

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended  
June 30, 2005**



Prepared by the  
Granville County Finance Department

Finance Director  
Katherine C. Brafford

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*

**October 3, 2005**

**Residents of Granville County and  
The Honorable Board of County Commissioners  
Granville County, North Carolina**

Maintaining the fiscal strength and stability of the 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, 2005, 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 County's Finance Department prepares the CAFR, and responsibility for the accuracy of the data, the completeness and fairness of the presentation, and all disclosures rests with the County. We believe the data and presentation are fair and accurate and that you will find everything necessary in this document to gain an understanding of the County's financial activities over the last fiscal year.

This is the third year that the County's independent audit includes the Governmental Accounting Standards Board's Statement No. 34, "The New Governmental Financial Reporting Model," and related statements as required by GAAP, or generally accepted accounting principles. This change in governmental reporting



resulted in sweeping changes in the County's CAFR. For the third year, the County reported with a government-wide focus using the full accrual basis of accounting.

The Management's Discussion and Analysis (MD&A) immediately follows the auditor's opinion and provides an overview and analysis of the County's significant transactions in fiscal year 2005 to aid readers in understanding their financial impact and relationship to the financial statements and schedules provided. This section is presented to comply with significant changes in governmental accounting standards, in an attempt to provide more meaningful information to our readers and to demonstrate the County's accountability for its financial actions. This letter of transmittal is written to complement and introduce the MD&A.

### **Financial Reporting Entity**

The CAFR includes the County's basic financial statements, as well as supplemental information designed to enhance the reader's understanding of the financial condition of Granville County. 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. These financial statements encompass all activities considered to be part of (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 and activities of Granville County, as well as its component units. Component units are legally separate entities for which Granville County is not legally responsible, but financially accountable. Discretely presented component units include the Granville Medical Center, Granville

County ABC Board, Granville County Economic Development Commission, Granville County Tourism Development Authority, and the South Granville Memorial Gardens.

In addition to the General Fund, the report includes activities in other governmental funds and proprietary funds. Proprietary funds account for continuing business-type organizations and activities, such as the solid waste operations and the water and sewer districts operated by the County. These funds are self-supporting and fees are designed to recover the full cost of the operation.

## **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, Bandag, Boyd Olds Pontiac Buick GMC Honda, Inc., N T Techno, Certainteed, Georgia Pacific, Macra Lace, and Altec. 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. Water enthusiasts and vacationers also enjoy easy access to Falls Lake at the southern end of the County and the wide-open expanses of Kerr Lake to the north.

#### **FACTORS AFFECTING FINANCIAL CONDITION**

Granville County has not been immune to the job losses in the textile, tobacco, and telecommunications industries over the last decade. Improvement in the unemployment rate has mirrored that of the State and has steadily improved over the last three years. The following table shows the unemployment rate for the last five years for Granville County as compared to the State averages:

	Granville County	North Carolina
2005 (As of 9/30/05)	6.2%	5.4%
2004	6.8%	5.5%
2003	7.8%	6.5%
2002	7.3%	6.7%
2001	6.4%	5.6%

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 through separate special revenue funds. The annual appropriations and transfers to these funds 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 in the capital improvement fund. The vehicle replacement fund 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 20-30 year planning horizon and the five-year E-911 facilities plan. The schools have served to promote more effective discussions between the Board of Education and the Board of County Commissioners in planning for projects to meet the school system's needs. The E-911 plan has allowed the County to pay off the system's debt and begin setting aside funds for a much needed console upgrade.

### 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 reserve 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 fund. 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**

#### **Certificate of Achievement for Excellence in Finance Reporting**

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 for its comprehensive annual financial report for the fiscal year ended June 30, 2004. This was the sixth consecutive year in which the County has received this recognition. To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. The GFOA award is valid for a period of one year.

#### **Acknowledgements**

We appreciate the assistance and dedication of all departments and employees that carry out the services and programs approved by the Board. We would like to thank all members of the Finance Department who contributed to the preparation of the CAFR,

and the County's independent certified public accountants, Winston, Williams & Creech, LLP, for their assistance. 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 good government in Granville County.

Respectfully Submitted,

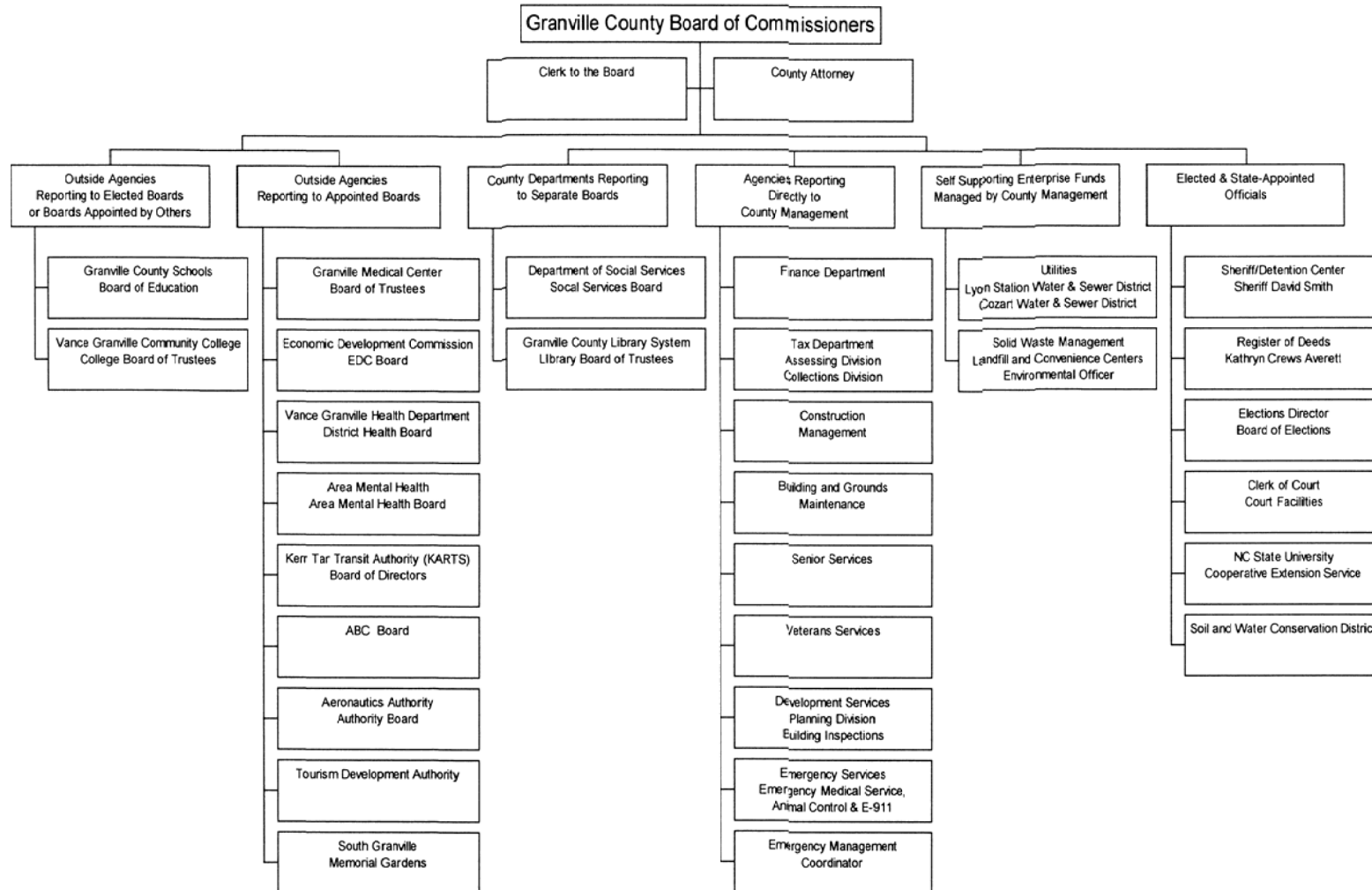
*J. Dudley Watts, Jr*

J. Dudley Watts, Jr.  
County Manager

*Katherine C. Brafford*

Katherine C. Brafford  
Finance Director

# Granville County Government



**GRANVILLE COUNTY, NORTH CAROLINA**  
**LIST OF PRINCIPAL OFFICIALS**  
**JUNE 30, 2005**

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**Board of County  
Commissioners**

Tony W. Cozart, Chairperson  
R. David Currin, Jr., Vice Chairperson  
W.E. "Pete" Averette  
Ronald R. Alligood  
Hubert L. Gooch, Jr.  
Zelodis Jay  
James W. Lumpkins

Bobbie R. Wilson, Clerk to the Board

**County Officials**

J. Dudley Watts, Jr.  
Katherine C. Brafford  
Daniel M. Faucette, Jr.  
Kathryn Crews Averett  
David T. Smith  
Scott Phillips  
Tonya Burnette  
Tom Lucas  
Martin Bragg  
Jason Falls  
Louis W. Bechtel  
Pello Duncan  
Kathy May  
Louise Dorton  
Johnsie Cunningham

County Manager  
Finance Director  
Tax Administrator  
Register of Deeds  
Sheriff  
Director of Development Services  
Elections Director  
Utilities Director  
Emergency Services Director  
Director of Environmental Services  
Director of Social Services  
Veterans Services Director  
Director of Senior Services  
Library Director  
Director, Cooperative Extension



# 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, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Nancy L. Ziehl*

President

*Jeffrey R. Emer*

Executive Director

## **FINANCIAL SECTION**

# Winston, Williams & Creech, LLP

Members  
American Institute of  
Certified Public Accountants

Certified Public Accountants

Members  
North Carolina Association of  
Certified Public Accountants

James P. Winston II, CPA  
Gary L. Williams, CPA  
Leonard R. Creech, Jr. CPA



The CPA. Never Underestimate The Value.™

Carleen P. Evans, CPA  
Jennifer T. Reese, CPA  
Elizabeth H. Jackson, CPA

102 W. Spring Street  
P.O. Box 1366  
Oxford, NC 27565  
office (919) 693-5196  
fax (919) 693-7614  
e-mail: wwinston@nc.rr.com

## Independent Auditor's Report

To the Board of County Commissioners  
Granville County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Granville County, North Carolina, as of and for the year ended June 30, 2005, which collectively comprise Granville County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Granville County's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Granville Medical Center or the Granville Economic Development Commission which represent 40.98 percent and 40.68 percent respectively, of the nets assets and revenues of Granville County. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for Granville Medical Center and the Granville Economic Development Commission, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller 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 of material misstatement. The financial statements of Granville County ABC Board, Granville Medical Center, Granville County Tourism Development Authority and South Granville Memorial Gardens were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Granville County as of June 30, 2005, 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.

In accordance with Government Auditing Standards, we have also issued our report dated October 3, 2005, 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 grants and other matters. That report is an integral part of an

audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis, the schedules of funding progress, employer contributions and the notes to the required schedules for the Law Enforcement Officers' Special Separation Allowance on pages 76 and 77 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of Granville County, North Carolina. The introductory information, combining and individual nonmajor fund financial statements and schedules and the statistical tables, 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 basic financial statements. The combining and individual nonmajor fund financial statements and the accompanying schedule of expenditures of federal and State awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit report and the report of other auditors, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory information and the statistical tables have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Winston, Williams & Creech, LLP

Winston, Williams & Creech, LLP  
Certified Public Accountants  
October 3, 2005



## County Of Granville, North Carolina

Post Office Box 1286, Oxford, North Carolina 27565

finance@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, 2005. 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 assets of Granville County exceeded its liabilities at the close of the fiscal year by \$24,445,129 (*net assets*).
- The government's total net assets increased by \$2,372,824, primarily due to increased net assets in the General Fund.
- At the end of the current fiscal year, Granville County's governmental funds reported combined ending fund balances of \$48,038,571, an increase of \$27,232,253 in comparison with the prior year. Approximately forty-five percent (42.9%) of this total amount, or \$20,612,696, is available for spending at the government's discretion (*unreserved fund balance*). Another fifty percent (50%) of this ending fund balance results from unspent bond proceeds in our Series 2005 School Bond Fund. These bonds were issued in June 2005, just prior to the end of the fiscal year.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$13,396,907, or forty-one percent (41%) of total general fund expenditures for the fiscal year.
- Granville County's total debt increased by \$24,959,632 (122.5%) during the current fiscal year. The key factors in this increase were the \$25.5 million in general obligation bonds issued for school capital needs and \$765,000 in general obligation bonds issued for park facilities and additional water and sewer improvements associated with the schools.

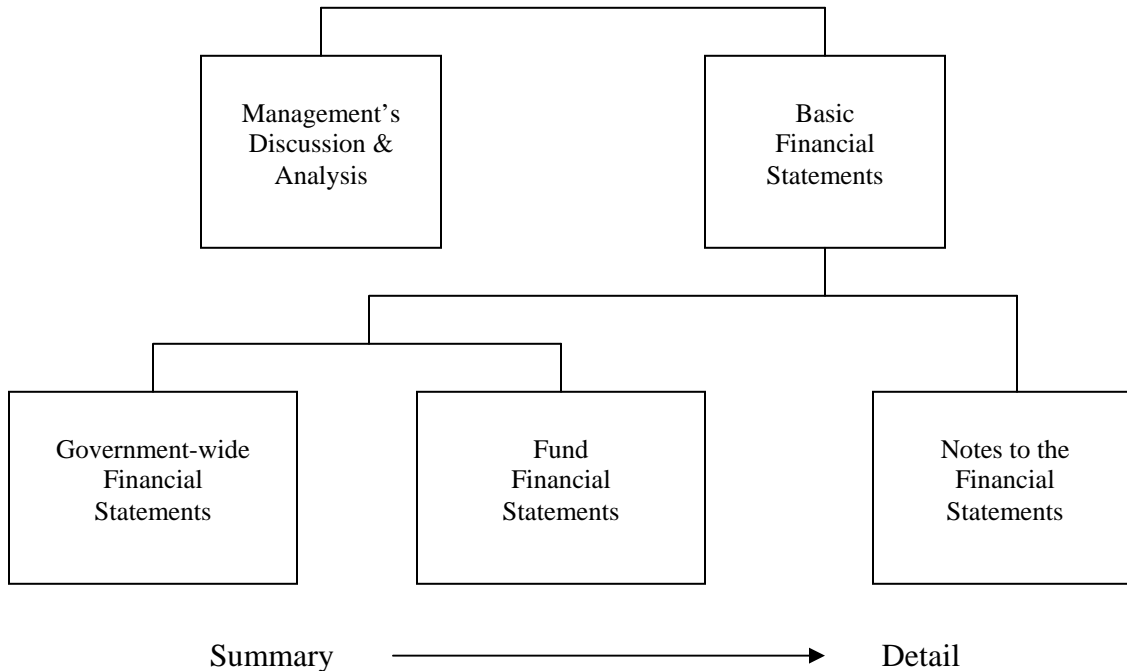
#### Overview of the Financial Statements

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 assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets 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 activities are those that the County charges customers to provide. These include the water and sewer and 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 Economic Development Commission, 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 Assets 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 one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Granville County uses enterprise funds to account for its water and sewer activity and for its solid waste operations. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

**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 two 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 47 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 76 of this report.

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

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The assets of Granville County exceeded liabilities by \$24,445,129 as of June 30, 2005. The County's net assets increased by \$2,372,824 for the fiscal year ended June 30, 2005. One of the largest portions (55%) reflects the County's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Granville County uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although Granville County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of Granville County's net assets (< 1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$10,836,100 is unrestricted.

## Granville County's Net Assets

**Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$51,825,801	\$24,028,833	\$4,337,909	\$4,286,348	\$56,161,377	\$28,315,181
Capital assets	12,013,038	11,793,409	3,684,268	3,777,588	15,697,306	15,570,997
Total assets	\$63,838,839	\$35,822,242	\$8,022,177	\$8,063,936	\$71,858,683	\$43,886,178
Long-term liabilities outstanding	\$43,260,337	\$18,154,198	\$2,071,010	\$2,217,516	\$45,331,347	\$20,371,714
Other liabilities	1,922,416	1,286,428	162,124	155,731	2,078,540	1,442,159
Total liabilities	45,182,753	19,440,626	2,233,134	2,373,247	47,409,887	21,813,873
Net assets:						
Invested in capital assets, net of related debt	10,597,557	11,793,410	2,904,420	3,777,588	13,501,977	15,570,998
Restricted	107,052	134,488	-	-	107,052	134,488
Unrestricted	7,951,477	4,453,718	2,884,623	1,913,101	10,836,100	6,366,819
Total net assets	\$18,656,086	\$16,381,616	\$5,789,043	\$5,690,689	\$24,445,129	\$22,072,305

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

- Continued improvement in the collection of property taxes by maintaining a tax collection percentage of 95.48%. The prior year's tax collection percentage was 95.01%.
- Increased sales tax revenues of approximately \$687,612, due to economic growth in the County and the State's payment of the Article 44 Hold Harmless revenue. The County did not budget this Hold Harmless revenue because the offsetting debt service was not budgeted.
- Departmental compliance with and monitoring of expenditures, which led to reversions that exceeded the targeted level of reversions.

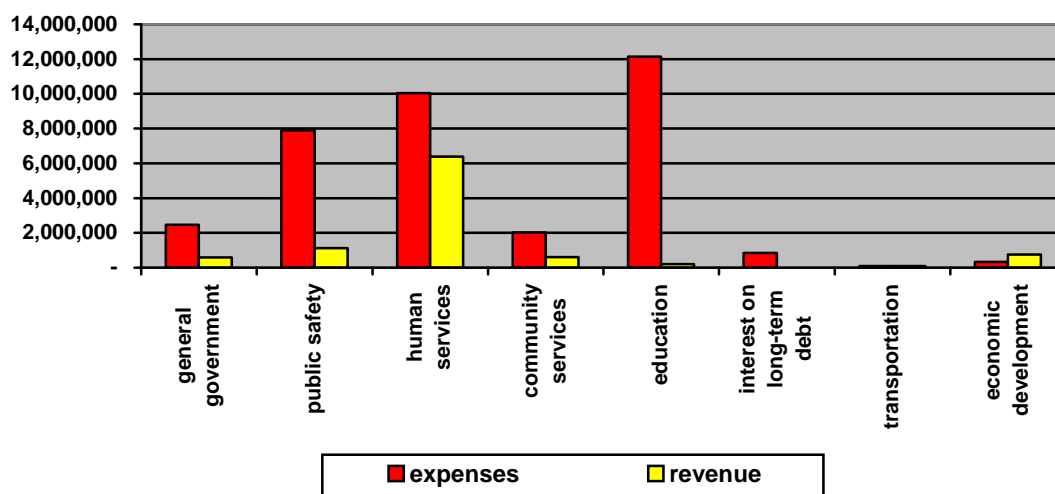
**Granville County's Changes in Net Assets**  
**Figure 3**

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services	\$ 2,718,498	\$ 2,685,632	\$ 2,713,204	\$ 2,597,909	\$ 5,416,057	\$ 5,283,541
Operating grants and contributions	5,891,167	5,559,476	-	-	5,891,167	5,559,476
Capital grants and contributions	1,136,746	1,972,053	-	-	1,136,746	1,972,053
General revenues:						
Property taxes	19,218,210	18,366,958	-	-	19,218,210	18,366,958
Other taxes	9,936,748	9,184,921	-	-	9,936,748	9,184,921
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Other	703,918	400,948	60,065	33,463	779,628	434,411
Total revenues	39,605,287	38,169,988	2,773,269	2,631,372	42,384,556	40,801,360
Expenses:						
General government	2,457,507	2,302,821	-	-	2,457,507	2,302,821
Public safety	7,886,433	7,612,578	-	-	7,886,433	7,612,578
Transportation	87,213	-	-	-	87,213	-
Economic and physical development	328,880	3,039	-	-	328,880	3,039
Human services	10,045,609	9,244,877	-	-	10,045,609	9,244,877
Community Services	2,022,929	1,905,788	-	-	2,022,929	1,905,788
Education	12,140,438	9,862,114	-	-	12,140,438	9,862,114
Interest on long-term debt	849,244	815,974	-	-	849,244	815,974
Landfill	-	-	1,352,833	-	1,352,833	-
Water and sewer	-	-	1,322,082	2,596,119	1,322,082	2,596,119
Other	1,512,564	2,981,758	-	-	1,514,897	2,981,758
Total expenses	37,330,817	34,728,949	2,674,915	2,596,119	40,005,732	37,325,068
Increase in net assets before transfers and special items	2,274,470	3,441,039	98,354	35,253	2,372,824	3,476,292
Transfers	-	(176,600)	-	176,600	-	-
Increase in net assets	2,274,470	3,264,439	98,354	211,853	2,372,824	3,476,292
Net assets, beginning	16,381,616	13,553,073	5,690,689	5,478,836	22,072,305	19,031,909
Prior Period Adjustment	-	(435,896)	-	-	-	(435,896)
Net assets, ending	\$ 18,656,086	\$ 16,381,616	\$ 5,789,043	\$ 5,690,689	\$ 24,445,129	\$ 22,508,201

**Governmental activities.** Governmental activities increased the County’s net assets by \$2,274,470, thereby accounting for 95.85% of the total growth in the net assets of Granville County. Key elements of this increase are as follows:

- Receipt of operating grants in various departments, for an overall increase in operating grant revenue of 6.07%
- Improvement of the County’s high tax collection rate from 95.01% to 95.48%
- Increase in investment earnings due to sound investment practices and a rising interest rate market
- Increase in sales tax revenue due to economic growth within the County

### Expenses and Program Revenues – Governmental Activities

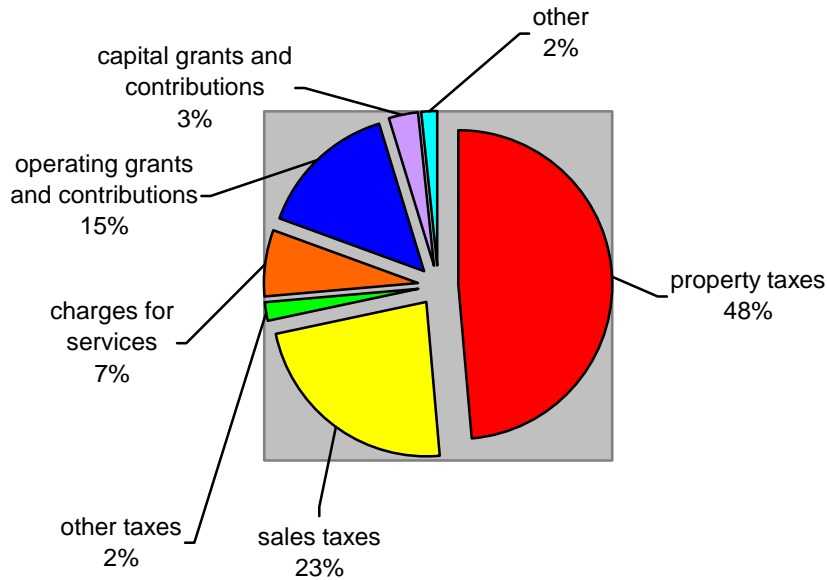


Expenditures for education increased twenty-three percent (23%) due to school projects underway which are being financed by \$25.5 million worth of general obligation bonds. As mentioned before, these bonds were issued during this fiscal year.

The non-departmental and special area function experienced a decrease of forty-nine percent (49%), attributable to both Granville County’s contribution in the prior fiscal year of \$532,864 towards the City of Oxford’s secondary water line and to a reduction in the total amount of economic development expenditures paid out during the current fiscal year.

Other than these exceptions, increases closely paralleled inflation and growth in the demand for services.

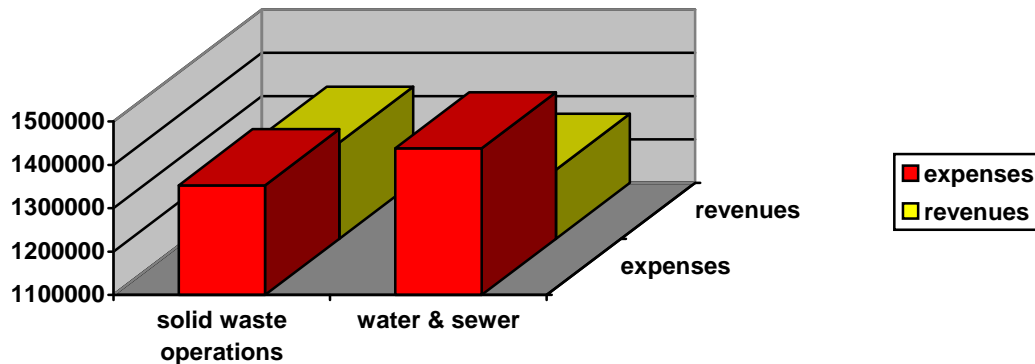
## Revenues by Source – Governmental Activities



**Business-type activities.** Business-type activities increased Granville County's net assets by \$98,354, accounting for four percent (4%) of the total growth in the government's net assets. Key elements of this increase are as follows:

- Solid waste operations experienced an increase in net assets of \$145,399 and accounted for one hundred forty-seven percent (147%) of the total growth.
- Lyon Station Water & Sewer District experienced a decrease in net assets of \$26,497, accounting for a negative twenty-seven (-27%) of the business-type activities growth.
- Cozart Water & Sewer District experienced a decrease in net assets of \$20,548, accounting for a negative twenty percent (-20%) of the business-type activities growth.
- Both decreases in the water and sewer districts were primarily due to increased expenses in maintenance and repair of waste water lines that improved infiltration and inflow issues within the system.

## 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, unreserved 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, unreserved fund balance of the General Fund was \$13,396,907, while total fund balance reached \$15,873,123. The remainder of fund balance is reserved to indicate that it is 1) not available for appropriation under state law (\$2,369,164), and 2) to fund automation/technology improvements in the register of deeds department (\$107,052). As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 41.15 percent of total General Fund expenditures, while total fund balance represents 48.75 percent of that same amount.

At June 30, 2005, the governmental funds of Granville County reported a combined fund balance of \$48,038,571, a 130.9 percent increase over last year. The primary reason for this increase is the increase in fund balance in the Series 2005 School Bond Fund. \$25.5 million worth of general obligation bonds were issued in June 2005 to finance both new school construction and improvements to existing facilities.

**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 \$458,478, \$320,831 of which was attributable to restricted intergovernmental revenues.

The County underestimated sales and other tax revenue by a combined total of \$1,220,479. Part of this was due to not budgeting for the Article 44 Hold Harmless payment which the State distributed during the year. These funds were at risk in the North Carolina Legislature and the offsetting bond expenses were not anticipated in the current fiscal year.

The County had one department whose expenditures exceeded budget during the year. Senior Services-Nutrition/In-Home Aid exceeded its budget by \$12,610 due primarily to the increased demand for in-home meals for seniors. The County received additional funding to cover most of this deficit, but the additional funding was not confirmed until after the end of the fiscal year. The County should have amended its budget prior to the end of the fiscal year to prevent this overspending.

The County had one area within a department which was also over budget. The Granville County Tourism Development Authority (TDA) exceeded its budget by \$3,222. This is a pass thru account for occupancy taxes collected within the County and passed through to the TDA. The final payment of this tax comes in after the end of the fiscal year. The County had a corresponding revenue overage to offset this expenditure overage.

**Proprietary Funds.** Granville County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the Lyon Station Water and Sewer Fund at the end of the year amounted to \$1,159,881, and those for the Solid Waste Fund equaled \$1,641,911. The total change in net assets for both funds was \$(26,497) and \$145,399, respectively. Other factors concerning the finances of these two funds have already been addressed in the discussion of Granville County's business-type activities.

### **Capital Asset and Debt Administration**

**Capital assets.** Granville County's capital assets for its governmental and business-type activities as of June 30, 2005 totals \$15,697,306 (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:

- Construction continued on several projects within the county. Construction in progress decreased by \$2,602,234
- System improvements increased by \$2,206,035
- New vehicles and equipment were purchased in the Public Safety Departments
- Several vehicles were disposed of in the Public Safety Departments
- Renovations were made to existing facilities in the Public Safety Departments
- System improvements were made in the Water and Sewer and Solid Waste departments
- Equipment purchases were made in the Water and Sewer and Solid Waste areas departments

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

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$ 605,455	\$ 605,455	\$ 298,445	\$ 298,445	\$ 903,900	\$ 903,900
Buildings	4,928,116	5,099,557	78,241	80,973	5,006,357	5,180,530
Improvements other than buildings	2,150,884	-	3,293,723	3,304,967	5,444,607	3,304,967
Equipment and Vehicles	1,056,335	1,085,041	-	-	1,056,335	1,085,041
Machinery and Equipment	-	-	13,859	93,203	13,859	93,203
Construction in progress	3,272,248	5,003,356	-	-	3,272,248	5,003,356
Total	<u>\$ 12,013,038</u>	<u>\$ 11,793,409</u>	<u>\$ 3,684,268</u>	<u>\$ 3,777,588</u>	<u>\$ 15,697,306</u>	<u>\$ 15,570,997</u>

Additional information on Granville County's capital assets can be found in the notes to the financial statements beginning on page 60 of this report.

**Long-term debt.** At the end of fiscal year 2005, Granville County had total bonded debt outstanding of \$41,855,000, all of which is debt backed by the full faith and credit of the County.



## Granville County's Outstanding Debt General Obligation Bonds

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
General obligation bonds	\$ 41,855,000	\$ 16,735,000	\$ -	\$ -	\$ 41,855,000	\$ 16,735,000

Granville County's total general obligation debt increased by \$25,120,000 (150.1 percent) during fiscal year 2005. The key factor in this increase was the issuance of \$25.5 million of general obligation bonds and \$765,000 of public improvement bonds. No other debt was issued during this fiscal year.

Granville County maintains a "A+" rating from Standard & Poor's, a "A1" rating from Moody's, and an "84" rating from the North Carolina Municipal Council for general obligation debt.

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 \$191,607,380, 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 68 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 6.2%, slightly higher than the state average of 5.4%.
- Total retail sales for the County for the fiscal year were \$432,856,823, an increase of 7.1% over the previous fiscal year.
- Granville County is the home of the largest known shingle manufacturing plant in the world (CertainTeed), which currently has a \$50 million expansion underway at its Granville County facility.
- Dill Air Controls Products is a new North Carolina corporation which recently located in Granville County. Dill Air Controls manufactures air valves for automobiles, along with some products for NASA and others. This new company is expected to bring approximately 150 jobs to Granville County.

## **Budget Highlights for the Fiscal Year Ending June 30, 2006**

**Governmental Activities:** Property taxes lead the increase in revenue projections with a projected increase of 14.8%. This is the result of both economic growth and a 6.5 cents tax increase. Approximately 5 cents of the tax increase will be allocated towards the schools, the majority for debt repayment.

Budgeted expenditures in the General Fund are expected to rise approximately 9.1% to \$40,699,436. The largest increments are in employee compensation, including funding compensation and benefits adjustments.

This is the first time in at least the last decade that financial commitments beyond the restricted sales tax funds have been pledged for school construction. As mentioned earlier, approximately 5 cents of the 6.5 cents tax increase is related to school funding and school debt.

For the second year in a row, a one-time appropriation of fund balance has been earmarked for a specific project. In fiscal year 2005, the Board appropriated \$1,000,000 to offset the demands placed on the Schools Restricted Capital Fund to make the upcoming bond issues affordable. In fiscal year 2006, a one-time appropriation of \$1,000,000 has been earmarked for much needed improvements to the County's radio system. While the County still maintains a favorable fund balance, this trend could not continue without impacting the overall financial health of the County.

**Business-type Activities:** The water and sewer rates in the county will increase by 3.7% and 3.8% in the Lyon Station and Cozart Water and Sewer Districts, respectively. The budget for the operation of the Solid Waste Convenience Sites reflects an increase of approximately 6% in user fees to offset the increased cost of operations.

### **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.

*Katherine C. Brafford*

Katherine C. Brafford  
Finance Director

# **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

**GRANVILLE COUNTY, NORTH CAROLINA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2005**

	Primary Government			Component Units				
	Governmental Activities	Business-type Activities	Total	Granville Medical Center	Granville County ABC Board	Granville Economic Development Commission	Granville County Tourism Development Authority	South Granville Memorial Gardens
<b>ASSETS</b>								
Cash and cash equivalents	\$ 46,906,669	\$ 4,123,183	\$ 51,029,852	\$ 2,063,211	\$ 643,020	\$ 39,663	\$ 50,322	\$ 171,168
Taxes receivable	1,776,337	5,502	1,781,839	-	-	-	-	-
Accrued interest receivable on taxes	339,706	-	339,706	-	-	-	-	-
Accrued interest receivable	43,910	-	43,910	-	-	-	-	-
Accounts receivable	2,699,058	201,405	2,900,463	4,698,984	-	-	-	17,447
Inventories	-	-	-	842,933	147,417	-	-	2,224
Prepaid items	-	-	-	185,727	7,938	-	-	-
Due from governmental uni	-	-	-	-	-	-	9,000	-
Deferred charges-issuance costs	60,121	7,493	67,614	-	-	-	-	-
Capital assets								
Land, improvements, and construction in progress	3,877,703	298,445	4,176,148	1,594,869	12,877	-	-	39,534
Other capital assets, net of depreciation	8,135,335	3,385,823	11,521,158	13,187,484	54,264	4,348	-	-
Assets whose use is limited	-	-	-	5,777,724	-	-	-	-
Restricted assets:								
Cash and cash equivalents	-	326	326	-	-	-	-	-
Investment in affiliated organization	-	-	-	24,906	-	-	-	-
<b>Total Assets</b>	<b>\$ 63,838,839</b>	<b>\$ 8,022,177</b>	<b>\$ 71,861,016</b>	<b>\$ 28,375,838</b>	<b>\$ 865,516</b>	<b>\$ 44,011</b>	<b>\$ 59,322</b>	<b>\$ 230,373</b>
<b>LIABILITIES</b>								
Accounts payable & accrued liabilities:	\$ 1,303,131	\$ 104,876	\$ 1,408,007	\$ 4,196,450	\$ 240,148	\$ -	\$ -	\$ -
Accrued interest payable	212,143	2,463	214,606	-	-	-	-	-
Unearned revenues	255,025	5,767	260,792	-	-	-	-	-
Due to fiduciary funds:	9,000	-	9,000	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	1,375
Customer deposits	-	49,018	49,018	-	-	-	-	-
Premium on bonds	143,117	-	143,117	-	-	-	-	-
Long-term liabilities:								
Due within one year:								
Bonds payable	1,965,000	-	1,965,000	72,500	-	-	-	-
Notes payable	-	-	-	536,450	-	-	-	-
Capital leases payable	83,356	118,087	201,443	73,095	-	-	-	-
Due in more than one year:								
Bonds payable	39,890,000	-	39,890,000	70,000	-	-	-	-
Notes payable	-	-	-	4,506,867	-	-	-	-
Capital leases payable	467,125	661,761	1,128,886	69,724	-	-	-	-
Accrued landfill closure and postclosure costs	-	1,276,785	1,276,785	-	-	-	-	-
Compensated absences payable	568,106	14,377	582,483	1,275,183	-	8,973	-	-
Net pension obligation	286,750	-	286,750	-	-	-	-	-
<b>Total Liabilities</b>	<b>45,182,753</b>	<b>2,233,134</b>	<b>47,415,887</b>	<b>10,800,269</b>	<b>240,148</b>	<b>8,973</b>	<b>-</b>	<b>1,375</b>
<b>NET ASSETS</b>								
Invested in capital assets, net of related debt	10,597,557	2,904,420	13,501,977	9,453,717	67,141	4,348	-	39,534
Restricted for:								
Recreation	-	-	-	-	-	-	-	-
Register of Deeds	107,052	-	107,052	-	-	-	-	-
Occupancy Tax	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Hospital	-	-	-	74,022	-	-	-	-
Law Enforcement	-	-	-	-	-	-	-	-
Working Capital	-	-	-	-	74,240	-	-	-
Future Care and Maintenance Costs	-	-	-	-	-	-	-	100,000
Unrestricted (deficit)	7,951,477	2,884,623	10,836,100	8,047,830	483,987	30,690	59,322	89,464
<b>Total Net Assets</b>	<b>\$ 18,656,086</b>	<b>\$ 5,789,043</b>	<b>\$ 24,445,129</b>	<b>\$ 17,575,569</b>	<b>\$ 625,368</b>	<b>\$ 35,038</b>	<b>\$ 59,322</b>	<b>\$ 228,998</b>

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, 2005**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets							
		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 Economic Development Commission	Granville County Tourism Development Authority	South Granville Memorial Gardens
Primary Government:												
Governmental Activities:												
General government	2,457,507	553,307	42,165	-	(1,862,035)	-	(1,862,035)					
Public safety	7,886,433	791,072	312,546	11,404	(6,771,411)	-	(6,771,411)					
Transportation	87,213	-	-	87,213	-	-	-					
Environmental protection	-	-	-	-	-	-	-					
Economic and physical development	328,880	-	-	763,129	434,249	-	434,249					
Human services	10,045,609	1,129,081	5,248,188	-	(3,668,340)	-	(3,668,340)					
Community services	2,022,929	245,038	288,268	75,000	(1,414,623)	-	(1,414,623)					
Education	12,140,438	-	-	200,000	(11,940,438)	-	(11,940,438)					
Non-departmental and special areas	1,512,564	-	-	-	(1,512,564)	-	(1,512,564)					
Interest on long-term debt	849,244	-	-	-	(849,244)	-	(849,244)					
Total governmental activities	37,330,817	2,718,498	5,891,167	1,136,746	(27,584,406)	-	(27,584,406)					
Business-type activities:												
Solid Waste	1,352,833	1,438,167	-	-	-	85,334	85,334					
Water and Sewer	1,322,082	1,275,037	-	-	-	(47,045)	(47,045)					
Total business-type activities	2,674,915	2,713,204	-	-	-	38,289	38,289					
Component units:												
Granville Medical Center	28,789,844	28,957,564	46,512	254,786	-	-	-	469,018	-	-	-	-
Granville County ABC Board	2,352,329	2,401,511	-	-	-	-	-	-	49,182	-	-	-
Granville Economic Development Commission	196,705	-	-	-	-	-	-	-	-	(196,705)	-	-
Granville County Tourism Development Authority	101,348	-	-	-	-	-	-	-	-	-	(101,348)	-
South Granville Memorial Gardens	37,338	44,091	-	-	-	-	-	-	-	-	-	6,753
Total component units	31,477,564	31,403,166	46,512	254,786	-	-	-	469,018	49,182	(196,705)	(101,348)	6,753
General revenues:												
Taxes:												
Property taxes, levied for general purpose					19,218,210	-	19,218,210	-	-	-	-	-
Local option sales tax					9,150,914	-	9,150,914	-	-	-	-	-
Other taxes and licenses					785,834	-	785,834	-	-	-	96,797	-
Grants and contributions not restricted to specific programs					-	-	-	-	-	-	-	-
Investment earnings, unrestricted					574,177	60,065	634,242	101,975	8,481	173,356	1,945	1,727
Miscellaneous, unrestricted					129,741	-	129,741	-	-	-	-	-
Transfers					-	-	-	-	-	-	-	-
Total general revenues, special items and transfers					29,858,876	60,065	29,918,941	101,975	8,481	173,356	98,742	1,727
Change in net assets					2,274,470	98,354	2,372,824	570,993	57,663	(23,349)	(2,606)	8,480
Net assets - beginning					16,381,616	5,690,689	22,072,305	17,004,576	567,705	58,387	61,928	220,518
Net assets - ending					\$ 18,656,086	\$ 5,789,043	\$ 24,445,129	\$ 17,575,569	\$ 625,368	\$ 35,038	\$ 59,322	\$ 228,998

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, 2005**

	Major		Nonmajor	Total
	General	Series 2005	Other	Total
	Fund	School Bond	Governmental	Governmental
	Fund	Fund	Funds	Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 14,635,325	\$ -	\$ 7,219,459	\$ 21,854,784
Restricted cash	-	24,280,525	771,360	25,051,885
Taxes receivable	1,776,337	-	-	1,776,337
Accounts receivable	2,557,245	-	141,813	2,699,058
Due from other funds	-	-	179,081	179,081
Due from component unit	-	-	-	-
Total Assets	<u>\$ 18,968,907</u>	<u>\$ 24,280,525</u>	<u>\$ 8,311,713</u>	<u>\$ 51,561,145</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable & accrued liabilities	\$ 876,341	\$ 423,120	\$ 3,670	\$ 1,303,131
Unearned revenues	255,025	-	-	255,025
Deferred revenues	1,776,337	-	-	1,776,337
Due to other funds	188,081	-	-	188,081
Total Liabilities	<u>3,095,784</u>	<u>423,120</u>	<u>3,670</u>	<u>3,522,574</u>
Fund balances:				
Reserved by State Statute	2,369,164	-	320,894	2,690,058
Reserved for Register of Deeds	107,052	-	-	107,052
Reserved for capital outlay	-	23,857,405	771,360	24,628,765
Unreserved (available for appropriation):				
Designated for subsequent year's expenditures	1,525,000	-	-	1,525,000
Reported in nonmajor:				
Special revenue funds	-	-	911,450	911,450
Capital projects funds	-	-	190,700	190,700
Undesignated	11,871,907	-	-	11,871,907
Undesignated, reported in nonmajor:				
Special revenue funds	-	-	4,313,666	4,313,666
Capital projects funds	-	-	1,799,973	1,799,973
Total Fund Balances	<u>15,873,123</u>	<u>23,857,405</u>	<u>8,308,043</u>	<u>48,038,571</u>
Total Liabilities and Fund Balances	<u>\$ 18,968,907</u>	<u>\$ 24,280,525</u>	<u>\$ 8,311,713</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, 2005**

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

Total equity and other credits (Exhibit 4)	48,038,571
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	12,013,038
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	443,737
Liabilities for earned but deferred revenues in the fund statements	1,776,337
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(43,615,597)
Net assets of governmental activities (Exhibit 1)	\$ 18,656,086

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

**GRANVILLE COUNTY, NORTH CAROLINA  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005**

	Major		Nonmajor	Total
	General	Series 2005	Other	Total
	Fund	School Bond	Governmental	Governmental
	Fund	Fund	Funds	Funds
<b>REVENUES</b>				
Ad valorem taxes	\$ 19,165,754	\$ -	\$ -	\$ 19,165,754
Sales and other taxes	9,643,048	-	225,596	9,868,644
Licenses, fees and other revenues	2,562,813	-	14,851	2,577,664
Unrestricted intergovernmental revenues	-	-	-	-
Restricted intergovernmental revenues	5,997,309	-	1,160,217	7,157,526
Investment earnings	311,565	73,325	146,209	531,099
Miscellaneous	209,480	-	-	209,480
Total Revenues	37,889,969	73,325	1,546,873	39,510,167
<b>EXPENDITURES</b>				
Current				
General government	2,114,199	-	189,670	2,303,869
Public safety	7,156,807	-	245,894	7,402,701
Community Services	1,920,934	-	-	1,920,934
Environmental protection	-	-	-	-
Economic and physical development	-	-	-	-
Human services	9,971,117	-	-	9,971,117
Non-Departmental & Special Areas	1,599,777	-	-	1,599,777
Capital Outlay	-	-	1,295,200	1,295,200
Donations	-	-	-	-
Intergovernmental				
Education	9,457,743	1,800,038	882,657	12,140,438
Debt Service				
Bond issuance cost	-	54,831	-	54,831
Principal	275,284	-	950,000	1,225,284
Interest	63,172	-	707,600	770,772
Total Expenditures	32,559,033	1,854,869	4,271,021	38,684,923
Revenues Over (Under) Expenditures	5,330,936	(1,781,544)	(2,724,148)	825,244

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, 2005**

	Major		Nonmajor	Total
	General	Series 2005	Other	Total
	Fund	School Bond	Governmental	Governmental
	Fund	Fund	Funds	Funds
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Debt proceeds	-	25,500,000	765,000	26,265,000
Premium on debt	-	138,949	4,168	143,117
Transfers from other funds	103,720	-	3,721,736	3,825,456
Transfers to other funds	(3,717,066)	-	(108,390)	(3,825,456)
Total Other Financing Sources (Uses)	(3,613,346)	25,638,949	4,382,514	26,408,117
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	1,717,590	23,857,405	1,658,366	27,233,361
Fund Balance - July 1	14,155,533	-	6,650,785	20,806,318
Fund Balance - June 30	<u>\$ 15,873,123</u>	<u>\$ 23,857,405</u>	<u>\$ 8,309,151</u>	<u>\$ 48,039,679</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, 2005**

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)	\$ 27,233,361
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	548,509
Asset transferred to the City of Oxford	(328,880)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	96,366
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 assets. 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.	(25,128,002)
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.	(145,776)
Total changes in net assets of governmental activities (Exhibit 2)	<u>\$ 2,275,578</u>

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

**GRANVILLE COUNTY, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	General Fund			Variance with Final Positive (Negative)
	Original Budget	Final Budget	Actual	
<u>REVENUES</u>				
Ad valorem taxes	\$ 18,718,925	\$ 18,718,925	\$ 19,165,754	\$ 446,829
Sales and other taxes	8,376,291	8,422,569	9,643,048	1,220,479
Licenses, fees and other revenues	2,220,665	2,312,034	2,562,813	250,779
Restricted intergovernmental revenues	5,357,244	5,678,075	5,997,309	319,234
Investment earnings	235,000	235,000	311,565	76,565
Miscellaneous	187,500	187,500	209,480	21,980
Total Revenues	35,095,625	35,554,103	37,889,969	2,335,866
<u>EXPENDITURES</u>				
General government	2,171,465	2,226,109	2,114,199	111,910
Public safety	7,186,384	7,462,753	7,156,807	305,946
Community services	2,000,679	2,127,825	1,920,934	206,891
Human services	9,874,531	10,134,609	9,971,117	163,492
Non-departmental and special areas	1,469,038	1,827,333	1,599,777	227,556
Education	9,454,743	9,457,743	9,457,743	-
Contingency	224,000	10,000	-	10,000
Debt Service	338,456	338,456	338,456	-
Total Expenditures	32,719,296	33,584,828	32,559,033	1,025,795
Revenues Over (Under) Expenditures	2,376,329	1,969,275	5,330,936	3,361,661
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from other funds	-	242,071	103,720	(138,351)
Transfers to other funds	(3,799,430)	(3,721,855)	(3,717,066)	4,789
Total Other Financing Sources (Uses)	(3,799,430)	(3,479,784)	(3,613,346)	(133,562)
Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(1,423,101)	(1,510,509)	1,717,590	3,228,099

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

**GRANVILLE COUNTY, NORTH CAROLINA  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2005**

	General Fund			Variance with Final Positive (Negative)
	Original Budget	Final Budget	Actual	
Appropriated Fund Balance	1,423,101	1,510,509	-	(1,510,509)
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	1,717,590	<u>\$ 1,717,590</u>
Fund Balance - July 1			<u>14,155,533</u>	
Fund Balance - June 30			<u>\$ 15,873,123</u>	

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

**GRANVILLE COUNTY, NORTH CAROLINA**  
**STATEMENT OF FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2005**

	Enterprise Funds			
	Major Funds		Non-Major Fund	Total Enterprise Funds
	Solid Waste Management	Lyon Station Water and Sewer Fund	Cozart Water and Sewer Fund	
<b><u>ASSETS</u></b>				
Current Assets:				
Cash and investments	\$ 2,938,423	\$ 1,102,388	\$ 82,372	\$ 4,123,183
Taxes receivable	-	5,502	-	5,502
Accounts receivable	81,186	101,830	18,389	201,405
Total Current Assets	<u>3,019,609</u>	<u>1,209,720</u>	<u>100,761</u>	<u>4,330,090</u>
Noncurrent Assets:				
Deferred Charges-Bond Issuance Costs	-	7,493	-	7,493
Capital assets:				
Land, improvements, and construction in progress	298,445	-	-	298,445
Other capital assets, net of depreciation	386,677	2,843,084	156,062	3,385,823
Restricted Assets:				
Cash and cash equivalents	-	326	-	326
Total Noncurrent Assets	<u>685,122</u>	<u>2,850,903</u>	<u>156,062</u>	<u>3,692,087</u>
Total Assets	<u>\$ 3,704,731</u>	<u>\$ 4,060,623</u>	<u>\$ 256,823</u>	<u>\$ 8,022,177</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>				
Current Liabilities:				
Accounts Payable	\$ 91,545	\$ 8,376	\$ 90	\$ 100,011
Accrued liabilities	2,687	1,907	271	4,865
Accrued interest payable	-	2,463	-	2,463
Customer deposits	-	35,297	13,721	49,018
Unearned Revenue	-	5,767	-	5,767
Compensated absences payable	6,681	3,848	3,848	14,377
Current portion of long-term debt	-	118,087	-	118,087
Total Current Liabilities	<u>100,913</u>	<u>175,745</u>	<u>17,930</u>	<u>294,588</u>
Noncurrent Liabilities:				
Accrued landfill closure and postclosure care costs	1,276,785	-	-	1,276,785
Noncurrent portion of long-term debt	-	661,761	-	661,761
Total Noncurrent Liabilities	<u>1,276,785</u>	<u>661,761</u>	<u>-</u>	<u>1,938,546</u>
Total Liabilities	<u>1,377,698</u>	<u>837,506</u>	<u>17,930</u>	<u>2,233,134</u>
Net Assets				
Invested in capital assets, net of related debt	685,122	2,063,236	156,062	2,904,420
Unrestricted	<u>1,641,911</u>	<u>1,159,881</u>	<u>82,831</u>	<u>2,884,623</u>
Total Net Assets	<u>\$ 2,327,033</u>	<u>\$ 3,223,117</u>	<u>\$ 238,893</u>	<u>\$ 5,789,043</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 ASSETS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	Enterprise Funds			
	Major Funds		Non-Major Fund	Total Enterprise Funds
	Solid Waste Management	Lyon Station Water and Sewer Fund	Cozart Water and Sewer Fund	
OPERATING REVENUES				
Charges for services	\$ 1,438,167	\$ 1,013,140	\$ 246,252	\$ 2,697,559
Miscellaneous	-	15,645	-	15,645
Total operating revenues	1,438,167	1,028,785	246,252	2,713,204
OPERATING EXPENSES				
Administration	-	205,393	55,391	260,784
Water distribution and sewer collection	-	704,746	182,749	887,495
Landfill closure and postclosure	26,261	-	-	26,261
Solid waste operations	756,083	-	-	756,083
Landfill operations	537,689	-	-	537,689
Amortization	-	1,249	-	1,249
Depreciation	32,800	103,777	21,107	157,684
Miscellaneous	-	7,677	7,553	15,230
Total operating expenses	1,352,833	1,022,842	266,800	2,642,475
OPERATING INCOME (LOSS)	85,334	5,943	(20,548)	70,729
NONOPERATING REVENUES (EXPENSES)				
Interest and fees	-	(32,440)	-	(32,440)
Interest earned on investments	60,065	-	-	60,065
Total nonoperating revenues (expenses)	60,065	(32,440)	-	27,625
INCOME BEFORE TRANSFERS	145,399	(26,497)	(20,548)	98,354
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total Transfers	-	-	-	-
CHANGE IN NET ASSETS	145,399	(26,497)	(20,548)	98,354
TOTAL NET ASSETS-BEGINNING	2,181,634	3,249,614	259,441	5,690,689
TOTAL NET ASSETS-ENDING	\$ 2,327,033	\$ 3,223,117	\$ 238,893	\$ 5,789,043

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, 2005**

	Enterprise Funds			
	Major Funds		Non-Major Fund	
	Solid Waste Management	Lyon Station Water and Sewer Fund	Cozart Water and Sewer Fund	Total Enterprise Funds
Cash flows from operating activities:				
Cash received from customers	\$ 1,375,908	\$ 1,038,645	\$ 245,760	\$ 2,660,313
Cash paid for goods and services	(1,225,738)	(793,054)	(216,761)	(2,235,553)
Cash paid to employees for services	(135,160)	(116,701)	(27,832)	(279,693)
Net cash provided by operating activities	15,010	128,890	1,167	145,067
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(64,365)	-	-	(64,365)
Proceeds from refinancing	-	-	-	-
Principal paid through refinancing	-	-	-	-
Construction in progress	-	-	-	-
Capital contributions	-	-	-	-
Principal paid on debt	-	(113,735)	-	(113,735)
Interest paid on debt	-	(32,440)	-	(32,440)
Proceeds from sale of property and equipment	-	-	-	-
Net cash provided by capital and related financing activities	(64,365)	(146,175)	-	(210,540)
Cash flows from noncapital and related financing activities:				
Transfer-in	-	-	-	-
Transfer-out	-	-	-	-
Net cash provided by noncapital and related financing activities	-	-	-	-
Cash flows from investing activities:				
Interest on investments	60,065	-	-	60,065
Change in assets limited as to use	-	-	-	-
Net cash provided by investing activities	60,065	-	-	60,065
Net increase in cash and cash equivalents	10,710	(17,285)	1,167	(5,408)
Cash and cash equivalents, July 1	2,927,713	1,119,999	81,205	4,128,917
Cash and cash equivalents, June 30	\$ 2,938,423	\$ 1,102,714	\$ 82,372	\$ 4,123,509

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, 2005**

	Enterprise Funds			
	Major Funds		Non-Major Fund	
	Solid Waste Management	Lyon Station Water and Sewer Fund	Cozart Water and Sewer Fund	Total Enterprise Funds
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 85,334	\$ 5,943	\$ (20,548)	\$ 70,729
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	32,800	103,777	21,107	157,684
Amortization	-	1,249	-	1,249
Change in assets and liabilities:				
(Increase) decrease in taxes receivable	-	38	-	38
(Increase) decrease in accounts receivable	(62,259)	6,635	(2,630)	(58,254)
Increase (decrease) in accounts payable and accrued liabilities	(5,335)	7,041	(279)	1,427
Increase (decrease) in accrued interest payable	-	(359)	-	(359)
Increase (decrease) in compensated absences payable	2,142	1,379	1,379	4,900
Increase (decrease) in landfill closure and postclosure costs	(37,672)	-	-	(37,672)
Increase (decrease) in unearned revenue	-	88	-	88
Increase (decrease) in customer deposits	-	3,099	2,138	5,237
Total adjustments	(70,324)	122,947	21,715	74,338
Net cash provided by operating activities	\$ 15,010	\$ 128,890	\$ 1,167	\$ 145,067

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

**GRANVILLE COUNTY, NORTH CAROLINA  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005**

		Agency Funds
		<hr/>
<b>ASSETS</b>		
Cash and investments	\$	27,890
Due from other fund		<hr/> 9,000
Total Assets	\$	<hr/> <hr/> 36,890
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Miscellaneous liabilities	\$	27,890
Due to component unit		<hr/> 9,000
Total Liabilities	\$	<hr/> <hr/> 36,890

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, 2005**

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**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. One component unit of the County has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. The other five 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 Economic Development Commission**

The Granville Economic Development Commission (the "EDC") was established April 1, 1985, by Granville County and the City of Oxford pursuant to Chapter 158, Article 2, of the North Carolina General Statutes. The EDC was formed to promote and enhance economic development in the geographic area. The EDC is governed by a nine-member Board of Directors, six of whom are appointed by the Granville County Commissioners with the remaining three positions appointed by the Oxford City Commissioners. The EDC's annual budget is approved by both local governments and once approved is funded 66 2/3% by Granville County and 33 1/3 % by the City of Oxford. The Granville Economic Development Commission, which has a June 30 year-end, is presented as if it were a governmental 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 1748, and by resolution of the Granville County

**GRANVILLE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
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Board of Commissioners, Granville County shall on a quarterly basis, remit the net proceeds of the 3% occupancy tax to the Granville County Tourism Development Authority. The Tourism Development Authority is governed by a five-member Board of Directors, three of whom are appointed by the Granville County Board of Commissioners, one selected by the Oxford 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 five-member Board of Trustees, all of 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, 2005, 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.

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 Economic Development Commission  
310 Williamsboro 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

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

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

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

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

The County reports the following major governmental funds:

**General Fund.** This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Series 2005 School Bond Fund.** This fund is used to account for the proceeds of bonds issued in 2005 for the improvement of schools.

The County reports the following major enterprise funds:

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

**Lyon Station Water and Sewer Fund.** This fund is used to account for the operations of the Lyon Station water and sewer district within the County.

The County reports the following fund type:

**Agency Funds** – Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains two agency funds: the Social Services Fund, which accounts for moneys deposited with the

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Department of Social Services for the benefit of certain individuals and the Granville County Tourism Development Authority Fund.

**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 nonoperating 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. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating 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 those motor vehicles registered under the staggered system and for vehicles newly-registered under the annual system, 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.



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Therefore, taxes for vehicles registered from March 2004 through February 2005 apply to the fiscal year ended June 30, 2005. Uncollected taxes, which were billed during this period, are shown as a receivable on the financial statements. For motor vehicles, which are renewed and billed under the annual system, taxes are due on May 1 of each year and the uncollected taxes are reported as a receivable on the financial statements offset by deferred revenues because the due date and the date upon which the interest begins to accrue passed prior to June 30. The taxes for renewal vehicles registered annually that have already been collected as of year-end are also reflected as deferred revenues at June 30, 2005 because they are intended to finance the County's operations during the 2005 fiscal year.

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 assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

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

The County has implemented GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments and related standards. These new standards provide for significant changes in terminology and presentation and for the inclusion of Management's Discussion and Analysis as required supplementary information.

**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, School Capital Reserve Fund, Revaluation Fund, E-911 Communications Fund, Capital Improvements Fund, Vehicle Replacement 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 Landfill Capital Reserve Fund, Water/Sewer Revolving Fund, the Series 2001 School Bond Fund, CDBG Fund, and the Project Ordinance Activities 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 balances in the Landfill Capital Reserve Fund will be appropriated for transfer to the general fund in accordance with the project ordinance adopted for the reserve fund. 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

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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. Additional budgetary appropriations were made during the 2004-05 fiscal year as necessary. The budgetary amendments affected the following funds: General Fund, E-911 Fund, Library Memorial Fund, Capital Improvements Fund, Vehicle Replacement Fund, Jonesland Park Fund, Elevated Storage Tank Fund, Royal Home Fashions Fund, Series 2005 School Bond Fund, Solid Waste Management, Lyon Station Water & Sewer Fund, and Cozart Water & Sewer Fund.

**E. Assets, Liabilities, and Fund Equity**

**1. Deposits and Investments**

All deposits of the County, Granville Medical Center, Granville County ABC Board, Granville Economic Development Commission, 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 EDC, 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 EDC, the Tourism Development Authority, and the Memorial Gardens may establish time deposit accounts such as NOW and Super NOW accounts, money market accounts, and certificates of deposit.

State Law [G.S. 159-30(c)] authorizes the County, the Hospital, the ABC Board, the EDC, 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).

The County, the Hospital, the ABC Board, the EDC, 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, an SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contracts are reported at amortized cost. Non-participating interest earnings and investment contracts are reported at cost.

**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 EDC, 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.

**GRANVILLE COUNTY, NORTH CAROLINA  
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**3. Restricted Assets**

The County has decided to accumulate resources for the payment of closure and postclosure care costs of the landfill. The unexpended proceeds for water and sewer improvements are restricted for the purpose for which the leases were intended. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected.

**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; however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2003. As allowed by State law, the County has established a schedule of discounts that apply to taxes, which are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

**5. Allowance for Doubtful Accounts**

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

**6. Inventory 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 inventories of the Hospital, the ABC Board, and the Memorial Gardens consist of materials and supplies held for consumption. The cost of the inventories 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.

**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; furniture and equipment, \$5,000; and vehicles, \$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

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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 fixed 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. Long-Term Obligations**

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

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

**9. 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. For the County's government-wide and proprietary funds, the Hospital, and the ABC Board, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The County's liability for accumulated earned vacation and the salary-related payments as of June 30, 2005 is recorded in the government-wide and proprietary fund financial statements on a LIFO basis. Employees typically take leave as it is earned and there is no current portion.

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

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purposes. Since none of the entities have any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County or its component units.

**10. Net Assets/Fund Balances**

**Net Assets**

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

**Fund Balances**

In the governmental fund financial statements, reservations or restrictions of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State law [G.S. 159-13(b)(16)] restricts the appropriation of fund balance to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

**Reserved**

**Reserved by State Statute** – portion of fund balance, in addition to reserves for register of deeds, which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables, which are not offset by deferred revenues.

**Reserved for register of deeds** – portion of fund balance constituting the Automation Enhancement and Preservation Fund, funded by 10% of the fees collected and maintained by the register of deeds' office. The funds are available for appropriation but are legally restricted for computer and imaging technology in the register of deeds office.

**Reserved for capital outlay** – portion of fund balance, which represents the unexpended proceeds of school bonds and public improvement bonds.

**Unreserved**

**Designated for subsequent year's expenditures** – portion of total fund balance available for appropriation which has been designated for the adopted 2005-2006 budget ordinance.

**Undesignated** – portion of total fund balance available for appropriation which is uncommitted at year-end.

**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 assets

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The governmental fund balance sheet includes a reconciliation between fund balance-total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. The net adjustment of \$ (29,382,485) consists of several elements as follows:

Description	Amount
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)	\$ 19,624,450
Less Accumulated Depreciation	<u>(7,611,412)</u>
Net capital assets	<u>12,013,038</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.	383,616
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	60,121
Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not the government-wide	1,776,337
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Bonds, leases, and installment financing	(42,405,481)
Compensated absences	(568,106)
Net pension obligation	(286,750)
Premium on bonds	(143,117)
Accrued interest payable	<u>(212,143)</u>
Total adjustment	<u>\$ (29,382,485)</u>

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

The government fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$ (24,957,783) as follows:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements	

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but capitalized as assets in the statement of activities	\$ 1,261,376
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	(712,867)
Book value of capital assets sold not recorded in the fund statements	-
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 assets	(26,265,000)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statements	1,225,284
Premium payments on debt are expensed on the fund statements but only affect the statement of net assets in the government-wide statements	(143,117)
Expenses reported on fund statements that are capitalized on government-wide statements-bond issuance and refunding costs	54,831
Asset transferred to the City of Oxford	(328,880)
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-issuance costs that is recorded in the statement of activities but not in the fund statements	(881)
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	(78,472)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(22,747)
Net pension obligation is accrued in the government-wide statements but not in the fund statements because they do not use current resources	(43,676)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements	
Increase in accrued interest receivable for year ended 6-30-05	43,910
Reversal of deferred tax revenue recorded at 7-1-04	(1,758,029)
Recording of tax receipts deferred in the fund statements as of 6-30-05	1,776,337
Increase in accrued taxes receivable for year ended 6-30-05	34,148
Total adjustment	<u>\$ (24,957,783)</u>

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

**A. Excess of Expenditures over Appropriations**

During the fiscal year, Granville County had expenditures in excess of budgetary appropriations for the General Fund in the Senior Services-Nutrition/In-Home Aid by \$12,610. The County failed to anticipate these additional expenditures. The County will strive in the future to more accurately estimate appropriate budget amendments.

**B. Deficit Fund Balance or Retained Earnings of Individual Funds**

In Exhibit C-1, the CDBG Fund had a deficit fund balance in the amount of \$69,349. This deficit fund balance resulted from the requirement to incur expenses prior to requesting reimbursement.

**III. Detail Notes on All Funds**

**A. Assets**

**1. Deposits**

All of the County's, the Hospital's, the ABC Board's, the EDC'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 EDC'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 EDC, 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 EDC, 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 EDC, the Tourism Development Authority, or the Memorial Gardens under the Pooling Method, the potential exists for undercollateralization, 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 EDC, the Tourism Development Authority and the Memorial Gardens do not have policies regarding custodial credit risk for deposits.

At June 30, 2005, the County's deposits had a carrying amount of \$5,927,542 and a bank balance of \$5,765,067. Of the bank balance, \$200,000 was covered by federal depository insurance, and \$5,565,067 in interest bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2005, Granville County had \$1,500 cash on hand.



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At June 30, 2005, the EDC's deposits had a carrying amount of \$39,663 and a bank balance of \$49,591. All of the bank balance was covered by federal depository insurance.

At June 30, 2005, the carrying amount of deposits for Granville County ABC Board was \$641,445 and the bank balance was \$647,285. Of the bank balance, \$100,000 was covered by federal depository insurance, and \$537,285 was covered by collateral held by authorized escrow agents in the name of the State Treasurer. The ABC Board had \$1,575 cash on hand.

At September 30, 2004, the Hospital's deposits had a carrying amount of \$7,861,969 and a bank balance of \$8,048,777. Of the bank balance, \$213,726 was covered by federal depository insurance, and \$7,835,051 was covered by collateral held by an authorized agent in the name of the Hospital. The Hospital also had cash on hand at September 30, 2004, in the amount of \$1,200.

At June 30, 2005, the Tourism Development Authority had a carrying amount of \$50,322 and a bank balance of \$50,322. All of the bank balance was covered by federal depository insurance.

At June 30, 2005, the Memorial Gardens had a carrying amount of \$171,168 and a bank balance of \$172,357. All of the bank balance was covered by federal depository insurance.

**2. Investments**

At June 30, 2005, the County's investments consisted of \$45,129,026 in the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAm by Standard and Poor's. The County has no policy on credit risk.

**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>General Fund Tax</u>	<u>Lyon Station Tax</u>	<u>Total Taxes</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 1,062,962	\$ 2,615	\$ 1,065,577	\$ 269,058	\$ 1,334,635
2003	1,076,402	2,551	1,078,953	175,329	1,254,282
2004	1,093,251	2,928	1,096,179	79,473	1,175,652
2005	<u>1,226,214</u>	<u>2,969</u>	<u>1,229,183</u>	<u>-</u>	<u>1,229,183</u>
Totals	<u>\$ 4,458,829</u>	<u>\$ 11,063</u>	<u>\$ 4,469,892</u>	<u>\$ 523,860</u>	<u>\$ 4,993,752</u>

**GRANVILLE COUNTY, NORTH CAROLINA  
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**4. Receivables**

Receivables at the government-wide level at June 30, 2005, were as follows:

	<u>Accounts</u>	<u>Taxes and Related Accrued Interest</u>	<u>Due from other governments</u>	<u>Total</u>
Governmental Activities:				
General Fund	\$ 960,657	\$ 2,116,043	\$ 1,596,588	\$ 4,673,288
Series 2005 School Bond Fund	-	-	-	-
Other Governmental Funds	<u>141,813</u>	<u>-</u>	<u>-</u>	<u>141,813</u>
Total-governmental activities	<u>\$ 1,102,470</u>	<u>\$ 2,116,043</u>	<u>\$ 1,596,588</u>	<u>\$ 4,815,101</u>
Business-type Activities:				
Solid Waste Management	\$ 63,728	\$ -	\$ 17,458	\$ 81,186
Lyon Station Water & Sewer Fund	101,830	5,502	-	107,332
Cozart Water & Sewer Fund	<u>18,389</u>	<u>-</u>	<u>-</u>	<u>18,389</u>
Total-business-type activities	<u>\$ 183,947</u>	<u>\$ 5,502</u>	<u>\$ 17,458</u>	<u>\$ 206,907</u>

The due from other governments that is owed to the County consists only of local option sales tax in the amount of \$1,495,683, sales tax refund receivable of \$100,905, white goods tax of \$4,519 and scrap tire disposal tax of \$12,939.

**5. Capital Assets**

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 605,455	\$ -	\$ -	\$ 605,455
Construction in Progress	<u>5,003,356</u>	<u>871,126</u>	<u>(2,602,234)</u>	<u>3,272,248</u>
Total capital assets not being depreciated	<u>5,608,811</u>	<u>871,126</u>	<u>(2,602,234)</u>	<u>3,877,703</u>
Capital assets being depreciated:				
Buildings	9,451,314	67,319	-	9,518,633
Improvements other than building	-	2,206,035	-	2,206,035
Equipment and Vehicles	<u>3,800,991</u>	<u>390,249</u>	<u>(169,161)</u>	<u>4,022,079</u>
Total capital assets being depreciated	<u>13,252,305</u>	<u>2,663,603</u>	<u>(169,161)</u>	<u>15,746,747</u>
Less accumulated depreciation for:				
Buildings	4,351,757	238,760	-	4,590,517
Improvements other than building	-	55,151	-	55,151
Equipment and Vehicles	<u>2,715,949</u>	<u>418,956</u>	<u>(169,161)</u>	<u>2,965,744</u>
Total accumulated depreciation	<u>7,067,706</u>	<u>712,867</u>	<u>(169,161)</u>	<u>7,611,412</u>
Total capital assets being depreciated, net	<u>6,184,599</u>			<u>8,135,335</u>
Governmental activity capital assets, net	<u>\$ 11,793,410</u>			<u>\$ 12,013,038</u>

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Capital asset activity for the year ended June 30, 2005, was as follows:

Primary Government

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

General government	\$ 135,336
Public safety	440,568
Human services	39,994
Community services	<u>96,969</u>
Total depreciation expense	<u>\$ 712,867</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 298,445	\$ -	\$ -	\$ 298,445
Construction in Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>272,913</u>	<u>25,532</u>	<u>-</u>	<u>298,445</u>
Capital assets being depreciated:				
Buildings	107,737	-	-	107,737
Improvements other than buildings	4,436,425	21,500	-	4,457,925
Machinery and equipment	<u>258,649</u>	<u>42,865</u>	<u>-</u>	<u>301,514</u>
Total capital assets being depreciated	<u>4,802,811</u>	<u>64,365</u>	<u>-</u>	<u>4,867,176</u>
Less accumulated depreciation for:				
Buildings	26,764	2,732	-	29,496
Improvements other than buildings	1,131,458	32,744	-	1,164,202
Machinery and equipment	<u>165,446</u>	<u>122,209</u>	<u>-</u>	<u>287,655</u>
Total accumulated depreciation	<u>1,323,668</u>	<u>\$ 157,685</u>	<u>\$ -</u>	<u>1,481,353</u>
Total capital assets being depreciated, net	<u>3,479,143</u>			<u>3,385,823</u>
Business-type activities capital assets, net	<u>\$ 3,777,588</u>			<u>\$ 3,684,268</u>

A summary of changes in the EDC's capital assets follows:

	<u>Balance July 1, 2004</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2005</u>
Capital assets being depreciated:				
Furniture and equipment	\$ 15,412	\$ -	\$ -	\$ 15,412
Less accumulated depreciation for:				
Furniture and equipment	<u>8,294</u>	<u>2,770</u>	<u>-</u>	<u>11,064</u>
Governmental activity capital assets, net	<u>\$ 7,118</u>	<u>\$ 2,770</u>	<u>\$ -</u>	<u>\$ 4,348</u>

Activity for the ABC Board for the year ended June 30, 2005, was as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Capital assets, not being depreciated:			
Land	\$ 12,877	\$ -	\$ 12,877
Capital assets, being depreciated:			
Land Improvements	4,092	1,046	3,046
Buildings	81,674	59,347	22,327
Furniture/equipment	76,375	71,886	4,489

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Vehicles	23,208	15,472	7,736
Computers & software	<u>35,671</u>	<u>19,005</u>	<u>16,666</u>
Total, capital assets being depreciated	<u>221,020</u>	<u>166,756</u>	<u>54,264</u>

ABC Board capital assets, net	<u>\$ 233,897</u>	<u>\$ 166,756</u>	<u>\$ 67,141</u>
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Activity for Granville Medical Center for the year ended September 30, 2004, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 1,564,612	\$ -	\$ -	\$ 1,564,612
Construction in Progress	<u>364,715</u>	<u>1,419,319</u>	<u>1,753,777</u>	<u>30,257</u>
Total capital assets not being depreciated	<u>1,929,327</u>	<u>1,419,319</u>	<u>1,753,777</u>	<u>1,594,869</u>
Capital assets being depreciated:				
Buildings	14,243,715	858,110	58,389	15,043,436
Land Improvements	703,714	288,849	-	992,563
Equipment and fixtures	<u>13,469,011</u>	<u>1,377,203</u>	<u>1,288,218</u>	<u>13,557,996</u>
Total capital assets being depreciated	<u>28,416,440</u>	<u>2,524,162</u>	<u>1,346,607</u>	<u>29,593,995</u>
Less accumulated depreciation for:				
Buildings	6,600,716	489,211	56,520	7,033,407
Land Improvements	494,792	42,925	-	537,717
Equipment and fixtures	<u>8,833,318</u>	<u>1,287,254</u>	<u>1,285,185</u>	<u>8,835,387</u>
Total accumulated depreciation	<u>15,928,826</u>	<u>\$1,819,390</u>	<u>\$1,341,705</u>	<u>16,406,511</u>
Total capital assets being depreciated, net	<u>12,487,614</u>			<u>13,187,484</u>
Business-type activities capital assets, net	<u>\$ 14,416,941</u>			<u>\$ 14,782,353</u>

**B. Liabilities**

**1. Payables**

Payables at the government-wide level at June 30, 2005, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:					
General Fund	\$ 687,029	\$ 189,312	\$ 212,143	\$ -	\$ 1,088,484
Series 2005 School Bond Fund	423,120	-	-	-	423,120
Other Governmental Funds	<u>2,990</u>	<u>680</u>	<u>-</u>	<u>-</u>	<u>3,670</u>
Total-governmental activities	<u>\$ 1,113,139</u>	<u>\$ 189,992</u>	<u>\$ 212,143</u>	<u>\$ -</u>	<u>\$ 1,515,274</u>
Business-type Activities:					
Solid Waste Management	\$ 91,545	\$ 2,687	\$ -	\$ -	\$ 94,232
Lyon Station Water & Sewer Fund	8,376	1,907	2,463	-	12,746
Cozart Water & Sewer Fund	<u>90</u>	<u>271</u>	<u>-</u>	<u>-</u>	<u>361</u>
Total-business-type activities	<u>\$ 100,011</u>	<u>\$ 4,865</u>	<u>\$ 2,463</u>	<u>\$ -</u>	<u>\$ 107,339</u>

**GRANVILLE COUNTY, NORTH CAROLINA  
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**2. Pension Plan Obligations**

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

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

*Funding Policy* – Plan members are required to contribute six percent of their annual covered salary. The County, the EDC, 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 4.88% and 4.78%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 5.04% of annual covered payroll. For the EDC, the current rate for employees not engaged in law enforcement is 4.8% of annual covered payroll. The contribution requirements of members and of Granville County, the EDC 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, 2003, 2004 and 2005 were \$362,079, \$387,153, and \$408,033, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2003, 2004 and 2005 were \$9,672, \$9,552, and \$8,861, respectively. The EDC's contributions to LGERS for the years ended June 30, 2003, 2004 and 2005 were \$4,982, \$4,049, and \$5,384, respectively. The contributions made by the County, the EDC 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.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2004, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-

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Active plan members	<u>39</u>
Total	<u>39</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, 2004 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases of 5.9-9.8% per year. Both (a) and (b) included an inflation component of 3.75%. 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, 2004, was 26 years.

<u>Fiscal Year Ended</u>	<u>Three-Year Trend Information</u>		<u>Net Pension Obligation</u>
	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	
6/30/03	\$ 41,811	0.00%	196,941
6/30/04	46,133	0.00%	243,074
6/30/05	\$ 46,367	5.80%	\$ 286,750

Annual Pension Cost and Net Pension Obligation for Fiscal Year Ending 6/30/05

Employer annual required contribution	\$ 42,380
Interest on net pension obligation	17,623
Adjustment to annual required contribution	<u>(13,636)</u>
Annual pension cost	46,367
Employer contributions made for fiscal year ending 6/30/03	<u>2,691</u>
Increase (decrease) in net pension obligation	43,676
Net pension obligation beginning of fiscal year	<u>243,074</u>
Net pension obligation end of fiscal year	<u>\$ 286,750</u>

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

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

*Funding Policy* – Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2005, were \$89,939, which consisted of \$68,564 from the County and \$14,375 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.

*Funding Policy* – On a monthly basis, the County remits to the Department of State Treasurer an amount equal to four and one-half percent (4.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2005, the County's required and actual contributions were \$14,504.

**e. Other Postemployment Benefits – Granville County**

According to a County resolution, the County provides health care benefits to retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least twenty-five years of creditable service with the County. The County pays the full cost of coverage for these benefits. Currently 29 retirees are eligible for postretirement health benefits. For the fiscal year ended June 30, 2005, the County made payments for postretirement health benefit premiums of \$108,454. The County obtains health care coverage through private insurers.

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death,

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but the benefit may not exceed \$20,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. For the fiscal year ended June 30, 2005, the County made contributions to the State for death benefits of \$7,516. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .08% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount.

**f. 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 4.80% 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, 2004, 2003, and 2002 were \$484,664, \$468,750, and \$419,756, 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. The \$1,276,785 reported as landfill closure and postclosure care liability at June 30, 2005, represents the latest estimate for the 24 years of postclosure maintenance and monitoring required for the Oxford and Butner landfills.

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 Revenues/Unearned Revenues**

The balance in deferred or unearned revenue on the fund statements and unearned revenues on the government-wide statements at year-end is composed of the following elements:

	<u>Unearned or Deferred Revenue</u>	<u>Full Accrual Unearned Revenue</u>
Prepaid taxes not yet earned (General)	\$ 249,025	\$ 249,025
Grant revenue received but not spent (General)	6,000	6,000
Taxes receivable (net) (General)	<u>1,776,337</u>	<u>-</u>
Total	<u>2,031,362</u>	<u>255,025</u>
Prepaid taxes not yet earned (Enterprise)	<u>5,767</u>	<u>5,767</u>
Total	<u>\$ 2,037,129</u>	<u>\$ 260,792</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 three 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, workers' compensation coverage up to the statutory limits, and health and dental insurance for County employees. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Two of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 up to a \$2 million limit for liability coverage, \$600,000 of aggregate annual losses in excess of \$50,000 per occurrence for property, auto physical damage, and crime coverage, and single occurrence losses of \$350,000 for workers' compensation. For health and dental insurance, the county is reinsured through the Pool for individual losses in excess of \$50,000 and aggregate annual losses in excess of 115% of expected claims. The pool is reinsured through a commercial carrier for individual losses in excess of \$100,000.

The County 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.

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The Economic Development Commission 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 EDC carries commercial insurance for these risks of loss. The EDC obtains property coverage equal to replacement cost value of owned property subject to a limit of \$100,000 for any one occurrence and general liability coverage of \$1 million per occurrence.

**6. Claims and Judgments**

At June 30, 2005, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

**7. Long-Term Obligations**

**a. Capital Leases**

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

For Granville County, there are two agreements. The first agreement was executed in May 1996, for the lease of pipe valves and fittings for the water and sewer system and requires 30 semi-annual payments of \$57,808. The second agreement was executed in May 1996, for the lease of pipes, valves and fittings for the water and sewer system and requires 30 semi-annual payments of \$81,894. In all agreements, title passes to the County at the end of the lease term. Both of the agreements above were refinanced as of May 31, 2003. The first agreement now requires 17 semi-annual payments of \$51,718. The second agreement now requires 17 semi-annual payments of \$73,267.

The following is a schedule of the future minimum lease payments under the capital leases and the present value of the net minimum lease payments at June 30, 2005:

Year Ending <u>June 30</u>	Governmental <u>Activities</u>	Business- type <u>Activities</u>
2006	\$ 103,436	\$ 146,534
2007	103,436	146,535
2008	103,436	146,534
2009	103,436	146,535
2010	103,436	146,534
2011	<u>103,436</u>	<u>146,535</u>
Total Minimum Lease Payments	620,616	879,207
Less amount representing interest	<u>70,135</u>	<u>99,359</u>
Present Value of Net Minimum Lease Payments	<u>\$ 550,481</u>	<u>\$ 779,848</u>

For the Hospital, there is one agreement. This agreement was entered into for the purchase of equipment. The interest rate on the lease is 4.2%. The following is a schedule of the future

**GRANVILLE COUNTY, NORTH CAROLINA  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

minimum lease payments under this capital lease and the present value of net minimum lease payments at September 30, 2004:

Year Ending <u>September 30</u>	
2005	\$ 77,653
2006	<u>71,182</u>
Total Minimum Lease Payments	148,835
Less amount representing interest	<u>6,016</u>
Present Value of Net Minimum Lease Payments	142,819
Less current portion of capital lease obligations	<u>73,095</u>
Capital lease obligations, excluding current portion	<u>\$ 69,724</u>

**b. Operating Lease**

The Hospital has entered into an operating lease agreement in order to lease space in a medical office building, which will be constructed near the Hospital. Under the agreement, the Hospital is obligated to pay 180 monthly payments of \$12,110. Future minimum rentals for the next five years under this lease as of September 30, 2004 are as follows:

2005	\$ 145,000
2006	145,000
2007	145,000
2008	145,000
2009	<u>145,000</u>
Total	<u>\$ 725,000</u>

**c. General Obligation Indebtedness**

All general obligation bonds serviced by the County's general fund are collateralized by the full faith, credit, and taxing power of the County. Principal and interest requirements are appropriated when due.

The County's general obligation bonds payable at June 30, 2005, are comprised of the following individual issues:

**General Obligation Bonds**

\$2,200,000 1992 Refunding Series bonds due on February 1 and August 1 in installments of \$140,000 - \$190,000 through February 1, 2006; interest at 5.5 – 5.7 percent.	\$ 140,000
\$9,800,000 1999 School Series bonds due on June 1 and December 1 in installments of \$300,000 - \$600,000 through June 1, 2017; interest at 4.4 – 4.6 percent	7,100,000
\$8,900,000 2001 School Series bonds due on April 1 and October 1 in installments of \$350,000-\$650,000 through April 1, 2020; interest at 4.25 – 4.5 percent	7,850,000

**GRANVILLE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
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\$650,000 Parks and Recreation Facility, Series 2001 bonds due on April 1 and October 1 in installments of \$50,000 through October 1, 2014; interest at 4.25-4.5 percent	500,000
\$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	25,500,000
\$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	<u>765,000</u>
 Total	 <u>\$ 41,855,000</u>

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2006	\$ 1,965,000	\$ 1,759,380
2007	1,975,000	1,682,650
2008	1,975,000	1,607,525
2009	1,975,000	1,532,400
2010	1,975,000	1,457,275
2011-2015	11,000,000	5,864,450
2016-2020	11,000,000	3,414,850
2021-2025	<u>9,990,000</u>	<u>1,155,388</u>
	<u>\$ 41,855,000</u>	<u>\$18,473,918</u>

At June 30, 2005, Granville County had a legal debt margin of \$191,607,380.

The \$2,200,000 bonds above are carried on the books of the County. The Hospital pays for half of the expense of these bonds. This is shown as a restricted and intergovernmental revenue on the Exhibit B-1. The Hospital also reports debt involving these bonds on their financial statements. Therefore, the amounts for half of this debt are doubled on the statement of net assets. As of September 30, 2004, the Hospital report reflects a total of \$142,501 in debt that should be disregarded due to its inclusion as part of the County debt as of June 30, 2005.

The Hospital's notes payable at September 30, 2004, are comprised of the following:

3.77 percent note, payable monthly, principal and interest of \$38,095 through September 2011; guaranteed by Granville County	\$ 2,808,696
4.09 percent note, payable monthly, principal of \$166,667 through January 2018; collateralized by real estate.	2,222,223
Unsecured, non-interest bearing note, payable monthly through 2004.	-
Non-interest bearing installment purchase, payments monthly for \$4,133 through December 2004; collateralized by equipment.	<u>12,397</u>
Total	<u>\$ 5,043,316</u>

**GRANVILLE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Year Ending June 30	Governmental Activities	
	Principal	Interest
2005	\$ 536,450	\$ 187,519
2006	537,758	166,994
2007	551,994	145,942
2008	566,774	124,346
2009	582,122	235,187
2010-2014	1,712,665	102,181
2015-2019	555,553	38,817
	<u>\$ 5,043,316</u>	<u>\$ 1,000,986</u>

**d. Long-Term Obligation Activity**

The following is a summary of changes in the County's long-term obligations for the year ended June 30, 2005:

	Balance July 1, 2004	Increases	Decreases	Balance June 30, 2005	Current Portion of Balance
Governmental activities:					
General obligation bonds	\$ 16,735,000	\$26,265,000	\$ 1,145,000	\$ 41,855,000	\$ 1,965,000
Capitalized leases	630,765	-	80,284	550,481	83,356
Compensated absences	545,359	568,106	545,359	568,106	- *
Net pension obligation	243,074	46,367	2,691	286,750	-
Total governmental activities	<u>\$ 18,154,198</u>	<u>\$ 26,879,473</u>	<u>\$ 1,773,334</u>	<u>\$ 43,260,337</u>	<u>\$ 2,048,356</u>
Business-type activities:					
Capitalized leases	\$ 893,584	\$ -	\$ 113,736	\$ 779,848	\$ 146,535
Accrued landfill closure and postclosure costs	1,314,457	-	37,672	1,276,785	-
Compensated absences	9,476	14,377	9,476	14,377	-
Total business-type activities	<u>\$ 2,217,517</u>	<u>\$ 14,377</u>	<u>\$ 160,884</u>	<u>\$ 2,071,010</u>	<u>\$ 146,535</u>

\* See page 54 of the footnotes to the financial statements.

Compensated absences and the net pension obligation for governmental activities are generally liquidated by the General Fund. Compensated absences for business-type activities is generally liquidated by the Solid Waste Management Fund, Lyon Station Water and Sewer Fund and Cozart Water and Sewer Fund.

**GRANVILLE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**C. Interfund Balances and Activity**

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Reason</u>
<b>Transfers From/To Other Funds:</b>			
<u>General Fund</u>			
General Fund	School Capital Reserve Fund	\$ 2,961,755	Restricted portions of Article 40 & 42 sales tax proceeds
	Library Memorial Fund	2,914	Net collection of memorial donations made throughout the year
	Revaluation Reserve Fund	58,000	Required annual contributions to set aside funds for 2010 revaluation
	Capital Improvements Fund	212,500	Contribution to fund ongoing capital projects
	Vehicle Replacement Fund	360,763	Annual contribution for ongoing fleet replacement
	Landfill Capital Reserve Fund	121,134	Repayment of economic incentive funding borrowed in the past
		<u>\$ 3,717,066</u>	
<u>Special Revenue Fund</u>			
Landfill Capital Reserve Fund	General Fund	\$ 103,720	Funding borrowed to fund economic incentives completed during 04-05 to be repaid over 5 year period.
		<u>\$ 103,720</u>	
<u>Capital Projects Fund</u>			
Capital Improvements Fund	Project Ordinance Activities Fund	\$ 4,670	Funds transferred to close out project
Project Ordinance Activities Fund	Capital Improvements Fund	13,463	Funds transferred from close-out of projects
		<u>\$ 18,133</u>	
<b>Due to/from other funds:</b>			
<u>Receivable Fund</u>		<u>Payable Fund</u>	
School Capital Reserve Fund	General Fund	\$ 179,081	June sales tax receipts received after August 15, 2005 designated for schools
Granville County Tourism Development Authority	General Fund	9,000	Net occupancy tax collections not remitted as of 6-30-05
		<u>\$ 188,081</u>	

**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

**GRANVILLE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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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 \$391,032 and \$45,086 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2005. There was also a contribution made by the County for the library in the amount of \$22,652. 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, 2005. 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.

**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, 2005. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$16,122 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, 2005. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$23,121 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.

**GRANVILLE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**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 \$16,795 to the Council during the fiscal year ended June 30, 2005. 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.

	<u>Federal</u>	<u>State</u>
Temporary Assistance to Needy Families	\$ 864,077	\$ -
Medicaid	28,356,456	13,520,574
Food Stamp Program	4,240,232	-
Energy Assistance	66,951	-
CWS Adoption Assistance	-	80,017
Adoption Assistance	31,656	9,713
Adult Assistance	-	422,098
Foster Care	-	37,872
Title IV-E, Foster Care	<u>81,805</u>	<u>9,884</u>
Totals	<u>\$ 33,641,177</u>	<u>\$ 14,080,158</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.



## **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

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

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

**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)
12/31/1999	\$ -	\$ 130,262	\$ 130,262	0.00%	\$ 949,926	13.71%
12/31/2000	-	254,632	254,632	0.00%	1,048,840	24.28%
12/31/2001	-	303,447	303,447	0.00%	1,132,971	26.78%
12/31/2002	-	357,484	357,484	0.00%	1,210,245	29.54%
12/31/2003	-	344,086	344,086	0.00%	1,245,512	27.63%
12/31/2004	\$ -	\$ 353,344	\$ 353,344	0.00%	\$ 1,334,183	26.48%

**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
2001	\$ 20,079	5.05%
2002	35,182	15.03%
2003	41,811	0.00%
2004	46,133	0.00%
2005	\$ 46,367	5.80%

**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	12/31/2004
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	26 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	5.9 - 9.8%
Cost-of-living adjustments	N/A

\*Includes inflation at 3.75% percent.

**COMBINING AND INDIVIDUAL FUND**  
**STATEMENTS AND SCHEDULES**

## MAJOR GOVERNMENTAL FUNDS

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- **General Fund:** This fund is used to account for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.
- **Series 2005 School Bond Fund:** This fund is used to account for the proceeds of bonds issued in 2005 for the improvement of schools.

**GRANVILLE COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2005**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005			2004
	Budget	Actual	Variance Positive (Negative)	Actual
<b><u>REVENUES</u></b>				
Ad Valorem Taxes:				
Current year	\$ 17,746,925	\$ 18,053,205	\$ 306,280	\$ 17,196,980
Prior year	750,000	884,076	134,076	848,799
Penalties and interest	222,000	228,473	6,473	233,401
Total	18,718,925	19,165,754	446,829	18,279,180
Sales and Other Taxes:				
Article 39 one percent		2,846,984		2,477,397
Article 40 one-half of one percent		2,186,027		2,036,365
Article 42 one-half of one percent		2,176,579		2,024,990
Article 44 one-half of one percent		1,589,271		1,445,772
Article 44 hold harmless payment		352,053		478,778
State excise tax - Register of Deeds		202,720		158,531
Beer and wine		180,079		171,892
Taxes on federal exempt land		12,538		12,268
Occupancy taxes		96,797		85,508
Total	8,422,569	9,643,048	1,220,479	8,891,501
Licenses, Fees and Other Revenues:				
Privilege licenses		7,039		7,495
Taxes on Oxford Housing Authority		-		13,294
Gasoline tax refund		11		149
Planning		90,561		85,940
Inspection		480,049		440,593
Sheriff wage refund		38,183		38,023
Boarding state and federal prisoners		38,079		128,338
Ambulance fees		1,107,491		1,074,219
Library fees		42,318		37,680
Rents		18,754		15,716
Sheriff's fees		63,142		31,464
Election fees		522		18,240
Franchise fees		61,078		54,244
Animal control		17,472		17,390
Collection fees		53,692		52,702
Senior Center fitness fees		4,118		5,225
Administrative fees		60,000		60,000
Register of Deeds		315,196		352,903
Federal and State grants		23,636		37,243
Miscellaneous		129,036		75,943
Sale of library books		1,564		-
Sale of fixed assets		10,872		28,190
Total	2,312,034	2,562,813	250,779	2,574,991

**GRANVILLE COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2005**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005		2004
	Budget	Actual	Variance Positive (Negative) Actual
Restricted and Intergovernmental Revenues:			
Bond contribution from hospital		80,623	87,398
Court facility fees		110,287	113,247
CSC officer's fees		29,215	29,268
Register of Deeds		7,120	6,841
Federal and State grants		5,521,752	5,181,383
Excise recreation - Heritage		202,720	158,722
Jail fees		17,367	9,527
Special Assessments		7,462	9,594
Miscellaneous		20,763	54,932
Total	5,678,075	5,997,309	319,234
Investment earnings	235,000	311,565	76,565
Micellaneous Revenues			
Granville County ABC Board	112,500	134,480	21,980
Granville County Tourism Development Authority	75,000	75,000	-
Total	187,500	209,480	21,980
Total Revenues	35,554,103	37,889,969	2,335,866
<b>EXPENDITURES</b>			
<b>General Government</b>			
Board of Commissioners			
Salaries and employee benefits		96,033	93,747
Other operating expenditures		53,166	56,949
Capital outlay		-	1,583
Total	164,515	149,199	15,316
Administration			
Salaries and employee benefits		195,554	213,786
Other operating expenditures		12,521	9,217
Capital outlay		2,306	1,583
Total	222,039	210,381	11,658
Board of Elections			
Salaries and employee benefits		83,849	77,611
Other operating expenditures		116,944	65,162
Capital outlay		10,536	889
Total	226,915	211,329	15,586

**GRANVILLE COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2005**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005			2004
	Budget	Actual	Variance Positive (Negative)	Actual
Finance Department				
Salaries and employee benefits		252,435		219,717
Other operating expenditures		84,958		93,496
Capital outlay		2,537		2,926
Total	358,321	339,930	18,391	316,139
Tax Administration				
Salaries and employee benefits		357,807		340,059
Other operating expenditures		115,805		107,329
Capital outlay		3,841		2,392
Total	502,567	477,453	25,114	449,780
Register of Deeds				
Salaries and employee benefits		197,128		192,731
Other operating expenditures		60,097		56,422
Capital outlay		-		5,232
Total	263,971	257,225	6,746	254,385
Construction Administration				
Salaries and employee benefits		-		3,655
Other operating expenditures		-		10
Capital outlay		-		-
Total	-	-	-	3,665
General Services/Court Facilities				
Salaries and employee benefits		173,592		164,196
Other operating expenditures		280,110		285,574
Capital outlay		14,980		1,093
Total	487,781	468,682	19,099	450,863
Total General Government	2,226,109	2,114,199	111,910	1,995,359
<u>Public Safety</u>				
Other Emergency Services	31,362	27,854	3,508	14,071
Sheriff's Department/Detention Center				
Salaries and employee benefits		2,992,337		2,799,413
Other operating expenditures		815,724		877,042
Capital outlay		60,410		56,817
Total	4,036,264	3,868,471	167,793	3,733,272
Fire Service	448,365	448,365	-	433,321



**GRANVILLE COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2005**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005			2004
	Budget	Actual	Variance Positive (Negative)	Actual
Forestry				
Salaries and employee benefits		17,371		16,684
Other operating expenditures		52,057		47,714
Capital outlay		-		-
Total	74,760	69,428	5,332	64,398
Emergency Management				
Salaries and employee benefits		75,561		72,638
Other operating expenditures		13,909		24,242
Capital outlay		1,745		2,128
Total	109,268	91,215	18,053	99,008
Emergency Services				
Salaries and employee benefits		2,281,879		2,148,227
Other operating expenditures		366,036		345,855
Capital outlay		3,559		7,366
Total	2,762,734	2,651,474	111,260	2,501,448
Total Public Safety	7,462,753	7,156,807	305,946	6,845,518
<u>Community Services</u>				
Cooperative Extension Service				
Salaries and employee benefits		173,478		194,791
Other operating expenditures		50,406		53,613
Capital outlay		4,891		2,348
Total	264,242	228,775	35,467	250,752
County Library System				
Salaries and employee benefits		371,782		358,021
Other operating expenditures		227,598		230,070
Capital outlay		14,810		9,865
Total	660,882	614,190	46,692	597,956
Recreation & Community Service				
Other operating expenditures		172,500		149,490
Capital outlay		-		-
Total	246,045	172,500	73,545	149,490

**GRANVILLE COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2005**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005		2004
	Budget	Actual	Variance Positive (Negative) Actual
Development Services			
Planning			
Salaries and employee benefits		122,881	121,329
Other operating expenditures		25,775	19,929
Capital outlay		756	3,104
Inspection Department			
Salaries and employee benefits		346,792	328,026
Other operating expenditures		33,138	24,111
Capital outlay		2,631	1,851
Total	544,241	531,973	12,268
Soil Conservation Program			
Salaries and employee benefits		114,425	97,378
Other operating expenditures		3,235	3,710
Total	117,800	117,660	140
Jonesland Park Operations			
Salaries and employee benefits		59,147	30,229
Other operating expenditures		52,931	38,026
Capital outlay		3,801	18,361
Total	154,658	115,879	38,779
Economic Development	139,957	139,957	-
Total Community Services	2,127,825	1,920,934	206,891
<u>Human Services</u>			
Granville Medical Center		172,678	162,281
Granville-Vance District Health Dept.		275,709	275,687
Area Mental Health		125,128	121,505
Total	623,906	573,515	50,391
Social Services			
Salaries and employee benefits		2,579,611	2,440,066
Other operating expenditures		5,983,793	5,415,661
Capital outlay		18,235	45,007
Total	8,696,208	8,581,639	114,569

**GRANVILLE COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2005**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005			2004
	Budget	Actual	Variance Positive (Negative)	Actual
Veterans Services				
Salaries and employee benefits		8,698		8,743
Other operating expenditures		363		583
Total	9,790	9,061	729	9,326
Senior Services				
Salaries and employee benefits		217,840		214,779
Other operating expenditures		118,809		107,598
Capital outlay		295		3,143
Total	347,357	336,944	10,413	325,520
Senior Services-Nutrition/In-Home Aid				
Salaries and employee benefits		207,778		188,203
Other operating expenditures		262,180		238,536
Capital Outlay		-		-
Total	457,348	469,958	(12,610)	426,739
Total Human Services	10,134,609	9,971,117	163,492	9,221,792
<u>Education</u>				
Granville County School System				
Current Expense	8,747,275	8,747,275	-	8,354,551
Capital	251,698	251,698	-	226,278
Total	8,998,973	8,998,973	-	8,580,829
Vance-Granville Community College				
Operating expenditures		391,032		347,039
Library		22,652		21,578
Capital Outlay		45,086		59,418
Total	458,770	458,770	-	428,035
Total Education	9,457,743	9,457,743	-	9,008,864
<u>Non-Departmental &amp; Special Areas</u>				
Special Projects	141,064	131,707	9,357	653,336
Pass Thru Funds	488,713	432,529	56,184	378,688
Non-Departmental	1,103,981	938,744	165,237	1,902,719
Granville County Tourism Development Authority	93,575	96,797	(3,222)	86,360
Total Non-Departmental & Special Areas	1,827,333	1,599,777	230,778	3,021,103

**GRANVILLE COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2005**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005		2004	
	Budget	Actual	Variance Positive (Negative)	Actual
<u>Debt Service</u>				
South Granville Industrial Park				
Principal		80,284		77,325
Interest		23,152		26,111
Total	103,436	103,436	-	103,436
Hospital Bond				
Principal		145,000		150,000
Interest		16,245		24,795
Total	161,245	161,245	-	174,795
2001 Park Facilities Bond				
Principal		50,000		50,000
Interest		23,775		25,900
Total	73,775	73,775	-	75,900
Total Debt Service	338,456	338,456	-	354,131
Total Expenditures	33,574,828	32,559,033	1,019,017	32,258,675
Revenues Over (Under) Expenditures	1,979,275	5,330,936	3,351,661	3,497,120
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers-in:				
Landfill Capital Reserve Fund	242,071	103,720	(138,351)	1,022,733
Transfers-out:				
School Capital Reserve Fund	(2,965,958)	(2,961,755)	4,203	(1,825,904)
Other funds:				
Library Memorial Fund		(2,914)		(4,188)
LLEBG Fund		-		(500)
Landfill Capital Reserve Fund		(121,134)		(96,935)
Revaluation Reserve Fund		(58,000)		(57,000)
Capital Improvements Fund		(212,500)		(159,851)
Vehicle Replacement Fund		(360,763)		(375,000)
Project Ordinance Activities Fund		-		(135,480)
Total Other Funds	(755,897)	(755,311)	586	(828,954)
Total transfers-out	(3,721,855)	(3,717,066)	4,789	(2,654,858)

**GRANVILLE COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2005**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005			2004
	Budget	Actual	Variance Positive (Negative)	Actual
Contingency	(10,000)	-	10,000	-
Fund balance appropriated	1,510,509	-	(1,510,509)	-
Total Other Financial Sources (Uses)	(1,979,275)	(3,613,346)	(1,634,071)	(1,632,125)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	1,717,590	\$ 1,717,590	1,864,995
Fund Balance-July 1		14,155,533		12,290,538
Fund Balance-June 30		\$ 15,873,123		\$ 14,155,533

**GRANVILLE COUNTY, NORTH CAROLINA  
SERIES 2005 SCHOOL BOND FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2005**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Favorable (Unfavorable)
<b><u>REVENUES</u></b>					
Investment earnings	\$ 330,000	\$ -	\$ 73,325	\$ 73,325	\$ (256,675)
Other revenues	-	-	-	-	-
Total Revenues	330,000	-	73,325	73,325	(256,675)
<b><u>EXPENDITURES</u></b>					
Issuance Cost	70,000	-	54,831	54,831	15,169
Construction Cost					
Creedmoor		-	432,138	432,138	
Stovall-Shaw		-	155,406	155,406	
Butner-Stem Elementary		-	122,520	122,520	
Hawley Middle		-	100,400	100,400	
Mount Energy		-	518,451	518,451	
Wilton		-	279,037	279,037	
Central Area High School		-	161,086	161,086	
South Granville		-	31,000	31,000	
Total	26,760,000	-	1,800,038	1,800,038	24,959,962
Total Expenditures	26,830,000	-	1,854,869	1,854,869	24,975,131
Revenues Over (Under) Expenditures	(26,500,000)	-	(1,781,544)	(1,781,544)	24,718,456
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Debt issued	25,500,000	-	25,500,000	25,500,000	-
Premium on debt	-	-	138,949	138,949	138,949
Transfers-in					
School Capital Reserve Fund	1,000,000	-	-	-	
Total Other Financing Sources (Uses)	26,500,000	-	25,638,949	25,638,949	(861,051)
Excess of Revenues and Other Sources Over (Under) Expenditures And Other Uses	\$ -	\$ -	23,857,405	\$ 23,857,405	\$ 23,857,405
Fund Balance - July 1			-		
Fund Balance - June 30			\$ 23,857,405		

# NONMAJOR GOVERNMENTAL FUNDS

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## Special Revenue Funds

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

- **Revaluation Fund:** This fund is used to account for funds set aside each year to pay for the revaluation for tax purposes of real property every eight years.
- **Landfill Capital Reserve Fund:** This fund is used to hold moneys set aside for future site development.
- **School Capital Reserve Fund:** This special revenue fund is used to account for the unused portion of the funds received from the one-half of one percent sales tax authorized by Article 42, Subchapter VIII of Chapter 105 and the interest earned on these moneys.
- **E-911 Communications 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.
- **Series 2001 School Bond Fund:** This fund is used to account for proceeds of bonds issued in 2001 for the improvement of schools.
- **Series 2005 Public Improvement Bond Fund:** This fund is used to account for proceeds of bonds issued in 2005 for the improvement of schools and parks and recreational facilities.

## Capital Project Funds

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

- **Capital Improvement Fund:** This capital projects fund is used to account for funds set aside for the eventual construction of new or replacement facilities.
- **Vehicle Replacement Fund:** This fund is used to account for funds set aside to ensure that sufficient funds are available to replace patrol cars, ambulances, animal control officer's vehicles, and emergency management vehicles in a systematic manner.
- **Ordinance Activities Fund:** This fund is used to account for individual projects budgeted under Capital Project ordinances. Current projects included Elevated Storage Tank, Wilton Water, Jonesland Park, Wilton Sewer, Stovall Sewer, and Royal Home Project Fund.

**GRANVILLE COUNTY, NORTH CAROLINA**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2005**

	Special Revenue Funds								Capital Projects Funds			
	Revaluation Fund	Landfill Capital Reserve Fund	School Capital Reserve Fund	E911 Communications Fund	CDBG Fund	R. H. Thornton Library Memorial Fund	Series 2001 School Bond Fund	Series 2005 Public Improvement Bond Fund	Capital Improvements Fund	Vehicle Replacement Fund	Project Ordinance Activities Fund	June 30, 2005
<u>ASSETS</u>												
Current Assets:												
Cash and cash equivalents	\$ 210,517	\$ 1,335,432	\$ 2,819,276	\$ 768,328	\$ -	\$ 164,129	\$ 250	\$ -	\$ 1,768,410	\$ 50,534	\$ 171,932	\$ 7,288,808
Restricted cash	-	-	-	-	-	-	-	771,360	-	-	-	771,360
Accounts receivable	-	-	-	32,746	-	-	-	-	-	-	109,067	141,813
Due from other funds	-	-	179,081	-	-	-	-	-	-	-	-	179,081
Total Assets	<u>\$ 210,517</u>	<u>\$ 1,335,432</u>	<u>\$ 2,998,357</u>	<u>\$ 801,074</u>	<u>\$ -</u>	<u>\$ 164,129</u>	<u>\$ 250</u>	<u>\$ 771,360</u>	<u>\$ 1,768,410</u>	<u>\$ 50,534</u>	<u>\$ 280,999</u>	<u>\$ 8,381,062</u>
<u>LIABILITIES AND FUND EQUITY</u>												
Liabilities:												
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 3,467	\$ -	\$ -	\$ -	\$ -	\$ 203		\$ -	\$ 3,670
Central depository overdraft	-	-	-	-	69,349	-	-	-	-	-	-	69,349
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,467</u>	<u>69,349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>203</u>	<u>-</u>	<u>-</u>	<u>73,019</u>
Fund Equity:												
Fund Balance												
Reserved by State Statute	-	-	179,081	32,746	-	-	-	-	-	-	109,067	320,894
Reserved for capital outlay	-	-	-	-	-	-	-	771,360	-	-	-	771,360
Unreserved (available for appropriation):												
Designated for subsequent year's expenditures	-	-	887,165	24,285	-	-	-	-	190,700	-	-	1,102,150
Unreserved	210,517	1,335,432	1,932,111	740,576	(69,349)	164,129	250	-	1,577,507	50,534	171,932	6,113,639
Total fund equity	<u>210,517</u>	<u>1,335,432</u>	<u>2,998,357</u>	<u>797,607</u>	<u>(69,349)</u>	<u>164,129</u>	<u>250</u>	<u>771,360</u>	<u>1,768,207</u>	<u>50,534</u>	<u>280,999</u>	<u>8,308,043</u>
Total Liabilities and Fund Equity	<u>\$ 210,517</u>	<u>\$ 1,335,432</u>	<u>\$ 2,998,357</u>	<u>\$ 801,074</u>	<u>\$ -</u>	<u>\$ 164,129</u>	<u>\$ 250</u>	<u>\$ 771,360</u>	<u>\$ 1,768,410</u>	<u>\$ 50,534</u>	<u>\$ 280,999</u>	<u>\$ 8,381,062</u>



**GRANVILLE COUNTY, NORTH CAROLINA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2005**

	Special Revenue Funds								Capital Projects Funds			
	Revaluation Fund	Landfill Capital Reserve Fund	School Capital Reserve Fund	E911 Communications Fund	CDBG Fund	R. H. Thornton Library Memorial Fund	Series 2001 School Bond Fund	Series 2005 Public Improvement Bond Fund	Capital Improvements Fund	Vehicle Replacement Fund	Project Ordinance Activities Fund	June 30, 2005
<b>REVENUES</b>												
Restricted intergovernmental revenues	\$ -	\$ -	\$ 200,000	\$ 185,395	\$ 126,004	\$ -	\$ -	\$ -	\$ 11,404	\$ -	\$ 637,125	\$ 1,160,217
Unrestricted intergovernmental revenues	-	-	-	-	-	-	-	-	-	-	-	-
Sales and other taxes	-	-	-	225,572	-	-	-	-	-	-	-	225,596
Licenses, fees, and other revenues	-	-	-	14,750	-	-	-	-	-	-	-	14,851
Investment earnings	3,183	26,858	53,023	12,344	-	3,244	278	2,192	44,255	-	-	146,209
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	3,183	26,858	253,023	438,061	126,004	3,244	278	2,192	55,659	-	637,125	1,546,873
<b>EXPENDITURES</b>												
General government	-	-	-	-	189,670	-	-	-	-	-	-	189,670
Education	-	-	601,059	-	-	-	281,598	-	-	-	-	882,657
Public safety	-	-	-	245,756	-	-	-	-	-	-	-	245,894
Economic development	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	662,641	419,718	212,841	1,295,200
Debt service												
Principal	-	-	950,000	-	-	-	-	-	-	-	-	950,000
Interest	-	-	707,600	-	-	-	-	-	-	-	-	707,600
Bond issuance costs	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	-	-	2,258,659	245,756	189,670	-	281,598	-	662,641	419,718	212,841	4,271,021
Revenues Over (under) Expenditures	3,183	26,858	(2,005,636)	192,305	(63,666)	3,244	(281,320)	2,192	(606,982)	(419,718)	424,284	(2,724,148)
<b>OTHER FINANCING SOURCES (USES)</b>												
Debt proceeds	-	-	-	-	-	-	-	765,000	-	-	-	765,000
Premium on debt	-	-	-	-	-	-	-	4,168	-	-	-	4,168
Transfers-in (out)												
Capital Projects Funds	-	-	-	-	-	-	-	-	13,463	-	(8,793)	4,670
Capital Projects Funds	-	-	-	-	-	-	-	-	(4,670)	-	-	(4,670)
General Fund	58,000	121,134	2,961,755	-	-	2,914	-	-	212,500	360,763	-	3,717,066
General Fund	-	(103,720)	-	-	-	-	-	-	-	-	-	(103,720)
Total Other Financing Sources (Uses)	58,000	17,414	2,961,755	-	-	2,914	-	769,168	221,293	360,763	(8,793)	4,382,514
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	61,183	44,272	956,119	192,305	(63,666)	6,158	(281,320)	771,360	(385,689)	(58,955)	415,491	1,657,258
Fund Balance - July 1	149,334	1,291,160	2,042,238	605,302	(5,683)	157,971	281,570	-	2,153,896	109,489	(134,492)	6,650,785
Fund Balance - June 30	\$ 210,517	\$ 1,335,432	\$ 2,998,357	\$ 797,607	\$ (69,349)	\$ 164,129	\$ 250	\$ 771,360	\$ 1,768,207	\$ 50,534	\$ 280,999	\$ 8,308,043

**GRANVILLE COUNTY, NORTH CAROLINA  
REVALUATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2005  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005			2004
	Budget	Actual	Variance Positive (Negative)	Actual
<b><u>REVENUES</u></b>				
Investment earnings	\$ 2,877	\$ 3,183	\$ 306	\$ 972
<b><u>EXPENDITURES</u></b>				
General government Tax listing	60,877	-	60,877	-
Revenues Over (Under) Expenditures	(58,000)	3,183	61,183	972
<b><u>OTHER FINANCING SOURCES</u></b>				
Fund balance appropriated	-	-	-	-
Operating transfers-in (out) General Fund	58,000	58,000	-	57,000
Total Other Financing Sources (Uses)	58,000	58,000	-	57,000
Excess of Revenues and Other Sources Over (Under) Expenditures	\$ -	61,183	\$ 61,183	57,972
Fund Balance - July 1		149,334		91,362
Fund Balance - June 30		\$ 210,517		\$ 149,334

**GRANVILLE COUNTY, NORTH CAROLINA**  
**LANDFILL CAPITAL RESERVE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE-BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2005**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Project Authorization</u>	<u>Actual Prior Years</u>	<u>Actual Current Year</u>	<u>Actual Total to Date</u>	<u>Variance Positive (Negative)</u>
<b><u>REVENUES</u></b>					
Investment earnings	\$ -	\$ 470,540	\$ 26,858	\$ 497,398	\$ 497,398
<b><u>EXPENDITURES</u></b>					
Landfill	-	-	-	-	-
Revenues Over (Under) Expenditures	-	470,540	26,858	497,398	497,398
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfers-in (out)					
General Fund	2,018,589	419,170	121,134	540,304	(1,478,285)
General Fund	(2,018,589)	(1,776,518)	(103,720)	(1,880,238)	138,351
Solid Waste Management	3,000,000	3,000,000	-	3,000,000	-
Solid Waste Management	(3,000,000)	-	-	-	3,000,000
Lyon Station Water and Sewer Fund	848,865	-	-	-	(848,865)
Lyon Station Water and Sewer Fund	(848,865)	(822,032)	-	(822,032)	26,833
Total Other Financing Sources (Uses)	-	820,620	17,414	838,034	838,034
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 1,291,160</u>	44,272	<u>\$ 1,335,432</u>	<u>\$ 1,335,432</u>
Fund Balance - July 1			<u>1,291,160</u>		
Fund Balance - June 30			<u>\$ 1,335,432</u>		

**GRANVILLE COUNTY, NORTH CAROLINA  
SCHOOL CAPITAL RESERVE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2005  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005			2004
	Budget	Actual	Variance Positive (Negative)	Actual
<b><u>REVENUES</u></b>				
Restricted intergovernmental revenues	\$ 200,000	\$ 200,000	\$ -	\$ 100,000
Investment earnings	34,544	53,023	18,479	25,582
Total Revenues	234,544	253,023	18,479	125,582
<b><u>EXPENDITURES</u></b>				
Education	601,059	601,059	-	676,878
Construction reserve	1,000,000	-	1,000,000	-
Debt Service				
Principal		950,000		950,000
Interest		707,600		749,475
Total	1,657,600	1,657,600	-	1,699,475
Total Expenditures	3,258,659	2,258,659	1,000,000	2,376,353
Revenues Over (Under) Expenditures	(3,024,115)	(2,005,636)	1,018,479	(2,250,771)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers from other funds				
General Fund	2,965,958	2,961,755	(4,203)	1,825,904
Total Other Financing Sources (Uses)	2,965,958	2,961,755	(4,203)	1,825,904
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(58,157)	956,119	1,014,276	(424,867)
Appropriated Fund Balance	58,157	-	(58,157)	-
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ -	956,119	\$ 956,119	(424,867)
Fund Balance - July 1		2,042,238		2,467,105
Fund Balance - June 30		\$ 2,998,357		\$ 2,042,238

**GRANVILLE COUNTY, NORTH CAROLINA**  
**E911 COMMUNICATIONS FUND**  
**SCHEDULE OF REVENUE, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2005**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005			2004
	Budget	Actual	Variance Positive (Negative)	Actual
<b><u>REVENUES</u></b>				
Sales and other taxes:				
911 system subscriber fees	\$ 208,474	\$ 225,572	\$ 17,098	\$ 218,238
Licenses, fees and other revenues				
GIS subscription fees	12,850	\$ 14,750	1,900	-
Restricted intergovernmental revenues:				
Wireless 911 funds	164,614	185,395	20,781	169,732
Investment earnings				
E911	7,038	6,349	(689)	2,963
Wireless	3,667	5,995	2,328	757
Total	10,705	12,344	1,639	3,720
Total Revenues	396,643	438,061	41,418	391,690
<b><u>EXPENDITURES</u></b>				
Public safety:				
911 system subscriber fees:				
Salaries		33,856		52,915
Telephone		53,364		54,914
Other operating expenditures		54,346		53,698
Capital outlay		21,737		-
Total subscriber fees	736,512	163,303	573,209	161,527
Wireless 911:				
Salaries		-		-
Telephone		35,528		36,793
Other operating expenditures		46,487		49,878
Capital outlay		438		-
Total Wireless 911	687,931	82,453	605,478	86,671
Total Expenditures	1,424,443	245,756	1,178,687	248,198
Revenues Over (Under) Expenditures	(1,027,800)	192,305	1,220,105	143,492

**GRANVILLE COUNTY, NORTH CAROLINA**  
**E911 COMMUNICATIONS FUND**  
**SCHEDULE OF REVENUE, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2005**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005		Variance	2004
	Budget	Actual	Favorable (Unfavorable)	Actual
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Loan proceeds	500,000	-	(500,000)	-
Loan proceeds-Wireless	500,000	-	(500,000)	-
Fund balance appropriated	27,800	-	(27,800)	-
Total	<u>1,027,800</u>	<u>-</u>	<u>(1,027,800)</u>	<u>-</u>
Transfers-in (out)				
Capital Improvements Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,027,800</u>	<u>-</u>	<u>(1,027,800)</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	192,305	<u>\$ 192,305</u>	143,492
Fund Balance - July 1				
E911 Fund		326,863		267,189
Wireless 911		<u>278,439</u>		<u>194,621</u>
Beginning of year totals		<u>605,302</u>		<u>461,810</u>
Fund Balance - June 30				
E911 Fund		410,231		326,863
Wireless 911		<u>387,376</u>		<u>278,439</u>
End of year totals		<u>\$ 797,607</u>		<u>\$ 605,302</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, 2005**

	<u>Project Authorization</u>	<u>Actual Prior Years</u>	<u>Actual Current Year</u>	<u>Actual Total to Date</u>	<u>Variance Positive (Negative)</u>
<b><u>REVENUES</u></b>					
Restricted intergovernmental revenues					
Federal and State grants	\$ 600,000	\$ 136,333	\$ 126,004	\$ 262,337	\$ (337,663)
<b><u>EXPENDITURES</u></b>					
General Government					
Administration	46,000	17,934	-	17,934	28,066
Rehabilitation	554,000	124,082	189,670	313,752	240,248
Total	600,000	142,016	189,670	331,686	268,314
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (5,683)</u>	(63,666)	<u>\$ (69,349)</u>	<u>\$ (69,349)</u>
Fund Balance - July 1			<u>(5,683)</u>		
Fund Balance - June 30			<u>\$ (69,349)</u>		

**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, 2005  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005			2004
	Budget	Actual	Variance Positive (Negative)	Actual
<b><u>REVENUES</u></b>				
Investment Earnings	\$ -	\$ 3,244	\$ 3,244	\$ 1,361
<b><u>EXPENDITURES</u></b>				
Library Entrance Remodel	-	-	-	-
Donations	-	-	-	-
Total Expenditures	-	-	-	-
Revenues over (under) expenditures	-	3,244	3,244	1,361
<b>OTHER FINANCING SOURCES (USES)</b>				
Fund balance appropriated	-	-	-	-
Transfer-in(out)				
General Fund	(3,500)	-	3,500	-
General Fund	3,500	2,914	(586)	4,188
Total other financing sources (uses)	-	2,914	2,914	4,188
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>6,158</u>	<u>\$ 6,158</u>	<u>5,549</u>
<b>FUND BALANCE</b>				
Beginning of year - July 1		<u>157,971</u>		<u>152,422</u>
End of year - June 30		<u>\$ 164,129</u>		<u>\$ 157,971</u>



**GRANVILLE COUNTY, NORTH CAROLINA**  
**SERIES 2001 SCHOOL BOND FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Favorable (Unfavorable)
<b><u>REVENUES</u></b>					
Investment earnings	\$ 95,883	\$ 95,855	\$ 278	\$ 96,133	\$ 250
Other revenues	17,637	17,637	-	17,637	-
Total Revenues	113,520	113,492	278	113,770	250
<b><u>EXPENDITURES</u></b>					
Issuance Cost	40,356	40,356	-	40,356	-
Construction Cost					
Creedmoor		29,400	-	29,400	
Joe Toler-Oak Hill		1,165,046	-	1,165,046	
Stovall-Shaw		573,896	-	573,896	
West Oxford		29,400	-	29,400	
Hawley Middle		825,139	-	825,139	
Mary Potter		3,072,432	-	3,072,432	
Mount Energy		91,537	-	91,537	
Wilton		55,692	-	55,692	
J. F. Webb		3,319,909	4,475	3,324,384	
South Granville		66,242	277,123	343,365	
Contingency		-	-	-	
Total	9,510,291	9,228,693	281,598	9,510,291	-
Total Expenditures	9,550,647	9,269,049	281,598	9,550,647	-
Revenues Over (Under) Expenditures	(9,437,127)	(9,155,557)	(281,320)	(9,436,877)	250
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Debt proceeds	8,900,000	8,900,000	-	8,900,000	-
Transfers-in					
Series 99 School Bond Fund		537,127	-	537,127	
School Capital Reserve Fund		2,000,000	-	2,000,000	
Total	2,537,127	2,537,127	-	2,537,127	-
Transfers-out					
School Capital Reserve Fund	(2,000,000)	(2,000,000)	-	(2,000,000)	
Total	(2,000,000)	(2,000,000)	-	(2,000,000)	-
Total Other Financing Sources (Uses)	9,437,127	9,437,127	-	9,437,127	-
Excess of Revenues and Other Sources Over (Under) Expenditures And Other Uses	\$ -	\$ 281,570	(281,320)	\$ 250	\$ 250
Fund Balance - July 1			281,570		
Fund Balance - June 30		99	\$ 250		

**GRANVILLE COUNTY, NORTH CAROLINA**  
**SERIES 2005 PUBLIC IMPROVEMENT BOND FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Favorable (Unfavorable)
<b><u>REVENUES</u></b>					
Investment earnings	\$ -	\$ -	\$ 2,192	\$ 2,192	\$ 2,192
Other revenues	-	-	-	-	-
Total Revenues	-	-	2,192	2,192	2,192
<b><u>EXPENDITURES</u></b>					
Issuance Cost	-	-	-	-	-
Construction Cost	-	-	-	-	-
Total	-	-	-	-	-
Total Expenditures	-	-	-	-	-
Revenues Over (Under) Expenditures	-	-	2,192	2,192	2,192
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Debt proceeds	-	-	765,000	765,000	765,000
Premium on debt	-	-	4,168	4,168	4,168
Total Other Financing Sources (Uses)	-	-	769,168	769,168	769,168
Excess of Revenues and Other Sources Over (Under) Expenditures And Other Uses	\$ -	\$ -	771,360	\$ 771,360	\$ 771,360
Fund Balance - July 1			-		
Fund Balance - June 30			\$ 771,360		

**GRANVILLE COUNTY, NORTH CAROLINA  
CAPITAL IMPROVEMENTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2005  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005		Variance	2004
	Budget	Actual	Positive (Negative)	Actual
<b><u>REVENUES</u></b>				
Restricted intergovernmental revenues				
Federal and State grants	\$ 11,404	\$ 11,404	\$ -	\$ 42,242
Unrestricted intergovernmental revenues				
Donations		-		190
Insurance reimbursement		-		4,186
Total		-	-	4,376
Other revenue	135,000	-	135,000	-
Investment earnings	75,000	44,255	(30,745)	24,212
Total Revenues	221,404	55,659	104,255	70,830
<b><u>EXPENDITURES</u></b>				
Capital Outlay	1,414,777	662,641	752,136	693,538
Revenues Over (Under) Expenditures	(1,193,373)	(606,982)	586,391	(622,708)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Fund Balance appropriated	972,080	-	972,080	-
Transfers-in (out)				
General Fund	212,500	212,500	-	159,851
E-911 Communications Fund	-	-	-	-
Project Ordinance Activities Fund	13,463	13,463	-	(50,000)
Project Ordinance Activities Fund	(4,670)	(4,670)	-	-
Lyon Station Water and Sewer Fund	-	-	-	-
Total Other Financing Sources (Uses)	1,193,373	221,293	972,080	109,851
Excess of Revenues and Other				
Sources Over (Under) Expenditures and Other Uses	\$ -	(385,689)	\$ (385,689)	(512,857)
Fund Balance - July 1		2,153,896		2,666,753
Fund Balance - June 30		\$ 1,768,207		\$ 2,153,896

**GRANVILLE COUNTY, NORTH CAROLINA  
VEHICLE REPLACEMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2005  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005			2004
	Budget	Actual	Variance Positive (Negative)	Actual
<b><u>REVENUES</u></b>				
Investment earnings	\$ 550	\$ -	\$ (550)	\$ -
Miscellaneous				
Sales of fixed assets	2,700	-	(2,700)	18,964
Other	-	-	-	4,500
Total Revenues	<u>3,250</u>	<u>-</u>	<u>(3,250)</u>	<u>23,464</u>
<b><u>EXPENDITURES</u></b>				
Capital Outlay				
Vehicles	<u>438,926</u>	<u>419,718</u>	<u>19,208</u>	<u>337,164</u>
Revenues Over (Under) Expenditures	<u>(435,676)</u>	<u>(419,718)</u>	<u>15,958</u>	<u>(313,700)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Fund Balance appropriated	74,913	-	74,913	-
Transfers-in				
General Fund	360,763	360,763	-	375,000
Solid Waste Management Fund	-	-	-	-
Transfers-out				
Solid Waste Management Fund	-	-	-	(14,100)
Total Other Financing Sources (Uses)	<u>435,676</u>	<u>360,763</u>	<u>74,913</u>	<u>360,900</u>
Excess of Revenues and Other				
Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>(58,955)</u>	<u>\$ (58,955)</u>	<u>47,200</u>
Fund Balance - July 1		<u>109,489</u>		<u>62,289</u>
Fund Balance - June 30		<u>\$ 50,534</u>		<u>\$ 109,489</u>

**GRANVILLE COUNTY, NORTH CAROLINA**  
**PROJECT ORDINANCE ACTIVITIES FUND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2005**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2004**

	Elevated Storage Tank	Wilton Water	Jonesland Park	Wilton Sewer	Stovall Sewer	Royal Home Project Fund	Combining Totals	
							June 30, 2005	June 30, 2004
<b><u>REVENUES</u></b>								
Restricted intergovernmental revenues								
Federal and State grants	\$ 152,730	\$ 109,067	\$ -	\$ 183,845	\$ 78,983	\$ 112,500	\$ 637,125	\$ 1,548,791
Investment earnings	-	-	-	-	-	-	-	5,451
Total Revenues	<u>152,730</u>	<u>109,067</u>	<u>-</u>	<u>183,845</u>	<u>78,983</u>	<u>112,500</u>	<u>637,125</u>	<u>1,554,242</u>
<b><u>EXPENDITURES</u></b>								
Construction/Engineering	29,022	-	-	-	-	-	29,022	67,843
Engineering	-	10,039	-	-	-	-	10,039	68,945
Administration/Design	-	-	-	-	-	-	-	5,185
Tap Fee/Other	-	-	-	300	-	-	300	-
Construction	-	120,066	-	29,218	-	24,152	173,436	548,848
Construction/Contingency	-	-	44	-	-	-	44	824,953
Total Expenditures	<u>29,022</u>	<u>130,105</u>	<u>44</u>	<u>29,518</u>	<u>-</u>	<u>24,152</u>	<u>212,841</u>	<u>1,515,774</u>
Revenues Over (Under) Expenditures	<u>123,708</u>	<u>(21,038)</u>	<u>(44)</u>	<u>154,327</u>	<u>78,983</u>	<u>88,348</u>	<u>424,284</u>	<u>38,468</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>								
Transfers-in (out)								
General Fund	-	-	-	-	-	-	-	135,480
Lyon Station Water & Sewer Fund	-	-	-	-	-	-	-	(162,500)
Capital Improvement Fund	4,670	-	(9,843)	-	-	(3,620)	(8,793)	50,000
Total Other Financing Sources (Uses)	<u>4,670</u>	<u>-</u>	<u>(9,843)</u>	<u>-</u>	<u>-</u>	<u>(3,620)</u>	<u>(8,793)</u>	<u>22,980</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>128,378</u>	<u>(21,038)</u>	<u>(9,887)</u>	<u>154,327</u>	<u>78,983</u>	<u>84,728</u>	<u>415,491</u>	<u>61,448</u>
<b>Fund Balances:</b>								
Fund Balance-July 1	<u>(128,378)</u>	<u>63,576</u>	<u>9,887</u>	<u>3,919</u>	<u>1,232</u>	<u>(84,728)</u>	<u>(134,492)</u>	<u>(195,940)</u>
Fund Balance-June 30	<u>\$ -</u>	<u>\$ 42,538</u>	<u>\$ -</u>	<u>\$ 158,246</u>	<u>\$ 80,215</u>	<u>\$ -</u>	<u>\$ 280,999</u>	<u>\$ (134,492)</u>

**GRANVILLE COUNTY, NORTH CAROLINA  
ELEVATED STORAGE TANK  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2005**

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
<b><u>REVENUES</u></b>					
Restricted intergovernmental revenues					
Federal and State grants					
Dept. of Commerce grant	\$ 487,000	\$ 404,050	\$ 22,854	\$ 426,904	\$ (60,096)
High Unit Cost grant	160,330	-	129,876	129,876	(30,454)
Total Revenues	647,330	404,050	152,730	556,780	(90,550)
<b><u>EXPENDITURES</u></b>					
Construction/Engineering	593,347	532,428	29,022	561,450	31,897
Contingency	58,653	-	-	-	58,653
Total Expenditures	652,000	532,428	29,022	561,450	90,550
Revenues Over (Under) Expenditures	(4,670)	(128,378)	123,708	(4,670)	-
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Debt proceeds from Capital Improvement Fund	162,500	162,500	-	162,500	-
Transfers-in (out)					
Capital Improvement Fund	4,670	-	4,670	4,670	-
Lyon Station Water and Sewer Fund	(162,500)	(162,500)		(162,500)	-
Total Other Financing Sources (Uses)	4,670	-	4,670	4,670	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ (128,378)	128,378	\$ -	\$ -
Fund Balances:					
Beginning of year - July 1			(128,378)		
End of year - June 30			\$ -		

**GRANVILLE COUNTY, NORTH CAROLINA  
WILTON WATER  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2005**

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
<b><u>REVENUES</u></b>					
Restricted intergovernmental revenues					
Federal and State grants	\$ 1,254,353	\$ 966,369	\$ 109,067	\$ 1,075,436	\$ (178,917)
Sales and other taxes					
Service Connection Revenue	8,000	-	-	-	(8,000)
	<u>1,262,353</u>	<u>966,369</u>	<u>109,067</u>	<u>1,075,436</u>	<u>(186,917)</u>
<b><u>EXPENDITURES</u></b>					
Administration		24,600	-	24,600	
Acquisition of R.O.W.		82,550	-	82,550	
Engineering		120,389	10,039	130,428	
Tap Fee		-	-	-	
Construction		785,401	120,066	905,467	
Contingency		-	-	-	
Total Expenditures	<u>1,372,500</u>	<u>1,012,940</u>	<u>130,105</u>	<u>1,143,045</u>	<u>229,455</u>
Revenues Over (Under) Expenditures	<u>(110,147)</u>	<u>(46,571)</u>	<u>(21,038)</u>	<u>(67,609)</u>	<u>42,538</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfers-in (out)					
School Capital Reserve Fund	<u>110,147</u>	<u>110,147</u>	<u>-</u>	<u>110,147</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 63,576</u>	<u>(21,038)</u>	<u>\$ 42,538</u>	<u>\$ 42,538</u>
Fund Balances:					
Beginning of year - July 1			<u>63,576</u>		
End of year - June 30			<u>\$ 42,538</u>		

**GRANVILLE COUNTY, NORTH CAROLINA  
JONESLAND PARK  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2005**

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
<b><u>REVENUES</u></b>					
Restricted intergovernmental revenues					
Federal and State grants					
Part F Grant Proceeds	\$ 250,000	\$ 250,000	\$ -	\$ 250,000	\$ -
LWCF Grant Award	250,000	250,000	-	250,000	-
Investment earnings	24,079	24,079	-	24,079	-
Total Revenues	<u>524,079</u>	<u>524,079</u>	<u>-</u>	<u>524,079</u>	<u>-</u>
<b><u>EXPENDITURES</u></b>					
Engineering	58,469	58,469	-	58,469	-
Administration/Design	80,862	80,862	-	80,862	-
Construction/Contingency	1,520,233	1,520,189	44	1,520,233	-
Total Expenditures	<u>1,659,564</u>	<u>1,659,520</u>	<u>44</u>	<u>1,659,564</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>(1,135,485)</u>	<u>(1,135,441)</u>	<u>(44)</u>	<u>(1,135,485)</u>	<u>-</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Debt Proceeds	650,000	650,000	-	650,000	-
Transfers-in (out)					
General Fund	445,328	445,328		445,328	-
Capital Improvements Fund	(9,843)	-	(9,843)	(9,843)	-
Capital Improvements Fund	50,000	50,000		50,000	-
Total Other Financing Sources (Uses)	<u>1,135,485</u>	<u>1,145,328</u>	<u>(9,843)</u>	<u>1,135,485</u>	<u>-</u>
Excess of Revenues and Other Sources					
Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 9,887</u>	<u>(9,887)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances:					
Beginning of year - July 1			<u>9,887</u>		
End of year - June 30			<u>\$ -</u>		



**GRANVILLE COUNTY, NORTH CAROLINA  
WILTON SEWER  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2005**

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
<b><u>REVENUES</u></b>					
Restricted intergovernmental revenues					
Federal and State grants	\$ 951,991	\$ 731,812	\$ 183,845	\$ 915,657	\$ (36,334)
Sales and other taxes					
Service Connection revenue	3,200	-	-	-	(3,200)
Investment earnings	9	-	-	-	(9)
Total Revenues	<u>955,200</u>	<u>731,812</u>	<u>183,845</u>	<u>915,657</u>	<u>(39,543)</u>
<b><u>EXPENDITURES</u></b>					
Engineering		92,829	-	92,829	
Administration		18,250	-	18,250	
Tap Fee/Other		5,000	300	5,300	
Construction		611,814	29,218	641,032	
Service Connections		-	-	-	
Contingency		-	-	-	
Total Expenditures	<u>955,200</u>	<u>727,893</u>	<u>29,518</u>	<u>757,411</u>	<u>197,789</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 3,919</u>	154,327	<u>\$ 158,246</u>	<u>\$ 158,246</u>
Fund Balances:					
Beginning of year - July 1			<u>3,919</u>		
End of year - June 30			<u>\$ 158,246</u>		

**GRANVILLE COUNTY, NORTH CAROLINA  
STOVALL SEWER  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2005**

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
<b><u>REVENUES</u></b>					
Restricted intergovernmental revenues					
Federal and State grants	\$ 223,000	\$ 144,017	\$ 78,983	\$ 223,000	\$ -
Investment earnings	-	-	-	-	-
Total Revenues	<u>223,000</u>	<u>144,017</u>	<u>78,983</u>	<u>223,000</u>	<u>-</u>
<b><u>EXPENDITURES</u></b>					
Engineering	24,400	13,508	-	13,508	10,892
Administration	4,250	4,250	-	4,250	-
Tap Fee/Other	175,000	175,000	-	175,000	-
Construction	185,200	125,027	-	125,027	60,173
Contingency	9,150	-	-	-	9,150
Total Expenditures	<u>398,000</u>	<u>317,785</u>	<u>-</u>	<u>317,785</u>	<u>80,215</u>
Revenues Over (Under) Expenditures	<u>(175,000)</u>	<u>(173,768)</u>	<u>78,983</u>	<u>(94,785)</u>	<u>80,215</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfers-in (out)					
School Capital Reserve Fund	175,000	175,000	-	175,000	-
Total Other Financing Sources (Uses)	<u>175,000</u>	<u>175,000</u>	<u>-</u>	<u>175,000</u>	<u>-</u>
Excess of Revenues and Other Sources					
Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 1,232</u>	<u>78,983</u>	<u>\$ 80,215</u>	<u>\$ 80,215</u>
Fund Balances:					
Beginning of year - July 1			<u>1,232</u>		
End of year - June 30			<u>\$ 80,215</u>		

**GRANVILLE COUNTY, NORTH CAROLINA  
ROYAL HOME PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2005**

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
<b><u>REVENUES</u></b>					
Restricted intergovernmental revenues					
Federal and State grants	\$ 112,500	\$ -	\$ 112,500	\$ 112,500	\$ -
Investment earnings	-	-	-	-	-
Total Revenues	112,500	-	112,500	112,500	-
<b><u>EXPENDITURES</u></b>					
Construction	328,880	304,728	24,152	328,880	-
Total Expenditures	328,880	304,728	24,152	328,880	-
Revenues Over (Under) Expenditures	(216,380)	(304,728)	88,348	(216,380)	-
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfers-in (out)					
Capital Improvements Fund	(3,620)	-	(3,620)	(3,620)	-
General Fund	220,000	220,000	-	220,000	-
Total Other Financing Sources (Uses)	216,380	220,000	(3,620)	216,380	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ (84,728)	84,728	\$ -	\$ -
Fund Balances:					
Beginning of year - July 1			(84,728)		
End of year - June 30			\$ -		

## ENTERPRISE FUNDS

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

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- **Solid Waste Management Fund:** This fund is used to account for the operations of the County's solid waste activities.
- **Lyon Station Water and Sewer Fund:** This fund is used to account for the operations of the Lyon Station water and sewer district within the County.
- **Cozart Water and Sewer Fund:** This fund is used to account for the operations of the Cozart water and sewer district within the County.

**GRANVILLE COUNTY, NORTH CAROLINA**  
**SOLID WASTE MANAGEMENT**  
**SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2005**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005		Variance	2004
	Budget	Actual	Positive (Negative)	Actual
<b><u>REVENUES</u></b>				
Operating revenues				
Landfill user fees	\$ 465,902	\$ 539,626	\$ 73,724	\$ 446,352
Solid waste charges	718,000	760,313	42,313	755,827
White goods	72,500	76,014	3,514	19,281
Other operating revenues				
Storm Disaster Relief		-		59,781
Scrap tire disposal tax		54,611		59,777
Compost/Mulch sales		6,180		145
Miscellaneous		1,423		1,700
Total	<u>73,600</u>	<u>62,214</u>	<u>(11,386)</u>	<u>121,403</u>
Total Operating Revenues	<u>1,330,002</u>	<u>1,438,167</u>	<u>108,165</u>	<u>1,342,863</u>
Nonoperating Revenues				
Interest earned on investments	<u>10,100</u>	<u>60,065</u>	<u>49,965</u>	<u>25,657</u>
Total Revenues	<u>1,340,102</u>	<u>1,498,232</u>	<u>158,130</u>	<u>1,368,520</u>
<b><u>EXPENDITURES</u></b>				
Solid Waste Operations				
Professional Services		1,151		120
Supplies and materials		1,766		204
Printing		-		105
Advertising		191		-
Manned sites		312,364		305,189
Oil and Anti-Freeze Disposal		3,457		2,419
Freon Removal		11,076		9,403
White Goods Hauls		5,870		13,996
Waste disposal		225,149		217,071
Container transportation		186,039		170,135
Non-capitalized equipment		-		8,170
Maintenance and grounds		3,661		4,360
Total	<u>889,035</u>	<u>750,724</u>	<u>138,311</u>	<u>731,172</u>
Site remodeling and construction	<u>25,000</u>	<u>5,359</u>	<u>19,641</u>	<u>1,236</u>
Total Solid Waste Operations	<u>914,035</u>	<u>756,083</u>	<u>157,952</u>	<u>732,408</u>

**GRANVILLE COUNTY, NORTH CAROLINA**  
**SOLID WASTE MANAGEMENT**  
**SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2005**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005		Variance	2004
	Budget	Actual	Positive (Negative)	Actual
Landfill Operations				
Salaries and employee benefits		135,160		92,139
Compost operations		35		9,822
Administrative fee		20,000		20,000
Credit card charges		69		401
Gas, oil, tires		5,385		2,091
Supplies and materials		11,083		3,972
Brush grinding		3,060		44,382
Travel		405		287
Telephone and postage		7,215		4,008
Utilities		2,199		1,609
Printing		-		162
Maintenance and grounds		2,460		8,787
Advertising		372		1,343
Tire disposal		64,893		66,590
Registration and training		1,341		-
Contract services		242,444		372,688
Brush pile maintenance		5,081		1,569
Computer service		1,385		665
Noncapitalized equipment		7,968		-
Pesticide Environmental Grant expenses		-		955
Total	572,887	510,555	62,332	631,470
Professional services	52,500	24,992	27,508	900
Total Landfill Operations	625,387	535,547	89,840	632,370
Budgetary Appropriations				
Capital outlay - landfill	50,000	42,865	7,135	25,532
Capital outlay - convenience sites	70,000	21,500	48,500	-
Total	120,000	64,365	55,635	25,532
Total Expenditures	1,659,422	1,355,995	303,427	1,390,310
Revenues Over (Under) Expenditures	(319,320)	142,237	461,557	(21,790)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers-in/out				
Vehicle Replacement Fund	-	-	-	14,100
Fund Balance Appropriated				
Convenience sites	187,735	-	(187,735)	-
Landfill	131,585	-	(131,585)	-
Total Other Financing Sources (Uses)	319,320	-	(319,320)	14,100
Revenues Over (Under) Sources and Other Uses	\$ -	\$ 142,237	\$ 142,237	\$ (7,690)

**GRANVILLE COUNTY, NORTH CAROLINA**  
**SOLID WASTE MANAGEMENT**  
**SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2005**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005			2004
	Budget	Actual	Variance Positive (Negative)	Actual
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL				
Excess of revenues over (under) expenditures		\$ 142,237		\$ (7,690)
Depreciation		(32,800)		(33,535)
Capital outlay		64,365		25,532
(Increase) decrease in accrued landfill closure and postclosure care costs		(26,261)		(20,701)
(Increase) decrease in accrued vacation payable		(2,142)		(904)
Net Income (loss)		<u>\$ 145,399</u>		<u>\$ (37,298)</u>

**GRANVILLE COUNTY, NORTH CAROLINA**  
**LYON STATION WATER AND SEWER FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2005**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005		Variance	2004
	Budget	Actual	Positive (Negative)	Actual
<b><u>REVENUES</u></b>				
Operating Revenues				
Water and Sewer Fees	\$ 746,962	\$ 809,750	\$ 62,788	\$ 755,739
Property taxes levied				
Current year		155,472		138,279
Prior year taxes and penalties		4,552		2,680
Total	159,658	160,024	(366)	140,959
Connections and other revenue				
Connections		26,257		49,032
Miscellaneous		17,109		1,885
Total	41,268	43,366	(2,098)	50,917
Total	947,888	1,013,140	60,324	947,615
Nonoperating Revenues				
Interest earned on investments	7,000	-	(7,000)	7,012
Availability fees	1,512	2,887	1,375	55,440
Administration fee-Stem	12,758	12,758	-	6,379
Fund balance appropriated	379,584	-	(379,584)	-
Total	400,854	15,645	(385,209)	68,831
Total Revenues	1,348,742	1,028,785	(324,885)	1,016,446
<b><u>EXPENDITURES</u></b>				
Administration				
Salaries and employee benefits		116,701		103,969
Administrative fee		32,447		32,447
Professional services		3,455		1,490
Dues and subscriptions		910		880
Postage and telephone		14,648		10,998
Printing		703		876
Travel		918		972
Advertising		111		52
Equipment rental		50		603
Supplies and materials		7,524		8,837
Contracted services		6,279		9,661
Credit card charges		118		408
Registration and training		870		1,371
Gas, Oil & Tires		9,921		4,105
Interest		(359)		-
Non-capitalized equipment		6,979		1,139
Computer service		2,380		1,076
Total		203,655		178,884



**GRANVILLE COUNTY, NORTH CAROLINA**  
**LYON STATION WATER AND SEWER FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2005**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005			2004
	Budget	Actual	Variance Positive (Negative)	Actual
Water distribution and sewer collection				
Utilities		15,667		12,764
Water and sewer treatment purchase		677,077		474,104
Water and sewer analysis		7,562		1,631
Water and sewer connections		-		600
Meter purchases		4,440		5,357
Total		704,746		494,456
Total Lyon Station Operations	923,375	908,401	14,974	673,340
Debt service				
Interest		32,799		36,990
Principal		113,735		109,545
Total	146,535	146,534	-	146,535
Other Expenditures				
Plant Upgrade Contribution	-	-		61,203
Construction	278,832	7,677	271,155	32,725
Depreciation	-	-		-
Total	278,832	7,677	271,155	93,928
Budgetary Appropriations				
Capital outlay	-	-	-	17,862
Total Expenditures	1,348,742	1,062,612	271,155	931,665
Revenues Over (Under) Expenditures	-	(33,827)	(33,827)	84,781
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Refinancing lease purchase agreement	-	-	-	-
Debt repayment	-	-	-	-
Transfers-in (out)				
Project Ordinance Activities Fund	-	-	-	162,500
Landfill Capital Reserve Fund	-	-	-	-
Capital Improvement Fund	-	-	-	-
	-	-	-	162,500
Excess of Revenues and Other Sources				
Over (Under) Expenditures and Other Uses	\$ -	\$ (33,827)	\$ (33,827)	\$ 247,281

**GRANVILLE COUNTY, NORTH CAROLINA**  
**LYON STATION WATER AND SEWER FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2005**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005			2004
	Budget	Actual	Variance Positive (Negative)	Actual
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL				
Excess of revenues over (under) expenditures		\$ (33,827)		\$ 247,281
Debt principal		113,735		109,545
Capital outlay		-		17,862
Depreciation		(103,777)		(103,777)
Amortization		(1,249)		(1,249)
(Increase) decrease in compensated absences payable		(1,379)		310
Net Income		<u>\$ (26,497)</u>		<u>\$ 269,972</u>

**GRANVILLE COUNTY, NORTH CAROLINA**  
**COZART WATER AND SEWER FUND**  
**SCHEDULE OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2005**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005		Variance	2004
	Budget	Actual	Positive (Negative)	Actual
<b><u>REVENUES</u></b>				
Operating Revenues				
Water and Sewer Fees	\$ 253,000	\$ 246,252	\$ (6,748)	\$ 244,891
Miscellaneous	500	-	(500)	721
Total	253,500	246,252	(7,248)	245,612
Nonoperating Revenues				
Interest earned on investments	600	-	(600)	794
Fund balance appropriated	28,901	-	(28,901)	-
Total	29,501	-	(29,501)	794
Total Revenues	283,001	246,252	(36,749)	246,406
<b><u>EXPENDITURES</u></b>				
Administration				
Salaries and employee benefits		27,832		22,114
Registration and training		180		118
Postage and telephone		5,047		2,542
Printing		72		498
Supplies and materials		1,853		2,641
Contracted services		7,715		12,514
Travel		-		264
Dues and subscriptions		300		300
Advertising		-		93
Computer service		265		252
Water analysis		2,285		440
Equipment rental		50		601
Non-capitalized equipment		5,581		
Miscellaneous		2,832		2,121
Total		54,012		44,498
Water distribution and sewer collection				
Utilities		8,288		10,750
Water and sewer treatment purchase		165,039		162,905
Chemicals		9,422		10,929
Total		182,749		184,584
Total Operations	275,448	236,761	38,687	229,082

**GRANVILLE COUNTY, NORTH CAROLINA**  
**COZART WATER AND SEWER FUND**  
**SCHEDULE OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2005**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	2005			2004
	Budget	Actual	Variance Positive (Negative)	Actual
Budgetary Appropriations				
Other Transfers and Expenditures				
Administration Fee	7,553	7,553	-	7,553
Telemetry Project	-	-	-	8,330
Total	7,553	7,553	-	15,883
Total Expenditures	283,001	244,314	38,687	244,965
Revenues Over (Under) Expenditures	\$ -	\$ 1,938	\$ 1,938	\$ 1,441

RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL

Excess of revenues over (under) expenditures	\$ 1,938	\$ 1,441
Depreciation	(21,107)	(22,573)
(Increase) decrease in compensated absences payable	(1,379)	310
Net Income	<u>\$ (20,548)</u>	<u>\$ (20,822)</u>

## AGENCY FUNDS

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Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments and/or other funds.

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- **Social Services Fund:** This agency fund is used to account for the receipts and disbursements made by the County on behalf of individuals for whom the County serves as or is, in fact, their legal guardian or custodian.
- **Granville County Tourism Development Authority Fund:** This agency fund is used to account for the expenditures of occupancy tax received from the County.

**GRANVILLE COUNTY, NORTH CAROLINA**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	Agency Funds		
	Social Services Fund	Granville County Tourism Development Authority	Total Agency Funds
<b>ASSETS</b>			
Cash and investments	\$ 27,890	\$ -	\$ 27,890
Due from other fund	-	9,000	9,000
Total Assets	<u>\$ 27,890</u>	<u>\$ 9,000</u>	<u>\$ 36,890</u>
<b>LIABILITIES AND NET ASSETS</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Miscellaneous liabilities	27,890	-	27,890
Due to other funds	-	-	-
Due to component unit	-	9,000	9,000
Total Liabilities	<u>27,890</u>	<u>9,000</u>	<u>36,890</u>
Net Assets:			
Unreserved	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 27,890</u>	<u>\$ 9,000</u>	<u>\$ 36,890</u>

**GRANVILLE COUNTY, NORTH CAROLINA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
<u>Social Services</u>				
Assets				
Cash and cash equivalents	\$ 22,230	\$ 187,645	\$ 181,985	\$ 27,890
Liabilities				
Miscellaneous liabilities	\$ 22,230	\$ 187,645	\$ 181,985	\$ 27,890
<u>Granville County Tourism Development Authority</u>				
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other fund	22,165	-	13,165	9,000
Total assets	\$ 22,165	\$ -	\$ 13,165	\$ 9,000
Liabilities				
Due to component unit	\$ 22,165	\$ -	\$ 13,165	\$ 9,000
<u>Total - All Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 22,230	\$ 187,645	\$ 181,985	\$ 27,890
Due from other fund	22,165	-	13,165	9,000
Total assets	\$ 44,395	\$ 187,645	\$ 195,150	\$ 36,890
Liabilities				
Miscellaneous liabilities	\$ 22,230	\$ 187,645	\$ 181,985	\$ 27,890
Due to component unit	22,165	-	13,165	9,000
Total liabilities	\$ 44,395	\$ 187,645	\$ 195,150	\$ 36,890

## **OTHER SCHEDULES**

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This schedule contains additional information required on property taxes.

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



**GRANVILLE COUNTY, NORTH CAROLINA**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
**GENERAL FUND**  
**JUNE 30, 2005**

Fiscal Year	Uncollected Balance July 1, 2004	Additions	Collections and Adjustments	Uncollected Balance June 30, 2005
2005	\$ -	\$ 18,439,209	\$ 17,578,589	\$ 860,620
2004	909,731	-	591,603	318,128
2003	328,446	-	138,270	190,176
2002	179,716	-	50,737	128,979
2001	110,323	-	23,678	86,645
2000	75,619	-	12,679	62,940
1999	50,751	-	7,218	43,533
1998	44,145	-	3,252	40,893
1997	27,867	-	1,474	26,393
1996	18,827	-	797	18,030
1995	12,604	-	12,604	-
	<u>\$ 1,758,029</u>	<u>\$ 18,439,209</u>	<u>\$ 18,420,901</u>	<u>\$ 1,776,337</u>

## Reconcilement with revenues:

Taxes-ad valorem-General Fund	\$ 19,165,754	
Interest and Discounts	<u>(756,271)</u>	
		\$ 18,409,483

Amounts written off for tax year 1994 - 1995  
per statute of limitations

11,418

Total Collections and Credits

\$ 18,420,901

**GRANVILLE COUNTY, NORTH CAROLINA**  
**ANALYSIS OF CURRENT TAX LEVY**  
**COUNTY-WIDE LEVY**  
**JUNE 30, 2005**

	County-wide			Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Total Levy		
Original levy:					
Property taxed at current year's rate	\$ 2,567,539,769	0.635	\$ 16,303,878	\$ 16,303,878	\$ -
Registered motor vehicles taxed at prior year's rate	336,260,935	0.635	2,135,257	-	2,135,257
Total	2,903,800,704		18,439,134	16,303,878	2,135,257
Discoveries:					
Current and prior year's taxes	100,945,512	0.635	641,004	641,004	-
Abatements	(6,795,906)		(43,154)	(43,154)	-
Total Property Valuation	<u>\$ 2,997,950,310</u>				
Net Levy			19,036,984	16,901,728	2,135,257
Uncollected taxes at June 30, 2005			860,620	525,425	335,195
Current year's taxes collected			<u>\$ 18,176,364</u>	<u>\$ 16,376,303</u>	<u>\$ 1,800,062</u>
Current levy collection percentage			<u>95.48%</u>	<u>96.89%</u>	<u>84.30%</u>

## **STATISTICAL SECTION**

TABLE 1

**GRANVILLE COUNTY, NORTH CAROLINA**  
**NET ASSETS BY COMPONENTS**  
**LAST THREE FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**  
**(UNAUDITED)**

	<b>Fiscal Year</b>		
	<b>2003</b>	<b>2004</b>	<b>2005</b>
Governmental activities			
Invested in capital assets, net of related debt	\$ 9,032,527	\$ 11,793,410	\$ 10,597,557
Restricted	580,799	134,488	107,052
Unrestricted	3,939,747	4,453,718	7,951,477
Total governmental activities net assets	<u>13,553,073</u>	<u>16,381,616</u>	<u>18,656,086</u>
Business-type activities			
Invested in capital assets. Net of related debt	2,876,849	3,777,588	2,904,420
Restricted	-	-	-
Unrestricted	2,601,987	1,913,101	2,884,623
Total business-type activities net assets	<u>5,478,836</u>	<u>5,690,689</u>	<u>5,789,043</u>
Primary government			
Invested in capital assets, net of related debt	11,909,376	15,570,998	13,501,977
Restricted	580,799	134,488	107,052
Unrestricted	6,541,734	6,366,819	10,836,100
Total primary government net assets	<u>\$ 19,031,909</u>	<u>\$ 22,072,305</u>	<u>\$ 24,445,129</u>

TABLE 2

**GRANVILLE COUNTY, NORTH CAROLINA**  
**CHANGES IN NET ASSETS**  
**LAST THREE FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**  
**(UNAUDITED)**

	Fiscal Year		
	2003	2004	2005
<b>Expenses</b>			
Governmental activities:			
General government	\$ 2,089,495	\$ 2,302,821	\$ 2,457,507
Public safety	6,982,275	7,612,578	7,886,433
Transportation	81,109	-	87,213
Economic and physical development	32,080	3,039	328,880
Human Services	8,275,311	9,244,877	10,045,609
Community Services	1,777,371	1,905,788	2,022,929
Education	12,658,956	9,862,114	12,140,438
Non-departmental and special areas	1,258,089	2,981,758	1,512,564
Interest on long-term debt	877,787	815,974	849,244
Total governmental activities expenses	34,032,473	34,728,949	37,330,817
Business-type activities			
Water and Sewer	1,147,139	1,176,201	1,322,082
Solid Waste	1,308,277	1,419,918	1,352,833
Total business-type activities	2,455,416	2,596,119	2,674,915
Total primary government expenses	36,487,889	37,325,068	40,005,732
<b>Program Revenues</b>			
Governmental activities:			
Charges for services:			
General government	553,943	601,936	553,307
Public Safety	654,182	790,460	791,072
Human Services	958,110	1,096,834	1,129,081
Community Services	168,485	196,402	245,038
Operating grants and contributions			
General government	30,583	33,409	42,165
Public Safety	240,534	298,679	312,546
Economic and physical development	-	20,000	-
Human Services	4,642,467	4,943,789	5,248,188
Community Services	216,138	263,599	288,268
Capital grants and contributions			
General government	-	17,247	-
Public Safety	16,102	4,500	11,404
Transportation	81,109	90,182	87,213
Economic and physical development	970,065	1,685,124	763,129
Community Services	75,000	75,000	75,000
Education	100,000	100,000	200,000
Total governmental activities program revenues	8,706,718	10,217,161	9,746,411
Business-type activities			
Charges for services:			
Water and Sewer	1,266,277	1,255,046	1,259,392
Solid Waste	1,375,725	1,342,863	1,438,167
Total business-type activities program revenues	2,642,002	2,597,909	2,697,559
Total primary government program revenues	11,348,720	12,815,070	12,443,970

**GRANVILLE COUNTY, NORTH CAROLINA**  
**CHANGES IN NET ASSETS**  
**LAST THREE FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**  
**(UNAUDITED)**

	Fiscal Year		
	2003	2004	2005
Net (expenses)/revenue			
Governmental activities			
General Government	(1,504,969)	(1,650,229)	(1,862,035)
Public Safety	(6,071,457)	(6,518,939)	(6,771,411)
Transportation	-	90,182	-
Economic and physical development	937,985	1,702,085	434,249
Human Services	(2,674,734)	(3,204,254)	(3,668,340)
Community Services	(1,317,748)	(1,370,787)	(1,414,623)
Education	(12,558,956)	(9,762,114)	(11,940,438)
Non-departmental and special areas	(1,258,089)	(2,981,758)	(1,512,564)
Interest on long term debt	(877,787)	(815,974)	(849,244)
Business-type activities			
Water and sewer	119,138	78,845	(62,690)
Solid waste	67,448	(77,055)	85,334
Total primary government net expenses	<u>(25,139,169)</u>	<u>(24,509,998)</u>	<u>(27,561,762)</u>
<b>General Revenues and Other Changes in Net Assets</b>			
Governmental activities:			
Taxes			
Property taxes	18,021,577	18,366,958	19,218,210
Local option sales taxes	6,832,284	8,463,302	9,150,914
Other taxes and licenses	725,801	721,619	785,834
Investment earnings, unrestricted	353,028	211,017	574,177
Miscellaneous, unrestricted	245,041	189,931	129,741
Transfers	108,350	(176,600)	-
Total general revenues, special items and transfers	<u>26,286,081</u>	<u>27,776,227</u>	<u>29,858,876</u>
Total governmental activities	<u>26,286,081</u>	<u>27,776,227</u>	<u>29,858,876</u>
Business-type activities:			
Investment earnings, unrestricted	48,132	33,463	60,065
Miscellaneous income, unrestricted	-	-	15,645
Transfers	(108,350)	176,600	-
Total general revenues, special items and transfers	<u>(60,218)</u>	<u>210,063</u>	<u>75,710</u>
Total business-type activities	<u>(60,218)</u>	<u>210,063</u>	<u>75,710</u>
Total primary government	<u>26,225,863</u>	<u>27,986,290</u>	<u>29,934,586</u>
<b>Changes in Net Assets</b>			
Governmental activities	960,326	3,264,439	2,274,470
Business-type activities	126,368	211,853	98,354
Total primary government	<u>\$ 1,086,694</u>	<u>\$ 3,476,292</u>	<u>\$ 2,372,824</u>

TABLE 3

**GRANVILLE COUNTY, NORTH CAROLINA**  
**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCES**  
**LAST THREE FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**  
**(UNAUDITED)**

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Local Sales Tax</b>	<b>Other Tax</b>	<b>Alcoholic Beverage Tax</b>	<b>Total</b>
2003	\$ 18,021,577	\$ 6,832,284	\$ 715,544	\$ 10,257	\$ 25,579,662
2004	18,366,958	8,463,302	711,038	10,581	27,551,879
2005	19,218,210	9,150,914	774,958	10,876	29,154,958

TABLE 4

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

	Fiscal Year		
	2003	2004	2005
General fund			
Reserved by state statute	\$ 2,781,231	\$ 2,888,196	\$ 2,369,164
Reserved For Register of Deeds	47,935	76,488	107,052
Unreserved (available for appropriation)			
Designated for subsequent year's expenditures	385,000	1,423,101	1,525,000
Designated for redundant water line - Oxford	532,864	-	-
Undesignated	8,543,508	9,709,748	11,871,907
Town of Butner Advisory Board			
Recreation	-	58,000	-
Total general fund	<u>12,290,538</u>	<u>14,155,533</u>	<u>15,873,123</u>
All other governmental funds			
Reserved by state statute	511,438	213,190	320,894
Reserved for Register of Deeds			
Reserved for school construction	-	-	23,857,405
Unreserved (available for appropriation)			
Designated for subsequent year's expenditures	600,858	267,057	1,102,150
Undesignated, reported in nonmajor			
Special revenue funds	4,942,243	4,259,853	5,085,026
Capital Projects	2,308,764	1,910,685	1,799,973
Total all other governmental funds	<u>\$ 8,363,303</u>	<u>\$ 6,650,785</u>	<u>\$ 32,165,448</u>



TABLE 5

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

	<b>Fiscal Year</b>		
	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>Revenues</b>			
Ad Valorem taxes	\$ 17,824,992	\$ 18,279,180	\$ 19,165,754
Sales and other taxes	7,490,134	9,109,739	9,868,620
Licenses, fees and other revenue	2,182,477	2,574,991	2,577,563
Unrestricted Intergovernmental Revenues	8,945	4,376	-
Restricted Intergovernmental Revenues	6,516,470	7,652,510	7,157,237
Investment earnings	355,461	211,017	530,267
Miscellaneous	313,443	253,393	209,480
<b>Total Revenues</b>	<b>34,691,922</b>	<b>38,085,206</b>	<b>39,508,921</b>
<b>Expenditures</b>			
Current:			
General government	1,941,890	2,137,375	2,303,869
Public safety	6,513,300	7,098,716	7,402,563
Community services	1,728,271	1,851,253	1,920,934
Economic and physical development	-	3,039	-
Human Services	8,252,753	9,221,792	9,971,117
Non-departmental & special areas	1,299,630	2,981,758	1,599,777
Capital Outlay	2,978,167	2,546,476	1,295,200
Intergovernmental:			
Education	12,658,956	9,862,114	12,140,438
Capital outlay	-	-	-
Debt service:			
Bond issuance cost	7,493	-	54,831
Principal	1,991,952	1,227,325	1,225,284
Interest	888,790	826,281	770,772
<b>Total expenditures</b>	<b>38,261,202</b>	<b>37,756,129</b>	<b>38,684,785</b>
Excess of revenues over (under) expenditures	(3,569,280)	329,077	824,136
<b>Other financing sources (uses)</b>			
Debt proceeds	-	-	26,265,000
Premium on debt	-	-	143,117
Refinancing lease purchase agreement	756,781	-	-
Transfers in from other funds	4,033,071	3,677,591	3,825,456
Transfers out to other funds	(3,924,721)	(3,854,191)	(3,825,456)
<b>Total other financing sources (uses)</b>	<b>865,131</b>	<b>(176,600)</b>	<b>26,408,117</b>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(2,704,149)	152,477	27,232,253
Net change in fund balances	\$ (2,704,149)	\$ 152,477	\$ 27,232,253

TABLE 6

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Other Taxes</b>	<b>Alcoholic Beverage Tax</b>	<b>Total</b>
2003	17,824,992	6,832,284	410,688	10,257	25,078,221
2004	18,279,180	8,463,302	428,199	10,581	27,181,262
2005	19,165,754	9,150,913	492,135	10,876	28,819,678

TABLE 7

**GRANVILLE COUNTY, NORTH CAROLINA**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST THREE FISCAL YEARS**  
(UNAUDITED)

Fiscal Year Ended June 30	Real Property			Personal Property			Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value	
	Residential Property	Commercial Property	Net Property	Motor Vehicles	Other	Less: Tax Exempt Real Property				Total Taxable Assessed Value
2003	not available	not available	2,998,982,122	132,879,429	-	(335,340,535)	2,796,521,016	0.635	2,840,549,534	98.45%
2004	not available	not available	2,880,750,798	332,944,092	-	(341,406,629)	2,872,288,261	0.635	3,020,282,083	95.10%
2005	not available	not available	3,004,414,643	336,260,935	-	(342,725,268)	2,997,950,310	0.635	3,045,150,137	98.45%

TABLE 8

**GRANVILLE COUNTY, NORTH CAROLINA**  
**PROPERTY TAX RATES**  
**DIRECT AND ALL OVERLAPPING GOVERNMENTS (PER \$100 OF ASSESSED VALUE)**  
**LAST THREE FISCAL YEARS**  
 (UNAUDITED)

<b>Tax Year</b>	<b>City of Oxford</b>	<b>Town of Stem</b>	<b>Town of Stovall</b>	<b>City of Creedmoor</b>	<b>Butner Police and Fire Protection</b>	<b>Lyon Station</b>	<b>Oxford Parking Authority</b>	<b>Oxford Municipal Service District</b>	<b>Granville County</b>
2003	0.550	0.450	0.440	0.650	0.200	0.095	0.100	0.200	0.635
2004	0.550	0.450	0.440	0.650	0.200	0.095	0.100	0.200	0.635
2005	0.550	0.450	0.440	0.650	0.200	0.095	0.100	0.200	0.635

TABLE 9

**GRANVILLE COUNTY, NORTH CAROLINA**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**JUNE 30, 2005**  
(UNAUDITED)

<u><b>Taxpayer</b></u>	<b>2005</b>			<b>2002</b>		
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>
Revlon	\$ 64,701,764	1	2.16%	\$ 58,959,323	1	2.11%
Bandag Inc.	21,761,266	2	0.73%	18,948,370	7	0.68%
Newton Instrument Company	20,791,465	3	0.69%	25,247,690	4	0.90%
CP&L/Progress Energy	19,928,727	4	0.66%	19,233,787	6	0.69%
Certainteed Corporation	19,928,727	5	0.66%	21,998,205	5	0.79%
Wilson Boney & Sons, Inc.	18,550,812	6	0.62%	31,430,972	2	1.12%
Georgia Pacific Corp	17,243,295	7	0.58%	22,908,049	3	0.82%
WAKE EMC	16,846,937	8	0.56%	16,576,099	8	0.59%
Alaris Medical Systems, Inc.	16,340,327	9	0.55%	-	-	-
Universal Leaf North America	14,473,132	10	0.48%	-	-	-
Goldsboro Properties, Inc.	-	-	-	14,388,491	9	0.51%
Lace Lastics	-	-	-	14,338,988	10	0.51%
Totals	<u>\$ 230,566,452</u>		<u>7.69%</u>	<u>\$ 244,029,974</u>		<u>8.73%</u>

TABLE 10

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

<b>Fiscal Year Ended December 31</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2003	17,997,517	17,048,343	94.73%	758,998	17,807,341	94.73%
2004	18,238,111	17,328,380	95.01%	591,603	17,919,983	95.01%
2005	19,036,984	18,176,364	95.48%	-	18,176,364	95.48%

TABLE 11

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

<b>Fiscal Year</b>	<b>Governmental Activities</b>		<b>Business-type Activities</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
	<b>General Obligation Bonds</b>	<b>Capital Leases</b>	<b>Capital Leases</b>			
2003	\$ 17,885,000	\$ 708,091	\$ 1,003,129	\$ 19,596,220	0.11%	380
2004	16,735,000	630,765	893,584	18,259,349	unavailable	348
2005	\$ 41,855,000	\$ 550,481	\$ 779,848	\$ 43,185,329	unavailable	816

TABLE 12

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>Per Capita</b>
2003	17,885,000	-	17,885,000	0.64%	347
2004	16,735,000	-	16,735,000	0.58%	319
2005	41,855,000	-	41,855,000	1.40%	791



TABLE 13

**GRANVILLE COUNTY, NORTH CAROLINA**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST THREE FISCAL YEARS**  
(UNAUDITED)

	<b>2003</b>	<b>2004</b>	<b>2005</b>
Debt limit	\$223,721,681	\$229,783,061	\$ 239,836,025
Total net debt applicable to limit	25,258,794	23,810,935	48,228,645
Legal debt margin	\$198,462,887	\$205,972,126	\$ 191,607,380
Total net debt applicable to the limit as a percentage of debt limit	11.29%	10.36%	20.11%

**Legal Debt Margin Calculation for Fiscal Year 2005**

Assessed value	\$ 2,997,950,310
Add back: exempt real property	-
Total assessed value	2,997,950,310
Debt limit (8% of total assessed value)	239,836,025
Debt applicable to limit:	
General obligation bonds	41,855,000
Lease Financing Agreements - Governmental Activities	550,481
Lease Financing Agreements - Business-type Activities	779,848
Notes Payable-Component Unit	5,043,316
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	48,228,645
Legal debt margin	\$ 191,607,380

TABLE 14

**GRANVILLE COUNTY, NORTH CAROLINA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST THREE FISCAL YEARS**  
 (UNAUDITED)

<b>Fiscal Year</b>	<b>Population</b>	<b>Per Capita Personal Income</b>	<b>Percent High School Graduate *</b>	<b>Percent Bachelor's Degree or Higher *</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
2003	51551	21,433	73	13	8545	8.6%
2004	52399	not available	73	13	8720	7.5%
2005	52942	not available	73	13	8674	6.2%

\* 2000 figures from N.C. Department of Commerce current files

TABLE 15

**GRANVILLE COUNTY, NORTH CAROLINA**  
**PRINCIPAL EMPLOYERS**  
**CURRENT FISCAL YEAR**  
 (UNAUDITED)

<b>Employer</b>	<b>2005</b>		<b>Percentage of Total County Employment</b>
	<b>Employees</b>	<b>Rank</b>	
Revlon	2,500	1	11.24%
Selectron	500	2	2.25%
Food Lion Distribution	350	3	1.57%
Certainfeed Corporation	300	4	1.35%
Ideal Fastener	300	5	1.35%
Sandusky International/ Athol Division	300	6	1.35%
Altec Industries	250	7	1.12%
Bandag, Inc.	250	8	1.12%
Clayton Homes	225	9	1.01%
Lace Lastics	200	10	0.90%
Newton Instrument Co.	200	11	0.90%
Gate Precast	165	12	0.74%
Palltetone	165	13	0.74%
Total	<u>5,705</u>		<u>25.64%</u>

TABLE 16

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Function</b>			
General Government	29	31	31
Human Services	85	87	90
Community Services	26.5	26.5	28.5
Public Safety			
Sheriff's Dept./Detention Center	70	74	77
Emergency Services	67	71	77
Emergency Management	1.5	1.5	1.5
Solid Waste	2	3	3
Water & Sewer	3	3	3
Total	284	297	311

TABLE 17

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

	2003	2004	2005
<b>Function</b>			
Public Safety/Sheriff			
Incident Reports	2,274	1,561	1,611
Miscellaneous Incident Reports	6,269	5,640	5,267
Arrests	1,492	1,420	1,327
Court Papers	6,473	8,599	9,138
Public Safety/Emerg Mgmt/Fire			
Number of calls answered (includes fire & medical first response calls)	2,600	2,414	2,915
Inspections	125	132	163
Solid Waste			
C & D Landfill Tonnage	34,236	42,850	28,184
Convenience Sites Tonnage	6,870	7,387	7,548
Civil Citations	13	12	5
Criminal Citations	2	2	1
Community Services/Library			
Items Added to Collection	9,401	6,467	9,886
Circulation	138,494	144,726	156,423
Internet Use	18,651	14,731	19,013
Program Attendance	8,451	6,121	9,951
Community Services/Planning & Inspections			
Number of Building Permits Issued	321	445	467
Number of Mobile Home Permits Issued	210	144	118
Number of Other Permits Issued (Includes Electrical, Plumbing & Mechanical)	841	837	675
Human Services/Social Services			
Average # Adult Medicaid Eligible Cases	2,135	2,127	2,167
Average # Family & Child Medicaid Cases	2,127	2,456	2,577
Average # Households Receiving Food Stamps	1,283	1,518	1,701
Average \$ Fraud Collections per Month	4,301	3,159	2,501
Education			
School enrollment	8,545	8,720	8,674

TABLE 18

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

	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>Function</b>			
Public Safety			
Sheriff (Stations)	2	2	2
Fire stations	14	14	14
Highways and streets			
Streets (miles)	848	918	918
Culture and recreation			
Parks	1	1	1
Libraries	4	4	4
Education			
Schools	14	14	14

## **COMPLIANCE SECTION**

# Winston, Williams & Creech, LLP

Certified Public Accountants

Members  
American Institute of  
Certified Public Accountants

Members  
North Carolina Association of  
Certified Public Accountants

James P. Winston II, CPA  
Gary L. Williams, CPA  
Leonard R. Creech, Jr. CPA

Carleen P. Evans, CPA  
Jennifer T. Reese, CPA  
Elizabeth H. Jackson, CPA



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102 W. Spring Street  
P.O. Box 1366  
Oxford, NC 27565  
office (919) 693-5196  
fax (919) 693-7614  
e-mail: wwinston@nc.rr.com

## **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**

To The Board of County Commissioners  
Granville County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Granville County, North Carolina, as of and for the year ended June 30, 2005, which collectively comprises Granville County's basic financial statements, and have issued our report thereon dated October 3, 2005. We did not audit the financial statements of Granville Medical Center or the Granville Economic Development Commission. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and in our opinion, insofar as it relates to the amounts included for Granville Medical Center and Granville Economic Development Commission, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The financial statements of Granville County ABC Board, Granville Medical Center, 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, we considered Granville County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. We noted other matters involving the internal control over financial reporting, which we have reported to management of Granville County in a separate letter dated October 3, 2005.

### **Compliance and Other Matters**

As a part of obtaining reasonable assurance about whether Granville County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an



objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. We noted certain matters that we reported to management of Granville County, in a separate letter dated October 3, 2005.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of the Board, federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Winston, Williams & Creech, LLP

Winston, Williams & Creech, LLP  
Certified Public Accountants  
October 3, 2005

# Winston, Williams & Creech, LLP

Members  
American Institute of  
Certified Public Accountants

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James P. Winston II, CPA  
Gary L. Williams, CPA  
Leonard R. Creech, Jr. CPA

Carleen P. Evans, CPA  
Jennifer T. Reese, CPA  
Elizabeth H. Jackson, CPA



The CPA. Never Underestimate The Value.™

102 W. Spring Street  
P.O. Box 1366  
Oxford, NC 27565  
office (919) 693-5196  
fax (919) 693-7614  
e-mail: [wwinston@nc.rr.com](mailto:wwinston@nc.rr.com)

## **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**

To the Board of County Commissioners  
Granville County, North Carolina

### **Compliance**

We have audited the compliance of Granville County, North Carolina, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2005. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Granville County's management. Our responsibility is to express an opinion on Granville County's compliance based on our audit.

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, North Carolina'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. Our audit does not provide a legal determination on Granville County's compliance with those requirements.

In our opinion, Granville County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

### **Internal Control Over Compliance**

The management of Granville County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Granville County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Implementation Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of the Board, federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Winston, Williams & Creech, LLP

Winston, Williams & Creech, LLP  
Certified Public Accountants  
October 3, 2005

# Winston, Williams & Creech, LLP

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e-mail: wwinston@nc.rr.com

## **Report On Compliance With Requirements Applicable To Each Major State Program And Internal Control Over Compliance In Accordance With Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act**

To the Board of County Commissioners  
Granville County, North Carolina

### **Compliance**

We have audited the compliance of Granville County, North Carolina, with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2005. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of Granville County's management. Our responsibility is to express an opinion on Granville County's compliance based on our audit.

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, as described in the Audit Manual for Governmental Auditor's in North Carolina and the State Single Audit Implementation Act. Those standards, applicable sections of 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. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Granville County's compliance with those requirements.

In our opinion, Granville County, North Carolina complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2005.

### **Internal Control Over Compliance**

The management of Granville County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered Granville County's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major State program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of the Board, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Winston, Williams & Creech, LLP

Winston, Williams, & Creech, LLP  
Certified Public Accountants  
October 3, 2005

**GRANVILLE COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2005**

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**A. Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? ☐ Yes ☒ No

Reportable condition(s) identified that are not considered  
to be material weakness ☐ Yes ☒ None reported

Noncompliance material to financial statements noted ☐ Yes ☒ No

**Federal Awards**

Internal control over major federal programs:

Material weakness(es) identified? ☐ Yes ☒ No

Reportable condition(s) identified that are not considered  
to be material weakness ☐ Yes ☒ None reported

Noncompliance material to federal awards ☐ Yes ☒ 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 ☐ Yes ☒ No

Identification of major federal programs:

**CFDA Numbers**

**Name of Federal Program or Cluster**

93.778  
93.658, 93.659

Medical Assistance  
Foster Care and Adoption Cluster

**GRANVILLE COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2005**

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Dollar threshold used to distinguish between Type A and Type B Programs: \$ 1,134,326

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

State Awards

Internal Control Over State Programs:

Material weakness(es) identified? ☐ Yes ☒ No

Reportable condition(s) identified that are not considered to be material weakness ☐ Yes ☒ No

Noncompliance material to state awards ☐ Yes ☒ 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 ☐ Yes ☒ No

Identification of major state Programs:

Program Name

Medical Assistance

**B. Financial Statement Findings**

None reported.

**C. Federal Award Findings and Questioned Costs**

None reported.

**D. State Award Findings and Questioned Costs**

None reported.

**GRANVILLE COUNTY, NORTH CAROLINA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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There were no prior year audit findings.



**GRANVILLE COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL (DIRECT & PASS- THROUGH) EXPENDITURES	STATE EXPENDITURES	LOCAL EXPENDITURES
<b>FEDERAL AWARDS:</b>				
<u>U.S. Dept. of Agriculture</u>				
Food and Nutrition Service				
Passed-through N.C. Dept. of Agriculture:				
Nutrition for the Elderly	10.570	\$ 34,730	\$ -	\$ -
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
Administration:				
Food Stamp Cluster:				
Food Stamp Program - Direct Benefit Payment	10.551	4,240,232	-	-
State Administrative Matching				
Grants for the Food Stamp Program	10.561	312,086	-	312,086
Total Food Stamp Cluster		4,552,318	-	312,086
Total U.S. Dept. of Agriculture		4,587,048	-	312,086
<u>U.S. Dept. of Housing and Urban Development</u>				
Passed-through N.C. Dept. of Commerce:				
Division of Community Assistance				
Community Development Block Grant (CDBG)	14.228	126,004	-	-
<u>U.S. Dept. of Justice</u>				
<u>Bureau of Justice Assistance</u>				
Passed-through N.C. Dept. of Crime Control and Public Safety:				
Byrne Formula Grant	16.579	26,625	-	8,875
Juvenile Crime Prevention	16.540	144,466	-	43,335
Law Enforcement Block Grant	16.592	10,500	-	1,167
Direct Program:				
Bullet Proof Vest	16.607	4,663	-	-
Total U.S. Dept. of Justice		186,254	-	53,377
<u>General Services Administration</u>				
Passed through State Board of Elections:				
List Maintenance Grant	39.011	2,030	-	-
Technology Grant	39.011	10,536	-	-
Total U.S. Dept. of Administration		12,566	-	-
<u>U.S. Dept. of Labor</u>				
<u>Employment and Training Administration</u>				
Passed-through the N.C. Dept. of Commerce:				
Division of Employment and Training				
Workforce Investment Act Cluster				
WIA Dislocated Worker	17.260	47,188	-	-
<u>Institute of Museum and Library Services</u>				
Passed-through the N.C. Dept. of Cultural Resources				
Library of NC:				
Planning Grant	45.310	6,386	-	-
Total U.S. Dept. of Labor		53,574	-	-

**GRANVILLE COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL (DIRECT & PASS- THROUGH) EXPENDITURES	STATE EXPENDITURES	LOCAL EXPENDITURES
<u>U.S. Dept of Homeland Security</u>				
Passed-through N.C. Dept. of Crime Control and Public Safety:				
Emergency Management Performance Grant	97.042	20,404		-
Emergency Food and Shelter Program	97.024	9,000	-	-
Total Federal Emergency Management		29,404	-	-
<u>U.S. Dept. of Health &amp; 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				
Health Promotion	93.043	7,487	478	-
Family Caregiver Support	93.052	3,760	240	-
Special Programs for the Aging-Title III B				
Grants for Supportive Services and Senior Centers	93.044	85,345	186,792	-
Special Programs for the Aging-Title III C				
Nutrition Services	93.045	56,809	40,404	-
Total Aging Cluster		153,401	227,914	-
<u>Administration for Children and Families</u>				
Passed-through the N.C. Dept. of Health Human Services:				
Division of Social Services:				
<u>Foster Care and Adoption Cluster:</u>				
Title IV-E Foster Care-Administration	93.658	77,357	15,909	61,448
Foster Care - Direct Benefit Payments	93.658	81,805	9,884	37,238
Adoption Assistance - Direct Benefit Payments	93.659	31,656	9,713	9,713
Total Foster Care and Adoption Cluster		190,818	35,506	108,399
Temporary Assistance for Needy Families (TANF)	93.558	671,793	-	431,684
TANF-Direct Benefit Payments	93.558	864,077	-	-
N. C. Child Support Enforcement	93.563	419,538	-	216,126
Low-Income Home Energy Assistance Block Grant:				
Administration	93.568	167,819	-	-
Energy Assistance Payments-				
Direct Benefit Payments	93.568	66,951	-	-
Permanency Planning-Families for Kids	93.645	15,575	4,003	1,188
SSBG-Other Service and Training	93.667	186,028	42,336	63,925
Independent Living Grant	93.674	3,232	998	-

**GRANVILLE COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL (DIRECT & PASS- THROUGH) EXPENDITURES	STATE EXPENDITURES	LOCAL EXPENDITURES
<u>Administration for Children and Families (cont.)</u>				
Division of Child Development:				
Subsidized Child Care				
Child Care Development Fund Cluster:				
Division of Social Services:				
Child Care Development Fund-Administration	93.596	63,327	-	-
Division of Child Development:				
Child Care and Development Block Grant	93.575	617,538	-	-
Child Care and Development Fund-Mandatory	93.596	287,340	-	-
Child Care and Development Fund-Match	93.596	156,588	90,560	-
Total Child Care Development Fund Cluster		1,124,793	90,560	-
Social Services Block Grant	93.667	8,624	-	-
TANF	93.558	182,391	-	-
Smart Start		-	3,631	-
TANF-Maintenance of Effort		-	279,304	-
State Appropriations		-	55,159	-
More at Four State Funding		-	30,666	-
Total Subsidized Child Care Cluster		1,315,808	459,320	-
<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	28,356,456	13,520,574	2,178,736
Division of Social Services:				
Administration:				
Medical Assistance Program	93.778	370,075	33,674	336,401
State Children's Insurance Program- N.C. Health Choice	93.767	17,365	2,218	3,736
<u>Centers for Disease Control</u>				
Passed through the N.C. Dept. of Health and Human Services:				
Division of Public Health:				
Bioterrorism Hospital Preparedness Program	93.003	16,657	-	-
<u>Voter Access</u>				
Passed-through State Board of Elections				
Student Elections Assistants	93.617	421	-	-
Total U.S. Dept. of Health and Human Services		32,816,014	14,326,543	3,340,195
Total federal awards		37,810,864	14,326,543	3,705,658
<b>STATE AWARDS:</b>				
<u>N.C. Dept. of Cultural Resources</u>				
Division of State Library				
State Aid to Public Libraries		-	117,675	481,704
<u>N.C. Dept. of Commerce</u>				
Royal Home Fashions Grant CI-330		-	112,500	-
C-MAC/Newton Grant CI-215		-	22,854	-
Total N.C. Dept. of Commerce		-	135,354	-

**GRANVILLE COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL (DIRECT & PASS- THROUGH) EXPENDITURES	STATE EXPENDITURES	LOCAL EXPENDITURES
<u>N.C. Dept. of Health and Human Services</u>				
Division of Aging and Adult Services:				
Division of Social Services:				
State/County Special Assistance for				
Adults-Direct Benefit Payments		-	422,098	422,098
State Foster Care Benefits Program-Direct		-	37,872	37,872
CWS Adoption Subsidy-Direct		-	80,017	19,169
State Aid to Countries		-	30,651	-
Energy Assistance		-	9,209	-
SSBG		-		
Smart Start		-	52,883	-
County Funded Program		-	-	30,106
Non-Allocating County Cost		-	-	22,823
SC/SA Administration		-	-	58,863
Total Division of Social Services		-	632,730	590,931
<u>N.C. Department of Public Instruction</u>				
Public School Building Capital Fund		-	200,000	747,600
<u>N.C. Dept. of Environmental and</u>				
<u>Natural Resources</u>				
NC Clean Water Revolving Loan and Grant Program		-	501,771	-
Soil Technician Grant		-	61,901	61,901
Division of Waste Management				
White Goods Management Program		-	36,287	-
Scrap Tire Program		-	3,639	-
Total N.C. Dept. of Environmental and		-	603,598	61,901
Natural Resources		-	603,598	61,901
<u>N.C. Dept. of Transportation</u>				
Rural Operating Assistance Program (ROAP)				
ROAP Elderly and Disabled Transportation				
Assistance Program		-	47,284	-
ROAP Rural General Public Program		-	32,579	-
ROAP Work First Transitional-Employment				
Transportation Assistance Program		-	7,350	-
Total N.C. Dept of Transportation		-	87,213	-
<u>N.C. Dept. of Administration</u>				
Grant Veteran Service		-	2,000	2,000
Total State awards		-	1,778,570	1,884,136
Total federal and State awards		\$ 37,810,864	\$ 16,105,113	\$ 5,589,794

**GRANVILLE COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

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

**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal and state awards 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 follows:

<u>Program Title</u>	<u>CFDA #</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
Juvenile Crime Prevention	16.540	112,556	
Public School Building Capital Fund			200,000
Rural General Pubilc Program (ROAP)			32,579