

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**
**For the Fiscal Year Ended
June 30, 2013**



Prepared by the
Granville County Finance Department

Finance Director
Michael S. Felts

County of Granville
P. O. Box 1286
Oxford, NC 27565

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INTRODUCTORY SECTION



County Of Granville, North Carolina

Post Office Box 1286, Oxford, North Carolina 27565

County Administration
(919) 693-5240

November 27, 2013

**To the Board of County Commissioners and
To the Citizens of Granville County, North Carolina**

Maintaining the fiscal strength and stability of county government is perhaps the most important responsibility of the Board of County Commissioners. The Comprehensive Annual Financial Report (CAFR) of Granville County, North Carolina, for the fiscal year ended June 30, 2013, reflects the achievement of that goal. Each year this document is prepared to provide you with details about how the County receives, spends and accounts for its money, as well as key indicators of its financial strength.

The CAFR consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a system of internal controls designed to protect County assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with generally accepted accounting principles (GAAP), and to provide reasonable assurance that the financial statements will be free from material misstatement. Management does not expect that the County's internal controls will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by Winston, Williams, Creech, Evans & Company, LLP. The objective of the independent audit is to provide reasonable assurance that the financial statements of Granville County for the fiscal year ended June 30, 2013 are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2013 are fairly presented in conformity with GAAP. The

independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Granville County was a part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements involving the administration of federal awards. Information related to the Single Audit, including a schedule of expenditures of federal and state awards, and a schedule of questioned costs is included in the compliance section of this report.

As required by GAAP, the Management Discussion and Analysis (MD&A) is presented in narrative form to introduce the basic financial statements and to provide an overview and analysis of the financial operations for the fiscal year ended June 30, 2013. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A is located immediately following the report of the independent auditor.

Financial Reporting Entity

The financial statements include all funds of Granville County, including all activities controlled by or dependent on the County. Control by, or dependence on the County was determined in accordance with the criteria established by the Governmental Accounting Standards Board (GASB) and included in the GASB's guidance in defining the governmental reporting entity.

The financial reporting entity includes all funds of Granville County, as well as its component units. Component units are legally separate entities for which Granville County is financially accountable.

Proprietary funds are used to account for a government's continuing business-type organizations and activities. The Granville County Board of Alcoholic Beverage Control and Granville Health System (Granville Medical Center) are component units of the County and are presented as proprietary funds. Most of the generally accepted accounting principles of proprietary funds are those applicable to similar private businesses.

Profile of Granville County

Granville County is a rapidly growing county nestled between the Virginia State line and the Raleigh-Durham-Chapel Hill metropolitan area. The local economy has shifted from traditional industries such as tobacco production and textiles to a more diverse industrial and service-based economy. This diversity has resulted in lower unemployment figures than some of the surrounding rural counties which have not transitioned as well. Granville County is proud to be home to globally competitive companies like Revlon, Bridgestone Commercial Solutions, N T Techno, Certainteed, Altec, CMP USA, Shalag, and many others. These companies provide unique and interesting employment

opportunities and are important contributors to the County's tax base. As a result of the diversity of industries and the outstanding quality of life in our community, Granville County is poised to prosper as state and national economic conditions improve.

Granville County is also home to numerous State and Federal facilities located in Butner, at the southwestern corner of the County. These facilities provide stable job opportunities and serve to meet State and Federal governmental needs such as mental health, correctional, and medical facilities. Many of the State and Federal employees reside in the County.

Outdoor recreational opportunities abound in Granville County due to the availability of large, sparsely populated areas that provide sportsmen (and sportswomen) excellent hunting, fishing, hiking, and other outdoor opportunities.

Granville County operates under the Commissioner/Manager form of government. Policy-making and legislative authority are vested in a seven-person governing Board of Commissioners (the "Board") elected by district to staggered four-year terms.

The Board is responsible for governing the County by adopting local ordinances, adopting an annual budget, and establishing annual property tax rates. The Board also hires the County Manager and appoints members to various Boards and Commissions. The Board may also call bond referendums, enter into contracts, and establish new programs.

The County Manager is the chief administrative officer of the County and serves at the pleasure of the Board. The major responsibilities of the Manager include the day-to-day supervision of the activities of the County departments, attendance at Board meetings, making recommendations on matters of business, and preparing and recommending the annual budget.

The County provides a full range of services including public safety, social services, health services, emergency medical services, cultural and recreational activities, general administration, and others. In addition to these general government functions, the County also provides solid waste management services. The Board of Commissioners extends financial support to various agencies and groups who are involved in serving our citizens. Among them are the Granville County Board of Education, volunteer fire departments, Vance-Granville Community College, the Kerr-Tar Council of Governments, Granville-Vance District Health Department, and Cardinal Innovations Healthcare Solutions – Five County Community Operations Center.

The annual budget provides the foundation for the County's financial planning and control. The budget is a legally adopted ordinance that is developed with input from citizens, county departments, and various agencies in the County. The Manager uses funding requests from all departments and agencies to develop a proposed budget that is presented to the Board for review.

Factors Affecting Economic Condition

Granville County has not been immune to the job losses in the textile, tobacco, and telecommunications industries over the last decade. The unemployment rate has mirrored that of the State and has steadily improved over the last year. In October 2012 the unemployment rate for Granville County was 9.0%, but by October 2013 it has decreased to 8.7%.

The impact of the recession and credit crisis has taken a toll on businesses and industries in Granville County. Fortunately most businesses and industries have been able to withstand this crisis so far without major layoffs or shutdowns. It appears that a recovery is continuing, but the speed of that recovery will continue to impact the local economy.

The County is a member of the thirteen-county Research Triangle Regional Partnership (RTRP). The County works closely with the RTRP to market the County to business prospects. The marketing is done through articles in national and international trade magazines, newspapers, and special advertising campaigns. The RTRP members work at the trade shows in the United States and Europe. Both the North Carolina Department of Commerce and the RTRP bring prospective clients to the County. The County is marketed as being able to offer most of the amenities of the Research Triangle Park without the high costs, traffic congestion, and other drawbacks of the densely populated areas.

The Research Triangle Park (the Park) contains 6,900 acres of land which has been reserved for research and research-oriented manufacturing. The Park celebrated fifty years of progress in 2009 and it is now home to 96 private and governmental companies. Over 37,000 people are employed in the Park, which has over 15 million developed square feet of space.

The County, in partnership with three of its neighboring counties, is continuing to market the “Triangle North” industrial and business park project. The Granville County site, “Triangle North - Granville”, is a 510 acre park focused on life science industries. This project is poised for significant potential growth due to its location relative to the Research Triangle Park.

Vance-Granville Community College is one of the finest industrial training institutions in the State. The public education in the County is strong and has students performing well. The local schools continue to leverage technology opportunities in order to keep students engaged. Students are better prepared for future educational and employment opportunities than ever before.

Short and Long Term Financial Planning

Many of the successes of the Board of County Commissioners can be attributed to the long-term planning efforts initiated by the Board. Examples include planning for both building capital and vehicle purchases. The annual appropriations are driven by five-year plans approved by the Board. This has greatly reduced the dependency on short-term borrowing and has allowed positive fund balances to be carried into years where the

needs exceed the annual appropriations. In fact, many mid-sized projects for Granville County have been funded on a pay-as-you-go basis because the funds were set-aside. The use of management's vehicle replacement schedule has eliminated the need for short term leasing of rolling stock.

The Governing Board also deliberates on funding for the General Fund departments in the context of a five-year funding plan. This allows the Board to better understand the financial impact of new programs in future fiscal years and has allowed advanced disclosure of the likelihood of future tax increases. Although a five-year plan may seem to be a short planning horizon, in local government it serves as an optimal, realistic time frame that decisionmakers can relate to effectively.

Other financial planning efforts include the programming of school debt service and the available revenue streams over a 15-20 year planning horizon and the five-year E-911 facilities plan. The school planning efforts have served to promote more effective discussions between the Board of Education and the Board of County Commissioners in developing projects to meet the school system's needs.

Key Investments in Economic Development Projects

The Board has made numerous strategic investments in new and expanding industrial plants in Granville County. The program relies on funds identified by the County for economic development projects that have a significant impact on the tax base while producing quality jobs. The program approved by the Board requires that funds be generated over a five-year period to replenish the funds utilized. The program has been touted by State economic development officials as innovative and highly effective in attracting new business to the community.

Awards and Acknowledgements

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

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

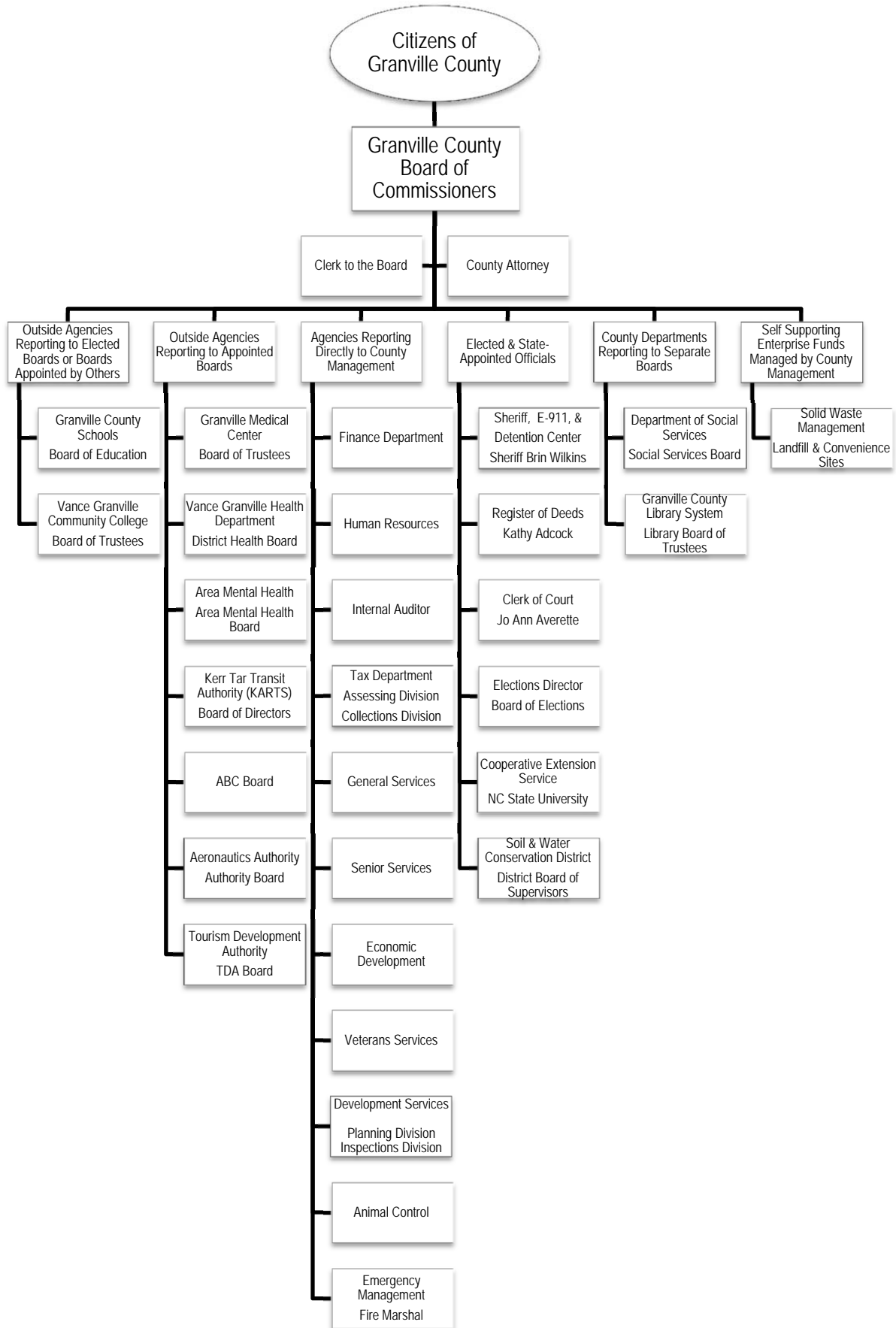
We appreciate the assistance and dedication of all employees in carrying out the services and programs approved by the Board of Commissioners. Preparation of this report would not have been possible without the dedicated efforts of the entire Finance Department staff and our independent auditors, Winston, Williams, Evans & Company, LLP. We

also express our appreciation to the members of the Board of County Commissioners for their continued support, guidance, and advice in planning and conducting the financial activities of the County in a responsible and progressive manner. The County's excellent financial status is a tribute to their dedication and genuine concern about the quality of government in Granville County.

Respectfully Submitted,

Michael S. Felts
Michael S. Felts
County Manager

Granville County Government Organizational Chart



GRANVILLE COUNTY, NORTH CAROLINA
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2013

**Board of County
Commissioners**

Edgar Smoak, Chairperson
David T. Smith, Vice-Chairperson
Tony W. Cozart
R. David Currin, Jr.
Zelodis Jay
Timothy Karan
Ed Mims

Debra A. Weary, Clerk to the Board

County Officials

Michael S. Felts	County Manager/Finance Director
Judy D. Stovall	Tax Administrator
Kathy M. Adcock	Register of Deeds
Brindell B. Wilkins	Sheriff
M. Scott Phillips	Director of Development Services
Tonya C. Burnette	Elections Director
Jason A. Falls	Director of Environmental Programs
Louis W. Bechtel	Director of Social Services
Pello L. Duncan	Veterans Services Director
Kathy B. May	Director of Senior Services
Tresia J. Dodson	Library Director
Paul W. Westfall	Director, Cooperative Extension
Justin Ayscue	Human Resources Director
Bill Edwards	Interim Economic Development Director
Raymond Allen	Parks/Grounds Maintenance Director
Monique Heggie	Internal Auditor
Cathy Hartley	Chief Animal Control Officer
Alicia Sparks	Acting 911 Center Manager
Gary Bowen	Maintenance Supervisor
Warren Daniel	SCS District Administrator
Doug Logan	Emergency Management Coordinator/Fire Marshal



Government Finance Officers Association

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

Presented to

**Granville County
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is fluid and cursive.

Executive Director/CEO

FINANCIAL SECTION

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

Certified Public Accountants



America Counts on CPAs

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

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

Independent Auditor's Report

To the Board of County Commissioners
Granville 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 Granville County, North Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Granville 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 Granville Medical Center. 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 Granville Medical Center, 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 Granville Medical Center, Granville County ABC Board, Granville County Tourism Development Authority and South Granville Memorial Gardens were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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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 our 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 other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Granville County as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance and the Other Postemployment Benefits' Schedule of Funding Progress and Employer Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which 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 Granville County, North Carolina. The combining and individual nonmajor fund financial statements, budgetary schedules and other schedules as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State Single Audit Implementation Act*, are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2013, on our consideration of Granville County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Granville County's internal control over financial reporting and compliance.

Winston, Williams, Creech, Evans & Company. LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
Oxford, North Carolina
November 27, 2013



County Of Granville, North Carolina

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michael.felts@granvillecounty.org

Management's Discussion and Analysis

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

Financial Highlights

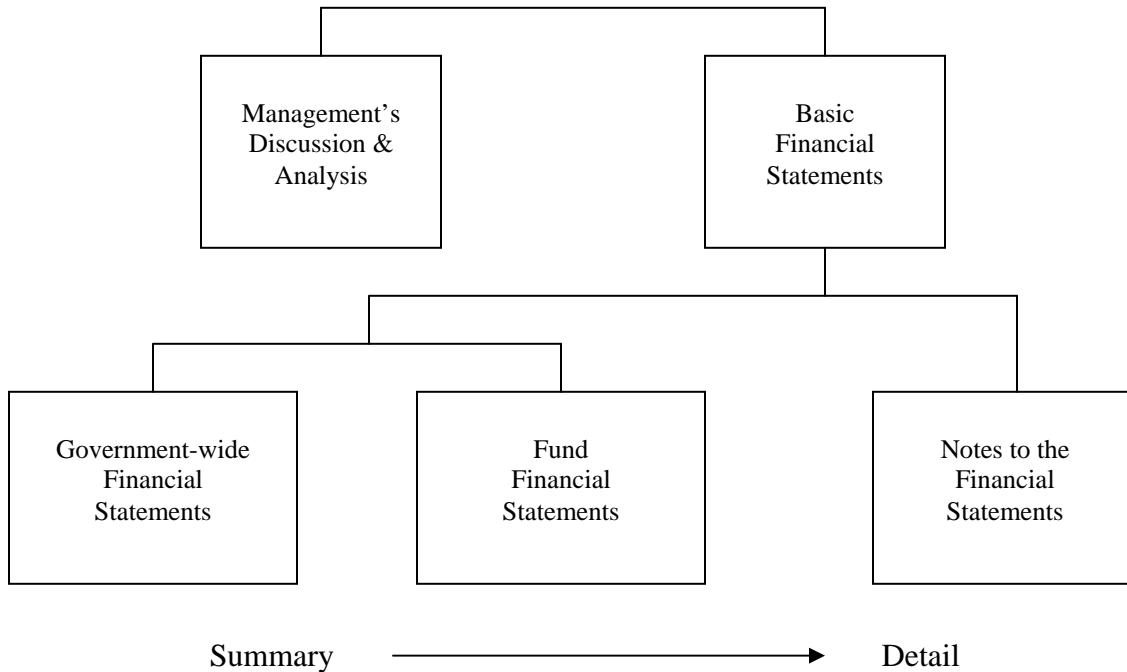
- The cash and cash equivalents (unrestricted) of the total primary government on the Statement of Net Position is \$27,442,096, which accounts for 34.8% of total primary government assets.
- The liabilities due in more than one year of \$101,258,408 account for 92.6% of total primary government liabilities.
- At the end of the current fiscal year, Granville County's governmental funds reported combined ending fund balances of \$34,330,004, after a net decrease of \$3,043,571. Approximately thirty-four percent (34.3%) of this total amount, or \$11,771,792 is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$18,625,992, or twenty percent (28.6%) of total general fund expenditures for the fiscal year.
- Granville County's debt service for fiscal year 2013 accounts for 11.7% of the total governmental funds expenditures for the year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Granville 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 Granville County.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **Notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's non-major governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes of North Carolina can also 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 Granville 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 positions and how they have changed. Net position is the difference between the County's total assets & deferred outflows and total liabilities & deferred inflows. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as general administration, public safety, human services, community services, and education. Property taxes, sales taxes, and state and federal grant funds finance most of these activities. The business-type activity is that which the County charges customers to provide. This includes the solid waste services offered by Granville County. The final category is the component units. Granville County owns Granville Medical Center. The County appoints the board of trustees for the Medical Center and has issued debt on its behalf. 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 Granville County Tourism Development Authority, and South Granville Memorial Gardens are also component units of Granville County.

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

Fund Financial Statements: The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Granville 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 of North Carolina or the County's budget ordinance. All of the funds of Granville 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 governmental 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.

Granville County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of

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

Proprietary funds - Granville County has two kinds of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Granville County uses an enterprise fund to account for its solid waste operations. This fund is the same as the separate activity shown in the business-type activities in the Statement of Net Position and the Statement of Activities. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the functions of the County. The County uses an internal service fund to account for one activity – its County Health Plan. Because this operation benefits predominantly governmental rather than business-type activities, the internal service fund has been included within the governmental activities in the government-wide financial statements.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Granville County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Currently Granville County operates five fiduciary 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 43 of this report.

Other information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Granville County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 77 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The liabilities & deferred inflows of Granville County exceeded assets & deferred outflows by \$29,143,266 as of June 30, 2013. The County's net position decreased by \$11,707,059 for that same time period. \$11,770,892 represents resources that are subject to external restrictions how they may be used. These include such items as financing proceeds for school or medical facilities or unexpended grant funds held for current projects. \$19,307,793 reflects the County's investment in capital assets less any related debt still outstanding that was issued to acquire those items. Capital assets are

used by the County to provide services to citizens; consequently, these assets are not available for future spending or debt service. Resources needed to repay the debt associated with Capital assets must be provided by other sources. The remaining balance \$(60,221,951) is unrestricted. Because the County carries the debt associated with school facilities, yet does not include those facilities on its books, a negative unrestricted balance is not uncommon while the school related debt is outstanding.

Granville County's Net Position
Figure 2

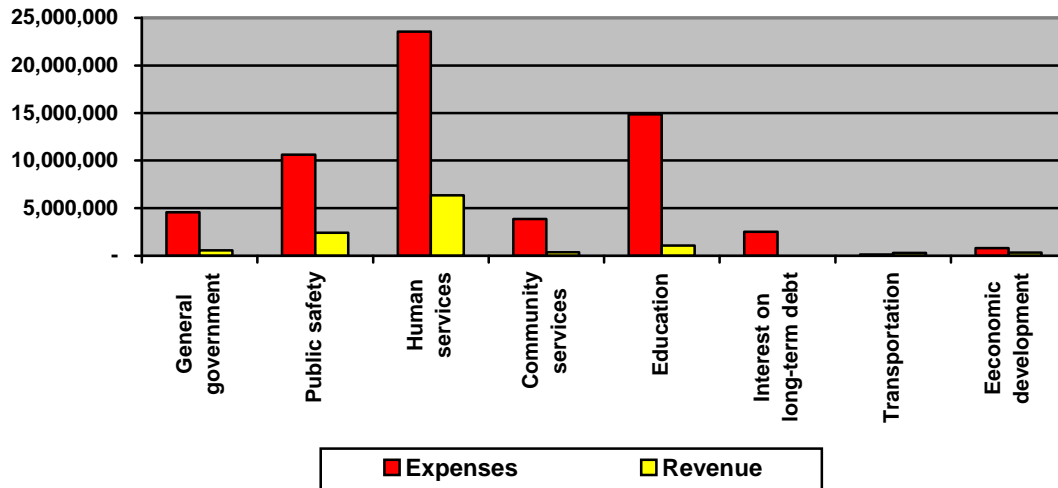
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 38,697,617	\$ 42,312,128	\$ 1,478,202	\$ 5,388,789	\$ 40,175,819	\$ 47,700,917
Capital assets	33,084,961	31,486,702	5,506,197	1,930,932	38,591,158	33,417,634
Deferred Outflows	1,695,251	-	-	-	1,695,251	-
Total assets & Deferred Outflows	\$ 73,477,829	\$ 73,798,830	\$ 6,984,399	\$ 7,319,721	\$ 80,462,228	\$ 81,118,551
Long-term liabilities outstanding	\$ 97,462,696	\$ 89,348,045	\$ 9,047,342	\$ 6,634,343	\$ 106,510,038	\$ 95,982,388
Other liabilities	2,655,417	1,838,255	149,091	409,269	2,804,508	2,247,524
Deferred Inflows	290,948	-	-	-	290,948	-
Total liabilities & deferred Inflows	\$ 100,409,061	\$ 91,186,300	\$ 9,196,433	\$ 7,043,612	\$ 109,605,494	\$ 98,229,912
Net position:						
Invested in capital assets, net of related debt	\$ 13,801,596	\$ 5,749,001	\$ 5,506,197	\$ 1,930,932	\$ 19,307,793	\$ 7,679,933
Restricted	11,770,892	22,894,879	-	-	11,770,892	22,894,879
Unrestricted	(52,503,720)	(46,031,350)	(7,718,231)	(1,654,823)	(60,221,951)	(47,686,173)
Total netposition	\$ (26,931,232)	\$ (17,387,470)	\$ (2,212,034)	\$ 276,109	\$ (29,143,266)	\$ (17,111,361)

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

- Continued emphasis on the collection of property taxes. The tax collection percentage increased slightly from the previous year from 97.15% to 97.18%.
- Sales tax revenues increased approximately \$464,957, or eight percent (8.4%) due to changing economic conditions in the County and State.
- The increase to long-term liabilities had a significant impact on the unrestricted net position since the County does not retain the school facilities on their financial statements as assets. The County carries the school related debt and the assets are recorded on the local education unit's financial statements as assets.
- Long-term liabilities reflecting the County's commitment to solid waste closure and post-closure estimates continue to directly affect the unrestricted governmental net position in the business-type activities. These liabilities are estimated at \$8,973,421 to be expended over the next 30 years.

Governmental activities. Governmental activities decreased the County's net position by \$9,218,916. Investments in education (Tar River Elementary School) and in Economic Development (Granville Medical Center) are the primary drivers in the decrease in the net assets of Governmental activities for fiscal year 2012-2013. The charts, table, and bulleted information provide more information related to governmental activities for the past two years.

Expenses and Program Revenues Governmental Activities

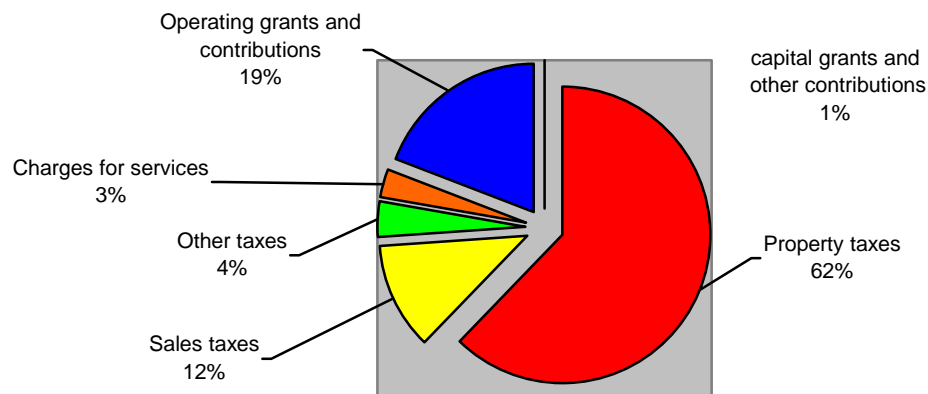


Granville County's Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges for services	\$ 1,509,228	\$ 1,547,982	\$ 1,934,679	\$ 1,540,903	\$ 3,443,907	\$ 3,088,885
Operating grants and contributions	9,853,048	8,773,500	-	-	9,853,048	8,773,500
Capital grants and contributions	41,415	147,875	3,493	4,692	44,908	152,567
General revenues:						
Property taxes	31,967,760	31,803,407	-	-	31,967,760	31,803,407
Other taxes	7,971,319	7,290,381	-	-	7,971,319	7,290,381
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Other	346,572	671,146	100,857	4,524	447,429	675,670
Total revenues	51,689,342	50,234,291	2,039,029	1,550,119	53,728,371	51,784,410
Expenses:						
General government	4,555,774	4,259,610	-	-	4,555,774	4,259,610
Public safety	10,620,057	9,823,361	-	-	10,620,057	9,823,361
Transportation	148,296	135,410	-	-	148,296	135,410
Economic and physical development	797,499	9,772,776	-	-	797,499	9,772,776
Human services	23,560,271	11,590,347	-	-	23,560,271	11,590,347
Community services	3,853,986	3,246,796	-	-	3,853,986	3,246,796
Education	14,864,489	17,583,181	-	-	14,864,489	17,583,181
Interest on long-term debt	2,507,886	2,425,015	-	-	2,507,886	2,425,015
Landfill	-	-	4,318,099	1,822,661	4,318,099	1,822,661
Other	-	-	209,073	-	209,073	-
Total expenses	60,908,258	58,836,496	4,527,172	1,822,661	65,435,430	60,659,157
Increase (decrease) in net assets before transfers and special items	(9,218,916)	(8,602,205)	(2,488,143)	(272,542)	(11,707,059)	(8,874,747)
Transfers	-	-	-	-	-	-
Increase (decrease) in net assets	(9,218,916)	(8,602,205)	(2,488,143)	(272,542)	(11,707,059)	(8,874,747)
Net assets, beginning	(17,387,470)	(8,785,265)	276,109	548,651	(17,111,361)	(8,236,614)
Restatement	(324,846)	-	-	-	(324,846)	-
Net assets, ending	\$ (26,931,232)	\$ (17,387,470)	\$ (2,212,034)	\$ 276,109	\$ (29,143,266)	\$ (17,111,361)

- Expenses for Human Services include \$11,943,328 for the Granville Medical Center renovation to the Emergency Department Facilities and Plant Facilities.
- Expenses for education include \$1,222,243 due to the construction of the Tar River Elementary School in the southern end of the County.
- Granville County continues to solicit additional grant revenues for planned capital projects and has been successful over the past few years to obtain grants related to the build out of recreational projects, energy improvements and enhancements for General Governmental facilities, and for improvements to Human Services related facilities to improve accessibility.

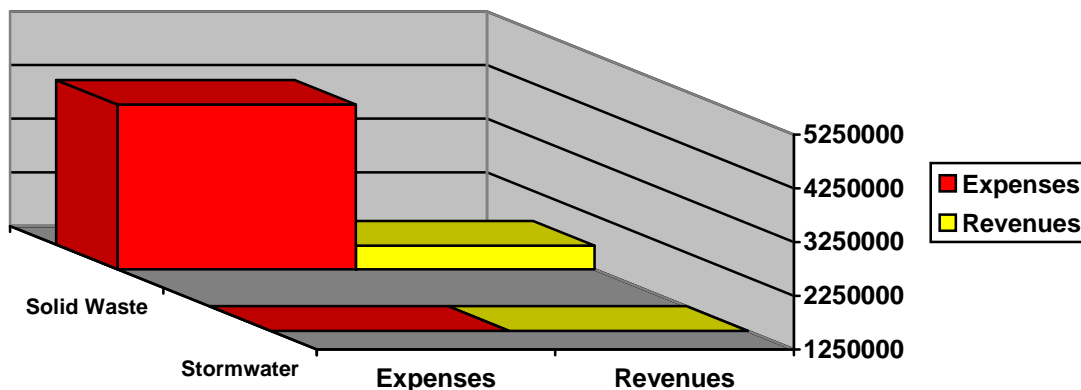
Revenues by Source Governmental Activities



Business-type activities. Business-type activities decreased the County's net position by \$2,488,143, which represents approximately fifty-five percent (54.96%) of the total business-type expenses.

- Granville County operates convenience sites for the collection of municipal solid waste (MSW) and operates a Construction and Demolition (C&D) Landfill. Revenues associated with the C&D Landfill are directly impacted by area construction activity.
- Granville County opened a MSW Landfill May 1, 2013. Construction and opening costs impacted the Solid Waste expenses during fiscal year 2012-2013.
- Labor costs and associated benefits continue to significantly impact the Solid Waste operations. This affects both County staff and contracted services related to the operation of the convenience sites.

**Fiscal Year 2012-2013
Expenses and Program Revenues
Business-type Activities**



Financial Analysis of the County's Funds

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

Governmental Funds: The focus of Granville County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance 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 Granville County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$18,625,992 while total fund balance reached \$30,763,074. The remainder of fund balance, \$12,137,082 is either nonspendable, restricted, committed, or assigned and is not available for general appropriation. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 28.6 percent of total General Fund expenditures, while total fund balance represents 47.3 percent of that same amount.

At June 30, 2013, the governmental funds of Granville County reported a combined fund balance of \$34,330,004, an 8.1 percent decrease from last year. The primary reason for this decrease is related to the use of financing proceeds for capital projects. In preparing for fiscal year 2012-2013, the Granville County Board of Commissioners appropriated \$1,418,657 of fund balance for the General Fund to balance the 2012-2013 budget.

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 revenues by \$2,537,748.

Economic conditions and State legislative changes effecting sales tax distributions in prior fiscal years continue to provide challenges to calculating accurate estimates for sales tax proceeds. The County took a more conservative approach when estimating fiscal year 2012-2013 Sales Tax & Other Tax revenues, and underestimated this revenue source by \$1,261,076 or 16%.

Proprietary Funds: Granville County's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Solid Waste Fund equaled \$(7,850,348). The total change in net position for the proprietary funds was \$(2,208,857). This change in net position primarily results from increased non-current liabilities for post closure care costs resulting from legislative changes.

In June 2012, Granville County established the County Health Plan Fund, an *Internal Service Fund*, to account for premium and claims associated with the County self-funded health insurance plan. Fiscal year 2012-2013 activity resulted in a change in net position of \$(68,788).

Capital Asset and Debt Administration

Capital Assets: Granville County's capital assets for its governmental and business-type activities as of June 30, 2013 totals \$38,591,158 (net of accumulated depreciation). These assets include land, buildings, machinery and equipment, park facilities, system improvements, and vehicles.

Major capital asset transactions during the year include:

- Purchase of Medical Practice Building adjacent to the Granville Medical Center.
- New vehicles and equipment were purchased primarily in the Public Safety Departments.
- Renovations to the County's Orange Street Facility.
- Construction and opening of a municipal solid waste (MSW) facility.

**Granville County's Capital Assets
(net of depreciation)
Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 7,661,689	\$ 6,401,791	\$ 1,020,695	\$ 1,020,695	\$ 8,682,384	\$ 7,422,486
Buildings	9,560,427	9,827,414	27,814	30,014	9,588,241	9,857,428
Improvements other than buildings	4,958,287	5,145,397	4,368,253	251,024	9,326,540	5,396,421
Machinery and equipment	1,434,185	1,059,729	89,435	93,846	1,523,620	1,153,575
Construction in progress	9,470,373	9,052,371	-	535,353	9,470,373	9,587,724
Total	\$ 33,084,961	\$ 31,486,702	\$ 5,506,197	\$ 1,930,932	\$ 38,591,158	\$ 33,417,634

Additional information on Granville County's capital assets can be found in the notes to the financial statements beginning on page 56 of this report.

Long-term debt. At the end of fiscal year 2013, Granville County had total bonded debt outstanding of \$38,880,000, all of which is debt backed by the full faith and credit of the County.

**Granville County's Outstanding Debt
General Obligation Bonds
Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$38,880,000	\$42,885,000	\$ -	\$ -	\$ 38,880,000	\$ 42,885,000

Granville County's total general obligation debt decreased by \$4,005,000 (9.3 percent) during fiscal year 2012-2013 as a result of principal payments on several series of general obligation bonds and an advance refunding opportunity on outstanding series 2005 bonds.

Moody's Investors Service, Inc., Standard and Poor's Credit Markets Services and the North Carolina Municipal Council assigned independent underlying ratings to Granville County of AA2, AA-, and 84 respectively associated with general obligation debts issued in 2010 which upheld ratings issued previously.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to eight percent (8%) of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Granville County is \$234,510,134, which is significantly more than Granville County's outstanding general obligation debt.

Additional information on Granville County's long-term debt can be found in the notes to the financial statements beginning on pages 66 of this report.

Economic Factors and Next Year's Budgets and Rates

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

- The County is experiencing an unemployment rate of 8.7%, slightly higher than the state average of 8.0%, as of October 2013. This reflects conditions resulting from the overall downturn in the economy, and has improved from 9% in October 2012.
- The median annual income in Granville County is approximately \$49,000.
- Air Clean Systems/CS Medical is continuing renovations on an existing facility in Butner. This expansion is \$3.2 million and will add 20-30 new jobs.
- Revlon is continuing a 47 million retrofit of new automated equipment.
- ALLPACK Assembly, a repacking/fulfillment center opened adding 30-35 new jobs.

Budget Highlights for the Fiscal Year Ending June 30, 2014

Governmental Activities: The approved budget for fiscal year 2013-2014 increased the tax rate 3.5 cents to 83 cents. The tax base is projected to provide revenues of \$33,271,969 when calculated with the current collection percentage rate. The total projected assessed valuation for the County is \$4,126,269,702 for fiscal year 2013-2014.

Budgeted expenditures for fiscal year 2013-2014 in the General Fund reflect an increase from the previous fiscal year original budget of 5.14%. This is due primarily to increased health insurance, labor costs, and debt service.

The fiscal year 2013-2014 budget appropriates \$1,735,002 of available fund balance, to balance the general fund budget. Total revenues, excluding appropriated fund balance, reflect an increase of approximately 4.6% from the previous year original budget.

Business-type Activities: The budget for the operation of the solid waste activities reflects a 45.6% increase in operating expenditures due primarily to the opening of the MSW landfill. The Solid Waste staff continues to focus on the operation of the County MSW landfill system. This expansion adds to the long-term capacity of the landfill.

Requests for Information

This report is designed to provide an overview of Granville County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Granville County, 141 Williamsboro Street, Oxford, North Carolina, 27565.

Michael S Felts

Michael S. Felts
County Manager/Finance Director

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

GRANVILLE COUNTY, NORTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Granville Medical Center	Granville County ABC Board	Granville County Tourism Development Authority	South Granville Memorial Gardens
ASSETS							
Cash and cash equivalents	\$ 26,210,680	\$ 1,231,416	\$ 27,442,096	\$ 2,300,091	\$ 833,767	\$ 273,921	\$ 137,845
Taxes receivable	1,788,647	-	1,788,647	-	-	-	-
Accrued interest receivable	229,174	-	229,174	-	-	-	-
Accounts receivable	2,302,336	249,963	2,552,299	10,308,601	-	-	18,181
Inventories	-	-	-	1,070,397	145,297	-	2,688
Prepaid items	75,953	-	75,953	344,244	10,322	-	-
Due from governmental uni	-	-	-	-	-	32,208	-
Internal balances	3,177	(3,177)	-	-	-	-	-
Restricted assets:							
Cash and cash equivalents	8,087,650	-	8,087,650	-	-	-	100,000
Assets whose use is limited	-	-	-	14,095,422	-	-	-
Goodwill	-	-	-	590,005	-	-	-
Investment in affiliated organization	-	-	-	-	-	-	-
Capital assets							
Land, improvements, and construction in progress	17,132,062	1,020,695	18,152,757	13,476,933	110,877	-	39,534
Other capital assets, net of depreciation	15,952,899	4,485,502	20,438,401	13,118,444	132,178	-	21,110
Total capital assets	33,084,961	5,506,197	38,591,158	26,595,377	243,055	-	60,644
Total Assets	71,782,578	6,984,399	78,766,977	55,304,137	1,232,441	306,129	319,358
DEFERRED OUTFLOWS OF RESOURCES							
	1,695,251	-	1,695,251	-	-	-	-
LIABILITIES							
Accounts payable & accrued liabilities:	1,985,851	149,091	2,134,942	8,399,795	225,012	-	-
Accrued interest payable	637,358	-	637,358	-	-	-	-
Due to fiduciary funds	32,208	-	32,208	-	-	-	-
Long-term liabilities:							
Due within one year							
Bonds payable	3,205,000	-	3,205,000	-	-	-	-
Notes and COPS payable	973,856	-	973,856	470,599	-	-	-
Financing agreement payable	861,159	-	861,159	-	-	-	-
Compensated absences payable	208,207	3,408	211,615	2,040,453	-	-	-
Due in more than one year							
Bonds payable	38,445,118	-	38,445,118	-	-	-	-
Notes and COPS payable	41,981,269	-	41,981,269	17,697,935	-	-	-
Financing agreement payable	6,337,174	-	6,337,174	-	-	-	-
Accrued landfill closure and postclosure costs	-	8,973,421	8,973,421	-	-	-	-
Compensated absences payable	624,620	10,223	634,843	-	-	-	-
Other postemployment benefits obligation	4,254,266	60,290	4,314,556	-	28,621	-	-
Net pension obligation	572,027	-	572,027	-	-	-	-
Total long-term liabilities	97,462,696	9,047,342	106,510,038	20,208,987	28,621	-	-
Total Liabilities	100,118,113	9,196,433	109,314,546	28,608,782	253,633	-	-
DEFERRED INFLOWS OF RESOURCES							
	290,948	-	290,948	-	-	-	600
NET POSITION							
Net investment in capital assets	13,801,596	5,506,197	19,307,793	17,861,032	243,055	-	60,644
Restricted for:							
Stabilization by State Statute	2,176,115	-	2,176,115	-	-	32,208	18,181
Register of Deeds	-	-	-	-	-	-	-
Public Safety	158,231	-	158,231	-	-	-	-
Education	724,468	-	724,468	-	-	-	-
Community Services	986,837	-	986,837	-	-	-	-
Human Services	5,416,399	-	5,416,399	252,471	-	-	-
Economic and physical development	2,308,842	-	2,308,842	-	-	-	-
Working Capital	-	-	-	-	96,220	-	-
Cemetery Perpetual Care and Maintenance	-	-	-	-	-	-	100,000
Capital Improvements	-	-	-	-	100,000	-	-
Tourism Related Capital Development	-	-	-	-	-	43,375	-
Unrestricted (deficit)	(52,503,720)	(7,718,231)	(60,221,951)	8,581,852	539,533	230,546	139,933
Total Net Position	\$ (26,931,232)	\$ (2,212,034)	\$ (29,143,266)	\$ 26,695,355	\$ 978,808	\$ 306,129	\$ 318,758

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

GRANVILLE COUNTY, NORTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position						
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units			
					Governmental Activities	Business-Type Activities	Total	Granville Medical Center	Granville County ABC Board	Granville County Tourism Development Authority	South Granville Memorial Gardens
Primary Government:											
Governmental Activities:											
General government	\$ 4,555,774	\$ 507,272	\$ 69,878	\$ -	\$ (3,978,624)	\$ -	\$ (3,978,624)				
Public safety	10,620,057	703,591	1,711,479	-	(8,204,987)	-	(8,204,987)				
Transportation	148,296	-	291,028	-	142,732	-	142,732				
Economic and physical developmen	797,499	-	326,361	41,415	(429,723)	-	(429,723)				
Human services	23,560,271	97,873	6,237,855	-	(17,224,543)	-	(17,224,543)				
Community services	3,853,986	200,492	156,245	-	(3,497,249)	-	(3,497,249)				
Education	14,864,489	-	1,060,202	-	(13,804,287)	-	(13,804,287)				
Interest on long-term debt	2,507,886	-	-	-	(2,507,886)	-	(2,507,886)				
Total governmental activities	60,908,258	1,509,228	9,853,048	41,415	(49,504,567)	-	(49,504,567)				
Business-type activities:											
Solid Waste	4,318,099	1,686,107	-	3,493	-	(2,628,499)	(2,628,499)				
Stormwater	209,073	248,572	-	-	-	39,499	39,499				
Total business-type activities	4,527,172	1,934,679	-	3,493	-	(2,589,000)	(2,589,000)				
Component units:											
Granville Medical Center	57,659,037	47,633,605	695,746	132,873	-	-	-	(9,196,813)	-	-	-
Granville County ABC Board	3,131,713	3,237,700	-	-	-	-	-	-	105,987	-	-
Granville County Tourism Development Authority	185,281	-	-	-	-	-	-	-	-	(185,281)	-
South Granville Memorial Gardens	38,905	31,920	-	-	-	-	-	-	-	-	(6,985)
Total component units	\$ 61,014,936	\$ 50,903,225	\$ 695,746	\$ 132,873	\$ -	\$ -	\$ -	\$ (9,196,813)	\$ 105,987	\$ (185,281)	\$ (6,985)
General revenues:											
Taxes:											
Property taxes, levied for general purpos					\$ 31,967,760	\$ -	\$ 31,967,760	\$ -	\$ -	\$ -	\$ -
Local option sales tax					5,977,343	-	5,977,343	-	-	-	-
Other taxes											
Medicaid hold harmless					1,386,262	-	1,386,262	-	-	-	-
Various other taxes					607,714	-	607,714	-	-	174,189	-
Investment earnings, unrestrictec					49,130	5,062	54,192	16,647	723	761	297
Miscellaneous, unrestrictec					297,442	95,795	393,237	307,477	-	-	-
Transfers					-	-	-	-	-	-	-
Total general revenues, special items and transfer					40,285,651	100,857	40,386,508	324,124	723	174,950	297
Change in net position					(9,218,916)	(2,488,143)	(11,707,059)	(8,872,689)	106,710	(10,331)	(6,688)
Net position, beginning, previously reportec					(17,387,470)	276,109	(17,111,361)	35,568,044	872,098	316,460	325,446
Restatement					(324,846)	-	(324,846)	-	-	-	-
Net position, beginning, restated					(17,712,316)	276,109	(17,436,207)	35,568,044	872,098	316,460	-
Net position, ending					\$ (26,931,232)	\$ (2,212,034)	\$ (29,143,266)	\$ 26,695,355	\$ 978,808	\$ 306,129	\$ 318,758

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

**FUND
FINANCIAL STATEMENTS**

GRANVILLE COUNTY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	Major	Nonmajor	
	General	Other	Total
	Fund	Governmental	Governmental
	Funds	Funds	Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 22,915,552	\$ 2,958,575	\$ 25,874,127
Restricted cash	7,351,901	735,749	8,087,650
Taxes receivable	1,788,647	-	1,788,647
Accounts receivable	2,092,758	83,357	2,176,115
Prepaid items	900	-	900
Total Assets	<u>\$ 34,149,758</u>	<u>\$ 3,777,681</u>	<u>\$ 37,927,439</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable & accrued liabilities	\$ 1,274,881	\$ 210,751	\$ 1,485,632
Due to other funds	32,208	-	32,208
Total Liabilities	<u>1,307,089</u>	<u>210,751</u>	<u>1,517,840</u>
Deferred Inflows of Resources:	<u>2,079,595</u>	<u>-</u>	<u>2,079,595</u>
Fund balances:			
Nonspendable:			
Prepaid items	900	-	900
Restricted:			
Stabilization by State Statute	2,092,758	83,357	2,176,115
Register of Deeds	-	-	-
Human Services	5,416,399	-	5,416,399
Education	695,447	29,021	724,468
Recreation	-	59,061	59,061
Library	-	927,776	927,776
Public Safety	-	158,231	158,231
Economic and physical development	-	2,308,842	2,308,842
Committed:			
Tax Revaluation	294,687	-	294,687
Public Safety	945,368	-	945,368
Economic and physical development	-	642	642
Assigned:			
Subsequent year's expenditures	1,735,002	-	1,735,002
Economic and physical development	956,521	-	956,521
Unassigned:	<u>18,625,992</u>	<u>-</u>	<u>18,625,992</u>
Total Fund Balances	<u>30,763,074</u>	<u>3,566,930</u>	<u>34,330,004</u>
Total Liabilities and Fund Balances	<u>\$ 34,149,758</u>	<u>\$ 3,777,681</u>	

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

GRANVILLE COUNTY, NORTH CAROLINA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
JUNE 30, 2013

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

Total equity and other credits (Exhibit 4)	\$ 34,330,004
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	33,084,961
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	1,924,425
Liabilities for deferred inflows of resources reported in the fund statement but not the government-wide	1,788,647
Internal service fund is used by management to charge insurance costs to individual funds; the assets and liabilities of the internal service fund is included in governmental activities in the statement of net position	37,608
Internal receivable representing cost in excess of charges to business-type activities - current year	3,177
Long-term liabilities, including bonds payable, accrued interest, pension and other post employment benefits, and compensated absences are not due and payable in the current period and therefore are not reported in the funds	<u>(98,100,054)</u>
Net position of governmental activities (Exhibit 1)	<u><u>\$ (26,931,232)</u></u>

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

	Major	Nonmajor	
	General	Other	Total
	Fund	Governmental	Governmental
	Funds	Funds	Funds
<u>REVENUES</u>			
Ad valorem taxes	\$ 32,738,695	\$ -	\$ 32,738,695
Sales and other taxes	7,844,912	-	7,844,912
Licenses, fees and other revenues	2,093,304	-	2,093,304
Restricted intergovernmental revenues	9,809,525	420,365	10,229,890
Investment earnings	47,326	1,804	49,130
Miscellaneous	170,839	6,565	177,404
	<hr/>	<hr/>	<hr/>
Total Revenues	52,704,601	428,734	53,133,335
	<hr/>	<hr/>	<hr/>
<u>EXPENDITURES</u>			
Current			
General government	3,005,461	-	3,005,461
Public safety	9,498,769	271,345	9,770,114
Community Services	3,408,798	34,818	3,443,616
Economic and physical development	-	467,279	467,279
Human services	10,907,712	-	10,907,712
Non-Departmental & Special Areas	15,801,366	-	15,801,366
Capital Outlay	-	1,021,405	1,021,405
Intergovernmental			
Education	14,825,156	39,333	14,864,489
Debt Service			
Bond issuance cost	345,343	-	345,343
Principal	4,557,753	91,537	4,649,290
Interest	2,693,184	17,876	2,711,060
	<hr/>	<hr/>	<hr/>
Total Expenditures	65,043,542	1,943,593	66,987,135
	<hr/>	<hr/>	<hr/>
Revenues Over (Under) Expenditures	(12,338,941)	(1,514,859)	(13,853,800)
	<hr/>	<hr/>	<hr/>

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

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

	Major	Nonmajor	
	General	Other	Total
	Fund	Governmental	Governmental
	Fund	Funds	Funds
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers from other funds	1,183,262	3,690	1,186,952
Transfers to other funds	(223,690)	(1,183,262)	(1,406,952)
Issuance of debt	26,855,000	-	26,855,000
Debt premium	2,525,946	-	2,525,946
Payment to refunded bond escrow agent	(18,350,717)	-	(18,350,717)
Total Other Financing Sources (Uses)	<u>11,989,801</u>	<u>(1,179,572)</u>	<u>10,810,229</u>
Net Change in Fund Balances	(349,140)	(2,694,431)	(3,043,571)
Fund Balance - July 1	<u>31,112,214</u>	<u>6,261,361</u>	<u>37,373,575</u>
Fund Balance - June 30	<u>\$ 30,763,074</u>	<u>\$ 3,566,930</u>	<u>\$ 34,330,004</u>

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

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

Amounts reported for governmental activities in the statement of activities on Exhibit 2 are different because:

Net change in fund balances - total governmental funds (Exhibit 4)	\$ (3,043,571)
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	1,598,259
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(770,935)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(24,257,310)
Payments made to escrow agents during the year due to bond refunding are recorded as a use of funds on the fund statements; it has no effect on the statement of activities - it only affects the government-wide statement of net position	18,350,717
Internal service funds are used by management to charge the costs of health insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities	(65,611)
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>(1,030,465)</u>
Total changes in net position of governmental activities (Exhibit 2)	<u><u>\$ (9,218,916)</u></u>

GRANVILLE COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)
<u>REVENUES</u>				
Ad valorem taxes	\$ 32,089,236	\$ 32,089,236	\$ 32,738,695	\$ 649,459
Sales and other taxes	6,404,496	6,583,836	7,844,912	1,261,076
Licenses, fees and other revenues	1,856,807	1,962,026	2,093,304	131,278
Restricted intergovernmental revenues	8,658,915	10,912,104	9,809,525	(1,102,579)
Investment earnings	100,000	100,000	47,326	(52,674)
Miscellaneous	140,000	140,000	170,839	30,839
Total Revenues	49,249,454	51,787,202	52,704,601	917,399
<u>EXPENDITURES</u>				
General government	3,110,549	3,330,623	3,005,461	325,162
Public safety	9,035,507	9,527,155	9,498,769	28,386
Community services	3,311,307	4,721,444	3,408,798	1,312,646
Human services	10,698,424	11,932,453	10,907,712	1,024,741
Non-departmental and special areas	2,169,403	27,387,919	15,801,366	11,586,553
Education	13,914,954	14,825,156	14,825,156	-
Contingency	180,000	45,216	-	45,216
Debt Service	8,247,967	8,002,654	7,596,280	406,374
Total Expenditures	50,668,111	79,772,620	65,043,542	14,729,078
Revenues Over (Under) Expenditures	(1,418,657)	(27,985,418)	(12,338,941)	15,646,477
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from other funds	-	1,212,277	1,183,262	(29,015)
Transfers to other funds	-	(303,690)	(223,690)	80,000
Proceeds from debt	-	26,855,000	26,855,000	-
Debt premium	-	2,525,946	2,525,946	-
Payment to refunded bond escrow agent	-	(18,350,717)	(18,350,717)	-
Appropriated Fund Balance	1,418,657	16,046,602	-	(16,046,602)
Total Other Financing Sources (Uses)	1,418,657	27,985,418	11,989,801	(15,995,617)
Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ -	\$ -	(349,140)	\$ (349,140)
Fund Balance - July 1			31,112,214	
Fund Balance - June 30			\$ 30,763,074	

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

GRANVILLE COUNTY, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Enterprise Funds			Internal Service Fund
	Major Fund	Non-major Fund		Non-major Fund
	Solid Waste Management	Stormwater Fund	Total	County Health Plan Fund
ASSETS				
Current Assets:				
Cash and investments	\$ 1,117,473	\$ 113,943	\$ 1,231,416	\$ 336,553
Accounts receivable	208,336	41,627	249,963	126,221
Prepaid items	-	-	-	75,053
Total Current Assets	<u>1,325,809</u>	<u>155,570</u>	<u>\$ 1,481,379</u>	<u>537,827</u>
Noncurrent Assets:				
Capital assets:				
Land, improvements, and construction in progress	1,020,695	-	1,020,695	-
Other capital assets, net of depreciation	<u>4,485,502</u>	<u>-</u>	<u>4,485,502</u>	<u>-</u>
Total Noncurrent Assets	<u>5,506,197</u>	<u>-</u>	<u>5,506,197</u>	<u>-</u>
Total Assets	<u>\$ 6,832,006</u>	<u>\$ 155,570</u>	<u>\$ 6,987,576</u>	<u>\$ 537,827</u>
LIABILITIES AND NET POSITION				
Current Liabilities:				
Accounts Payable	\$ 128,815	\$ 20,276	\$ 149,091	\$ 500,219
Compensated absences payable	3,408	-	3,408	-
Total Current Liabilities	<u>132,223</u>	<u>20,276</u>	<u>152,499</u>	<u>500,219</u>
Noncurrent Liabilities:				
Accrued landfill closure and postclosure care costs	8,973,421	-	8,973,421	-
Other postemployment benefits	60,290	-	60,290	-
Compensated absences payable	10,223	-	10,223	-
Total Noncurrent Liabilities	<u>9,043,934</u>	<u>-</u>	<u>9,043,934</u>	<u>-</u>
Total Liabilities	<u>9,176,157</u>	<u>20,276</u>	<u>9,196,433</u>	<u>500,219</u>
Net Position				
Net investment in capital assets	5,506,197	-	5,506,197	-
Unrestricted	<u>(7,850,348)</u>	<u>135,294</u>	<u>(7,715,054)</u>	<u>37,608</u>
Total Net Position	<u>\$ (2,344,151)</u>	<u>\$ 135,294</u>	<u>(2,208,857)</u>	<u>\$ 37,608</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>(3,177)</u>	
Net position of business-type activities			<u>\$ (2,212,034)</u>	

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

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

	Enterprise Funds			Internal Service Fund
	Major Fund	Non-major Fund		Non-major Fund
	Solid Waste Management	Stormwater Fund	Total	County Health Plan Fund
OPERATING REVENUES				
Charges for services	\$ 1,686,107	\$ 248,572	\$ 1,934,679	\$ 2,127,281
Miscellaneous	-	95,795	95,795	563,600
Total operating revenues	1,686,107	344,367	2,030,474	2,690,881
OPERATING EXPENSES				
Landfill closure and postclosure	2,509,190	-	2,509,190	-
Solid waste operations	1,049,301	-	1,049,301	-
Landfill operations	721,657	-	721,657	-
Stormwater operations	-	209,073	209,073	-
Depreciation	34,774	-	34,774	-
Health insurance administration	-	-	-	2,979,669
Miscellaneous	-	-	-	-
Total operating expenses	4,314,922	209,073	4,523,995	2,979,669
OPERATING INCOME (LOSS)	(2,628,815)	135,294	(2,493,521)	(288,788)
NONOPERATING REVENUES (EXPENSES)				
Interest and fees	-	-	-	-
Interest earned on investments	5,062	-	5,062	-
Total nonoperating revenues (expenses)	5,062	-	5,062	-
INCOME BEFORE TRANSFERS	(2,623,753)	135,294	(2,488,459)	(288,788)
Capital contributions	3,493	-	3,493	-
Transfers from other funds	-	-	-	220,000
Transfers to other funds	-	-	-	-
Total Transfers	3,493	-	3,493	220,000
CHANGE IN NET POSITION	(2,620,260)	135,294	(2,484,966)	(68,788)
TOTAL NET POSITION-BEGINNING	276,109	-	276,109	106,396
TOTAL NET POSITION-ENDING	\$ (2,344,151)	\$ 135,294	(2,208,857)	\$ 37,608
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(3,177)	
Change in net position of business-type activities			\$ (2,488,143)	

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

GRANVILLE COUNTY, NORTH CAROLINA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Major Fund Enterprise Fund	Non-major Fund Enterprise Fund	Total Proprietary Funds	Non-major Fund Internal Service Fund County Health Plan Fund
	Solid Waste Management	Stormwater Fund		
Cash flows from operating activities:				
Cash received from customers	\$ 1,628,775	\$ 302,740	\$ 1,931,515	\$ 2,564,660
Cash paid for goods and services	(1,970,075)	(188,797)	(2,158,872)	(2,554,503)
Cash paid to employees for services	(181,021)	-	(181,021)	-
Net cash provided by operating activities	(522,321)	113,943	(408,378)	10,157
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(3,610,039)	-	(3,610,039)	-
Capital contributions	3,493	-	3,493	-
Net cash provided by capital and related financing activities	(3,606,546)	-	(3,606,546)	-
Cash flows from noncapital and related financing activities:				
Transfer-in	-	-	-	220,000
Net cash provided by noncapital and related financing activities	-	-	-	220,000
Cash flows from investing activities:				
Interest on investments	5,062	-	5,062	-
Net cash provided by investing activities	5,062	-	5,062	-
Net increase in cash and cash equivalents	(4,123,805)	113,943	(4,009,862)	230,157
Cash and cash equivalents, July 1	5,241,278	-	5,241,278	106,396
Cash and cash equivalents, June 30	\$ 1,117,473	\$ 113,943	\$ 1,231,416	\$ 336,553
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ (2,628,815)	\$ 135,294	\$ (2,493,521)	\$ (288,788)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	34,774	-	34,774	-
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(60,825)	(41,627)	(102,452)	(126,221)
(Increase) decrease in prepaid items	-	-	-	(75,053)
Increase (decrease) in accounts payable and accrued liabilities	(280,453)	20,276	(260,177)	500,219
Increase (decrease) in other postemployment benefits	9,615	-	9,615	-
Increase (decrease) in compensated absences payable	1,061	-	1,061	-
Increase (decrease) in landfill closure and postclosure costs	2,402,322	-	2,402,322	-
Total adjustments	2,106,494	(21,351)	2,085,143	298,945
Net cash provided by operating activities	\$ (522,321)	\$ 113,943	\$ (408,378)	\$ 10,157

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

GRANVILLE COUNTY, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2013

	Agency Funds
	<hr/>
ASSETS	
Cash and investments	\$ 181,525
Due from other fund	<hr/> 32,208
Total Assets	<hr/> <hr/> \$ 213,733
LIABILITIES AND NET ASSETS	
Liabilities:	
Miscellaneous liabilities	\$ 181,525
Due to component unit	<hr/> 32,208
Total Liabilities	<hr/> <hr/> \$ 213,733

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

**NOTES TO THE BASIC FINANCIAL
STATEMENTS**

**GRANVILLE 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 Granville County and its discretely presented 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. Two component units of the County have no financial transactions or account balances; therefore, they are not presented in the basic financial statements. The other four discretely presented component units presented below are reported in a separate column in the County's government-wide financial statements in order to emphasize that they are legally separate from the County.

Discretely Presented Component Units

Granville Medical Center

Granville Medical Center (the "Hospital") is a public hospital. The County appoints the board of trustees for the Hospital. The County has also issued general obligation bonds for improvement of the Hospital's facilities and makes periodic appropriations to the Hospital to defray the costs of indigent care. The Hospital, which has a September 30 year-end, is presented as if it were a proprietary fund.

Granville County ABC Board

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

Granville County Tourism Development Authority

The Granville County Tourism Development Authority (the "Tourism Development Authority") was established on September 18, 2000 by the Granville County Board of Commissioners. The Tourism Development Authority was formed to promote the use and development of Granville County recreational, historic, and tourism resources. Under the authority of HB 2218, and by resolution of the Granville County Board of Commissioners, Granville County shall on a quarterly basis, remit the net proceeds of the 6% occupancy tax to the Granville County Tourism Development Authority. The Tourism Development Authority is governed by a seven-member Board of Directors, four of whom are appointed by the Granville County Board of Commissioners, one selected by the Oxford City Council, one selected by the Butner City Council, and one selected by the Creedmoor City Council. The Granville County Tourism Development Authority, which has a June 30 year-end, is presented as if it were a governmental fund.

South Granville Memorial Gardens

The South Granville Memorial Gardens (the "Memorial Gardens") was established on June 3, 1996 by the Granville County Board of Commissioners. This association accounts for the activities of the South Granville Memorial Gardens Cemetery and provides perpetual care for the historical cemeteries located in the Butner reservation. South Granville Memorial Gardens is governed by a seven-member Board of Trustees, all of

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

whom are appointed by the Granville County Board of Commissioners. Granville County appoints the voting majority of the Board and is able to impose its will on the Organization. The South Granville Memorial Gardens, which has a June 30 year-end, is presented as if it were a governmental fund.

Granville County Industrial Facility and Pollution Control Financing Authority

Granville County Industrial Facility and Pollution Control Financing Authority (the “Authority”) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority is governed by a seven-member board of commissioners, all of whom are appointed by the County Commissioners. The County can remove any commissioner of the Authority with or without cause. At June 30, 2013, the Authority had outstanding revenue bonds in the amount of \$1,200,000. The Authority has no financial transactions or account balances; therefore, it is not presented in the combined financial statements. The Authority does not issue separate financial statements.

Granville County Public Facilities Company

Granville County Public Facilities Company (the “Company”) exists to assist the County in the financing of capital projects. The Company is governed by a three to nine-member board of commissioners, all of whom are appointed by the County Commissioners. The County can remove any commissioner of the Company with or without cause. The Company has no financial transactions or account balances; therefore, it is not presented in the combined financial statements. The Company does not issue separate financial statements.

Complete financial statements for each of the individual component units may be obtained at the administrative offices of those entities.

Granville Medical Center
1010 College Street
Oxford, North Carolina 27565

Granville County ABC Board
111 New College Street
Oxford, North Carolina 27565

Granville County Tourism Development Authority
Post Office Box 1286
Oxford, North Carolina 27565

South Granville Memorial Gardens
Post Office Box 1286
Oxford, North Carolina 27565

B. 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.

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

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

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

The County reports the following major governmental funds:

General Fund. This fund 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 County reports the following major enterprise fund:

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

The County reports the following internal service fund:

County Health Plan Fund – This fund is used to account for the accumulation and allocation of costs associated with the County's self-insured group health insured program.

The County reports the following fund type:

Agency Funds – Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the DMV Interest Fund, which accounts for the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles; the Inmate Trust Fund, which accounts for moneys deposited with the County for the benefit of certain inmates; the Sheriff's Evidence, Execution and Special Fund, which accounts for moneys deposited with the Sheriff; and the Granville County Tourism Development Authority Fund.

Non-major Funds – The County maintains seven legally budgeted funds. The Emergency Telephone System Fund, CDBG Fund, and R. H. Thornton Library Memorial Fund are reported as non-major special revenue funds. The Expo and Conference Center Fund, Granville Greenway Project Fund, Library Expansion/Renovation Fund, and the 2010 Southern Elementary School Project Fund are reported as capital projects funds.

**GRANVILLE COUNTY, NORTH CAROLINA
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C. Measurement Focus and Basis of Accounting

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

Government-wide, Proprietary and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds, which have no measurement focus. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations 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 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 60 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Granville 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.

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

D. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Emergency Telephone System Fund, R. H. Thornton Library Fund and all Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Expo and Conference Center Fund, CDBG Fund, Granville Greenway Project Fund, Library Expansion/Renovation Fund, and 2010 Southern Elementary School Project Fund.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for the general fund and at the functional level for the special revenue funds, enterprise funds, and capital projects funds. The County Manager is authorized by the budget ordinance to transfer appropriations between departments (or function levels, as applicable) within a fund up to \$1,000 temporarily subject to subsequent Board approval; however, any revisions that alter the total expenditures of any fund or that change functional appropriations by any amount must be approved by the governing board. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

All deposits of the County, Granville Medical Center, Granville County ABC Board, Granville County Tourism Development Authority, and South Granville Memorial Gardens are made in board-designated official depositories and are secured as required by G. S. 159-31. The County, the Hospital, the ABC Board, the Tourism Development Authority, and the Memorial Gardens may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County, the Hospital, the ABC Board, the Tourism Development Authority, and the Memorial Gardens 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 Hospital, the ABC Board, the Tourism Development Authority, and the Memorial Gardens 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).

**GRANVILLE COUNTY, NORTH CAROLINA
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The County, the Hospital, the ABC Board, the Tourism Development Authority, and the Memorial Garden's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

The County pools money from several funds 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. Granville Medical Center, the ABC Board, the Tourism Development Authority, and the Memorial Gardens consider demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

3. Restricted Assets

The unexpended debt proceeds are classified as restricted assets in the capital projects funds because their use is completely restricted to the purpose for which the debt was originally issued. Money in the Tax Revaluation Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150.

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2012. As allowed by State law, the County has established a schedule of discounts that apply to taxes that paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowance for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

6. Inventory and Prepaid Items

The inventories of the Hospital, the ABC Board, and the Memorial Gardens are valued at cost (first-in, first-out), which approximates market. The inventory of the Hospital, the ABC Board, and the Memorial Gardens consist of materials and supplies held for consumption or resale. The cost of the inventory carried in the Hospital, the ABC Board, and the Memorial Gardens is recorded as an expense as it is consumed or sold.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

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

7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization costs are as follows: land, \$5,000; Buildings, improvements, substations, lines, and other plant and distribution systems, \$5,000; infrastructure, \$5,000; equipment and furniture, \$5,000; vehicles and motorized equipment, \$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.

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

	<u>Useful Life</u>
Buildings	40 years
Improvements	25 years
Furniture and equipment	10 years
Vehicles	5 years
Computer equipment	5 years
Software	5 years

Property, plant, and equipment in the proprietary funds of the County and those of the Hospital and the ABC Board are recorded at original cost at the time of acquisition. Property, plant, and equipment donated to these proprietary fund type operations are recorded at the estimated fair market value at the date of donation. Any interest incurred during the construction phase of proprietary fund type capital assets is reflected in the capitalized value of the asset constructed.

Proprietary fund assets of the County are depreciated on a class life basis as follows:

	<u>Useful Life</u>
Water and sewer distribution assets	20-40 years
Furniture and office equipment	5 years
Maintenance and construction equipment	7 years
Land improvements	15 years

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

	<u>Useful Life</u>
Buildings	20 years
Furniture/equipment	5-10 years
Vehicles	6 years
Computers, etc.	3 years
Land Improvements	15 years

For the Hospital, depreciation is computed by the straight-line method over the estimated useful lives of each class of depreciable assets. Equipment under capital leases is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements.

8. Deferred Outflows/Inflows of resources

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

**GRANVILLE COUNTY, NORTH CAROLINA
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expenditure until then. The County has one item that meets this criterion – a charge on refunding that had previously been classified as an asset. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows or resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will be recognized as revenue until then. The County has only one item that meets the criterion for this category – prepaid taxes.

9. Long-Term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the statements 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 Hospital, and the ABC Board provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. An expense and a liability for compensated absences and the salary-related payments are recorded as leave is earned in the County's government-wide and proprietary fund, and Hospital statements. The County's liability for accumulated earned vacation and the salary-related payments as of June 30, 2013 is recorded in the government-wide and proprietary fund financial statements on a LIFO basis. Employees typically take leave as it is earned and the current portion is estimated.

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

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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Prepays-portion of fund balance that is not an available resource because it represents the year-end balance of prepaids, 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 by State Statute-portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

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

Restricted for Public Safety-portion of fund balance that is restricted for Emergency Telephone System purposes

Restricted for Education-portion of fund balance that is restricted by debt proceeds obtained to pay for school capital outlay.

Restricted for Community Services-portion of fund balance that is restricted for use for recreational and library purposes.

Restricted for Human Services-portion of fund balance that is restricted by debt proceeds obtained to pay for Granville Medical Center capital outlay.

Restricted for Economic and Physical Development-portion of fund balance that is restricted for use for economic and physical development.

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

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

Committed for Public Safety-portion of fund balance that can only be used for Public Safety purposes.

Committed for Economic and Physical Development-portion of fund balance that can only be used for Economic and Physical Development purposes.

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

Assigned for 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.

Assigned for Economic and physical development-portion of fund balance that has been budgeted by the board for the economic development incentives for various businesses.

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

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

The County will strive to maintain Unassigned General Fund Balance, as defined by the Governmental Accounting Standards Board, at the close of each fiscal year equal to 35% of General Fund Expenditures. At no time shall the County's Unassigned Fund Balance fall below 30% of General Fund Expenditures. Unassigned Fund Balance in excess of the targeted 35% of General Fund Expenditures may be appropriated from time to time for pay-as-you-go capital and other one-time uses.

The County Board may, from time-to-time, utilize fund balances that will reduce Unassigned Fund Balance below the 30% policy floor for the purposes of a declared fiscal emergency or other such global purpose as to protect or enhance the long-term fiscal security of Granville County. In such circumstances, the Board will adopt a plan to restore the Unassigned Fund Balance to the policy level within 36 months. If restoration cannot be accomplished within such time period without severe hardship to the County, then the Board will establish a different but appropriate time period.

F. Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental fund balance sheet includes reconciliation between fund balance-total governmental funds and net position for governmental activities as reported in the government-wide statement of net position. The net adjustment of \$ (61,261,236) consists of the following:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 45,124,123
Less Accumulated Depreciation	<u>(12,039,162)</u>
Net capital assets	<u>33,084,961</u>
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are not available and therefore deferred in the fund statements.	229,174
Deferred charges related to advance refunding bond issued – included on government-wide statements as these funds are not available and therefore deferred in the fund statements	1,695,251
Internal receivable representing cost in excess of charges to business-type activities-current year	3,177

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not the government-wide	1,788,647
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Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:

Bonds, financing agreements, COPS and installments	(89,033,458)
Compensated absences	(832,827)
Other postemployment benefits	(4,254,266)
Net pension obligation	(572,027)
Premium on bonds	(2,770,118)
Accrued interest payable	(637,358)

Total adjustment	\$ (61,261,236)
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2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities

The government fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances for the governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The total adjustment of \$ (6,175,345) is comprised of the following:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 2,677,450
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	(1,079,191)
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	(26,855,000)
Premium of 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	(2,525,946)
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	4,982,587
Payments made to escrow agents during the year due to bond refunding are recorded as a use of funds on the fund statements; it has no effect on the statement of activities – it only affects the government-wide statement of net position	18,350,717

**GRANVILLE COUNTY, NORTH CAROLINA
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Amortization on deferred premium payments on debt that is recorded in the statement of activities but not in the fund statements	141,049
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Internal service funds are used by management to charge the costs of health insurance to individual funds. The net revenue of certain activities of internal service fund is reported with governmental activities

Change in net position of the internal service funds	(68,788)
Less: Profit from charges to business-type activities	<u>3,177</u>
Net adjustment	(65,611)

Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements

Amortization on deferred charges-refunding costs that is recorded in the statement of activities but not in the fund statements	(109,317)
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Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	(80,780)
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Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(57,585)
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Net pension obligation is accrued in the government-wide statements but not in the fund statements because they do not use current resources	(80,394)
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Other postemployment benefits are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(702,389)
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Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements

Reversal of deferred tax revenue recorded at 7-1-12	(2,219,161)
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Recording of tax receipts deferred in the fund statements as of 6-30-13	1,788,647
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Increase in accrued taxes receivable for year ended 6-30-13	<u>(340,421)</u>
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Total adjustment	<u><u>\$ (6,175,345)</u></u>
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II. Stewardship, Compliance, and Accountability

a. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2013, the expenditures made in the County Health Plan Fund exceeded the authorized appropriations made by the governing board for \$393,823. This over-expenditure occurred because of unforeseen expenditures in this first year of implementation of the County's self-insurance plan and slow response time from the claims administrator to allow for timely budget amendments. These expenditures will be monitored more closely in the future to ensure budget amendments are made timely for additional expenditures.

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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III. Detail Notes on All Funds

a. Assets

1. Deposits

All of the County's, the Hospital's, the ABC Board's, the Tourism Development Authority's, and the Memorial Gardens' 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 Hospital's, the ABC Board's, the Tourism Development Authority's, or the Memorial Gardens' 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 Hospital, the ABC Board, the Tourism Development Authority, and the Memorial Gardens, 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 Hospital, the ABC Board, the Tourism Development Authority, or the Memorial Gardens, or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County, the Hospital, the ABC Board, the Tourism Development Authority, or the Memorial Gardens 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 Hospital, the ABC Board, the Tourism Development Authority and the Memorial Gardens have no formal policies regarding custodial credit risk for deposits.

At June 30, 2013, the County's deposits had a carrying amount of \$20,468,915 and a bank balance of \$21,005,566. Of the bank balance, \$1,250,000 was covered by federal depository insurance, and \$21,005,566 in interest bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2013, Granville County had \$1,725 cash on hand.

At June 30, 2013, the carrying amount of deposits for Granville County ABC Board was \$829,837 and the bank balance was \$800,974. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$550,974 was covered by collateral held by authorized escrow agents in the name of the State Treasurer. The ABC Board had \$3,930 cash on hand.

At September 30, 2012, the Hospital's deposits had a carrying amount of \$16,395,513 and a bank balance of \$17,511,901. Of the bank balance, \$13,773,933 was covered by federal depository insurance and \$3,737,968 was covered by collateral held under the Pooling method. The Hospital also had cash on hand at September 30, 2012, in the amount of \$2,503.

At June 30, 2013, the Tourism Development Authority had a carrying amount of \$273,921 and a bank balance of \$273,921. Of the bank balance, \$250,000 was covered by the federal depository insurance and the balance was covered by collateral held under the pooling method.

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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At June 30, 2013, the Memorial Gardens had a carrying amount of \$137,845 and a bank balance of \$139,966. All of the bank balance was covered by federal depository insurance.

2. Investments

At June 30, 2013, the County's investments consisted of \$12,920,444 in the North Carolina Capital Management Trust's Cash Portfolio and \$2,320,187 in the North Carolina Capital Management Trust's Term Portfolio. The North Carolina Capital Management Trust's Cash Portfolio carried a credit rating of AAAM by Standard and Poor's. The North Carolina Capital Management Trust's Term Portfolio is not rated. The County has no policy on credit risk.

At June 30, 2013, South Granville Memorial Gardens' investments consisted of \$100,000 in the North Carolina Capital Management Trust's Term Portfolio. The North Carolina Capital Management Trust's Term Portfolio is not rated.

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

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

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,379,150	\$ 451,672	\$ 1,830,822
2011	2,432,581	577,739	3,010,320
2012	2,491,440	367,486	2,858,926
2013	<u>2,543,832</u>	<u>-</u>	<u>2,543,832</u>
Totals	<u>\$ 8,847,003</u>	<u>\$1,396,897</u>	<u>\$ 10,243,900</u>

4. Receivables

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

	<u>Accounts</u>	<u>Taxes and Accrued Interest</u>	<u>Due from other governments</u>	<u>Total</u>
Governmental Activities:				
General Fund	\$ 1,121,554	\$ 2,017,821	\$ 1,097,425	\$ 4,236,800
Other Governmental Funds	<u>83,357</u>	<u>-</u>	<u>-</u>	<u>83,357</u>
Total governmental activities	<u>\$ 1,204,911</u>	<u>\$ 2,017,821</u>	<u>\$ 1,097,425</u>	<u>\$ 4,320,157</u>
Business-type Activities:				
Solid Waste Management	\$ 179,104	\$ -	\$ 29,232	\$ 208,336
Stormwater Fund	<u>41,627</u>	<u>-</u>	<u>-</u>	<u>41,627</u>
Total business-type activities	<u>\$ 220,731</u>	<u>\$ -</u>	<u>\$ 29,232</u>	<u>\$ 249,963</u>

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

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Local option sales tax	\$ 968,797
Sales tax refund receivable	128,628
White goods tax	4,734
Scrap tire disposal tax	20,119
Solid waste tax distribution	<u>4,379</u>
Total	<u>\$ 1,126,657</u>

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>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,401,791	\$ 1,259,898	\$ -	\$ 7,661,689
Construction in Progress	<u>9,052,371</u>	<u>856,203</u>	<u>(438,201)</u>	<u>9,470,373</u>
Total capital assets not being depreciated	<u>15,454,162</u>	<u>2,116,101</u>	<u>(438,201)</u>	<u>17,132,062</u>
Capital assets being depreciated:				
Buildings	16,857,513	174,240	-	17,031,753
Improvements other than building	6,108,850	6,931	-	6,115,781
Machinery and Equipment	<u>4,171,687</u>	<u>818,379</u>	<u>(145,539)</u>	<u>4,844,527</u>
Total capital assets being depreciated	<u>27,138,050</u>	<u>999,550</u>	<u>(145,539)</u>	<u>27,992,061</u>
Less accumulated depreciation for:				
Buildings	7,030,099	441,227	-	7,471,326
Improvements other than building	963,453	194,041	-	1,157,494
Machinery and Equipment	<u>3,111,958</u>	<u>443,924</u>	<u>(145,539)</u>	<u>3,410,343</u>
Total accumulated depreciation	<u>11,105,510</u>	<u>\$ 1,079,191</u>	<u>\$ (145,539)</u>	<u>12,039,162</u>
Total capital assets being depreciated, net	<u>16,032,540</u>			<u>15,952,899</u>
Governmental activity capital assets, net	<u>\$ 31,486,702</u>			<u>\$ 33,084,961</u>

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

General government	\$ 246,911
Public safety	610,150
Human services	49,697
Community services	68,005
Cultural and Recreational	99,876
Economic development	<u>4,552</u>
Total depreciation expense	<u>\$ 1,079,191</u>

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	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,020,695	\$ -	\$ -	\$ 1,020,695
Construction in progress	<u>535,353</u>	<u>3,591,764</u>	<u>4,127,118</u>	<u>-</u>
Total capital assets not being depreciated	<u>1,556,048</u>	<u>3,591,764</u>	<u>4,127,118</u>	<u>1,020,695</u>
Capital assets being depreciated:				
Buildings	39,017	-	-	39,017
Improvements other than buildings	351,276	4,127,118	-	4,478,394
Machinery and equipment	<u>346,415</u>	<u>18,275</u>	<u>-</u>	<u>364,690</u>
Total capital assets being depreciated	<u>736,708</u>	<u>4,145,393</u>	<u>-</u>	<u>4,882,101</u>
Less accumulated depreciation for:				
Buildings	9,003	2,200	-	11,203
Improvements other than buildings	100,252	9,889	-	110,141
Machinery and equipment	<u>252,570</u>	<u>22,685</u>	<u>-</u>	<u>275,255</u>
Total accumulated depreciation	<u>361,825</u>	<u>\$ 34,774</u>	<u>\$ -</u>	<u>396,599</u>
Total capital assets being depreciated, net	<u>374,883</u>			<u>4,485,502</u>
Business-type activities capital assets, net	<u>\$ 1,930,931</u>			<u>\$ 5,506,197</u>

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

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Capital assets, not being depreciated:			
Land	\$ 110,877	\$ -	\$ 110,877
Capital assets, being depreciated:			
Land Improvements	32,592	31,728	864
Buildings	188,672	86,867	101,805
Furniture/equipment	52,153	42,389	9,764
Vehicles	23,208	23,208	-
Computers & software	<u>65,021</u>	<u>45,276</u>	<u>19,745</u>
Total, capital assets being depreciated	<u>361,646</u>	<u>229,468</u>	<u>132,178</u>
ABC Board capital assets, net	<u>\$ 472,523</u>	<u>\$ 229,468</u>	<u>\$ 243,055</u>

Activity for Granville Medical Center for the year ended September 30, 2012, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 1,790,207	\$ -	\$ -	\$ 1,790,207
Construction in Progress	<u>1,094,484</u>	<u>10,592,242</u>	<u>-</u>	<u>11,686,726</u>
Total capital assets not being depreciated	<u>2,884,691</u>	<u>10,592,242</u>	<u>-</u>	<u>13,476,933</u>
Capital assets being depreciated:				
Buildings	18,502,082	1,310,516	-	19,812,598
Capitalized interest	28,143	71,497	-	99,640
Land Improvements	1,011,869	-	-	1,011,869
Equipment and fixtures	<u>18,382,812</u>	<u>1,136,438</u>	<u>262,427</u>	<u>19,256,823</u>
Total capital assets being depreciated	<u>37,924,906</u>	<u>2,518,451</u>	<u>262,427</u>	<u>40,180,930</u>

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	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Less accumulated depreciation for:				
Buildings	9,924,165	596,931	-	10,521,096
Land Improvements	886,780	30,978	-	917,758
Equipment and fixtures	14,614,719	1,271,340	262,427	15,623,632
Total accumulated depreciation	<u>25,425,664</u>	<u>\$1,899,249</u>	<u>\$ 262,427</u>	<u>27,062,486</u>
Total capital assets being depreciated, net	<u>40,809,597</u>			<u>53,657,863</u>
Business-type activities capital assets, net	<u>\$ 15,383,933</u>			<u>\$ 26,595,377</u>

b. Liabilities

1. Payables

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

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental Activities:				
General Fund	\$ 1,985,851	\$ -	\$ 637,358	\$ 2,623,209
Other Governmental Funds	<u>210,751</u>	<u>-</u>	<u>-</u>	<u>210,751</u>
Total-governmental activities	<u>\$ 2,196,602</u>	<u>\$ -</u>	<u>\$ 637,358</u>	<u>\$ 2,833,960</u>
Business-type Activities:				
Solid Waste Management	\$ 128,815	\$ -	\$ -	\$ 128,815
Stormwater Fund	<u>20,276</u>	<u>-</u>	<u>-</u>	<u>20,276</u>
Total-business-type activities	<u>\$ 149,091</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 149,091</u>

2. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description – Granville County 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 and the ABC Board are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.74% and 6.77%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 7.25% of annual covered payroll. The contribution requirements of members and of Granville County and the ABC Board are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2011, 2012 and 2013 were \$642,364,

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\$741,057, and \$735,352, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2011, 2012 and 2013 were \$14,095, \$14,133, and \$13,337, respectively. The contributions made by the County and the ABC Board equaled the required contributions for each year.

b. Law Enforcement Officer's Special Separation Allowance

1. Plan Description

Granville County administers a public employee retirement system (*the Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The County chooses to fund this plan on a pay-as-you-go basis. Actuarial valuations are obtained to help the County plan for the future needs of the retirement plan. There is no separate, audited GAAP-basis plan report available for the special separation allowance.

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

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>57</u>
Total	<u>57</u>

2. Summary of Significant Accounting Policies:

Basis of Accounting –Employer contributions to the plan are recognized on an actuarial basis and a provision for future payments is recognized as part of long-term debt. See footnote on page 71.

3. Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. A copy of the actuarial valuation report is available from the Finance Department. For the current year, there were no contributions made by the County or by its employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings.

The annual required contribution for the current year was determined as part of the December 31, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25-7.85% per year. Both (a) and (b) included

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an inflation component of 3.00%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll dollars on a closed basis. The remaining amortization period at December 31, 2012, was 18 years.

<u>Three-Year Trend Information</u>			
<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/11	\$ 72,474	62.71%	\$ 456,343
6/30/12	74,586	52.69%	491,633
6/30/13	\$ 80,394	0.00%	\$ 572,027

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

Employer annual required contribution	\$ 86,407
Interest on net pension obligation	24,582
Adjustment to annual required contribution	<u>(30,595)</u>
Annual pension cost	80,394
Employer contributions made for fiscal year ending 06/30/13	<u>-</u>
Increase (decrease) in net pension obligation	80,394
Net pension obligation beginning of fiscal year	<u>491,633</u>
Net pension obligation end of fiscal year	<u>\$ 572,027</u>

4. Funded Status and Funding Process:

As of December 31, 2012, the most recent actuarial valuation date, the plan was 0.0 percent funded. The actuarial accrued liability for benefits was \$686,884, and the actuarial value of assets was \$0.00, resulting in an unfunded actuarial accrued liability (UAAL) of \$686,884. The covered payroll (annual payroll of active employees covered by the plan) was \$2,433,232, and the ratio of the UAAL to the covered payroll was 28.23 percent.

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

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

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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 \$152,635, which consisted of \$123,498 from the County and \$29,137 from the law enforcement officers.

d. Registers of Deeds' Supplemental Pension Fund

Plan Description – Granville County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county register of deeds that is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy – On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 3 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) 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 \$4,004.

e. Other Postemployment Benefits

Healthcare Benefits

Plan Description –Under the terms of a County ordinance, the County administers a single-employer defined benefit Healthcare Benefits Plan (HCB Plan). As of October 21, 1996, this plan provides postemployment healthcare benefits to retirees of the County, provided they have at least twenty years of creditable service with the County. The County pays the full cost of coverage for these benefits through private insurers. Also, the County's retirees can continue to purchase coverage for their dependents at the County's group rates until the retiree reaches the age of 65. The County Board of Commissioners may amend the benefit provisions. There is no separate, audited GAAP-basis plan report available for the postemployment benefit plan.

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

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	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees receiving benefits	46	-
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	<u>214</u>	<u>54</u>
Total	<u>260</u>	<u>54</u>

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

The current ARC rate is 6.95% of annual covered payroll. For the current year, the County contributed \$59,597 or 0.29% of annual covered payroll. The County obtains healthcare coverage through private insurers for retirees over age 65. Retirees under age 65 are covered fully under the county's self-insurance coverage. The County's required contributions, under a County resolution, for employees not engaged in law enforcement and for law enforcement officers represented 0.73% and 0.00% of covered payroll, respectively. The County's obligation to contribute to HCB Plan is established and may be amended by the County Board of Commissioners.

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

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

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

Annual required contribution	\$ 765,161
Interest on net OPEB obligation	144,102
Adjustment to annual required contribution	<u>137,662</u>
Annual OPEB cost (expense)	771,601
Contributions made	<u>(59,597)</u>
Increase (decrease) in net OPEB obligation	712,004
Net OPEB obligation, beginning of year	<u>3,602,552</u>
Net OPEB obligation, end of year	<u>\$ 4,314,556</u>

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

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For Year Ended <u>June 30</u>	Annual OPEB <u>Cost</u>	Percentage of Annual OPEB <u>Cost Contributed</u>	Net OPEB <u>Obligation</u>
2013	\$ 771,601	7.7%	\$ 4,314,556
2012	731,082	25.7%	3,602,552
2011	\$ 730,089	23.9%	\$ 3,059,404

Funded Status and Funding Process – 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 \$8,974,943. The covered payroll (annual payroll of active employees covered by the plan) was \$10,491,674, and the ratio of the UAAL to the covered payroll was 85.5 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 process, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-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 for Pre-Medicare and 8.50 to 5.00 percent annually for Post-Medicare. The investment rate included a 3.00 percent inflation assumption. The actuarial value of assets, in any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2012, was 30 years.

f. Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the

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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.

g. Granville Medical Center Pension Plan

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

Funding Policy – Plan members are required to contribute six percent of their annual covered salary. The Hospital is required to contribute at an actuarially determined rate. For the Hospital, the current rate for employees is 6.74% of annual covered payroll. The contribution requirements of members and of the Hospital are established and may be amended by the North Carolina General Assembly. The Hospital's contributions to LGERS for the years ended September 30, 2012, 2011, and 2010 were \$1,402,000, \$1,360,000, and \$1,030,000, respectively. The contributions made by the Hospital equaled the required contributions for each year.

3. Closure and Postclosure 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. Granville County currently has closed two MSW landfills. The Butner site has 15 years remaining under the postclosure requirements and the Oxford site has 30 postclosure years remaining. The \$8,973,421 reported as landfill closure and postclosure care liability at June 30, 2013, represents the latest estimate for the remaining years of postclosure maintenance and monitoring required for the Oxford and Butner landfills. The County operates a C&D landfill at the Oxford site which has used approximately 85-87% of its capacity as of June 30, 2013 and is expected to be closed in 2014 or 2015. The County opened a MSW landfill on May 1, 2013 at the Oxford site which is expected to have a 70-100 year capacity.

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 postclosure care requirements. However, the County has also elected to establish a reserve fund to accumulate resources for the payment of closure and postclosure care costs. The County expects that future inflation costs will be paid from the interest earnings on annual contributions. However, if interest earnings are inadequate or additional postclosure 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.

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4. Deferred Outflows and Inflows Resources

The amount of deferred outflows of resources is a charge on refunding of debt of \$1,695,251.

	<u>Unavailable Revenue</u>	<u>Unearned Revenue</u>
Prepaid taxes not yet earned (General)	\$ 290,948	\$ 290,948
Taxes receivable (net) (General)	<u>1,788,647</u>	<u>-</u>
Total	<u>\$ 2,079,595</u>	<u>\$ 290,948</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 obtains property coverage equal to replacement cost values of owned property subject to a limit of \$125.5 million for any one occurrence, general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, 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. These 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 has \$55,000,000 coverage for flood insurance under their liability insurance policy. There is a \$25,000 deductible per occurrence.

In accordance with G. S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Director of Finance and tax collector are each individually bonded for \$250,000 each. The Sheriff and Register of Deeds are each individually bonded for \$25,000 each. 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.

Granville County ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees 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.

Granville Medical Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and medical malpractice. The Hospital carries commercial insurance for these risks of loss. Claims have not exceeded coverage in any of the past three fiscal years.

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

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.

7. Long-Term Obligations

a. Financing Agreements

In December 2011, Granville County entered into a utility sales agreement with the City of Henderson to provide water and sewer services to Triangle North Industrial Park.

Governmental Activities

The agreement for \$9,000,000 was executed in December 2011, for the utility sales agreement for water and sewer services for an industrial park and required 9 annual payments of \$951,138.37. A payment of \$951,139 was made at the execution of the agreement. The interest rate is 1.25%.

\$ 7,198,333

For Granville County, the future minimum payments as of June 30, 2013, including \$410,774 of interest are:

Year Ending June 30	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 861,159	\$ 89,979
2015	871,924	79,215
2016	882,823	68,316
2017	893,857	57,280
2018	905,031	46,107
2019-2021	<u>2,783,539</u>	<u>69,877</u>
	<u>\$ 7,198,333</u>	<u>\$ 410,774</u>

b. Operating Lease

The Hospital has entered into an operating lease agreement in order to lease space in a medical office building adjacent to the Hospital. Under the agreement, the Hospital is obligated to pay 180 monthly payments of \$12,110. Each year the rate is increased three percent. Currently this space is subleased to a tenant. Future minimum base rentals (each year lease payment is increased 3%) for the next five years under this lease as of September 30, 2012 are as follows:

2013	\$ 944,000
2014	744,000
2015	461,000
2016	<u>69,000</u>
Total	<u>\$ 2,218,000</u>

c. Installment Purchases

As authorized by State law [G.S. 160A-20 and 153A-158.1], the County financed various property acquisitions through installment financing. The County's installment purchases at June 30, 2013, are comprised of the following individual issues:

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

The County entered into an installment purchase agreement on March 15, 2007 for financing of replacement windows for Granville Medical Center for \$1,500,000. The transaction requires monthly payments in the amount of \$11,073 at an interest rate of 3.97%. Title to these assets belongs to Granville Medical Center. \$ 980,595

In May 2008, the County entered into an installment agreement for \$3,859,760 with payments due on May 13 and November 13 in installments of \$147,242 through November 13, 2017 and installments of \$91,492, thereafter. Interest will be paid at 3.72 percent. This debt was used to finance E911 equipment for \$1,115,000 and school construction for \$2,744,760.

E911 Equipment	501,750
School Construction (Granville County Schools holds title to these assets upon project completion)	1,738,348

In August 2011, the County entered into an installment agreement for \$14,000,000 for a term of 36 months with interest payments of \$140,700 due semi-annually on August 10 and February 10. Interest will be paid at a rate of 2.01%. All of the principal is due on August 10, 2014. This loan is a short term loan used to complete the Granville Medical Center Emergency Room Expansion and long term financing for the \$14,000,000 will be provided by the USDA upon substantial completion of the project. 14,000,000

In September 2012, the County entered into a \$8,950,000 installment financing agreement for the reimbursement of the Triangle North-Granville purchase (\$5,350,000), renovations to the County's Orange street facility (\$2,100,000), renovations to the County's Lanier street facility (\$1,100,000), and renovations to the County's Courthouse (\$400,000). Payments of interest are due on February 1 and August 1 with principal payments ranging from \$639,000-\$640,000. The interest rate on the loan is 2.22%. 8,950,000

In July 2012, the County entered into a \$1,810,000 installment financing agreement for the purchase and upfit of an existing Medical Office Building located near the Granville Medical Center to be used by the Medical Center for physician office space. Interest and principal payments are due on January 17 and July 17. Interest is at a rate of 3.73%. 1,764,432

Total	<u>\$ 27,935,125</u>
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For Granville County, the future minimum payments as of June 30, 2013, including \$3,100,179 of interest are:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2014	\$ 483,856	\$ 662,832
2015	15,130,252	496,688
2016	1,137,937	323,163
2017	1,145,922	290,487
2018	1,098,470	256,599
2019-2023	5,088,036	830,558
2024-2028	<u>3,850,652</u>	<u>239,852</u>
	<u>\$ 27,935,125</u>	<u>\$ 3,100,179</u>

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

d. Certificates of Participation

Certificates of participation are serviced by the County's general fund. Principal and interest requirements are appropriated when due. They were used to finance school construction.

\$10,785,000 Series 2010A Limited Obligation Certificates of Participation, Recovery Zone Economic Development Bonds, issued August 2010, with interest semiannually on March 1 and September 1 and principal due annually on September 1 through 2030, interest at 1.55% to 6%. Annual payments are required to be made into a sinking fund held by US Bank beginning in September 2023. The deposits and the interest earned on those deposits will be used to make the principal payment in September 2030. These bonds are eligible for federal interest subsidy payments equal to 45% of the true interest cost of the bonds as provided in the American Recovery and Reinvestment Act (ARRA). \$ 9,805,000

\$5,215,000 Series 2010B Limited Obligation Certificates of Participation, Qualified School Construction Bonds, issued August 2010, with interest semiannually on March 1 and September 1 and principal due annually on September 1 through 2025, interest at 5.05%. Annual payments are required to be made into a sinking fund held by US Bank. The deposits and the interest earned on those deposits will be used to make the principal payment in September 2025. These bonds are eligible for federal interest subsidy payments equal to 100% of the true interest cost of the bonds as provided in the American Recovery and Reinvestment Act (ARRA) and the Hiring Incentives to Restore Employment (HIRE) Act. 5,215,000
Total \$ 15,020,000

For Granville County, the future minimum payments as of June 30, 2013, including \$10,382,709 of interest are:

Year Ending June 30	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 490,000	\$ 716,487
2015	490,000	705,463
2016	490,000	692,110
2017	490,000	676,552
2018	495,000	659,065
2019-2023	2,475,000	2,988,549
2024-2028	7,690,000	3,728,483
2029-2031	<u>2,400,000</u>	<u>219,000</u>
	<u>\$ 15,020,000</u>	<u>\$ 10,382,709</u>

e. 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. Principal and interest requirements are appropriated when due.

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

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

General Obligation Bonds

\$9,500,000 2006 School Series bonds due on May 1 and November 1 in installments of \$9,975-\$657,459 through May 1, 2026; interest at 3.65 - 4.0 percent* \$ 6,650,000

\$25,500,000 2005 School Series bonds due on June 1 and December 1 in installments of \$800,000-\$2,150,000 through June 1, 2025; interest at 3.0-5.0 percent. Most of the principal of this loan was paid off through the advance refunding of 2013. 2,000,000

\$765,000 Parks and Recreation Facility, Series 2005 bonds due on June 1 and December 1 in installments of \$25,000-\$50,000 through June 1, 2023; interest at 3.0-5.0 percent. Most of the principal of this loan was paid off through the advance refunding of 2013. 100,000

\$1,600,000 Public Improvement 2009A bonds due on June 1 and December 1; interest at 3.0-4.5 percent 1,280,000

\$8,000,000 Library Bonds 2009B bonds due on June 1 and December 1; interest at 3.0-4.125 percent 6,400,000

\$10,215,000 Refunding Bonds 2009C due on June 1 and December 1; interest at 3.0-4.0 percent* 6,355,000

\$16,095,000 Refunding Bonds 2013 due on June 1 and December 1; interest at 2.5-4.0% 16,095,000

Total \$ 38,880,000

*Granville County Schools holds title to some of the assets completed through these bond funds.

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2014	\$ 3,205,000	\$ 1,363,519
2015	3,190,000	1,252,169
2016	3,175,000	1,130,569
2017	3,130,000	1,046,269
2018	3,085,000	964,244
2019-2023	15,165,000	3,351,612
2024-2028	7,450,000	709,962
2029	<u>480,000</u>	<u>20,100</u>
	<u>\$ 38,880,000</u>	<u>\$ 9,838,444</u>

At June 30, 2013, Granville County had a legal debt margin of \$234,510,134.

The Hospital's notes payable at September 30, 2012, are comprised of the following:

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

3.97 percent note, payable monthly, principal and interest of \$11,073 through March 2022; guaranteed by Granville County	\$ 1,049,949
4.09 percent note, monthly principal payments of \$13,889, plus interest through January 2018; collateralized by real estate.	888,888
6.90 percent note, payable monthly, principal and interest of \$262 through February 2011, then principal and interest of \$903 through February 2016; collateralized by equipment	33,075
3.73 percent note, payable semi-annually, principal and interest of \$79,324 through July 2027; collateralized by real estate	1,810,000
2.01% construction note with interest due semi-annually; principal due in 2014 upon assumption of note by United States Department of Agriculture, guaranteed by Granville County	<u>14,000,000</u>
Total	<u>\$ 17,781,912</u>

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 360,356	\$ 423,299
2014	14,368,202	408,636
2015	376,376	393,646
2016	378,634	97,024
2017	382,119	82,033
2018-2022	1,198,633	248,380
2023-2027	<u>717,592</u>	<u>75,646</u>
Total	<u>\$ 17,781,912</u>	<u>\$ 1,728,664</u>

f. Refunding & Advance Refundings

On February 12, 2013, the County issued \$16,095,000 of general obligation current and advance refunding bonds to provide resources to purchase U. S Government securities that were placed in an irrevocable trust for the purpose of general resources for all future debt service payments of \$16,890,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The net carrying amount of the old debt exceeded the reacquisition price of the old debt by \$795,000. This amount is being netted against the new debt and amortized over the life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next 10 years and resulted in an economic gain of \$1,526,661.

g. Long-Term Obligation Activity

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

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

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Current Portion of Balance
Governmental activities:					
General obligation bonds	\$ 42,885,000	\$ 16,095,000	\$ 20,100,000	\$ 38,880,000	\$ 3,205,000
Plus: Premiums on issuance	<u>478,248</u>	<u>2,525,946</u>	<u>234,076</u>	<u>2,770,118</u>	<u>-</u>
Total General obligation bonds	43,363,248	18,620,946	20,334,076	41,650,118	3,205,000
Financing Agreements	8,048,861	-	850,528	7,198,333	861,159
Installment Purchases	17,607,184	10,760,000	432,059	27,935,125	483,856
Certificates of participation	15,510,000	-	490,000	15,020,000	490,000
Compensated absences	775,242	832,827	775,242	832,827	208,207
Net OPEB obligation	3,551,877	702,389	-	4,254,266	-
Net pension obligation	<u>491,633</u>	<u>80,394</u>	<u>-</u>	<u>572,027</u>	<u>-</u>
Total governmental activities	<u>\$ 89,348,045</u>	<u>\$ 30,996,556</u>	<u>\$ 22,881,905</u>	<u>\$ 97,462,696</u>	<u>\$ 5,248,222</u>
Business-type activities:					
Accrued landfill closure and postclosure costs	\$ 6,571,099	\$ 2,509,190	\$ 106,868	\$ 8,973,421	\$ -
Compensated absences	12,569	13,631	12,569	13,631	3,408
Net OPEB obligation	<u>50,675</u>	<u>9,615</u>	<u>-</u>	<u>60,290</u>	<u>-</u>
Total business-type activities	<u>\$ 6,634,343</u>	<u>\$ 2,532,436</u>	<u>\$ 119,437</u>	<u>\$ 9,047,342</u>	<u>\$ 3,408</u>

Compensated absences, the net pension obligation, and the OPEB obligation for governmental activities are generally liquidated by the General Fund. Compensated absences and the OPEB obligation for business-type activities are generally liquidated by the Solid Waste Management Fund.

c. Interfund Balances and Activity

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Reason</u>
Transfers From/To Other Funds:			
<u>General Fund</u>			
General Fund	CDBG Fund	\$ 3,690	Contribution to fund ongoing capital projects
General Fund	Health Plan	220,000	Contribution to fund ongoing health insurance costs
		<u>\$ 223,690</u>	
<u>Special Revenue/Capital Projects Funds</u>			
2010 Southern Elementary School Fund	General Fund	<u>\$ 1,183,262</u>	To repay funding from the General Fund
Due To/From Other Funds			
Granville County Tourism			
Development Authority	General Fund	<u>\$ 32,208</u>	Occupancy tax proceeds

III. Fund Balance

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

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

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

Total fund balance-General Fund	\$ 30,763,074
Less:	
Prepaid items	900
Stabilization by State Statute	2,092,758
Appropriated fund balance in 2014 budget	1,735,002
Human Services	5,416,399
Education	695,447
Register of Deeds	-
Tax Revaluation	294,687
Public Safety	945,368
Economic and Physical Development	956,521
Working Capital/Fund Balance Policy	19,513,063
Remaining Fund Balance	\$ (887,071)

The County has adopted a minimum fund balance policy for the General Fund which instructs management to conduct business of the County in such a manner that available fund balance is at least equal to or greater than 30% of General Fund expenditures.

IV. Joint Ventures

a. Vance-Granville Community College

The County, in conjunction with Vance 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 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 \$594,885 and \$92,489 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2013. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2013. Complete financial statements for the community college may be obtained from the community college's administrative offices, at P.O. Box 918, Henderson, N.C. 27536.

b. Granville-Vance Health District

Granville County and Vance County participate in a multi-county health district joint venture. Granville County places one member on the Health District Board. Granville County has an ongoing financial responsibility to the Health District since it is legally required to provide health services either directly or jointly with other counties. The County does not retain an equity interest in the Health District. Complete financial statements for the Health District can be obtained at 115 Charles D. Rollins Road, Henderson, N.C. 27536.

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

c. Area Mental Health

Granville County participates with Vance, Warren and Franklin Counties in the Area Mental Health, Development Disabilities and Substance Abuse Program of Vance, Warren, Granville and Franklin Counties. Granville County places one member on the Program's Board. Granville County has an ongoing financial responsibility to the Program since it is legally required to provide mental health services either directly or jointly with other counties. The County does not retain an equity interest in the Program. Complete financial statements for the Program may be obtained from the Program's administrative offices at 134 South Garnett Street, Henderson, N.C. 27536.

d. Kerr Area Transit Authority

The County also participates in a joint venture to operate Kerr Area Transit Authority. The County appoints six members to the twenty-one member board. None of the participating governments have any equity interest in the Authority, so 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 \$34,299 to the Authority to supplement its activities. Complete financial statements for the Authority may be obtained at 943 West Andrews Avenue, Henderson, N.C. 27536.

e. 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, so 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 may be obtained from P.O. Box 368, Henderson, N.C. 27536.

V. 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 \$69,348 to the Council during the fiscal year ended June 30, 2013. Complete financial statements for the Council may be obtained from the Council's administrative offices at 510 Dabney Drive, Henderson, N.C. 27536.

VI. Benefit Payments Issued by the State

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

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

	<u>Federal</u>	<u>State</u>
Temporary Assistance to Needy Families	\$ 570,104	\$ -
Medical Assistance	36,686,118	20,585,768
Independent Living	100	-
CWS Adoption Subsidy	-	185,059
Adoption Assistance	143,154	37,896
State/County Special Assistance	-	396,648
Foster Care	74,437	21,284
Foster Care at Risk Max	-	383
State Foster Home	-	28,758
SFHF Maximization	-	65,374
	<u> </u>	<u> </u>
Totals	<u>\$ 37,473,913</u>	<u>\$ 21,321,170</u>

VII. Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

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

VIII. Significant Effects of Subsequent Events

The County has evaluated events and transactions that occurred between June 30, 2013 and November 27, 2013, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. There were no events that occurred during this time that were deemed to be significant enough to be disclosed.

IX. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items Previously reported as Assets and Liabilities*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position. Additionally, GASB Statement 65 requires that deferred costs from the refunding of debt, which were previously deferred and amortized, be presented as deferred outflows of resources. Bond issuance costs, which were previously deferred and amortized, must be included in current expenditures. Previously deferred bond issuance costs totaling \$324,846 were recognized as an expenditure in the current year. As a result, beginning net position decreased from \$(17,387,470) to \$(17,712,316).

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance
- Notes to Required Schedules for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Funding Progress for the Other Postemployment Benefits
- Schedule of Employer Contributions for the Other Postemployment Benefits
- Notes to the Required Schedules for the Other Postemployment Benefits

GRANVILLE COUNTY, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2007	\$ -	\$ 377,711	\$ 377,711	0.00%	\$ 1,691,858	22.33%
12/31/2008	-	414,361	414,361	0.00%	1,828,912	22.66%
12/31/2009	-	610,621	610,621	0.00%	1,780,358	34.30%
12/31/2010	-	637,867	637,867	0.00%	2,066,001	30.87%
12/31/2011	-	661,523	661,523	0.00%	2,347,433	28.18%
12/31/2012	\$ -	\$ 686,884	\$ 686,884	0.00%	\$ 2,433,232	28.23%

**GRANVILLE COUNTY, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2008	\$ 39,811	27.04%
2009	46,026	32.94%
2010	51,918	94.86%
2011	73,992	61.42%
2012	78,992	49.75%
2013	\$ 86,407	0.00%

Notes to the Required Schedules:

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

Valuation date	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	18 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25 - 7.85%
Cost-of-living adjustments	N/A

*Includes inflation at 3.00% percent.

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2007	\$ -	\$ 14,015,747	\$ 14,015,747	0.00%	\$ 10,701,980	131.00%
12/31/2009	-	8,615,262	8,615,262	0.00%	11,322,982	76.10%
12/31/2010	-	8,967,272	8,967,272	0.00%	10,043,765	89.30%
12/31/2012	\$ -	\$ 8,974,943	\$ 8,974,943	0.00%	\$ 10,491,674	85.50%

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

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2009	\$ 1,351,483	11.65%
2010	1,402,164	7.06%
2011	725,613	24.05%
2012	725,613	25.90%
2013	\$ 765,161	7.79%

Notes to the Required Schedules:

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

Valuation date	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level 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	
Pre-Medicare trend rate	8.50%-5.00%
Year of Ultimate trend rate	2018
Cost-of-living adjustments	N/A

*Includes inflation at 3.00% percent.

COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES

MAJOR GOVERNMENTAL FUNDS

- **General Fund:** This fund is used to account for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

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

	2013			2012
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Ad Valorem Taxes:				
Current year	\$ 30,820,736	\$ 31,260,824	\$ 440,088	\$ 30,614,213
Prior year	990,000	1,172,651	182,651	948,779
Penalties and interest	278,500	305,220	26,720	310,222
Total	32,089,236	32,738,695	649,459	31,873,214
Sales and Other Taxes:				
Article 39 one percent		1,425,933		1,277,292
Article 40 one-half of one percent		2,677,790		2,602,085
Article 42 one-half of one percent		1,323,740		1,231,608
Article 44 one-half of one percent		26,808		(6,377)
Article 44 Hold Harmless		523,072		407,778
State excise tax - Register of Deeds		133,252		120,045
Beer and wine		159,884		170,670
Taxes on federal exempt land		21,139		21,660
Medicaid hold harmless		1,386,262		1,268,150
Occupancy taxes		167,032		178,497
Total	6,583,836	7,844,912	1,261,076	7,271,408
Licenses, Fees and Other Revenues:				
Privilege licenses		6,340		5,679
Taxes on Oxford Housing Authority		6,647		13,294
Planning		63,084		49,759
Inspection		400,690		360,204
Sheriff wage refund		49,333		33,716
Boarding state and federal prisoners		8,020		6,581
Ambulance fees		69,485		59,050
Library fees		43,280		45,139
Rents		24,700		18,067
Sheriff's fees		127,744		113,097
Election fees		89		36,527
Franchise fees		113,420		104,812
Animal control		34,993		24,331
Collection fees		130,822		114,862
Senior Center fitness fees		8,258		7,915
Administrative fees		25,000		25,000
Register of Deeds		224,353		201,492
GAP fees		34,161		29,775
GIS subscription fees		-		50
Aging fees		20,130		22,637
Federal interest subsidy		471,456		475,149
Federal and State grants		4,031		3,804
Miscellaneous		212,510		306,409
Sale of fixed assets		14,758		16,236
Total	1,962,026	2,093,304	131,278	2,073,585

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

	2013			2012
	Budget	Actual	Variance Positive (Negative)	Actual
Restricted and Intergovernmental				
Revenues:				
Debt Contribution from hospital		695,098		604,035
Court facility fees		51,011		69,073
CSC officer's fees		13,080		18,122
Register of Deeds		39,224		27,117
ABC bottle tax		12,167		11,887
Federal and State grants		8,478,595		7,922,555
Excise recreation - Heritage		123,051		110,767
Jail fees		18,720		18,281
Floodplain mapping fees		-		3,560
Sheriff Federal treasury seized funds		255,283		56,456
Miscellaneous		123,296		60,830
Total	10,912,104	9,809,525	(1,102,579)	8,902,683
Investment earnings	100,000	47,326	(52,674)	57,418
Micellaneous Revenues				
Granville County ABC Board	140,000	170,839	30,839	245,490
Granville County Tourism Development Authority	-	-	-	-
Total	140,000	170,839	30,839	245,490
Total Revenues	51,787,202	52,704,601	917,399	50,423,798
EXPENDITURES				
<u>General Government</u>				
Board of Commissioners				
Salaries and employee benefits		148,905		136,295
Other operating expenditures		59,599		55,427
Capital outlay		-		806
Total	224,118	208,504	15,614	192,528
Administration				
Salaries and employee benefits		266,214		307,796
Other operating expenditures		8,026		25,471
Capital outlay		250		2,503
Total	304,592	274,490	30,102	335,770
Information Technology				
Salaries and employee benefits		93,930		-
Other operating expenditures		3,791		-
Capital outlay		1,130		-
Total	111,943	98,851	13,092	-
Board of Elections				
Salaries and employee benefits		213,506		221,012
Other operating expenditures		162,994		148,086
Capital outlay		1,332		5,770
Total	413,912	377,832	36,080	374,868

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

	2013		2012
	Budget	Actual	Variance Positive (Negative) Actual
Finance Department			
Salaries and employee benefits		328,029	314,674
Other operating expenditures		100,549	110,277
Capital outlay		1,883	943
Total	459,816	430,461	29,355
Tax Administration			
Salaries and employee benefits		456,908	463,974
Other operating expenditures		167,102	133,333
Capital outlay		696	1,296
Total	671,271	624,706	46,565
Register of Deeds			
Salaries and employee benefits		196,288	206,644
Other operating expenditures		105,438	74,942
Total	360,073	301,726	58,347
General Services/Court Facilities			
Salaries and employee benefits		188,972	183,552
Other operating expenditures		323,748	323,770
Capital outlay		1,056	3,105
Total	574,090	513,776	60,314
Human Resources			
Salaries and employee benefits		80,449	77,368
Other operating expenditures		28,650	51,720
Capital outlay		799	100
Total	144,698	109,898	34,800
Internal Auditor			
Salaries and employee benefits		61,948	60,095
Other operating expenditures		3,269	3,767
Total	66,110	65,217	893
Total General Government	3,330,623	3,005,461	325,162
Public Safety			
Other Emergency Services	34,700	26,900	7,800
Sheriff's Department/Detention Center			
Salaries and employee benefits		5,093,712	4,935,946
Other operating expenditures		1,774,884	1,528,562
Capital outlay		116,597	20,276
Total	6,899,868	6,985,193	(85,325)
Fire Service	799,091	799,091	-

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

	2013		2012
	Budget	Actual	Variance Positive (Negative) Actual
Forestry			
Salaries and employee benefits		25,969	25,594
Other operating expenditures		77,434	59,444
Total	108,577	103,403	5,174
Emergency Management			
Salaries and employee benefits		189,083	184,776
Other operating expenditures		86,571	27,784
Capital outlay		6,982	-
Total	293,544	282,636	10,908
Emergency Services			
Salaries and employee benefits		1,057,223	932,111
Other operating expenditures		242,312	243,945
Capital outlay		2,011	27,264
Total	1,391,375	1,301,546	89,829
Total Public Safety	9,527,155	9,498,769	28,386
<u>Community Services</u>			
Cooperative Extension Service			
Salaries and employee benefits		256,710	250,417
Other operating expenditures		64,098	67,399
Capital outlay		-	21,300
Total	381,587	320,808	60,779
County Library System			
Salaries and employee benefits		607,974	594,236
Other operating expenditures		287,268	267,349
Total	942,907	895,242	47,665
Recreation & Community Service			
Other operating expenditures		136,726	136,726
Total	146,726	136,726	10,000
Development Services			
Planning			
Salaries and employee benefits		255,827	258,197
Other operating expenditures		21,658	37,342
Inspection Department			
Salaries and employee benefits		384,090	370,333
Other operating expenditures		25,991	26,545
Capital outlay		15,751	-
Construction Administration			
Other operating expenditures		342	111
Capital outlay		645,426	446,262
Total	2,476,260	1,349,085	1,127,175

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

	2013		2012
	Budget	Actual	Variance Positive (Negative)
			Actual
Soil Conservation Program			
Salaries and employee benefits		76,811	90,837
Other operating expenditures		2,205	2,665
Total	80,215	79,016	1,199
Jonesland Park Operations			
Salaries and employee benefits		202,688	193,599
Other operating expenditures		120,614	108,127
Capital outlay		105,653	42,422
Total	482,722	428,955	53,767
Economic Development			
Salaries and employee benefits		136,255	141,816
Other operating expenditures		48,299	48,107
Capital outlay		-	300
Total	196,522	184,554	11,968
Tourism			
Salaries and employee benefits	14,505	14,412	93
Total Community Services	4,721,444	3,408,798	1,312,646
<u>Human Services</u>			
Health and Medical Services			
Granville Medical Center		1,628,254	1,393,000
Granville-Vance District Health Dept.		325,631	325,631
Area Mental Health		136,019	136,733
Total	2,298,901	2,089,904	208,997
Social Services			
Salaries and employee benefits		3,801,513	3,698,439
Other operating expenditures		3,724,866	3,952,228
Capital outlay		18,201	24,322
Total	8,187,532	7,544,580	642,952
Veterans Services			
Salaries and employee benefits		12,192	12,350
Other operating expenditures		1,662	1,739
Total	15,320	13,854	1,466
Senior Services-Nutrition/In-Home Aid			
Salaries and employee benefits		579,296	562,768
Other operating expenditures		676,276	560,598
Capital outlay		3,802	15,351
Total	1,430,700	1,259,374	171,326
Total Human Services	11,932,453	10,907,712	1,024,741

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

	2013			2012
	Budget	Actual	Variance Positive (Negative)	Actual
<u>Education</u>				
Granville County School System				
Current Expense	12,385,287	12,385,287	-	12,385,287
Capital	1,752,495	1,752,495	-	842,293
Total	14,137,782	14,137,782	-	13,227,580
Vance-Granville Community College				
Operating expenditures		594,885		594,885
Capital Outlay		92,489		16,640
Total	687,374	687,374	-	611,525
Total Education	14,825,156	14,825,156	-	13,839,105
<u>Non-Departmental & Special Areas</u>				
Special Projects	287,616	268,921	18,695	187,688
Pass Thru Funds	690,754	625,850	64,904	375,185
Non-Departmental	26,229,549	14,732,406	11,497,143	7,030,851
Granville County Tourism Development Authority	180,000	174,189	5,811	168,122
Total Non-Departmental & Special Areas	27,387,919	15,801,366	11,586,553	7,761,846
<u>Debt Service</u>				
Hospital Financing				
Principal		304,241		376,522
Interest		390,857		227,513
Total	695,199	695,098	101	604,035
Park Financing				
Principal		74,343		74,647
Interest		24,726		30,562
Total	101,667	99,069	2,598	105,209
Water & Sewer Allocation-Triangle North				
Principal		850,528		951,139
Interest		170,152		-
Total	1,020,681	1,020,680	-	951,139

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

	2013			2012
	Budget	Actual	Variance Positive (Negative)	Actual
Schools Debt Service				
Principal		3,328,641		3,423,337
Interest		2,107,449		2,275,391
	5,825,155	5,436,090	389,065	5,698,728
Library Series 2009				
Principal		-		400,000
Interest		-		258,000
Total	-	-	-	658,000
Bond issuance costs	359,952	345,343	(14,609)	-
Total Debt Service	8,002,654	7,596,280	406,374	8,017,111
Total Expenditures	79,727,404	65,043,542	14,683,862	55,113,441
Revenues Over (Under) Expenditures	(27,940,202)	(12,338,941)	15,601,261	(4,689,643)
OTHER FINANCING SOURCES (USES)				
Transfers-in:				
Emergency Telephone System Fund	-	-	-	5,231
2010 Southern Elementary School Fund	1,212,277	1,183,262	(29,015)	1,000,000
Total transfers-in	1,212,277	1,183,262	(29,015)	1,005,231
Transfers-out:				
Expo and Conference Center Fund		-		(197,000)
CDBG Fund		(3,690)		(3,005,338)
Health Plan		(220,000)		-
Total transfers-out	(303,690)	(223,690)	(80,000)	(3,202,338)
Contingency	(45,216)	-	45,216	-
Debt proceeds	10,760,000	10,760,000	-	14,000,000
Refunding bond proceeds	16,095,000	16,095,000	-	-
Refunding bond premium	2,525,946	2,525,946	-	-
Payment to refunded bond escrow agent	(18,350,717)	(18,350,717)	-	-
Fund balance appropriated	16,046,602	-	(16,046,602)	-
Total Other Financial Sources (Uses)	27,940,202	11,989,801	(15,950,401)	11,802,893
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	(349,140)	\$ (349,140)	7,113,250
Fund Balance-July 1		31,112,214		23,998,964
Fund Balance-June 30		\$ 30,763,074		\$ 31,112,214

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

- **Emergency Telephone System Fund:** This fund is used to account for the 911 revenues collected by the telephone industry to fund the emergency 911 system.
- **CDBG (Community Development Block Grant) Fund:** This fund is used to account for revenues and expenditures to rehabilitate substandard rural housing.
- **R. H. Thornton Library Memorial Fund:** This fund is used to account for the receipts and disbursements made on behalf of the R. H. Thornton Library.

Capital Project Funds

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

- **Expo and Conference Center Fund:** This fund is used to account for funds associated with the Expo and Conference Center Project.
- **Granville Greenway Project Fund:** This fund is used to account for the funds associated with the Granville Greenway Project.
- **Library Expansion/Renovation Fund:** This fund is used to account for the funds associated with the expansion and renovation of the County's libraries.
- **2010 Southern Elementary School Project Fund:** This fund is used to account for the proceeds of bonds to be issued in 2010 for the construction of a school.

**GRANVILLE COUNTY, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2013**

EXHIBIT C-1

	Special Revenue Funds			Capital Projects Funds				
	Emergency Telephone System Fund	CDBG Fund	R. H. Thornton Library Memorial Fund	Expo and Conference Center Fund	Granville Greenway Project Fund	Library Expansion/Renovation Fund	2010 Southern Elementary School Project Fund	June 30, 2013
ASSETS								
Current Assets:								
Cash and cash equivalents	\$ 158,285	\$ 2,457,304	\$ 283,283	\$ 642	\$ 59,061	\$ -	\$ -	\$ 2,958,575
Restricted cash	-	-	-	-	-	706,728	29,021	735,749
Accounts receivable	62,350	-	-	-	21,007	-	-	83,357
Total Assets	<u>\$ 220,635</u>	<u>\$ 2,457,304</u>	<u>\$ 283,283</u>	<u>\$ 642</u>	<u>\$ 80,068</u>	<u>\$ 706,728</u>	<u>\$ 29,021</u>	<u>\$ 3,777,681</u>
LIABILITIES AND FUND EQUITY								
Liabilities								
Accounts payable and accrued liabilities:	\$ 54	\$ 148,462	\$ 164	\$ -	\$ -	\$ 62,071	\$ -	\$ 210,751
Total liabilities:	<u>54</u>	<u>148,462</u>	<u>164</u>	<u>-</u>	<u>-</u>	<u>62,071</u>	<u>-</u>	<u>210,751</u>
Fund Balances:								
Restricted:								
Stabilization by State Statute	62,350	-	-	-	21,007	-	-	83,357
Recreation	-	-	-	-	59,061	-	-	59,061
Library	-	-	283,119	-	-	644,657	-	927,776
Public Safety	158,231	-	-	-	-	-	-	158,231
Education	-	-	-	-	-	-	29,021	29,021
Economic Development	-	2,308,842	-	-	-	-	-	2,308,842
Committed:								
Economic Development	-	-	-	642	-	-	-	642
Total fund equity	<u>220,581</u>	<u>2,308,842</u>	<u>283,119</u>	<u>642</u>	<u>80,068</u>	<u>644,657</u>	<u>29,021</u>	<u>3,566,930</u>
Total Liabilities and Fund Equity	<u>\$ 220,635</u>	<u>\$ 2,457,304</u>	<u>\$ 283,283</u>	<u>\$ 642</u>	<u>\$ 80,068</u>	<u>\$ 706,728</u>	<u>\$ 29,021</u>	<u>\$ 3,777,681</u>

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

	Special Revenue Funds			Capital Projects Funds				
	Emergency Telephone System Fund	CDBG Fund	R. H. Thornton Library Memorial Fund	Expo and Conference Center Fund	Granville Greenway Project Fund	Library Expansion/ Renovation Fund	2010 Southern Elementary School Project Fund	June 30, 2013
REVENUES								
Restricted intergovernmental revenues	\$ 378,950	\$ 20,408	\$ -	\$ -	\$ 21,007	\$ -	\$ -	\$ 420,365
Investment earnings	120	-	567	-	-	765	352	1,804
Miscellaneous	-	-	6,565	-	-	-	-	6,565
Total Revenues	379,070	20,408	7,132	-	21,007	765	352	428,734
EXPENDITURES								
Public safety	271,345	-	-	-	-	-	-	271,345
Economic development	-	467,279	-	-	-	-	-	467,279
Community services	-	-	34,818	-	-	-	-	34,818
Education	-	-	-	-	-	-	39,333	39,333
Capital outlay	-	-	-	32,922	4,258	984,225	-	1,021,405
Debt service								
Principal	91,537	-	-	-	-	-	-	91,537
Interest	17,876	-	-	-	-	-	-	17,876
Total Expenditures	380,758	467,279	34,818	32,922	4,258	984,225	39,333	1,943,593
Revenues Over (under) Expenditures	(1,688)	(446,871)	(27,686)	(32,922)	16,749	(983,460)	(38,981)	(1,514,859)
OTHER FINANCING SOURCES (USES)								
Transfers-in								
General Fund	-	3,690	-	-	-	-	-	3,690
Total	-	3,690	-	-	-	-	-	3,690
Transfers out								
General Fund	-	-	-	-	-	-	(1,183,262)	(1,183,262)
Total	-	-	-	-	-	-	(1,183,262)	(1,183,262)
Total Other Financing Sources (Uses)	-	3,690	-	-	-	-	(1,183,262)	(1,179,572)
Net Change in Fund Balances	(1,688)	(443,181)	(27,686)	(32,922)	16,749	(983,460)	(1,222,243)	(2,694,431)
Fund Balance - July 1	222,269	2,752,023	310,805	33,564	63,319	1,628,117	1,251,264	6,261,361
Fund Balance - June 30	\$ 220,581	\$ 2,308,842	\$ 283,119	\$ 642	\$ 80,068	\$ 644,657	\$ 29,021	\$ 3,566,930

**GRANVILLE COUNTY, NORTH CAROLINA
EMERGENCY TELEPHONE SYSTEM FUND
SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Budget	Actual	Variance Positive (Negative)	Actual
<u>REVENUES</u>				
Restricted intergovernmental revenues:				
State Cell Surcharge	\$ 374,097	\$ 374,097	\$ -	\$ 333,406
ECAT Funding	4,853	4,853	-	-
Investment earnings	500	120	(380)	520
Total Revenues	<u>379,450</u>	<u>379,070</u>	<u>(380)</u>	<u>333,926</u>
<u>EXPENDITURES</u>				
Public safety:				
Telephone		138,677		134,137
Other operating expenditures		130,844		289,455
Capital outlay		1,824		868,632
Debt service:				
Principal		91,537		91,537
Interest		17,876		21,282
Total Expenditures	<u>464,239</u>	<u>380,758</u>	<u>83,481</u>	<u>1,405,043</u>
Revenues Over (Under) Expenditures	<u>(84,789)</u>	<u>(1,688)</u>	<u>83,101</u>	<u>(1,071,117)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer (to) from other funds				
General Fund	-	-	-	(5,231)
Fund balance appropriated	84,789	-	(84,789)	-
Total	<u>84,789</u>	<u>-</u>	<u>(84,789)</u>	<u>(5,231)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses:	<u>\$ -</u>	<u>(1,688)</u>	<u>\$ (1,688)</u>	<u>(1,076,348)</u>
Fund Balance - July 1		<u>222,269</u>		<u>1,298,617</u>
Fund Balance - June 30		<u>\$ 220,581</u>		<u>\$ 222,269</u>
<u>Emergency Telephone System Unspent Balance</u>				
Amounts reported above are different from the PSAP Revenue-Expenditure Report because:				
Net Change in Fund Balance, reported on Budget to Actual		\$ (1,688)		
Plus: Transfers to General Fund to adjust fund balance to the proper beginning balance		-		
Net Change per PSAP Revenue-Expenditure Report		(1,688)		
Beginning Balance, PSAP Revenue-Expenditure Report		222,269		
Ending Balance, PSAP Revenue-Expenditure Report		<u>\$ 220,581</u>		

GRANVILLE COUNTY, NORTH CAROLINA
CDBG FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
REVENUES					
Restricted intergovernmental revenues					
Federal and State grants					
CDBG grant					
C-1 Scattered Site Housing Funds	\$ 375,568	\$ 267,933	\$ 20,408	\$ 288,341	\$ (87,227)
L-1 Scattered Site Supplemental Funds	24,432	22,209	-	22,209	(2,223)
NC Grant 10-C-2143	584,560	-	-	-	(584,560)
2012 CDBG C-1	202,500	-	-	-	(202,500)
2012 CDBG L-1	22,500	-	-	-	(22,500)
Total restricted intergovernmental revenues	1,209,560	290,142	20,408	310,550	(899,010)
Miscellaneous revenues					
Other revenues	45,206	45,206	-	45,206	-
Total	1,254,766	335,348	20,408	355,756	(899,010)
EXPENDITURES					
Economic development					
CDBG grant expenditures					
C-1 Scattered Site Housing	375,568	267,933	20,408	288,341	87,227
L-1 Scattered Site Supplemental	24,432	22,209	-	22,209	2,223
2012 C-1 Scattered Site Housing	202,500	-	3,500	3,500	199,000
2012 L-1 Scattered Site Housing	22,500	-	-	-	22,500
NC Grant 10-C-2143					
Administration	53,142	8,765	3,552	12,317	40,825
Building Lease and Fit-up	411,996	289,613	57,102	346,715	65,281
Public Facilities Improvements	3,173,656	143	382,717	382,860	2,790,796
Total	4,263,794	588,663	467,279	1,055,942	3,207,852
Revenues Over (Under) Expenditures	(3,009,028)	(253,315)	(446,871)	(700,186)	2,308,842
OTHER FINANCING SOURCES (USES)					
Transfers from other funds					
General Fund	3,009,028	3,005,338	3,690	3,009,028	-
Total Other Financing Sources (Uses)	3,009,028	3,005,338	3,690	3,009,028	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ 2,752,023	(443,181)	\$ 2,308,842	\$ 2,308,842
Fund Balance - July 1			2,752,023		
Fund Balance - June 30			\$ 2,308,842		

**GRANVILLE COUNTY, NORTH CAROLINA
R. H. THORNTON LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		Variance	2012
	Budget	Actual	Positive (Negative)	Actual
<u>REVENUES</u>				
Donations	\$ 65,000	\$ 6,565	\$ (58,435)	\$ 2,957
Investment Earnings	300	567	267	378
Total Revenues	65,300	7,132	(58,168)	3,335
<u>EXPENDITURES</u>				
Projects	65,300	34,818	30,482	12,795
Total Expenditures	65,300	34,818	30,482	12,795
Revenues over (under) expenditures	-	(27,686)	(27,686)	(9,460)
OTHER FINANCING SOURCES (USES)				
Fund balance appropriated	-	-	-	-
Transfer-in(out)				
Capital Improvements Fund	-	-	-	-
General Fund	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	(27,686)	<u>\$ (27,686)</u>	(9,460)
FUND BALANCE				
Beginning of year - July 1		310,805		320,265
End of year - June 30		<u>\$ 283,119</u>		<u>\$ 310,805</u>

**GRANVILLE COUNTY, NORTH CAROLINA
EXPO AND CONFERENCE CENTER FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Project Authorization</u>	<u>Actual Prior Years</u>	<u>Actual Current Year</u>	<u>Actual Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
<u>REVENUES</u>					
Restricted intergovernmental Federal and state grants	\$ 387,000	\$ -	\$ -	\$ -	\$ (387,000)
Total Revenues	<u>387,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(387,000)</u>
<u>EXPENDITURES</u>					
Capital Outlay					
Construction/Renovation			-	-	-
Waterline Project	514,000	13,560	32,922	46,482	467,518
Total	<u>514,000</u>	<u>13,560</u>	<u>32,922</u>	<u>46,482</u>	<u>467,518</u>
Total Expenditures	<u>514,000</u>	<u>13,560</u>	<u>32,922</u>	<u>46,482</u>	<u>467,518</u>
Revenues Over (Under) Expenditures	<u>(127,000)</u>	<u>(13,560)</u>	<u>(32,922)</u>	<u>(46,482)</u>	<u>80,518</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfer from General Fund	<u>127,000</u>	<u>127,000</u>	<u>-</u>	<u>127,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>127,000</u>	<u>127,000</u>	<u>-</u>	<u>127,000</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures And Other Uses	<u>\$ -</u>	<u>\$ 113,440</u>	<u>(32,922)</u>	<u>\$ 80,518</u>	<u>\$ 80,518</u>
Fund Balance - July 1			<u>33,564</u>		
Fund Balance - June 30			<u>\$ 642</u>		

**GRANVILLE COUNTY, NORTH CAROLINA
GRANVILLE GREENWAY PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013**

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
<u>REVENUES</u>					
Restricted intergovernmental revenues					
Federal and state grants	\$ 421,096	\$ 40,110	\$ 21,007	\$ 61,117	\$ (359,979)
Miscellaneous					
Donations	9,150	9,150	-	9,150	-
Total Revenues	430,246	49,260	21,007	70,267	(359,979)
<u>EXPENDITURES</u>					
Professional Services		90,810	4,258	95,068	
Supplies and Materials		406	-	406	
Total Expenditures	535,521	91,216	4,258	95,474	440,047
Revenues Over (Under) Expenditures	(105,275)	(41,956)	16,749	(25,207)	80,068
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers-in (out)					
General Fund	105,275	105,275	-	105,275	-
Total	105,275	105,275	-	105,275	-
Excess of Revenues and Other Sources					
Over (Under) Expenditures and Other Uses	\$ -	\$ 63,319	16,749	\$ 80,068	\$ 80,068
Fund Balances:					
Beginning of year - July 1			63,319		
End of year - June 30			\$ 80,068		

**GRANVILLE COUNTY, NORTH CAROLINA
LIBRARY EXPANSION/RENOVATION FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Favorable (Unfavorable)
REVENUES					
Investment earnings	\$ 28,150	\$ 22,200	\$ 765	\$ 22,965	\$ (5,185)
Total	28,150	22,200	765	22,965	(5,185)
EXPENDITURES					
General Library Projects					
Issuance Costs		41,970	-	41,970	
Architectural Services		121,409	-	121,409	
Construction		1,398,472	-	1,398,472	
Offsite Book Services		-	113,753	113,753	
Total	2,125,045	1,561,851	113,753	1,675,604	449,441
Thornton Expansion					
Architectural Services		181,940	-	181,940	
Contract Services		79,390	18,450	97,840	
Building Rent		105,491	-	105,491	
Furniture & Fixtures		366,915	14,600	381,515	
Construction Renovation		2,025,700	6,844	2,032,544	
Total	2,816,574	2,759,436	39,894	2,799,330	17,244
South Branch Addition					
Architectural Services		153,341	2,980	156,321	
Furniture & Fixtures		228,822	35,839	264,661	
Construction & Renovation		2,236,366	5,400	2,241,766	
Road and Pavement Improvements		108,817	-	108,817	
Total	2,925,718	2,727,346	44,219	2,771,565	154,153
Stovall Addition					
Architectural Services		63,183	-	63,183	
Furniture & Fixtures		81,856	640	82,496	
Land		50,666	-	50,666	
Construction & Renovation		732,408	-	732,408	
Total	951,172	928,113	640	928,753	22,419
Berea Renovation					
Architectural Services		9,818	2,174	11,992	
Furniture & Fixtures		3,305	29,599	32,904	
Construction and Renovation		116,054	23,677	139,731	
Total	191,211	129,177	55,450	184,627	6,584
Debt Service					
Principal	480,000	-	480,000	480,000	-
Interest	250,270	-	250,269	250,269	1
Total	730,270	-	730,269	730,269	1
Total Expenditures	9,739,990	8,105,923	984,225	9,090,148	649,842
Revenues Over (Under) Expenditures	(9,711,840)	(8,083,723)	(983,460)	(9,067,183)	644,657
OTHER FINANCING SOURCES (USES)					
Debt Issued	9,600,000	9,600,000	-	9,600,000	-
Premium on Debt Issued	111,840	111,840	-	111,840	-
Transfers-in (out)					
General Fund	(125,000)	(125,000)	-	(125,000)	-
General Fund	125,000	125,000	-	125,000	-
Total Other Financing Sources (Uses)	9,711,840	9,711,840	-	9,711,840	-
Excess of Revenues and Other Sources Over (Under) Expenditures And Other Uses	\$ -	\$ 1,628,117	(983,460)	\$ 644,657	\$ 644,657
Fund Balance - July 1			1,628,117		
Fund Balance - June 30			\$ 644,657		

**GRANVILLE COUNTY, NORTH CAROLINA
2010 SOUTHERN ELEMENTARY SCHOOL PROJECT
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Favorable (Unfavorable)
<u>REVENUES</u>					
Investment earnings	\$ 33,816	\$ 33,467	\$ 352	\$ 33,819	\$ 3
Miscellaneous revenue	4,100	4,100	-	4,100	-
Total Revenues	37,916	37,567	352	37,919	3
<u>EXPENDITURES</u>					
Capital Outlay					
Land acquisition	357,021	357,020	-	357,020	1
Building & site construction	11,519,942	11,483,039	36,903	11,519,942	-
Architect & engineering fees	782,730	780,300	2,430	782,730	-
Program management fees	482,411	482,410	-	482,410	1
Other contracts & charges	1,447,744	1,447,744	-	1,447,744	-
Total	14,589,848	14,550,513	39,333	14,589,846	2
Debt Service					
Issuance costs	235,791	235,790	-	235,790	1
Total	235,791	235,790	-	235,790	1
Total Expenditures	14,825,639	14,786,303	39,333	14,825,636	3
Revenues Over (Under) Expenditures	(14,787,723)	(14,748,736)	(38,981)	(14,787,717)	6
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfer from General Fund	1,000,000	1,000,000	-	1,000,000	-
Transfer to General Fund	(2,212,277)	(1,000,000)	(1,183,262)	(2,183,262)	29,015
Issuance of debt	16,000,000	16,000,000	-	16,000,000	-
Total Other Financing Sources (Uses)	14,787,723	16,000,000	(1,183,262)	14,816,738	29,015
Excess of Revenues and Other Sources Over (Under) Expenditures And Other Uses	\$ -	\$ 1,251,264	(1,222,243)	\$ 29,021	\$ 29,021
Fund Balance - July 1			1,251,264		
Fund Balance - June 30			\$ 29,021		

ENTERPRISE FUND

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the government's council is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; where the government's council has decided that the periodic determination of net income is appropriate for accountability purposes.

- **Solid Waste Management Fund:** This fund is used to account for the operations of the County's solid waste activities.
- **Stormwater Fund:** This fund is used to account for the operations of the County's stormwater activities.

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

	2013			2012
	Budget	Actual	Variance Positive (Negative)	Actual
<u>REVENUES</u>				
Restricted intergovernmental				
NC Electronics Management Funds	\$ 5,000	\$ 3,493	\$ 1,507	\$ 4,692
Operating revenues				
Landfill user fees	572,225	482,336	(89,889)	353,351
Solid waste charges	1,057,500	1,052,085	(5,415)	1,042,132
Other operating revenues				
White goods		18,687		18,919
Scrap tire disposal tax		74,492		74,382
Solid waste disposal tax		26,939		32,271
Compost/Mulch sales		1,518		2,277
Miscellaneous		30,050		17,571
Total	119,090	151,686	32,596	145,420
Total Operating Revenues	1,753,815	1,689,600	(62,708)	1,545,595
Nonoperating Revenues				
Interest earned on investments	702,650	5,062	(697,588)	4,524
Total Revenues	2,456,465	1,694,662	(760,296)	1,550,119
<u>EXPENDITURES</u>				
Solid Waste Operations				
Printing		695		150
Supplies and materials		322		143
Manned sites		420,927		411,993
Oil and Anti-Freeze Disposal		2,031		2,047
Freon Removal		1,236		1,599
Waste disposal		361,281		353,741
Container transportation		256,976		254,835
Maintenance and grounds		5,443		2,283
Miscellaneous		390		420
Total	1,237,983	1,049,301	188,682	1,027,211
Site remodeling and construction	30,000	-	30,000	19,542
Total Solid Waste Operations	1,267,983	1,049,301	218,682	1,046,753

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

	2013			2012
	Budget	Actual	Variance Positive (Negative)	Actual
Landfill Operations				
Salaries and employee benefits		181,021		167,026
Administrative fee		25,000		25,000
Professional services		63,170		30,552
Credit card charges		1,552		878
Gas, oil, tires		5,488		4,420
Supplies and materials		5,923		10,988
Brush grinding		-		25,400
Travel		472		1,426
Telephone and postage		3,889		4,021
Utilities		6,366		3,389
Printing		270		68
Maintenance and grounds		4,926		9,637
Advertising		694		657
Tire disposal		65,020		70,928
Registration and training		793		4,386
Contract services		342,737		246,044
Brush pile maintenance		-		365
Computer service		1,774		2,874
Noncapitalized equipment		554		5,870
Miscellaneous		1,333		4,418
Total Landfill Operations	815,213	710,982	104,231	618,347
Convenience sites				
Professional services	95,120	-	95,120	-
Budgetary Appropriations				
Capital outlay - solid waste	38,000	-	38,000	84,000
Capital outlay - landfill	3,652,228	3,610,039	42,189	564,753
Capital outlay - convenience sites	566,415	106,868	459,547	58,061
Total	4,256,643	3,716,907	501,736	706,814
Total Expenditures	6,434,959	5,477,190	824,649	2,371,914
Revenues Over (Under) Expenditures	(3,978,494)	(3,782,528)	195,966	(821,795)
OTHER FINANCING SOURCES (USES)				
Fund Balance Appropriated				
Landfill	3,746,411	-	(3,746,411)	-
Solid Waste	232,083	-	(232,083)	-
Total Other Financing Sources (Uses)	3,978,494	-	(3,978,494)	-
Revenues Over (Under) Sources and Other Uses	\$ -	\$ (3,782,528)	\$ (3,782,528)	\$ (821,795)

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

	2013			2012
			Variance Positive (Negative)	
	Budget	Actual		Actual
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL				
Excess of revenues over (under) expenditures		\$ (3,782,528)		\$ (821,795)
Depreciation		(34,774)		(26,722)
Capital outlay		3,610,039		668,314
(Increase) decrease in accrued landfill closure and postclosure care costs		(2,402,322)		(83,474)
(Increase) decrease in other postemployment benefits		(9,615)		(9,053)
(Increase) decrease in accrued vacation payable		(1,060)		188
Net Income (loss)		<u>\$ (2,620,260)</u>		<u>\$ (272,542)</u>

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

	2013		Variance	2012
	Budget	Actual	Positive (Negative)	Actual
<u>REVENUES</u>				
Operating revenues				
Stormwater fees	\$ 222,985	\$ 248,572	\$ 25,587	\$ -
Other operating revenues				
Miscellaneous	108,029	95,795	(12,234)	-
Total Revenues	331,014	344,367	13,353	-
<u>EXPENDITURES</u>				
Stormwater Operations				
Professional Services		184,345		-
Supplies and materials		160		-
Postage		919		-
Dues and subscriptions		17,105		-
Advertising		169		-
Waste disposal		67		-
Contracted services		4,179		-
Maintenance		445		-
Administration		1,684		-
Total	331,014	209,073	121,941	-
Revenues Over (Under) Expenditures	-	135,294	135,294	-
<u>OTHER FINANCING SOURCES (USES)</u>				
Fund Balance Appropriated	-	-	-	-
Revenues Over (Under) Sources and Other Uses	\$ -	\$ 135,294	\$ 135,294	\$ -
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL				
Excess of revenues over (under) expenditures		\$ 135,294		\$ -
Depreciation		-		-
Capital outlay		-		-
Net Income (loss)		\$ 135,294		\$ -

INTERNAL SERVICE FUND

Internal Service funds are used to account for the financing of goods and services provided by one department or other departments of the County.

- **County Health Plan Fund:** This fund is used to account for the County's health insurance transactions.

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

	2013			2012
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues				
Contributions from employees	\$ 1,907,469	\$ 2,127,281	\$ 219,812	\$ 150,360
Insurance settlements	450,000	555,222	105,222	-
Miscellaneous	8,377	8,378	1	2,500
Total revenues	<u>2,365,846</u>	<u>2,690,881</u>	<u>325,035</u>	<u>152,860</u>
Expenditures				
Health insurance administration	600,615	479,103	121,512	46,464
Claims	1,985,231	2,500,566	(515,335)	-
Total expenditures	<u>2,585,846</u>	<u>2,979,669</u>	<u>(393,823)</u>	<u>46,464</u>
Revenues over (under) expenditures	(220,000)	(288,788)	(68,788)	106,396
OTHER FINANCING SOURCES (USES)				
Transfer from General Fund	220,000	220,000	-	-
Appropriated fund balance	-	-	-	-
Total	<u>220,000</u>	<u>220,000</u>		
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(68,788)</u>	<u>\$ (68,788)</u>	106,396
Fund balances				
Beginning of year, July 1		<u>106,396</u>		<u>-</u>
End of year, June 30		<u>\$ 37,608</u>		<u>\$ 106,396</u>
Reconciliation from financial plan basis (modified accrual) to full accrual:				
Total revenues		\$ 2,910,881		
Total expenditures		<u>2,979,669</u>		
Change in net position		<u>\$ (68,788)</u>		

OTHER SCHEDULES

This schedule contains additional information required on property taxes.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy

GRANVILLE COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2013

	Agency Funds					Total Agency Funds
	Social Services Fund	Granville County Tourism Development Authority	DMV Interest Fund	Inmate Trust Fund	Sheriff's Evidence, Execution, and Special Fund	
ASSETS						
Cash and investments	\$ 36,279	\$ -	\$ 2,567	\$ 10,013	\$ 132,666	\$ 181,525
Due from other fund	-	32,208	-	-	-	32,208
Total Assets	<u>\$ 36,279</u>	<u>\$ 32,208</u>	<u>\$ 2,567</u>	<u>\$ 10,013</u>	<u>\$ 132,666</u>	<u>\$ 213,733</u>
LIABILITIES AND NET ASSETS						
Liabilities:						
Miscellaneous liabilities	\$ 36,279	\$ -	\$ 2,567	\$ 10,013	\$ 132,666	\$ 181,525
Due to component unit	-	32,208	-	-	-	32,208
Total Liabilities	<u>36,279</u>	<u>32,208</u>	<u>2,567</u>	<u>10,013</u>	<u>132,666</u>	<u>213,733</u>
Net Position:						
Unreserved	-	-	-	-	-	-
Total Liabilities and Net Position	<u>\$ 36,279</u>	<u>\$ 32,208</u>	<u>\$ 2,567</u>	<u>\$ 10,013</u>	<u>\$ 132,666</u>	<u>\$ 213,733</u>

GRANVILLE COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
<u>Social Services</u>				
Assets				
Cash and cash equivalents	\$ 40,118	\$ 188,857	\$ 192,696	\$ 36,279
Liabilities				
Miscellaneous liabilities	\$ 40,118	\$ 188,857	\$ 192,696	\$ 36,279
<u>Granville County Tourism Development Authority</u>				
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other fund	32,239	32,208	32,239	32,208
Total	\$ 32,239	\$ 32,208	\$ 32,239	\$ 32,208
Liabilities				
Due to component unit	\$ 32,239	\$ 32,208	\$ 32,239	\$ 32,208
<u>DMV Interest Fund</u>				
Assets				
Cash and cash equivalents	\$ 2,329	\$ 44,448	\$ 44,210	\$ 2,567
Liabilities				
Due to DMV	\$ 2,329	\$ 44,448	\$ 44,210	\$ 2,567
<u>Inmate Trust Fund</u>				
Assets				
Cash and cash equivalents	\$ 8,459	\$ 128,463	\$ 126,909	\$ 10,013
Liabilities				
Miscellaneous liabilities	\$ 8,459	\$ 128,463	\$ 126,909	\$ 10,013
<u>Sheriff's Evidence, Execution and Special Account Fund</u>				
Assets				
Cash and cash equivalents	\$ 94,134	\$ 123,277	\$ 84,745	\$ 132,666
Liabilities				
Miscellaneous liabilities	\$ 94,134	\$ 123,277	\$ 84,745	\$ 132,666
<u>Total - All Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 145,040	\$ 485,045	\$ 448,560	\$ 181,525
Due from other fund	32,239	32,208	32,239	32,208
Total	\$ 177,279	\$ 517,253	\$ 480,799	\$ 213,733
Liabilities				
Miscellaneous liabilities	\$ 145,040	\$ 485,045	\$ 448,560	\$ 181,525
Due to component unit	32,239	32,208	32,239	32,208
Total	\$ 177,279	\$ 517,253	\$ 480,799	\$ 213,733

OTHER SCHEDULES

This schedule contains additional information required on property taxes.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy

GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
GENERAL FUND
JUNE 30, 2013

Fiscal Year	Uncollected Balance June 30, 2012	Additions	Collections and Adjustments	Uncollected Balance June 30, 2013
2013	\$ -	\$ 31,401,442	\$ (30,487,766)	\$ 913,676
2012	905,566	-	(761,463)	144,103
2011	196,050	-	(110,826)	85,224
2010	311,257	-	(80,354)	230,903
2009	119,063	-	(64,759)	54,304
2008	209,560	-	(57,986)	151,574
2007	254,685	-	(50,167)	204,518
2006	59,612	-	(6,451)	53,161
2005	56,655	-	(5,799)	50,856
2004	52,662	-	(2,334)	50,328
2003	54,051	-	(54,051)	-
	<u>\$ 2,219,161</u>	<u>\$ 31,401,442</u>	<u>\$ (31,681,956)</u>	<u>\$ 1,938,647</u>

Reconcilement with revenues:

Taxes-ad valorem-General Fund	\$ 32,738,695	
Interest and Discounts	<u>(1,111,766)</u>	
		31,626,929

Amounts written off for tax year 2002 - 2003
per statute of limitations

52,460

Total Collections and Credits

\$ 31,679,389

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

	County-wide			Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Total Levy		
Original levy:					
Property taxed at current year's rate	\$ 3,574,424,013	0.795	\$ 28,416,671	\$ 28,416,671	\$ -
Motor vehicles at current year's rate	245,523,019	0.795	1,951,908	-	1,951,908
Motor vehicles at prior year's rate	132,800,503	0.795	1,055,764	-	1,055,764
Discoveries:					
Current and prior year's taxes	137,054,969	0.795	1,089,587	1,035,427	54,160
Abatements	(10,881,132)	0.795	(86,505)	(43,415)	(43,090)
Total Property Valuation	<u>\$ 4,078,921,371</u>				
Net Levy			32,427,425	29,408,683	3,018,742
Uncollected taxes at June 30, 2013			913,676 ²	434,438	479,238
Current year's taxes collected			<u>\$ 31,513,749</u>	<u>\$ 28,974,245</u>	<u>\$ 2,539,504</u>
Current levy collection percentage			<u>97.18%</u>	<u>98.52%</u>	<u>84.12%</u>

STATISTICAL SECTION

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

TABLE 1

GRANVILLE COUNTY, NORTH CAROLINA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$ 11,793,410	\$ 10,597,557	\$ 10,561,872	\$ 11,865,211	\$ 13,396,938	\$ 14,464,315	\$ 7,040,787	\$ 13,168,461	\$ 5,749,001	\$ 13,801,596
Restricted	134,488	107,052	-	-	30,967	-	-	13,824,466	22,894,879	11,770,892
Unrestricted	4,453,718	7,951,477	1,896,288	(20,032,740)	(19,228,369)	(16,983,575)	(8,000,642)	(35,778,192)	(46,031,350)	(52,503,720)
Total governmental activities net position	<u>16,381,616</u>	<u>18,656,086</u>	<u>12,458,160</u>	<u>(8,167,529)</u>	<u>(5,800,464)</u>	<u>(2,519,260)</u>	<u>(959,855)</u>	<u>(8,785,265)</u>	<u>(17,387,470)</u>	<u>(26,931,232)</u>
Business-type activities										
Net investment in capital assets	3,777,588	2,904,420	2,882,938	3,592,659	1,332,910	1,311,992	1,300,529	1,289,341	1,930,932	5,506,197
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	1,913,101	2,884,623	3,396,631	3,988,295	(2,694,898)	(3,148,445)	(3,692,801)	(740,690)	(1,654,823)	(7,718,231)
Total business-type activities net position	<u>5,690,689</u>	<u>5,789,043</u>	<u>6,279,569</u>	<u>7,580,954</u>	<u>(1,361,988)</u>	<u>(1,836,453)</u>	<u>(2,392,272)</u>	<u>548,651</u>	<u>276,109</u>	<u>(2,212,034)</u>
Primary government										
Net investment in capital assets	15,570,998	13,501,977	13,444,810	15,457,870	14,729,848	15,776,307	8,341,316	14,457,802	7,679,933	19,307,793
Restricted	134,488	107,052	-	-	30,967	-	-	13,824,466	22,894,879	11,770,892
Unrestricted	6,366,819	10,836,100	5,292,919	(16,044,445)	(21,923,267)	(20,132,020)	(11,693,443)	(36,518,882)	(47,686,173)	(60,221,951)
Total primary government net position	<u>\$ 22,072,305</u>	<u>\$ 24,445,129</u>	<u>\$ 18,737,729</u>	<u>\$ (586,575)</u>	<u>\$ (7,162,452)</u>	<u>\$ (4,355,713)</u>	<u>\$ (3,352,127)</u>	<u>\$ (8,236,614)</u>	<u>\$ (17,111,361)</u>	<u>\$ (29,143,266)</u>

TABLE 2

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government	\$ 2,302,821	\$ 2,457,507	\$ 2,844,996	\$ 2,496,066	\$ 2,764,176	\$ 4,253,006	\$ 4,318,453	\$ 3,557,567	\$ 4,259,610	\$ 4,555,774
Public safety	7,612,578	7,886,433	9,096,766	9,465,578	10,376,749	11,756,164	11,838,566	8,745,611	9,823,361	10,620,057
Transportation	-	87,213	133,184	161,752	228,242	142,623	161,465	161,525	135,410	148,296
Environmental Protection	-	-	282,791	-	-	-	-	-	-	-
Economic and physical development	3,039	328,880	282,791	28,224	333,567	357,293	1,142,750	560,181	9,772,776	797,499
Human Services	9,244,877	10,045,609	10,796,551	12,612,304	11,196,564	10,841,983	9,883,423	11,189,177	11,590,347	23,560,271
Community Services	1,905,788	2,022,929	2,005,795	2,610,956	2,542,373	2,952,212	2,889,358	3,219,464	3,246,796	3,853,986
Education	9,862,114	12,140,438	23,610,030	35,180,474	16,596,758	14,935,997	15,247,427	24,697,465	17,583,181	14,864,489
Non-departmental and special areas	2,981,758	1,512,564	1,879,547	2,407,906	2,211,016	-	-	-	-	-
Interest on long-term debt	815,974	849,244	1,760,155	1,938,828	2,115,040	2,053,147	1,985,372	2,423,796	2,425,015	2,507,886
Total governmental activities expenses	34,728,949	37,330,817	52,692,606	66,902,088	48,364,485	47,292,425	47,466,814	54,554,786	58,836,496	60,908,258
Business-type activities										
Water and Sewer	1,176,201	1,322,082	1,249,509	1,340,252	1,085,232	-	-	-	-	-
Solid Waste	1,419,918	1,352,833	1,396,116	1,642,393	6,520,539	2,197,983	2,088,641	1,721,247	1,822,661	4,318,099
Stormwater	-	-	-	-	-	-	-	-	-	209,073
Total business-type activities	2,596,119	2,674,915	2,645,625	2,982,645	7,605,771	2,197,983	2,088,641	1,721,247	1,822,661	4,527,172
Total primary government expenses	37,325,068	40,005,732	55,338,231	69,884,733	55,970,256	49,490,408	49,555,455	56,276,033	60,659,157	65,435,430
Program Revenues										
Governmental activities:										
Charges for services:										
General government	601,936	553,307	643,915	610,973	677,758	487,200	484,736	394,790	625,684	507,272
Public Safety	790,460	791,072	1,088,446	802,327	924,126	795,836	687,119	621,263	643,455	703,591
Environmental Protection	-	-	370	-	-	-	-	-	-	-
Economic and physical development	-	-	-	-	-	-	-	17,800	3,560	-
Human Services	1,096,834	1,129,081	1,285,775	1,137,207	1,499,949	1,763,894	1,987,299	299,919	89,602	97,873
Community Services	196,402	245,038	321,200	354,237	286,584	212,183	203,054	192,996	185,681	200,492
Education	-	-	-	-	-	-	-	1,488,000	-	-
Operating grants and contributions										
General government	33,409	42,165	261,063	14,732	11,808	14,568	37,694	149,436	55,955	69,878
Public Safety	298,679	312,546	345,704	357,011	526,668	676,647	645,268	678,364	1,057,350	1,711,479
Transportation	-	-	-	-	-	177,704	192,410	261,137	259,741	291,028
Economic and physical development	20,000	-	75,000	-	-	3,009	-	738,449	27,500	326,361
Human Services	4,943,789	5,248,188	5,479,592	5,756,078	5,967,518	6,055,551	6,247,734	5,868,017	6,421,666	6,237,855
Community Services	263,599	288,268	193,210	193,001	180,085	195,205	265,444	168,581	151,288	156,245
Education	-	-	5,000	-	-	-	-	-	800,000	1,060,202
Capital grants and contributions										
General government	17,247	-	6,323	-	-	-	28,758	-	-	-
Public Safety	4,500	11,404	300,368	-	-	-	-	-	-	-
Transportation	90,182	87,213	105,253	149,097	171,471	382,062	-	-	-	-
Economic and physical development	1,685,124	763,129	333,941	(14,349)	275,635	120,224	848,919	108,058	147,875	41,415
Community Services	75,000	75,000	89,631	108,513	370,000	417,650	80,000	90,000	-	-
Education	100,000	200,000	400,000	758,693	1,103,970	1,920,000	600,000	-	-	-
Total governmental activities program revenues	10,217,161	9,746,411	10,934,791	10,227,520	11,995,572	13,221,733	12,308,435	11,076,810	10,469,357	11,403,691
Business-type activities										
Charges for services:										
Water and Sewer	1,255,046	1,259,392	1,553,407	1,555,540	1,201,171	-	-	-	-	-
Solid Waste	1,342,863	1,438,167	1,434,609	1,592,925	1,595,705	1,525,736	1,527,300	1,680,396	1,540,903	1,686,107
Stormwater	-	-	-	-	-	-	-	-	-	248,572
Capital grants and contributions	-	-	-	-	-	-	-	4,137	4,692	3,493
Total business-type activities program revenues	2,597,909	2,697,559	2,988,016	3,148,465	2,796,876	1,525,736	1,527,300	1,684,533	1,545,595	1,938,172
Total primary government program revenues	12,815,070	12,443,970	13,922,807	13,375,985	14,792,448	14,747,469	13,835,735	12,761,343	12,014,952	13,341,863

TABLE 2

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (expenses)/revenue										
Governmental activities										
General Government	(1,650,229)	(1,862,035)	(1,933,695)	(1,870,361)	(2,074,610)	(3,751,238)	(3,767,265)	(3,013,341)	(3,577,971)	(3,978,624)
Public Safety	(6,518,939)	(6,771,411)	(7,362,248)	(8,306,240)	(8,925,955)	(10,283,681)	(10,506,179)	(7,445,984)	(8,122,556)	(8,204,987)
Transportation	90,182	-	(27,931)	(12,655)	(56,771)	417,143	30,945	99,612	124,331	142,732
Environmental Protection	-	-	(282,421)	-	-	-	-	-	-	-
Economic and physical development	1,702,085	434,249	126,150	(42,573)	(57,932)	(234,060)	(293,831)	304,126	(9,593,841)	(429,723)
Human Services	(3,204,254)	(3,668,340)	(4,031,184)	(5,719,019)	(3,729,097)	(3,022,538)	(1,648,390)	(5,021,241)	(5,079,079)	(17,224,543)
Community Services	(1,370,787)	(1,414,623)	(1,401,754)	(1,955,205)	(1,705,704)	(2,127,174)	(2,340,860)	(2,767,887)	(2,909,827)	(3,497,249)
Education	(9,762,114)	(11,940,438)	(23,205,030)	(34,421,781)	(15,492,788)	(13,015,997)	(14,647,427)	(23,209,465)	(16,783,181)	(13,804,287)
Non-departmental and special areas	(2,981,758)	(1,512,564)	(1,879,547)	(2,407,906)	(2,211,016)	-	-	-	-	-
Interest on long term debt	(815,974)	(849,244)	(1,760,155)	(1,938,828)	(2,115,040)	(2,053,147)	(1,985,372)	(2,423,796)	(2,425,015)	(2,507,886)
Business-type activities										
Water and sewer	78,845	(62,690)	303,898	215,288	115,939	-	-	-	-	-
Solid waste	(77,055)	85,334	38,493	(49,468)	(4,924,834)	(672,247)	(561,341)	(36,714)	(277,066)	(2,628,499)
Stormwater	-	-	-	-	-	-	-	-	-	39,499
Total primary government net expenses	(24,509,998)	(27,561,762)	(41,415,424)	(56,508,748)	(41,177,808)	(34,742,939)	(35,719,720)	(43,514,690)	(48,644,205)	(52,133,066)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	18,366,958	19,218,210	22,243,741	23,410,571	26,593,546	27,423,928	30,260,553	31,614,844	31,803,407	31,967,760
Local option sales tax	8,463,302	9,150,914	9,636,678	10,697,330	9,030,075	7,712,604	5,915,129	4,929,327	5,512,386	5,977,343
Other taxes and licenses	721,619	785,834	865,181	295,200	1,019,520	666,540	523,113	1,576,079	1,777,995	1,993,976
Investment earnings	211,017	574,177	1,994,666	1,878,138	1,317,899	536,617	182,190	127,862	61,598	49,130
Miscellaneous	189,931	129,741	309,682	578,191	180,056	265,978	(163,201)	378,224	609,548	297,442
Transfers	(176,600)	-	227,150	(810,551)	594,882	-	-	(2,973,770)	-	-
Total general revenues, special items and transfers	27,776,227	29,858,876	35,277,098	36,048,879	38,735,978	36,605,667	36,717,784	35,652,566	39,764,934	40,285,651
Total governmental activities	27,776,227	29,858,876	35,277,098	36,048,879	38,735,978	36,605,667	36,717,784	35,652,566	39,764,934	40,285,651
Business-type activities:										
Investment earnings	33,463	60,065	129,052	162,654	144,531	60,025	5,522	3,864	4,524	5,062
Miscellaneous	-	15,645	246,233	162,360	-	-	-	-	-	95,795
Transfers	176,600	-	(227,150)	810,551	(4,278,578)	-	-	2,973,770	-	-
Total general revenues, special items and transfers	210,063	75,710	148,135	1,135,565	(4,134,047)	60,025	5,522	2,977,634	4,524	100,857
Total business-type activities	210,063	75,710	148,135	1,135,565	(4,134,047)	60,025	5,522	2,977,634	4,524	100,857
Total primary government	27,986,290	29,934,586	35,425,233	37,184,444	34,601,931	36,665,692	36,723,306	38,630,200	39,769,458	40,386,508
Changes in Net Position										
Governmental activities	3,264,439	2,274,470	(6,480,717)	(20,625,689)	2,367,065	2,534,975	1,559,405	(7,825,410)	(8,602,205)	(9,218,916)
Business-type activities	211,853	98,354	490,526	1,301,385	(8,942,942)	(612,222)	(555,819)	2,940,920	(272,542)	(2,488,143)
Total primary government	\$ 3,476,292	\$ 2,372,824	\$ (5,990,191)	\$ (19,324,304)	\$ (6,575,877)	\$ 1,922,753	\$ 1,003,586	\$ (4,884,490)	\$ (8,874,747)	\$ (11,707,059)

TABLE 3

GRANVILLE COUNTY, NORTH CAROLINA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year	Property Tax	Local Sales Tax	Alcoholic Beverage Tax	Occupancy Tax*	Other Tax	Total
2004	\$ 18,366,958	\$ 8,463,302	\$ 21,162	\$ 85,508	\$ 614,949	\$ 27,551,879
2005	19,218,210	9,150,914	21,752	96,797	667,285	29,154,958
2006	22,243,741	9,636,678	23,074	99,249	742,858	32,745,600
2007	23,410,571	10,697,330	22,856	112,187	160,157	34,403,101
2008	26,593,546	9,030,075	22,762	155,041	841,717	36,643,141
2009	27,423,928	7,712,604	23,582	202,191	440,767	35,803,072
2010	30,260,553	5,915,129	23,224	188,877	311,012	36,698,795
2011	31,614,844	4,929,327	23,213	185,671	1,367,195	38,120,250
2012	31,803,407	5,512,386	23,774	178,497	1,575,724	39,093,788
2013	\$ 31,967,760	\$ 5,977,343	\$ 24,334	\$ 167,032	\$ 1,802,610	\$ 39,939,079

* Occupancy tax levy rate changed from 3% to 6% effective January 1, 2008.

TABLE 4

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

	Fiscal Year			
	Restated*	2011	2012	2013
	2010			
General Fund				
Nonspendable				
Prepaid items	\$ -	\$ 4,000	\$ 368	\$ 900
Restricted				
Stabilization by State Statute	3,334,751	2,831,605	2,694,795	2,092,758
Register of Deeds	-	12,748	33,561	-
Human Services	-	-	13,591,044	5,416,399
Education	739,572	-	-	695,447
Committed				
Tax Revaluation	110	98,122	196,283	294,687
Public Safety	-	-	591,606	945,368
Assigned				
Subsequent year's expenditures	990,730	768,172	1,418,657	1,735,002
Economic & Physical Development	1,003,828	960,000	1,232,800	956,521
Unassigned	18,741,118	19,324,317	11,353,100	18,625,992
Total general fund	\$ 24,810,109	\$ 23,998,964	\$ 31,112,214	\$ 30,763,074
All other governmental funds				
Restricted				
Stabilization by State Statute	39,779	39,779	135,549	83,357
Education	(62,241)	5,993,606	1,251,264	29,021
Recreation	(11,928)	67,752	63,319	59,061
Library	8,217,974	3,620,138	1,938,922	927,776
Public Safety	1,204,897	1,258,838	194,485	158,231
Economic & Physical Development	-	-	2,644,258	2,308,842
Committed				
Economic & Physical Development	1,622,072	210,014	33,564	642
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total other governmental funds	\$ 11,010,553	\$ 11,190,127	\$ 6,261,361	\$ 3,566,930

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
General fund							
Reserved by state statute	\$ 2,888,196	\$ 2,369,164	\$ 2,862,589	\$ 4,026,907	\$ 3,109,806	\$ 3,215,946	\$ 3,007,806
Reserved For Register of Deeds	76,488	107,052	-	-	30,967	-	-
Unreserved (available for appropriation)							
Designated for subsequent year's expenditures	1,423,101	1,525,000	612,000	2,259,481	724,520	492,435	870,530
Designated for redundant water line - Oxford	-	-	-	-	-	-	-
Designated for repayment of economic incentives	-	-	-	-	-	-	1,003,828
Undesignated	9,709,748	11,871,907	14,332,810	11,966,953	16,290,833	18,146,260	18,349,340
Town of Butner Advisory Board							
Recreation	58,000	-	-	-	-	-	-
Total general fund	14,155,533	15,873,123	17,807,399	18,253,341	20,156,126	21,854,641	23,231,504
All other governmental funds							
Reserved by state statute	213,190	320,894	418,445	1,074,342	471,549	504,490	423,684
Reserved for Register of Deeds	-	-	-	-	-	-	-
Reserved for school construction	-	23,857,405	11,783,531	-	-	-	-
Reserved for public improvement construction	-	771,360	735,887	632,366	-	-	-
Unreserved (available for appropriation)							
Designated for subsequent year's expenditures							
Special revenue funds	58,157	911,450	896,468	132,227	229,895	1,230,872	995,489
Capital Projects	208,900	190,700	299,700	(496,053)	231,450	324,125	120,200
Undesignated, reported in nonmajor							
Special revenue funds	4,259,853	4,313,666	4,230,627	3,262,041	4,781,019	3,455,655	2,771,931
Capital Projects	1,910,685	1,799,973	3,046,881	2,823,396	1,668,041	935,099	8,277,854
Total all other governmental funds	\$ 6,650,785	\$ 32,165,448	\$ 21,411,539	\$ 7,428,319	\$ 7,381,954	\$ 6,450,241	\$ 12,589,158

* Fiscal years 2004 through 2010 are presented in the Pre-GASB 54 format on the bottom table with Fiscal years 2010, 2011, 2012, and 2013 presented showing the GASB 54 format. Fiscal year 2010 was restated by County Finance Staff and represents and was not subject to audit procedures.

TABLE 5

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Ad Valorem taxes	\$ 18,279,180	\$ 19,165,754	\$ 21,843,847	\$ 23,180,548	\$ 26,674,614	\$ 27,364,379	\$ 30,144,926	\$ 31,596,349	\$ 31,873,214	\$ 32,738,695
Sales and other taxes	9,109,739	9,868,620	10,419,305	10,921,364	9,711,264	8,256,308	6,327,694	5,432,983	7,271,408	7,844,912
Licenses, fees and other revenue	2,574,991	2,577,563	3,243,739	3,064,839	3,220,267	3,305,715	3,384,135	1,824,726	2,074,806	2,093,304
Unrestricted Intergovernmental Revenues	4,376	-	59	-	500	-	-	-	-	-
Restricted Intergovernmental Revenues	7,652,510	7,157,237	7,801,743	7,570,086	9,043,073	10,009,759	8,897,671	11,251,616	9,382,743	10,229,890
Investment earnings	211,017	530,267	2,001,898	1,870,843	1,361,872	536,617	182,190	127,862	61,598	49,130
Miscellaneous	253,393	209,480	281,486	241,952	250,119	324,509	341,778	371,189	293,653	177,404
Total Revenues	38,085,206	39,508,921	45,592,077	46,849,632	50,261,709	49,797,287	49,278,394	50,604,725	50,957,422	53,133,335
Expenditures										
Current:										
General government	2,137,375	2,303,869	2,460,838	2,248,000	2,504,483	2,949,824	2,939,723	2,670,103	2,912,726	3,005,461
Public safety	7,098,716	7,402,563	8,060,394	10,259,786	9,739,259	10,627,195	10,873,165	8,414,677	10,087,628	9,770,114
Community services	1,851,253	1,920,934	2,009,635	2,256,353	2,362,405	2,466,093	2,267,231	3,540,856	3,116,885	3,443,616
Economic and physical development	3,039	-	249,843	400	317,475	78,384	74,319	108,058	406,286	467,279
Human Services	9,221,792	9,971,117	10,673,809	12,648,743	11,223,967	10,178,787	9,204,421	10,683,498	10,683,159	10,907,712
Non-departmental & special areas	2,981,758	1,599,777	1,786,621	2,486,971	2,349,153	1,891,782	1,879,904	2,456,295	7,761,846	15,801,366
Capital Outlay	2,546,476	1,295,200	1,952,219	1,534,687	2,878,658	1,654,172	3,431,384	4,637,671	2,091,297	1,021,405
Intergovernmental:										
Education	9,862,114	12,140,438	23,610,030	35,180,474	16,606,743	14,935,997	15,247,427	24,698,148	17,583,181	14,864,489
Capital outlay	-	-	-	-	-	-	-	-	-	-
Debt service:										
Bond issuance cost	-	54,831	7,655	32,302	-	-	42,653	235,107	-	345,343
Principal	1,227,325	1,225,284	2,048,355	2,079,937	2,762,535	2,916,266	3,558,017	4,325,081	5,317,182	4,649,290
Interest	826,281	770,772	1,779,461	1,896,828	2,115,253	2,078,214	2,021,963	2,493,032	2,812,748	2,711,060
Total expenditures	37,756,129	38,684,785	54,638,860	70,624,481	52,859,931	49,776,714	51,540,207	64,262,526	62,772,938	66,987,135
Excess of revenues over (under) expenditures	329,077	824,136	(9,046,783)	(23,774,849)	(2,598,222)	20,573	(2,261,813)	(13,657,801)	(11,815,516)	(13,853,800)
Other financing sources (uses)										
Debt proceeds	-	26,265,000	-	11,000,000	3,859,760	-	19,815,000	16,000,000	14,000,000	26,855,000
Premium on debt	-	143,117	-	48,122	-	-	463,302	-	-	2,525,946
Payments to refunded bond escrow agent	-	-	-	-	-	-	(10,500,708)	-	-	(18,350,717)
Transfers in from other funds	3,677,591	3,825,456	5,248,744	6,215,220	8,816,162	4,607,877	5,747,250	2,939,116	4,207,569	1,186,952
Transfers out to other funds	(3,854,191)	(3,825,456)	(5,021,594)	(7,025,771)	(8,221,280)	(4,607,877)	(5,747,250)	(5,912,886)	(4,207,569)	(1,406,952)
Total other financing sources (uses)	(176,600)	26,408,117	227,150	10,237,571	4,454,642	-	9,777,594	13,026,230	14,000,000	10,810,229
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	152,477	27,232,253	(8,819,633)	(13,537,278)	1,856,420	20,573	7,515,781	(631,571)	2,184,484	(3,043,571)
Net change in fund balances	\$ 152,477	\$ 27,232,253	\$ (8,819,633)	\$ (13,537,278)	\$ 1,856,420	\$ 20,573	\$ 7,515,781	\$ (631,571)	\$ 2,184,484	\$ (3,043,571)
Debt service as a percentage of noncapital expenditures	5.44%	5.16%	7.01%	5.84%	9.74%	10.39%	11.40%	11.79%	15.05%	11.45%

TABLE 6

GRANVILLE COUNTY, NORTH CAROLINA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCES
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

Fiscal Year	Property Tax	Sales Tax	Alcoholic Beverage Tax	Other Taxes	Total
2004	\$ 18,279,180	\$ 8,463,302	\$ 10,581	\$ 428,199	\$ 27,181,262
2005	19,165,754	9,150,913	10,876	481,258	28,808,801
2006	21,843,847	9,636,678	11,537	549,156	32,041,218
2007	23,180,548	10,068,167	11,428	617,735	33,877,878
2008	26,674,614	9,030,075	11,381	558,964	36,275,034
2009	27,364,379	7,712,604	11,791	531,913	35,620,687
2010	30,144,926	5,915,129	11,612	400,953	36,472,620
2011	31,596,349	4,929,327	11,606	503,656	37,040,938
2012	31,873,214	5,512,386	11,887	490,872	37,888,359
2013	\$ 32,738,695	\$ 5,977,343	\$ 12,167	\$ 481,307	\$ 39,209,512

TABLE 7

**GRANVILLE COUNTY, NORTH CAROLINA
ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Property Excluding Registered Motor Vehicles	Motor Vehicles	Plus Discoveries	Less Abatements	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Estimated Actual Taxable/Market Value	Assessed Value as a Percentage of Market Value
2004	\$ 2,450,044,327	\$ 332,944,092	\$ 95,959,685	\$ (6,659,843)	\$ 2,872,288,261	0.635	\$ 18,239,030	\$ 18,563,899	98.25%
2005	2,567,539,769	336,260,935	100,945,512	(6,795,906)	2,997,950,310	0.635	19,036,984	20,017,860	95.10%
2006	3,022,046,199	146,147,086	105,541,000	(112,754,714)	3,160,979,571	0.700	22,126,857	22,378,731	98.87%
2007	2,834,801,060	433,685,429	126,242,857	(72,754,857)	3,321,974,489	0.700	23,253,821	24,615,032	94.47%
2008	2,997,456,552	391,436,935	123,665,695	(7,263,444)	3,505,295,738	0.755	26,464,983	29,948,337	88.11%
2009	3,117,166,533	381,288,212	129,114,437	(9,028,382)	3,618,540,800	0.755	27,319,983	31,730,526	86.10%
2010	3,203,221,864	411,796,666	119,939,515	(65,594,788)	3,669,363,257	0.825	30,272,247	30,820,858	98.22%
2011	3,495,709,869	341,241,745	127,933,962	(9,200,000)	3,955,685,576	0.795	31,447,700	30,325,651	103.70%
2012	3,517,432,454	360,457,359	124,469,560	(7,083,396)	3,995,275,977	0.795	31,762,444	30,258,592	104.97%
2013	\$ 3,574,424,012	\$ 378,323,522	\$ 137,054,969	\$ (10,881,132)	\$ 4,078,921,371	0.795	\$ 32,427,425	\$ 29,975,434	108.18%

Source: Granville County Tax Department

TABLE 8

**GRANVILLE COUNTY, NORTH CAROLINA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
County Direct Rates*										
County-wide Rate	0.795	0.795	0.795	0.825	0.755	0.755	0.700	0.700	0.635	0.635
Municipality Rates										
City of Oxford	0.620	0.600	0.600	0.600	0.550	0.550	0.550	0.550	0.550	0.550
Town of Stem	0.450	0.450	0.450	0.450	0.450	0.450	0.450	0.450	0.450	0.450
Town of Stovall	0.490	0.490	0.490	0.490	0.490	0.490	0.490	0.490	0.440	0.440
City of Creedmoor	0.700	0.700	0.700	0.700	0.725	0.725	0.700	0.690	0.650	0.650
Town of Butner^	0.350	0.350	0.350	0.250	0.250	0.250	0.250	0.200	0.200	0.200
Lyon Station**	N/A	N/A	N/A	N/A	N/A	0.095	0.095	0.095	0.095	0.095
Oxford Parking Authority	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Oxford Municipal Service District	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200
Oxford Economic Development District	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100

^ Town of Butner was incorporated in fiscal year 2007-2008, prior to then the tax was levied as the special taxing district named "Butner Police and Fire Protection"

** Lyon Station was turned over to South Granville Water and Sewer Authority and is no longer a taxing district as of January 1, 2008.

TABLE 9

**GRANVILLE COUNTY, NORTH CAROLINA
PRINCIPAL PROPERTY TAXPAYERS
JUNE 30, 2013
CURRENT YEAR AND SEVEN YEARS AGO***

Taxpayer	2013			2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Revlon	\$ 63,099,836	1	1.55%	\$ 67,127,366	1	2.02%
Certainteed Corporation	61,249,242	2	1.50%	31,946,482	2	0.96%
Progress Energy Carolinas	33,676,048	3	0.83%	29,940,047	3	0.90%
SantaFe Natural Tobacco Company	26,591,461	4	0.65%	-	-	0.00%
Bridgestone Commercial Solutions^	26,130,425	5	0.64%	21,524,964	5	0.65%
WAKE EMC	23,531,053	6	0.58%	18,808,827	8	0.57%
Public Service Co. of NC	22,612,111	7	0.55%	-	-	0.00%
Butner Acquisition Company	19,598,899	8	0.48%	18,550,812	9	0.56%
Carefusion EIT LLC**	15,785,590	9	0.39%	20,841,179	6	0.63%
Newton Instrument Company	15,360,106	10	0.38%	15,742,802	10	0.47%
Athol Manufacturing Corp	-	-	0.00%	27,535,605	4	0.83%
Central Leasing USA	-	-	0.00%	20,394,561	7	0.61%
Totals	<u>\$ 307,634,771</u>		<u>7.55%</u>	<u>\$ 272,412,645</u>		<u>8.20%</u>

Source: Granville County Tax Department

* Management decided to present this table over a five year period rather than provide ten individual years of information to improve usefulness of the information. Given the changes in business environments, five years was determined to provide a clearer picture of economic change. (Note additional years information can be viewed on the County's web site under the Finance Department section: www.granvillecounty.org)

^ In 2007 Company name was Bandag Inc.

** In 2007 Company name was Alaris Medical Systems, Inc.

TABLE 10

**GRANVILLE COUNTY, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$ 18,238,111	\$ 17,328,380	95.01%	\$ 859,403	\$ 18,187,783	99.72%
2005	19,036,984	18,176,364	95.48%	809,764	18,986,128	99.73%
2006	22,031,861	20,892,320	94.83%	1,086,380	21,978,700	99.76%
2007	23,253,821	21,965,301	94.46%	1,084,002	23,049,303	99.12%
2008	26,387,480	25,234,247	95.63%	1,001,659	26,235,906	99.43%
2009	27,319,983	26,261,609	96.13%	1,004,070	27,265,679	99.80%
2010	30,180,232	29,039,361	96.22%	909,968	29,949,329	99.23%
2011	31,512,371	30,623,639	97.18%	803,508	31,427,147	99.73%
2012	31,762,444	30,856,878	97.15%	761,463	31,618,341	99.55%
2013	\$ 32,427,425	\$ 31,513,749	97.18%	\$ -	\$ 31,513,749	97.18%

Source: Granville County Tax Department

TABLE 11

**GRANVILLE COUNTY, NORTH CAROLINA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities					Business-type Activities	Total Primary Government	Per Capita *	Percentage of Personal Income*
	General Obligation Bonds	Installment Obligations	Financing Agreements	Certificates of Participation	Capital Leases	Capital Leases			
2004	\$ 16,735,000	\$ -	\$ -	\$ -	\$ 630,765	\$ 893,584	\$ 18,259,349	346	1.53%
2005	41,855,000	-	-	-	550,481	779,848	43,185,329	809	3.46%
2006	39,890,000	-	-	-	467,126	661,761	41,018,887	762	3.00%
2007	47,415,000	1,481,608	-	-	380,581	539,157	49,816,346	885	3.34%
2008	44,965,000	5,118,689	-	-	290,725	-	50,374,414	915	3.26%
2009	42,515,000	4,745,717	-	-	197,431	-	47,458,148	844	3.11%
2010	49,345,000	4,369,561	-	-	100,570	-	53,815,131	957	3.47%
2011	46,635,414	3,990,096	-	16,000,000	-	-	66,625,510	1,100	3.92%
2012	43,363,248	17,607,184	8,048,861	15,510,000	-	-	84,529,293	1,389	4.86%
2013	\$ 41,650,118	\$ 27,935,125	\$ 7,198,333	\$ 15,020,000	\$ -	\$ -	\$ 91,803,576	1,582	5.15%

Note 1: Details regarding the county's outstanding debt can be found in the notes to the financial statements.

Note 2: Per Capita amounts are based on population numbers as of July 1 of the fiscal year.

* Total Personal income can be calculated using population and per capita income information found on Table 14 (total personal income for Granville County estimated at \$1,740,073,170 for fiscal year 2012).

TABLE 12

**GRANVILLE COUNTY, NORTH CAROLINA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Personal Income*	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2004	\$ 16,735,000	\$ -	\$ 16,735,000	1.40%	0.58%	317
2005	41,855,000	-	41,855,000	3.36%	1.40%	784
2006	39,890,000	-	39,890,000	2.91%	1.26%	741
2007	47,415,000	-	47,415,000	3.28%	1.43%	868
2008	44,965,000	-	44,965,000	2.91%	1.28%	817
2009	42,515,000	-	42,515,000	2.79%	1.17%	756
2010	49,345,000	-	49,345,000	3.11%	1.34%	859
2011	46,635,414	-	46,635,414	2.74%	1.18%	770
2012	43,363,248	-	43,363,248	2.49%	1.09%	712
2013	\$ 41,650,118	\$ -	\$ 41,650,118	2.34%	1.02%	718

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

* Total Personal income can be calculated using population and per capita income information found on Table 14

(total personal income for Granville County estimated at \$1,740,073,170 for fiscal year 2012).

GRANVILLE COUNTY, NORTH CAROLINA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 229,783,061	\$ 239,836,025	\$ 252,878,366	\$ 265,757,959	\$ 280,423,659	\$ 289,483,264	\$ 293,549,061	\$ 316,454,846	\$ 319,622,078	326,313,710
Total net debt applicable to limit	<u>23,810,935</u>	<u>48,228,645</u>	<u>45,525,754</u>	<u>53,785,453</u>	<u>55,254,560</u>	<u>51,695,353</u>	<u>57,390,915</u>	<u>53,041,051</u>	<u>84,529,293</u>	<u>91,803,576</u>
Legal debt margin	<u>\$ 205,972,126</u>	<u>\$ 191,607,380</u>	<u>\$ 207,352,612</u>	<u>\$ 211,972,506</u>	<u>\$ 225,169,099</u>	<u>\$ 237,787,911</u>	<u>\$ 236,158,146</u>	<u>\$ 263,413,795</u>	<u>\$ 235,092,785</u>	<u>\$ 234,510,134</u>
Total net debt applicable to the limit as a percentage of debt limit	10.36%	20.11%	18.00%	20.24%	19.70%	17.86%	19.55%	16.76%	26.45%	28.13%

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed value	\$ 4,078,921,371
Add back: exempt real property	-
Total assessed value	<u>4,078,921,371</u>
Debt limit (8% of total assessed value)	326,313,710
Debt applicable to limit:	
General obligation bonds	41,650,118
Installment Obligations	27,935,125
Certificates of Participation	15,020,000
Lease Financing Agreements - Governmental Activities	<u>7,198,333</u>
Total net debt applicable to limit	<u>91,803,576</u>
Legal debt margin	<u>\$ 234,510,134</u>

TABLE 14

**GRANVILLE COUNTY, NORTH CAROLINA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	(1) Population	(2) Per Capita Income	(3) Percent High School Graduate	Percent Bachelor's Degree or Higher	(4) School Enrollment	(5) Unemployment Rate
2004	52,824	22,589	67	13	8,649	7.4%
2005	53,356	23,361	73	13	8,677	6.5%
2006	53,840	25,430	72.4	13	8,704	5.1%
2007	54,606	26,492	66.9	13	8,756	5.2%
2008	55,045	28,098	60.7	13	8,831	6.5%
2009	56,250	27,104	58.4	13	8,786	10.4%
2010	57,434	27,588	65.3	14	8,637	9.9%
2011	60,547	28,085	78.3	14	8,545	10.5%
2012	60,863	28,590	79.9	14	8,505	10.1%
2013	58,036	30,722	81.7	15	8,479	9.8%

Source 1: Population figures are from the North Carolina Department of the State Demographer

Source 2: Per capita income figures are from the United States Department of Commerce

Bureau of Economic Analysis. Most recent data available thru 2010.

Fiscal year 2011 & 2012 were estimated based on NC Department of Commerce growth projections.

(Note: fiscal years 2003 - 2010 were restated to reflect a single source of information. Previous tables in prior year CAFR documents utilized a different source for this information)

Source 3: Percent high school graduates and percent bachelor's degree or higher are from the North Carolina Department of Commerce files

Source 4: School Enrollment numbers are from the Department of Public Instruction

Source 5: Unemployment rates are from the North Carolina Department of Commerce - Labor & Economic Analysis Division

TABLE 15

**GRANVILLE COUNTY, NORTH CAROLINA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND FOUR YEARS AGO***

2013				2010			
Employer	Employees	Rank	Percentage of Total County Employment	Employer	Employees	Rank	Percentage of Total County Employment
Revlon	1,700	1	6.26%	Revlon	2,000	1	7.71%
Altec Industries	450	2	1.66%	Altec Industries	300	2	1.16%
Certainteed Corporation	310	3	1.14%	Flextronics	325	3	1.25%
Food Lion Distribution	270	4	0.99%	Food Lion Distribution	300	4	1.16%
Bridgestone Bandag	172	5	0.63%	Ideal Fastener	300	5	1.16%
Clayton Homes	152	6	0.56%	Certainteed Corporation	300	6	1.16%
Gate Precast	150	7	0.55%	Clayton Homes	250	7	0.96%
Ideal Fastner	150	8	0.55%	Newton Instrument Co.	175	8	0.67%
Newton Instruments	145	9	0.53%	Pallet One of North Carolina, Inc.	175	9	0.67%
Santa Fe Natural Tobacco	140	10	0.52%	Bandag, Inc.	168	10	0.65%
PalletOne of North Carolina, Inc.	133	11	0.49%	Carolina Sunrock	151	11	0.58%
Dill Air Controls Products, LLC	108	12	0.40%	Gate Precast	150	12	0.58%
Total	<u>3,880</u>		<u>14.28%</u>	Total	<u>4,594</u>		<u>17.71%</u>

Source: Information from Granville County Economic Development Commisison

* Management decided to present this table over a three year period rather than provide ten individual years of information to improve usefulness of the information. Given the changes in business environments, a three year period was determined to provide a clearer picture of economic change. (Note additional years information can be viewed on the County's web site under the Finance Department section: www.granvillecounty.org)

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function										
General Government	31	31	39	39	38	40	35	35	35.5	35
Human Services	87	90	95	95	98	98	98.5	98.5	100	98
Community Services	26.5	28.5	34.5	35.5	37	37	40.5	42.5	44.5	49.5
Public Safety										
Sheriff's Dept./Detention Center	74	77	79.5	79.5	85	85	90.5	94.5	99.5	99
Emergency Services*	71	77	77.5	78.5	78.5	78.5	72.5	25	26	25
Emergency Management	1.5	1.5	3.5	3.5	3.5	3.5	3	3	4	3
Solid Waste	3	3	5	5	5	5	4	4	4.5	4.5
Water & Sewer	3	3	3	3	-	-	-	-	-	-
Total	297	311	337	339	345	347	344	302.5	314	314

Source: Granville County Human Resource Department & Granville County Finance Department

* Emergency Services includes, Forestry, EMS, Emergency Communications, & Animal Control. On July 1, 2010 EMS Services & Staff were transferred to Granville Health Systems.

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

Function	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety/Sheriff									
Incident Reports**	1,561	1,611	2,069	1,780	2,072	7,641	8,773	10,220	8,920
Miscellaneous Incident Reports	5,640	5,267	5,611	6,566	6,051	-	-	-	-
Arrests	1,420	1,327	1,795	1,238	1,251	1,117	1,023	1,353	1,409
Court Papers	8,599	9,138	9,195	9,194	8,824	9,096	8,221	8,026	7,427
Public Safety/Emerg Mgmt/Fire									
Number of calls answered (includes fire & medical first response calls)	2,414	2,915	2,963	2,403	2,749	2,755	2,475	2,754	2,594
Inspections	132	163	167	170	206	141	172	205	233
Solid Waste									
MSW Landfill Tonnage (May 1, 2013 - present)									
C & D Landfill Tonnage	42,850	28,184	28,184	29,920	32,833	19,810	16,493	17,171	14,237
Convenience Sites Tonnage	7,387	7,548	7,548	8,563	8,808	8,572	8,635	8,248	8,069
Civil Citations	12	5	5	6	3	5	4	10	5
Criminal Citations	2	1	1	-	-	-	1	1	2
Community Services/Library									
Items Added to Physical Collection	6,467	9,886	7,931	9,060	9,465	8,231	2,429	8,903	7,297
Items Added to Virtual Collection^	-	-	-	-	-	-	-	-	4,067
Circulation	144,726	156,423	155,110	154,080	159,820	165,076	178,460	186,335	209,706
Internet Use	14,731	19,013	28,995	31,647	42,658	68,323	36,648	42,276	45,828
Program Attendance	6,121	9,951	7,762	11,803	10,564	6,347	4,378	4,261	6,594
Community Services/Planning & Inspections									
Number of Building Permits Issued	445	467	613	736	672	612	573	443	393
Number of Mobile Home Permits Issued	144	118	105	80	121	69	60	61	57
Number of Other Permits Issued (Includes Electrical, Plumbing & Mechanical)	837	675	848	507	431	466	548	574	588
Human Services/Social Services									
Average # Adult Medicaid Eligible Cases	2,127	2,167	2,253	2,300	2,327	2,317	2,293	2,340	2,464
Average # Family & Child Medicaid Cases	2,456	2,577	2,839	3,116	3,281	3,562	4,031	4,168	4,335
Average # Households Receiving Food Stamps	1,518	1,701	1,953	2,077	2,173	2,365	3,041	3,738	4,156
Average \$ Fraud Collections per Month	3,159	2,501	2,432	3,802	4,147	4,242	3,853	3,313	3,158
Education									
School enrollment	8,649	8,677	8,704	8,756	8,831	8,786	8,637	8,545	8,505

Sources: Various county government departments. School enrollment statistics are from the North Carolina Department of Public Instruction

^ Virtual collection includes e-books & downloadable audio books.

** Beginning fiscal year 2009, the Granville County Sheriff's Department combines miscellaneous incident reports and individually initiated incident reports.

TABLE 18

GRANVILLE COUNTY, NORTH CAROLINA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
 (UNAUDITED)

Function	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety										
Sheriff (Stations)	2	2	2	2	2	2	2	2	2	2
Fire stations	14	14	14	14	14	14	14	14	14	14
Highways and streets										
Streets (miles)	918	918	918	924	1508	1508	1510	1528	1534	1595
Culture and recreation										
Parks	1	1	1	1	1	2	2	2	2	2
Libraries	4	4	4	4	4	4	4	4	4	4
Education										
Schools	14	14	16	18	18	18	19	19	20	20

Source: North Carolina Department of Public Instruction, Granville County
 Granville County Finance Office

COMPLIANCE SECTION

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

Certified Public Accountants



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

Independent Auditor's Report

To The Board of County Commissioners
Granville County, North Carolina

We have audited, in accordance with the audited standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Granville County, North Carolina as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprises Granville County's basic financial statements, and have issued our report thereon dated November 27, 2013. Our report includes a reference to other auditors who audited the financial statements of the Granville Medical Center as described in our report on Granville 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 Granville Medical Center, Granville County ABC Board, Granville County Tourism Development Authority, and South Granville Memorial Gardens were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Granville County's Response to Findings

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

Purpose of this Report

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

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Oxford, NC
November 27, 2013

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

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

Independent Auditor's Report

To the Board of County Commissioners
Granville County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Granville County, North Carolina, compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Granville County's major federal programs for the year ended June 30, 2013. Granville County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Granville 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 Granville 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 Granville County's compliance.

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Opinion on Each Major Federal Program

In our opinion, Granville 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 item 13-2. Our opinion on each major federal program is not modified with respect to these matters.

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

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

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 item 13-2 that we consider to be significant deficiencies.

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

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

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Oxford, NC
November 27, 2013

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

Independent Auditor's Report

To the Board of County Commissioners
Granville County, North Carolina

Report on Compliance for Each Major State Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Granville 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 Granville County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, Granville 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 other instances of noncompliance, which are required to be reported in accordance with 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 item 13-2. Our opinion on each major state program is not modified with respect to this matter.

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

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

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

schedule of findings and questioned costs as item 13-2 that we consider to be material weaknesses and significant deficiencies.

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

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

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Oxford, NC
November 27, 2013

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

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant Deficiency(s) identified that are not considered to be material weaknesses	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Noncompliance material to financial statements noted	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant Deficiency(s) identified that are not considered to be material weaknesses	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> None reported
Noncompliance material to federal awards	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
---	---	-----------------------------

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.778	Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 1,262,605

Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
--	---	-----------------------------

State Awards

Internal Control Over State Programs:

Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant Deficiency(s) identified that are not considered to be material weaknesses	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Noncompliance material to state awards	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Type of auditors' report issued on compliance for major state program: Unqualified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
--	---	-----------------------------

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

Identification of major state Programs:

Program Name
Medical Assistance
State County Special Assistance for Adults

II. Financial Statement Findings

Finding: 13-1

Excess of Expenditures over Appropriations

MATERIAL NONCOMPLIANCE

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

Condition: Granville County expended \$393,823 more in total than appropriated in the annual budget ordinance.

Cause: Fiscal Year 2013 was the first year of implementation of the County's self-insured health plan. The County experienced unforeseen expenditures related to claims in this first year and a slow response time with projections for claims from the claims administrator to allow for timely budget amendments.

Recommendation: Nonroutine transactions should be reviewed for budget implications and appropriate budget amendments should be adopted.

Views of the responsible officials and planned corrective actions: The County agrees with this finding. Budget implications will be reviewed for nonroutine transactions in the future and budget amendments will be adopted as necessary. Also, the County has changed to a different claims administrator for fiscal year 2014 to improve reporting times.

III. Federal Award Findings and Questioned Costs

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

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

Program Name: Medical Assistance Program

CFDA #: 93.778

Finding: 13-2

**SIGNIFICANT DEFICIENCY
SIGNIFICANT NONCOMPLIANCE**

Income Verification and Budget Calculations for Eligibility

Criteria: Case files should contain verification such as pay stubs, wage verification forms, award letters for benefits, etc. Earned income is converted to a monthly amount. Child support is calculated as an average of six months of support or by the number of months that the support was received. Total monthly income from a completed budget is then compared to and must be lower than the State provided maintenance amount for the respective Medicaid program.

Condition: Three Medicaid files did not implement child support correctly in its budget. One case carried over the wrong number from the calculation to the budget. Another case did not include a child support payment in its average monthly amount calculation. The other file showed an OLV match for ACTS payments, but they were not included in the budget. This budget was later corrected, however upon correction of the budget, the wrong income maintenance amount was used. One other file utilized an incorrect income maintenance amount on the budget. There was also a Medicaid file with an error in the earned income calculation.

Questioned Costs: There were no questioned costs on these cases as all applicants were still eligible for the benefits received.

Context: Out of 60 files tested, three had miscalculations within the budget regarding child support, two files utilized the wrong income maintenance amount for the program and time period, and one file incorrectly calculated earned income.

Effect: Case files did not have a correct budget calculation of income or an incorrect comparison of calculated income to the State provided income maintenance limits.

Cause: Ineffective budget review process.

Recommendation: Workers should be retrained on what constitutes income, how to calculate/convert income as required for the budget, and what items can be excluded from income. Files should be reviewed internally to ensure proper documentation is in place for eligibility and calculations are performed correctly.

Views of responsible officials and planned corrective actions: Granville County has reviewed case files and corrections have been made. Coaching and training have been provided to workers about reviewing and double checking work and figures being entered or used to determine eligibility.

IV. State Award Findings and Questioned Costs

See Finding 13-2.

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

Section II - Financial Statement Findings

Finding: 13-1

Name of contact person: Mike Felts, County Manager

Corrective Action: The claims administrator for the self insurance plan has been changed which should help with timeliness. The finance officer will pay special attention to these expenditures in the future to ensure to budget more in line with expenditures.

Proposed Completion Date: June 30, 2014

Section III - Federal Award Findings and Questioned Costs

Finding: 13-2

Name of contact person: Ernestine Howard, IM Administrator I

Corrective Action: Coaching and training will be provided to workers about reviewing and double checking work and figures being entered or used to determine eligibility. Internal follow-up review will be conducted by the County's Internal Auditor during the year.

Proposed Completion Date: June 30, 2014

Section IV - State Award Finding and Questioned Costs

See Finding 13-2.

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

Prior Year Audit Findings:

Financial Statement Findings

None reported.

Federal Award Findings

None reported.

State Award Findings

None reported.

GRANVILLE 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 (DIRECT & PASS- THROUGH) EXPENDITURES	STATE EXPENDITURES
FEDERAL AWARDS:			
<u>U.S. Dept. of Agriculture</u>			
<u>Food and Nutrition Service</u>			
Passed-through N.C. Dept. of Agriculture:			
Nutrition for the Elderly	10.570	\$ 23,650	\$ -
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Social Services:			
Adm <u> s </u> No			
<u>Food Stamp Cluster:</u>			
State Administrative Matching			
Supplemental Nutrition Assistance Program	10.561	395,001	-
Total Food Stamp Cluster		395,001	-
Total U.S. Dept. of Agriculture		418,651	-
<u>U.S. Dept of Homeland Security</u>			
Passed-through N.C. Dept. of Crime Control and Public Safety:			
Emergency Management Homeland Security	97.067	152,288	-
Emergency Management Performance Grant	97.042	35,499	-
Emergency Food and Shelter	97.024	2,500	-
Total Federal Emergency Management		190,287	-
<u>U. S. Department of Housing and Urban Development</u>			
<u>Passed-through the NC Department of Commerce:</u>			
Communtiy Development Block Grant	14.228	20,408	-
<u>U. S. Dept. of Justice</u>			
<u>Bureau of Justice Assistance</u>			
State Criminal Alient Assistance Program	16.606	2,952	-
Bullet Proof Vest	16.607	4,580	-
Equitable Sharing Program	16.922	-	-
Total U. S. Dept. of Justice		7,532	-
<u>U.S. Dept. of Transportation</u>			
<u>Federal Highway Administration FHWA</u>			
Passed through the N.C. Dept. of Transportation			
ARRA Highway Planning and Constuction	20.205	21,007	-
Capital Assistance Program	20.513	119,760	14,970
Total U.S. Dept. of Transportation		140,767	14,970
<u>U.S. Election Assistance Commission</u>			
Passed-through State Board of Elections			
Help America Vote Act	90.401	9,507	-
<u>U.S. Dept. of Health & Human Services</u>			
<u>Administration on Aging</u>			
Passed-through Kerr Tar Council of Governments:			
<u>Aging Cluster:</u>			
Special Programs for the Aging-Title III F			
Family Caregiver Support	93.052	11,241	717
Special Programs for the Aging-Title III B			
Grants for Supportive Services and Senior Centers	93.044	58,978	145,920
Special Programs for the Aging-Title III C			
Nutrition Services	93.045	88,120	5,625
Home Delivered Meals	93.045	29,641	60,180
Total Aging Cluster		187,980	212,442

GRANVILLE 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 (DIRECT & PASS- THROUGH) EXPENDITURES	STATE EXPENDITURES
<u>Administration for Children and Families</u>			
Passed-through the N.C. Dept. of Health and Human Services			
Division of Social Services:			
<u>Foster Care and Adoption Cluster:</u>			
Foster Care_ Title IV-E	93.658	62,584	9,540
Title IV-E Foster Care-Administration	93.658	12,364	5,890
Foster Care - Direct Benefit Payments	93.658	74,437	21,284
Adoption Assistance - Direct Benefit Payments	93.659	143,154	37,896
IV-E Adoption Assistance	93.659	15,613	-
Total Foster Care and Adoption Cluster		308,152	74,610
Temporary Assistance for Needy Families (TANF)	93.558	270,270	-
TANF-Direct Benefit Payments	93.558	570,104	-
N. C. Child Support Enforcement	93.563	522,832	-
Low-Income Home Energy Assistance Block Grant:			
Administration	93.568	440,124	-
Child Welfare Services	93.645	34,502	2,248
Social Security Block Grant	93.667	3,328	-
SSBG-Other Service and Training	93.667	226,646	57,543
Independent Living Grant	93.674	14,852	3,713
Direct Benefit Independent Living	93.674	100	-
Total Division of Social Services		2,390,910	138,114
<u>Administration for Children and Families (cont.)</u>			
Division of Child Development:			
<u>Subsidized Child Care</u>			
<u>Child Care Development Fund Cluster:</u>			
Division of Social Services:			
Child Care Development Fund-Administration	93.596	87,652	-
Division of Child Development:			
Child Care and Development Block Grant	93.575	525,670	-
Child Care and Development Fund-Mandatory	93.596	234,792	-
Child Care and Development Fund-Match	93.596	239,496	94,969
Total Child Care Development Fund Cluster		1,087,610	94,969
TANF	93.558	299,742	-
Smart Start		-	16,708
TANF-Maintenance of Effort		-	85,769
ARRA Emergency Contingency Fund for		-	-
State Appropriations		-	82,309
Total Subsidized Child Care Cluster		1,387,352	279,755
<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	36,686,118	20,585,768
Division of Social Services:			
Administration:			
Medical Assistance Program	93.778	619,077	7,531
State Children's Insurance Program-			
N.C. Health Choice	93.767	23,394	2,463
Passed-through Dept. of Insurance			
SHIP Grant	93.779	4,837	-
Total U.S. Dept. of Health and Human Services		41,299,668	21,226,073
Total federal awards		42,086,820	21,241,043

GRANVILLE 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 (DIRECT & PASS- THROUGH) EXPENDITURES	STATE EXPENDITURES
STATE AWARDS:			
<u>N.C. Dept. of Cultural Resources</u>			
Division of State Library			
State Aid to Public Libraries		-	107,164
Total N.C. Dept. of Cultural Resources		-	107,164
<u>N.C. Dept. of Health and Human Services</u>			
Division of Aging and Adult Services:			
Passed through the Kerr-Tar Council of Governments			
Senior Center Development		-	19,587
Division of Social Services:			
State/County Special Assistance for			
Adults-Direct Benefit Payments		-	396,648
State Foster Care at Risk Max-Direct Program Benefit		-	383
CWS Adoption Subsidy-Direct		-	185,059
Energy Assistance		-	27,306
Incentive/Program Integrity		-	15
SC/SA Admin		-	20,602
Smart Start		-	33
State Foster Home-Direct		-	28,758
SFHF Maximization-Direct		-	65,374
Total N.C. Dept. of Health and Human Services		-	743,765
<u>N.C. Department of Public Instruction</u>			
Public School Building Capital Fund		-	1,060,202
Total N.C. Department of Public Instruction		-	1,060,202
<u>N.C. Dept. of Environmental and Natural Resources</u>			
Soil Technician Grant		-	25,500
Waste Red Trust Fund		-	25,609
Division of Waste Mangement			
Electronics Management		-	3,493
Total N.C. Dept. of Environmental and Natural Resources		-	54,602
<u>N.C. Rural Economic Development Center</u>			
SECU Foundation Public Internship Program			
2012-053-60501-118		-	125,000
2012-155-60401-107		-	40,000
2012-156-60701-107 (Hospital)		-	88,000
Total N.C. Rural Economic Development Center		-	253,000
<u>N.C. Dept. of Transportation</u>			
Rural Operating Assistance Program (ROAP)			
ROAP Elderly and Disabled Transportation Assistance Program		-	60,973
ROAP Rural General Public Program		-	77,168
ROAP Work First Transitional-Employment		-	18,157
Total N.C. Dept of Transportation		-	156,298
<u>N.C. Dept. of Commerce</u>			
Department of Commerce			
Economic Development One North Carolina Fund		-	37,500
<u>N.C Dept. of Public Safety</u>			
Juvenile Crime Prevention Programs		-	281,561
<u>N.C. Dept. of Administration</u>			
Grant Veteran Service		-	1,452
Total State awards		-	2,695,544
Total federal and State awards		\$ 42,086,820	\$ 23,936,587

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

NOTES TO PRECEDING SCHEDULE OF FEDERAL AND STATE AWARDS:

1. BASIS OF PRESENTATION

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

2. SUBRECIPIENTS

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

<u>Program Title</u>	<u>CFDA #</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
Public School Building Capital Fund	-	\$ -	\$ 1,060,202
EDTAP (ROAP)	-	-	60,973
N.C. Dept. of Juvenile Justice and Delinquency Prevention	-	\$ -	\$ 281,561

3. 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.