third-party Verification, and Self-Certification.”

Context: Income could be verified incorrectly causing an incorrect payment.

Effects: Clients could potentially be ineligible or have a higher payment due to misstatement of income.

Questioned Costs: There are no questioned costs.

Cause: Improper application of the policy for income verification as stated in the Administrative Plan.

Recommendations: Management should read the Administrative Plan and train workers on the policy stated in the Administrative Plan.

Views of responsible official(s) of the auditee. The County agrees with the finding.

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

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See Findings 15-3, 15-4, and 15-5.

**CASWELL COUNTY, NORTH CAROLINA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**Section II – Financial Statement Findings**

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**Finding: 15-1**

Name of Contact Person: Gwen Vaughn, Finance Officer

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

Proposed Completion Date: June 30, 2016

**Finding: 15-2**

Name of Contact Person: Gwen Vaughn, Finance Officer

Corrective Action: The County will look at all funds for budgetary compliance and make any necessary adjustments prior to the fiscal year end to try to prevent this from occurring again in the future.

Proposed Completion Date: June 30, 2016

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

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**Finding: 15-3**

Name of Contact Person: Mary Harrelson, Income Maintenance Supervisor

Corrective Action: 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.

Proposed Completion Date: June 30, 2016

**Finding: 15-4**

Name of Contact Person: Mary Harrelson, Income Maintenance Supervisor

**CASWELL COUNTY, NORTH CAROLINA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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Corrective Action: We will continue to reiterate to the workers the importance of a more detailed narrative of actions taken and why the 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.

Proposed Completion Date: June 30, 2016

**Finding: 15-5**

Name of Contact Person: Mary Harrelson, Income Maintenance Supervisor

Corrective Action: The County disagrees with the finding. Even with job aid for conversion of cases, workers don't make a change to the citizenship coding unless it didn't convert with citizenship. If a code came over from EIS it remains the same. If it was coded 25 it was verified by birth certificate and that remains. If a code didn't come over we would code on the person page with proper verification.

Proposed Completion Date: June 30, 2015

**Finding: 15-6**

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

Corrective Action: The Director of Section 8 Housing will continue to perform internal reviews for proper documentation. The Director plans to pull random folders monthly for Quality Control reviews and record on a spreadsheet for future use during the annual audit.

Proposed Completion Date: Effective January 2016 – June 2016 and continued.

**Finding: 15-7**

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

Corrective Action: Due to lack of funding, the agency has not been able to attend needed training on the financial statements. We will seek training through Webinars provided by HUD.

**CASWELL COUNTY, NORTH CAROLINA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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Proposed Completion Date: March 31, 2016 and continued.

**Finding: 15-8**

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

Corrective Action: Management will continue to follow the Administrative Plan more closely and periodically conduct internal audits of documentation.

Proposed Completion Date: March 31, 2016 and continued.

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

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See Findings 15-3, 15-4, and 15-5.

**CASWELL COUNTY, NORTH CAROLINA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**Finding 14-1**

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

**Finding 14-2**

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.

**Finding 14-3**

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

**Finding 14-4**

See find 15-4

**Finding 14-5**

See Finding 15-5

**CASWELL COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015**

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>			
<u>Food and Nutrition Service</u>			
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	10.561	\$ 169,271	\$ (166)
Total Food and Nutrition Service		<u>169,271</u>	<u>(166)</u>
Passed-through the N.C. Dept. of Health and Human Services, Division of Public Health:			
Special Supplemental Nutrition Program for Women, Infants, & Childrer	10.557	107,434	-
Direct Benefit Payments:			
Special Supplemental Nutrition Program for Women, Infants, & Childrer	10.557	315,332	-
Total Division of Public Health		<u>422,766</u>	<u>-</u>
Total U.S. Dept of Agriculture		<u>592,037</u>	<u>(166)</u>
<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	114,382	-
<u>Office of Public and Indian Housing</u>			
Section 8 Housing Choice Vouchers	14.871	990,346	-
Total U.S. Dept of Housing and Urban Development		<u>1,104,728</u>	<u>-</u>
<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	35,545	-
Total U.S. Dept. of Cultural Resources		<u>35,545</u>	<u>-</u>
<u>U.S. Dept. of Homeland Security</u>			
Passed-through the N.C. Dept. of Public Safety:			
Emergency Management Performance Grant	97.042	38,218	-
Homeland Security Grant Program	97.067	8,800	-
Total U.S. Dept. of Homeland Security		<u>47,018</u>	<u>-</u>
<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	169,523	16,238
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	11,963	1,495
Total U.S. Dept. of Transportation		<u>181,486</u>	<u>17,733</u>
<u>U.S. Dept. of Justice</u>			
Equitable Sharing Program -- Direct	16.922	30,521	-
Passed-through the N.C. Dept. of Public Safety:			
<u>Office for Victims of Crime</u>			
Crime Victim Assistance	16.575	33,381	-
Total U.S. Dept. of Justice		<u>63,902</u>	<u>-</u>

**CASWELL COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015**

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	12,634	744
Special Programs for the Aging - Title III Part C Nutrition Services	93.045	127,943	66,637
Nutrition Service Incentive Program	93.053	29,734	-
Total Agency Cluster		<u>170,311</u>	<u>67,381</u>
National Family Caregiver Support, Title III, Part E	93.052	8,839	519
Total Administration for Community Living		<u>179,150</u>	<u>67,900</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	17,253	-
<u>Foster Care and Adoption Cluster:</u>			
Foster Care-Title IV-E - ARRA			
IV-E Optional	93.658	99,539	20,967
Foster Care - Direct Benefit Payments	93.658	52,908	17,612
Adoption Assistance - ARRA:			
Adoption Assistance - Direct Benefits Payments	93.659	80,077	20,910
IV-E Adoption Assistance	93.659	17,098	-
Total Foster Care and Adoption Cluster		<u>249,622</u>	<u>59,489</u>
Temporary Assistance for Needy Families			
Temporary Assistance for Needy Families (TANF)	93.558	320,684	-
TANF - Direct Benefit Payments	93.558	133,925	-
Child Support Enforcement	93.563	219,694	-
Low-Income Home Energy Assistance Block Grant:			
Administration	93.568	100,383	-
Assistance	93.568	16,849	-
Crisis Intervention	93.568	160,700	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	(131)	-
Social Services Block Grant	93.667	187,460	12,530
Promoting Safe & Stable Families	93.556	5,823	-
Chafee Foster Care Independence Program	93.674	1,133	283
Total Division of Social Services		<u>1,413,395</u>	<u>72,302</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	80,371	-
Division of Child Development:			
Child Care and Development Block Grant	93.575	156,625	-
Child Care and Development Fund-Mandatory	93.596	52,293	-
Child Care and Development Fund-Match	93.596	144,579	67,159
Total Child Care Development Fund Cluster		<u>433,868</u>	<u>67,159</u>
Temporary Assistance for Needy Families	93.558	40,808	-
Foster Care Title IV-E - ARRA	93.658	3,461	1,792
State Appropriations		-	22,142
TANF-MOE		-	32,434
Total Subsidized Child Care		<u>478,137</u>	<u>123,527</u>

**CASWELL COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015**

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 SHIIP			
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations, and Evaluations	93.779	2,946	-
Passed-through the N.C. Dept. of Health and Human Services, Division of Medical Assistance:			
Direct Benefit Payments:			
Medical Assistance Program	93.778	21,343,242	12,108,541
Children's Health Insurance Program	93.767	373,240	117,181
Passed-through the N.C. Dept. of Health and Human Services, Division of Social Services:			
Administration:			
Medical Assistance Program	93.778	520,458	12,331
Childrens Health Insurance Program	93.767	4,839	1,055
<u>Centers for Disease Control and Prevention</u>			
Passed-through the N.C. Dept. of Health and Human Services, Division of Public Health:			
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP)			
Aligned Cooperative Agreements	93.074	29,030	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	28	-
Immunization Cooperative Agreements	93.268	8,313	-
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	18,512	-
HIV Prevention Activities_Health Department Based	93.940	906	-
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	50	-
Preventive Health and Health Services Block Grant	93.991	1,416	-
Temporary Assistance for Needy Families	93.558	1,593	-
<u>Office of Population Affairs</u>			
Passed-through the N.C. Dept. of Health and Human Services:			
Family Planning Services	93.217	22,980	-
<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	28,360	21,272
Total U.S. Dept. of Health and Human Services		24,426,595	12,524,109
Total federal awards		26,451,311	12,541,676
<b>STATE AWARDS:</b>			
<u>N.C. Dept. of Cultural Resources</u>			
Division of State Library			
State Aid to Libraries		-	82,081
<u>N.C. Dept. of Public Safety:</u>			
Division of Juvenile Justice and Delinquency Prevention			
Juvenile Crime Prevention Programs		-	97,358
<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		-	251,842
CWS Direct Benefit Payments		-	30,426
SFHF Maximization - Direct		-	448
State Foster Home		-	6,723
Foster Care at Risk Maximization - Direct		-	3,010
Energy Program		-	6,587
Child Welfare/CPS		-	20,073
Total Division of Social Services		-	319,109
<u>Division of Public Health:</u>			
Communicable Disease		-	10,907
Food and Lodging Fees		-	4,327
General Aid to Counties		-	80,072
Tuberculosis		-	1,659
HIV/STD		-	400

**CASWELL COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015**

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL (DIRECT & PASS- THROUGH) EXPENDITURES	STATE EXPENDITURES
HIV/STD SSBG Aid		-	100
Sexually Transmitted Diseases		-	488
Risk Reduction/Health Promotion		-	6,285
WHSF		-	5,288
TB Medical Services		-	540
Maternal Health (HMHC)		-	1,184
HMMC-Family Planning		-	2,432
Child Health		-	482
School Nurse Funding Initiative		-	199,673
Total Division of Public Health		-	313,837
<u>Division of Aging:</u>			
In-Home Service		-	41,909
Caregiver Match		-	2,855
Senior Center		-	3,893
Total Division of Aging		-	48,657
Total N.C. Dept. of Health and Human Services		-	681,603
<u>N.C. Council for Women/Domestic Violence Commission</u>			
Displace Homemaker Program (DF)		-	21,235
Domestic Violence		-	45,855
Marriage License		-	21,416
Total N.C. Council for Women/Domestic Violence Commission		-	88,506
<u>N.C. Dept. of Environment and Natural Resources</u>			
Division of Soil and Water Conservation			
Soil Technician Grant		-	24,688
<u>N.C. Dept. of Transportation</u>			
Rural Operating Assistance Program (ROAP)			
ROAP Elderly and Disabled Transportation Assistance Program		-	50,205
ROAP - Work First		-	8,422
ROAP - Rural General Public Program		-	48,470
Total N.C. Dept. of Transportation		-	107,097
<u>N.C. Dept. of Commerce</u>			
Rural Economic Development Division			
Economic Infrastructure		-	40,000
Total State Awards		-	1,121,333
Total federal and State awards		\$ 26,451,311	\$ 13,663,009

**CASWELL COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015**

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL (DIRECT & PASS- THROUGH) EXPENDITURES	STATE EXPENDITURES
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**NOTES TO PRECEDING SCHEDULE OF FEDERAL AND STATE AWARDS:**

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (SEFA) includes the federal and state grant activity of Caswell County, North Carolina, under the programs of the federal government and the state of North Carolina for the year ended June 30, 2015. The information in this SEFA is presented in accordance with the requirement of Office of Management and Budget (OMB) Circular A-133, Audits of State, Local Governments, Non-Profit Organizations and the State Audit Implementation Act. Because the SEFA presents only a selected portion of the operations of Caswell County, it is not intended to and does not present the financial position, changes in net assets or cash flows of Caswell County.

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		9,868