

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the Fiscal Year Ended
June 30, 2007**



Prepared by the
Granville County Finance Department

Acting Finance Director
Brian M. Alligood

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 30, 2007

**To the Board of County Commissioners and
To the Citizens of 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, 2007, reflects the achievement of that goal. Each year this document is prepared to provide you with details about how the County receives, spends and accounts for its money, as well as key indicators of its financial strength.

The CAFR consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a system of internal controls designed to protect County assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with generally accepted accounting principles (GAAP), and to provide reasonable assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by Winston, Williams, Creech, Evans & Company, LLP. The objective of the independent audit is to provide reasonable assurance that the financial statements of Granville County for the fiscal year ended June 30, 2007 are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2007 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

As required by GAAP, the Management Discussion and Analysis (MD&A) is presented in narrative form to introduce the basic financial statements and to provide an overview and analysis of the financial operations for the fiscal year ended June 30, 2007. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A is located immediately following the report of the independent auditor.

Financial Reporting Entity

The 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 Granville Medical Center, Granville County ABC Board, Granville County Economic Development Commission, Granville County Tourism Development Authority, and 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, 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.

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

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

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

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

The annual budget provides the foundation for the County's financial planning and control. The budget is a legally adopted ordinance, the development of which receives input from citizens, county departments, and various agencies in the County. The

Manager uses funding requests from all departments and agencies to develop a proposed budget that is presented to the Board for review.

Factors Affecting Economic Condition

Granville County has not been immune to the job losses in the textile, tobacco, and telecommunications industries over the last decade. However, improvement in the unemployment rate has mirrored that of the State and has steadily improved over the last three years. The unemployment rate in June 2004 was 7.5%; in June 2007, it had dropped to 5.2%.

The County continues to experience growth and increased diversity in its local economy. Revlon recently announced a \$50,000,000 expansion at its North America manufacturing and distribution plant located in Oxford. CMP, USA recently purchased a 160,000 square foot building in Creedmoor and will produce metal products for the telecommunications industry. Firstmark Aerospace purchased a 70,000 square foot building in Creedmoor and will relocate from Durham. The County in partnership with three of its neighboring counties has created a hub project. The Granville County site “Granville Business and Technology Park” is 510 acres of the overall 2,000 acre industrial park site. The State of North Carolina will soon complete work on a new \$110,000,000 psychiatric hospital facility in Butner.

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

The Research Triangle Park (the Park) contains 6,900 acres of land which has been reserved for research and research-oriented manufacturing. The Park celebrated forty years of progress in 1999 and it is now home to 96 private and governmental companies. Over 37,000 people are employed in the Park, which has over 15 million developed square feet of space.

Vance-Granville Community College is one of the finest industrial training institutions in the State. The public education in the County is strong and has students performing well. The County system has one of the lowest dropout rates in the State. Although population growth has outgrown the existing school facilities in the County, students are better prepared for future educational and employment opportunities than ever before.

The County continues to see rapid growth in residential as well as industrial projects. Oxford Park, Lexington Park and Keller Pond are three new residential projects in Oxford. The Links at Thorndale and the David Drye Apartment complex will provide over 200 new quality rental units.

During the three difficult economic years of 2001, 2002 and 2003 the County led all thirteen counties in the Research Triangle Region, including Wake and Durham, in the percentage increase in the total number of people employed with a 100% increase.

Cash Management

The County's investment practices emphasize compliance with North Carolina General Statutes and stress safety and liquidity at all times. To maximize investment of funds, all cash is combined in a single central depository. Investments utilized by the County include the North Carolina Capital Management Trust and certificates of deposit.

Risk Management

The County protects itself from loss through participation in the self-funded risk financial pools administered by the North Carolina Association of County Commissioners. The County obtains property, general liability, business automobile, professional liability, and workers' compensation coverage through the pool.

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 school planning efforts have served to promote more effective discussions between the Board of Education and the Board of County Commissioners in developing projects to meet the school system's needs. The E-911 plan has allowed the County to understand the impact and plan for debt issuance to fund 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

The County intends to submit this report to the Government Finance Officers Association (GFOA) for its Certificate of Achievement for Excellence in Financial Reporting program. This program recognizes governmental units that publish easily readable and efficiently organized Comprehensive Annual Financial Reports that conform to program standards. The Certificate of Achievement is the highest form of recognition awarded in the field of governmental financial reporting. Granville County has been the recipient of the award for eight consecutive years.

We appreciate the assistance and dedication of our employees in all departments, which carry out the services and programs approved by our Board of Commissioners. Preparation of this report would not have been possible without the dedicated efforts of the entire Finance Department staff and our independent auditors, Winston, Williams, Creech, Evans & Company, LLP. We also express our appreciation to the members of the Board of County Commissioners for their continued support, guidance, and advice in planning and conducting the financial activities of the County in a responsible and progressive manner. The County's excellent financial status is a tribute to their dedication and genuine concern about the quality of good government in Granville County.

Respectfully Submitted,

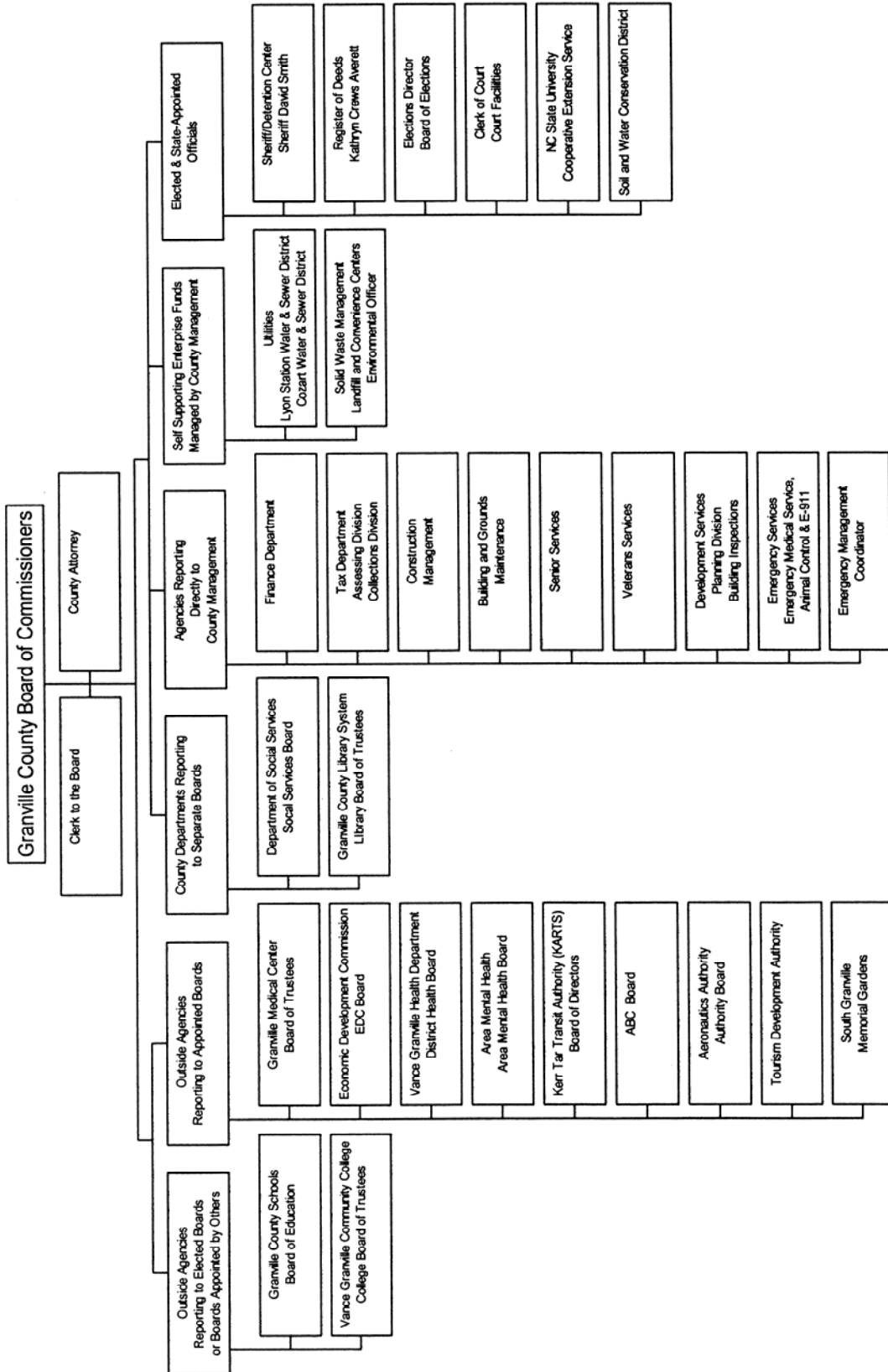
Brian M. Alligood

Brian M. Alligood
County Manager

Michael S. Felts

Michael S. Felts
Finance Director

Granville County Government



**GRANVILLE COUNTY, NORTH CAROLINA
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2007**

**Board of County
Commissioners**

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

Bobbie R. Wilson, Clerk to the Board

County Officials

Brian M. Alligood.
Brian M. Alligood
Judy K. Davis
Kathryn Crews Averett
David T. Smith
M. Scott Phillips
Tonya C. Burnette
Martin T. Bragg
Jason A. Falls
Louis W. Bechtel
Pello L. Duncan
Kathy B. May
Tresia J. Dodson
Johnsie C. Cunningham

County Manager
Acting Finance Director
Tax Administrator
Register of Deeds
Sheriff
Director of Development Services
Elections 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, 2006

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.



A handwritten signature in black ink, appearing to read "Ronald J. Hawn".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

FINANCIAL SECTION

Winston, Williams, Creech, Evans & Company, LLP

Certified Public Accountants



The CPA. Never Underestimate The Value.™

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

Jennifer T. Reese, CPA

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Granville County, North Carolina, as of and for the year ended June 30, 2007, 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, North Carolina'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. 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. 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, North Carolina as of June 30, 2007, 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 30, 2007, 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.

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www.wwccpa.com



Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions 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, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
October 30, 2007



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, 2007. 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 liabilities of Granville County exceeded its assets at the close of the fiscal year by \$586,575 (*net assets*).
- The government's total net assets decreased by \$19,324,304, primarily due to spending the proceeds of the Series 2005 Bond Proceeds. Since the construction in progress for schools is reflected on the school's financial statements rather than the County's, there is no offsetting asset for the decline in cash.
- At the end of the current fiscal year, Granville County's governmental funds reported combined ending fund balances of \$25,681,660, a decrease of \$13,537,278 in comparison with the prior year. Approximately seventy-seven percent (77%) of this total amount, or \$19,948,045, is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$14,226,434, or thirty percent (40%) of total general fund expenditures for the fiscal year.
- Granville County's total debt increased by \$8,875,722 (20%) during the current fiscal year. The key factor in this increase was the issuance of \$9.5 million of general obligation bonds for school construction and renovation.

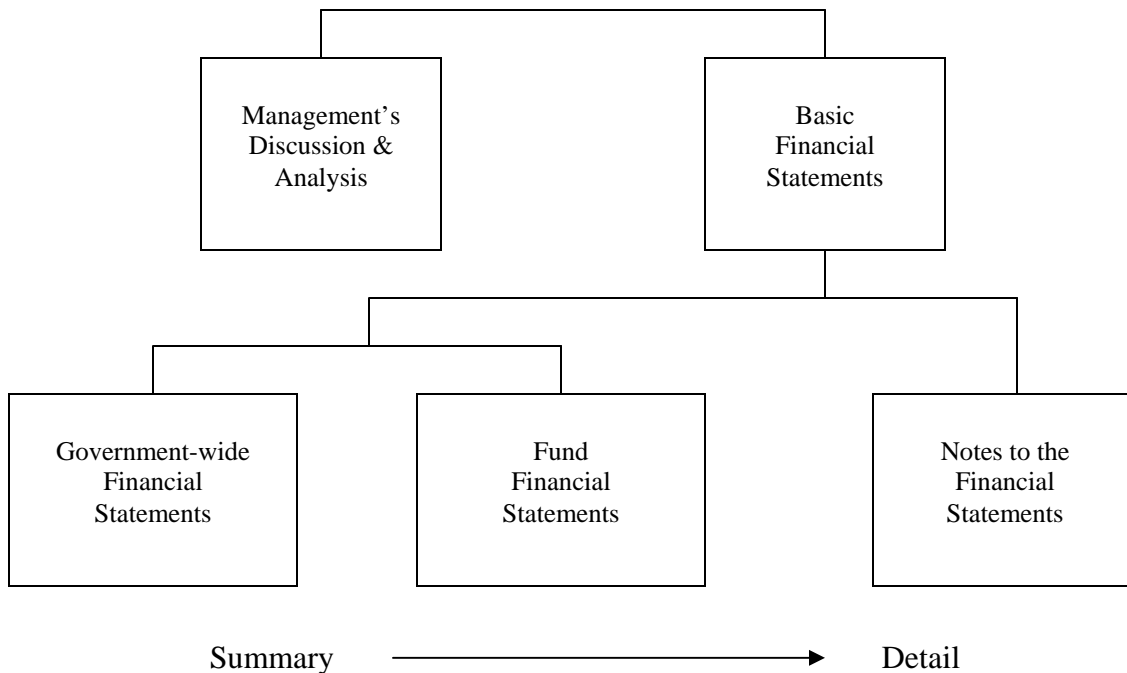
Overview of the Financial Statements

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 gage the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as 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 46 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 75 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 liabilities of Granville County exceeded assets by \$586,575 as of June 30, 2007. The County's net assets decreased by \$19,324,304 for that same time period. This decrease was due to approximately \$23 million of expenditures from our Series 2005 & 2006 school bonds. This decreased our cash and cash equivalents with no offsetting asset. The Construction in progress for these expenditures is reflected on the financial statements for Granville County Schools and not the County's financial statements, although the County owns the title to the properties.

This \$23 million expenditure, together with an increase of approximately \$1.8 million in Human Services, are offset somewhat by a \$1.2 million increase in property tax revenue, a \$1 million increase in local option sales taxes, and an increase of approximately \$185,000 in miscellaneous revenues over the prior year.

The largest portion, \$15,457,870 of the County's net assets 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 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.

Granville County's Net Assets

Figure 2

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 30,871,369	\$ 44,397,122	\$ 5,421,621	\$ 4,877,268	\$ 36,292,990	\$ 49,274,390
Capital assets	13,958,197	12,218,998	4,131,816	3,544,699	18,090,013	15,763,697
Total assets	<u>\$ 44,829,566</u>	<u>\$ 56,616,120</u>	<u>\$ 9,553,437</u>	<u>\$ 8,421,967</u>	<u>\$ 54,383,003</u>	<u>\$ 65,038,087</u>
Long-term liabilities outstanding	\$ 50,262,481	\$ 41,260,207	\$ 1,809,345	\$ 1,935,897	\$ 52,071,826	\$ 43,196,104
Other liabilities	2,734,614	2,897,753	163,139	206,501	2,897,753	3,104,254
Total liabilities	<u>\$ 52,997,095</u>	<u>\$ 44,157,960</u>	<u>\$ 1,972,484</u>	<u>\$ 2,142,398</u>	<u>\$ 54,969,579</u>	<u>\$ 46,300,358</u>
Net assets:						
Invested in capital assets, net						
of related debt	\$ 11,865,211	\$ 10,561,872	\$ 3,592,659	\$ 2,882,938	\$ 15,457,870	\$ 13,444,810
Restricted	-	-	-	-	-	-
Unrestricted	(20,032,740)	1,896,288	3,988,294	3,396,631	(16,044,446)	(16,044,446)
Total net assets	<u>\$ (8,167,529)</u>	<u>\$ 12,458,160</u>	<u>\$ 7,580,953</u>	<u>\$ 6,279,569</u>	<u>\$ (586,576)</u>	<u>\$ (2,599,636)</u>

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

- Continued emphasis on the collection of property taxes. The tax collection percentage declined slightly from the previous year (.37 %). With the increase in the property tax rate of (6.5 cents per \$100 valuation), the overall collections for current year's taxes increased by \$1,072,981.
- Increased sales tax revenues of approximately \$594,387, due to economic growth in the County.
- 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	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program Revenues:						
Charges for services	\$ 2,904,744	\$ 3,339,706	\$ 3,148,465	\$ 2,988,016	\$ 6,053,209	\$ 6,327,722
Operating grants and contributions	6,320,822	6,359,569	-	-	6,320,822	
Capital grants and contributions	1,001,954	1,235,516	-	-	1,001,954	
General revenues:					-	
Property taxes	23,410,571	22,243,741	-	-	23,410,571	
Other taxes	10,992,530	10,501,859	-	-	10,992,530	
Grants and contributions not restricted to specific programs	-	-	-	-	-	
Other	2,456,329	2,304,348	325,014	375,285	2,781,343	
Total revenues	47,086,950	45,984,739	3,473,479	3,363,301	50,560,429	6,327,722
Expenses:						
General government	2,496,066	2,844,996	-	-	2,496,066	2,844,996
Public safety	9,465,578	9,096,766	-	-	9,465,578	9,096,766
Transportation	161,752	133,184	-	-	161,752	133,184
Environmental protection	-	282,791	-	-	-	282,791
Economic and physical development	28,224	-	-	-	28,224	-
Human services	12,612,304	10,796,551	-	-	12,612,304	10,796,551
Community services	2,610,956	2,005,795	-	-	2,610,956	2,005,795
Education	35,180,474	23,610,030	-	-	35,180,474	23,610,030
Interest on long-term debt	1,938,828	1,760,155	-	-	1,938,828	1,760,155
Landfill	-	-	1,642,393	1,396,116	1,642,393	1,396,116
Water and sewer	-	-	1,340,252	1,249,509	1,340,252	1,249,509
Other	2,407,906	1,879,547	-	-	2,407,906	1,879,547
Total expenses	66,902,088	52,409,815	2,982,645	2,645,625	69,884,733	55,055,440
Increase (decrease) in net assets before transfers and special items	(19,815,138)	(6,425,076)	490,834	717,676	(19,324,304)	(5,707,400)
Transfers	(810,551)	227,150	810,551	(227,150)	-	-
Increase (decrease) in net assets	(20,625,689)	(6,197,926)	1,301,385	490,526	(19,324,304)	(5,707,400)
Net assets, beginning	12,458,160	18,656,086	6,279,569	5,789,043	18,737,729	24,445,129
Net assets, ending	\$ (8,167,529)	\$ 12,458,160	\$ 7,580,954	\$ 6,279,569	\$ (586,575)	\$ 18,737,729

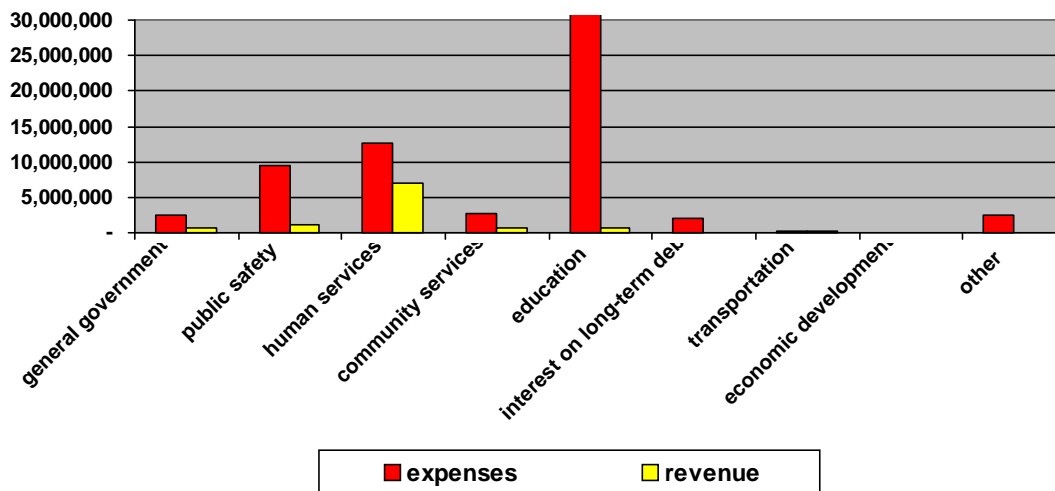
Governmental activities. Governmental activities decreased the County's net assets by \$20,625,689, thereby accounting for 106.73% of the total decline in the net assets of Granville County. Key elements of this decrease are as follows:

- Expenses for education increased forty-nine percent (49%) due to school projects underway which are being financed by \$25.5 million of general obligation bonds issued in 2005 and \$9.5 million of general obligation bonds issued in 2006.
- \$178,673 increase in interest expense as a result of the new bond debt.

The decrease would have been greater if not for the following:

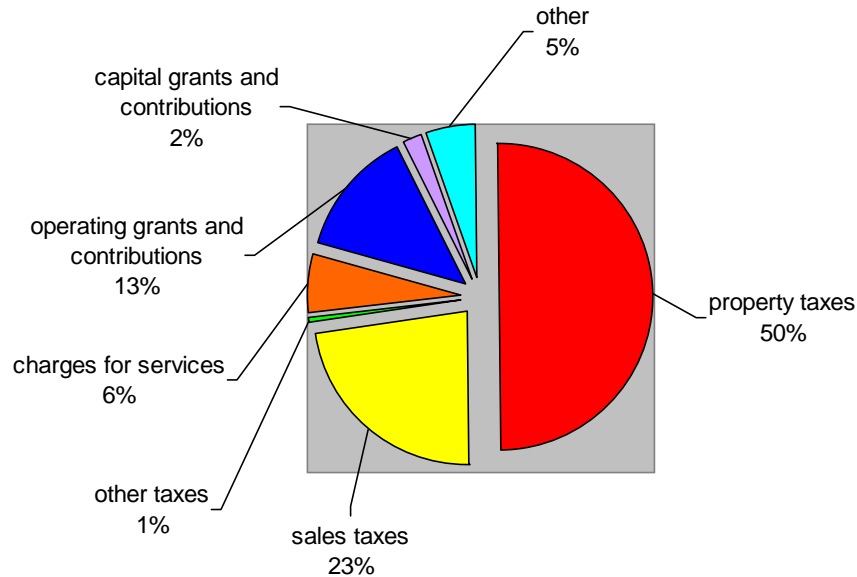
- \$1,336,701 increase in property tax revenue
- \$594,387 increase in local option sales tax.

Expenses and Program Revenues – Governmental Activities



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

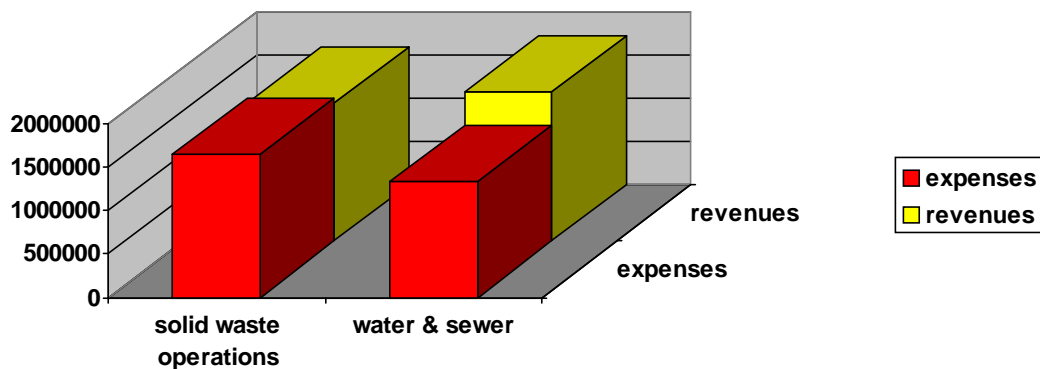
Revenues by Source – Governmental Activities



Business-type activities. The increase in net assets attributable to business-type activities reduced the decline in Granville County's net assets by \$1,301,385. Key elements of this increase are as follows:

- Solid waste operations experienced an increase in net assets of \$923,737 and accounted for seventy-one percent (71%) of the total growth.
- Lyon Station Water & Sewer District experienced an increase in net assets of \$331,679 accounting for twenty-five (25%) of the business-type activities growth.
- Cozart Water & Sewer District experienced an increase in net assets of \$45,969, accounting for the remaining four percent (4%) of the business-type activities growth.

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 \$14,226,434 while total fund balance reached \$18,253,341. The remainder of fund balance is reserved to indicate that it is not available for appropriation under state law (\$4,026,907). 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 35.9 percent of total General Fund expenditures, while total fund balance represents 46.08 percent of that same amount.

At June 30, 2007, the governmental funds of Granville County reported a combined fund balance of \$25,681,660, a 34.5 percent decrease from last year. The primary reason for this decrease is the decrease in fund balance in the 35 Million School Bond Fund. \$25.5 million of general obligation bonds were issued in 2005 and \$9.5 million were issued in 2006 to finance both new school construction and improvements to existing facilities. \$23,443,508 of expenditures occurred during this fiscal year. Although the County has title to the schools, the construction in progress is booked as an asset on the school's financial statements rather than the County's.

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 \$1,081,184 of which \$599,590 was attributable to restricted intergovernmental revenues and investment earnings respectively.

The County underestimated sales and other tax revenue by a combined total of \$762,804. The County is experiencing a growth and we have tended to be very conservative in budgeting the increased revenues that come as a result of growth.

The County had three areas within its non-departmental, human service, and debt service sections, which were over budget. The overage in the debt service area was due to an error in calculating the current year portion of interest expenditure.

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 \$1,733,647, and those for the Solid Waste Fund equaled \$2,061,376. The total change in net assets for each fund was \$331,679 and \$923,737, 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, 2007 totals \$18,090,013 (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 increased by \$1,727,642.
- New vehicles and equipment were purchased in the Public Safety Departments.
- Several vehicles were disposed of in the Public Safety Departments.
- Additional land was purchased to increase the capacity of the C&D Landfill and to provide buffer areas to adjacent property.

Granville County's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 806,618	\$ 605,455	\$ 1,020,695	\$ 298,445	\$ 1,827,313	\$ 903,900
Buildings	7,603,299	7,925,025	72,778	75,509	7,676,077	8,000,534
Improvements other than buildings	2,104,340	2,095,733	2,970,345	3,079,455	5,074,685	5,175,188
Equipment and vehicles	993,680	870,167	-	-	993,680	870,167
Machinery and equipment	-	-	67,998	91,290	67,998	91,290
Construction in progress	2,450,260	722,618	-	-	2,450,260	722,618
Total	\$ 13,958,197	\$ 12,218,998	\$ 4,131,816	\$ 3,544,699	\$ 18,090,013	\$ 15,763,697

Additional information on Granville County's capital assets can be found in the notes to the financial statements beginning on page 59 of this report.

Long-term debt. At the end of fiscal year 2007, Granville County had total bonded debt outstanding of \$47,415,000, 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	
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$ 47,415,000	\$ 39,890,000	\$ -	\$ -	\$ 47,415,000	\$ 39,890,000

Granville County's total general obligation debt increased by \$7,525,000 (19 percent) during fiscal year 2007 as a result of principal payments on several series of general obligation bonds and the issuance of the remaining authorized bonds of \$9.5 million in Series 2006 school bond debt.

Granville County maintains an “A+” rating from Standard & Poor’s, an “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 \$211,972,507, 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 67 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 5.2%, slightly higher than the state average of 4.9%. This has remained fairly consistent with rates from last fiscal year.
- Total taxable sales for the County for the fiscal year were \$216,125,048. The North Carolina Department of Revenue changed its reporting format of sales tax information effective July 1, 2006. Prior to that date, they reported gross collections and gross retail sales. They now report gross collections and taxable sales. We do not have a comparable figure for taxable sales from 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.
- CMP, USA recently purchased a 160,000 square foot building in Creedmoor and will produce metal products for the telecommunications industry.
- The County is working with four neighboring counties on the development of a 1,000-acre industrial park, approximately half of which is within Granville County.
- The State of North Carolina will soon complete work on a new \$110,000,000 psychiatric facility in Butner.

Budget Highlights for the Fiscal Year Ending June 30, 2007

Governmental Activities: The approved budget for fiscal year 07/08 increased the ad valorem tax rate by 5.5 cents for a total rate of 75.5 cents per \$100 of assessed valuation. This direction from the County Commissioners came on the heels of a 6.5 cent tax increase in FY 05/06 to fund primarily the capital needs of the schools. The growth in the tax base is based on new property on the books totaling approximately \$160,994,918, or a 5.1% increase. This increase is slightly higher than the previous fiscal year and reflects the efforts of the Board of Commissioners to encourage the recruitment and

expansion of environmentally sound commercial and industrial projects. It also reflects a strong residential construction market.

Budgeted expenditures in the General Fund reflect an increase over the previous fiscal year of 7%. This is primarily due to increased expenditures in public safety and education.

The FY 07/08 budget appropriates \$2,259,481 of available fund balance, to fund primarily start-up funding needs of the newly constructed high school. Total revenues, including appropriated fund balance, reflect an increase of approximately 5% over the previous year.

Business-type Activities: Management of the Lyon Station and Cozart Water and Sewer Systems has been contracted out with the South Granville Water and Sewer Authority. The Authority assumed responsibility for system maintenance and operations. The business management function has been consolidated under Tax Administration.

The budget for the operation of the solid waste activities reflects an 18% increase in operating expenditures due primarily to brush grinding and brush management. User fees were increased during the previous fiscal year to offset the anticipated increased cost of operations. The construction and demolition landfill purchased some additional land, which was offset by transfer of funds from the landfill capital reserve fund.

Requests for Information

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

Michael S. Felts

Michael S. Felts
Finance Director

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

GRANVILLE COUNTY, NORTH CAROLINA
STATEMENT OF NET ASSETS
JUNE 30, 2007

	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
ASSETS								
Cash and cash equivalents	\$ 24,183,914	\$ 5,157,882	\$ 29,341,796	\$ 872,988	\$ 703,559	\$ 49,195	\$ 41,617	\$ 200,759
Taxes receivable	2,322,547	5,308	2,327,855	-	-	-	-	-
Accrued interest receivable on taxes	423,413	-	423,413	-	-	-	-	-
Accrued interest receivable	43,973	-	43,973	-	-	-	-	-
Accounts receivable	3,806,284	253,110	4,059,394	5,455,987	-	-	-	19,724
Inventories	-	-	-	840,598	89,474	-	-	4,334
Prepaid items	-	-	-	285,424	8,568	-	-	-
Due from governmental unit	-	-	-	-	-	-	-	-
Restricted assets:								
Cash and cash equivalents	-	326	326	-	-	-	-	-
Assets whose use is limited	-	-	-	9,867,778	-	-	-	-
Investment in affiliated organization	-	-	-	1,000	-	-	-	-
Deferred charges-issuance costs	91,238	4,995	96,233	-	-	-	-	-
Capital assets								
Land, improvements, and construction in progress	3,256,878	1,020,695	4,277,573	1,626,312	110,877	-	-	39,534
Other capital assets, net of depreciation	10,701,319	3,111,121	13,812,440	12,006,554	118,522	3,385	-	-
Total Assets	\$ 44,829,566	\$ 9,553,437	\$ 54,383,003	\$ 30,956,641	\$ 1,031,000	\$ 52,580	\$ 41,617	\$ 264,351
LIABILITIES								
Accounts payable & accrued liabilities	\$ 2,214,880	\$ 89,159	\$ 2,304,039	\$ 4,358,971	\$ 276,869	\$ -	\$ -	\$ -
Accrued interest payable	250,382	1,703	252,085	-	-	-	-	-
Unearned revenues	93,658	5,457	99,115	-	-	-	-	-
Due to fiduciary funds	-	-	-	-	-	-	-	-
Prepaid Items	-	-	-	-	-	-	-	-
Customer deposits	-	66,819	66,819	-	-	-	-	1,375
Premium on bonds	175,694	-	175,694	-	-	-	-	-
Long-term liabilities:								
Due within one year								
Bonds payable	2,450,000	-	2,450,000	-	-	-	-	-
Notes payable	75,420	-	75,420	551,994	-	-	-	-
Capital leases payable	89,856	127,296	217,152	-	-	-	-	-
Compensated absences payable	157,527	4,275	161,802	1,360,953	-	4,901	-	-
Due in more than one year								
Bonds payable	44,965,000	-	44,965,000	-	-	-	-	-
Notes payable	1,406,188	-	1,406,188	3,417,113	-	-	-	-
Capital leases payable	290,725	411,861	702,586	-	-	-	-	-
Accrued landfill closure and postclosure costs	-	1,253,091	1,253,091	-	-	-	-	-
Compensated absences payable	472,582	12,822	485,404	-	-	7,237	-	-
Net pension obligation	355,183	-	355,183	-	-	-	-	-
Total Liabilities	52,997,095	1,972,483	54,969,578	9,689,031	276,869	12,138	-	1,375
NET ASSETS								
Invested in capital assets, net of related debt	11,865,211	3,592,659	15,457,870	9,663,759	229,399	3,385	-	39,534
Restricted for:								
Recreation	-	-	-	-	-	-	-	-
Register of Deeds	-	-	-	-	-	-	-	-
Occupancy Tax	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Hospital	-	-	-	7,235	-	-	-	-
Law Enforcement	-	-	-	-	-	-	-	-
Working Capital	-	-	-	-	83,412	-	-	-
Future Care and Maintenance Costs	-	-	-	-	-	-	-	100,000
Unrestricted (deficit)	(20,032,740)	3,988,295	(16,044,445)	11,596,616	441,320	37,057	41,617	123,442
Total Net Assets	\$ (8,167,529)	\$ 7,580,954	\$ (586,575)	\$ 21,267,610	\$ 754,131	\$ 40,442	\$ 41,617	\$ 262,976

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, 2007

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets								
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units					
					Governmental Activities	Business-Type Activities	Total	Granville Medical Center	Granville County ABC Board	Granville Economic Development Commission	Granville County Tourism Development Authority	South Granville Memorial Gardens	
Primary Government:													
Governmental Activities:													
General government	\$ 2,496,066	\$ 610,973	\$ 14,732	\$ -	\$ (1,870,361)	\$ -	\$ (1,870,361)						
Public safety	9,465,578	802,327	357,011	-	(8,306,240)	-	(8,306,240)						
Transportation	161,752	-	-	149,097	(12,655)	-	(12,655)						
Environmental protection	-	-	-	-	-	-	-						
Economic and physical development	28,224	-	-	(14,349)	(42,573)	-	(42,573)						
Human services	12,612,304	1,137,207	5,756,078	-	(5,719,019)	-	(5,719,019)						
Community services	2,610,956	354,237	193,001	108,513	(1,955,205)	-	(1,955,205)						
Education	35,180,474	-	-	758,693	(34,421,781)	-	(34,421,781)						
Non-departmental and special areas	2,407,906	-	-	-	(2,407,906)	-	(2,407,906)						
Interest on long-term debt	1,938,828	-	-	-	(1,938,828)	-	(1,938,828)						
Total governmental activities	66,902,088	2,904,744	6,320,822	1,001,954	(56,674,568)	-	(56,674,568)						
Business-type activities:													
Solid Waste	1,642,393	1,592,925	-	-	-	(49,468)	(49,468)						
Water and Sewer	1,340,252	1,555,540	-	-	-	215,288	215,288						
Total business-type activities	2,982,645	3,148,465	-	-	-	165,820	165,820						
Component units:													
Granville Medical Center	34,006,104	35,439,649	161,445	55,866	-	-	-	1,650,856	-	-	-	-	-
Granville County ABC Board	2,643,772	2,705,699	-	-	-	-	-	-	61,927	-	-	-	-
Granville Economic Development Commission	197,950	-	-	-	-	-	-	-	-	(197,950)	-	-	-
Granville County Tourism Development Authority	125,216	-	-	-	-	-	-	-	-	-	(125,216)	-	-
South Granville Memorial Gardens	45,125	58,085	-	-	-	-	-	-	-	-	-	-	12,960
Total component units	\$ 37,018,167	\$ 38,203,433	\$ 161,445	\$ 55,866	\$ -	\$ -	\$ -	\$ 1,650,856	\$ 61,927	\$ (197,950)	\$ (125,216)	\$ -	\$ 12,960
General revenues:													
Taxes:													
Property taxes, levied for general purpose					\$ 23,410,571	\$ -	\$ 23,410,571	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local option sales tax					10,697,330	-	10,697,330	-	-	-	-	-	-
Other taxes					295,200	-	295,200	-	-	-	-	111,225	-
Grants and contributions not restricted to specific programs					-	-	-	-	-	201,334	-	-	-
Investment earnings, unrestricted					1,878,138	162,654	2,040,792	412,409	14,205	1,265	2,295	5,867	
Miscellaneous, unrestricted					578,191	162,360	740,551	7,783	-	-	-	-	-
Transfers					(810,551)	810,551	-	-	-	-	-	-	-
Total general revenues, special items and transfers					36,048,879	1,135,565	37,184,444	420,192	14,205	202,599	113,520	5,867	
Change in net assets					(20,625,689)	1,301,385	(19,324,304)	2,071,048	76,132	4,649	(11,696)	18,827	
Net assets - beginning					12,458,160	6,279,569	18,737,729	19,196,562	677,999	35,793	53,313	244,149	
Net assets - ending					\$ (8,167,529)	\$ 7,580,954	\$ (586,575)	\$ 21,267,610	\$ 754,131	\$ 40,442	\$ 41,617	\$ 262,976	

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, 2007

	Major		Nonmajor	Total
	General	35 Million Dollar	Other	Governmental
	Fund	School Bond	Governmental	Governmental
		Fund	Funds	Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 16,474,765	\$ -	\$ 7,342,501	\$ 23,817,266
Restricted cash	-	-	635,358	635,358
Taxes receivable	2,322,547	-	-	2,322,547
Accounts receivable	3,728,907	-	77,377	3,806,284
Due from other funds	298,000	-	427,605	725,605
Total Assets	<u>\$ 22,824,219</u>	<u>\$ -</u>	<u>\$ 8,482,841</u>	<u>\$ 31,307,060</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Central depository overdraft	\$ -	\$ 268,710	\$ -	\$ 268,710
Accounts payable & accrued liabilities	1,727,068	449,224	38,588	2,214,880
Unearned revenues	93,658	-	-	93,658
Deferred revenues	2,322,547	-	-	2,322,547
Due to other funds	427,605	-	298,000	725,605
Total Liabilities	<u>4,570,878</u>	<u>717,934</u>	<u>336,588</u>	<u>5,625,400</u>
Fund balances:				
Reserved by State Statute	4,026,907	-	1,074,342	5,101,249
Reserved for Register of Deeds	-	-	-	-
Reserved for capital outlay	-	-	632,366	632,366
Unreserved (available for appropriation):				
Designated for subsequent year's expenditures	2,259,481	-	-	2,259,481
Reported in nonmajor:				
Special revenue funds	-	-	132,227	132,227
Capital projects funds	-	-	221,881	221,881
Undesignated	11,966,953	(717,934)	-	11,249,019
Undesignated, reported in nonmajor:				
Special revenue funds	-	-	3,262,041	3,262,041
Capital projects funds	-	-	2,823,396	2,823,396
Total Fund Balances	<u>18,253,341</u>	<u>(717,934)</u>	<u>8,146,253</u>	<u>25,681,660</u>
Total Liabilities and Fund Balances	<u>\$ 22,824,219</u>	<u>\$ -</u>	<u>\$ 8,482,841</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, 2007

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

Total equity and other credits (Exhibit 4)	\$ 25,681,660
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	13,958,197
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	558,624
Liabilities for earned but deferred revenues in the fund statements	2,322,547
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	<u>(50,688,557)</u>
Net assets of governmental activities (Exhibit 1)	<u>\$ (8,167,529)</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
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	Major		Nonmajor	Total
	General	35 Million Dollar	Other	Governmental
	Fund	School Bond	Governmental	Governmental
		Fund	Funds	Funds
REVENUES				
Ad valorem taxes	\$ 23,180,548	\$ -	\$ -	\$ 23,180,548
Sales and other taxes	10,697,330	-	224,034	10,921,364
Licenses, fees and other revenue:	3,038,974	-	25,865	3,064,839
Unrestricted intergovernmental revenue:	-	-	-	-
Restricted intergovernmental revenue:	6,525,199	-	1,044,887	7,570,086
Investment earnings	1,112,047	376,670	382,126	1,870,843
Miscellaneous	235,300	-	6,652	241,952
Total Revenues	44,789,398	376,670	1,683,564	46,849,632
EXPENDITURES				
Current				
General government	2,248,000	-	-	2,248,000
Public safety	8,562,920	-	1,696,866	10,259,786
Community Services	2,256,353	-	-	2,256,353
Environmental protection	-	-	-	-
Economic and physical developmen	-	-	400	400
Human services	12,648,743	-	-	12,648,743
Non-Departmental & Special Areas	2,486,971	-	-	2,486,971
Capital Outlay	-	-	1,534,687	1,534,687
Intergovernmental				
Education	11,144,743	23,411,206	624,525	35,180,474
Debt Service				
Bond issuance cost	-	32,302	-	32,302
Principal	179,937	-	1,900,000	2,079,937
Interest	82,018	-	1,814,810	1,896,828
Total Expenditures	39,609,685	23,443,508	7,571,288	70,624,481
Revenues Over (Under) Expenditures	5,179,713	(23,066,838)	(5,887,724)	(23,774,849)

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, 2007

	Major		Nonmajor	Total
	General	35 Million Dollar	Other	Governmental
	Fund	School Bond	Governmental	Governmental
	Fund	Fund	Funds	Funds
<u>OTHER FINANCING SOURCES (USES)</u>				
Issuance of debt	1,500,000	9,915,000	(415,000)	11,000,000
Premium on debt	-	50,373	(2,251)	48,122
Transfers from other funds	40,000	600,000	5,575,220	6,215,220
Transfers to other funds	(6,273,771)	-	(752,000)	(7,025,771)
Total Other Financing Sources (Uses)	(4,733,771)	10,565,373	4,405,969	10,237,571
Net Change in Fund Balances	445,942	(12,501,465)	(1,481,755)	(13,537,278)
Fund Balance - July 1	17,807,399	11,783,531	9,628,008	39,218,938
Fund Balance - June 30	<u>\$ 18,253,341</u>	<u>\$ (717,934)</u>	<u>\$ 8,146,253</u>	<u>\$ 25,681,660</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, 2007

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)	\$ (13,537,278)
--	-----------------

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period

1,739,199

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds

237,318

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.

(8,927,493)

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.

(137,435)

Total changes in net assets of governmental activities (Exhibit 2)

\$ (20,625,689)

GRANVILLE COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007

	General Fund			Variance with Final Positive Negative
	Original Budget	Final Budget	Actual	
REVENUES				
Ad valorem taxes	\$ 22,617,740	\$ 22,617,740	\$ 23,180,548	\$ 562,808
Sales and other taxes	9,854,326	9,934,526	10,697,330	762,804
Licenses, fees and other revenues	2,641,122	2,665,957	3,038,974	373,017
Restricted intergovernmental revenues	5,975,839	6,575,429	6,525,199	(50,230)
Investment earnings	500,000	876,559	1,112,047	235,488
Miscellaneous	218,930	218,930	235,300	16,370
Total Revenues	41,807,957	42,889,141	44,789,398	1,900,257
EXPENDITURES				
General government	2,444,351	2,468,341	2,248,000	220,341
Public safety	8,468,731	8,901,019	8,562,920	338,099
Community services	2,163,439	2,540,332	2,256,353	283,979
Human services	11,417,434	11,945,200	12,648,743	(703,543)
Non-departmental and special areas	1,895,628	2,116,754	2,486,971	(370,217)
Education	10,944,743	11,144,743	11,144,743	-
Contingency	494,656	321,074	-	321,074
Debt Service	228,737	228,737	261,955	(33,218)
Total Expenditures	38,057,719	39,666,200	39,609,685	56,515
Revenues Over (Under) Expenditures	3,750,238	3,222,941	5,179,713	1,956,772
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	-	1,500,000	(1,500,000)
Transfers from other funds	-	40,000	40,000	-
Transfers to other funds	(4,362,238)	(5,771,032)	(6,273,771)	(502,739)
Total Other Financing Sources (Uses)	(4,362,238)	(5,731,032)	(4,733,771)	(2,002,739)
Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(612,000)	(2,508,091)	445,942	(45,967)

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, 2007**

	General Fund			Variance with Final Positive (Negative)
	Original Budget	Final Budget	Actual	
Appropriated Fund Balance	612,000	2,508,091	-	(2,508,091)
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ -	\$ -	445,942	\$ 445,942
Fund Balance - July 1			17,807,399	
Fund Balance - June 30			\$ 18,253,341	

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, 2007

	Enterprise Funds			
	Major Funds		Non-Major Fund	Total
	Solid Waste Management	Lyon Station Water and Sewer Fund	Cozart Water and Sewer Fund	Enterprise Funds
ASSETS				
Current Assets:				
Cash and investments	\$ 3,324,441	\$ 1,665,152	\$ 168,289	\$ 5,157,882
Taxes receivable	-	5,308	-	5,308
Accounts receivable	90,587	116,020	46,503	253,110
Total Current Assets	<u>3,415,028</u>	<u>1,786,480</u>	<u>214,792</u>	<u>5,416,300</u>
Noncurrent Assets:				
Deferred Charges-Bond Issuance Costs	-	4,995	-	4,995
Capital assets:				
Land, improvements, and construction in progress	1,020,695	-	-	1,020,695
Other capital assets, net of depreciation	336,244	2,650,524	124,353	3,111,121
Restricted Assets:				
Cash and cash equivalents	-	326	-	326
Total Noncurrent Assets	<u>1,356,939</u>	<u>2,655,845</u>	<u>124,353</u>	<u>4,137,137</u>
Total Assets	<u>\$ 4,771,967</u>	<u>\$ 4,442,325</u>	<u>\$ 339,145</u>	<u>\$ 9,553,437</u>
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts Payable	\$ 89,006	\$ 51	\$ 102	\$ 89,159
Accrued interest payable	-	1,703	-	1,703
Customer deposits	-	48,172	18,647	66,819
Unearned Revenue	-	5,457	-	5,457
Compensated absences payable	2,889	693	693	4,275
Current portion of long-term debt	-	127,296	-	127,296
Total Current Liabilities	<u>91,895</u>	<u>183,372</u>	<u>19,442</u>	<u>294,709</u>
Noncurrent Liabilities:				
Accrued landfill closure and postclosure care costs	1,253,091	-	-	1,253,091
Compensated absences payable	8,666	2,078	2,078	12,822
Noncurrent portion of long-term debt	-	411,861	-	411,861
Total Noncurrent Liabilities	<u>1,261,757</u>	<u>413,939</u>	<u>2,078</u>	<u>1,677,774</u>
Total Liabilities	<u>1,353,652</u>	<u>597,311</u>	<u>21,520</u>	<u>1,972,483</u>
Net Assets				
Invested in capital assets, net of related debt	1,356,939	2,111,367	124,353	3,592,659
Unrestricted	2,061,376	1,733,647	193,272	3,988,295
Total Net Assets	<u>\$ 3,418,315</u>	<u>\$ 3,845,014</u>	<u>\$ 317,625</u>	<u>\$ 7,580,954</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, 2007

	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	\$ 1,592,925	\$ 1,262,023	\$ 293,517	\$ 3,148,465
Miscellaneous	-	162,360	-	162,360
Total operating revenues	1,592,925	1,424,383	293,517	3,310,825
OPERATING EXPENSES				
Administration	-	241,506	70,967	312,473
Water distribution and sewer collection	-	722,183	162,148	884,331
Landfill closure and postclosure	35,315	-	-	35,315
Solid waste operations	840,386	-	-	840,386
Landfill operations	742,663	-	-	742,663
Amortization	-	1,249	-	1,249
Depreciation	24,029	104,224	6,880	135,133
Miscellaneous	-	-	7,553	7,553
Total operating expenses	1,642,393	1,069,162	247,548	2,959,103
OPERATING INCOME (LOSS)	(49,468)	355,221	45,969	351,722
NONOPERATING REVENUES (EXPENSES)				
Interest and fees	-	(23,542)	-	(23,542)
Interest earned on investments	162,654	-	-	162,654
Total nonoperating revenues (expenses)	162,654	(23,542)	-	139,112
INCOME BEFORE TRANSFERS	113,186	331,679	45,969	490,834
Transfers from other funds	810,551	-	-	810,551
Transfers to other funds	-	-	-	-
Total Transfers	810,551	-	-	810,551
CHANGE IN NET ASSETS	923,737	331,679	45,969	1,301,385
TOTAL NET ASSETS-BEGINNING	2,494,578	3,513,335	271,656	6,279,569
TOTAL NET ASSETS-ENDING	\$ 3,418,315	\$ 3,845,014	\$ 317,625	\$ 7,580,954

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, 2007

	Proprietary 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	\$ 1,592,925	\$ 1,424,383	\$ 293,517	\$ 3,310,825
Cash paid for goods and services	(1,485,943)	(939,252)	(232,258)	(2,657,453)
Cash paid to employees for services	(156,686)	(72,928)	(31,783)	(261,397)
Net cash provided by operating activities	(49,704)	412,203	29,476	391,975
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(722,250)	-	-	(722,250)
Principal paid on debt	-	(122,605)	-	(122,605)
Interest paid on debt	-	(23,542)	-	(23,542)
Net cash provided by capital and related financing activities	(722,250)	(146,147)	-	(868,397)
Cash flows from noncapital and related financing activities:				
Transfer-in	810,551	-	-	810,551
Transfer-out	-	-	-	-
Net cash provided by noncapital and related financing activities	810,551	-	-	810,551
Cash flows from investing activities:				
Interest on investments	162,654	-	-	162,654
Change in assets limited as to use	-	-	-	-
Net cash provided by investing activities	162,654	-	-	162,654
Net increase in cash and cash equivalents	201,251	266,056	29,476	496,783
Cash and cash equivalents, July 1	3,123,190	1,399,422	138,813	4,661,425
Cash and cash equivalents, June 30	\$ 3,324,441	\$ 1,665,478	\$ 168,289	\$ 5,158,208

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, 2007

	Proprietary 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)	\$ (49,468)	\$ 355,221	\$ 45,969	\$ 351,722
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	24,029	104,224	6,880	135,133
Amortization	-	1,249	-	1,249
Change in assets and liabilities:				
(Increase) decrease in taxes receivable	-	88	-	88
(Increase) decrease in accounts receivable	(16,061)	(9,621)	(23,224)	(48,906)
Increase (decrease) in accounts payable and accrued liabilities	(2,964)	(45,134)	(3,120)	(51,218)
Increase (decrease) in accrued interest payable	-	(388)	-	(388)
Increase (decrease) in compensated absences payable	3,240	646	646	4,532
Increase (decrease) in landfill closure and postclosure costs	(8,480)	-	-	(8,480)
Increase (decrease) in unearned revenue	-	(56)	-	(56)
Increase (decrease) in customer deposits	-	5,974	2,325	8,299
Total adjustments	(236)	56,982	(16,493)	40,253
Net cash provided by operating activities	\$ (49,704)	\$ 412,203	\$ 29,476	\$ 391,975

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

GRANVILLE COUNTY, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2007

		Agency Funds
		<hr/>
ASSETS		
Cash and investments	\$	66,642
Due from other fund		<hr/> -
Total Assets	\$	<hr/> <hr/> 66,642
LIABILITIES AND NET ASSETS		
Liabilities:		
Miscellaneous liabilities	\$	66,642
Due to component unit		<hr/> -
Total Liabilities	\$	<hr/> <hr/> 66,642

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, 2007**

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

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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, 2007, 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.

35 Million School Bond Fund. This fund is used to account for the proceeds of bonds issued in 2005 and 2006 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 three agency funds: the Social Services Fund, which accounts for moneys deposited with the

**GRANVILLE COUNTY, NORTH CAROLINA
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Department of Social Services for the benefit of certain individuals, the DMV Interest Fund, which accounts for moneys collected and remitted to the DMV, 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

**GRANVILLE COUNTY, NORTH CAROLINA
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registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2006 through February 2007 apply to the fiscal year ended June 30, 2007. Uncollected taxes, which were billed during this period, are shown as a receivable on the financial statements. In addition, as of January 1, 2006, State law implemented a staggered expiration date system for annually registered vehicles as part of the conversion into the staggered registration. Originally, annually registration expired December 31st each year with taxes due by May 1st of the following year. To transition from the staggered into the annual registration, the initial 2007 registration renewals will vary from 7 to 18 months after December 31, 2006. Once these initial renewals have expired, all vehicles that were previously annually registered will be in the staggered system.

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.

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, 35 Million School Bond Fund, Series 2005 Public Improvement 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 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 2006-2007 fiscal year as necessary. The budgetary amendments affected the following funds: General Fund, School Capital Reserve Fund, E-911 Fund, 35 Million School Bond Fund, Landfill Capital Reserve Fund, Series 2005 Public Improvement Bond Fund, Capital Improvements Fund, Vehicle Replacement Fund, Solid Waste Management Fund, and Lyon Station Water & Sewer Fund.

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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 SuperNOW accounts, money market accounts, and certificates of deposit.

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

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.

**GRANVILLE COUNTY, NORTH CAROLINA
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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, 2006. 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

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.

**GRANVILLE COUNTY, NORTH CAROLINA
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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, 2007 is recorded in the government-wide and proprietary fund financial statements on a LIFO basis. Employees typically take leave as it is earned and the current portion is estimated.

The sick leave policies of the County, the Hospital, and the ABC Board provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since 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.

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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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 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 2007-2008 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

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 \$ (33,849,189) consists of several elements as follows:

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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)	
	\$ 22,961,204
Less Accumulated Depreciation	<u>(9,003,007)</u>
Net capital assets	<u>13,958,197</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.	467,386
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	91,238
Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not the government-wide	2,322,547
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	(49,277,189)
Compensated absences	(630,109)
Net pension obligation	(355,183)
Premium on bonds	(175,694)
Accrued interest payable	<u>(250,382)</u>
Total adjustment	<u>\$ (33,849,189)</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 \$ (7,088,411) as follows:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 2,523,252

**GRANVILLE COUNTY, NORTH CAROLINA
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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	(784,053)
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 statements	(11,000,000)
Premiums on new debt issued during the year is recorded as a source of fund on the fund statements but it has no effect on the statement of activities	(48,122)
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	2,079,937
Amortization on deferred premium payments on debt that is recorded in the statement of activities but not in the fund statements	8,390
Expenses reported on fund statements that are capitalized on government-wide statements-bond issuance and refunding costs	32,302
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	(4,834)
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	(50,390)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(51,372)
Net pension obligation is accrued in the government-wide statements but not in the fund statements because they do not use current resources	(30,839)
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 6-30-06	7,295
Reversal of deferred tax revenue recorded at 7-1-06	(2,124,693)
Recording of tax receipts deferred in the fund statements as of 6-30-07	2,322,547
Increase in accrued taxes receivable for year ended 6-30-07	32,169
Total adjustment	<u>\$ (7,088,411)</u>

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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 for Health and Medical Services by \$1,498,064, NonDepartmental by \$380,503, Tourism Development Authority by \$16,225, and Debt Service by \$33,218. In the E911 Communications Fund, 911 subscriber fees expenses were overexpended by \$582,134. In the CDBG Fund, clearance expenses were overexpended by \$14. 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 3 and Exhibit C-1, the following funds had a deficit fund balance as follows:

	<u>Amount</u>
35 Million Dollar School Bond Fund	\$ 717,934
E911 Communications Fund	230,042

These deficit fund balances resulted from the County's need to finalize debt funding for ongoing projects in these funds.

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.

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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At June 30, 2007, the County's deposits had a carrying amount of \$8,254,285 and a bank balance of \$9,624,131. Of the bank balance, \$200,000 was covered by federal depository insurance, and \$9,424,131 in interest bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2007, Granville County had \$1,475 cash on hand.

At June 30, 2007, the EDC's deposits had a carrying amount of \$49,195 and a bank balance of \$59,058. All of the bank balance was covered by federal depository insurance.

At June 30, 2007, the carrying amount of deposits for Granville County ABC Board was \$699,984 and the bank balance was \$674,321. Of the bank balance, \$100,000 was covered by federal depository insurance, and \$574,321 was covered by collateral held by authorized escrow agents in the name of the State Treasurer. The ABC Board had \$3,575 cash on hand.

At September 30, 2006, the Hospital's deposits had a carrying amount of \$10,739,341 and a bank balance of \$11,152,589. Of the bank balance, \$400,000 was covered by federal depository insurance, and \$10,752,589 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, 2006, in the amount of \$1,425.

At June 30, 2007, the Tourism Development Authority had a carrying amount of \$41,617 and a bank balance of \$41,617. All of the bank balance was covered by federal depository insurance.

At June 30, 2007, the Memorial Gardens had a carrying amount of \$200,759 and a bank balance of \$206,118. All of the bank balance was covered by federal depository insurance.

2. Investments

At June 30, 2007, the County's investments consisted of \$21,153,004 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>
2004	\$ 1,033,179	\$ 2,497	\$ 1,035,676	\$ 261,507	\$ 1,297,183
2005	1,158,789	2,538	1,161,327	188,723	1,350,050
2006	1,177,860	2,635	1,180,495	85,587	1,266,082
2007	<u>1,283,185</u>	<u>2,634</u>	<u>1,285,819</u>	<u>-</u>	<u>1,285,819</u>
Totals	<u>\$ 4,653,013</u>	<u>\$ 10,304</u>	<u>\$ 4,563,317</u>	<u>\$ 535,817</u>	<u>\$ 5,199,134</u>

**GRANVILLE COUNTY, NORTH CAROLINA
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4. Receivables

Receivables at the government-wide level at June 30, 2007, 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	\$ 1,267,067	\$ 2,842,700	\$ 2,461,840	\$ 6,571,607
35 Million School Bond Fund	-	-	-	-
Other Governmental Funds	<u>77,377</u>	<u>-</u>	<u>-</u>	<u>77,377</u>
Total-governmental activities	<u>\$ 1,344,444</u>	<u>\$ 2,842,700</u>	<u>\$ 2,461,840</u>	<u>\$ 6,648,984</u>
Business-type Activities:				
Solid Waste Management	\$ 64,171	\$ -	\$ 26,416	\$ 90,587
Lyon Station Water & Sewer Fund	116,020	5,308	-	121,328
Cozart Water & Sewer Fund	<u>46,503</u>	<u>-</u>	<u>-</u>	<u>46,503</u>
Total-business-type activities	<u>\$ 226,694</u>	<u>\$ 5,308</u>	<u>\$ 26,416</u>	<u>\$ 258,418</u>

The due from other governments that is owed to the County consists only of local option sales tax in the amount of \$1,719,230, sales tax refund receivable of \$742,610, white goods tax of \$5,363 and scrap tire disposal tax of \$21,053.

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	\$ 201,163	\$ -	\$ 806,618
Construction in Progress	<u>722,618</u>	<u>1,727,642</u>	<u>-</u>	<u>2,450,260</u>
Total capital assets not being depreciated	<u>1,328,073</u>	<u>1,928,805</u>	<u>-</u>	<u>3,256,878</u>
Capital assets being depreciated:				
Buildings	12,837,268	-	-	12,837,268
Improvements other than building	2,206,035	65,392	-	2,271,427
Equipment and Vehicles	<u>4,066,576</u>	<u>529,055</u>	<u>-</u>	<u>4,595,631</u>
Total capital assets being depreciated	<u>19,109,879</u>	<u>594,447</u>	<u>-</u>	<u>19,704,326</u>
Less accumulated depreciation for:				
Buildings	4,912,243	321,726	-	5,233,969
Improvements other than building	110,302	56,785	-	167,087
Equipment and Vehicles	<u>3,196,409</u>	<u>405,542</u>	<u>-</u>	<u>3,601,951</u>
Total accumulated depreciation	<u>8,218,954</u>	<u>\$ 784,053</u>	<u>\$ -</u>	<u>9,003,007</u>
Total capital assets being depreciated, net	<u>10,890,925</u>			<u>10,701,319</u>
Governmental activity capital assets, net	<u>\$ 12,218,998</u>			<u>\$ 13,958,197</u>

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Capital asset activity for the year ended June 30, 2007, was as follows:

Primary Government

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

General government	\$ 193,071
Public safety	447,087
Human services	44,582
Cultural and Recreational	41,489
Community services	<u>57,824</u>
Total depreciation expense	<u>\$ 784,053</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	\$ 722,250	\$ -	\$ 1,020,695
Construction in Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>298,445</u>	<u>722,250</u>	<u>-</u>	<u>1,020,695</u>
Capital assets being depreciated:				
Buildings	107,737	-	-	107,737
Improvements other than buildings	4,457,925	-	-	4,457,925
Machinery and equipment	<u>317,767</u>	<u>-</u>	<u>-</u>	<u>317,767</u>
Total capital assets being depreciated	<u>4,883,429</u>	<u>-</u>	<u>-</u>	<u>4,883,429</u>
Less accumulated depreciation for:				
Buildings	32,228	2,731	-	34,959
Improvements other than buildings	1,378,470	109,110	-	1,487,580
Machinery and equipment	<u>226,477</u>	<u>23,292</u>	<u>-</u>	<u>249,769</u>
Total accumulated depreciation	<u>1,637,175</u>	<u>\$ 135,133</u>	<u>\$ -</u>	<u>1,772,308</u>
Total capital assets being depreciated, net	<u>3,246,254</u>			<u>3,111,121</u>
Business-type activities capital assets, net	<u>\$ 3,544,699</u>			<u>\$ 4,131,816</u>

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

	<u>Balance July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2007</u>
Capital assets being depreciated:				
Furniture and equipment	\$ 19,610	\$ -	\$ -	\$ 19,610
Less accumulated depreciation for:				
Furniture and equipment	<u>13,643</u>	<u>2,582</u>	<u>-</u>	<u>16,225</u>
Governmental activity capital assets, net	<u>\$ 5,967</u>	<u>\$ 2,582</u>	<u>\$ -</u>	<u>\$ 3,385</u>

Activity for the ABC Board for the year ended June 30, 2007, was as follows:

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	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Capital assets, not being depreciated:			
Land	\$ 110,877	\$ -	\$ 110,877
Capital assets, being depreciated:			
Land Improvements	32,592	2,541	30,051
Buildings	147,874	66,269	81,605
Furniture/equipment	76,261	73,849	2,412
Vehicles	23,208	23,208	-
Computers & software	<u>37,907</u>	<u>33,453</u>	<u>4,454</u>
Total, capital assets being depreciated	<u>317,842</u>	<u>199,320</u>	<u>118,522</u>
ABC Board capital assets, net	<u>\$ 428,719</u>	<u>\$ 199,320</u>	<u>\$ 229,399</u>

Activity for Granville Medical Center for the year ended September 30, 2006, 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>61,542</u>	<u>60,908</u>	<u>60,750</u>	<u>61,700</u>
Total capital assets not being depreciated	<u>1,626,154</u>	<u>60,908</u>	<u>60,750</u>	<u>1,626,312</u>
Capital assets being depreciated:				
Buildings	15,237,251	101,238	3,997	15,334,492
Land Improvements	1,017,252	-	-	1,017,252
Equipment and fixtures	<u>14,055,933</u>	<u>1,222,790</u>	<u>170,139</u>	<u>15,108,584</u>
Total capital assets being depreciated	<u>30,310,436</u>	<u>1,324,028</u>	<u>174,136</u>	<u>30,460,328</u>
Less accumulated depreciation for:				
Buildings	7,480,372	369,167	3,997	7,845,542
Land Improvements	599,882	62,928	-	662,810
Equipment and fixtures	<u>9,744,327</u>	<u>1,366,367</u>	<u>165,272</u>	<u>10,945,422</u>
Total accumulated depreciation	<u>17,824,581</u>	<u>\$1,798,462</u>	<u>\$ 169,269</u>	<u>19,453,774</u>
Total capital assets being depreciated, net	<u>12,485,855</u>			<u>12,006,554</u>
Business-type activities capital assets, net	<u>\$ 14,112,009</u>			<u>\$ 13,632,866</u>

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2007, 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	\$ 1,727,068	\$ -	\$ 250,382	\$ -	\$ 1,977,450
35 Million School Bond Fund	449,224	-	-	-	449,224
Other Governmental Funds	<u>38,588</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,588</u>
Total-governmental activities	<u>\$ 2,214,880</u>	<u>\$ -</u>	<u>\$ 250,382</u>	<u>\$ -</u>	<u>\$ 2,465,262</u>

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Business-type Activities:					
Solid Waste Management	\$ 89,007	\$ -	\$ -	\$ -	\$ 89,007
Lyon Station Water & Sewer Fund	51	-	1,703	-	1,754
Cozart Water & Sewer Fund	102	-	-	-	102
Total-business-type activities	<u>\$ 89,160</u>	<u>\$ -</u>	<u>\$ 1,703</u>	<u>\$ -</u>	<u>\$ 90,863</u>

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 5.09% 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, 2005, 2006 and 2007 were \$408,033, \$432,176, and \$456,836 respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2005, 2006 and 2007 were \$8,861, \$9,137, and \$9,343, respectively. The EDC's contributions to LGERS for the years ended June 30, 2005, 2006 and 2007 were \$5,384, \$5,125, and \$5,326 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.

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All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2006, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>45</u>
Total	<u>46</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 69.

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, 2006 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 4.5-12.3% 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, 2006, was 24 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>	
6/30/05	\$ 46,367	5.80%	\$ 286,750
6/30/06	48,358	22.26%	324,344
6/30/07	41,603	25.87%	355,183

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Annual Pension Cost and Net Pension Obligation for Fiscal Year Ending 6/30/07

Employer annual required contribution	\$ 37,498
Interest on net pension obligation	23,515
Adjustment to annual required contribution	<u>(19,410)</u>
Annual pension cost	41,603
Employer contributions made for fiscal year ending 06/30/07	<u>10,764</u>
Increase (decrease) in net pension obligation	30,839
Net pension obligation beginning of fiscal year	<u>324,344</u>
Net pension obligation end of fiscal year	<u>\$ 355,183</u>

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, 2007, were \$92,922, which consisted of \$77,435 from the County and \$17,060 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, 2007, the County's required and actual contributions were \$15,925.

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 32 retirees are eligible for

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postretirement health benefits. For the fiscal year ended June 30, 2007, the County made payments for postretirement health benefit premiums of \$128,394. 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, but no less than \$25,000 and no more than \$50,000. 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, 2007, the County made contributions to the State for death benefits of \$8,427. 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 post employment 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 4.88% 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 Septembers 30, 2006, 2005, and 2004 were \$615,356, \$529,033, and \$484,664, 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 \$1,253,091 reported as landfill closure and postclosure care liability

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at June 30, 2007, 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.

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)	\$ 93,658	\$ 93,658
Taxes receivable (net) (General)	<u>2,322,547</u>	<u>-</u>
Total	<u>2,416,205</u>	<u>93,658</u>
Prepaid taxes not yet earned (Enterprise)	<u>5,457</u>	<u>5,457</u>
Total	<u>\$ 2,421,662</u>	<u>\$ 99,115</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.

In accordance with G. S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Director of Finance and tax collector are each individually bonded for \$250,000 each. The Sheriff and Register of Deeds are each individually bonded for \$25,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$10,000.

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The County carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years. The County has \$55,000,000 coverage for flood insurance under their liability insurance policy. There is a \$25,000 deductible per occurrence.

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.

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, 2007, 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, 2007:

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NOTES TO THE FINANCIAL STATEMENTS
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Year Ending <u>June 30</u>	Governmental <u>Activities</u>	Business- type <u>Activities</u>
2008	\$ 103,436	\$ 146,535
2009	103,437	146,535
2010	103,436	146,535
2011	<u>103,437</u>	<u>146,535</u>
Total Minimum Lease Payments	413,746	586,140
Less amount representing interest	<u>33,165</u>	<u>46,983</u>
Present Value of Net Minimum Lease Payments	<u>\$ 380,581</u>	<u>\$ 539,157</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 minimum lease payments under this capital lease and the present value of net minimum lease payments at September 30, 2006:

Year Ending <u>September 30</u>	
2006	<u>\$ 69,724</u>
Total Minimum Lease Payments	69,724
Less amount representing interest	<u>-</u>
Present Value of Net Minimum Lease Payments	-
Less current portion of capital lease obligations	<u>-</u>
Capital lease obligations, excluding current portion	<u>\$ -</u>

b. Operating Lease

The Hospital has entered into an operating lease agreement in order to lease space in a medical office building adjacent to the Hospital. Under the agreement, the Hospital is obligated to pay 180 monthly payments of \$12,110. Each year the rate is increased three percent. Currently this space is subleased to a tenant. Future minimum base rentals (each year lease payment is increased 3%) for the next five years under this lease as of September 30, 2006 are as follows:

2007	\$ 163,552
2008	168,459
2009	173,513
2010	178,718
2011	<u>184,080</u>
Total	<u>\$ 868,322</u>

c. Installment Purchase

County entered into an installment purchase agreement on March 15, 2007 for financing of replacement windows for Granville Medical Center. The transaction requires monthly

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

payments in the amount of \$11,073 at an interest rate of 3.97%. For Granville County, the future minimum payments as of June 30, 2007, including \$478,214 of interest are:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2008	\$ 75,420	\$ 57,453
2009	78,469	54,404
2010	81,641	51,232
2011	84,942	47,931
2012	88,376	44,497
2013-2017	498,450	165,917
2018-2022	574,310	56,780
	<u>\$ 1,481,608</u>	<u>\$ 478,214</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, 2007, are comprised of the following individual issues:

General Obligation Bonds

\$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	\$ 5,900,000
\$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	7,000,000
\$9,500,000 2006 School Series bonds due on May 1 and November 1 in installments of \$9,975-\$657,459 through May 1, 2026; interest at 3.65 - 4.0 percent	9,500,000
\$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	400,000
\$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	23,900,000
\$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>715,000</u>
Total	<u>\$ 47,415,000</u>

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

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Year Ending June 30	Governmental Activities	
	Principal	Interest
2008	\$ 2,450,000	\$ 1,972,444
2009	2,450,000	1,878,319
2010	2,450,000	1,784,194
2011	2,675,000	1,685,669
2012	2,675,000	1,563,519
2013-2017	13,375,000	6,016,844
2018-2022	13,375,000	3,208,956
2023-2026	7,965,000	662,925
	<u>\$ 47,415,000</u>	<u>\$18,772,869</u>

At June 30, 2007, Granville County had a legal debt margin of \$211,972,506.

The Hospital's notes payable at September 30, 2006, are comprised of the following:

3.77 percent note, payable monthly, principal and interest of \$38,095 through September 2011; guaranteed by Granville County	\$ 2,080,219
4.09 percent note, payable monthly, principal of \$166,667 through January 2018; collateralized by real estate.	<u>1,888,888</u>
Total	<u>\$ 3,969,107</u>

Year Ending September 30	Governmental Activities	
	Principal	Interest
2007	\$ 551,994	\$ 145,942
2008	566,774	124,346
2009	582,123	102,181
2010	598,058	79,428
2011	614,605	56,065
2012-2016	833,335	138,511
2017-2020	222,217	-
	<u>\$ 3,969,107</u>	<u>\$ 646,473</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, 2007:

	Balance July 1, 2006	Increases	Decreases	Balance June 30, 2007	Current Portion of Balance
Governmental activities:					
General obligation bonds	\$ 39,890,000	\$ 9,500,000	\$ 1,975,000	\$ 47,415,000	\$ 2,450,000
Capitalized leases	467,126	-	86,545	380,581	89,856
Installment Purchases	-	1,500,000	18,392	1,481,608	75,420
Compensated absences	578,737	630,109	578,737	630,109	157,527
Net pension obligation	324,344	41,603	10,764	355,183	-
Total governmental activities	<u>\$ 41,260,207</u>	<u>\$ 11,671,712</u>	<u>\$ 2,669,438</u>	<u>\$ 50,262,481</u>	<u>\$ 2,772,803</u>

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Business-type activities:					
Capitalized leases	\$ 661,761	\$ -	\$ 122,605	\$ 539,156	\$ 127,296
Accrued landfill closure and postclosure costs	1,261,571	35,315	43,795	1,253,091	-
Compensated absences	<u>12,565</u>	<u>17,098</u>	<u>12,565</u>	<u>17,098</u>	<u>4,275</u>
Total business-type activities	<u>\$ 1,935,897</u>	<u>\$ 52,413</u>	<u>\$ 178,965</u>	<u>\$ 1,809,345</u>	<u>\$ 131,570</u>

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.

C. Interfund Balances and Activity

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Reason</u>
Transfers From/To Other Funds:			
<u>General Fund</u>			
General Fund	School Capital Reserve Fund	\$ 4,013,426	Restricted portions of Art. 40 & 42 sales tax proceeds
	Landfill Capital Reserve Fund	150,000	Economic incentive payment
	Revaluation Reserve Fund	58,000	Required annual contributions to set aside funds for 2010 revaluation
	Capital Improvements Fund	375,770	Contribution to fund ongoing capital projects
	Vehicle Replacement Fund	374,500	Annual contribution for ongoing fleet replacement
	Solid Waste Fund	98,551	Operating loan
	35 Million School Bond Fund	600,000	Contribution to fund ongoing capital projects
	Series 2005 Public Improvement Bond	603,524	Contribution to fund ongoing capital projects
		<u>\$ 6,273,771</u>	
<u>Special Revenue Fund</u>			
Landfill Capital Reserve Fund	General Fund	<u>\$ 40,000</u>	Economic incentive payment
<u>Enterprise Fund</u>			
Lyon Station W&S Fund	Landfill Capital Reserve Fund	<u>\$ 712,000</u>	Funds transferred to repay loan

IV. Joint Ventures

A. Vance-Granville Community College

The County, in conjunction with Vance County, Warren County, Franklin County, the State of North Carolina, and the Boards of Education of Vance, Granville, Warren and Franklin Counties, participates in a joint venture to operate Vance-Granville Community College. Each participant appoints members of the thirteen-member board of trustees of the community college. No participant appoints a majority. The president of the community college's student government serves as an ex-officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$469,458 and \$42,538 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2007. There was also a contribution made by the County for the

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

library and culinary arts program in the amount of \$25,503 and \$20,000, respectively. 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, 2007. 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, 2007. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$20,331 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, 2007. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$19,899 to the Authority to supplement its activities. Complete financial statements for the Authority may be obtained from P.O. Box 368, Henderson, N.C. 27536.

V. Jointly Governed Organization

The County, in conjunction with four other counties and fifteen municipalities, established Kerr-Tar Regional Council of Governments (Council) to coordinate various funding received from federal and State agencies. Each participating government appoints members to the Council's governing board. The County

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

paid membership fees of \$16,795 to the Council during the fiscal year ended June 30, 2007. 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	\$ 739,499	\$ -
Medicaid	31,585,440	15,727,579
Food Stamp Program	5,115,435	-
Energy Assistance	141,740	-
CWS Adoption Assistance	-	98,734
Adoption Assistance	33,154	9,318
Adult Assistance	-	433,871
Foster Care	75,788	17,812
Independent Living	858	171
Foster Care at Risk Max	-	2,069
Title IV-E, Foster Care	<u>-</u>	<u>34,828</u>
Totals	<u>\$ 37,691,914</u>	<u>\$ 16,324,382</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

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

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

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)
12/31/2001	\$ -	\$ 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%
12/31/2005	-	318,042	318,042	0.00%	1,371,735	23.19%
12/31/2006	\$ -	\$ 321,973	\$ 321,973	0.00%	\$ 1,579,755	20.38%

**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
2002	\$ 35,182	15.03%
2003	41,811	0.00%
2004	46,133	0.00%
2005	46,367	5.80%
2006	48,358	22.26%
2007	\$ 41,603	25.87%

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	12/31/2005
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	25 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	4.5 - 12.3%
Cost-of-living adjustments	N/A

*Includes inflation at 3.75% percent.

COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES

MAJOR GOVERNMENTAL FUNDS

- **General Fund:** This fund is used to account for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.
- **35 Million School Bond Fund:** This fund is used to account for the proceeds of bonds issued in 2005 and 2006 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, 2007**

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	2007		2006	
	Budget	Actual	Variance Positive (Negative)	Actual
<u>REVENUES</u>				
Ad Valorem Taxes:				
Current year	\$ 21,484,740	\$ 21,791,603	\$ 306,863	\$ 20,748,390
Prior year	900,000	1,127,151	227,151	862,707
Penalties and interest	233,000	261,794	28,794	232,750
Total	22,617,740	23,180,548	562,808	21,843,847
Sales and Other Taxes:				
Article 39 one percent		2,606,052		2,732,255
Article 40 one-half of one percent		2,835,414		2,510,128
Article 42 one-half of one percent		2,823,836		2,500,003
Article 44 one-half of one percent		1,802,865		1,731,394
Article 44 hold harmless payment		-		162,898
State excise tax - Register of Deeds		316,738		266,961
Beer and wine		187,558		181,748
Taxes on federal exempt land		12,680		12,735
Occupancy taxes		112,187		99,249
Total	9,934,526	10,697,330	762,804	10,197,371
Licenses, Fees and Other Revenues:				
Privilege licenses		6,804		6,420
Taxes on Oxford Housing Authority		6,647		6,647
Gasoline tax refund		-		(11)
Planning		114,590		143,932
Inspection		487,279		737,690
Sheriff wage refund		39,474		42,403
Boarding state and federal prisoners		21,119		60,318
Ambulance fees		1,107,308		1,264,752
Library fees		41,037		42,765
Rents		21,551		18,727
Sheriff's fees		73,949		81,357
Election fees		226		14,141
Franchise fees		57,715		68,149
Animal control		23,799		15,904
Collection fees		60,716		55,169
Senior Center fitness fees		6,100		5,119
Administrative fees		60,000		60,000
Register of Deeds		347,615		345,706
GAP fees		20,827		18,924
GAP donations		200		2,793
Hazardous material response fee		-		370
Inmate Welfare fund		-		56
Federal and State grants		29,010		32,345
Miscellaneous		512,399		194,714
Sale of library books/abstracts		582		81
Sale of fixed assets		27		1,268
Total	2,665,957	3,038,974	373,017	3,219,739

**GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	2007			2006
	Budget	Actual	Variance Positive (Negative)	Actual
Restricted and Intergovernmental Revenues:				
Debt Contribution from hospital		33,218		73,990
Court facility fees		112,675		102,242
CSC officer's fees		28,079		26,090
Register of Deeds		6,275		6,240
Federal and State grants		6,006,488		6,017,990
Excise recreation - Heritage		292,373		259,511
Jail fees		13,887		14,290
Special Assessments		-		-
Miscellaneous		32,204		17,008
Total	6,575,429	6,525,199	(50,230)	6,517,361
Investment earnings	876,559	1,112,047	235,488	888,004
Micellaneous Revenues				
Granville County ABC Board	143,930	160,300	16,370	152,806
Granville County Tourism Development Authority	75,000	75,000	-	75,000
Total	218,930	235,300	16,370	227,806
Total Revenues	42,889,141	44,789,398	1,900,257	42,894,128
EXPENDITURES				
General Government				
Board of Commissioners				
Salaries and employee benefits		126,786		125,884
Other operating expenditures		65,027		60,992
Capital outlay		180		1,866
Total	201,705	191,993	9,712	188,742
Administration				
Salaries and employee benefits		199,852		217,990
Other operating expenditures		11,982		9,565
Capital outlay		1,100		657
Total	290,692	212,934	77,758	228,212
Board of Elections				
Salaries and employee benefits		134,263		107,352
Other operating expenditures		69,542		101,192
Capital outlay		1,275		232,862
Total	238,360	205,080	33,280	441,406

**GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	2007		2006
	Budget	Actual	Variance Positive (Negative)
			Actual
Finance Department			
Salaries and employee benefits		250,422	271,127
Other operating expenditures		103,095	91,395
Capital outlay		1,558	2,451
Total	403,444	355,075	48,369
Tax Administration			
Salaries and employee benefits		373,113	366,887
Other operating expenditures		139,704	125,331
Capital outlay		6,749	4,374
Total	531,961	519,566	12,395
Register of Deeds			
Salaries and employee benefits		212,123	202,521
Other operating expenditures		44,192	48,459
Capital outlay		3,425	5,661
Total	272,995	259,740	13,255
Construction Administration			
Salaries and employee benefits		-	4,908
Other operating expenditures		51	-
Capital outlay		-	-
Total	3,530	51	3,479
General Services/Court Facilities			
Salaries and employee benefits		185,706	179,263
Other operating expenditures		313,832	298,528
Capital outlay		4,023	1,573
Total	525,654	503,561	22,093
Total General Government	2,468,341	2,248,000	220,341
<u>Public Safety</u>			
Other Emergency Services	39,200	33,274	5,926
Sheriff's Department/Detention Center			
Salaries and employee benefits		3,504,495	3,170,262
Other operating expenditures		1,066,791	876,182
Capital outlay		30,556	56,487
Total	4,639,889	4,601,842	38,047
Fire Service	653,672	653,672	-

**GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	2007		2006
	Budget	Actual	Variance Positive (Negative)
			Actual
Forestry			
Salaries and employee benefits		18,017	16,148
Other operating expenditures		68,005	58,791
Capital outlay		-	-
Total	87,497	86,022	1,475
Emergency Management			
Salaries and employee benefits		142,086	95,257
Other operating expenditures		42,179	40,173
Capital outlay		-	2,295
Total	193,116	184,265	8,851
Emergency Services			
Salaries and employee benefits		2,495,615	2,380,498
Other operating expenditures		378,336	387,671
Capital outlay		129,894	15,116
Total	3,287,645	3,003,845	283,800
Total Public Safety	8,901,019	8,562,920	338,099
<u>Community Services</u>			
Cooperative Extension Service			
Salaries and employee benefits		257,427	213,746
Other operating expenditures		85,458	56,734
Capital outlay		21,435	1,739
Total	396,303	364,320	31,983
County Library System			
Salaries and employee benefits		380,520	396,782
Other operating expenditures		219,908	236,807
Capital outlay		5,712	3,554
Total	712,111	606,140	105,971
Recreation & Community Service			
Other operating expenditures		291,888	190,566
Capital outlay		-	-
Total	335,993	291,888	44,105

**GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	2007		2006
	Budget	Actual	Variance Positive (Negative) Actual
Development Services			
Planning			
Salaries and employee benefits		164,654	144,710
Other operating expenditures		28,356	25,886
Capital outlay		1,229	2,243
Inspection Department			
Salaries and employee benefits		341,078	349,597
Other operating expenditures		34,627	31,062
Capital outlay		1,000	1,920
Total	634,176	570,944	63,232
Soil Conservation Program			
Salaries and employee benefits		88,082	102,914
Other operating expenditures		3,395	3,395
Total	95,249	91,477	3,772
Jonesland Park Operations			
Salaries and employee benefits		88,047	57,697
Other operating expenditures		84,041	43,315
Capital outlay		9,950	3,984
Total	194,468	182,038	12,430
Economic Development	172,032	149,546	22,486
Total Community Services	2,540,332	2,256,353	283,979
Human Services			
Health and Medical Services			
Granville Medical Center		1,873,583	159,390
Granville-Vance District Health Dept.		300,660	275,642
Area Mental Health		131,690	129,217
Total	807,869	2,305,933	(1,498,064)
Social Services			
Salaries and employee benefits		2,955,051	2,801,438
Other operating expenditures		6,432,470	6,443,915
Capital outlay		34,574	19,758
Total	10,195,389	9,422,095	773,294

**GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	2007			2006
	Budget	Actual	Variance Positive (Negative)	Actual
Veterans Services				
Salaries and employee benefits		9,334		8,987
Other operating expenditures		440		473
Total	10,857	9,774	1,083	9,460
Senior Services				
Salaries and employee benefits		270,957		235,675
Other operating expenditures		132,982		127,795
Capital outlay		2,866		5,063
Total	426,033	406,805	19,228	368,533
Senior Services-Nutrition/In-Home Aid				
Salaries and employee benefits		191,127		187,584
Other operating expenditures		313,009		278,872
Capital Outlay		-		-
Total	505,052	504,136	916	466,456
Total Human Services	11,945,200	12,648,743	(703,543)	10,673,809
<u>Education</u>				
Granville County School System				
Current Expense	10,319,028	10,319,028	-	9,371,165
Capital	268,216	268,216	-	257,900
Total	10,587,244	10,587,244	-	9,629,065
Vance-Granville Community College				
Operating expenditures		489,458		412,659
Library		25,503		24,059
Capital Outlay		42,538		48,003
Total	557,499	557,499	-	484,721
Total Education	11,144,743	11,144,743	-	10,113,786
<u>Non-Departmental & Special Areas</u>				
Special Projects	290,411	268,222	22,189	141,214
Pass Thru Funds	507,337	503,015	4,322	430,796
Non-Departmental	1,224,006	1,604,509	(380,503)	1,115,523
Granville County Tourism Development Authority	95,000	111,225	(16,225)	99,088
Total Non-Departmental & Special Areas	2,116,754	2,486,971	(370,217)	1,786,621

**GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEUDLE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	2007		2006	
	Budget	Actual	Variance Positive (Negative)	Actual
<u>Debt Service</u>				
South Granville Industrial Park				
Principal		86,545		83,355
Interest		16,892		20,081
Total		103,437		103,436
Hospital Financing				
Principal		18,392		140,000
Interest		14,826		7,980
Total		33,218		147,980
2001 Park Facilities Bond				
Principal		50,000		50,000
Interest		19,525		21,650
Total		69,525		71,650
2005 Public Improvement Bonds				
Principal		25,000		25,000
Interest		30,775		31,525
Total		55,775		56,525
Series 2005 School GO Bonds				
Principal		-		-
Interest		-		832,325
Total		-		832,325
Total Debt Service	228,737	261,955	(33,218)	1,211,916
Total Expenditures	39,345,126	39,609,685	(264,559)	35,938,508
Revenues Over (Under) Expenditures	3,544,015	5,179,713	1,635,698	6,955,620
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers-in:				
Landfill Capital Reserve Fund	40,000	40,000	-	-
Transfers-out:				
School Capital Reserve Fund	(3,510,687)	(4,013,426)	502,739	(2,253,041)
Other funds:				
Library Memorial Fund		-		(4,308)
Landfill Capital Reserve Fund		(150,000)		-
Revaluation Reserve Fund		(58,000)		(58,000)
Capital Improvements Fund		(375,770)		(2,355,995)
Series 2005 School Bonds		(600,000)		
Series 2005 Public Improvement Bonds		(603,524)		
Solid Waste Fund		(98,551)		-
Vehicle Replacement Fund		(374,500)		(350,000)
Total Other Funds	(2,260,345)	(2,260,345)	-	(2,768,303)
Total transfers-out	(5,771,032)	(6,273,771)	502,739	(5,021,344)

**GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	2007		2006	
	Budget	Actual	Variance Positive (Negative)	Actual
Contingency	(321,074)	-	321,074	-
Debt proceeds	-	1,500,000	1,500,000	-
Fund balance appropriated	2,508,091	-	(2,508,091)	-
Total Other Financial Sources (Uses)	(3,544,015)	(4,733,771)	(1,189,756)	(5,021,344)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	445,942	\$ 445,942	1,934,276
Fund Balance-July 1		17,807,399		15,873,123
Fund Balance-June 30		\$ 18,253,341		\$ 17,807,399

**GRANVILLE COUNTY, NORTH CAROLINA
35 MILLION DOLLAR SCHOOL BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Favorable (Unfavorable)
<u>REVENUES</u>					
Investment earnings	\$ 1,173,000	\$ 890,212	\$ 376,670	\$ 1,266,882	\$ 93,882
<u>EXPENDITURES</u>					
Issuance Cost	95,000	62,487	32,302	94,789	211
Construction Cost					
Creedmoor		2,440,300	417,567	2,857,867	
Stovall-Shaw		2,234,865	462,844	2,697,709	
Butner-Stem Elementary		2,044,428	111,999	2,156,427	
Hawley Middle		1,248,591	1,972,452	3,221,043	
Mount Energy		781,547	4,183	785,730	
Wilton		418,218	2,232	420,450	
Central Area High School		4,623,343	14,632,576	19,255,919	
Credle		38,105	521,598	559,703	
Northern Granville		106,426	990,730	1,097,156	
West Oxford		85,425	566,353	651,778	
Toler Oak-Hill		98,269	512,662	610,931	
J. F. Webb		41,043	1,039,830	1,080,873	
Mary Potter		79,057	505,190	584,247	
South Granville		443,527	1,670,990	2,114,517	
Total	40,931,950	14,683,144	23,411,206	38,094,350	2,837,600
Total Expenditures	41,026,950	14,745,630	23,443,508	38,189,139	2,837,811
Revenues Over (Under) Expenditures	(39,853,950)	(13,855,418)	(23,066,838)	(36,922,257)	2,931,693
<u>OTHER FINANCING SOURCES (USES)</u>					
Debt issued	38,115,000	25,500,000	9,915,000	35,415,000	(2,700,000)
Premium on debt	138,950	138,950	50,373	189,323	50,373
Transfers-in					
General Fund	600,000	-	600,000	600,000	-
School Capital Reserve Fund	1,000,000	-	-	-	(1,000,000)
Total Other Financing Sources (Uses)	39,853,950	25,638,949	10,565,373	36,204,323	(3,649,627)
Excess of Revenues and Other Sources Over (Under) Expenditures And Other Uses	\$ -	\$ 11,783,531	(12,501,465)	\$ (717,934)	\$ (717,934)
Fund Balance - July 1			11,783,531		
Fund Balance - June 30			\$ (717,934)		

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

- **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 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 Improvements 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.
- **Project Ordinance Activities Fund:** This fund is used to account for individual projects budgeted under Capital Project ordinances. Current projects included Wilton Water, Wilton Sewer, and Stovall Sewer.

**GRANVILLE COUNTY, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2007**

	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 2005 Public Improvement Bond Fund	Capital Improvements Fund	Vehicle Replacement Fund	Project Ordinance Activities Fund	June 30,2007
<u>ASSETS</u>											
Current Assets:											
Cash and cash equivalents	\$ 351,578	\$ 1,065,844	\$ 2,657,822	\$ 8,814	\$ -	\$ 184,424	\$ -	\$ 2,510,417	\$ 282,603	\$ 280,999	\$ 7,342,501
Restricted cash	-	-	-	-	-	-	635,358	-	-	-	635,358
Accounts receivable	-	-	-	65,998	-	-	-	11,379	-	-	77,377
Due from other funds	-	-	427,605	-	-	-	-	-	-	-	427,605
Total Assets	<u>\$ 351,578</u>	<u>\$ 1,065,844</u>	<u>\$ 3,085,427</u>	<u>\$ 74,812</u>	<u>\$ -</u>	<u>\$ 184,424</u>	<u>\$ 635,358</u>	<u>\$ 2,521,796</u>	<u>\$ 282,603</u>	<u>\$ 280,999</u>	<u>\$ 8,482,841</u>
<u>LIABILITIES AND FUND EQUITY</u>											
Liabilities:											
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 6,854	\$ -	\$ -	\$ 2,992	\$ 21,377	\$ 7,365	\$ -	\$ 38,588
Central depository overdraft	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	298,000	-	-	-	-	-	-	298,000
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>304,854</u>	<u>-</u>	<u>-</u>	<u>2,992</u>	<u>21,377</u>	<u>7,365</u>	<u>-</u>	<u>336,588</u>
Fund Equity:											
Fund Balance											
Reserved by State Statute	-	-	427,605	-	-	-	635,358	11,379	-	-	1,074,342
Reserved for capital outlay	-	-	-	-	-	-	632,366	-	-	-	632,366
Unreserved (available for appropriation):											
Designated for subsequent year's expenditures	-	-	-	132,227	-	-	-	180,400	41,481	-	354,108
Unreserved	351,578	1,065,844	2,657,822	(362,269)	-	184,424	(635,358)	2,308,640	233,757	280,999	6,085,437
Total fund equity	<u>351,578</u>	<u>1,065,844</u>	<u>3,085,427</u>	<u>(230,042)</u>	<u>-</u>	<u>184,424</u>	<u>632,366</u>	<u>2,500,419</u>	<u>275,238</u>	<u>280,999</u>	<u>8,146,253</u>
Total Liabilities and Fund Equity	<u>\$ 351,578</u>	<u>\$ 1,065,844</u>	<u>\$ 3,085,427</u>	<u>\$ 74,812</u>	<u>\$ -</u>	<u>\$ 184,424</u>	<u>\$ 635,358</u>	<u>\$ 2,521,796</u>	<u>\$ 282,603</u>	<u>\$ 280,999</u>	<u>\$ 8,482,841</u>

**GRANVILLE COUNTY, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2007**

	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 2005 Public Improvement Bond Fund	Capital Improvements Fund	Vehicle Replacement Fund	Project Ordinance Activities Fund	June 30, 2007
REVENUES											
Restricted intergovernmental revenues	\$ -	\$ -	\$ 758,693	\$ 253,315	\$ (14,349)	\$ -	\$ -	\$ 47,228	\$ -	\$ -	\$ 1,044,887
Unrestricted intergovernmental revenues	-	-	-	-	-	-	-	-	-	-	-
Sales and other taxes	-	-	-	224,034	-	-	-	-	-	-	224,034
Licenses, fees, and other revenues	-	-	-	25,865	-	-	-	-	-	-	25,865
Investment earnings	16,245	58,977	113,056	33,813	-	9,217	(3,850)	154,668	-	-	382,126
Miscellaneous	-	-	-	-	-	-	-	-	6,652	-	6,652
Total Revenues	16,245	58,977	871,749	537,027	(14,349)	9,217	(3,850)	201,896	6,652	-	1,683,564
EXPENDITURES											
General government	-	-	-	-	-	-	-	-	-	-	-
Education	-	-	624,525	-	-	-	-	-	-	-	624,525
Public safety	-	-	-	1,696,866	-	-	-	-	-	-	1,696,866
Economic development	-	-	-	-	400	-	-	-	-	-	400
Capital outlay	-	-	-	-	-	-	285,944	920,004	328,739	-	1,534,687
Debt service	-	-	-	-	-	-	-	-	-	-	-
Principal	-	-	1,900,000	-	-	-	-	-	-	-	1,900,000
Interest	-	-	1,814,810	-	-	-	-	-	-	-	1,814,810
Bond issuance costs	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	-	-	4,339,335	1,696,866	400	-	285,944	920,004	328,739	-	7,571,288
Revenues Over (under) Expenditures	16,245	58,977	(3,467,586)	(1,159,839)	(14,749)	9,217	(289,794)	(718,108)	(322,087)	-	(5,887,724)
OTHER FINANCING SOURCES (USES)											
Issuance of debt	-	-	-	-	-	-	(415,000)	-	-	-	(415,000)
Premium on debt	-	-	-	-	-	-	(2,251)	-	-	-	(2,251)
Transfers-in (out)	-	-	-	-	-	-	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-	-	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-	-	-	-	-	-	-
Series 2001 Bond Fund	-	-	-	-	-	-	-	-	-	-	-
School Capital Reserve Fund	-	-	-	-	-	-	-	-	-	-	-
Lyon Station W&S Fund	-	-	-	-	-	-	-	-	-	-	-
Solid Waste Management	-	(712,000)	-	-	-	-	-	-	-	-	(712,000)
General Fund	58,000	150,000	4,013,426	-	-	-	603,524	375,770	374,500	-	5,575,220
General Fund	-	(40,000)	-	-	-	-	-	-	-	-	(40,000)
Total Other Financing Sources (Uses)	58,000	(602,000)	4,013,426	-	-	-	186,273	375,770	374,500	-	4,405,969
Net Change in Fund Balances	74,245	(543,023)	545,840	(1,159,839)	(14,749)	9,217	(103,521)	(342,338)	52,413	-	(1,481,755)
Fund Balance - July 1	277,333	1,608,867	2,539,587	929,797	14,749	175,207	735,887	2,842,757	222,825	280,999	9,628,008
Fund Balance - June 30	\$ 351,578	\$ 1,065,844	\$ 3,085,427	\$ (230,042)	\$ -	\$ 184,424	\$ 632,366	\$ 2,500,419	\$ 275,238	\$ 280,999	\$ 8,146,253

**GRANVILLE COUNTY, NORTH CAROLINA
REVALUATION FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006**

	2007			2006
	Budget	Actual	Variance Positive (Negative)	Actual
<u>REVENUES</u>				
Investment earnings	\$ 4,000	\$ 16,245	\$ 12,245	\$ 8,816
<u>EXPENDITURES</u>				
General government				
Tax listing	62,000	-	62,000	-
Revenues Over (Under) Expenditures	(58,000)	16,245	74,245	8,816
<u>OTHER FINANCING SOURCES</u>				
Fund balance appropriated	-	-	-	-
Operating transfers-in (out)				
General Fund	58,000	58,000	-	58,000
Total Other Financing Sources (Uses)	58,000	58,000	-	58,000
Excess of Revenues and Other Sources Over (Under) Expenditures	\$ -	74,245	\$ 74,245	66,816
Fund Balance - July 1		277,333		210,517
Fund Balance - June 30		\$ 351,578		\$ 277,333

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, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	<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>
<u>REVENUES</u>					
Investment earnings	\$ -	\$ 543,683	\$ 58,977	\$ 602,660	\$ 602,660
<u>EXPENDITURES</u>					
Landfill	-	-	-	-	-
Revenues Over (Under) Expenditures	-	543,683	58,977	602,660	602,660
<u>OTHER FINANCING SOURCES (USES)</u>					
Appropriated Fund Balance	752,000	-	-	-	752,000
Transfers-in (out)					
General Fund	2,018,589	540,304	150,000	690,304	(1,328,285)
General Fund	(2,058,589)	(1,880,238)	(40,000)	(1,920,238)	138,351
Solid Waste Management	3,000,000	3,000,000	-	3,000,000	-
Solid Waste Management	(3,712,000)	-	(712,000)	(712,000)	3,000,000
Lyon Station Water and Sewer Fund	848,865	227,150	-	227,150	(621,715)
Lyon Station Water and Sewer Fund	(848,865)	(822,032)	-	(822,032)	26,833
Total Other Financing Sources (Uses)	-	1,065,184	(602,000)	463,184	463,184
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ 1,608,867	(543,023)	\$ 1,065,844	\$ 1,065,844
Fund Balance - July 1			1,608,867		
Fund Balance - June 30			\$ 1,065,844		

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, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	2007			2006
	Budget	Actual	Variance Positive (Negative)	Actual
<u>REVENUES</u>				
Restricted intergovernmental revenues	\$ 1,073,970	\$ 758,693	\$ (315,277)	\$ 400,000
Investment earnings	45,720	113,056	67,336	116,977
Total Revenues	1,119,690	871,749	(247,941)	516,977
<u>EXPENDITURES</u>				
Education	1,812,035	624,525	1,187,510	613,138
Debt Service				
Principal		1,900,000		1,750,000
Interest		1,814,810		865,900
Total	3,714,810	3,714,810	-	2,615,900
Total Expenditures	5,526,845	4,339,335	1,187,510	3,229,038
Revenues Over (Under) Expenditures	(4,407,155)	(3,467,586)	939,569	(2,712,061)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from other funds				
General Fund	3,510,687	4,013,426	502,739	2,253,041
Series 2001 School Bonds	-	-	-	250
Total Other Financing Sources (Uses)	3,510,687	4,013,426	502,739	2,253,291
Excess of Revenues and Other Sources Over (Under)				
Expenditures and Other Uses	(896,468)	545,840	1,442,308	(458,770)
Appropriated Fund Balance	896,468	-	(896,468)	-
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ -	545,840	\$ 545,840	(458,770)
Fund Balance - July 1		2,539,587		2,998,357
Fund Balance - June 30		\$ 3,085,427		\$ 2,539,587

**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, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006**

	2007		Variance	2006
	Budget	Actual	Positive (Negative)	Actual
<u>REVENUES</u>				
Sales and other taxes:				
911 system subscriber fees	\$ 230,830	\$ 224,034	\$ (6,796)	\$ 221,934
Licenses, fees and other revenues				
GIS subscription fees	-	19,750	19,750	24,000
Fees for signs		6,115		
Restricted intergovernmental revenues:				
Wireless 911 funds	181,260	253,315	72,055	231,678
Investment earnings				
E911	4,500	15,209	10,709	15,003
Wireless	4,181	18,604	14,423	18,066
Total	8,681	33,813	25,132	33,069
Total Revenues	420,771	537,027	110,141	510,681
<u>EXPENDITURES</u>				
Public safety:				
911 system subscriber fees:				
Salaries		36,328		35,512
Telephone		111,498		59,008
Other operating expenditures		139,007		55,719
Capital outlay		1,054,916		85,526
Total subscriber fees	759,615	1,341,749	(582,134)	235,765
Wireless 911:				
Salaries		-		-
Telephone		10,087		50,630
Other operating expenditures		41,358		19,678
Capital outlay		303,672		72,418
Total Wireless 911	685,441	355,117	330,324	142,726
Total Expenditures	1,445,056	1,696,866	(251,810)	378,491
Revenues Over (Under) Expenditures	(1,024,285)	(1,159,839)	361,951	132,190

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, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	2007			2006
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<u>OTHER FINANCING SOURCES (USES)</u>				
Issuance of Debt	500,000	-	(500,000)	-
Issuance of Debt-Wireless	500,000	-	(500,000)	-
Fund balance appropriated	24,285	-	(24,285)	-
Total	<u>1,024,285</u>	<u>-</u>	<u>(1,024,285)</u>	<u>-</u>
Transfers-in (out)				
Capital Improvements Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,024,285</u>	<u>-</u>	<u>(1,024,285)</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	(1,159,839)	<u>\$ (1,159,839)</u>	132,190
Fund Balance - July 1				
E911 Fund		418,210		393,038
Wireless 911		<u>511,587</u>		<u>404,569</u>
Beginning of year totals		<u>929,797</u>		<u>797,607</u>
Fund Balance - June 30				
E911 Fund		(658,431)		418,210
Wireless 911		<u>428,389</u>		<u>511,587</u>
End of year totals		<u>\$ (230,042)</u>		<u>\$ 929,797</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, 2007

	<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>
<u>REVENUES</u>					
Restricted intergovernmental revenues					
Federal and State grants	\$ 600,000	\$ 596,278	\$ (14,349)	\$ 581,929	\$ (18,071)
<u>EXPENDITURES</u>					
General Government					
Administration	25,674	16,762	-	16,762	8,912
Relocation	297,391	297,391	-	297,391	-
Rehabilitation	243,135	233,562	400	233,962	9,173
Clearance	33,800	33,814	-	33,814	(14)
Total	600,000	581,529	400	581,929	18,071
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 14,749</u>	(14,749)	<u>\$ -</u>	<u>\$ -</u>
Fund Balance - July 1			14,749		
Fund Balance - June 30			<u>\$ -</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, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006**

	2007			2006
	Budget	Actual	Variance Positive (Negative)	Actual
<u>REVENUES</u>				
Investment Earnings	\$ -	\$ 9,217	\$ 9,217	\$ 6,770
<u>EXPENDITURES</u>				
Library Entrance Remodel	-	-	-	-
Donations	-	-	-	-
Total Expenditures	-	-	-	-
Revenues over (under) expenditures	-	9,217	9,217	6,770
OTHER FINANCING SOURCES (USES)				
Fund balance appropriated	-	-	-	-
Transfer-in(out)				
General Fund	-	-	-	-
General Fund	-	-	-	4,308
Total other financing sources (uses)	-	-	-	4,308
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>9,217</u>	<u>\$ 9,217</u>	<u>11,078</u>
FUND BALANCE				
Beginning of year - July 1		<u>175,207</u>		<u>164,129</u>
End of year - June 30		<u>\$ 184,424</u>		<u>\$ 175,207</u>

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, 2007

	<u>Project Authorization</u>	<u>Actual Prior Years</u>	<u>Actual Current Year</u>	<u>Actual Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
<u>REVENUES</u>					
PARTF Grant	\$ 500,000	\$ -	\$ -	\$ -	\$ (500,000)
DOT Funds	75,000	-	-	-	(75,000)
Investment earnings	10,500	34,009	(3,850)	30,159	19,659
Other revenues					
Donations/Sponsorships	<u>34,500</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>	<u>(32,000)</u>
Total Revenues	<u>620,000</u>	<u>36,509</u>	<u>(3,850)</u>	<u>32,659</u>	<u>(587,341)</u>
<u>EXPENDITURES</u>					
Issuance Cost		-	-	-	
Construction Cost		<u>69,790</u>	<u>285,944</u>	<u>355,734</u>	
Total	<u>1,700,724</u>	<u>69,790</u>	<u>285,944</u>	<u>355,734</u>	<u>1,344,990</u>
Total Expenditures	<u>1,700,724</u>	<u>69,790</u>	<u>285,944</u>	<u>355,734</u>	<u>1,344,990</u>
Revenues Over (Under) Expenditures	<u>(1,080,724)</u>	<u>(33,281)</u>	<u>(289,794)</u>	<u>(323,075)</u>	<u>757,649</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfer from General Fund	730,724	-	603,524	603,524	(127,200)
Issuance of debt	350,000	765,000	(415,000)	350,000	-
Premium on debt	<u>-</u>	<u>4,168</u>	<u>(2,251)</u>	<u>1,917</u>	<u>1,917</u>
Total Other Financing Sources (Uses)	<u>1,080,724</u>	<u>769,168</u>	<u>186,273</u>	<u>955,441</u>	<u>(125,283)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures And Other Uses	<u>\$ -</u>	<u>\$ 735,887</u>	<u>(103,521)</u>	<u>\$ 632,366</u>	<u>\$ 632,366</u>
Fund Balance - July 1			<u>735,887</u>		
Fund Balance - June 30			<u>\$ 632,366</u>		

**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, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006**

	2007			2006
	Budget	Actual	Variance Positive (Negative)	Actual
<u>REVENUES</u>				
Restricted intergovernmental revenues				
Federal and State grants	\$ 35,140	\$ 47,228	\$ 12,088	\$ 318,763
Unrestricted intergovernmental revenues				
Donations	-	-	-	59
Insurance reimbursement	-	-	-	-
Total	-	-	-	59
Other revenue	25,000	-	25,000	38,946
Investment earnings	67,500	154,668	87,168	53,273
Total Revenues	127,640	201,896	124,256	411,041
<u>EXPENDITURES</u>				
Capital Outlay	2,726,568	920,004	1,806,564	1,692,486
Revenues Over (Under) Expenditures	(2,598,928)	(718,108)	1,880,820	(1,281,445)
<u>OTHER FINANCING SOURCES (USES)</u>				
Fund Balance appropriated	2,223,158	-	2,223,158	-
Transfers-in (out)				
General Fund	375,770	375,770	-	2,355,995
Total Other Financing Sources (Uses)	2,598,928	375,770	2,223,158	2,355,995
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	(342,338)	\$ (342,338)	1,074,550
Fund Balance - July 1		2,842,757		1,768,207
Fund Balance - June 30		\$ 2,500,419		\$ 2,842,757

**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, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006**

	2007		Variance	2006
	Budget	Actual	Positive (Negative)	Actual
<u>REVENUES</u>				
Investment earnings	\$ 750	\$ -	\$ (750)	\$ -
Miscellaneous				
Sales of fixed assets	16,000	6,652	(9,348)	12,234
Total Revenues	16,750	6,652	(10,098)	12,234
<u>EXPENDITURES</u>				
Capital Outlay				
Vehicles	377,608	328,739	48,869	189,943
Contingency	13,642	-	13,642	-
Total Expenditures	391,250	328,739	62,511	189,943
Revenues Over (Under) Expenditures	(374,500)	(322,087)	52,413	(177,709)
<u>OTHER FINANCING SOURCES (USES)</u>				
Fund Balance appropriated	-	-	-	-
Transfers-in				
General Fund	374,500	374,500	-	350,000
Solid Waste Management Fund	-	-	-	-
Transfers-out				
Solid Waste Management Fund	-	-	-	-
Total Other Financing Sources (Uses)	374,500	374,500	-	350,000
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	52,413	\$ 52,413	172,291
Fund Balance - July 1		222,825		50,534
Fund Balance - June 30		\$ 275,238		\$ 222,825

GRANVILLE COUNTY, NORTH CAROLINA
PROJECT ORDINANCE ACTIVITIES FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2006

	Wilton Water	Wilton Sewer	Stovall Sewer	Combining Totals	
				June 30,2007	June 30,2006
<u>REVENUES</u>					
Restricted intergovernmental revenues					
Federal and State grants	\$ -	\$ -	\$ -	\$ -	\$ 637,125
Investment earnings	-	-	-	-	-
Total Revenues	-	-	-	-	1,554,242
<u>EXPENDITURES</u>					
Construction/Engineering	-	-	-	-	29,022
Engineering	-	-	-	-	10,039
Administration/Design	-	-	-	-	-
Tap Fee/Other	-	-	-	-	300
Construction	-	-	-	-	173,436
Construction/Contingency	-	-	-	-	44
Total Expenditures	-	-	-	-	212,841
Revenues Over (Under) Expenditures	-	-	-	-	424,284
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers-in (out)					
General Fund	-	-	-	-	-
Lyon Station Water & Sewer Fund	-	-	-	-	-
Capital Improvement Fund	-	-	-	-	(8,793)
Total Other Financing Sources (Uses)	-	-	-	-	(8,793)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	-	-	-	415,491
Fund Balances:					
Fund Balance-July 1	42,538	158,246	80,215	280,999	(134,492)
Fund Balance-June 30	\$ 42,538	\$ 158,246	\$ 80,215	\$ 280,999	\$ 280,999

**GRANVILLE COUNTY, NORTH CAROLINA
WILTON WATER
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
<u>REVENUES</u>					
Restricted intergovernmental revenues					
Federal and State grants	\$ 1,254,353	\$ 1,075,436	\$ -	\$ 1,075,436	\$ (178,917)
Sales and other taxes					
Service Connection Revenue	8,000	-	-	-	(8,000)
	<u>1,262,353</u>	<u>1,075,436</u>	<u>-</u>	<u>1,075,436</u>	<u>(186,917)</u>
<u>EXPENDITURES</u>					
Administration		24,600	-	24,600	
Acquisition of R.O.W.		82,550	-	82,550	
Engineering		130,428	-	130,428	
Tap Fee		-	-	-	
Construction		905,467	-	905,467	
Contingency		-	-	-	
Total Expenditures	<u>1,372,500</u>	<u>1,143,045</u>	<u>-</u>	<u>1,143,045</u>	<u>229,455</u>
Revenues Over (Under) Expenditures	<u>(110,147)</u>	<u>(67,609)</u>	<u>-</u>	<u>(67,609)</u>	<u>42,538</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
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>\$ 42,538</u>	<u>-</u>	<u>\$ 42,538</u>	<u>\$ 42,538</u>
Fund Balances:					
Beginning of year - July 1			<u>42,538</u>		
End of year - June 30			<u>\$ 42,538</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, 2007**

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
<u>REVENUES</u>					
Restricted intergovernmental revenues					
Federal and State grants	\$ 951,991	\$ 915,657	\$ -	\$ 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>915,657</u>	<u>-</u>	<u>915,657</u>	<u>(39,543)</u>
<u>EXPENDITURES</u>					
Engineering		92,829	-	92,829	
Administration		18,250	-	18,250	
Tap Fee/Other		5,300	-	5,300	
Construction		641,032	-	641,032	
Service Connections		-	-	-	
Contingency		-	-	-	
Total Expenditures	<u>955,200</u>	<u>757,411</u>	<u>-</u>	<u>757,411</u>	<u>197,789</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 158,246</u>	<u>-</u>	<u>\$ 158,246</u>	<u>\$ 158,246</u>
Fund Balances:					
Beginning of year - July 1			<u>158,246</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 30,2007**

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
<u>REVENUES</u>					
Restricted intergovernmental revenues					
Federal and State grants	\$ 223,000	\$ 223,000	\$ -	\$ 223,000	\$ -
Investment earnings	-	-	-	-	-
Total Revenues	<u>223,000</u>	<u>223,000</u>	<u>-</u>	<u>223,000</u>	<u>-</u>
<u>EXPENDITURES</u>					
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>(94,785)</u>	<u>-</u>	<u>(94,785)</u>	<u>80,215</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
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>\$ 80,215</u>	<u>-</u>	<u>\$ 80,215</u>	<u>\$ 80,215</u>
Fund Balances:					
Beginning of year - July 1			<u>80,215</u>		
End of year - June 30			<u>\$ 80,215</u>		

ENTERPRISE FUNDS

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

- **Solid Waste Management Fund:** This fund is used to account for the operations of the County's solid waste activities.
- **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, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	2007		Variance	2006
	Budget	Actual	Positive (Negative)	Actual
<u>REVENUES</u>				
Operating revenues				
Landfill user fees	\$ 505,000	\$ 603,886	\$ 98,886	\$ 500,294
Solid waste charges	827,675	876,319	48,644	826,185
Other operating revenues				
White goods		22,315		37,729
Scrap tire disposal tax		74,401		63,527
Compost/Mulch sales		7,270		6,767
Miscellaneous		8,734		107
Total	<u>110,000</u>	<u>112,720</u>	<u>2,720</u>	<u>108,130</u>
Total Operating Revenues	<u>1,442,675</u>	<u>1,592,925</u>	<u>150,250</u>	<u>1,434,609</u>
Nonoperating Revenues				
Interest earned on investments	<u>34,000</u>	<u>162,654</u>	<u>128,654</u>	<u>129,052</u>
Total Revenues	<u>1,476,675</u>	<u>1,755,579</u>	<u>278,904</u>	<u>1,563,661</u>
<u>EXPENDITURES</u>				
Solid Waste Operations				
Professional Services		-		121
Printing		230		-
Supplies and materials		588		2,234
Manned sites		338,214		320,968
Oil and Anti-Freeze Disposal		1,057		8,374
Freon Removal		9,360		11,472
Waste disposal		241,630		234,900
Container transportation		244,942		203,750
Maintenance and grounds		1,560		1,279
Miscellaneous		2,250		
Total	<u>931,200</u>	<u>837,581</u>	<u>93,619</u>	<u>783,098</u>
Site remodeling and construction	<u>30,000</u>	<u>2,805</u>	<u>27,195</u>	<u>7,400</u>
Total Solid Waste Operations	<u>961,200</u>	<u>840,386</u>	<u>120,814</u>	<u>790,498</u>

GRANVILLE COUNTY, NORTH CAROLINA
SOLID WASTE MANAGEMENT
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	2007		Variance	2006
	Budget	Actual	Positive (Negative)	Actual
Landfill Operations				
Salaries and employee benefits		156,686		149,989
Administrative fee		20,000		20,000
Professional services		41,824		25,779
Credit card charges		325		152
Gas, oil, tires		5,374		4,987
Supplies and materials		10,679		9,489
Brush grinding		109,927		-
Travel		600		599
Telephone and postage		5,265		4,935
Utilities		2,606		2,350
Maintenance and grounds		2,371		4,957
Advertising		1,046		103
Tire disposal		80,410		63,568
Registration and training		6,098		9,813
Contract services		279,147		235,681
Brush pile maintenance		13,981		7,214
Computer service		1,235		1,487
Noncapitalized equipment		1,849		-
Miscellaneous		-		-
Total Landfill Operations	919,903	739,423	180,480	541,103
Budgetary Appropriations				
Capital outlay - landfill	746,700	722,250	24,450	-
Capital outlay - convenience sites	1,457,216	-	1,457,216	-
Total	2,203,916	722,250	1,481,666	-
Total Expenditures	4,085,019	2,302,059	1,782,960	1,331,601
Revenues Over (Under) Expenditures	(2,608,344)	(546,480)	2,061,864	232,060
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers-in/out				
Landfill Capital Reserve Fund	712,000	712,000	-	-
General Fund	98,551	98,551	-	-
Fund Balance Appropriated				
Convenience sites	1,627,216	-	(1,627,216)	-
Landfill	77,052	-	(77,052)	-
Solid Waste	93,525	-	(93,525)	-
Total Other Financing Sources (Uses)	2,608,344	810,551	(1,797,793)	-
Revenues Over (Under) Sources and Other Uses	\$ -	\$ 264,071	\$ 264,071	\$ 232,060

GRANVILLE COUNTY, NORTH CAROLINA
SOLID WASTE MANAGEMENT
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	2007		Variance	2006
	Budget	Actual	Positive (Negative)	Actual
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL				
Excess of revenues over (under) expenditures		\$ 264,071		\$ 232,060
Depreciation		(24,029)		(26,404)
Capital outlay		722,250		-
(Increase) decrease in accrued landfill closure and postclosure care costs		(35,315)		(34,362)
(Increase) decrease in accrued vacation payable		(3,240)		(1,634)
Net Income (loss)		<u>\$ 923,737</u>		<u>\$ 169,660</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, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	2007		Variance	2006
	Budget	Actual	Positive (Negative)	Actual
<u>REVENUES</u>				
Operating Revenues				
Water and Sewer Fees	\$ 920,000	\$ 980,176	\$ 60,176	\$ 913,870
Water sales - Creedmoor	55,000	34,470	(20,530)	68,755
Property taxes levied				
Current year		170,569		158,172
Prior year taxes and penalties		3,879		5,922
Total	168,268	174,448	(6,180)	164,094
Connections and other revenue				
Connections		27,274		117,841
Miscellaneous		45,655		14,631
Total	45,300	72,929	(27,629)	132,472
Total	1,188,568	1,262,023	5,837	1,279,191
Nonoperating Revenues				
Interest earned on investments	7,000	-	(7,000)	-
Availability fees	-	162,360	162,360	233,475
Administration fee-Stem	-	-	-	12,758
Fund balance appropriated	22,156	-	(22,156)	-
Total	29,156	162,360	133,204	246,233
Total Revenues	1,217,724	1,424,383	139,041	1,525,424
<u>EXPENDITURES</u>				
Administration				
Salaries and employee benefits		72,928		133,052
Administrative fee		32,447		32,447
Professional services		1,090		1,500
Dues and subscriptions		-		2,005
Postage and telephone		2,416		9,357
Printing		364		1,203
Travel		1,958		1,102
Advertising		-		-
Equipment rental		-		-
Supplies and materials		1,155		8,896
Contracted services		122,249		10,720
Credit card charges		446		182
Registration and training		-		475
Gas, Oil & Tires		357		10,866
Interest		(388)		(372)
Non-capitalized equipment		3,542		-
Computer service		1,908		1,731
Total		240,472		213,164

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, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	2007		Variance	2006
	Budget	Actual	Positive (Negative)	Actual
Water distribution and sewer collection				
Utilities		(190)		14,302
Water and sewer treatment purchase		722,373		624,393
Water and sewer analysis		-		5,460
Water and sewer connections		-		4,324
Meter purchases		-		6,088
Total		722,183		654,567
Total Lyon Station Operations	1,047,639	962,655	84,984	867,731
Debt service				
Interest		23,930		28,448
Principal		122,605		118,087
Total	146,535	146,535	-	146,535
Other Expenditures				
Plant Upgrade Contribution	-	-	-	-
Construction	3,300	-	3,300	4,150
Total	3,300	-	3,300	4,150
Budgetary Appropriations				
Capital outlay	20,250	-	20,250	16,253
Total Expenditures	1,217,724	1,109,190	23,550	1,034,669
Revenues Over (Under) Expenditures	-	315,193	315,193	490,755
OTHER FINANCING SOURCES (USES)				
Refinancing lease purchase agreement	-	-	-	-
Debt repayment	-	-	-	-
Transfers-in (out)				
Project Ordinance Activities Fund	-	-	-	-
Landfill Capital Reserve Fund	-	-	-	-
Capital Improvement Fund	-	-	-	(227,150)
	-	-	-	(227,150)
Excess of Revenues and Other Sources				
Over (Under) Expenditures and Other Uses	\$ -	\$ 315,193	\$ 315,193	\$ 263,605

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, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	2007			2006
	Budget	Actual	Variance Positive (Negative)	Actual
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL				
Excess of revenues over (under) expenditures		\$ 315,193		\$ 263,605
Debt principal		122,605		118,087
Capital outlay		-		16,253
Depreciation		(104,224)		(104,590)
Amortization		(1,249)		(1,249)
(Increase) decrease in compensated absences payable		(646)		1,723
Net Income		<u>331,679</u>		<u>\$ 293,829</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, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	2006			2005
	Budget	Actual	Variance Positive (Negative)	Actual
<u>REVENUES</u>				
Operating Revenues				
Water and Sewer Fees	278,501	293,379	\$ 14,878	\$ 274,077
Miscellaneous	7,700	138	(7,562)	139
Total	286,201	293,517	7,316	274,216
Nonoperating Revenues				
Interest earned on investments	-	-	-	-
Fund balance appropriated	4,623	-	(4,623)	-
Total	4,623	-	(4,623)	-
Total Revenues	290,824	293,517	2,693	274,216
<u>EXPENDITURES</u>				
Administration				
Salaries and employee benefits		31,783		26,365
Registration and training		-		-
Postage and telephone		1,287		4,352
Printing		364		722
Credit card charges		239		74
Supplies and materials		198		2,805
Contracted services		36,024		12,458
Travel		-		53
Dues and subscriptions		-		300
Advertising		-		-
Computer service		426		406
Gas, oil and tires		-		1,376
Water analysis		-		1,830
Equipment rental		-		-
Non-capitalized equipment		-		7,037
Miscellaneous		-		-
Total		70,321		57,778
Water distribution and sewer collection				
Utilities		146		8,669
Water and sewer treatment purchase		162,002		137,086
Meter purchases		-		157
Chemicals		-		7,102
Total		162,148		153,014
Total Operations	283,271	232,469	50,802	210,792

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, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	2007			2006
	Budget	Actual	Variance Positive (Negative)	Actual
Budgetary Appropriations				
Other Transfers and Expenditures				
Administration Fee	7,553	7,553	-	7,553
Telemetry Project	-	-	-	-
Total	7,553	7,553	-	7,553
Total Expenditures	290,824	240,022	50,802	218,345
Revenues Over (Under) Expenditures	\$ -	\$ 53,495	\$ 53,495	\$ 55,871

RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL

Excess of revenues over (under) expenditures	\$ 53,495	\$ 55,871
Depreciation	(6,880)	(24,829)
(Increase) decrease in compensated absences payable	(646)	(1,379)
Net Income	\$ 45,969	\$ 29,663

AGENCY FUNDS

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.

- **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.
- **DMV Interest Fund:** This agency fund is used to account for the receipts and disbursements made by the County to the DMV.
- **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
JUNE 30, 2007

	Agency Funds			
	Social Services Fund	Granville County Tourism Development Authority	DMV Interest Fund	Total Agency Funds
ASSETS				
Cash and investments	\$ 64,088	\$ -	\$ 2,554	\$ 66,642
Due from other fund	-	-	-	-
Total Assets	<u>\$ 64,088</u>	<u>\$ -</u>	<u>\$ 2,554</u>	<u>\$ 66,642</u>
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Miscellaneous liabilities	64,088	-	2,554	66,642
Due to other funds	-	-	-	-
Due to component unit	-	-	-	-
Total Liabilities	<u>64,088</u>	<u>-</u>	<u>2,554</u>	<u>66,642</u>
Net Assets:				
Unreserved	-	-	-	-
Total Liabilities and Net Assets	<u>\$ 64,088</u>	<u>\$ -</u>	<u>\$ 2,554</u>	<u>\$ 66,642</u>

GRANVILLE COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
<u>Social Services</u>				
Assets				
Cash and cash equivalents	\$ 45,602	\$ 252,981	\$ 234,495	\$ 64,088
Liabilities				
Miscellaneous liabilities	\$ 45,602	\$ 252,981	\$ 234,495	\$ 64,088
<u>Granville County Tourism Development Authority</u>				
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other fund	-	-	-	-
Total assets	\$ -	\$ -	\$ -	\$ -
Liabilities				
Due to component unit	\$ -	\$ -	\$ -	\$ -
<u>DMV Interest Fund</u>				
Assets				
Cash and cash equivalents	\$ 6,486	\$ 31,144	\$ 35,076	\$ 2,554
Liabilities				
Due to DMV	\$ 6,486	\$ 31,144	\$ 35,076	\$ 2,554
<u>Total - All Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 52,088	\$ 284,125	\$ 269,571	\$ 66,642
Due from other fund	-	-	-	-
Total assets	\$ 52,088	\$ 284,125	\$ 269,571	\$ 66,642
Liabilities				
Miscellaneous liabilities	\$ 52,088	\$ 284,125	\$ 269,571	\$ 66,642
Due to component unit	-	-	-	-
Total liabilities	\$ 52,088	\$ 284,125	\$ 269,571	\$ 66,642

OTHER SCHEDULES

This schedule contains additional information required on property taxes.

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

GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
GENERAL FUND
JUNE 30, 2007

<u>Fiscal Year</u>	<u>Uncollected Balance JULY 1, 2006</u>	<u>Additions</u>	<u>Collections and Adjustments</u>	<u>Uncollected Balance JUNE 30, 2007</u>
2007		\$ 22,879,239	\$ 21,590,719	\$ 1,288,520
2006	1,139,541	-	781,152	358,389
2005	323,223	-	136,560	186,663
2004	194,941	-	71,602	123,339
2003	133,041	-	40,504	92,537
2002	104,388	-	19,603	84,785
2001	73,242	-	8,950	64,292
2000	54,458	-	4,273	50,185
1999	38,890	-	2,369	36,521
1998	38,288	-	972	37,316
1997	24,681	-	24,681	-
	<u>\$ 2,124,693</u>	<u>\$ 22,879,239</u>	<u>\$ 22,681,385</u>	<u>\$ 2,322,547</u>

Reconciliation with revenues:

Taxes-ad valorem-General Fund

\$ 23,180,548

Interest and Discounts

(523,338)

\$ 22,657,210

Amounts written off for tax year 1996 - 1997
per statute of limitations

24,175

Total Collections and Credits

\$ 22,681,385

GRANVILLE COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
JUNE 30, 2007

	County-wide			Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Total Levy		
Original levy:					
Property taxed at current year's rate	\$ 2,834,801,060	0.700	\$ 19,843,607	\$ 19,843,607	\$ -
Registered motor vehicles taxed at current year's rate	433,685,429	0.700	3,035,798	-	3,035,798
Total	3,268,486,489		22,879,405	19,843,607	3,035,798
Discoveries:					
Current and prior year's taxes	126,242,857	0.700	883,700	883,700	-
Abatements	(72,754,857)	0.700	(509,284)	(509,284)	-
Total Property Valuation	<u>\$ 3,321,974,489</u>				
Net Levy			23,253,821	20,218,023	3,035,798
Uncollected taxes at June 30, 2007			1,288,520	807,012	481,508
Current year's taxes collected			<u>\$ 21,965,301</u>	<u>\$ 19,411,011</u>	<u>\$ 2,554,290</u>
Current levy collection percentage			<u>94.46%</u>	<u>96.01%</u>	<u>84.14%</u>

STATISTICAL SECTION

TABLE 1

GRANVILLE COUNTY, NORTH CAROLINA
NET ASSETS BY COMPONENT
LAST FIVE FISCAL YEARS*
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities					
Invested in capital assets, net of related debt	\$ 9,032,527	\$ 11,793,410	\$ 10,597,557	\$ 10,561,872	\$ 11,865,211
Restricted	580,799	134,488	107,052	-	-
Unrestricted	3,939,747	4,453,718	7,951,477	1,896,288	(20,032,740)
Total governmental activities net assets	<u>13,553,073</u>	<u>16,381,616</u>	<u>18,656,086</u>	<u>12,458,160</u>	<u>(8,167,529)</u>
Business-type activities					
Invested in capital assets. Net of related debt	2,876,849	3,777,588	2,904,420	2,882,938	3,592,659
Restricted	-	-	-	-	-
Unrestricted	2,601,987	1,913,101	2,884,623	3,396,631	3,988,295
Total business-type activities net assets	<u>5,478,836</u>	<u>5,690,689</u>	<u>5,789,043</u>	<u>6,279,569</u>	<u>7,580,954</u>
Primary government					
Invested in capital assets, net of related debt	11,909,376	15,570,998	13,501,977	13,444,810	15,457,870
Restricted	580,799	134,488	107,052	-	-
Unrestricted	6,541,734	6,366,819	10,836,100	5,292,919	(16,044,445)
Total primary government net assets	<u>\$ 19,031,909</u>	<u>\$ 22,072,305</u>	<u>\$ 24,445,129</u>	<u>\$ 18,737,729</u>	<u>\$ (586,575)</u>

Note: Accrual basis financial information for the county government as a whole is available back to 2003 only, the year GASB Statement no. 34 was implemented.

TABLE 2

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Governmental activities:					
General government	\$ 2,089,495	\$ 2,302,821	\$ 2,457,507	\$ 2,844,996	\$ 2,496,066
Public safety	6,982,275	7,612,578	7,886,433	9,096,766	9,465,578
Transportation	81,109	-	87,213	133,184	161,752
Environmental Protection	-	-	-	282,791	-
Economic and physical development	32,080	3,039	328,880	-	28,224
Human Services	8,275,311	9,244,877	10,045,609	10,796,551	12,612,304
Community Services	1,777,371	1,905,788	2,022,929	2,005,795	2,610,956
Education	12,658,956	9,862,114	12,140,438	23,610,030	35,180,474
Non-departmental and special areas	1,258,089	2,981,758	1,512,564	1,879,547	2,407,906
Interest on long-term debt	877,787	815,974	849,244	1,760,155	1,938,828
Total governmental activities expenses	<u>34,032,473</u>	<u>34,728,949</u>	<u>37,330,817</u>	<u>52,409,815</u>	<u>66,902,088</u>
Business-type activities					
Water and Sewer	1,147,139	1,176,201	1,322,082	1,249,509	1,340,252
Solid Waste	1,308,277	1,419,918	1,352,833	1,396,116	1,642,393
Total business-type activities	<u>2,455,416</u>	<u>2,596,119</u>	<u>2,674,915</u>	<u>2,645,625</u>	<u>2,982,645</u>
Total primary government expenses	<u>36,487,889</u>	<u>37,325,068</u>	<u>40,005,732</u>	<u>55,055,440</u>	<u>69,884,733</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	553,943	601,936	553,307	643,915	610,973
Public Safety	654,182	790,460	791,072	1,088,446	802,327
Environmental Protection	-	-	-	370	-
Human Services	958,110	1,096,834	1,129,081	1,285,775	1,137,207
Community Services	168,485	196,402	245,038	321,200	354,237
Operating grants and contributions					
General government	30,583	33,409	42,165	261,063	14,732
Public Safety	240,534	298,679	312,546	345,704	357,011
Economic and physical development	-	20,000	-	75,000	-
Human Services	4,642,467	4,943,789	5,248,188	5,479,592	5,756,078
Community Services	216,138	263,599	288,268	193,210	193,001
Education	-	-	-	5,000	-
Capital grants and contributions					
General government	-	17,247	-	6,323	-
Public Safety	16,102	4,500	11,404	300,368	-
Transportation	81,109	90,182	87,213	105,253	149,097
Economic and physical development	970,065	1,685,124	763,129	333,941	(14,349)
Community Services	75,000	75,000	75,000	89,631	108,513
Education	100,000	100,000	200,000	400,000	758,693
Total governmental activities program revenues	<u>8,706,718</u>	<u>10,217,161</u>	<u>9,746,411</u>	<u>10,934,791</u>	<u>10,227,520</u>
Business-type activities					
Charges for services:					
Water and Sewer	1,266,277	1,255,046	1,259,392	1,553,407	1,555,540
Solid Waste	1,375,725	1,342,863	1,438,167	1,434,609	1,592,925
Total business-type activities program revenues	<u>2,642,002</u>	<u>2,597,909</u>	<u>2,697,559</u>	<u>2,988,016</u>	<u>3,148,465</u>
Total primary government program revenues	<u>11,348,720</u>	<u>12,815,070</u>	<u>12,443,970</u>	<u>13,922,807</u>	<u>13,375,985</u>
Net (expenses)/revenue					
Governmental activities					
General Government	(1,504,969)	(1,650,229)	(1,862,035)	(1,933,695)	(1,870,361)
Public Safety	(6,071,457)	(6,518,939)	(6,771,411)	(7,362,248)	(8,306,240)
Transportation	-	90,182	-	(27,931)	(12,655)
Environmental Protection	-	-	-	(282,421)	-
Economic and physical development	937,985	1,702,085	434,249	408,941	(42,573)
Human Services	(2,674,734)	(3,204,254)	(3,668,340)	(4,031,184)	(5,719,019)
Community Services	(1,317,748)	(1,370,787)	(1,414,623)	(1,401,754)	(1,955,205)
Education	(12,558,956)	(9,762,114)	(11,940,438)	(23,205,030)	(34,421,781)
Non-departmental and special areas	(1,258,089)	(2,981,758)	(1,512,564)	(1,879,547)	(2,407,906)
Interest on long term debt	(877,787)	(815,974)	(849,244)	(1,760,155)	(1,938,828)
Business-type activities					

TABLE 2

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Water and sewer	119,138	78,845	(62,690)	303,898	215,288
Solid waste	67,448	(77,055)	85,334	38,493	(49,468)
Total primary government net expenses	<u>(25,139,169)</u>	<u>(24,509,998)</u>	<u>(27,561,762)</u>	<u>(41,132,633)</u>	<u>(56,508,748)</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Property taxes	18,021,577	18,366,958	19,218,210	22,243,741	23,410,571
Local option sales tax	6,832,284	8,463,302	9,150,914	9,636,678	10,697,330
Other taxes and licenses	725,801	721,619	785,834	865,181	295,200
Investment earnings	353,028	211,017	574,177	1,994,666	1,878,138
Miscellaneous	245,041	189,931	129,741	309,682	578,191
Transfers	108,350	(176,600)	-	227,150	(810,551)
Total general revenues, special items and transfers	<u>26,286,081</u>	<u>27,776,227</u>	<u>29,858,876</u>	<u>35,277,098</u>	<u>36,048,879</u>
Total governmental activities	<u>26,286,081</u>	<u>27,776,227</u>	<u>29,858,876</u>	<u>35,277,098</u>	<u>36,048,879</u>
Business-type activities:					
Investment earnings	48,132	33,463	60,065	129,052	162,654
Miscellaneous	-	-	15,645	246,233	162,360
Transfers	(108,350)	176,600	-	(227,150)	810,551
Total general revenues, special items and transfers	<u>(60,218)</u>	<u>210,063</u>	<u>75,710</u>	<u>148,135</u>	<u>1,135,565</u>
Total business-type activities	<u>(60,218)</u>	<u>210,063</u>	<u>75,710</u>	<u>148,135</u>	<u>1,135,565</u>
Total primary government	<u>26,225,863</u>	<u>27,986,290</u>	<u>29,934,586</u>	<u>35,425,233</u>	<u>37,184,444</u>
Changes in Net Assets					
Governmental activities	960,326	3,264,439	2,274,470	(6,197,926)	(20,625,689)
Business-type activities	126,368	211,853	98,354	490,526	1,301,385
Total primary government	<u>\$ 1,086,694</u>	<u>\$ 3,476,292</u>	<u>\$ 2,372,824</u>	<u>\$ (5,707,400)</u>	<u>\$ (19,324,304)</u>

Note: Accrual basis financial statements for the county government as a whole is available back to 2003 only, the year GASB Statement no. 34 was implemented.

TABLE 3

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

Fiscal Year	Property Tax	Local Sales Tax	Alcoholic Beverage Tax	Other Tax	Total
2003	\$ 18,021,577	\$ 6,832,284	\$ 10,257	\$ 715,544	\$ 25,579,662
2004	18,366,958	8,463,302	10,581	711,038	27,551,879
2005	19,218,210	9,150,914	10,876	774,958	29,154,958
2006	22,243,741	9,636,678	11,537	853,644	32,745,600
2007	\$ 23,410,571	\$ 10,697,330	\$ 11,428	\$ 283,772	\$ 34,403,101

* Information prior to 6-30-03 is unavailable.

TABLE 4

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

	Fiscal Year				
	2003	2004	2005	2006	2007
General fund					
Reserved by state statute	\$ 2,781,231	\$ 2,888,196	\$ 2,369,164	\$ 2,862,589	\$ 4,026,907
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	612,000	2,259,481
Designated for redundant water line - Oxford	532,864	-	-	-	-
Undesignated	8,543,508	9,709,748	11,871,907	14,332,810	11,966,953
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>	<u>17,807,399</u>	<u>18,253,341</u>
All other governmental funds					
Reserved by state statute	511,438	213,190	320,894	418,445	1,074,342
Reserved for Register of Deeds	-	-	-	-	-
Reserved for school construction	-	-	23,857,405	11,783,531	-
Reserved for public improvement construction	-	-	771,360	735,887	632,366
Unreserved (available for appropriation)					(717,934)
Designated for subsequent year's expenditures					
Special revenue funds	376,520	58,157	911,450	896,468	132,227
Capital Projects	224,338	208,900	190,700	299,700	221,881
Undesignated, reported in nonmajor					
Special revenue funds	4,942,243	4,259,853	4,313,666	4,230,627	3,262,041
Capital Projects	2,308,764	1,910,685	1,799,973	3,046,881	2,823,396
Total all other governmental funds	<u>\$ 8,363,303</u>	<u>\$ 6,650,785</u>	<u>\$ 32,165,448</u>	<u>\$ 21,411,539</u>	<u>\$ 7,428,319</u>

* Information prior to 6-30-03 is unavailable.

TABLE 5

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Revenues					
Ad Valorem taxes	\$ 17,824,992	\$ 18,279,180	\$ 19,165,754	\$ 21,843,847	\$ 23,180,548
Sales and other taxes	7,490,134	9,109,739	9,868,620	10,419,305	10,921,364
Licenses, fees and other revenue	2,182,477	2,574,991	2,577,563	3,243,739	3,064,839
Unrestricted Intergovernmental Revenues	8,945	4,376	-	59	-
Restricted Intergovernmental Revenues	6,516,470	7,652,510	7,157,237	7,801,743	7,570,086
Investment earnings	355,461	211,017	530,267	2,001,898	1,870,843
Miscellaneous	313,443	253,393	209,480	281,486	241,952
Total Revenues	<u>34,691,922</u>	<u>38,085,206</u>	<u>39,508,921</u>	<u>45,592,077</u>	<u>46,849,632</u>
Expenditures					
Current:					
General government	1,941,890	2,137,375	2,303,869	2,460,838	2,248,000
Public safety	6,513,300	7,098,716	7,402,563	8,060,394	10,259,786
Community services	1,728,271	1,851,253	1,920,934	2,009,635	2,256,353
Economic and physical development	-	3,039	-	249,843	400
Human Services	8,252,753	9,221,792	9,971,117	10,673,809	12,648,743
Non-departmental & special areas	1,299,630	2,981,758	1,599,777	1,786,621	2,486,971
Capital Outlay	2,978,167	2,546,476	1,295,200	1,952,219	1,534,687
Intergovernmental:					
Education	12,658,956	9,862,114	12,140,438	23,610,030	35,180,474
Capital outlay	-	-	-	-	-
Debt service:					
Bond issuance cost	7,493	-	54,831	7,655	32,302
Principal	1,991,952	1,227,325	1,225,284	2,048,355	2,079,937
Interest	888,790	826,281	770,772	1,779,461	1,896,828
Total expenditures	<u>38,261,202</u>	<u>37,756,129</u>	<u>38,684,785</u>	<u>54,638,860</u>	<u>70,624,481</u>
Excess of revenues over (under) expenditures	(3,569,280)	329,077	824,136	(9,046,783)	(23,774,849)
Other financing sources (uses)					
Debt proceeds	-	-	26,265,000	-	11,000,000
Premium on debt	-	-	143,117	-	48,122
Refinancing lease purchase agreement	756,781	-	-	-	-
Transfers in from other funds	4,033,071	3,677,591	3,825,456	5,248,744	6,215,220
Transfers out to other funds	(3,924,721)	(3,854,191)	(3,825,456)	(5,021,594)	(7,025,771)
Total other financing sources (uses)	<u>865,131</u>	<u>(176,600)</u>	<u>26,408,117</u>	<u>227,150</u>	<u>10,237,571</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(2,704,149)</u>	<u>152,477</u>	<u>27,232,253</u>	<u>(8,819,633)</u>	<u>(13,537,278)</u>
Net change in fund balances	<u>\$ (2,704,149)</u>	<u>\$ 152,477</u>	<u>\$ 27,232,253</u>	<u>\$ (8,819,633)</u>	<u>\$ (13,537,278)</u>

* Information prior to 6-30-03 is unavailable.

TABLE 6

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

Fiscal Year	Property Tax	Sales Tax	Alcoholic Beverage Tax	Other Taxes	Total
2003	\$ 17,824,992	\$ 6,832,284	\$ 10,257	\$ 410,688	\$ 25,078,221
2004	18,279,180	8,463,302	10,581	428,199	27,181,262
2005	19,165,754	9,150,913	10,876	481,258	28,808,801
2006	21,843,847	9,636,678	11,537	549,156	32,041,218
2007	\$ 23,180,548	\$ 10,068,167	\$ 11,428	\$ 617,735	\$ 33,877,878

* Information prior to 6-30-03 is unavailable.

TABLE 7

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

Fiscal Year Ended June 30	Property Excluding Registered Motor Vehicles	Motor Vehicles	Plus Discoveries	Less Abatements	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Estimated Actual Taxable/Market Value	Assessed Value as a Percentage of Market Value
2003	\$2,573,189,240	\$ 132,879,429	\$ 97,419,922	\$ (6,967,575)	\$2,796,521,016	0.635	\$ 17,997,517	\$ 17,997,517	100.00%
2004	2,450,044,327	332,944,092	95,959,685	(6,659,843)	2,872,288,261	0.635	18,239,030	18,563,899	98.25%
2005	2,567,539,769	336,260,935	100,945,512	(6,795,906)	2,997,950,310	0.635	19,036,984	20,017,860	95.10%
2006	3,022,046,199	146,147,086	105,541,000	(112,754,714)	3,160,979,571	0.700	22,031,861	22,378,731	98.45%
2007	\$2,834,801,060	\$ 433,685,429	\$ 126,242,857	\$ (72,754,857)	\$ 3,321,974,489	0.700	\$ 23,253,821	\$ 24,615,032	94.47%

Source: Granville County Tax Department

* Information prior to 6-30-03 is unavailable.

TABLE 8

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

Fiscal Year	City of Oxford	Town of Stem	Town of Stovall	City of Creedmoor	Butner Police and Fire Protection	Lyon Station	Oxford Parking Authority	Oxford Municipal Service District	Oxford Economic Development District	Granville County
2003	0.550	0.350	0.440	0.660	0.200	0.095	0.100	0.200	0.100	0.635
2004	0.550	0.450	0.440	0.650	0.200	0.095	0.100	0.200	0.100	0.635
2005	0.550	0.450	0.440	0.650	0.200	0.095	0.100	0.200	0.100	0.635
2006	0.550	0.450	0.490	0.690	0.200	0.095	0.100	0.200	0.100	0.700
2007	0.550	0.450	0.490	0.700	0.250	0.095	0.100	0.200	0.100	0.700

* Information prior to 6-30-03 is unavailable.

TABLE 9

**GRANVILLE COUNTY, NORTH CAROLINA
PRINCIPAL PROPERTY TAXPAYERS
JUNE 30, 2007
CURRENT YEAR AND FIVE YEARS AGO***

<u>Taxpayer</u>	2007			2003		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Revlon	\$ 67,127,366	1	2.02%	\$ 54,580,442	1	1.95%
Certainteed Corporation	31,946,482	2	0.96%	19,223,791	6	0.69%
CP&L/Progress Energy	29,940,047	3	0.90%	19,984,445	5	0.71%
Athol Manufacturing Corp	27,535,605	4	0.83%	-	-	0.00%
Bandag Inc.	21,524,964	5	0.65%	23,520,784	3	0.84%
Alaris Medical Systems, Inc.	20,841,179	6	0.63%	-	-	0.00%
Central leasing USA	20,394,561	7	0.61%	-	-	0.00%
WAKE EMC	18,808,827	8	0.57%	16,591,183	8	0.59%
Butner Acquisition Company	18,550,812	9	0.56%	-	-	0.00%
Newton Instrument Company	15,742,802	10	0.47%	23,329,563	4	0.83%
Wilson Boney & Sons, Inc.	-	-	0.00%	29,619,001	2	1.06%
Georgia Pacific Corp	-	-	0.00%	17,692,132	7	0.63%
Goldsboro Properties, Inc.	-	-	0.00%	14,387,591	9	0.51%
Lace Lastics	-	-	0.00%	13,421,005	10	0.48%
Totals	<u>\$ 272,412,645</u>		<u>8.20%</u>	<u>\$ 232,349,937</u>		<u>7.31%</u>

Source: Granville County Tax Department

* Information prior to 6-30-03 is unavailable.

TABLE 10

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

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 17,997,517	\$17,048,343	94.73%	\$ 856,637	\$17,904,980	99.49%
2004	18,238,111	17,328,380	95.01%	786,392	18,114,772	99.32%
2005	19,036,984	18,176,364	95.48%	673,957	18,850,321	99.02%
2006	22,031,861	20,892,320	94.83%	781,152	21,673,472	98.37%
2007	\$ 23,253,821	\$21,965,301	94.46%	\$ -	\$21,965,301	94.46%

Source: Granville County Tax Department

* Information prior to 12-31-03 is unavailable.

TABLE 11

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

Fiscal Year	Governmental Activities			Business-type Activities	Total Primary Government	Per Capita	Percentage of Personal Income
	General Obligation Bonds	Installment Obligations	Capital Leases	Capital Leases			
2003	\$ 17,885,000	\$ -	\$ 708,091	\$ 1,003,129	\$ 19,596,220	374	916
2004	16,735,000	-	630,765	893,584	18,259,349	346	808
2005	41,855,000	-	550,481	779,848	43,185,329	809	1,838
2006	39,890,000	-	467,126	661,761	41,018,887	762	1,679
2007	\$ 47,415,000	\$ 1,481,608	\$ 380,581	\$ 539,157	\$ 49,816,346	885	1,959

* Information prior to 6-30-03 is unavailable.

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

Note 2: Population amounts are as of July 1 of the fiscal year.

N/A Information not available for this period.

TABLE 12

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

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Personal Income	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2003	\$ 17,885,000	\$ -	\$ 17,885,000	836	0.64%	341
2004	16,735,000	-	16,735,000	741	0.58%	317
2005	41,855,000	-	41,855,000	1,782	1.40%	784
2006	39,890,000	-	39,890,000	1,633	1.26%	741
2007	\$ 47,415,000	\$ -	\$ 47,415,000	1,864	1.43%	868

* Information prior to 6-30-03 is unavailable.

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

N/A Information not available for this period.

TABLE 13

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Debt limit	\$ 223,721,681	\$ 229,783,061	\$ 239,836,025	\$ 252,878,366	\$ 265,757,959
Total net debt applicable to limit	25,258,794	23,810,935	48,228,645	45,525,754	53,785,453
Legal debt margin	<u>\$ 198,462,887</u>	<u>\$ 205,972,126</u>	<u>\$ 191,607,380</u>	<u>\$ 207,352,612</u>	<u>\$ 211,972,506</u>
Total net debt applicable to the limit as a percentage of debt limit	11.29%	10.36%	20.11%	18.00%	20.24%
Legal Debt Margin Calculation for Fiscal Year 2007					
Assessed value					\$ 3,321,974,489
Add back: exempt real property					-
Total assessed value					<u>\$ 3,321,974,489</u>
Debt limit (8% of total assessed value)					265,757,959
Debt applicable to limit:					
General obligation bonds					47,415,000
Installment Obligations					1,481,608
Lease Financing Agreements - Governmental Activities					380,581
Lease Financing Agreements - Business-type Activities					539,157
Notes Payable-Component Unit					3,969,107
Less: Amount set aside for repayment of general obligation debt					-
Total net debt applicable to limit					<u>53,785,453</u>
Legal debt margin					<u><u>\$ 211,972,506</u></u>

* Information prior to 6-30-03 is unavailable.

TABLE 14

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

Fiscal Year	Population	Per Capita Personal Income	Percent High School Graduate *	Percent Bachelor's Degree or Higher *	School Enrollment	Unemployment Rate
2003	52,386	21,385	73	13	8,503	8.6%
2004	52,824	22,596	73	13	8,649	7.4%
2005	53,356	23,490	73	13	8,677	6.5%
2006	53,840	24,430	73	13	8,704	5.1%
2007	54,606	25,431	73	13	8,804	5.2%

* Information prior to 6-30-03 is unavailable.

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

Source 2: Per capita personal income figures are from the Granville County Economic Development Commission

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

Source 4: School Enrollment are from the Granville County School's Finance Office

Source 5: Unemployment rates are from the North Carolina Employment Security Commission

TABLE 15

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

2007				2005			
Employer	Employees	Rank	Percentage of Total County	Employer	Employees	Rank	Percentage of Total County
Revlon	2,000	1	8.65%	Revlon	2,500	1	10.96%
Altec Industries	400	2	1.73%	Selectron	500	2	2.19%
Flextronics	350	3	1.51%	Food Lion Distribution	350	3	1.53%
Food Lion Distribution	350	4	1.51%	Certainteed Corporation	300	4	1.32%
Certainteed Corporation	325	5	1.40%	Ideal Fastener	300	5	1.32%
				Sandusky International/ Athol Division	300	6	1.32%
Ideal Fastener	300	6	1.30%	Altec Industries	250	7	1.10%
Bandag, Inc.	225	7	0.97%	Bandag, Inc.	250	8	1.10%
Clayton Homes	225	8	0.97%	Clayton Homes	225	9	0.99%
Lace Lastics	200	9	0.86%	Lace Lastics	200	10	0.88%
Newton Instrument Co.	175	10	0.76%	Newton Instrument Co.	200	11	0.88%
PalletOne of North Carolina, Inc.	165	11	0.71%	Gate Precast	165	12	0.72%
Gate Precast	165	12	0.71%	PalletOne of North Carolina, Inc.	165	13	0.72%
Carolina Sunrock	145	13	0.63%	Total	5,705		25.01%
Total	5,025		21.72%				

Source: Information from Granville County Economic Development Commisison

* Information prior to 6-30-05 is unavailable.

TABLE 16

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Function					
General Government	29	31	31	39	39
Human Services	85	87	90	95	95
Community Services	26.5	26.5	28.5	34.5	35.5
Public Safety					
Sheriff's Dept./Detention Center	70	74	77	79.5	79.5
Emergency Services	67	71	77	77.5	78.5
Emergency Management	1.5	1.5	1.5	3.5	3.5
Solid Waste	2	3	3	5	5
Water & Sewer	3	3	3	3	3
Total	284	297	311	337	339

Source: Granville County Finance Department

* Information prior to 6-30-03 is unavailable.

TABLE 17

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

Function	2003	2004	2005	2006	2007
Public Safety/Sheriff					
Incident Reports	2,274	1,561	1,611	2,069	1,780
Miscellaneous Incident Reports	6,269	5,640	5,267	5,611	6,566
Arrests	1,492	1,420	1,327	1,795	1,238
Court Papers	6,473	8,599	9,138	9,195	9,194
Public Safety/Emerg Mgmt/Fire					
Number of calls answered (includes fire & medical first response calls)	2,600	2,414	2,915	2,963	2,403
Inspections	125	132	163	167	170
Solid Waste					
C & D Landfill Tonnage	34,236	42,850	28,184	28,184	29,920
Convenience Sites Tonnage	6,870	7,387	7,548	7,548	8,563
Civil Citations	13	12	5	5	6
Criminal Citations	2	2	1	1	-
Community Services/Library					
Items Added to Collection	9,401	6,467	9,886	7,931	9,060
Circulation	138,494	144,726	156,423	155,110	154,080
Internet Use	18,651	14,731	19,013	28,995	31,647
Program Attendance	8,451	6,121	9,951	7,762	11,803
Community Services/Planning & Inspections					
Number of Building Permits Issued	321	445	467	613	736
Number of Mobile Home Permits Issued	210	144	118	105	80
Number of Other Permits Issued (Includes Electrical, Plumbing & Mechanical)	841	837	675	848	507
Human Services/Social Services					
Average # Adult Medicaid Eligible Cases	2,135	2,127	2,167	2,253	2,300
Average # Family & Child Medicaid Cases	2,127	2,456	2,577	2,839	3,116
Average # Households Receiving Food Stamps	1,283	1,518	1,701	1,953	2,077
Average \$ Fraud Collections per Month	4,301	3,159	2,501	2,432	3,802
Education					
School enrollment	8,503	8,649	8,677	8,704	8,804

Sources: Various county government departments. School enrollment statistics are from the Granville County Finance Office

* Information prior to 6-30-03 is unavailable.

TABLE 18

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

Function	2003	2004	2005	2006	2007
Public Safety					
Sheriff (Stations)	2	2	2	2	2
Fire stations	14	14	14	14	14
Highways and streets					
Streets (miles)	848	918	918	918	924
Culture and recreation					
Parks	1	1	1	1	1
Libraries	4	4	4	4	4
Education					
Schools	14	14	14	16	18

Note: According to the North Carolina Department of Public Instruction, Granville County

* Information prior to 6-30-03 is unavailable.

COMPLIANCE SECTION

Winston, Williams, Creech, Evans & Company, LLP

Certified Public Accountants



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Jennifer T. Reese, CPA

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Granville County, North Carolina, as of and for the year ended June 30, 2007, which collectively comprises Granville County's basic financial statements, and have issued our report thereon dated October 30, 2007. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Granville County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Granville County's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the

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County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies described in the accompanying schedule of findings and response to be significant deficiencies in internal control over financial reporting (07-1 and 07-2).

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of the internal control over financial reporting was for limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we consider 07-1 and 07-2 as material weaknesses.

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 and which are described in the accompanying schedule of findings and responses as item 07-3.

The County's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the County's response and accordingly, we express no opinion on it.

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, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
October 30, 2007

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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

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

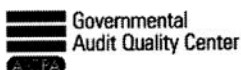
Compliance

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, 2007. 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, 2007.

102 W. Spring Street P.O. Box 1366 Oxford, NC 27565 (919) 693-5196 fax (919) 693-7614



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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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Granville County's internal control over compliance.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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.

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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

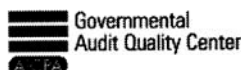
Compliance

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, 2007. 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, 2007.

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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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Granville County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of a compliance requirement of a State program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a State program will not be prevented or detected by the County's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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.

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October 30, 2007

**GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007**

I. 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

Significant Deficiency(s) identified that are
not considered to be material weaknesses ☐ 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

Significant Deficiency(s) identified that are
not considered to be material weaknesses ☐ Yes ☒ None reported

Noncompliance material to federal awards ☐ Yes ☒ No

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

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.778	Medical Assistance
93.558	Temporary Assistance for Needy Families

**GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007**

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 1,256,869

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

State Awards

Internal Control Over State Programs:

Material weakness(es) identified? ☐ Yes ☒ No

Significant Deficiency(s) identified that are
not considered to be material weaknesses ☐ Yes ☒ 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

State/County Special Assistance for Adults

II. Financial Statement Findings

07-1 Segregation of Duties

MATERIAL WEAKNESS

Criteria: Duties should be segregated to provide reasonable assurance that transactions are handled appropriately.

Condition: There is a lack of segregation of duties among County personnel.

Effect: Transactions could be mishandled.

Cause: There are a limited number of personnel for certain functions.

Recommendation: The duties should be separated as much as possible, and alternative controls should be used to compensate for lack of separation. The governing board should provide some of these controls.

Views of responsible officials and planned corrective actions: The County agrees with this finding.

**GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007**

07-2 Preparation of Financial Statements

MATERIAL WEAKNESS

Criteria: Management staff should have adequate knowledge to be able to prepare the financial statements to ensure material errors are detected.

Condition: There is limited knowledge of management staff in preparation of the County's financial statements.

Effect: Financial statements could be presented with material misstatements.

Cause: Management has limited knowledge regarding GAAP and its application to the financial statements.

Recommendation: Management should obtain additional training to become proficient with the rules of GAAP and its application to the financial statements.

Views of responsible officials and planned corrective actions: The County agrees with this finding. Additional training will be sought for management personnel.

07-3 Excess of Expenditures over Appropriations

MATERIAL NONCOMPLIANCE

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

Condition: Granville County expended \$2,510,158 more in total than appropriated in the annual budget ordinance.

Effect: Moneys were spent that had not been appropriated.

Cause: The County had a change of finance officers at fiscal yearend which caused expenditures to be budgeted inappropriately.

Recommendation: Budget amendments should be adopted when expenditures exceed appropriations. The County should exercise care when booking nonroutine transactions.

Views of responsible officials and planned corrective actions: The County agrees with the finding. Budget amendments will be adopted prior to making expenditures that exceed budgeted amounts.

E. Federal Award Findings and Questioned Costs

None reported.

F. State Award Findings and Questioned Costs

None reported.

**GRANVILLE COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Section II - Financial Statement Findings

MATERIAL WEAKNESS

07-1 Segregation of Duties

Name of contact person: Michael Felts, Finance Officer

Corrective Action: The duties will be separated as much as possible and alternative controls will be used to compensate for lack of separation. The governing board will become more involved in providing some of these controls.

Proposed Completion Date: The Board will implement the above procedure immediately.

MATERIAL WEAKNESS

07-2 Preparation of financial statements

Name of contact person: Michael Felts, Finance Officer

Corrective Action: Management personnel will obtain additional training to enhance their knowledge of GAAP and the preparation of the financial statements.

Proposed Completion Date: The management personnel will obtain additional training during fiscal year 07-08.

MATERIAL NONCOMPLIANCE

07-3 Excess of Expenditures over Appropriations

Name of contact person: Michael Felts, Finance Officer

Corrective Action Plan: The Board members will periodically review a budget-to-actual report prepared by the finance officer. Budget amendments will be made as will be necessary.

Proposed Completion Date: The Board will implement the above procedure at their upcoming meetings.

**GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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, 2007

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL (DIRECT & PASS- THROUGH) EXPENDITURES	STATE EXPENDITURES
FEDERAL AWARDS:			
<u>U.S. Dept. of Agriculture</u>			
<u>Food and Nutrition Service</u>			
Passed-through N.C. Dept. of Agriculture:			
Nutrition for the Elderly	10.570	\$ 38,877	\$ -
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Social Services:			
Administration:			
<u>Food Stamp Cluster:</u>			
Food Stamp Program - Direct Benefit Payment	10.551	5,115,435	-
State Administrative Matching			
Grants for the Food Stamp Program	10.561	309,454	-
Total Food Stamp Cluster		5,424,889	-
Total U.S. Dept. of Agriculture		5,463,766	-
 <u>U. S. Dept. of Justice</u>			
<u>Bureau of Justice Assistance</u>			
Bullet Proof Vest	16.607	3,285	-
Byne Formula Grant	16.738	5,593	-
Homeland Security	16.607	2,389	-
Total U. S. Dept. of Justice		11,267	-
 <u>Institute of Museum and Library Science</u>			
Passed through the N.C. Dept of Cultural Resources:			
Basic Equipment Grant	45.310	35,140	-
 <u>U. S Dept. of Transportation</u>			
Passed through NC Dept. of Transportation:			
Hazardous Material Emergency Preparedness	20.703	4,537	-
 <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	18,731	-
Emergency Food and Shelter	97.024	3,801	-
Total Federal Emergency Management		22,532	-

GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL (DIRECT & PASS- THROUGH) EXPENDITURES	STATE EXPENDITURES
<u>U.S. Dept. of Health & Human Services</u>			
<u>Administration on Aging</u>			
Passed-through Kerr Tar Council of Governments:			
<u>Aging Cluster:</u>			
Special Programs for the Aging-Title III F			
Health Promotion	93.043	4,227	270
Family Caregiver Support	93.052	7,755	495
Special Programs for the Aging-Title III B			
Grants for Supportive Services and Senior Centers	93.044	65,687	206,365
Special Programs for the Aging-Title III C			
Nutrition Services	93.045	61,588	41,241
Total Aging Cluster		<u>139,257</u>	<u>248,371</u>
<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	116,239	14,173
Foster Care - Direct Benefit Payments	93.658	75,788	17,812
Adoption Assistance - Direct Benefit Payments	93.659	33,154	9,318
IV-E Adoption Assistance	93.699	214,954	-
Total Foster Care and Adoption Cluster		<u>440,135</u>	<u>41,303</u>
Temporary Assistance for Needy Families (TANF)	93.558	418,670	-
TANF-Direct Benefit Payments	93.558	739,499	-
N. C. Child Support Enforcement	93.563	449,327	-
Low-Income Home Energy Assistance Block Grant:			
Administration	93.568	192,154	2,931
Energy Assistance Payments-			
Direct Benefit Payments	93.568	141,740	-
Permanency Planning-Families for Kids	93.645	11,662	2,698
SSBG-Other Service and Training	93.667	213,279	39,098
Independent Living Grant	93.674	4,549	1,137
Independent Living Grant-Direct Benefit Payments	93.674	858	171
Total Administration for Children and Families		<u>2,171,738</u>	<u>46,035</u>

GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL (DIRECT & PASS- THROUGH) EXPENDITURES	STATE 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	82,584	-
Division of Child Development:			
Child Care and Development Block Grant	93.575	608,767	-
Child Care and Development Fund-Mandatory	93.596	252,268	-
Child Care and Development Fund-Match	93.596	315,147	174,437
Total Child Care Development Fund Cluster		1,258,766	174,437
Social Services Block Grant	93.667	16,236	-
TANF	93.558	230,895	-
Smart Start		-	10,594
TANF-Maintenance of Effort		-	287,876
State Appropriations		-	108,653
More at Four State Funding		-	-
Total Subsidized Child Care Cluster		1,505,897	407,123
<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	31,585,440	15,727,579
Division of Social Services:			
Administration:			
Medical Assistance Program	93.778	481,373	31,914
State Children's Insurance Program-			
N.C. Health Choice	93.767	20,844	2,479
<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	13,715	-
Total U.S. Dept. of Health and Human Services		32,101,372	15,761,972
Total federal awards		41,895,641	16,679,241

GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL (DIRECT & PASS- THROUGH) EXPENDITURES	STATE EXPENDITURES
STATE AWARDS:			
<u>N.C. Dept. of Cultural Resources</u>			
Division of State Library			
State Aid to Public Libraries		-	130,082
Total N.C. Dept. of Cultural Resources		-	130,082
<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		-	433,871
State Foster Care Benefits Program-Direct		-	34,828
State Foster Care at Risk Max-Direct Program Benefit		-	2,069
CWS Adoption Subsidy-Direct		-	98,734
State Aid to Countries		-	28,853
Energy Assistance		-	7,786
SSBG State		-	941
Smart Start		-	37,340
TANF Insent/Prog Integrity		-	1,325
Total N.C. Dept. of Health and Human Services		-	645,747
<u>N.C. Department of Public Instruction</u>			
Public School Building Capital Fund		-	223,400
N.C. Education Lottery		-	535,293
Total N.C. Department of Public Instruction		-	758,693
<u>N.C. Dept. of Environmental and</u>			
<u>Natural Resources</u>			
Soil Technician Grant		-	24,500
Division of Waste Management			
Scrap Tire Program		-	17,265
Total N.C. Dept. of Environmental and			
Natural Resources		-	41,765

GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL (DIRECT & PASS- THROUGH) EXPENDITURES	STATE EXPENDITURES
<u>N.C. Dept. of Transportation</u>			
Rural Operating Assistance Program (ROAP)			
ROAP Elderly and Disabled Transportation Assistance Program		-	62,852
ROAP Rural General Public Program		-	79,065
ROAP Work First Transitional-Employment		-	7,180
Total N.C. Dept of Transportation		-	149,097
<u>N.C Dept. Juvenile Justice and Delinquency Prevention</u>			
Homesteaders		-	19,874
4-H Best		-	66,288
Friends of Youth		-	50,354
Tri-City & IFCS		-	4,294
North Central Alliance for Youth		-	16,500
SOS Grant		-	57,992
Administration		-	126
Total N.C. Dept of Juvenile Justice & Delinquency Prevention		-	215,428
<u>N.C. Dept. of Administration</u>			
Grant Veteran Service		-	2,000
Total State awards		-	1,942,812
Total federal and State awards		\$ 41,895,641	\$ 18,622,053

GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

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

<u>Program Title</u>	<u>CFDA #</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
Public School Building Capital Fund	-	-	223,400
Rural General Public Program (ROAP)	-	-	79,065
EDTAP (ROAP)	-	-	13,000
N.C. Dept. of Juvenile Justice and Delinquency Prevention			
Homesteaders	-	-	19,874
NCAY	-	-	16,500
Tri-County & IFCS	-	-	4,294
Friends of Youth	-	-	50,354
Administration	-	-	126