

AUDIT REPORT  
VANCE COUNTY, NORTH CAROLINA  
JUNE 30, 2013

BOARD OF COUNTY COMMISSIONERS

Thomas Hester, Chairman

Deborah Brown, Vice Chairman

Dan Brummitt

Terry E. Garrison

Gordon Wilder

Archie Taylor

Eddie Wright

COUNTY OFFICIALS

Jerry Ayscue

County Manager

David Beck

Director of Finance

Jonathan Care

County Attorney

Carolyn R. Pecora

Register of Deeds

Porcha Brooks

Tax Administrator

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## INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners  
Vance County, North Carolina

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

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

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

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Vance County ABC Board or the Vance County Tourism Development Authority. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Vance County ABC Board or the Vance County Tourism Development Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Vance County ABC Board were not audited in accordance with Governmental 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 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 and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Vance County, North Carolina as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance and the other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions on pages 70 through 71 and 72 and 73, 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which 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 the basic financial statements of Vance County, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Implementation Act* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate 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 and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2013 on our consideration of Vance 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 the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Vance County's internal control over financial reporting and compliance.

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CERTIFIED PUBLIC ACCOUNTANTS

December 5, 2013

## Management's Discussion and Analysis

As management of Vance County, we offer readers of Vance County's financial statements this narrative overview and analysis of the financial activities of Vance County for the fiscal year ended June 30, 2013. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

### Financial Highlights

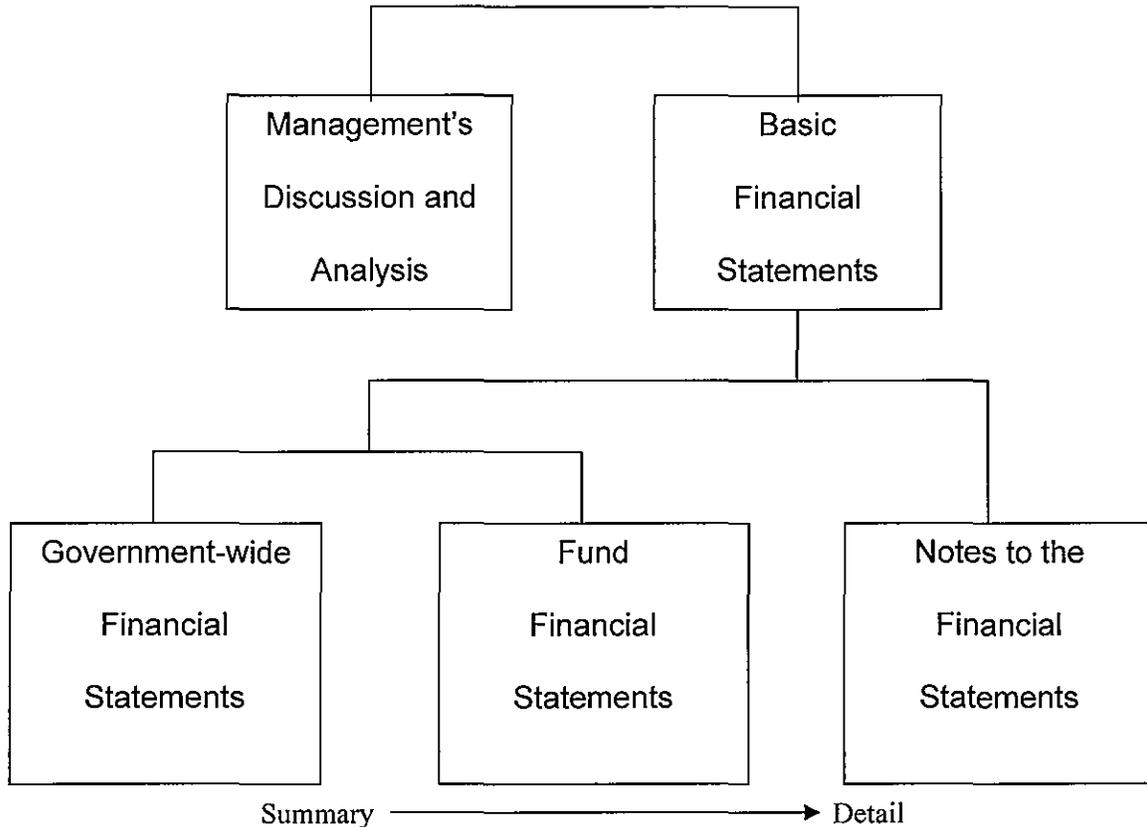
- The assets of Vance County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$24,076,765 (*net position*).
- The government's total net position increased by \$213,023, primarily due to increases in net position in the Governmental Type funds.
- As of the close of the current fiscal year, Vance County's governmental funds reported combined ending fund balances of \$17,755,168, after a net increase in fund balance of \$1,342,201. Approximately 55 percent of this total amount or \$9,706,560 is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8,625,856, or 20 percent of total general fund expenditures for the fiscal year.
- Vance County's total debt increased by \$102,371 (3%) during the current fiscal year. The key factor in this increase is the issuance of \$2,000,000 in Qualified Zone Academy Bonds for school renovations.
- Vance County maintained a Moody's Investor Service "A3" bond rating, which it has had for the past twenty-three years. Standard and Poor's on May 13, 2013 reaffirmed its A+ bond rating on the County.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Vance County's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Vance 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 11) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's non-major governmental funds and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information about the County's pension plans.

### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net position and how they have changed. Net position is the difference between the County's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gage the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as public safety, human services, and general administration. Property taxes, sales taxes, and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water and solid waste management services offered by Vance County. The final category is the component units. Although legally separate from the County, the ABC Board is important to the County because the County is financially accountable for the Board by appointing its members and because the Board is required to distribute its profits to the County. The remaining component unit, the Vance County Tourism Development Authority, is a public authority operating under the local Government Budget and Fiscal Control Act. The Authority's purpose is to further the development of travel, tourism, and conventions in Vance County through advertising and promotions. The Authority is funded by a specific allocation of the countywide occupancy tax authorized by House Bill 765, Ratified Bill, 2001 session of the North Carolina General Assembly.

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. Vance County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Vance County can be divided into three categories: governmental funds, proprietary 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*. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the

Statement of Net position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

**Proprietary Funds** – Vance County has one kind of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Vance County uses enterprise funds to account for its water activity and for its solid waste management 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. Vance County has five fiduciary funds, one of which is a pension trust fund and four of which are 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 31 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Vance County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on pages 70 and 72 of this report.

### **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of Vance County exceeded liabilities by \$24,076,765 as of June 30, 2013. The County's net position increased by \$213,023 for the fiscal year ended June 30, 2013. One of the largest portions \$30,084,505 (125%) reflects the County's net investment in capital assets (e.g. land, buildings, machinery, and equipment. Vance County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Vance County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Vance County's net position \$8,127,677 (34%) represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance of \$14,135,417 (59%) is unrestricted.

## Vance County's Net Position

Figure 2

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 21,342,347	\$ 20,645,556	\$ 959,051	\$ 3,507,020	\$ 22,301,398	\$ 24,152,576
Capital Assets	33,944,836	33,658,243	7,621,184	2,140,011	41,566,020	35,798,254
Total Assets	\$ 55,287,183	\$ 54,303,799	\$ 8,580,235	\$ 5,647,031	\$ 63,867,418	\$ 59,950,830
Long-term liabilities outstanding	\$ 30,665,224	\$ 29,697,788	\$ 6,520,057	\$ 4,769,775	\$ 37,185,281	\$ 34,467,563
Other liabilities	731,811	968,720	1,543,359	388,968	2,275,170	1,357,688
Total liabilities	\$ 31,397,035	\$ 30,666,508	\$ 8,063,416	\$ 5,158,743	\$ 39,460,451	\$ 35,825,251
Deferred inflows of resources	\$ 118,816	\$ 94,104	\$ 211,386	\$ 167,733	\$ 330,202	\$ 261,837
Net position:						
Net investment in capital assets	\$ 28,054,706	\$ 27,525,623	\$ 2,029,799	\$ (1,704,598)	\$ 30,084,505	\$ 25,821,025
Restricted	8,127,677	5,667,438	-	-	8,127,677	5,667,438
Unrestricted	(12,411,051)	(9,649,874)	(1,724,366)	2,025,153	(14,135,417)	(7,624,721)
Total	\$ 23,771,332	\$ 23,543,187	\$ 305,433	\$ 320,555	\$ 24,076,765	\$ 23,863,742

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

- Increase in the collection of property taxes by increasing the collection percentage from 93.65% in the prior fiscal year to 94.24% in the current fiscal year, which is less than the statewide average of 97.29%.
- Increase in sales tax collections, a major source of revenue for the County.
- Continued low cost of debt due to the County's high bond rating.
- Aggressive pursuit of grants funding for County projects.
- Diligent collection of ambulance fees.
- Maintaining expenditures within budgeted amounts.

**Vance County's Changes in Net position**  
**Figure 3**

	Governmental Activities		Business Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 4,852,711	\$ 4,576,868	\$ 2,135,735	\$ 2,161,664	\$ 6,988,446	\$ 6,738,532
Operating grants and contributions	8,764,070	9,860,991	-	-	8,764,070	9,860,991
Capital grants and contributions	1,667,566	1,294,167	-	-	1,667,566	1,294,167
<b>General revenues:</b>						
Property taxes	23,026,257	22,631,161	-	-	23,026,257	22,631,161
Other taxes	7,128,356	6,994,664	-	-	7,128,356	6,994,664
Grants and contributions not restricted to specific programs	127,118	149,372	-	-	127,118	149,372
Other	113,255	61,994	4,108	1,547	117,363	63,541
<b>Total revenues</b>	<b>\$ 45,679,333</b>	<b>\$ 45,569,217</b>	<b>\$ 2,139,843</b>	<b>\$ 2,163,211</b>	<b>\$ 47,819,176</b>	<b>\$ 47,732,428</b>
<b>Expenses:</b>						
General government	\$ 4,319,656	\$ 4,064,768	\$ -	\$ -	\$ 4,319,656	\$ 4,064,768
Public safety	12,627,052	12,406,976	-	-	12,627,052	12,406,976
Transportation	28,750	26,022	-	-	28,750	26,022
Environmental protection	560	-	-	-	560	-
Economic and physical development	4,258,718	3,998,227	-	-	4,258,718	3,998,227
Human services	12,418,435	12,512,761	-	-	12,418,435	12,512,761
Cultural and recreation	1,198,174	1,115,901	-	-	1,198,174	1,115,901
Education	9,683,664	9,687,460	-	-	9,683,664	9,687,460
Interest on long-term debt	846,683	929,925	-	-	846,683	929,925
Solid waste management	-	-	2,011,690	1,955,700	2,011,690	1,955,700
Water	-	-	143,275	10,597	143,275	10,597
<b>Total expenses</b>	<b>\$ 45,381,692</b>	<b>\$ 44,742,040</b>	<b>\$ 2,154,965</b>	<b>\$ 1,966,297</b>	<b>\$ 47,536,657</b>	<b>\$ 46,708,337</b>
Decrease in net assets before transfers and special item	\$ 297,641	\$ 827,177	\$ (15,122)	\$ 196,914	\$ 282,519	\$ 1,024,091
Transfers	-	-	-	-	-	-
<b>Increase (decrease) in net assets</b>	<b>\$ 297,641</b>	<b>\$ 827,177</b>	<b>\$ (15,122)</b>	<b>\$ 196,914</b>	<b>\$ 282,519</b>	<b>\$ 1,024,091</b>
Net position, beginning, previously reported	23,543,187	22,716,010	320,555	123,641	23,863,742	22,839,651
Restatement	(69,496)	-	-	-	(69,496)	-
Net position, beginning, restated	23,473,691	22,716,010	320,555	123,641	23,794,246	22,839,651
<b>Net assets, ending</b>	<b>\$ 23,771,332</b>	<b>\$ 23,543,187</b>	<b>\$ 305,433</b>	<b>\$ 320,555</b>	<b>\$ 24,076,765</b>	<b>\$ 23,863,742</b>

**Governmental activities.** Governmental activities increased the County's net position by \$297,641, thereby accounting for 105% of the total increase in the net position of Vance County. Key elements of this increase are as follows:

- Increase in the collection of property taxes during the year.
- Increase in revenue from charges for County provided services.
- Increase in sales tax collections, which is a major source of revenues.
- Increase in capital grants and contributions.
- Maintained expenditures for education at prior year spending levels.

**Business-type activities.** Business-type activities decreased Vance County's net position by \$15,122, accounting for 0% of the total growth in the government's net position. Key elements of this decrease are as follows:

- No increases in the disposal costs of yard waste and white goods.
- A Tap Fee paid to the City of Henderson for the County public water system.
- No increases in wages and benefits, transfer station fees, and the operation of convenience sites.
- Restructuring of collection methods at disposal sites such as commingling of recycling materials, cardboard segregation, etc. in order to reduce weight and related transportation costs.

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

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

**Governmental Funds.** The focus of Vance County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Vance 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 Vance County. At the end of the current fiscal year, fund balance available in the General Fund was \$8,625,856, while total fund balance reached \$14,791,400. The County currently has an available fund balance of 20% of general fund expenditures, while total fund balance represents 34% of that same amount.

At June 30, 2013, the governmental funds of Vance County reported a combined fund balance of \$17,755,168, an 8 percent increase over last year. The primary reason for this increase is the construction in progress for the school system in the School Capital Project fund.

**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 all revenues by only \$1,127,768.

**Proprietary Funds.** Vance County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Solid Waste Fund at the end of the fiscal year amounted to negative \$638,147, and those for the Water Fund equaled negative \$2,836,219. The total growth in net position for the Solid Waste Fund was \$108,551. The total decrease in net position for the Water Fund was \$123,673. Other factors concerning the finances of these funds have already been addressed in the discussion of Vance County's business-type activities.

## Capital Asset and Debt Administration

**Capital assets.** Vance County's capital assets for its governmental and business – type activities as of June 30, 2013, totals \$41,566,020 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, vehicles and construction in progress.

Major capital asset transactions during the year include:

- Purchased twelve new vehicles for the Sheriff's department.
- Purchased 1 vehicle and 1 cardiac monitor for the Fire & EMS department.
- Purchased a Viper radio system and radio consoles for the 911 backup center.
- Purchased a new County wide telephone system and new CSI Smart Fusion financial software.
- Construction in progress for the multipurpose rooms and public school facility improvements.

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

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 799,119	\$ 799,119	\$ 872,857	\$ 872,857	\$ 1,671,976	\$ 1,671,976
Buildings and improvements	13,371,384	13,985,166	-	-	13,371,384	13,985,166
Equipment and vehicles	2,161,015	1,509,265	13,758	21,224	2,174,773	1,530,489
Computer Software	103,006	24,393	-	-	103,006	24,393
Construction in progress	17,510,312	17,340,300	6,734,569	1,246,604	24,244,881	18,586,904
<b>Total</b>	<b>\$ 33,944,836</b>	<b>\$ 33,658,243</b>	<b>\$ 7,621,184</b>	<b>\$ 2,140,685</b>	<b>\$ 41,566,020</b>	<b>\$ 35,798,928</b>

Additional information on the County's capital assets can be found on pages 46 to 47 of the Basic Financial Statements.

**Long-term Debt.** As of June 30, 2013, Vance County had total bonded debt outstanding of \$28,877,592 all of which is debt backed by the full faith and credit of the County.

## Vance County's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 2,795,000	\$ 3,630,000	\$ -	\$ -	\$ 2,795,000	\$ 3,630,000
Capitalized leases	2,020,130	1,587,620	-	-	2,020,130	1,587,620
Installment purchases	20,221,077	19,716,216	-	-	20,221,077	19,716,216
Bond Anticipation Notes	-	-	3,841,385	3,841,385	3,841,385	3,841,385
Total	<u>\$ 25,036,207</u>	<u>\$ 24,933,836</u>	<u>\$ 3,841,385</u>	<u>\$ 3,841,385</u>	<u>\$ 28,877,592</u>	<u>\$ 28,775,221</u>

**Figure 5**

Vance County's total debt increased by \$102,371 (3 percent) during the past fiscal year, primarily due to the county issuing Qualified Zone Academy Bonds in the amount of \$2,000,000 during the year.

As mentioned in the financial highlights section of this document, Vance County maintained for the 23rd consecutive year, its A3 bond rating from Moody's Investor Service and A+ rating from Standard and Poor's Corporation. This bond rating is a clear indication of the sound financial condition of Vance County. This achievement is a primary factor in keeping interest costs low on the County's outstanding debt.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt limit for Vance County is \$225,803,291.

Additional information regarding Vance County's long-term debt can be found on pages 58 through 63 of this audited financial report.

### **Economic Factors and Next Year's Budgets and Rates**

The following key economic indicators reflect the growth and prosperity of the County.

- A struggling local economy reflects the loss of agricultural and textile jobs, placing the County as one of the higher ranked counties for unemployment at 12.8 percent with the state at 9.3 percent at June 30, 2013.
- Efforts continue to promote local economic development and draw new businesses to the county and several initiatives have been successful in recent years.
- Industrial parks have been developed which will target logistics, biotech, and high tech employment opportunities.
- A regional industrial hub development initiative is currently underway to attract prospective employers to the area.
- Retail sales have increased slightly, resulting in some growth in collection of sales taxes.

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

**Governmental Activities** No increase in property tax rate is proposed. The rate is to remain at 78.2 cents per \$100.00; however the collection rate rose from 93.65 percent to 94.24 percent. The Fire Tax rate is to remain at 4.0 cents per \$100.00. Sales tax collections are projected to marginally increase. Remaining revenue sources are projected to remain constant compared to prior year amounts. The County will use these revenues to provide service levels at the same rate as the prior year.

Budgeted expenditures in the General Fund are expected to increase approximately 1.8% to \$42,606,296. For the second consecutive year, the county saw a decrease in health insurance rates, with a drop of 2.4% for fiscal year 2014. Due to continuing economic challenges, no increase in salary and wages is requested. The largest increases in the budget result from overtime pay in several departments as well as a one-time capital outlay appropriation to the local Health Department. In addition, there was an increase in the employer's contributions to Local Government Employees Retirement System from 6.74% to 7.07% for non-law enforcement employees and an increase from 6.77% to 7.28% for law enforcement personnel. No other significant increases in expenditures are budgeted for the 2013-2014 fiscal year.

**Business – type Activities:** The solid waste rates in the County will remain the same at \$105.00 per household. The County continues to negotiate new rates and to restructure services from Waste Industries in order to reduce cost. The County is continuing the construction of a countywide water system with phase 1A to be completed during the fiscal year and phases 2A and 2B to begin.

### **Requests for Information**

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to David C. Beck, Finance Director, Vance County, 122 Young Street, Suite B, Henderson, NC 27536.

## BASIC FINANCIAL STATEMENTS

Vance County, North Carolina  
Statement of Net Position  
June 30, 2013

	Primary Government			Component Units	
	Governmental	Business-type	Total	Vance County Tourism Development Authority	Vance County ABC Board
	Activities	Activities			
<b>ASSETS</b>					
Cash and cash equivalents	\$ 10,773,465	\$ 655,300	\$ 11,428,765	\$ 199,197	\$ 550,704
Receivables (net)					
Taxes	2,724,513	-	2,724,513	-	-
Accounts	2,893,689	36,997	2,930,686	-	-
Internal balances	705,634	(705,634)	-	-	-
Inventories	-	-	-	-	197,646
Prepaid items	-	-	-	-	5,614
Restricted cash and cash equivalents	4,245,046	900,718	5,145,764	-	-
Restricted receivables, net	-	71,670	71,670	-	-
Deferred charge - refunding	-	-	-	-	-
Capital assets:					
Land, improvements, and construction in progress	18,309,431	6,734,569	25,044,000	403,455	-
Other capital assets, net of depreciation	15,635,405	886,615	16,522,020	-	917,361
Total capital assets	\$ 33,944,836	\$ 7,621,184	\$ 41,566,020	\$ 403,455	\$ 917,361
Total assets	\$ 55,287,183	\$ 8,580,235	\$ 63,867,418	\$ 602,652	\$ 1,671,325
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	\$ 669,072	\$ 138,763	\$ 807,835	\$ 2,952	\$ 185,951
Contract Payable	-	-	-	-	-
Retainage payable	-	201,388	201,388	-	-
Liabilities to be paid from restricted assets	62,739	1,203,208	1,265,947	-	-
Long-term liabilities:					
Due within one year	2,803,778	3,885,135	6,688,913	106,036	75,723
Due in more than one year	27,861,446	2,634,922	30,496,368	121,934	980,846
Total long-term liabilities	\$ 30,665,224	\$ 6,520,057	\$ 37,185,281	\$ 227,970	\$ 1,056,569
Total liabilities	\$ 31,397,035	\$ 8,063,416	\$ 39,460,451	\$ 230,922	\$ 1,242,520
<b>DEFERRED INFLOWS OF RESOURCES</b>	\$ 118,816	\$ 211,386	\$ 330,202	\$ -	\$ -
<b>NET POSITION</b>					
Net investment in capital assets	\$ 28,054,706	\$ 2,029,799	\$ 30,084,505	\$ 205,178	\$ 117,511
Restricted for:					
Education	2,576,210	-	2,576,210	-	-
Public safety	618,905	-	618,905	-	-
Register of Deeds	26,184	-	26,184	-	-
Stabilization by State Statute	4,468,430	-	4,468,430	-	-
Tax Revaluation	437,948	-	437,948	-	-
Tourism	-	-	-	67,875	-
Working Capital	-	-	-	-	95,231
Unrestricted (deficit)	(12,411,051)	(1,724,366)	(14,135,417)	98,677	216,063
Total net position	\$ 23,771,332	\$ 305,433	\$ 24,076,765	\$ 371,730	\$ 428,805

The accompanying notes are an integral part of the financial statements.

Vance County, North Carolina  
Statement of Activities  
For the Year Ended June 30, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Vance County Tourism Development Authority	Vance County ABC Board
<b>Primary government:</b>									
<b>Governmental Activities:</b>									
General government	\$ 4,319,656	\$ 1,320,495	\$ 13,612		\$ (2,985,549)	\$ -	\$ (2,985,549)		
Public safety	12,627,052	3,004,797	321,449		(9,300,806)	-	(9,300,806)		
Transportation	28,750				(28,750)	-	(28,750)		
Environmental protection	560				(560)	-			
Economic & physical development	4,258,718	334,841	101,346	1,667,566	(2,154,965)	-	(2,154,965)		
Human services	12,418,435	67,578	7,879,611		(4,471,246)	-	(4,471,246)		
Cultural & recreation	1,198,174				(1,198,174)	-	(1,198,174)		
Education	9,683,664	125,000	448,052		(9,110,612)	-	(9,110,612)		
Interest on long-term debt	846,683				(846,683)	-	(846,683)		
<b>Total governmental activities</b>	<b>\$ 45,381,692</b>	<b>\$ 4,852,711</b>	<b>\$ 8,764,070</b>	<b>\$ 1,667,566</b>	<b>\$ (30,097,345)</b>	<b>\$ -</b>	<b>\$ (30,097,345)</b>		
<b>Business-type activities:</b>									
Solid Waste	\$ 2,011,690	\$ 2,120,236	\$ -	\$ -	\$ -	\$ 108,546	\$ 108,546		
Water	143,275	15,499	-	-	-	(127,776)	(127,776)		
<b>Total business-type activities</b>	<b>\$ 2,154,965</b>	<b>\$ 2,135,735</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (19,230)</b>	<b>\$ (19,230)</b>		
	<b>\$ 47,536,657</b>	<b>\$ 6,988,446</b>	<b>\$ 8,764,070</b>	<b>\$ 1,667,566</b>	<b>\$ (30,097,345)</b>	<b>\$ (19,230)</b>	<b>\$ (30,116,575)</b>		
<b>Component units:</b>									
Tourism Development Authority	\$ 326,532	\$ -	\$ -	\$ -			\$ (326,532)	\$ -	
ABC Board	3,101,496	3,211,156	-	-			-	109,660	
<b>Total component units</b>	<b>\$ 3,428,028</b>	<b>\$ 3,211,156</b>	<b>\$ -</b>	<b>\$ -</b>			<b>\$ (326,532)</b>	<b>\$ 109,660</b>	
<b>General revenues:</b>									
<b>Taxes:</b>									
Property taxes, levied for general purpose					\$ 23,026,257	\$ -	\$ 23,026,257	\$ -	\$ -
Local option sales tax					7,081,815	-	7,081,815	-	-
Other taxes and licenses					46,541	-	46,541	323,024	-
Grants and contributions not restricted to specific programs					127,118	-	127,118	-	-
Investment earnings, unrestricted					6,585	4,108	10,693	82	560
Miscellaneous, unrestricted					106,670	-	106,670	101,408	-
<b>Total general revenues</b>					<b>\$ 30,394,986</b>	<b>\$ 4,108</b>	<b>\$ 30,399,094</b>	<b>\$ 424,514</b>	<b>\$ 560</b>
Change in net position					\$ 297,641	\$ (15,122)	\$ 282,519	\$ 97,982	\$ 110,220
Net position, beginning, previously reported					23,543,187	320,555	23,863,742	273,748	318,585
Restatement					(69,496)	-	(69,496)	-	-
Net position, beginning, restated					23,473,691	320,555	23,794,246	273,748	318,585
<b>Net position, ending</b>					<b>\$ 23,771,332</b>	<b>\$ 305,433</b>	<b>\$ 24,076,765</b>	<b>\$ 371,730</b>	<b>\$ 428,805</b>

The accompanying notes are an integral part of the financial statements.

Vance County, North Carolina  
Balance Sheet  
Governmental Funds  
June 30, 2013

	Major General	Major School Capital Project Fund	Non-Major Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 10,031,891	\$ 741,574	\$ -	\$ 10,773,465
Restricted cash	437,948	2,638,949	1,168,149	4,245,046
Receivables, net		-	-	-
Taxes	2,724,513	-	-	2,724,513
Accounts	2,798,841	12,619	82,229	2,893,689
Due from emergency telephone system fund	249,430	-	-	249,430
Due from fire district fund	813	-	-	813
Due from CDBG	9,384	-	-	9,384
Due from neighborhood stabilization fund	393,606	-	-	393,606
Due from CDBG julia avenue	297,918	-	-	297,918
Due from CDBG scattered sites	52,290	-	-	52,290
Due from general capital projects fund	106,250	-	-	106,250
Due from major capital projects-schools fund	490,521	-	-	490,521
Due from water fund	705,634	-	-	705,634
Total assets	<u>\$ 18,299,039</u>	<u>\$ 3,393,142</u>	<u>\$ 1,250,378</u>	<u>\$ 22,942,559</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 651,458	\$ -	\$ -	\$ 651,458
Due to other funds	-	490,521	1,108,878	1,599,399
Liabilities to be paid from restricted assets	-	62,739	17,614	80,353
Total liabilities	<u>\$ 651,458</u>	<u>\$ 553,260</u>	<u>\$ 1,126,492</u>	<u>\$ 2,331,210</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	<u>\$ 2,856,181</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,856,181</u>
Fund balances:				
Restricted:				
Stabilization by State Statute	\$ 4,386,201	\$ -	\$ 82,229	\$ 4,468,430
Register of Deeds	26,184	-	-	26,184
Public Safety	-	-	425,526	425,526
Fire Protection	-	-	193,379	193,379
School Capital	-	2,839,882	-	2,839,882
Committed:				
Tax Revaluation	437,948	-	-	437,948
Assigned:				
Subsequent year's expenditures	1,315,211	-	-	1,315,211
Unassigned:	8,625,856	-	(577,248)	8,048,608
Total fund balances	<u>\$ 14,791,400</u>	<u>\$ 2,839,882</u>	<u>\$ 123,886</u>	<u>\$ 17,755,168</u>
Total liabilities and fund balances	<u>\$ 18,299,039</u>	<u>\$ 3,393,142</u>	<u>\$ 1,250,378</u>	<u>\$ 22,942,559</u>

The accompanying notes are an integral part of the financial statements.

**Vance County, North Carolina  
Balance Sheet  
Governmental Funds  
June 30, 2013**

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Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:	
Total Fund Balance, Governmental Funds	17,755,168
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	33,944,836
Other long-term assets are not available to pay for current-period expenditures and therefore are inflows of resources in the funds.	-
Liabilities for earned revenue considered deferred inflows of resources in the fund statements.	2,736,552
Some liabilities, including bonds payable and other postemployment benefits, are not due and payable in the current period and therefore are not reported in the funds.	<u>(30,665,224)</u>
Net assets of governmental activities	<u>\$ 23,771,332</u>

Vance County, North Carolina  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds  
For the Year Ended June 30, 2013

	Major	Major	Non-Major	Total
	General Fund	Capital Project Fund	Other Governmental Funds	
<b>REVENUES</b>				
Ad valorem taxes	\$ 22,679,212	\$ -	\$ 710,762	\$ 23,389,974
Local option sales taxes	7,081,815	-	-	7,081,815
Other taxes and licenses	46,541	-	-	46,541
Unrestricted intergovernmental	127,118	-	-	127,118
Restricted intergovernmental	9,161,563	448,052	2,300,318	11,909,933
Permits and fees	549,704	-	-	549,704
Sales and services	2,699,710	125,000	-	2,824,710
Investment earnings	5,008	1,151	426	6,585
Miscellaneous	24,066	-	-	24,066
Total revenues	<u>\$ 42,374,737</u>	<u>\$ 574,203</u>	<u>\$ 3,011,506</u>	<u>\$ 45,960,446</u>
<b>EXPENDITURES</b>				
Current:				
General government	\$ 3,836,876	\$ -	\$ -	\$ 3,836,876
Public safety	11,125,680	-	1,627,183	12,752,863
Transportation	28,750	-	-	28,750
Environmental protection	560	-	-	560
Economic and physical development	1,493,903	-	2,668,204	4,162,107
Human services	12,088,349	-	-	12,088,349
Cultural and recreational	1,037,183	-	-	1,037,183
Intergovernmental:				
Education	9,609,700	-	-	9,609,700
Capital outlay	-	170,012	-	170,012
Debt service:				
Principal	2,823,794	-	-	2,823,794
Interest	842,982	-	-	842,982
Reimbursement to City for debt payment	311,046	-	-	311,046
Contingency	5,997	-	-	5,997
Total expenditures	<u>\$ 43,204,820</u>	<u>\$ 170,012</u>	<u>\$ 4,295,387</u>	<u>\$ 47,670,219</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (830,083)</u>	<u>\$ 404,191</u>	<u>\$ (1,283,881)</u>	<u>\$ (1,709,773)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	\$ 2,933,587	\$ 1,514,997	\$ 904,870	\$ 5,353,454
Transfers to other funds	(2,419,867)	(2,528,367)	(405,220)	(5,353,454)
Installment purchase obligations issued	-	2,000,000	-	2,000,000
Capital lease obligations issued	323,910	-	645,460	969,370
Sale of capital assets	82,604	-	-	82,604
Total other financing sources and uses	<u>\$ 920,234</u>	<u>\$ 986,630</u>	<u>\$ 1,145,110</u>	<u>\$ 3,051,974</u>
Net change in fund balance	\$ 90,151	\$ 1,390,821	\$ (138,771)	\$ 1,342,201
Fund balances, beginning	14,701,249	1,449,061	262,657	16,412,967
Fund balances, ending	<u>\$ 14,791,400</u>	<u>\$ 2,839,882</u>	<u>\$ 123,886</u>	<u>\$ 17,755,168</u>

The accompanying notes are an integral part of the financial statements.

**Vance County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2013**

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Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ 1,342,201
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period	286,593
Cost of capital asset disposed of during the year, not recognized on modified accrual basis	-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(362,904)
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. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(102,370)
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>(865,879)</u>
<b>Total changes in net position of governmental activities</b>	<u><u>\$ 297,641</u></u>

The accompanying notes are an integral part of the financial statements.

**Vance County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual - General Fund**  
**For the Fiscal Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
<b>Revenues:</b>				
Ad valorem taxes	\$ 21,211,800	\$ 21,731,449	\$ 22,679,212	\$ 947,763
Local option sales tax	6,793,860	6,793,860	7,081,815	287,955
Other taxes and licenses	32,000	45,920	46,541	621
Unrestricted intergovernmental	130,000	130,000	127,118	(2,882)
Restricted intergovernmental	8,832,087	9,311,629	9,161,563	(150,066)
Permits and fees	468,600	479,511	549,704	70,193
Sales and services	2,385,140	2,488,691	2,699,710	211,019
Investment earnings	7,760	7,955	4,368	(3,587)
Miscellaneous	32,500	32,500	24,066	(8,434)
<b>Total revenues</b>	<b>\$ 39,893,747</b>	<b>\$ 41,021,515</b>	<b>\$ 42,374,097</b>	<b>\$ 1,352,582</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	\$ 3,556,649	\$ 3,854,978	\$ 3,836,876	\$ 18,102
Public safety	10,850,703	11,213,366	11,125,680	87,686
Transportation	28,750	28,750	28,750	-
Environmental protection	2,400	2,400	560	1,840
Economic and physical development	1,214,820	1,407,756	1,493,903	(86,147)
Human services	12,033,655	12,207,153	12,088,349	118,804
Cultural and recreational	1,041,200	1,045,689	1,037,183	8,506
<b>Intergovernmental:</b>				
Education	9,609,700	9,609,700	9,609,700	-
<b>Debt service:</b>				
Principal retirement	2,828,496	2,828,496	2,823,794	4,702
Interest and other charges	841,586	841,586	842,982	(1,396)
Reimbursement to City for debt payment	313,273	313,273	311,046	2,227
Contingency:	100,000	32,318	5,997	26,321
<b>Total expenditures</b>	<b>\$ 42,421,232</b>	<b>\$ 43,385,465</b>	<b>\$ 43,204,820</b>	<b>\$ 180,645</b>
<b>Revenues over (under) expenditures</b>	<b>\$ (2,527,485)</b>	<b>\$ (2,363,950)</b>	<b>\$ (830,723)</b>	<b>\$ 1,533,227</b>
<b>Other financing sources (uses):</b>				
Transfers from other funds	\$ 2,995,052	\$ 2,995,052	\$ 2,933,587	\$ (61,465)
Transfers to other funds	(2,035,230)	(2,635,230)	(2,506,867)	128,363
Capital lease obligations issued	568,000	323,910	323,910	-
Sale of capital assets	25,000	35,455	82,604	47,149
Appropriated Fund Balance	974,663	1,644,763	-	(1,644,763)
<b>Total other financing sources (uses)</b>	<b>\$ 2,527,485</b>	<b>\$ 2,363,950</b>	<b>\$ 833,234</b>	<b>\$ (1,530,716)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,511</b>	<b>\$ 2,511</b>
Fund balance, beginning			14,350,941	
Fund balance, ending			<u>\$ 14,353,452</u>	
A legally budgeted Tax Revaluation Fund is consolidated into the General Fund for reporting purposes:				
Investment earnings			640	
Transfer-in from General Fund			87,000	
Fund Balance, Beginning			350,308	
Fund Balance, Ending (Exhibit 4)			<u>\$ 14,791,400</u>	

The accompanying notes are an integral part of the financial statements.

**Vance County, North Carolina**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2013**

	Major		Totals June 30, 2013
	Solid Waste	Water	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 392,291	\$ 263,009	\$ 655,300
Receivables, net	36,997	-	36,997
Total current assets	<u>\$ 429,288</u>	<u>\$ 263,009</u>	<u>\$ 692,297</u>
Noncurrent assets:			
Restricted cash and cash equivalents	\$ -	\$ 900,718	\$ 900,718
Receivables, net restricted	-	71,670	71,670
Capital assets:			
Construction in progress	-	6,734,569	6,734,569
Other capital assets, net of depreciation	886,615	-	886,615
Total capital assets	<u>\$ 886,615</u>	<u>\$ 6,734,569</u>	<u>\$ 7,621,184</u>
Total noncurrent assets	<u>\$ 886,615</u>	<u>\$ 7,706,957</u>	<u>\$ 8,593,572</u>
Total assets	<u>\$ 1,315,903</u>	<u>\$ 7,969,966</u>	<u>\$ 9,285,869</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 138,763	\$ -	\$ 138,763
Due to the general fund	-	705,634	705,634
Bond anticipation notes payable	-	3,841,385	3,841,385
Notes payable-current	-	43,750	43,750
Total current liabilities	<u>\$ 138,763</u>	<u>\$ 4,590,769</u>	<u>\$ 4,729,532</u>
Noncurrent liabilities:			
Liabilities payable from restricted assets:			
Accounts payable	\$ -	\$ 1,203,208	\$ 1,203,208
Retainage payable	-	201,388	201,388
Accrued landfill closure and postclosure care costs	893,882	-	893,882
Compensated absences	4,539	-	4,539
Other postemployment benefits	30,251	-	30,251
Notes payable-noncurrent	-	1,706,250	1,706,250
Total noncurrent liabilities	<u>\$ 928,672</u>	<u>\$ 3,110,846</u>	<u>\$ 4,039,518</u>
Total liabilities	<u>\$ 1,067,435</u>	<u>\$ 7,701,615</u>	<u>\$ 8,769,050</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>\$ -</u>	<u>\$ 211,386</u>	<u>\$ 211,386</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 886,615	\$ 2,893,184	\$ 3,779,799
Unrestricted	(638,147)	(2,836,219)	(3,474,366)
Total net position	<u>\$ 248,468</u>	<u>\$ 56,965</u>	<u>\$ 305,433</u>

The accompanying notes are an integral part of the financial statements.

**Vance County, North Carolina**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2013**

	Major		Totals June 30, 2013
	Solid Waste	Water	
<b>OPERATING REVENUES</b>			
Solid waste household fees	\$ 1,969,638	\$ -	\$ 1,969,638
Warren County manned site	33,437	-	33,437
Total operating revenues	<u>\$ 2,003,075</u>	<u>\$ -</u>	<u>\$ 2,003,075</u>
<b>OPERATING EXPENSES</b>			
Salaries and employee benefits	\$ 67,491	\$ -	\$ 67,491
Contracted services	1,833,359	140,194	1,973,553
Other operating expense	87,899	3,081	90,980
Landfill closure	16,149	-	16,149
Depreciation	6,792	-	6,792
Total operating expenses	<u>\$ 2,011,690</u>	<u>\$ 143,275</u>	<u>\$ 2,154,965</u>
Operating income (loss)	<u>\$ (8,615)</u>	<u>\$ (143,275)</u>	<u>\$ (151,890)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Solid waste disposal tax	\$ 25,696	\$ -	\$ 25,696
Scrap tire disposal tax	70,958	-	70,958
White goods disposal tax	17,592	-	17,592
Water line reimbursement - city	-	15,499	15,499
Electronics management program	2,615	-	2,615
Scrap metal	300	-	300
Interest and investment revenue	5	4,103	4,108
Total nonoperating revenues (expenses)	<u>\$ 117,166</u>	<u>\$ 19,602</u>	<u>\$ 136,768</u>
Income (loss) before contributions and transfers	\$ 108,551	\$ (123,673)	\$ (15,122)
Transfers from other funds	-	-	-
Change in net position	\$ 108,551	\$ (123,673)	\$ (15,122)
Total net position, beginning	<u>139,917</u>	<u>180,638</u>	<u>320,555</u>
Total net position, ending	<u>\$ 248,468</u>	<u>\$ 56,965</u>	<u>\$ 305,433</u>

The accompanying notes are an integral part of the financial statements.

Vance County, North Carolina  
Statement of Cash Flows  
Enterprise Fund  
For The Fiscal Year Ended June 30, 2013

	Major		Totals June 30, 2013
	Solid Waste	Water	
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 1,972,340	\$ 43,653	\$ 2,015,993
Cash paid for goods and services	(1,945,435)	(160,922)	(2,106,357)
Cash paid to employees for services	(64,108)	-	(64,108)
Net cash provided by operating activities	<u>\$ (37,203)</u>	<u>\$ (117,269)</u>	<u>\$ (154,472)</u>
<b>Cash flows from noncapital financing activities</b>			
Solid waste disposal tax	\$ 25,696	\$ -	\$ 25,696
Scrap tire disposal tax	70,958	-	70,958
White goods disposal tax	17,592	-	17,592
Water line reimbursement - city	-	15,499	15,499
Electronics management program	2,615	-	2,615
Scrap metal	300	-	300
Increase (decrease) in due to other funds	-	705,634	705,634
	<u>\$ 117,161</u>	<u>\$ 721,133</u>	<u>\$ 838,294</u>
<b>Cash flows from investing activities and related financing activities:</b>			
Bond anticipation notes issued	\$ -	\$ -	\$ -
Construction of capital assets	-	(2,578,497)	(2,578,497)
Interest on investments	5	4,103	4,108
	<u>\$ 5</u>	<u>\$ (2,574,394)</u>	<u>\$ (2,574,389)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>\$ 79,963</b>	<b>\$ (1,970,530)</b>	<b>\$ (1,890,567)</b>
Cash and cash equivalents, beginning	312,328	3,134,257	3,446,585
Cash and cash equivalents, ending	<u>\$ 392,291</u>	<u>\$ 1,163,727</u>	<u>\$ 1,556,018</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income(loss)	\$ (8,615)	\$ (143,275)	\$ (151,890)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	\$ 6,792	\$ -	\$ 6,792
Landfill closure	(3,101)	-	(3,101)
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(30,735)	(17,497)	(48,232)
(Increase) decrease in capital assets	-	-	-
Increase (decrease) in accounts payable	(4,927)	(150)	(5,077)
Increase (decrease) in deferred inflows of resources	-	43,653	43,653
Increase (decrease) in accrued vacation pay	208	-	208
Increase (decrease) in OPEB payable	3,175	-	3,175
Total adjustments	<u>\$ (28,588)</u>	<u>\$ 26,006</u>	<u>\$ (2,582)</u>
Net cash provided by operating activities	<u>\$ (37,203)</u>	<u>\$ (117,269)</u>	<u>\$ (154,472)</u>

The accompanying notes are an integral part of the financial statements.

**Vance County, North Carolina**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2013**

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 294,019	\$ 86,314
<b>Liabilities and Net Position</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ -	\$ 86,314
Net position:		
Assets held in trust for pension benefits	\$ 294,019	\$ -

Vance County, North Carolina  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For The Fiscal Year Ended June 30, 2013

	<b>Pension Trust Funds</b>
Additions:	
Employer contributions	\$ 20,000
Investment income:	
Interest	499
Change in net assets	\$ 20,499
Net assets, beginning	273,520
Net assets, ending	\$ 294,019

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

**I. Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

The County, which is governed by a 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 units; legally separate entities for which the County is financially accountable. Vance County Industrial Facility and Pollution Control Financing Authority (the *Authority*) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. The Vance County ABC Board and the Vance County Tourism Development Authority, which have a June 30 year-end, are presented as if they were separate proprietary funds of the County. The blended presentation method presents component units as a department or unit of the County, and offers no separate presentation as with the discrete method.

<u>Component Unit</u>	<u>Reporting Unit</u>	<u>Criteria for Inclusion</u>	<u>Separate Financial Statements</u>
Vance County Industrial Facility and Pollution Control Financing Authority	Discrete	The Authority is governed by a seven-member board of commissioners that is appointed by the county commissioners. The County can remove any commissioner of the Authority with or without cause.	None issued
Vance County ABC Board	Discrete	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.	Vance County ABC Board P.O. Box 1417 Henderson, NC 27536
Vance County Tourism Development Authority	Discrete	The members of the Tourism Authority's Board are appointed by the County.	Vance County Tourism Development Authority 943 I Andrews Ave. Henderson, NC 27536

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

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

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

*Government-wide Statements:* The statement of net position and the statement of activities display information about the primary government net position (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

*Fund Financial Statements:* The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise 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 and investment earnings, result from non-exchange transactions. Other non-operating items such as investment earnings are ancillary activities.

The County reports the following major governmental funds:

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

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

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*School Capital Project Fund.* This fund accounts for the construction of the new elementary school and construction of multipurpose rooms at three of the elementary schools, HVAC and mechanical renovations at Northern Vance High School, science lab renovations at Northern Vance High School, plumbing renovations at New Hope Elementary School, and renovations to eleven school facilities.

The County reports the following major enterprise funds:

*Solid Waste Enterprise Fund.* This fund accounts for the operation, maintenance, and development of various landfills and disposal sites.

*Water Fund.* This fund accounts for the development of new water systems within the County.

The County reports the following fund types:

*Pension Trust Fund.* The County maintains a Pension Trust Fund - the Special Separation Allowance Fund. Pension trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of the defined benefit pension plans, defined contribution plans, or other post-employment benefit plans. The Special Separation Allowance, that accounts for the Law Enforcement Officers' Special Separation Allowance, a single-employer, public employee retirement system.

*Agency Funds.* Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to Vance County Board of Education and the three percent interest on the first month of delinquent motor vehicles taxes that the County is required to remit to the North Carolina Department of Motor Vehicles; and the Motor Vehicle Tax Fund, which accounts for registered motor vehicle property taxes that are billed and collected by the County for various municipalities and special districts within the County; and the City Ad Valorem Tax Fund, which accounts for the City of Henderson's ad valorem taxes collected by the County and remitted to the City; and the Deed of Trust Fee fund which accounts for the five dollars of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage and remitted to the State Treasurer on a monthly basis.

*Non-major Funds.* The County maintains nine legally budgeted funds. The Emergency Telephone System Fund, the Fire District Fund, the Economic Development Fund, the Community Development Fund, the Neighborhood Stabilization Program Fund, the Community Development Fund-Julia Avenue, and the Community Development Fund-Scattered Sites are reported as non-major special revenue funds. The General Capital Projects Fund is reported as a capital project fund. The Capital Reserve Fund General is consolidated into the General Capital Projects fund in accordance with GASB Statement No. 54.

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

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**Measurement Focus, 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 transaction, 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 is 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's 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

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

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are materially past due and are not considered to be an available resource to finance the operation of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Vance County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2012, through February 2013, apply to the fiscal year ended June 30, 2013. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements and are offset by deferred inflows of resources.

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

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net 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 by general revenues.

All governmental and business-type activities and enterprise funds of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

**C. Budgetary Data**

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Emergency Telephone, Facilities Fees Fund, Revaluation Special Revenue Funds, Fire District Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Community Development Funds, Neighborhood Stabilization Program, and Capital Projects Funds.

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

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

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the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

**1. Deposit and Investments**

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

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

The County's, the Vance County ABC Board's, and the Vance County Tourism Development Authority'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. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

**2. Cash and Cash Equivalents**

The County pools moneys from several funds 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 cash and cash equivalents of the Tourism Authority are pooled with those of the County. The ABC Board considers 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 installment proceeds in the General and School Capital Project Funds are classified as restricted assets because their use is restricted to the purpose for which the loans were originally issued: renovation of the county jail, construction

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

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of a farmers market, and construction of three multipurpose rooms, HVAC and mechanical renovations at the high school, public school facility improvement, and renovation of the high school science labs. Money in the School Capital Projects Fund is also restricted because its use is restricted per North Carolina General Statute 159-18 through 22. Money in the Tax Revaluation Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150.

**4. Ad Valorem Taxes Receivable**

In accordance with State law (G.S. 105-347 and G.S. 159-13(a)), the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2012.

**5. Allowances 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. Inventories and Prepaid Items**

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 materials and supplies held for consumption or resale. The cost of the inventory carried in the ABC Board is recorded as an expense as it is consumed or 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. The minimum capitalization cost for all assets is \$5,000. 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 Vance County Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Vance County Board of Education.

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

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

Buildings	40
Furniture and equipment	7
Vehicles	5
Computer equipment	5
Computer software	5

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

	<u>Years</u>
Furniture and equipment	5-15
Land improvements	10-15
Buildings	30
Land	

**8. Deferred inflows of resources**

In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has only two items that meet the criterion for this category - prepaid taxes and special assessments receivable.

**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.

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

**10. Compensated Absences**

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

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

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The sick leave policies of the County, the ABC Board, and the Tourism Development Authority 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 none of the entities have any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County or its component units.

**11. Net position/Fund Balances**

**Net position**

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

**Fund Balances**

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

The governmental fund types classify fund balances as follows:

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

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

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

Restricted for Stabilization of State Statute-portion of the 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 Public Safety - portion of fund balance that is restricted by revenue source for public safety expenditures.

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

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Restricted for Fire Protection – portion of fund balance that is restricted by revenue source for fire protection expenditures.

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

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

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

Assigned Fund Balance – portion of fund balance that the Vance County governing board has budgeted.

Subsequent year’s expenditures – portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$100,000.

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

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

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

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

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$6,016,164 consists of several elements as follows:

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<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds.	\$ 51,377,384
Less accumulated depreciation	<u>(17,432,548)</u>
Net Capital Assets	\$ 33,944,836
Liabilities for revenue deferred inflows of resources reported in the fund statements but not the government-wide	2,736,552
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Bonds, leases, and installment financing	(25,036,207)
Compensated absences	(847,233)
Pension obligation	(318,179)
Other post employment benefits	<u>(4,463,605)</u>
Total Adjustment	<u>\$ 6,016,164</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 governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of (\$1,044,560) as follows:

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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.	\$ 1,549,082
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.	(1,262,489)
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.	(2,969,370)
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.	2,867,000
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. Compensated absences are accrued in the government-wide statement but not in the fund statements because they do not use current resources.	(865,879)
Revenues reported in the statement of activities that do not provide current resources and are not recorded as revenues in the fund statements.	
Increase in deferred inflows of resources-taxes receivable-at end of year	(362,904)
Total Adjustment	<u><u>\$(1,044,560)</u></u>

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

**A. Excess of Expenditures over Appropriations**

The following programs had expenditures in excess of appropriations.

General Fund – Economic and Physical Development

The County plans to monitor these programs closely to ensure expenditures do not exceed appropriations.

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

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The following funds had deficits in fund balances or net position at year-end.

Neighborhood Stabilization Program  
Community Development Block Grant Fund  
Community Development Fund Julia Avenue  
Community Development Fund Scattered Sites

The County plans to monitor these funds closely.

**III. Detail Notes on All Funds**

**A. Assets**

**1. Deposits**

All of the County's, the ABC Board's, and the Tourism Development Authority'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, the ABC Board's, or the Tourism Development Authority's agents in these units' 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, the ABC Board, and the Tourism Development Authority, 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 the Tourism Development Authority or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County, the ABC Board, or the Tourism Development Authority 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 County, the ABC Board, and the Tourism Development Authority do not have policies regarding custodial credit risk.

At June 30, 2013, the County's deposits had a carrying amount of \$13,667,820 and a bank balance of \$14,399,000. Of the bank balance \$750,000 was covered by federal depository insurance, and \$8,374,436 in interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2013, Vance County had \$950 cash on hand.

At June 30, 2013, the carrying amount of deposits for Vance County ABC Board was \$549,244 and the bank balance was \$659,189. At June 30, 2013, \$250,000 of the bank

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balance was covered by federal depository insurance and \$409,189 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

At June 30, 2013, the carrying amount of deposits for the Vance County Tourism Development Authority was \$199,197 and the bank balance was \$199,197. Since the Authority's deposits are pooled with those of Vance County, none of the bank balance was covered by federal depository insurance.

**2. Investments**

As of June 30, 2013, the County had the following investments and maturities.

At June 30, 2013, Vance County had \$3,286,092 invested with the North Carolina Capital Management Trust Cash Portfolio which carried a credit rating of AAAm by Standard and Poor's. Vance County has no formal policy regarding credit risk of its investments.

Investment Type	Fair Value	Less than 6 Months	6-12 Months	1-3 Years
NC Capital Management Trust-Cash Portfolio	\$1,662,748	N/A	N/A	N/A
NC Capital Management Trust-Term Portfolio*	1,623,344	N/A	N/A	N/A
Total:	<u>3,286,092</u>	<u>0</u>	<u>0</u>	<u>0</u>

\*Because the NC Capital Management Trust Term Portfolio had duration of one year, it was presented as an investment with a maturity of 6-12 months.

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

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<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,140,749	\$ 65,594	\$ 1,206,343
2011	1,263,722	72,664	1,336,386
2012	1,262,698	72,605	1,335,303
2013	1,300,686	74,789	1,375,475
Total	<u>\$4,967,855</u>	<u>\$285,652</u>	<u>\$5,253,507</u>

**4. Receivables**

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

	<u>Accounts</u>	<u>Taxes Receivable</u>	<u>Total</u>
Governmental Activities:			
General	\$ 3,404,779	\$ 2,724,513	\$ 6,129,292
Allowance for doubtful accounts	<u>(511,090)</u>	<u>-</u>	<u>(511,090)</u>
Total-governmental activities	<u>\$ 2,893,689</u>	<u>\$ 2,724,513</u>	<u>\$ 5,618,202</u>
Business-type Activities:			
Solid waste	<u>\$ 36,997</u>	<u>\$ -</u>	<u>\$ 36,997</u>

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**5. Capital Assets**

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 799,119	\$ -	\$ -	\$ 799,119
Construction in progress	17,340,300	170,012	-	17,510,312
Total capital assets not being depreciated	<u>\$18,139,419</u>	<u>\$ 170,012</u>	<u>\$ -</u>	<u>\$18,309,431</u>
<b>Capital assets being depreciated:</b>				
Buildings and improvements	\$24,949,771	\$ -	\$ -	\$24,949,771
Equipment and vehicles	6,634,809	1,289,801	212,469	7,712,141
Computer software	316,771	89,269	-	406,040
Total capital assets being depreciated	<u>\$31,901,351</u>	<u>\$ 1,379,070</u>	<u>\$ 212,469</u>	<u>\$33,067,952</u>
<b>Less accumulated depreciation for:</b>				
Buildings and improvements	\$10,964,605	\$ 613,782	\$ -	\$11,578,387
Equipment and vehicles	5,125,544	638,051	212,469	5,551,126
Computer software	292,378	10,656	-	303,034
Total accumulated depreciation	<u>\$16,382,527</u>	<u>\$ 1,262,489</u>	<u>\$ 212,469</u>	<u>\$17,432,547</u>
Total capital assets being depreciated	<u>\$15,518,824</u>	<u>\$ 116,581</u>	<u>\$ -</u>	<u>\$15,635,405</u>
<b>Governmental activity capital assets, net</b>	<u><u>\$33,658,243</u></u>	<u><u>\$ 286,593</u></u>	<u><u>\$ -</u></u>	<u><u>\$33,944,836</u></u>

**Primary Government**

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$ 439,236
Public safety	744,322
Economic and physical development	1,854
Human services	77,077
	<u>                    </u>
Total Depreciation Expense	<u><u>\$ 1,262,489</u></u>

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	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-type activities:</b>				
<b>Landfill</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 872,857	\$ -	\$ -	\$ 872,857
<b>Capital assets being depreciated:</b>				
Furniture and maintenance equipment and vehicles	\$ 239,645	-	-	\$ 239,645
Less accumulated depreciation for:				
Furniture and maintenance and vehicles	219,095	6,792	-	225,887
Total Capital Assets Being Depreciated, Net	<u>\$ 20,550</u>	<u>(6,792)</u>	<u>\$ -</u>	<u>\$ 13,758</u>
<b>Landfill capital assets, net</b>	<u>\$ 893,407</u>	<u>(6,792)</u>	<u>\$ -</u>	<u>\$ 886,615</u>
<b>Business-type activities:</b>				
<b>Water</b>				
<b>Capital assets not being depreciated:</b>				
Construction in progress	\$ 1,246,604	\$ 5,487,965	\$ -	\$ 6,734,569
<b>Water capital assets, net</b>	<u>\$ 1,246,604</u>	<u>\$ 5,487,965</u>	<u>\$ -</u>	<u>\$ 6,734,569</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 2,140,011</u>			<u>\$ 7,621,184</u>

**Construction Commitments**

The government has active general and school construction projects as of June 30, 2013. At June 30, 2013, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Elementary School Construction	\$ 13,789,232	\$ 227,313
Multipurpose rooms, HVAC, plumbing	3,651,049	301,896
Public School Facility Improvement	70,031	1,929,969
NVHS Science Labs	-	545,850
County Water Distribution System	4,984,569	855,996
Totals	<u>\$ 22,494,881</u>	<u>\$ 3,861,024</u>

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**Discretely Presented Component Units**

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Capital assets being depreciated:</b>				
Building	\$ 659,416	\$ -	\$ -	\$ 659,416
Furniture and equipment	151,763	-	-	151,763
Land improvements	86,180	-	-	86,180
Land	192,898	-	-	192,898
Total Capital Assets Being Depreciated	<u>\$ 1,090,257</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,090,257</u>
Less accumulated depreciation for:				
Building	\$ 62,278	\$ 21,981	\$ -	\$ 84,259
Furniture and equipment	47,196	16,110	-	63,306
Leasehold improvements	-	-	-	-
Land improvements	18,723	6,608	-	25,331
Total Accumulated Depreciation	<u>\$ 128,197</u>	<u>\$ 44,699</u>	<u>\$ -</u>	<u>\$ 172,896</u>
<b>ABC Board Capital Assets, Net</b>	<u>\$ 962,060</u>	<u>\$ (44,699)</u>	<u>\$ -</u>	<u>\$ 917,361</u>

Activity for the Vance County Tourism Development Authority for the year ended June 30, 2013 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Capital assets not being depreciated:</b>				
Land	403,455	-	-	403,455

**B. Liabilities**

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**1. Payables**

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

	Vendors	Other	Total
Governmental Activities:			
General	\$ 669,072	\$ -	\$ 669,072
Other-Governmental	<u>62,739</u>	<u>-</u>	<u>62,739</u>
Total-Governmental Activities	<u>\$ 731,811</u>	<u>\$ -</u>	<u>\$ 731,811</u>
Business-type Activities			
Landfill	\$ 138,763	\$ -	\$ 138,763
Water	<u>-</u>	<u>-</u>	<u>-</u>
Total-Business Type Activities	<u>\$ 138,763</u>	<u>\$ -</u>	<u>\$ 138,763</u>

**2. Pension Plan Obligations**

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

*Plan Description.* Vance County, the Tourism Authority, and the ABC Board contribute to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* Plan members are required to contribute six percent of their annual covered salary. The County, the Tourism Authority, and the ABC Board are required to contribute at an actuarially determined rate. For the County and the Tourism Authority, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.74% and 6.98%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 6.88% of annual covered payroll. The contribution requirements of members and of Vance County, the Tourism Authority, and the

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ABC Board are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2013, 2012, and 2011 were \$745,502, \$639,660, and \$729,949, respectively. The Tourism Authority's contributions to LGERS for the years ended June 30, 2013, 2012, and 2011 were \$6,695, \$6,817 and \$6,309 respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2013, 2012, and 2011 were \$16,537, \$15,566, and \$12,476, respectively. The contributions made by the County, the Tourism Authority, and the ABC Board equaled the required contributions for each year.

**b. Law Enforcement Officers' Special Separation Allowance**

***1. Plan Description.***

Vance 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 best rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Separation Allowance is reported in the County's report as a pension trust fund.

All full-time County law enforcement officers are covered by the Separation Allowance. At June 30, 2013, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Active plan members	<u>37</u>
Total	<u>38</u>

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

*Basis of Accounting.* Financial statements for the Separation Allowance are prepared using the 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.* Funds set aside to pay benefits and administrative costs are invested in North Carolina Capital Management Cash Portfolio.

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**3. Contributions:**

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the County contributed \$20,000, or 1.3% of annual covered payroll. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings.

The annual required contribution for the current year was determined as part of the December 31, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return 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 payrolls on a closed basis. The remaining amortization period at December 31, 2012 was 18 years.

*Annual Pension Cost and Net Pension Obligation.* The County's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 60,835
Interest on net pension obligation	13,900
Adjustment to annual required contribution	<u>(17,300)</u>
Annual pension cost	\$ 57,435
Employer contributions made for fiscal year ending 6/30/2013	<u>17,253</u>
Increase (decrease) in net pension obligation	\$ 40,182
Net pension obligation beginning of fiscal year	<u>277,997</u>
Net pension obligation end of fiscal year	<u><u>\$ 318,179</u></u>

Fiscal Year Ending	Three Year Trend Information		Net Pension Obligation End of Year
	Annual Pension Cost (APC)	Percentage of APC Contributed	
6/30/2011	48,300	58.71%	245,462
6/30/2012	58,465	44.35%	277,997
6/30/2013	57,435	30.04%	318,179

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

As of December 31, 2012, the most recent actuarial valuation date, the plan was 16.9% funded. The actuarial accrued liability for benefits was \$492,111, and the actuarial value of assets was \$83,187, resulting in an unfunded actuarial accrued liability (UAAL) of \$408,924. The covered payroll (annual payroll of active employees covered by the plan) was \$1,468,297, and the ratio of the UAAL to the covered payroll was 27.85 percent.

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

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

*Plan Description.* The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2013, were \$75,678, which consisted of \$75,678 from the County and \$0 from the law enforcement officers.

**d. Firemen's and Rescue Squad Workers' Pension Fund**

*Plan Description.* The State of North Carolina contributes, on behalf of Vance County, to the Firemen's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the Fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firemen's and Rescue Squad Worker's 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 Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410 or by calling (919) 981-5454.

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

*Plan Description.* Vance County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county register of deeds that is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

*Funding Policy.* On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2013, the County's required and actual contributions were \$3,286.

**f. Other Post Employment Benefits – Vance County**

*Plan Description.* According to a County resolution, the County administers a single-employer defined benefit Healthcare Benefits Plan. This plan provides benefits to retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least five years of creditable service with the County. The County pays the full cost of coverage for these benefits. Also, retirees can purchase coverage for their dependents at the County's group rates. Currently, 63 retirees are eligible for postretirement health benefits. The County obtains health care coverage through private insurers. The Board may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the plan consisted of the following at December 31, 2012, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	74	13
Terminated plan members entitled to but not yet receiving benefits	0	0
Active plan members	<u>265</u>	<u>34</u>
Total	339	47

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*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 Commissioners. Dependent coverage cost must be paid in full by the retiree. The County has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 11.95% of annual covered payroll. The County obtains healthcare coverage through private insurers.

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

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

Annual required contribution	\$ 1,225,672
Interest on net OPEB obligation	151,061
Adjustment to annual required contribution	(144,311)
Annual OPEB cost (expense)	<u>\$ 1,232,422</u>
Contributions made	545,352
Increase (decrease) in net OPEB obligation	<u>\$ 687,070</u>
Net OPEB obligation, beginning of year	<u>3,776,535</u>
Net OPEB obligation, end of year	<u><u>\$ 4,463,605</u></u>

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

For the Year Ended June 30	Three Year Trend Information		Net OPEB Obligation
	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	
2011	1,340,183	27.4%	2,886,737
2012	1,340,183	25.8%	3,776,535
2013	1,232,422	44.3%	4,463,605

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*Funded Status and Funding Progress.* As of December 31, 2012, 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 \$14,042,311. The covered payroll (annual payroll of active employees covered by the plan) was \$10,259,576, and the ratio of the UAAL to the covered payroll was 136.9 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. 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 progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the 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 benefits costs between the employer and plan members at that point. The actuarial methods and assumptions used included techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 8.50 to 5.00 percent annually. The investment rate included a 4.00 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at December 31, 2012 was 30 years.

**g. Other Employment Benefits – Vance County**

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

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employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The County considers these contributions to be immaterial.

**3. Closure and Post closure Care Costs – Landfill Facility**

State and federal laws and regulations require the County to place a final cover on its Landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$893,882 reported as landfill closure and post closure care liability at June 30, 2013, represents a cumulative amount reported to-date based on the use of 100 percent of the total estimated capacity of the landfill. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County has met the requirements of a local government financial test that is one option under State and federal laws and regulations that helps determine if a unit is financially able to meet closure and post closure care requirements. However, if additional post closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or by future tax revenues.

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

	<u>Unavailable Revenue</u>	<u>Unearned Revenue</u>
Prepaid taxes not yet earned (General)	\$ -	\$ 118,816
Prepaid connection fees not yet earned (Water)	-	211,386
Taxes receivable, net (General)	<u>2,525,979</u>	-
 Total	 <u>\$ 2,525,979</u>	 <u>\$ 330,202</u>

**5. 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. Through these pools, the County

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obtains property coverage equal to replacement cost values of owned property subject to a limit of \$125.5 million for any one occurrence; general, auto, professional, and employment practices liability coverage of \$2 million per occurrence; and workers' compensation coverage up to the statutory limits. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Two of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 up to a \$2 million limit for liability coverage, \$600,000 of aggregate annual losses in excess of \$50,000 per occurrence for property, auto physical damage, and crime coverage, and single occurrence losses of \$350,000 for workers' compensation.

The County does not carry flood insurance. There have been no losses due to flooding in previous years and the County does not believe that flood insurance is necessary.

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Director of Finance and the Tax Collector are each individually bonded for \$100,000 and \$40,000 respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$10,000.

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

Vance County ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; and natural disasters. The Board has property, general liability, auto liability, workers' compensation, and employee health coverage. The Board also has liquor legal liability coverage. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

**6. Contingent Liabilities**

At June 30, 2013, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

Vance County has been named in several claims filed by former and current employees with the Equal Employment Opportunity Commission involving alleged employment discrimination. The County is represented by Counsel and intends to vigorously defend the claims. Management believes that the probability of settlements in amounts that would be material to the financial statements is unlikely.

VANCE COUNTY, NORTH CAROLINA  
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**7. Long-Term Obligations**

**a. Capital Leases**

The County has entered into agreements to lease certain equipment and vehicles. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

An agreement was entered into on November 7, 2008 with BB&T for the lease of one Chevrolet truck in the Animal Control Department. The agreement was for 16 quarterly payments of \$1,088, including interest at 3.83%.

An agreement was entered into on January 9, 2009 with BB&T for the lease of an ambulance in the Fire Department. The agreement was for 16 quarterly payments of \$10,463 including interest at 3.12%.

An agreement was entered into on June 4, 2009 with BB&T for the lease of 13 vehicles in the Sheriff's Department. The agreement was for 16 quarterly payments of \$22,601, including interest at 3.36%.

An agreement was entered into on March 4, 2010 with BB&T for the lease of a two Chevrolet Tahoes in the Sheriff's Department. The agreement was for 16 quarterly payments of \$3,304, including interest at 3.29%.

An agreement was entered into on May 26, 2010 with BB&T for the lease of a 2010 Chevy vehicle with a refurbished EMS unit in the Fire Department, and 8 Chevy Impalas in the Sheriff's Department. The agreement was for 16 quarterly payments of \$12,087, including interest at 3.29%.

An agreement was entered into on August 30, 2010 with BB&T for the lease of VIPER radio systems for public safety departments. The agreement was for five yearly payments of \$85,545, including interest at 2.10%.

An agreement was entered into on September 27, 2010 with BB&T for the lease of a 2010 GMC chassis and refurbished EMS unit for the Fire and Ambulance Department. The agreement was for 16 quarterly payments of \$6,942, including interest at 2.03%.

An agreement was entered into on September 27, 2010 with BB&T for the lease of a 2010 E-One Fire Tanker for the Fire and Ambulance Department. The agreement was for 10 annual payments of \$27,435, including interest at 2.77%.

An agreement was entered into on December 15, 2010 with BB&T for the refinancing of the Kerr Lake Volunteer Fire Department's assets for the Fire and Ambulance Department. The refinancing agreement called for 180 monthly payments of \$1,740, including interest at 4.09%.

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An agreement was entered into on June 17, 2011 with BB&T for the lease of two Tahoes and nine Ford Crown Victoria for the Sheriff's Department. The agreement was for 16 quarterly payments of \$19,894, including interest at 1.97%.

An agreement was entered into on April 24, 2013, effective May 7, 2013, for the purchase of thirteen law enforcement vehicles. The agreement was for 16 quarterly payments of \$20,645 each including interest at 1.79%.

An agreement was entered into on October 24, 2012, effective for March 31, 2013, for the purchase of a Viper 911 system. The agreement was for 19 quarterly payments of \$23,455 each including interest at 1.69%.

An agreement was entered into on April 18, 2013, effective July 28, 2013, for the purchase of 911 radio consoles. The agreement was for 20 quarterly payments of \$10,291 each including interest at 1.77%.

An agreement was entered into on June 2, 2013, effective December 6, 2013, for the purchase of twelve law enforcement vehicles. The agreement was for 8 semi-annual payments of \$41,951 each including interest at 1.59%.

At June 30, 2013, the County leased vehicles and equipment valued at:

<u>Classes of Property</u>	Cost	Accumulated Depreciation	Net Book Value
Equipment and vehicles	<u>\$ 2,884,094</u>	<u>\$ 1,061,797</u>	<u>\$ 1,822,297</u>

For Vance County, the future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013, were as follows:

Year Ending June 30	
2014	\$ 624,000
2015	540,522
2016	349,773
2017	267,191
2018	88,073
Thereafter	<u>287,178</u>
Total minimum lease payments	\$ 2,156,737
Less: amount representing interest	<u>136,607</u>
Present value of the minimum lease payments	<u>\$ 2,020,130</u>

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**b. Installment Purchase**

On December 17, 2003, the county entered into a building installment purchase contract with the proceeds to be used for the purchase of the Vance County Schools Administration Building. The purchase contract is to be paid in 144 monthly payments of \$17,014 plus monthly interest payments 3.65% beginning on February 1, 2005. The outstanding principal balance as of June 30, 2013 was \$527,426.

On March 10, 2009, the County entered into a building installment purchase contract with the proceeds to be used in the construction of a new elementary school building. The installment purchase contract is to be paid in 20 annual payments of \$650,000 plus semiannual interest payments of 3.87% beginning on September 1, 2009. The outstanding principal balance as of June 30, 2013 was \$11,050,000.

On June 17, 2009, the County entered into a jail renovation installment purchase contract with the proceeds to be used in the renovation of the County jail complex. The installment purchase contract is to be paid in 10 annual payments of \$200,000 plus annual interest payments of 3.93% beginning on June 19, 2009. The outstanding principal balance as of June 30, 2013 was \$1,200,000.

On November 12, 2003, the County entered into a QZAB installment purchase contract with proceeds to be used for property improvements by the Vance County Board of Education. The installment purchase contract is to be paid in 12 semi-annual installments of \$77,487 with no interest. The outstanding principal balance as of June 30, 2013 was \$755,617.

On November 15, 2005, the County entered into a QZAB installment purchase contract with proceeds to be used for property improvements by the Vance County Board of Education. The installment purchase contract is to be paid in 16 annual installments of \$101,863 with no interest. The outstanding principal balance as of June 30, 2013 was \$1,286,956.

On November 9, 2010, the County entered into a QSCB installment purchase contract with proceeds to be used for property improvements by the Vance County Board of Education. The installment purchase contract is to be paid in 15 annual installments of \$261,621 plus annual interest payments of 5.09%. The outstanding principal balance as of June 30, 2013 was \$3,401,078.

On June 26, 2013, the County entered into a QZAB installment purchase contract with proceeds to be used for property improvements by the Vance County Board of Education. The installment purchase contract is to be paid in 15 annual installments of \$133,333 with no interest. The outstanding principal balance as of June 30, 2013 was \$2,000,000.

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For Vance County, the future minimum payments as of June 30, 2013, including interest of \$5,035,867 are:

Year Ending	Governmental Activities	
June 30	Principal	Interest
2014	\$ 1,628,472	\$ 651,174
2015	1,628,472	595,757
2016	1,543,397	544,177
2017	1,424,305	496,338
2018	1,424,305	450,007
2019-2023	5,530,362	1,602,214
2024-2028	4,306,579	683,622
2029-2031	2,735,185	12,578
	<u>\$ 20,221,077</u>	<u>\$ 5,035,867</u>

**c. General Obligation Indebtedness**

All general obligation bonds serviced by the County's general fund are collateralized by the full faith, credit, and taxing power of the County.

The County's general obligation bonds payable at June 30, 2013, are comprised of the following individual issues:

Serviced by the County's General Fund:

General obligation bonds

\$4,140,000-2010 Refunded Courthouse Facility Serial Bonds due on February 1 in installments of \$430,000 - \$510,000 through February 1, 2019; interest at 2.0 – 3.0 percent	\$ 2,670,000
\$4,060,000-2003 School Facility bonds due on April 1 and October 1 in installments of \$125,000-\$435,000 through April 1, 2014; interest at 2.0-3.75%	<u>125,000</u>
Total	<u>\$2,795,000</u>

VANCE COUNTY, NORTH CAROLINA  
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Annual debt service requirements to maturity for the County's general obligation bonds including interest of \$272,237 are as follows:

Year Ending June 30	General Long-Term Debt	
	Principal	Interest
2014	\$ 590,000	\$ 77,862
2015	455,000	63,875
2016	445,000	52,500
2017	440,000	39,150
2018-2021	865,000	38,850
Total	<u>\$ 2,795,000</u>	<u>\$ 272,237</u>

At June 30, 2013, Vance County had no bonds authorized and unissued and had a legal debt margin of \$200,767,084.

**d. Bond Anticipation Note**

The Water District within Vance County issued a bond anticipation note in order to finance a water distribution system in 2012. This bond anticipation note was renewed on January 29, 2013 and is set to mature on October 23, 2013.

Serviced by the County's Water District

\$3,841,000 Water Note issued on January 29, 2013; interest at 1.00%.  
 The note will be repaid from a bond issue expected to be sold in the next fiscal year.

\$3,841,385

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 3,841,385	\$ -
Total	<u>\$ 3,841,385</u>	<u>\$ -</u>

**e. Note Payable-City of Henderson**

Vance County entered into an agreement with the City of Henderson on July 23, 2012 to reserve a total of 175,000 gallons per day for Phase 2A and Phase 2B from the City of Henderson's water supply for the exclusive use of the Water District within Vance County and for the District's re-sale to its customers served by said 2 Phases. In consideration of the reservation, Vance County agreed to pay the City of Henderson a water allocation reservation fee of \$1,750,000, payable over 40 years without interest. Equal annual periodic payments of \$43,750 are required and due to the City of Henderson on July 31<sup>st</sup> of each year. The first payment will be due July 31, 2013.

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**f. Debt Related to Capital Activities**

Of the total Governmental Activities debt listed only \$5,890,130 relates to assets the County holds title. Unspent restricted cash related to this debt amounts to \$1,929,969.

**g. Long-Term Obligation Activity**

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

	Balance			Balance	Current
	<u>June 30, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2013</u>	<u>Portion of</u> <u>Balance</u>
<b>Governmental activities:</b>					
General obligation debt	\$ 3,630,000	\$ -	\$ 835,000	\$ 2,795,000	\$ 590,000
Capitalized leases	1,587,621	969,370	536,861	2,020,130	585,306
Purchase obligation	19,716,216	2,000,000	1,495,139	20,221,077	1,628,472
Compensated absences	732,658	747,513	632,938	847,233	-
Pension obligation	254,758	63,421	-	318,179	-
Other post employment benefits	3,776,535	687,070	-	4,463,605	-
Total governmental activities	<u>\$ 29,697,788</u>	<u>\$ 4,467,374</u>	<u>\$ 3,499,938</u>	<u>\$ 30,665,224</u>	<u>\$ 2,803,778</u>
<b>Business-type activities:</b>					
Bond Anticipation Notes	\$ 3,841,385	\$ -	\$ -	\$ 3,841,385	\$ 3,841,385
Note Payable-City of Henderson	-	1,750,000	-	1,750,000	43,750
Accrued landfill closure and postclosure care costs	896,983	-	3,101	893,882	-
Compensated absences	4,331	208	-	4,539	-
Other post employment benefits	27,076	3,175	-	30,251	-
Total business-type activities	<u>\$ 4,769,775</u>	<u>\$ 1,753,383</u>	<u>\$ 3,101</u>	<u>\$ 6,520,057</u>	<u>\$ 3,885,135</u>

Compensated absences typically have been liquidated in the general fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

**h. Conduit Debt Obligations**

Vance County Industrial Facility and Pollution Control Authority have issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2013, there were three series of

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FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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industrial revenue bonds outstanding, with an aggregate principal amount payable of \$1.48 million.

**IV. Interfund Balance and Activity**

Transfers to/from other funds at June 30, 2013, consists of the following:

From the General Fund to the Capital Reserve Schools Fund to accumulate resources for the construction of schools.	\$1,514,997
From the General Fund to the Capital Reserve General to accumulate resources for debt repayment.	254,870
From the General Fund to the Revaluation Fund to accumulate resources for the octennial revaluation of real property.	87,000
From the General Fund to the General Capital Project Fund to match grant funding received for the Farmers Market project.	50,000
From the General Fund to the Economic Development Fund to accumulate resources for economic development.	600,000
From Facilities Fees to General Fund to cover costs.	38,793
From the Fire District Fund to the General Fund for administrative services.	150,200
From Capital Reserve Fund to the General Fund for debt repayment.	255,020
From Capital Reserve Schools Fund to the General Fund for debt repayment.	<u>2,528,367</u>
Total	<u>\$5,479,247</u>

\*Amounts transferred from the General Fund to the Debt Service Fund during the year totalled \$789,688.

**V. Fund Balance**

Vance County has a revenue spending policy that provides for programs with multiple revenue sources. The Finance Director will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-city funds, and city 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

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fund balance. The Finance Director has the authority to deviate from this policy if it is in the best interest of the County.

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

Total fund balance - General Fund	\$ 14,791,400
Less:	
Stabilization by State Statute	4,386,201
Appropriated Fund Balance in 2013 budget	1,315,211
Register of Deeds	26,184
Tax Revaluation	437,948
Remaining Fund Balance	<u>8,625,856</u>

**VI. Related Organization**

The County's governing board is responsible for appointing the members of the board of the Vance County Housing Authority, but the County's accountability for this organization does not extend beyond making these appointments. The Corporation is a nonprofit organization that exists to develop and provide housing needs for county residents. It is funded primarily with federal rental housing assistance.

**VII. Joint Ventures**

**A. Vance-Granville Community College**

The County, in conjunction with Granville County, Warren County, Franklin County, the State of North Carolina, and the Boards of Education of Vance, Granville, Warren, and Franklin Counties, participates in a joint venture to operate Vance-Granville Community College. Each participant appoints members of the thirteen-member board of trustees of the Community College. No participant appoints a majority. The president of the Community College's student government serves as an ex-officio nonvoting member of the Community College's board of trustees. The Community College is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial support for the Community College's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed \$952,260 to the Community College for operating purposes during the fiscal year ended June 30, 2013. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2013. Complete financial statements for the Community

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College may be obtained from the Community College's administrative offices at P.O. Box 918, Henderson, NC 27536.

B. Granville-Vance Health District

The Granville-Vance Health District is a district board of health established under North Carolina General Statute 130A by both Granville County and Vance County to provide public health services. The joint venture is governed by a sixteen-member Board, which is composed of one County Commissioner from each of the two counties; and seven other members appointed by each of the two respective Boards of County Commissioners. The County contributed \$325,308 to the Health District during the fiscal year ended June 30, 2013. The participating governments do not have any equity interest in the joint venture; therefore no equity interest has been reflected in the financial statements at June 30, 2013. Complete financial statements for the Health District can be obtained from the Health District's administrative offices.

C. Five County Mental Health Authority

The Five County Mental Health Authority was established to provide mental health services for five counties: Vance, Warren, Granville, Franklin, and Halifax. Each county has one board member on the Five County Mental Health Authority Board, but none individually has authority to designate management. The County contributed \$191,767 to the Five County Mental Health Authority during the fiscal year ended June 30, 2013. The participating governments do not have any equity interest in the joint venture; therefore no equity interest has been reflected in the financial statements at June 30, 2013. Complete financial statements for the Five County Mental Health Authority can be obtained from their administrative offices.

D. Kerr Area Rural Transit Authority

The Kerr Area Rural Transportation Authority (K.A.R.T.S.) is an association of five county governments, including Vance County. K.A.R.T.S. is a joint venture of the participating counties for the purpose of providing a safe, adequate and convenient transportation system for the jurisdictional area creating the Authority and its immediate environs. The counties served by K.A.R.T.S. in addition to Vance County are Granville, Franklin, Warren and Person. General support of K.A.R.T.S. is provided by Federal, State and local grants and users' fees. Each county appoints two members of the Authority's managing body and this governing body determines the budget and financing requirements of the Authority. The criteria in NCGA Statement 3 were applied to the Authority and, while there were positive responses to some of the criteria, it was determined the County did not have significant influence over the Authority to justify inclusion of the Authority as part of the County reporting entity. The County contributed \$102,208 to K.A.R.T.S. during the fiscal year ended June 30, 2013. The participating governments do not have any equity interest in the joint ventures; therefore no equity interest has been reflected in the financial statements at June 30, 2013. Complete financial statements for K.A.R.T.S. can be obtained from their administrative offices.

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E. Perry Memorial Library

The Perry Memorial Library is supported through a joint effort by the County and the City of Henderson with various other grants comprising a majority of the operating revenues. Both the County and the City appoint six members to the Library's Board who serve in a non-authoritative capacity. The County contributed \$561,633 Perry Memorial Library during the fiscal year ended June 30, 2013. The participating governments do not have any equity interest in the joint ventures; therefore no equity interest has been reflected in the financial statements. Complete financial statements for Perry Memorial Library can be obtained at their administrative offices.

F. Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance

The County also participates in a joint venture to operate the Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance. The County appoints one member to the four-member board. None of the participating governments have any equity interest in the Authority; therefore no equity interest has been reflected in the financial statements at June 30, 2013. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$28,750 to the Authority to supplement its activities. Complete financial statements for the Authority can be obtained at their administrative offices.

**VIII. Jointly Governed Organization**

The County, in conjunction with four other counties and fifteen municipalities, established Kerr-Tar Regional Council of Governments (Council) to coordinate various funding received from federal and State agencies. Each participating government appoints members to the Council's governing board. The County paid membership fees of \$55,079 to the Council during the fiscal year ended June 30, 2013.



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Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position. Additionally, GASB Statement 65 requires that deferred costs from the refunding of debt, which were previously deferred and amortized, be presented as deferred outflows of resources. Bond issuance costs, which were previously deferred and amortized, must be included in current expenditures. Previously deferred bond issuance costs totaling \$69,496 were recognized as an expenditure in the current year. As a result, beginning net position decreased from \$23,543,187 to \$23,473,691.

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LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS

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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	\$ 66,956	\$ 396,599	\$ 329,643	16.9%	\$ 1,899,536	17.4%
12/31/2010	47,375	486,539	439,164	9.7%	1,888,466	23.3%
12/31/2012	83,187	492,111	408,924	16.9%	1,468,297	27.9%

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LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS

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Year Ending June 30	Annual Required Contributions	Percentage Contributed
2006	28,052	100%
2007	28,052	100%
2008	28,052	125%
2009	49,098	79%
2010	49,098	79%
2011	49,098	79%
2012	49,098	79%
2013	60,835	33%

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 of the latest actuarial valuations is as follows.

Valuation date	12/31/12
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	18 years
Asset valuation method	Market Value
Actuarial assumptions	
Investment rate of return*	5.00%
Projected salary increases*	4.25% to 7.85%
*Includes inflation at	3.00%
Cost of living adjustments	N/A

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

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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	-	13,774,646	13,774,646	0.8%	10,665,744	129.1%
12/31/2010	-	14,660,933	14,660,933	0.9%	11,757,209	124.7%
12/31/2012	-	14,042,311	14,042,311	0.0%	10,259,576	136.9%

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

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Year Ending June 30	Annual Required Contributions	Percentage Contributed
2011	1,340,183	0.0%
2012	1,340,183	0.0%
2013	1,225,672	0.0%

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 of the latest actuarial valuation follows.

Valuation date	12/31/12
Actuarial cost method	Projected unit credit
Amortization method	Level Percentage 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	
Pre-Medicare trend rate	8.50%-5.00%
Post-Medicare trend rate	6.25%-5.00%
Year of ultimate trend rate	2018
*Includes inflation at	3.00%

**Vance County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2013**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
<b>Ad valorem taxes:</b>			
Taxes	\$ 21,438,840	\$ 22,311,204	\$ 872,364
Interest	292,609	368,008	75,399
Total	<u>\$ 21,731,449</u>	<u>\$ 22,679,212</u>	<u>\$ 947,763</u>
<b>Local option sales taxes:</b>			
Article 39 and 44	\$ 3,033,000	\$ 3,137,346	\$ 104,346
Article 40 one - half of one percent	2,095,860	2,196,307	100,447
Article 42 one - half of one percent	1,665,000	1,748,162	83,162
Total	<u>\$ 6,793,860</u>	<u>\$ 7,081,815</u>	<u>\$ 287,955</u>
<b>Other taxes and licenses:</b>			
Vehicle rental tax	\$ 33,920	\$ 33,920	\$ -
Civil licenses	5,000	4,250	(750)
Privilege licenses	7,000	8,371	1,371
Total	<u>\$ 45,920</u>	<u>\$ 46,541</u>	<u>\$ 621</u>
<b>Unrestricted intergovernmental:</b>			
ABC profit distribution	\$ 10,000	\$ 7,726	\$ (2,274)
Beer and wine tax	120,000	119,392	(608)
Total	<u>\$ 130,000</u>	<u>\$ 127,118</u>	<u>\$ (2,882)</u>
<b>Restricted intergovernmental:</b>			
Federal, State and local grants	\$ 8,446,601	\$ 8,293,724	(152,877)
City of Henderson	761,393	767,316	5,923
Court facility fees	84,635	78,229	(6,406)
ADM funds	-	-	-
ABC bottles taxes	19,000	22,294	3,294
Total	<u>\$ 9,311,629</u>	<u>\$ 9,161,563</u>	<u>\$ (150,066)</u>
<b>Permits and fees:</b>			
Building permits and inspection fees	\$ 235,000	\$ 224,743	(10,257)
Planning fees	32,861	34,460	1,599
Register of deeds	211,650	290,501	78,851
Total	<u>\$ 479,511</u>	<u>\$ 549,704</u>	<u>\$ 70,193</u>

Vance County, North Carolina  
General Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
<b>Sales and services:</b>			
Animal shelter	\$ 35,153	\$ 41,813	6,660
4-H services	15,598	13,825	(1,773)
DSS local fees	53,586	67,578	13,992
Extension services	27,779	30,994	3,215
Rents, concessions, and fees	114,350	90,350	(24,000)
Sale of maps and ordinances	15	126	111
Law enforcement fees	292,175	378,964	86,789
Jail inmates per diem	-	-	-
Jail fees	142,500	142,481	(19)
Ambulance fees	1,505,000	1,623,804	118,804
Tax foreclosure fees	11,965	11,965	-
Vance County Tourism Development Auth	125,570	125,608	38
CATV and utility franchise fees	165,000	172,202	7,202
Total	<u>\$ 2,488,691</u>	<u>\$ 2,699,710</u>	<u>\$ 211,019</u>
<b>Investment earnings</b>	<u>\$ 7,955</u>	<u>\$ 4,368</u>	<u>\$ (3,587)</u>
<b>Miscellaneous:</b>			
Insurance reimbursements	\$ 25,000	\$ 20,167	(4,833)
Other	7,500	3,899	(3,601)
Total	<u>\$ 32,500</u>	<u>\$ 24,066</u>	<u>\$ (8,434)</u>
Total revenues	<u>\$ 41,021,515</u>	<u>\$ 42,374,097</u>	<u>\$ 1,352,582</u>
<b>Expenditures:</b>			
<b>General government:</b>			
Governing body:			
Salaries and employee benefits		\$ 102,882	
Other operating expenditures		151,844	
Total	\$ 257,817	<u>\$ 254,726</u>	
Administration:			
Salaries and employee benefits		\$ 693,474	
Other operating expenditures		80,427	
Total	767,683	<u>\$ 773,901</u>	
Elections:			
Salaries and employee benefits		\$ 165,353	
Other operating expenditures		95,541	
Total	262,276	<u>\$ 260,894</u>	

**Vance County, North Carolina  
General Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended June 30, 2013**

	Final Budget	Actual	Variance Positive (Negative)
<b>Taxes:</b>			
Salaries and employee benefits		\$ 408,137	
Other operating expenditures		254,506	
Total	\$ 667,756	\$ 662,643	
<b>Legal:</b>			
Contracted services		\$ 19,617	
Total	22,075	\$ 19,617	
<b>Register of deeds:</b>			
Salaries and employee benefits		\$ 179,763	
Other operating expenditures		102,644	
Capital outlay		-	
Total	283,986	\$ 282,407	
<b>Public buildings:</b>			
Salaries and employee benefits		\$ 102,104	
Other operating expenditures		301,351	
Total	406,418	\$ 403,455	
<b>Court facilities:</b>			
Salaries and employee benefits		\$ 99,298	
Other operating expenditures		211,641	
Total	313,025	\$ 310,939	
<b>Information technology:</b>			
Salaries and employee benefits		\$ 89,072	
Other operating expenditures		45,172	
Capital outlay		11,326	
Total	148,905	\$ 145,570	
<b>Central services:</b>			
Other operating expenditures		\$ 120,428	
Capital outlay		160,399	
Retirees benefits		441,897	
Total	725,037	\$ 722,724	
Total general government	\$ 3,854,978	\$ 3,836,876	\$ 18,102

**Vance County, North Carolina  
General Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended June 30, 2013**

	Final Budget	Actual	Variance Positive (Negative)
<b>Public safety:</b>			
Sheriff and LLEBG:			
Salaries and employee benefits		\$ 2,523,215	
Other operating expenditures		645,679	
Capital outlay		299,309	
Total	\$ 3,498,852	<u>\$ 3,468,203</u>	
Jail:			
Salaries and employee benefits		\$ 2,134,121	
Other operating expenditures		1,224,414	
Capital outlay		12,650	
Total	3,398,428	<u>\$ 3,371,185</u>	
911 Emergency system:			
Salaries and employee benefits		\$ 1,043,111	
Other operating expenditures		63,757	
Total	1,112,660	<u>\$ 1,106,868</u>	
Sheriff's Interdiction Program:			
Other operating expenditures		\$ 9,368	
Total	34,061	<u>\$ 9,368</u>	
Fire and ambulance:			
Salaries and employee benefits		\$ 1,890,630	
Other operating expenditures		674,000	
Capital outlay		166,674	
Total	2,731,240	<u>\$ 2,731,304</u>	
Animal control:			
Salaries and employee benefits		\$ 201,278	
Other operating expenditures		136,074	
Total	336,325	<u>\$ 337,352</u>	
Rescue Squad:			
Contribution to Vance County rescue squad		\$ 60,000	
Total	60,000	<u>\$ 60,000</u>	
Medical examiner:			
Contracted services		\$ 37,300	
Total	37,300	<u>\$ 37,300</u>	

**Vance County, North Carolina  
General Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended June 30, 2013**

	Final Budget	Actual	Variance Positive (Negative)
<b>Other contributions:</b>			
Beaver management		\$ 4,000	
Crimestoppers		100	
Total	\$ 4,500	\$ 4,100	
Total public safety	\$ 11,213,366	\$ 11,125,680	\$ 87,686
<b>Transportation:</b>			
Contribution to regional airport	\$ 28,750	\$ 28,750	\$ -
Total transportation	\$ 28,750	\$ 28,750	\$ -
<b>Environmental protection:</b>			
Demolitions and removals	\$ 2,400	\$ 560	\$ 1,840
Total environmental protection	\$ 2,400	\$ 560	\$ 1,840
<b>Economic and physical development:</b>			
Planning:			
Salaries and employee benefits		\$ 536,893	
Building reuse project grants		34,626	
Other operating expenditures		61,790	
Capital outlay		7,920	
Total	\$ 633,519	\$ 641,229	
Economic development:			
Salaries and employee benefits		\$ 145,973	
COG membership dues		55,079	
Contributions to economic development commissions		40,750	
Economic development project grants		145,496	
Other operating expenditures		77,742	
Total	379,269	\$ 465,040	
Community improvement:			
Salaries and employee benefits		\$ 59,859	
Other operating expenditures		1,541	
Total	61,452	\$ 61,400	
Soil and water conservation:			
Salaries and employee benefits		\$ 96,616	
Other operating expenditures		4,481	
Total	101,335	\$ 101,097	
Miscellaneous contributions:			
Contribution to Four Rivers RC&D		\$ 500	
Contribution to Henderson Vance Chamber of Comm.		500	
Contribution to Downtown Development Com.		1,500	
Contribution to Vance County Tourism Development Authority		66,667	
Total	69,167	\$ 69,167	

**Vance County, North Carolina  
General Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended June 30, 2013**

	Final Budget	Actual	Variance Positive (Negative)
<b>Extension services:</b>			
Salaries and employee benefits		\$ 5,856	
Contracted services		90,237	
Farmers market study		19,515	
Other operating expenditures		40,362	
Total	\$ 163,014	\$ 155,970	
Total economic and physical development	<u>\$ 1,407,756</u>	<u>\$ 1,493,903</u>	<u>\$ (86,147)</u>
<b>Human services:</b>			
<b>Mental health:</b>			
Other operating expenditures		\$ 191,767	
Total	\$ 191,767	\$ 191,767	
<b>Public health:</b>			
Contribution to GVHD		\$ 325,308	
Other operating expenditures		2,642	
Total	328,393	\$ 327,950	
<b>Veterans service officer:</b>			
Salaries and employee benefits		\$ 60,297	
Other operating expenditures		4,046	
Total	64,527	\$ 64,343	
<b>Social services:</b>			
Salaries and employee benefits		\$ 4,640,098	
Other operating expenditures		829,423	
Foster care		519,453	
Public assistance		564,143	
Work first		249,571	
Medical services		459,442	
Day care - State/Federal/JOBS		2,155,560	
Other public assistance programs		750,228	
Total	10,259,425	\$ 10,167,918	
<b>Program on aging:</b>			
Salaries and employee benefits		\$ 573,854	
Other operating expenditures		195,524	
Total	776,272	\$ 769,378	
<b>Nutritional meals program:</b>			
Salaries and employee benefits		\$ 10,082	
Purchased meals		80,340	
Other operating expenditures		29,262	
Total	132,226	\$ 119,684	

**Vance County, North Carolina  
General Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended June 30, 2013**

	Final Budget	Actual	Variance Positive (Negative)
<b>Smart Start (Incredible Years) program:</b>			
Salaries and employee benefits		\$ 9,808	
Contracted services		39,430	
Other operating expenditures		5,063	
Total	\$ 56,284	\$ 54,301	
<b>Miscellaneous contributions:</b>			
LIFELINE		\$ 2,400	
FVW Opportunities		7,000	
Human relations		800	
K.A.R.T.S.		102,208	
Smart Start		3,500	
Central children home		29,960	
Boys and Girls Club		24,000	
JCPC administrative costs		6,218	
Total	159,808	\$ 176,086	
<b>Nypum Program:</b>			
Contracted services		\$ 139,373	
Other operating expenditures		8,628	
Total	150,184	\$ 148,001	
<b>Pal - to - Pal Program:</b>			
Contracted services		\$ 45,010	
Other operating expenditures		5,953	
Total	51,372	\$ 50,963	
<b>Resolve Program:</b>			
Contracted services		\$ 15,170	
Other operating expenditures		2,788	
Total	36,895	\$ 17,958	
Total human services	\$ 12,207,153	\$ 12,088,349	118,804
<b>Cultural and recreational:</b>			
<b>Recreation:</b>			
City	\$ 482,534	\$ 474,650	\$ 7,884
<b>Arts Council:</b>			
Contribution to arts council	\$ 900	\$ 900	\$ -
<b>Libraries:</b>			
Contribution to regional library	\$ 562,255	\$ 561,633	\$ 622
Total culture and recreation	\$ 1,045,689	\$ 1,037,183	\$ 8,506

**Education:**

**Vance County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2013**

	Final Budget	Actual	Variance Positive (Negative)
Public schools - current expense		\$ 8,232,440	
Public schools - capital outlay		425,000	
Community colleges - current		933,540	
Community colleges - capital outlay		18,720	
Total education	<u>\$ 9,609,700</u>	<u>\$ 9,609,700</u>	<u>\$ -</u>
<b>Debt service:</b>			
Principal retirement	\$ 2,828,496	\$ 2,823,794	\$ 4,702
Interest and other charges	841,586	842,982	(1,396)
Reimbursement to City for debt payment	313,273	\$ 311,046	\$ 2,227
Total debt service	<u>\$ 3,983,355</u>	<u>\$ 3,977,822</u>	<u>\$ 5,533</u>
<b>Contingency:</b>	\$ 32,318	\$ 5,997	\$ 26,321
Total expenditures	<u>\$ 43,385,465</u>	<u>\$ 43,204,820</u>	<u>\$ 180,645</u>
<b>Revenues over expenditures</b>	<u>\$ (2,363,950)</u>	<u>\$ (830,723)</u>	<u>\$ 1,533,227</u>
<b>Other financing sources (uses):</b>			
Transfers from other funds:			
Fire Tax	\$ 211,665	\$ 150,200	\$ (61,465)
School Capital Projects Fund	2,528,367	2,528,367	-
General Capital Projects Fund	255,020	255,020	-
Transfers to other funds:			
Revaluation Fund	(87,000)	(87,000)	-
School Capital Projects Fund	(1,693,360)	(1,514,997)	178,363
General Capital Projects Fund	(254,870)	(304,870)	(50,000)
Economic Development	(600,000)	(600,000)	-
Total net transfers	<u>\$ 359,822</u>	<u>\$ 426,720</u>	<u>\$ 66,898</u>
Capital lease obligations issued	323,910	323,910	-
Sale of capital assets	35,455	82,604	47,149
Appropriated Fund Balance	1,644,763	-	(1,644,763)
Total other financing sources (uses)	<u>\$ 2,363,950</u>	<u>\$ 833,234</u>	<u>\$ (1,530,716)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	2,511	<u>\$ 2,511</u>
<b>Fund balance, beginning</b>		14,350,941	
<b>Fund balance, ending</b>		<u>\$ 14,353,452</u>	

**Vance County, North Carolina**  
**Revaluation Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2013**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment earnings	\$ 280	\$ 640	\$ 360
Expenditures:			
Current:			
General government:			
Tax listing	<u>437,789</u>	<u>-</u>	<u>437,789</u>
Revenues over (under) expenditures	\$ (437,509)	\$ 640	\$ 438,149
Other financing sources:			
Transfer in:			
General Fund	<u>87,000</u>	<u>87,000</u>	<u>-</u>
Revenues and other sources over (under) expenditures	\$ (350,509)	\$ 87,640	\$ 438,149
Appropriated fund balance	<u>350,509</u>	<u>-</u>	<u>(350,509)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	87,640	<u>\$ 87,640</u>
Fund balance, beginning		<u>350,308</u>	
Fund balance, ending		<u>\$ 437,948</u>	

**Vance County, North Carolina**  
**School Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2013**

	Project Author- ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues</b>					
Restricted intergovernmental:					
Public School Building					
Capital Fund - lottery	\$ 931,154	\$ 931,154	\$ -	\$ 931,154	\$ -
Investment earnings	-	18,890	808	19,698	19,698
Total revenues	<u>\$ 931,154</u>	<u>\$ 950,044</u>	<u>\$ 808</u>	<u>\$ 950,852</u>	<u>\$ 19,698</u>
<b>Expenditures</b>					
Intergovernmental - education:					
New Clarke Elementary School	\$ 14,016,545	\$ 13,789,232	\$ -	\$ 13,789,232	\$ 227,313
Multi Purpose Rooms, HVAC	3,952,945	3,551,068	99,981	3,651,049	301,896
Public School Facility Improvement	2,000,000	-	70,031	70,031	1,929,969
NVHS Science Labs	545,850	-	-	-	545,850
Total expenditures	<u>\$ 20,515,340</u>	<u>\$ 17,340,300</u>	<u>\$ 170,012</u>	<u>\$ 17,510,312</u>	<u>\$ 3,005,028</u>
Revenues over (under) expenditures	<u>\$(19,584,186)</u>	<u>\$(16,390,256)</u>	<u>\$ (169,204)</u>	<u>\$(16,559,460)</u>	<u>\$ 3,024,726</u>
Other financing sources:					
Installment purchase obligations issued	\$ 18,924,320	\$ 16,924,320	\$ 2,000,000	\$ 18,924,320	\$ -
Transfers from					
Capital Reserve Schools	659,866	206,418	-	206,418	(453,448)
Total other financing sources	<u>\$ 19,584,186</u>	<u>\$ 17,130,738</u>	<u>\$ 2,000,000</u>	<u>\$ 19,130,738</u>	<u>\$ (453,448)</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 740,482</u>	<u>\$ 1,830,796</u>	<u>\$ 2,571,278</u>	<u>\$ 2,571,278</u>
Fund balance, beginning			738,224		
Fund balance, ending			\$ 2,569,020		
Amounts reported for Revenue, Expenditures and Changes in Fund Balance are different from the Budget/Actual Statement due to consolidation of the Capital Reserve Fund:					
Investment Earnings			343		
Rent			125,000		
QSCB interest			186,431		
Lottery proceeds			261,621		
Transfer-In			1,514,997		
Transfer-Out			(2,528,367)		
Fund Balance, Beginning (Capital Reserve Fund)			710,837		
Fund Balance, Ending (Consolidated School Capital Projects Fund)			<u>\$ 2,839,882</u>		

**Vance County, North Carolina**  
**Capital Reserve Fund - Schools**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2013**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Investment earnings	\$ 760	\$ 343	\$ (417)
School administration building reimbursement	125,000	125,000	-
QSCB interest	186,431	186,431	-
Lottery proceeds	261,622	261,621	(1)
Total Revenues	<u>\$ 573,813</u>	<u>\$ 573,395</u>	<u>\$ (418)</u>
<b>Expenditures:</b>			
Education	-	-	-
Revenues Over (Under) Expenditures	<u>\$ 573,813</u>	<u>\$ 573,395</u>	<u>\$ (418)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in			
General Fund	\$ 1,693,360	\$ 1,514,997	\$ (178,363)
Transfers out			
General Fund	(125,000)	(125,000)	-
Debt Service Fund	(2,403,367)	(2,403,367)	-
Appropriated Fund Balance	261,194	-	(261,194)
Total Other Financing Sources (Uses)	<u>\$ (573,813)</u>	<u>\$ (1,013,370)</u>	<u>\$ (439,557)</u>
Net change in fund balance	<u>\$ -</u>	(439,975)	<u>\$ (439,975)</u>
Fund balance, beginning		<u>710,837</u>	
Fund balance, ending		<u>\$ 270,862</u>	

Vance County, North Carolina  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2013

	Special Revenue Funds								Capital Project Fund	
	Emergency Telephone System Fund	Fire District Fund	Economic Development Fund	Community Development Fund	Neighborhood Stabilization Program	Community Development Fund Julia Avenue	Community Development Fund Scattered Sites Rehabilitation	Total Nonmajor Special Revenue Funds	General Capital Projects Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>										
Cash and cash equivalents	\$ 498,640	\$ 193,379	\$ 126,253	\$ -	\$ -	\$ -	\$ -	\$ 818,272	\$ 349,877	\$ 1,168,149
Accounts receivable, net	66,990	-	15,239	-	-	-	-	82,229	-	82,229
Total assets	\$ 565,630	\$ 193,379	\$ 141,492	\$ -	\$ -	\$ -	\$ -	\$ 900,501	\$ 349,877	\$ 1,250,378
<b>LIABILITIES AND FUND BALANCES</b>										
<b>Liabilities:</b>										
Accounts payable and accrued liabilities	\$ 15,230	\$ -	\$ -	\$ -	\$ 379	\$ -	\$ -	\$ 15,609	\$ 2,005	\$ 17,614
Due to other governments	249,430	-	-	9,384	393,606	297,918	52,290	1,002,628	106,250	1,108,878
Total liabilities	\$ 264,660	\$ -	\$ -	\$ 9,384	\$ 393,985	\$ 297,918	\$ 52,290	\$ 1,018,237	\$ 108,255	\$ 1,126,492
<b>Fund balances:</b>										
Restricted:										
Stabilization by State Statute	\$ 66,990	\$ -	\$ 15,239	\$ -	\$ -	\$ -	\$ -	\$ 82,229	\$ -	\$ 82,229
Fire Protection	-	193,379	-	-	-	-	-	193,379	-	193,379
Economic development	-	-	126,253	-	-	-	-	126,253	50,076	176,329
Public Safety	233,980	-	-	-	-	-	-	233,980	191,546	425,526
Unassigned	-	-	-	(9,384)	(393,985)	(297,918)	(52,290)	(753,577)	-	(753,577)
Total fund balances	\$ 300,970	\$ 193,379	\$ 141,492	\$ (9,384)	\$ (393,985)	\$ (297,918)	\$ (52,290)	\$ (117,736)	\$ 241,622	\$ 123,886
Total liabilities and fund balances	\$ 565,630	\$ 193,379	\$ 141,492	\$ -	\$ -	\$ -	\$ -	\$ 900,501	\$ 349,877	\$ 1,250,378

Vance County, North Carolina  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2013

	Special Revenue Fund							Capital Project Fund		Total Nonmajor Governmental Funds
	Emergency Telephone System Fund	Fire District Fund	Economic Development Fund	Community Development Fund	Neighborhood Stabilization Program	Community Development Fund Julia Avenue	Community Development Fund Scattered Sites Rehabilitation	Total Nonmajor Special Revenue Funds	General Capital Projects	
<b>REVENUES</b>										
Ad valorem taxes	\$ -	\$ 710,762	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 710,762	\$ -	\$ 710,762
Restricted intergovernmental	480,303	-	1,401,932	-	-	-	308,745	2,300,318	-	2,300,318
Investment earnings	230	2	-	-	-	-	-	232	194	426
Total revenues	\$ 480,533	\$ 710,764	\$ 1,401,932	\$ -	\$ -	\$ -	\$ 308,745	\$ 3,011,312	\$ 194	\$ 3,011,506
<b>EXPENDITURES</b>										
Current:										
Public safety	\$ 1,177,183	\$ 450,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,627,183	\$ -	\$ 1,627,183
Economic development	-	-	1,860,440	-	106,061	578,825	122,878	2,668,204	-	2,668,204
Total expenditures	\$ 1,177,183	\$ 450,000	\$ 1,860,440	\$ -	\$ 106,061	\$ 578,825	\$ 122,878	\$ 4,295,387	\$ -	\$ 4,295,387
Excess (deficiency) of revenues over expenditures	\$ (696,650)	\$ 260,764	\$ (458,508)	\$ -	\$ (106,061)	\$ (270,080)	\$ (13,540)	\$ (1,284,075)	\$ 194	\$ (1,283,881)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers from other funds	\$ -	\$ -	\$ 600,000	\$ -	\$ -	\$ -	\$ -	\$ 600,000	\$ 304,870	\$ 904,870
Transfers to other funds	-	(150,200)	-	-	-	-	-	(150,200)	(255,020)	(405,220)
Capital lease obligations issued	645,460	-	-	-	-	-	-	645,460	-	645,460
Total other financing sources and uses	\$ 645,460	\$ (150,200)	\$ 600,000	\$ -	\$ -	\$ -	\$ -	\$ 1,095,260	\$ 49,850	\$ 1,145,110
Net change in fund balances	\$ (51,190)	\$ 110,564	\$ 141,492	\$ -	\$ (106,061)	\$ (270,080)	\$ (13,540)	\$ (188,815)	\$ 50,044	\$ (138,771)
Fund balances, beginning	352,160	82,815	-	(9,384)	(287,924)	(27,838)	(38,750)	71,079	191,578	262,657
Fund balances, ending	\$ 300,970	\$ 193,379	\$ 141,492	\$ (9,384)	\$ (393,985)	\$ (297,918)	\$ (52,290)	\$ (117,736)	\$ 241,622	\$ 123,886

**Vance County, North Carolina**  
**Emergency Telephone System Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2013**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Restricted intergovernmental	\$ 504,591	\$ 480,303	\$ (24,288)
Interest earned	300	230	(70)
Total	<u>\$ 504,891</u>	<u>\$ 480,533</u>	<u>\$ (24,358)</u>
<b>Expenditures</b>			
Implemental functions	\$ 698,975	\$ 158,807	\$ 540,168
Telephone	14,000	35,324	(21,324)
Supplies	12,000	20,367	(8,367)
Equipment rental	98,400	18,220	80,180
Hardware maintenance	98,623	81,208	17,415
Training	5,500	8,395	(2,895)
Capital outlay	159,264	720,791	(561,527)
Transfer out	87,164	87,164	-
Debt service:			
Principal retirement	52,627	43,205	9,422
Interest expense	4,572	3,702	870
Total	<u>\$ 1,231,125</u>	<u>\$ 1,177,183</u>	<u>\$ 53,942</u>
Revenues over (under) expenditures	\$ (726,234)	\$ (696,650)	\$ 29,584
Appropriated fund balance	80,774	-	(80,774)
Revenues and other sources over (under) expenditures	<u>\$ (645,460)</u>	<u>\$ (696,650)</u>	<u>\$ (51,190)</u>
Other Financing Sources (Uses):			
Capital lease obligations issued	\$ 645,460	\$ 645,460	\$ -
Net change in fund balance	<u>\$ -</u>	<u>\$ (51,190)</u>	<u>\$ (51,190)</u>
Fund balance, beginning		352,160	
Fund balance, ending		<u>\$ 300,970</u>	

**Vance County, North Carolina**  
**Fire District Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2013**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Fire District taxes:			
Taxes	\$ 643,410	\$ 710,762	\$ 67,352
Investment earnings	-	2	2
Total Revenues	<u>\$ 643,410</u>	<u>\$ 710,764</u>	<u>\$ 67,354</u>
<b>Expenditures:</b>			
Public safety:			
Volunteer Fire Districts	452,000	450,000	2,000
Revenues Over (Under) Expenditures	<u>\$ 191,410</u>	<u>\$ 260,764</u>	<u>\$ 69,354</u>
<b>Other Financing Sources (Uses):</b>			
Transfers out			
General Fund	\$ (209,665)	\$ (150,200)	\$ 59,465
Appropriated Fund Balance	18,255	-	(18,255)
Total Other Financing Sources (Uses)	<u>\$ (191,410)</u>	<u>\$ (150,200)</u>	<u>\$ 41,210</u>
Net change in fund balance	<u><u>\$ -</u></u>	110,564	<u><u>\$ 110,564</u></u>
Fund balance, beginning		<u>82,815</u>	
Fund balance, ending		<u><u>\$ 193,379</u></u>	

**Vance County, North Carolina**  
**Economic Development Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2013**

	Project Author- ization	Prior Years	Actual	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Golden Leaf Foundation	\$ 1,243,650	\$ -	\$ 1,243,650	\$ 1,243,650	\$ -
Lease income	-	-	152,449	152,449	152,449
<b>Restricted Intergovernmental:</b>					
Community Development Block Grant	750,000	744,167	5,833	750,000	-
NC Rural Center Grant	550,000	550,000	-	550,000	-
One North Carolina Fund	600,000	-	-	-	(600,000)
<b>Total Revenue</b>	<b><u>\$ 3,143,650</u></b>	<b><u>\$ 1,294,167</u></b>	<b><u>\$ 1,401,932</u></b>	<b><u>\$ 2,696,099</u></b>	<b><u>\$ (447,551)</u></b>
<b>Expenditures:</b>					
Economic development					
Equipment leasing	\$ 1,243,650	\$ -	\$ 1,243,650	\$ 1,243,650	\$ -
Administration	-	-	10,956	10,956	(10,956)
Construction and renovation	2,500,000	1,294,167	605,834	1,900,001	599,999
<b>Total Expenditures</b>	<b><u>\$ 3,743,650</u></b>	<b><u>\$ 1,294,167</u></b>	<b><u>\$ 1,860,440</u></b>	<b><u>\$ 3,154,607</u></b>	<b><u>\$ 589,043</u></b>
Revenues Over (Under) Expenditures	\$ (600,000)	\$ -	\$ (458,508)	\$ (458,508)	\$ 141,492
<b>Other Financing Sources (Uses):</b>					
Transfers out					
General Fund	600,000	-	600,000	600,000	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	141,492	<u>\$ 141,492</u>	<u>\$ 141,492</u>
Fund balance, beginning			-		
Fund balance, ending			<u>\$ 141,492</u>		

**Vance County, North Carolina**  
**Community Development Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2013**

	Project Author- ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues</b>					
Community Development Block Grant:					
Scattered Sites	\$ 360,000	\$ 333,245	\$ -	\$ 333,245	\$ (26,755)
Urgent Repairs	40,000	39,990	-	39,990	(10)
Total	<u>\$ 400,000</u>	<u>\$ 373,235</u>	<u>\$ -</u>	<u>\$ 373,235</u>	<u>\$ (26,765)</u>
<b>Expenditures</b>					
Economic Development:					
Scattered Sites	\$ 360,000	\$ 338,221	-	\$ 338,221	\$ 21,779
Urgent Repairs	40,000	39,604	-	39,604	396
Total	<u>\$ 400,000</u>	<u>\$ 377,825</u>	<u>\$ -</u>	<u>\$ 377,825</u>	<u>\$ 22,175</u>
Revenues under expenditures	<u>\$ -</u>	<u>\$ (4,590)</u>	-	<u>\$ (4,590)</u>	<u>\$ (4,590)</u>
Fund balance, beginning			(9,384)		
Fund balance, ending			<u>\$ (9,384)</u>		

**Vance County, North Carolina**  
**Neighborhood Stabilization Program**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2013**

	Project Author- ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues</b>					
Neighborhood Stabilization Program:					
Program Grant	\$ 2,100,000	\$ 941,245	\$ -	\$ 941,245	\$ (1,158,755)
<b>Expenditures</b>					
Program Expenditures:					
Economic Development:					
Administrative Fees	\$ 100,000	\$ 85,784	\$ 26,779	\$ 112,563	\$ (12,563)
Construction, redevelopment	1,067,000	1,073,729	4,281	1,078,010	(11,010)
Purchase, rehabilitation	933,000	69,656	75,001	144,657	788,343
Total	<u>\$ 2,100,000</u>	<u>\$ 1,229,169</u>	<u>\$ 106,061</u>	<u>\$ 1,335,230</u>	<u>\$ 764,770</u>
Revenues under expenditures	<u>\$ -</u>	<u>\$ (287,924)</u>	<u>\$ (106,061)</u>	<u>\$ (393,985)</u>	<u>\$ (393,985)</u>
Fund balance, beginning			<u>(287,924)</u>		
Fund balance, ending			<u>\$ (393,985)</u>		

**Vance County, North Carolina**  
**Community Development Fund Julia Avenue**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2013**

	Project Author- ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues</b>					
Community Development Block Grant:					
Julia Avenue:					
Program Grant	\$ 850,000	\$ -	\$ 308,745	\$ 308,745	\$ (541,255)
<b>Expenditures</b>					
Economic Development:					
Julia Avenue:					
Administrative Fees	\$ 68,000	\$ 20,013	\$ 106,829	\$ 126,842	\$ (58,842)
Public Facilities and Improvements	376,000	-	253,519	253,519	122,481
Clearance Activities	5,000	-	-	-	5,000
Planning	3,500	942	-	942	2,558
Construction, Rehabilitation	397,500	6,883	218,477	225,360	172,140
Total	<u>\$ 850,000</u>	<u>\$ 27,838</u>	<u>\$ 578,825</u>	<u>\$ 606,663</u>	<u>\$ 243,337</u>
Revenues under expenditures	<u>\$ -</u>	<u>\$ (27,838)</u>	<u>\$ (270,080)</u>	<u>\$ (297,918)</u>	<u>\$ (297,918)</u>
Fund balance, beginning			<u>(27,838)</u>		
Fund balance, ending			<u>\$ (297,918)</u>		

**Vance County, North Carolina**  
**Community Development Fund Scattered Sites**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2013**

	Project Author- ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues</b>					
Community Development Block Grant:					
Scattered Sites	\$ 360,000	\$ -	\$ 109,338	\$ 109,338	\$ (250,662)
Urgent Repairs	40,000	-	-	-	(40,000)
Total	<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ 109,338</u>	<u>\$ 109,338</u>	<u>\$ (290,662)</u>
<b>Expenditures</b>					
Economic Development:					
Administration	\$ 33,770	\$ 13,544	\$ 9,688	\$ 23,232	\$ 10,538
Planning	6,230	-	-	-	6,230
Rehabilitation	320,000	25,206	113,190	138,396	181,604
Urgent Repairs	40,000	-	-	-	40,000
Total	<u>\$ 400,000</u>	<u>\$ 38,750</u>	<u>\$ 122,878</u>	<u>\$ 161,628</u>	<u>\$ 238,372</u>
Revenues under expenditures	<u>\$ -</u>	<u>\$ (38,750)</u>	<u>\$ (13,540)</u>	<u>\$ (52,290)</u>	<u>\$ (52,290)</u>
Fund balance, beginning			(38,750)		
Fund balance, ending			<u>\$ (52,290)</u>		

Vance County, North Carolina  
General Capital Projects Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
From Inception and for the Fiscal Year Ended June 30, 2013

	Project Author- ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues</b>					
Restricted intergovernmental:					
Grant funding-Farmers market	\$ 527,448	\$ -	\$ -	\$ -	\$ (527,448)
Donations-Farmers market	50,000	-	-	-	(50,000)
Investment earnings	-	1,475	76	1,551	1,551
Total revenues	<u>\$ 577,448</u>	<u>\$ 1,475</u>	<u>\$ 76</u>	<u>\$ 1,551</u>	<u>\$ (575,897)</u>
<b>Expenditures</b>					
Capital projects:					
Jail renovation:	\$ 2,025,820	\$ 1,959,862	\$ -	\$ 1,959,862	\$ 65,958
Farmers market:					
Legal and fiscal costs	3,000	-	-	-	3,000
Contracted services	71,417	-	-	-	71,417
Construction	29,754	-	-	-	29,754
Contingency	523,277	-	-	-	523,277
Total expenditures	<u>\$ 2,653,268</u>	<u>\$ 1,959,862</u>	<u>\$ -</u>	<u>\$ 1,959,862</u>	<u>\$ 693,406</u>
Revenues over (under) expenditures	<u>\$ (2,075,820)</u>	<u>\$ (1,958,387)</u>	<u>\$ 76</u>	<u>\$ (1,958,311)</u>	<u>\$ 117,509</u>
Other financing sources:					
Installment purchase obligations issued	\$ 2,000,000	\$ 2,000,000	\$ -	\$ 2,000,000	\$ -
Transfers from					
Capital reserve general-Jail renovation	25,820	-	-	-	(25,820)
General fund-Farmers market	50,000	-	50,000	50,000	-
Total other financing sources	<u>\$ 2,075,820</u>	<u>\$ 2,000,000</u>	<u>\$ 50,000</u>	<u>\$ 2,050,000</u>	<u>\$ (25,820)</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 41,613</u>	50,076	<u>\$ 91,689</u>	<u>\$ 91,689</u>
Fund balance, beginning			41,613		
Fund balance, ending			\$ 91,689		
Amounts reported for Revenue, Expenditures and Changes in Fund Balance are different from the Budget/Actual Statement due to consolidation of the Capital					
Investment Earnings			118		
Transfer-In			254,870		
Transfer-Out			(255,020)		
Fund Balance, Beginning (Capital Reserve Fund)			149,965		
Fund Balance, Ending (Consolidated School Capital Projects Fund)			<u>\$ 241,622</u>		

**Vance County, North Carolina**  
**Capital Reserve Fund - General**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2013**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment earnings	\$ 150	\$ 118	\$ (32)
Expenditures:			
Economic development	-	-	-
Revenues Over (Under) Expenditures	<u>\$ 150</u>	<u>\$ 118</u>	<u>\$ (32)</u>
Other Financing Sources (Uses):			
Transfers in			
General Fund	\$ 254,870	\$ 254,870	\$ -
Transfers out			
Debt Service Fund	(255,020)	(255,020)	-
Appropriated Fund Balance	-	-	-
Total Other Financing Sources (Uses)	<u>\$ (150)</u>	<u>\$ (150)</u>	<u>\$ -</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ (32)</u></u>	<u><u>\$ (32)</u></u>
Fund balance, beginning		<u>149,965</u>	
Fund balance, ending		<u><u>\$ 149,933</u></u>	

**Vance County, North Carolina**  
**Solid Waste Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non - GAAP)**  
**For the Fiscal Year Ended June 30, 2013**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
<b>Operating revenues:</b>			
<b>Charges for services:</b>			
Household fee	1,925,650	\$ 1,969,638	43,988
Warren County manned site	32,500	33,437	937
<b>Total</b>	<u>\$ 1,958,150</u>	<u>\$ 2,003,075</u>	<u>\$ 44,925</u>
<b>Nonoperating revenues:</b>			
Solid waste disposal tax	\$ 23,000	\$ 25,696	\$ 2,696
Scrap tire disposal tax	50,000	70,958	20,958
White goods disposal tax	20,000	17,592	(2,408)
Downtown business solid waste reimburs	5,500	-	(5,500)
Leaf disposal collection	400	-	(400)
Electronics management program	3,200	2,615	(585)
Recycling grant	5,000	-	(5,000)
Miscellaneous revenues	0	300	300
Investment earnings	35	5	(30)
<b>Total</b>	<u>\$ 107,135</u>	<u>\$ 117,166</u>	<u>\$ 10,031</u>
<b>Total revenues</b>	<u>\$ 2,065,285</u>	<u>\$ 2,120,241</u>	<u>\$ 54,956</u>
<b>Expenditures:</b>			
<b>Landfill operations:</b>			
Salaries and employee benefits	\$ 63,331	\$ 64,109	\$ (778)
Supplies	7,100	4,104	2,996
Repair and maintenance	2,500	531	1,969
Contracted services	1,898,020	1,833,359	64,661
Other operating expenditures	94,334	102,513	(8,179)
<b>Total expenditures</b>	<u>\$ 2,065,285</u>	<u>\$ 2,004,616</u>	<u>\$ 60,669</u>
Revenues over expenditures	\$ -	\$ 115,625	\$ 115,625
<b>Appropriated Fund Balance</b>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures and other sources (uses)	<u>\$ -</u>	<u>\$ 115,625</u>	<u>\$ 115,625</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
<b>Reconciling items:</b>			
Depreciation		(6,792)	
Decrease in accrued landfill closure and postclosure care costs		3,101	
Increase in accrued vacation pay		(207)	
Increase in other postemployment benefits		(3,175)	
<b>Total reconciling items</b>		<u>\$ (7,073)</u>	
Change in net position		<u>\$ 108,552</u>	

**Vance County, North Carolina**  
**Water Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2013**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Charges for services:			
Water connection fees	\$ 101,252	\$ 43,653	\$ (57,599)
Water line reimbursement - city	15,500	15,499	(1)
Total revenues	<u>\$ 116,752</u>	<u>\$ 59,152</u>	<u>\$ (57,600)</u>
Nonoperating revenues:			
Interest earnings	150	56	(94)
Total revenues	<u>\$ 116,902</u>	<u>\$ 59,208</u>	<u>\$ (57,694)</u>
<b>Expenditures:</b>			
Water distribution:			
Contracted services	65,280	\$ 140,194	(74,914)
Supplies	1,800	570	1,230
Other operating expenditures	76,248	2,511	73,737
Total expenditures	<u>\$ 143,328</u>	<u>\$ 143,275</u>	<u>\$ 53</u>
Appropriated Fund Balance	<u>\$ 26,426</u>	<u>\$ -</u>	<u>\$ (26,426)</u>
Revenues and appropriated fund balance over expenditures	<u>\$ -</u>	<u>\$ (84,067)</u>	<u>\$ (84,067)</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Reconciling items:			
Investment income		4,047	
Water connection fees		(43,653)	
Total reconciling items		<u>\$ (39,606)</u>	
Change in net position		<u>\$ (123,673)</u>	

Vance County, North Carolina  
Water District Capital Project Fund  
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)  
From Inception and for the Fiscal Year Ended June 30, 2013

	Project Author- ization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues</b>					
Restricted intergovernmental:					
Investment earnings	\$ -	\$ 1,297	\$ 4,047	\$ 5,344	\$ 5,344
<b>Expenditures</b>					
Capital Projects:					
Water distribution lines and water tank					
Legal and fiscal cost	\$ 25,000	\$ 22,590	\$ 65,412	\$ 88,002	\$ (63,002)
Engineering	420,655	47,472	149,464	196,936	223,719
Land easements, assessments	15,000	51,186	4,450	55,636	(40,636)
Interest expense	102,790	-	26,652	26,652	76,138
Construction	5,021,960	1,125,356	3,491,987	4,617,343	404,617
Contingency	255,160	-	-	-	255,160
Total expenditures	\$ 5,840,565	\$ 1,246,604	\$ 3,737,965	\$ 4,984,569	\$ 855,996
Revenues over (under) expenditures	\$ (5,840,565)	\$ (1,245,307)	\$ (3,733,918)	\$ (4,979,225)	\$ 861,340
<b>Other financing sources:</b>					
Bond Anticipation Notes	\$ 5,627,000	\$ 3,841,385	\$ -	\$ 3,841,385	\$ (1,785,615)
Transfers from Water fund	213,565	-	-	-	(213,565)
Total other financing sources	5,840,565	3,841,385	-	3,841,385	(1,999,180)
Revenues and other sources over expenditures	\$ -	\$ 2,596,078	\$ (3,733,918)	\$ (1,137,840)	\$ (1,137,840)

**Vance County, North Carolina**  
**Statement of Fiduciary Net Position**  
**Pension Trust Fund**  
**For the Year Ended June 30, 2013**

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	<u>Pension Trust Fund</u>
<b>Assets</b>	
Cash and cash equivalents	<u>\$ 294,019</u>
<b>Net Assets</b>	
Net position:	
Assets held in trust for pension benefits	<u>\$ 294,019</u>

**Vance County, North Carolina**  
**Statement of Changes in Fiduciary Net Position**  
**Pension Trust Fund**  
**For The Fiscal Year Ended June 30, 2013**

	Pension Trust Fund
<b>Additions:</b> Employer contributions	\$ 20,000
Investment income: Interest	499
Change in net position	\$ 20,499
Net position, beginning	273,520
Net position, ending	\$ 294,019

**Vance County, North Carolina**  
**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For the Fiscal Year Ended June 30, 2013**

	Beginning Balance	Additions	Deductions	Ending Balance
<b>Social Services</b>				
Assets:				
Cash and cash equivalents	\$ 63,392	\$ 295,863	\$ 273,103	\$ 86,152
Liabilities:				
Miscellaneous liabilities	\$ 63,392	\$ 295,863	\$ 273,103	\$ 86,152
<b>Fines and Forfeitures</b>				
Assets:				
Cash and cash equivalents	\$ -	\$ 223,548	\$ 223,548	\$ -
Liabilities:				
Intergovernmental payable- Vance Board of Education	\$ -	\$ 203,516	\$ 203,516	\$ -
Intergovernmental payable- State of North Carolina	-	20,032	20,032	-
Total liabilities	\$ -	\$ 223,548	\$ 223,548	\$ -
<b>City Ad Valorem and Motor Vehicle Tax</b>				
Assets:				
Cash and cash equivalents	\$ -	\$ 5,836,028	\$ 5,836,028	\$ -
Liabilities:				
Miscellaneous liabilities	\$ -	\$ 5,836,028	\$ 5,836,028	\$ -
<b>Deed of Trust Fund</b>				
Assets:				
Cash and cash equivalents	\$ 384	\$ 4,860	\$ 5,082	\$ 162
Liabilities:				
Intergovernmental payable-State of North Carolina	\$ 384	\$ 4,860	\$ 5,082	\$ 162
<b>Totals - All Agency Funds</b>				
Assets:				
Cash and cash equivalents	\$ 63,776	\$ 6,360,299	\$ 6,337,761	\$ 86,314
Liabilities:				
Miscellaneous liabilities	\$ 63,392	\$ 6,131,891	\$ 6,109,131	\$ 86,152
Intergovernmental payable- Carolina Board of Education	-	203,516	203,516	-
Intergovernmental payable- State of North Carolina	\$ 384	24,892	25,114	\$ 162
Total liabilities	\$ 63,776	\$ 6,360,299	\$ 6,337,761	\$ 86,314

**Vance County, North Carolina**  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2013**

Fiscal Year	Uncollected Beginning Balance	Additions	Collections And Credits	Uncollected Ending Balance
2012-2013	\$ -	\$ 22,132,964 (a)	\$ 20,859,157 (b)	\$ 1,273,807 (c)
2011-2012	1,356,775		816,847	539,928
2010-2011	522,574		222,814	299,760
2009-2010	246,029		86,282	159,747
2008-2009	170,653		53,347	117,306
2007-2008	95,584		18,156	77,428
2006-2007	85,384		14,467	70,917
2005-2006	75,851		11,189	64,662
2004-2005	66,269		7,783	58,486
2003-2004	68,512		6,430	62,472
2002-2003	72,845		72,845	0
	<u>2,760,476</u>	<u>22,132,964</u>	<u>22,169,317 (d)</u>	<u>2,724,513</u>

Ad valorem taxes receivable - net:  
General Fund \$ 2,724,513

Reconcilement with revenues:

Ad valorem taxes - General Fund	\$ 22,311,204	
Penalties and interest	<u>368,008</u>	\$ 22,679,212
Reconciling items:		
Interest Collected		(368,008)
Discoveries, abatements, and adjustments, net		(142,278)
Taxes written off		<u>391</u>
Total reconciling items		<u>(509,895)</u>
Total collections and credits		<u>\$ 22,169,317 (d)</u>

Vance County, North Carolina  
 Analysis of Current Tax Levy  
 County - wide Levy  
 For the Fiscal Year Ended June 30, 2013

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 2,711,069,192	0.782	\$ 21,272,121	\$ 19,954,091	\$ 1,318,030
Motor vehicles taxed at prior year's rate	100,818,692	0.782	788,408	-	788,408
Penalties	-		72,435	72,435	-
Total property valuation	<u>2,811,887,884</u>		<u>22,132,964</u>	<u>20,026,526</u>	<u>2,106,438</u>
Net levy			22,132,964 (a)	20,026,526	2,106,438
Uncollected taxes at June 30, 2013			<u>1,273,807 (c)</u>	<u>976,809</u>	<u>296,998</u>
Current year's taxes collected			<u>20,859,157 (b)</u>	<u>19,049,717</u>	<u>1,809,440</u>
Current levy collection percentage			<u>94.24%</u>	<u>95.12%</u>	<u>85.90%</u>

**Vance County, North Carolina**  
**Analysis of Current Tax Levy**  
**County - wide Levy**  
**For the Fiscal Year Ended June 30, 2013**

**Secondary Market Disclosures:**

Assessed Valuation:

Assessment Ratio <sup>1</sup>	100 %
Real Property	\$ 2,201,282,148
Personal Property	543,519,686
Public Service Companies <sup>2</sup>	<u>77,739,298</u>
Total Assessed Valuation	\$ 2,822,541,132
Tax Rate per \$100	0.00784
Levy (includes discoveries, releases and abatements) <sup>3</sup>	\$ 22,132,964

In addition to the County-wide rate, the following table lists the levies by the County on behalf of fire protection districts for the fiscal year ended June 30:

Fire Protection Districts	<u>722,065</u>
Total	<u>\$ 722,065</u>

<sup>1</sup> Percentage of appraised value has been established by statute.

<sup>2</sup> Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.

<sup>3</sup> The levy includes interest and penalties.

**Vance County, North Carolina  
Ten Largest Taxpayers  
For the Fiscal Year Ended June 30, 2013**

<b>Taxpayer</b>	<b>Type of Business</b>	<b>Assessed Valuation</b>	<b>Percentage of Total Assessed Valuation</b>
DLP Maria Parham Medical	Private Hospital	\$ 87,291,505	26.26%
Iams	Manufacturing	66,574,610	20.03%
Progress Energy Carolinas	Utility	45,386,023	13.66%
Saint Gobain Containers, Inc.	Manufacturing	31,996,577	9.63%
Wal Mart Stores	Retail	25,743,438	7.75%
Variety Wholesalers	Retail	18,953,395	5.70%
W&W Properties	Property Management	16,775,284	5.05%
Carolina Telephone	Utility	14,956,310	4.50%
Wal-Mart Real Estate Business Trust	Retail	13,966,061	4.20%
Pacific Coast Feather Co.	Manufacturing	10,708,261	3.22%
Total		<u>\$ 332,351,464</u>	<u>100.0%</u>

COMPLIANCE SECTION

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 Commissioners  
Vance 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 aggregate discretely presented component units, each major fund, and the aggregated remaining fund information of Vance County, North Carolina as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprises Vance County, North Carolina's basic financial statements, and have issued our report thereon dated December 5, 2013. Other auditors audited the financial statements of the Vance County ABC Board and the Vance County Tourism Development Authority, as described in our report on Vance County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Vance County ABC Board and the Vance County Tourism Development Authority were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Vance 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 the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for 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

To the Board  
Vance County, North Carolina  
Page 2

accompanying schedule of findings and responses, 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. (2013-01, 2013-02)

A significant deficiency is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as material weaknesses to also be significant deficiencies.

#### Compliance and Other Matters

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

#### Purpose of this Report

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

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CERTIFIED PUBLIC ACCOUNTANTS

December 5, 2013

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 Commissioners  
Vance County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Vance County, North Carolina's compliance, with the types of compliance requirements described in the U.S. Office of Management and Budget (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 Vance County's major federal programs for the year ended June 30, 2013. Vance County's major federal programs are identified in the summary of auditors' 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 the 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 Vance 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 the County's compliance.

To the Board  
Vance County, North Carolina  
Page 2

#### Opinion on Each Major Federal Program

In our opinion, Vance 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 major federal programs for the year ended June 30, 2013.

#### Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2013-3, 2013-04, 2013-05, 2013-06, and 2013-07. Our opinion on each major federal program is not modified with respect to these matters.

Vance County's response to the noncompliance findings identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. Vance 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

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

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

To the Board  
Vance County, North Carolina  
Page 3

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 significant deficiencies or material weaknesses 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 2013-03, 2013-04, 2013-05, 2013-06, and 2013-07 that we consider to be significant deficiencies.

Vance County's response to the internal control over compliance findings identified in our audit are described in the accompanying *Schedule of Findings and Questioned Costs*. Vance County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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CERTIFIED PUBLIC ACCOUNTANTS

December 5, 2013

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR STATE PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH APPLICABLE SECTIONS OF OMB CIRCULAR A-133 AND THE  
STATE SINGLE AUDIT IMPLEMENTATION ACT

To the Board of Commissioners  
Vance County, North Carolina

Report on Compliance for Each Major State Program

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

Management's Responsibility

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

Auditor's Responsibility

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

### Opinion on Each Major State Program

In our opinion, Vance 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 major state programs for the year ended June 30, 2013.

### Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with 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 2013-03, 2013-04, 2013-05, 2013-06, and 2013-07. Our opinion on each major state program is not modified with respect to these matters.

Vance County's response to the noncompliance findings identified in our audit is described in the accompanying *findings and questioned costs*. Vance 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 Vance 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 Vance 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 City'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 2013-03, 2013-04, 2013-05, 2013-06, and 2013-07 that we consider to be significant deficiencies.

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

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

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CERTIFIED PUBLIC ACCOUNTANTS

December 5, 2013

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

Schedule 6

A. Summary of Auditors' Results  
Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted  yes  no

Federal Awards

Internal control over major federal programs:

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

Noncompliance material to federal awards  yes  no

Type of auditor's report issued on compliance for major federal programs: Qualified for Adoption Assistance, Unqualified for Medicaid

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

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
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Identification of major federal programs:

93.778	Medical Assistance
93.659	Adoption Assistance

Dollar threshold used to distinguish between Type A and Type B Programs	\$2,017,048
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Auditee qualified as low-risk auditee?  yes  no

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

Schedule 6

State Awards

Internal Control Over State Programs:

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

Type of auditors' report issued on compliance for major state programs: Qualified Report issued for Adoption Assistance, Unqualified Report issued for Medicaid

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

Identification of major state programs:

Program Name

Medical Assistance  
Adoption Assistance

B. Financial Statement Findings

MATERIAL WEAKNESS

2013-01

Criteria: Management is responsible for establishing and maintaining internal control, including monitoring, and ensuring that bank reconciliations are prepared and reviewed by a responsible official in a timely manner.

Condition: Management did not establish and maintain internal controls to ensure that bank statements were reconciled and reviewed by a responsible official in a timely manner.

Effect: The absence of controls over bank reconciliations is considered a material weakness because more than a remote likelihood exists that a material misstatement of the financial statements could occur and not be prevented or detected and corrected by the entity's internal controls.

Cause: Management did not reconcile bank statements properly or in a timely manner during the year. Internal controls were not in place to detect and correct these errors. This was partially due to a change in accounting systems and turnover in the Finance Officer position.

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

Schedule 6

Recommendation: Bank reconciliations should be prepared by the Finance Director in a timely manner and reviewed by the County Manager for completeness.

Management Response: Management understands and accepts its responsibility and role in maintaining adequate internal controls, including monitoring to ensure that bank reconciliations are prepared in a timely manner. The conversion from one automated financial accounting system to another and unanticipated turnover in the position of Finance Director resulted in a delay in the completion of the bank reconciliations. Reconciliations were partially performed but not completed in a timely manner due to data conversion challenges with the change in automated accounting systems.

Name of contact person: Jerry Ayscue, County Manager

Corrective Action: Bank reconciliations have been completed for FY 2012-13 and are being completed in a timely manner for FY 2013-14. Internal controls, including monitoring by the County Manager, have been implemented to ensure the timely preparation of bank reconciliations.

Proposed Completion Date: Effective immediately

MATERIAL WEAKNESS

2013-02

Criteria: Information reported for reimbursement on the DSS-1571 report must agree with the county general ledger.

Condition: Amounts reported for reimbursement on DSS-1571 reports did not match the actual expenses reported on the Vance County general ledger. \$38,669 in corrections were made on the October 2012 DSS-1571 for reporting errors in the July, August, and September 2012. \$37,347 of these corrections were for errors occurring in July of 2012.

Effect: Based on review of the corrections made on the October DSS-1571 for July, August, and September 2012 errors, the County received reimbursement for \$37,347 of expenditures 3 months late.

Recommendation: We recommend that the Department establish a more extensive review process for the DSS-1571 reporting. The DSS-1571 reports should be reviewed thoroughly each month by the Business Officer before the reports are sent to the State for reimbursement and the general ledger reconciliation should tie to the amounts reported on the DSS-1571.

Management Response: Management agrees with the findings and corrections were made in conjunction with learning the new CSI system that was installed July 1, 2012.

Name of contact person: Linda Cobb, Business Officer

Corrective Action: The Accounting Specialist will review and balance the DSS-1571 thoroughly each month before submitting the DSS-1571 and will face disciplinary actions if this does not occur. Also the general ledger will be balanced to the DSS-1571 monthly.

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

Schedule 6

Proposed Completion Date: The findings were located and corrected in October 2012.

C. Federal Award Findings and Questioned Costs

SIGNIFICANT DEFICIENCY

U.S. Department of Agriculture

Passed through the N.C. Department of Health and Human Services- Division of Social Services

Program Name: Adoption Assistance

CFDA #: 93.645 93.658 93.659

2013-03

Criteria: The adoption assistance case files should contain all proper documentation to support the child's adoption. The required documents can be found in the adoption assistance manual. Required forms consist of 5012, 5013, 1800, 1814, 5027, & 5095. In addition the file should contain medical records to support a pre-existing medical condition, copies of vendor statements, if applicable, and all correspondence pertaining to the child's receipt and termination of Adoption Assistance, if applicable.

Condition: Of the 6 files test 4 contained compliance errors.

Three of the files did not contain the proper medical documentation to support a pre-existing medical condition prior to adoption. Due to the lack of documentation, adoptive parents should be denied any vendor payment request. None of the three files receive vendor payments for the current fiscal year; therefore no questioned cost is associated with these files.

Questioned Costs: \$0

Two of the cases tested were classified as IV-B when in fact they should been IV-E. The County should have received a higher reimbursement for these two cases.

Questioned Cost: Case 1 \$2,270  
Case 2 \$2,477

Context: We examined 6 files with 4 errors. 67% error rate.

Effect: Case files did not contain the proper documentation and worker/supervisor did not enter correct classification for reimbursement.

Cause: Case files are not being properly reviewed to ensure completeness and compliance.

Recommendation: We recommend the adoption assistance supervisor and caseworkers receive additional training in determining the proper classification for children, for example IV-B, IV-E, or State. This is very important because improperly classified cases may not be

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

Schedule 6

reimbursed at the correct rate. In addition, we recommend that the supervisor review all new cases, and pull a monthly sample of all active cases for additional review.

Management Response: Management agrees with findings. This unit is understaffed with higher caseloads than normal. There will be a complete evaluation of the unit and case assignments in an effort to work more effectively and efficiently

Name of contact: Jacquelyn Wilson, Interim Director, Department of Social Services

Corrective Action: Training on IV E was held on August 29, 2013 with the state office. Additional training is scheduled for September 11, 2013 in IV E. There is also on going consultation with the State Representative for clarification and questions that surface as we work toward bringing this program up to standards. A monthly sample of active cases will be reviewed along with all new cases. Social work staff and supervisor will review all documents prior to submission for accuracy. All adoption cases and adoption assistance cases will be assigned to one worker to ensure proper documentation, compliance and accuracy.

Proposed Completion Date: Corrective action completed prior to audit release.

SIGNIFICANT DEFICIENCY

U.S. Department of Health and Human Services

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

Program Name: Medical Assistance Program

CFDA #: 93.778

2013-04

Criteria: Medicaid case files should contain the proper application for initial application and for reviews. All files should contain a properly completed budget based on information provided by the client and based on the automated income and resource matches (OLV). In addition, workers should properly document and follow up on client responses to questions relating to private insurance, liquid assets, or other resources that the client may have. All of this should be taken into consideration when determining eligibility.

Condition: Of the 60 files tested, 9 contained errors.

One case was missing part of the application for a new client. This made it impossible to determine if the client had outside health insurance, or any other assets that should have been considered.

A second case was missing the required FL-2. This should be obtained yearly from the doctor for the client to continue to receive Medicaid. This case should have been terminated at the end of May but was not and the client has received 3 months of benefits thus far in error.

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

Schedule 6

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A third case contained a budget that was not computed correctly. When the auditor recalculated the budget the client was still found to be eligible.

A fourth case contained medical records to support a deductible; however, the worker did not complete a worksheet summarizing the medical expenses to determine if the client met the deductible and proper documentation was not contained in the file to support that the deductible was met.

A fifth case was one in which the budget was completed using the incorrect income limit. Upon recalculation of the budget we determined that the client was still eligible.

A sixth case was one in which the worker did not run the OLV at the review period to verify if the client had any income that they had not reported on the application. At our request, the County printed the OLV and it appeared that the client had no unreported income and was still eligible.

A seventh case contained an error due to the deductible being calculated incorrectly. It resulted from the worker inadvertently using net pay instead of gross pay on the budget. The client deductible should have been \$258 higher.

An eighth case did not include a budget. When reviewing the OLV and documentation in the file it appeared the client was in fact eligible for Medicaid.

The ninth case was one in which the client stated on the application that they had health insurance but there was no documentation in the file to verify that the health insurance had been terminated. If the client did still have that third party insurance they would not have been eligible.

Total Questioned costs: \$5,868

Context: We examined 60 files with 9 errors. 15% error rate.

Effect: Case files were not complete and eligibility requirements were not met.

Cause: Case files are not being properly reviewed to ensure completeness and compliance.

Recommendation: We recommend the Medicaid supervisor and lead workers perform monthly random reviews on caseworker files.

Management Response: Random 2<sup>nd</sup> party review of cases is now in place with cases reviewed monthly.

Name of contact: Jacquelyn Wilson, Interim Director, Department of Social Services

Corrective Action: Lead workers will begin monthly reviews of case worker's files. Five cases will be selected at random from each worker for each month. The findings of the review will be filed in a review log book and one copy will go to the Supervisor to discuss with the worker and another copy will go to the Director.

VANCE COUNTY, NORTH CAROLINA  
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Proposed Completion Date: Corrective action was completed prior to audit report release.

SIGNIFICANT DEFICIENCY

U.S. Department of Agriculture

Passed through the N.C. Department of Health and Human Services- Division of Social Services

Program Name: Supplemental Nutrition Assistance Program (SNAP)  
CFDA #: 10.551

2013-05

Criteria: Counties must maintain adequate case documentation to substantiate the claim entry into EPICS. This information includes, but is not limited to the dates of overpayment period, documentary evidence to substantiate that an overpayment occurred, such as wage stubs or verification from an employer, other income verification and household composition verification, and the budgets used to compute the amount of the overpayment.

Condition: 1 case file's claim was under calculated based on information in the file.

Questioned Costs: \$136.

Context: We examined 8 case files and found 1 error. 13%

Effect: The case file was not complete and compliance requirements were not met.

Cause: Case files are not being properly reviewed for completeness and compliance

Recommendation: We recommend that the department have a supervisor review EPICS case files for completeness and compliance.

Management Response: Management agrees with the findings

Name of contact: Jacquelyn Wilson, Interim Director, Department of Social Services

Corrective Action: The agency has a full time position dedicated with 100% to Program Integrity. The supervisor will review and sign claims that are computed.

Proposed Completion Date: Effective September 2013 Program Integrity will report to an Income Maintenance II Supervisor who will review claims.

VANCE COUNTY, NORTH CAROLINA  
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SIGNIFICANT DEFICIENCY

U.S. Department of Agriculture, U.S. Department of Health and Human Services

Passed through the N.C. Department of Health and Human Services- Division of Social Services

Program Name: Supplemental Nutrition Assistance Program, Medicaid, TANF  
CFDA #: 10.551, 93.778, 93.558

2013-06

Criteria: Per the SIS manual, EPICS claims must be established within 180 days from the date of discovery. If the process is not completed within 180 days, the case is considered overdue. Federal regulations require that time frames be tracked and corrective action implemented when more than 10% of referrals in a county are more than 180 days old.

Condition: All twelve monthly reports calculating pending cases were over the 10% limit.

Questioned Costs: \$0

Context: We examined 12 monthly reports and found that all were over the 10% limit. 100%

Effect: Claims are not being established timely per the SIS manual.

Cause: The County DSS did not have a worker assigned to monitor EPICS claims from July 2012 through February 2013.

Recommendation: We recommend that the department have a full time position for maintaining, processing, and monitoring EPICS claims.

Management Response: Management agrees with findings.

Name of contact: Jacquelyn Wilson, Interim Director, Department of Social Services

Corrective Action: Vance County DSS has in place a full time position assigned to processing, monitoring and maintaining EPICS claims.

Proposed Completion Date: This position was filled in February 1, 2013 as 100% Program Integrity.

SIGNIFICANT DEFICIENCY

U.S. Department of Health and Human Services

Passed through N.C. Department of Health and Human Services- Division of Social Services  
Program Names: Social Services Block Grant, Title IV-E Foster Care, TANF, Low Income Home Energy Assistance Block Grant, Permanency Planning, Child Care Development Fund  
CFDA #'s: 93.667, 93.658, 93.558, 93.568, 93.645, 93.596

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FOR THE YEAR ENDED JUNE 30, 2013

Schedule 6

2013-07

Criteria: All social work staff of Vance County Department of Social Services having direct client contact and performing client related activities in more than one area are required to maintain day sheets. Day sheets are to be supported by documentation in case record files.

Condition: 3 workers time coded on the day sheet did not match the time requested for reimbursement on the TEC report. 1 worker had 5 files that did not have the appropriate supporting documentation.

Questioned Costs: \$152.42 over-reported 75% Federal money  
\$ 50.80 over-reported 25% County money  
\$163.32 under-reported 100% County money

Context: We examined 14 workers and found 3 errors. 22%  
We examined 40 files and found 5 errors. 13%

Effect: The department was either over-reimbursed or under-reimbursed funds due to day sheets not being reconciled to the TEC report and for not having supporting documentation in case files.

Cause: The day sheets are not being properly reviewed to make sure that they match the TEC report prior to requesting reimbursement and supervisors are not reviewing case files for accuracy.

Recommendation: We recommend that someone in the agency reconcile each day sheet to the TEC report monthly and that supervisors randomly check case files for appropriate documentation.

Management Response: Management agrees with findings. Supervisors of each program will devise and implement a plan to correct these errors and eliminate any future errors. Repeated errors in this area may warrant disciplinary action. Review of day sheets and case documentation on each worker is to be submitted to the Director monthly.

Name of contact person: Jacquelyn Wilson, Interim Director, Department of Social Services

Corrective Action: Supervisors have submitted a plan to review day sheets with supporting documentation for each case file.

Proposed Completion Date: Corrective action was completed prior to audit release

**State Award Findings and Questioned Costs**

N.C. Department of Health and Human Services-Division of Social Services  
Program Name-Adoption Assistance

The significant deficiency at 2013-3 applies to the above referenced state program.

N.C. Department of Health and Human Services-Division of Medical Assistance

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Program Name: Medical Assistance

The significant deficiency at 2013-4 applies to the above referenced state program.

N.C. Department of Health and Human Services- Division of Social Services  
Program Name: SNAP

The significant deficiency at 2013-5 applies to the above referenced state program.

N.C. Department of Health and Human Services-Division of Social Services  
Program Name: Title XIX Medicaid, NC Health Choice, TANF, SNAP

The significant deficiency at 2013-6 applies to the above referenced state programs.

N.C. Department of Health and Human Services-Division of Social Services  
Program Name: Social Services Block Grant, Title IV-E, Foster Care, Permanency Planning,  
Child Care Development Fund, Low Income Home Energy Assistance Block Grant

The significant deficiency at 2013-7 applies to the above referenced state programs.

E. Summary of Prior Audit Findings

Finding 12-01 (Daysheet Leave Reporting)

Status: The County has corrected this finding.

Finding 12-02 (1571 Reporting)

Status: The County has not corrected this finding. See Finding 2013-2

Finding 12-03 (Medicaid Eligibility)

Status: The County has not corrected this finding. See Finding 2013-4

Finding 12-04 (Daysheet Documentation)

Status: The County has not corrected this finding. See Finding 2013-7

Finding 12-05 (EPICS Claim Entry)

Status: The County has not corrected this finding. See Finding 2013-5 and 2013-6

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

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	Federal CFDA Number	Federal TANF Number	Fed (Direct & Pass-through) Expenditures 2013	State Expenditures 2013	Local Expenditures 2013
<b>FEDERAL AWARDS:</b>					
<u>U.S. Department of Agriculture</u>					
<u>Food and Nutrition Service</u>					
Passed through Kerr Tar Regional Council of Governments					
Elderly Feeding Program	10.570		\$ 18,508	\$ -	\$ -
Passed through NC Dept of Health & Human Services					
Division of Social Services:					
Administration:					
<u>Food Stamp Cluster</u>					
State Administration Matching Grants for the					
Supplemental Nutrition Assistance Program	10.561		\$ 632,573	\$ -	\$ 629,573
Total U.S. Department of Agriculture			\$ 651,081	\$ -	\$ 629,573
<u>U.S. Department of Housing and Urban Development</u>					
Pass-through the N.C. Dept. of Commerce:					
Community Development Block Grant, Small Cities Program	14.228		\$ 473,916	\$ -	\$ -
Emergency Shelter Grant	14.231		18,401	-	-
Total U.S. Department of Justice			\$ 492,317	\$ -	\$ -
<u>U.S. Department of Justice</u>					
Local Law Enforcement Block Grant	16.592		\$ 6,848	\$ -	\$ -
Bulletproof Vest Partnership	16.607		3,704	-	-
Total U.S. Department of Justice			\$ 10,552	\$ -	\$ -
<u>U.S. Department of Homeland Security</u>					
Passed through North Carolina Department					
Public Safety:					
Emergency Management Performance Grants	97.042		\$ 35,259	\$ -	\$ -
<u>U.S. General Services Administration</u>					
Passed through North Carolina State Board of Elections					
Election Assistance Grant-Title I	39.011		\$ 9,482	\$ -	\$ -
<u>U.S. Department of Health and Human Services</u>					
<u>Administration of Children and Families</u>					
Passed through NC Department of Health and Human Services					
Division of Social Services:					
<u>Foster Care and Adoption Cluster:</u>					
TITLE IV-E Foster Care Administration	93.658		\$ 20,100	\$ 10,050	\$ 10,050
TITLE IV-E Foster Care	93.658		133,590	35,231	35,234
TITLE IV-E Family Foster Maximum	93.658		693	-	365
Foster Care Direct Benefit Payments	93.658		244,425	26,259	216,435
Adoption Assistance-Direct Benefit Payments	93.659		205,337	54,666	54,666
Adoption Assistance-Optional Adoption	93.659		1,865	-	1,865
Total Foster Care and Adoption Cluster			\$ 606,010	\$ 126,206	\$ 318,615
<u>Temporary Assistance for Needy Families Cluster:</u>					
Work First/Temporary Assistance for Needy					
Families (TANF)	93.558		584,589	-	640,775
Temporary Assistance for Needy					
Families (TANF)-Direct Benefit Payments	93.558		607,681	(160)	-
Total Temporary Assistance for Needy Families Cluster			\$ 1,192,270	\$ (160)	\$ 640,775
N. C. Child Support Enforcement Section					
Refugee and Entrant Assistance - State	93.563		574,984	-	296,203
Administered Program-Direct Benefit Payments	93.566		905	-	-
Low-income Home Energy Assistance					
Block Grant	93.568		707,443	-	-
AFDC Payments and Penalties	93.560		(887)	(243)	(243)
Child Welfare Services-State Grants					
Adoption Subsidy-Direct Benefit Payments	93.645		57,876	11,193	-
Child Welfare Services-State Grants					
Permanency Planning-Families for Kids	93.645		12,445	128	4,191
Family Preservation	93.556		4,535	-	-
Social Services Block Grant-Other Services and Training	93.667		254,752	25,827	93,526
Independent Living Grant	93.674		9,194	2,299	-
Independent Living Grant-Direct Benefit Payments	93.674		2,903	-	-
Total Division of Social Services			\$ 3,422,430	\$ 165,250	\$ 1,353,067

**VANCE COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
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GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	Federal CFDA Number	Federal TANF Number	Fed (Direct & Pass-through) Expenditures 2013	State Expenditures 2013	Local Expenditures 2013
<b>FEDERAL AWARDS:</b>					
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		\$ 84,904	\$ -	\$ -
Division of Child Development:					
Child Care and Development Fund-Discretionary	93.575		658,017	-	-
Child Care and Development Fund-Mandatory	93.596		299,046	-	-
Child Care and Development Fund-Match	93.596		496,413	229,422	-
Total Child Care Development Fund Cluster			<u>\$ 1,538,380</u>	<u>\$ 229,422</u>	<u>\$ -</u>
Temporary Assistance for Needy Families	93.558		348,636	-	-
Foster Care Title IV-E	93.658		9,408	4,349	-
Smart Start			-	56,371	-
State Appropriations			-	97,055	-
TANF-MOE			-	165,121	-
Total Subsidized Child Care			<u>\$ 1,896,424</u>	<u>\$ 552,318</u>	<u>\$ -</u>
<u>Centers for Medicare and Medicaid Services</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Medical Assistance:					
Direct Benefit Payments:					
Medical Assistance Program	93.778		\$ 59,814,130	\$ 33,586,564	\$ (672)
Division of Social Services:					
Administration:					
Medical Assistance Program	93.778		648,050	20,458	624,048
NC Health Choice	93.767		33,955	1,798	9,018
Total Medicaid Cluster			<u>\$ 60,496,135</u>	<u>\$ 33,608,820</u>	<u>\$ 632,394</u>
Division of Services for the Blind					
Direct Benefit Payments					
Aid to the Blind	93.667		\$ 30,720	\$ 28,500	\$ 8,460
<u>Administration on Aging</u>					
<u>Division of Aging and Adult Services</u>					
Passed through Kerr Tar Regional					
Council of Governments					
<u>Aging Cluster</u>					
Special Programs for the Aging-Title IIIB					
Grants for Supportive Services and Senior Centers	93.044		\$ 48,805	\$ 145,512	\$ -
Special Programs for the Aging-Title IIIC					
Nutrition Services	93.045		77,737	73,589	-
Total Aging Cluster			<u>\$ 126,542</u>	<u>\$ 219,101</u>	<u>\$ -</u>
Family Caregiver Support	93.052		9,351	597	-
Total Passed through Kerr Tar Regional Council of Governments			<u>\$ 135,893</u>	<u>\$ 219,698</u>	<u>\$ -</u>
Social Services Block Grant (SSBG)-In Home Services	93.667		\$ 53,917	\$ -	\$ 7,703
State/County Special Assistance for Adults - DBP			717	-	13,716
Total US Department of Health & Human Services			<u>\$ 66,036,236</u>	<u>\$ 34,574,586</u>	<u>\$ 2,015,340</u>
Total Federal Assistance			<u>\$ 67,234,927</u>	<u>\$ 34,574,586</u>	<u>\$ 2,644,913</u>
<b>STATE AWARDS:</b>					
<u>N.C. Department of Health and Human Services</u>					
Department of Social Services					
State Aid to Counties					
Energy Assistance Private Grants				\$ 17,217	-
County funded programs				-	249,744
Direct Benefits Payments:					
CWS Adoption Subsidy and Vendor				143,308	31,306
SC/SA Domiciliary Care				564,394	564,394
State Foster Home				31,373	31,373
Non-reimb Med CMS				-	(3,736)
AFDC/TANF Incentives				4,264	-
Work First Non Reimbursable				-	4,016
DCD-Smart Start				33,778	-

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

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	Federal CFDA Number	Federal TANF Number	Fed (Direct & Pass-through) Expenditures 2013	State Expenditures 2013	Local Expenditures 2013
<b>STATE AWARDS:</b>					
Passed through Kerr Tar Regional Council of Governments Senior Center Development Total N.C. Department of Health and Human Services				7,834 \$ 802,168	- \$ 1,043,750
<u>North Carolina Department of Public Safety</u>					
Division of Youth Services					
Friends of Youth				\$ 24,532	\$ -
Youth Services				102,097	-
Juvenile Crime Prevention Commission				6,273	-
Conflict Management				18,251	-
Gang Assessment Grant				-	-
Total Division of Youth Services				\$ 151,153	\$ -
Criminal Justice Partnership Program				30	-
Total N.C. Department of Public Safety				\$ 151,183	\$ -
<u>N.C. Department of Administration</u>					
Veterans Service Officer				\$ 1,452	\$ -
<u>N.C. Department of Environmental and Natural Resources</u>					
Division of Soil and Water Conservation Soil Technician Grant				\$ 3,600	\$ -
<u>N.C. Department of Transportation</u>					
ROAP Elderly and Disabled Transportation Assistance Program				\$ 58,045	\$ -
ROAP Rural General Public Program				67,909	-
Total NC Department of Transportation				\$ 125,954	\$ -
<u>N.C. Department of Public Instruction</u>					
Public School Building Capital Fund				\$ 261,621	\$ -
<u>N.C. Department of Agriculture and Consumer Services</u>					
N.C. Tobacco Trust Fund Commission Grant-Farmer's Market				\$ 16,761	\$ -
Total State Cash Assistance				\$ 35,937,325	\$ 3,688,663
Total Assistance			\$ 67,234,927	\$ 35,937,325	\$ 3,688,663

**Notes to the Schedule of Federal And State Awards:**

**1 BASIS OF PRESENTATION**

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

2 The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care and Foster Care and Adoption.