

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**Granville County,
North Carolina
For the Fiscal Year Ended
June 30, 2008**



Prepared by the
Granville County Finance Department

Finance Director
Michael S. Felts

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

GRANVILLE COUNTY, NORTH CAROLINA
TABLE OF CONTENTS
JUNE 30, 2008

INTRODUCTORY SECTION

Letter of Transmittal	2-7
Granville County Government	8
List of Principal Officials	9
Certificate of Achievement for Excellence in Financial Reporting	10

FINANCIAL SECTION

Independent Auditor's Report	12-13
Management's Discussion and Analysis	14-27

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

Exhibit 1	Statements of Net Assets	30
Exhibit 2	Statement of Activities	31

FUND FINANCIAL STATEMENTS:

Exhibit 3	Balance Sheet – Governmental Funds	33
Exhibit 3	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	34
Exhibit 4	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	35-36
Exhibit 4	Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	37
Exhibit 5	Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	38-39
Exhibit 6	Statement of Fund Net Assets - Proprietary Funds	40
Exhibit 7	Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	41
Exhibit 8	Statement of Cash Flows – Proprietary Funds	42-43
Exhibit 9	Statement of Fiduciary Net Assets – Fiduciary Funds	44

NOTES TO THE FINANCIAL STATEMENTS	46-73
-----------------------------------	-------

GRANVILLE COUNTY, NORTH CAROLINA
TABLE OF CONTENTS
JUNE 30, 2008

REQUIRED SUPPLEMENTAL FINANCIAL DATA

Exhibit A-1	Law Enforcement Officers' Special Separation Allowance – Schedule of Funding Progress	75
Exhibit A-2	Law Enforcement Officers' Special Separation Allowance – Schedule of Employer Contributions	76

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

Major Governmental Funds

Exhibit B-1	General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance –Budget and Actual	79-86
-------------	---	-------

Nonmajor Governmental Funds

Exhibit C-1	Combining Balance Sheet – Nonmajor Governmental Funds	88
Exhibit C-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	89
Exhibit C-3	Revaluation Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	90
Exhibit C-4	Landfill Capital Reserve Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	91
Exhibit C-5	School Capital Reserve Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance –Budget and Actual	92
Exhibit C-6	Emergency Telephone System Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	93-94
Exhibit C-7	CDBG Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	95
Exhibit C-8	R. H. Thornton Library Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	96
Exhibit C-9	Series 2005 Public Improvement Bond Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	97
Exhibit C-10	35 Million School Bond Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance –Budget and Actual	98
Exhibit C-11	Capital Improvements Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	99

GRANVILLE COUNTY, NORTH CAROLINA
TABLE OF CONTENTS
JUNE 30, 2008

Exhibit C-12	Vehicle Replacement Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	100
Exhibit C-13	Project Ordinance Activities Fund – Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	101
	Project Ordinance Activities Funds:	
Exhibit C-14	Wilton Water – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	102
Exhibit C-15	Wilton Sewer – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	103
Exhibit C-16	Stovall Sewer – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	104

Enterprise Funds

Exhibit D-1	Solid Waste Management – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	106-108
Exhibit D-2	Lyon Station Water and Sewer Fund – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	109-111
Exhibit D-3	Cozart Water and Sewer Fund – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	112-113

Agency Funds

Exhibit E-1	Combining Statement of Fiduciary Net Assets – Fiduciary Funds	115
Exhibit E-2	Agency Funds – Combining Statement of Changes in Assets and Liabilities	116

OTHER SCHEDULES

Exhibit F-1	Schedule of Ad Valorem Taxes Receivable – General Fund	118
Exhibit F-2	Analysis of Current Tax Levy – County-wide Levy	119

STATISTICAL SECTION

TABLE

1	Net Assets by Components	121
2	Changes in Net Assets	122-123
3	Governmental Activities Tax Revenues by Sources	124
4	Fund Balances of Governmental Funds	125
5	Changes In Fund Balances of Governmental Funds	126

GRANVILLE COUNTY, NORTH CAROLINA
TABLE OF CONTENTS
JUNE 30, 2008

6	General Governmental Tax Revenues by Sources	127
7	Assessed Value and Estimated Actual Value of Taxable Property	128
8	Property Tax Rates – Direct and All Overlapping Governments (Per \$100 of Assessed Value)	129
9	Principal Property Taxpayers	130
10	Property Tax Levies and Collections	131
11	Ratios of Outstanding Debt by Type	132
12	Ratio of General Bonded Debt Outstanding	133
13	Legal Debt Margin Information	134
14	Demographic and Economic Statistics	135
15	Principal Employers	136
16	Full-Time Equivalent County Employees by Function	137
17	Operating Indicators by Function	138
18	Capital Asset Statistics by Function	139

GRANVILLE COUNTY, NORTH CAROLINA
TABLE OF CONTENTS
JUNE 30, 2008

COMPLIANCE SECTION

Report On Internal Control Over Financial Reporting And On Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance With <u>Government Auditing Standards</u>	141-142
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	143-144
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	145-146
Schedule of Findings and Questioned Costs	147-149
Corrective Action Plan	150
Summary Schedule of Prior Audit Findings	151
Schedule of Expenditures of Federal and State Awards	152-157

INTRODUCTORY SECTION



County Of Granville, North Carolina

Post Office Box 1286, Oxford, North Carolina 27565

County Administration
(919) 693-5240

December 9, 2008

**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, 2008, 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, 2008 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, 2008 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, 2008. 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, Bridgestone-Bandag, N T Techno, Certaineed, Altec, CMP USA, Newton Instruments, and many others. These companies provide unique and interesting employment opportunities and are important contributors to the County's tax base. As a result of the diversity of industries and the outstanding quality of life in our community, Granville County is poised to prosper as state and national economic conditions improve.

Granville County is also home to numerous State and Federal facilities located in Butner, at the southwestern corner of the County. These facilities provide stable job opportunities and serve to meet State and Federal governmental needs such as mental health, correctional, and medical facilities. Many of the State and Federal employees reside in the County. The Biofuels Center of North Carolina is located in Oxford and has a goal that by 2017, 10% of liquid fuels sold in North Carolina - or about 600 million gallons - will come from biofuels locally grown and produced.

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. The County recently completed the expansion of the Granville Athletic Park which now includes two additional baseball/softball and multipurpose fields, a pavilion, a spray park and an amphitheatre.

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

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

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

The County provides a full range of services including public safety, social services, health services, emergency medical services, cultural and recreational activities, general administration, and others. In addition to these general government functions, the County also provides solid waste management and up until January 1, 2008 provided 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. Fortunately, improvement in the unemployment rate has mirrored that of the State and has steadily improved over the last few years. However, this improvement began to slide during the 07-08 FY due to the tightening economy. In July 2007 the unemployment rate was 5.4% but had risen to 6.5% by June 2008.

The County continues to experience growth and increased diversity in its local economy. Revlon is currently undergoing a \$50,000,000 expansion at its North America manufacturing and distribution plant located in Oxford. CentainTeed has recently completed a production line expansion that makes it the largest shingle manufacturing facility in the world. The County in partnership with three of its neighboring counties has created a hub project. This project is named "Triangle North". The Granville County site, "Triangle North - Granville", is 510 acres of the overall 2,000 acre park project. The State of North Carolina has recently opened a new \$110,000,000 psychiatric hospital facility named Central Regional Hospital 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.

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 pools.

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 nine 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,

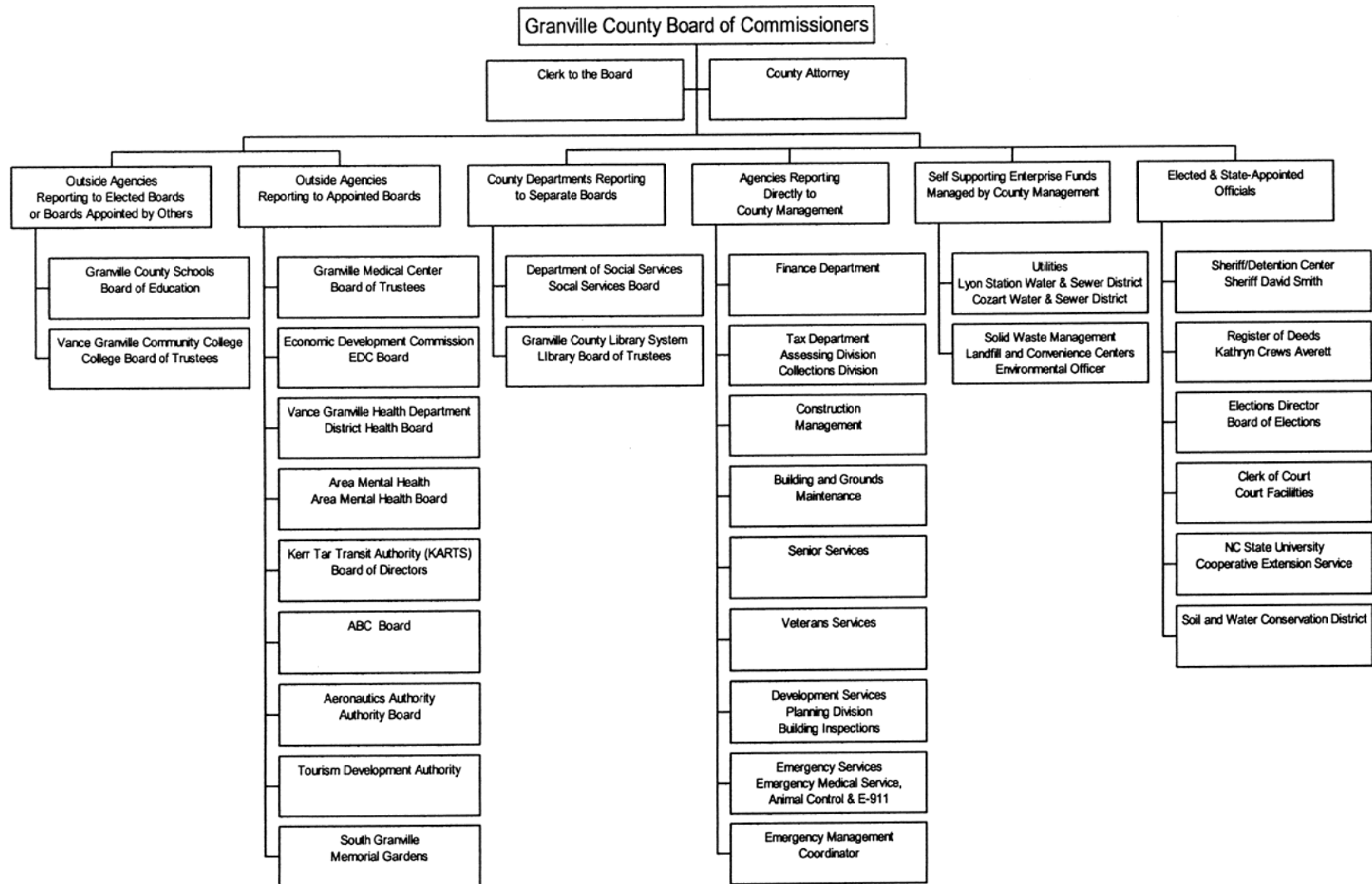
Brian M. Alligood

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, 2008

**Board of County
Commissioners**

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

Bobbie R. Wilson, Clerk to the Board

County Officials

Brian M. Alligood.
Michael S. Felts
Judy D. Stovall
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
Paul Westfall

County Manager
Finance Director
Tax Administrator
Register of Deeds
Sheriff
Director of Development Services
Elections Director
Emergency Services Director
Director of Environmental Programs
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, 2007

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.



Charles S. Cox

President

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, 2008, 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, 2008, 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 December 9, 2008, 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.

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



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 schedules 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
December 9, 2008



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, 2008. 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 \$7,162,452 (*net assets*).
- The primary government's total liabilities increased by \$4,314,937 over the previous fiscal year. This increase resulted primarily from a change in accrued landfill closure and post-closure cost estimates. These estimates incorporate the newly revised estimates for the post-closure cost at the Oxford and Butner landfills as well as newly established estimates for the closure of the County's current C&D landfill located in Oxford.
- At the end of the current fiscal year, Granville County's governmental funds reported combined ending fund balances of \$27,538,080, an increase of \$1,856,420 in comparison with the prior year. Approximately eighty-two percent (82%) of this total amount, or \$22,739,893, is available for spending at the government's discretion (*unreserved/undesignated fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$17,015,353, or forty-one percent (41%) of total general fund expenditures for the fiscal year.
- Granville County's total debt increased by \$3,859,760 during the current fiscal year for E-911 equipment and school construction.

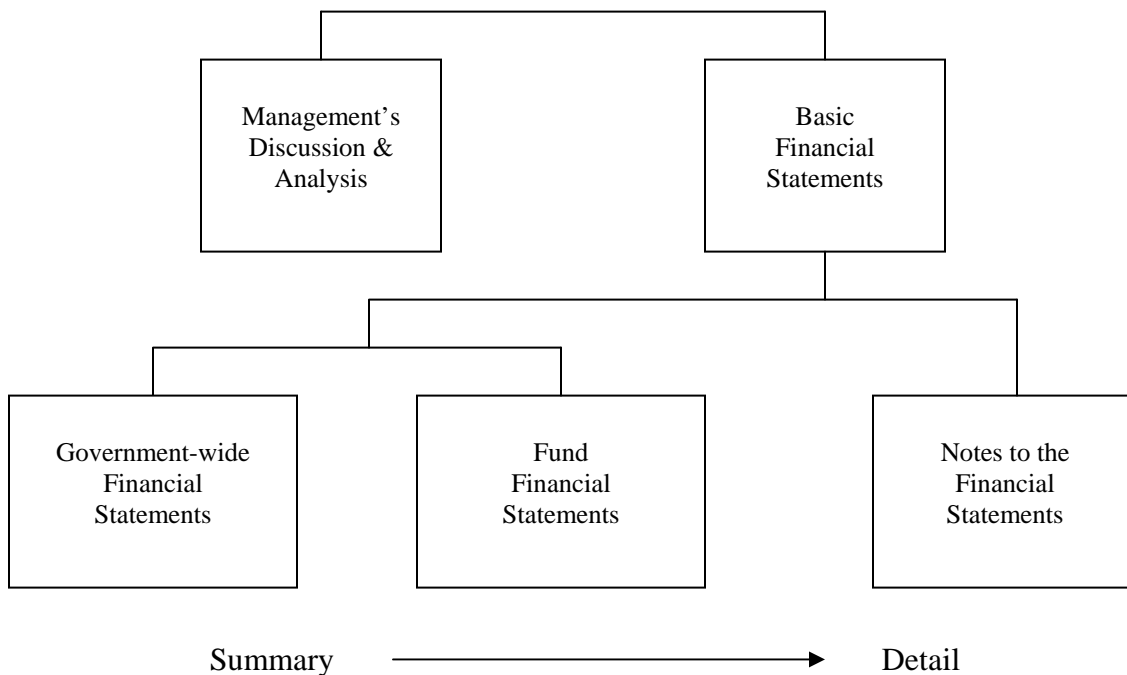
Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Granville County's basic financial statements. The County's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and

3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Granville County.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

The next section of the basic financial statements is the **Notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the

notes, **supplemental information** is provided to show details about the County's non-major governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes of North Carolina can also be found in this part of the statements.

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

Government-wide Financial Statements

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

The two government-wide statements report the County's net assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets is one way to gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as general administration, public safety, human services, community services, and education. Property taxes, sales taxes, and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water and sewer and solid waste services offered by Granville County. The final category is the component units. Granville County owns Granville Medical Center. The County appoints the board of trustees for the Medical Center and has issued debt on its behalf. Although legally separate from the County, the ABC Board is important to the County because the County is financially accountable for the Board by appointing its members and because the Board is required to distribute its profits to the County. The Granville County Economic Development Commission, the Granville County Tourism Development Authority, and South Granville Memorial Gardens are also component units of Granville County.

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

Fund Financial Statements: The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Granville County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes of North Carolina or the County's budget ordinance. All of the funds of Granville County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

Proprietary funds. Granville County has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Granville County uses enterprise funds to account for its water and sewer activity and for its solid waste operations. These funds

are the same as those separate activities shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 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 74 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 \$7,162,452 as of June 30, 2008. The County's net assets decreased by \$6,575,877 for that same time period. This decrease was due primarily to a increase in the accrued landfill closure and post-closure cost.

Cost estimates were revised to meet recent changes to State statutes related to the monitoring of closed landfills and new technologies available for these purposed during the 2007-2008 fiscal year. The estimates were also updated to include the potential cost associated with the closure and/or expansion of the currently operational C&D landfill located in Oxford.

The additional monitoring requirements and the inclusion of the closing cost for the C&D landfill increased the overall liability from \$1,253,091 in fiscal year 2006-2007 to \$6,096,437 in fiscal year 2007-2008. The County has met the requirements of a local government financial test that is one option under State and Federal laws and regulations that helps determine if a unit is financially able to meet closure and post-closure care requirements.

Granville County's Net Assets

Figure 2

	Governmental		Business-type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 31,509,881	\$ 30,871,369	\$ 3,492,358	\$ 5,421,621	\$ 35,002,239	\$ 36,292,990
Capital assets	15,786,914	13,958,197	1,332,910	4,131,816	17,119,824	18,090,013
Total assets	\$ 47,296,795	\$ 44,829,566	\$ 4,825,268	\$ 9,553,437	\$ 52,122,063	\$ 54,383,003
Long-term liabilities outstanding	\$ 51,459,715	\$ 50,262,481	\$ 6,109,198	\$ 1,809,345	\$ 57,568,913	\$ 52,071,826
Other liabilities	1,637,544	2,734,614	78,058	163,139	1,715,602	2,897,753
Total liabilities	\$ 53,097,259	\$ 52,997,095	\$ 6,187,256	\$ 1,972,484	\$ 59,284,515	\$ 54,969,579
Net assets:						
Invested in capital assets, net						
of related debt	\$ 13,396,938	\$ 11,865,211	\$ 1,332,910	\$ 3,592,659	\$ 14,729,848	\$ 15,457,870
Restricted	30,967	-	-	-	30,967	-
Unrestricted	(19,228,369)	(20,032,740)	(2,694,898)	3,988,295	(21,923,267)	(16,044,445)
Total net assets	\$ (5,800,464)	\$ (8,167,529)	\$ (1,361,988)	\$ 7,580,954	\$ (7,162,452)	\$ (586,575)

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 increased significantly from the previous year from 94.46% to 95.63%. With the increase in the property tax rate of (5.5 cents per \$100 valuation), the overall collections for current year's taxes increased by \$3,494,066.
- Sales tax revenues decreased approximately \$1,038,092, due to economic conditions in the County and State legislative changes that adjusted distribution methods to portions of approved sales taxes.
- Conservative departmental operations and monitoring of expenditures, which led to reversions that exceeded the targeted level of reversions for the fiscal year.

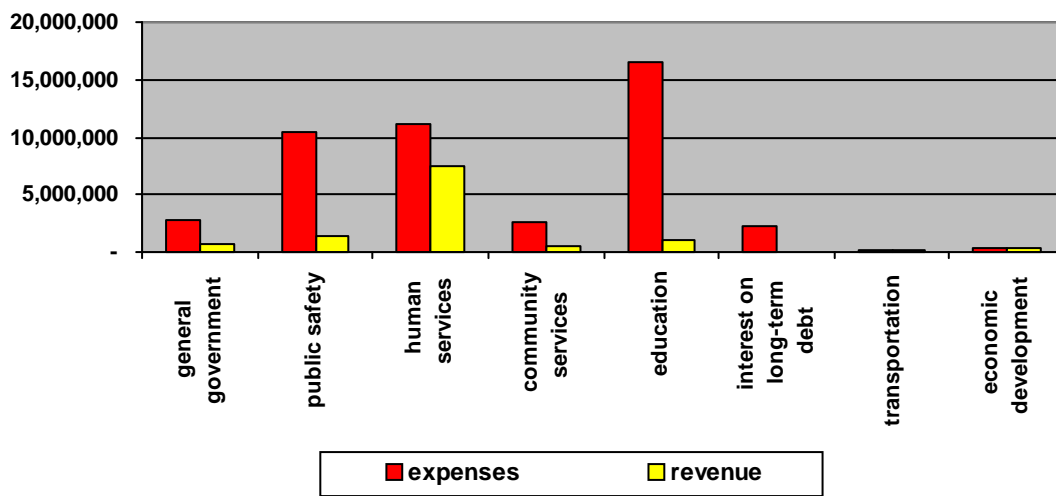
Granville County's Changes in Net Assets
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program Revenues:						
Charges for services	\$ 3,388,417	\$ 2,904,744	\$ 2,796,876	\$ 3,148,465	\$ 6,185,293	\$ 6,053,209
Operating grants and contributions	6,686,079	6,320,822	-	-	6,686,079	6,320,822
Capital grants and contributions	1,921,076	1,001,954	-	-	1,921,076	1,001,954
General revenues:						
Property taxes	26,593,546	23,410,571	-	-	26,593,546	23,410,571
Other taxes	10,049,595	10,992,530	-	-	10,049,595	10,992,530
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Other	1,497,955	2,456,329	144,531	325,014	1,642,486	2,781,343
Total revenue	50,136,668	47,086,950	2,941,407	3,473,479	53,078,075	50,560,429
Expenses:						
General government	2,764,176	2,496,066	-	-	2,764,176	2,496,066
Public safety	10,376,749	9,465,578	-	-	10,376,749	9,465,578
Transportation	228,242	161,752	-	-	228,242	161,752
Environmental protection	-	-	-	-	-	-
Economic and physical development	333,567	28,224	-	-	333,567	28,224
Human services	11,196,564	12,612,304	-	-	11,196,564	12,612,304
Community services	2,542,373	2,610,956	-	-	2,542,373	2,610,956
Education	16,596,758	35,180,474	-	-	16,596,758	35,180,474
Interest on long-term debt	2,211,016	1,938,828	-	-	2,211,016	1,938,828
Landfill	-	-	6,520,539	1,642,393	6,520,539	1,642,393
Water and sewer	-	-	1,085,232	1,340,252	1,085,232	1,340,252
Other	2,115,040	2,407,906	-	-	2,115,040	2,407,906
Total expenses	48,364,485	66,902,088	7,605,771	2,982,645	55,970,256	69,884,733
Increase (decrease) in net assets before transfers and special items	1,772,183	(19,815,138)	(4,664,364)	490,834	(2,892,181)	(19,324,304)
Transfers	594,882	(810,551)	(4,278,578)	810,551	(3,683,696)	-
Increase (decrease) in net assets	2,367,065	(20,625,689)	(8,942,942)	1,301,385	(6,575,877)	(19,324,304)
Net assets, beginning	(8,167,529)	12,458,160	7,580,954	6,279,569	(586,575)	18,737,729
Net assets, ending	\$ (5,800,464)	\$ (8,167,529)	\$ (1,361,988)	\$ 7,580,954	\$ (7,162,452)	\$ (586,575)

Governmental activities. Governmental activities increased the County’s net assets by \$2,367,065 offsetting the total decline in the net assets of Granville County. Key elements of this increase are as follows:

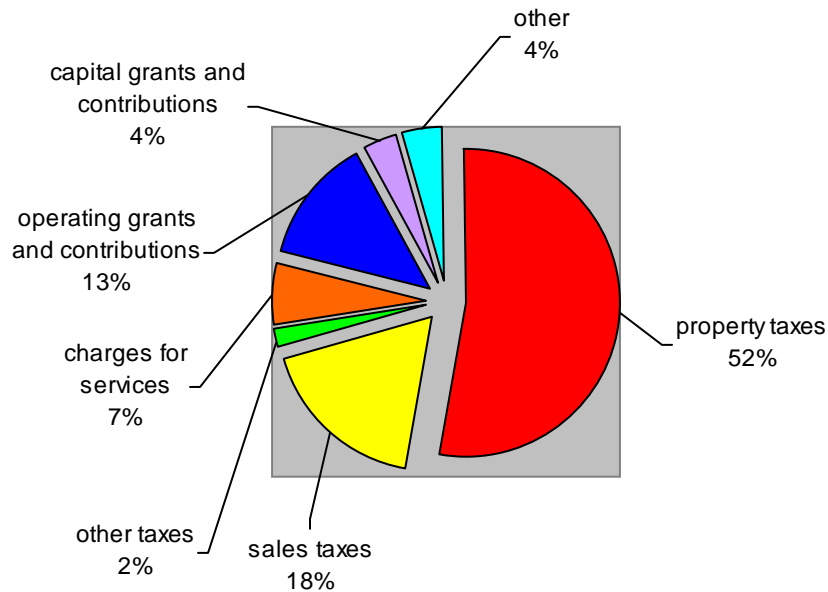
- Property tax collections increased by \$3,494,066 as a result of a 5.5 cent per \$100 valuation tax rate increase and improvements to the percentage of taxes collected over the past year.
- Lower expenditures related to school capital construction also played a significant role in the increase of net assets.

Expenses and Program Revenues – Governmental Activities



Cumulative increases in other revenue areas such as charges for services and capital grants along with modest decreases in functional expenditure areas played a role in the increase to net assets from Governmental Activities.

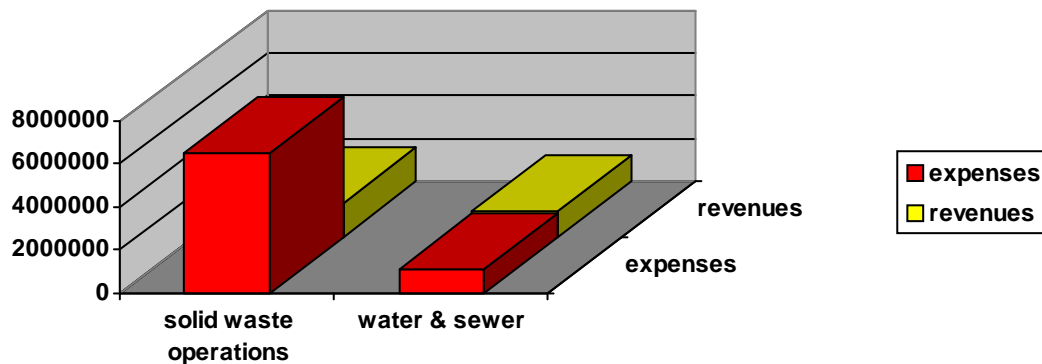
Revenues by Source – Governmental Activities



Business-type activities. The decrease in net assets attributable to business-type activities had the most significant impact on Granville County's net assets. The total decrease in net assets by Business Activities totaled \$(8,942,942). Key elements of this decrease are as follows:

- Solid waste activities were affected by a change in estimate of post-closure activities associated with County landfills.
- Lyon Station and Cozart Water & Sewer District operated for the first six months of fiscal year 2008 prior to transferring operations and assets to South Granville Water and Sewer Authority.

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 \$17,015,353 while total fund balance reached \$20,156,126. The remainder of fund balance is reserved to indicate that it is not available for appropriation under state law (\$3,140,773). As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 41.2 percent of total General Fund expenditures, while total fund balance represents 48.8 percent of that same amount.

At June 30, 2008, the governmental funds of Granville County reported a combined fund balance of \$27,538,080, a 7 percent increase from last year. The primary reasons for this increase are the reduction in the amounts required to be reserved by State Statutes and the amount designated for subsequent year's expenditures. In preparing for fiscal year 2008-2009, the Granville County Board of Commissioners took a conservative approach to the budget and used only \$724,520 of fund balance to balance the 2008-2009 budget reducing the amount of funds designated for subsequent year's expenditures from \$2,259,481 to \$724,520.

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 \$900,497 of which \$799,731 was attributable to restricted intergovernmental revenues.

The County underestimated sales and other tax revenue by a combined total of \$459,287. 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 underestimated the amount of transfer to other funds by \$173,078. Specific portions of sales tax proceeds are required to be transferred to special revenue funds and

as a result of underestimating sales tax proceeds for the year we underestimated the required transfer.

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 Solid Waste Fund equaled \$(2,694,898). The total change in net assets for the fund was \$(4,780,303). This change in net assets primarily results from a change in estimates for post-closure activities related to landfill sites. This change in estimate totaled \$4,843,346.

On January 1, 2008, the County transferred the water and sewer activities and remaining assets to the South Granville Water and Sewer Authority, thereby reducing the fund balances of the water and sewer funds to zero.

Capital Asset and Debt Administration

Capital Assets. Granville County's capital assets for its governmental and business-type activities as of June 30, 2008 totals \$17,119,824 (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 \$739,908.
- New vehicles and equipment were purchased in the Public Safety Departments.
- Renovations to the County's historic courthouse.
- Transfer of water and sewer assets to the South Granville Water and Sewer Authority.

Granville County's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 806,618	\$ 806,618	\$ 1,020,695	\$ 1,020,695	\$ 1,827,313	\$ 1,827,313
Buildings	7,880,716	7,603,299	1,574	72,778	7,882,290	7,676,077
Improvements other than buildings	2,707,385	2,104,340	290,580	2,970,345	2,997,965	5,074,685
Equipment and vehicles	1,202,027	993,680	20,061	67,998	1,222,088	1,061,678
Machinery and equipment	-	-	-	-	-	-
Construction in progress	3,190,168	2,450,260	-	-	3,190,168	2,450,260
Total	\$ 15,786,914	\$ 13,958,197	\$ 1,332,910	\$ 4,131,816	\$ 17,119,824	\$ 18,090,013

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 2008, Granville County had total bonded debt outstanding of \$44,965,000, 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	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 44,965,000	\$ 47,415,000	\$ -	\$ -	\$ 44,965,000	\$ 47,415,000

Granville County's total general obligation debt decreased by \$2,450,000 (5 percent) during fiscal year 2007-2008 as a result of principal payments on several series of general obligation bonds.

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 \$225,169,009, 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 6.5%, slightly higher than the state average of 5.9%. This has remained fairly consistent with rates from last fiscal year.
- Total taxable sales for the County for fiscal year 2007-2008 were \$202,409,479, down from taxable sales in fiscal year 2006-2007 of \$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.
- Granville County is the home of the largest known shingle manufacturing plant in the world (CertainTeed), which recently completed a \$50 million expansion at its Granville County facility.
- The County in partnership with four neighboring counties developed a 1,000-acre industrial park, approximately half of which is within Granville County.
- The State of North Carolina completed work on a new \$110,000,000 psychiatric facility in Butner and began operations in fiscal year 2007-2008.

Budget Highlights for the Fiscal Year Ending June 30, 2008

Governmental Activities: The approved budget for fiscal year 2008-2009 held the ad valorem tax rate at 75.5 cents for a total rate of 75.5 cents per \$100 of assessed valuation. This conservative direction from the County Commissioners came in response to the changing economy in the State and the Nation. The growth in the tax base is based on new property on the books totaling approximately \$162,655,492, or a 5.7% 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 for fiscal year 2008-2009 in the General Fund reflect a decrease from the previous fiscal year of 1%. This is primarily due to decreased expenditures in transfers to capital improvement funds.

The fiscal year 2008-2009 budget appropriates \$724,520 of available fund balance, to fund to balance the general fund budget. Total revenues, including appropriated fund balance, reflect a decrease of approximately 1% over the previous year.

Business-type Activities: The Lyon Station and Cozart Water and Sewer Systems were transferred to the South Granville Water and Sewer Authority during the 2007-2008 fiscal year.

The budget for the operation of the solid waste activities reflects a 6.8% decrease in operating expenditures due primarily to fewer transports of waste due to the slow down in the economy. The construction and demolition landfill completed the purchased of additional land and is working towards the expansion of the current facility.

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, 2008

	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	\$ 25,617,144	\$ 3,425,576	\$ 29,042,720	\$ 1,505,496	\$ 739,129	\$ 39,290	\$ 51,814	\$ 233,435
Taxes receivable	2,241,181	-	2,241,181	-	-	-	-	-
Accrued interest receivable on taxes	423,711	-	423,711	-	-	-	-	-
Accounts receivable	3,132,617	66,782	3,199,399	6,921,426	-	-	-	17,445
Inventories	-	-	-	829,838	126,437	-	-	4,334
Prepaid items	-	-	-	304,008	8,507	-	-	-
Due from governmental unit	-	-	-	-	-	-	39,185	-
Restricted assets:								
Cash and cash equivalents	-	-	-	-	-	-	-	-
Assets whose use is limited	-	-	-	11,742,332	-	-	-	-
Investment in affiliated organization	-	-	-	1,000	-	-	-	-
Deferred charges-issuance costs	95,228	-	95,228	-	-	-	-	-
Capital assets								
Land, improvements, and construction in progress	3,996,786	1,020,695	5,017,481	2,331,435	110,877	-	-	39,534
Other capital assets, net of depreciation	11,790,128	312,215	12,102,343	11,634,332	140,331	1,584	-	-
Total Assets	\$ 47,296,795	\$ 4,825,268	\$ 52,122,063	\$ 35,269,867	\$ 1,125,281	\$ 40,874	\$ 90,999	\$ 294,748
LIABILITIES								
Accounts payable & accrued liabilities	\$ 1,104,356	\$ 78,058	\$ 1,182,414	\$ 4,667,354	\$ 293,086	\$ -	\$ 27	\$ -
Accrued interest payable	259,793	-	259,793	-	-	-	-	-
Unearned revenues	68,140	-	68,140	-	-	-	-	-
Due to fiduciary funds	39,185	-	39,185	-	-	-	-	-
Prepaid Items	-	-	-	-	-	-	-	1,375
Customer deposits	-	-	-	-	-	-	-	-
Premium on bonds	166,070	-	166,070	-	-	-	-	-
Long-term liabilities:								
Due within one year								
Bonds payable	2,450,000	-	2,450,000	-	-	-	-	-
Notes payable	372,950	-	372,950	642,941	-	-	-	-
Capital leases payable	93,293	-	93,293	-	-	-	-	-
Compensated absences payable	174,286	3,190	177,476	1,876,001	-	-	-	-
Due in more than one year								
Bonds payable	42,515,000	-	42,515,000	-	-	-	-	-
Notes payable	4,745,739	-	4,745,739	4,237,205	-	-	-	-
Capital leases payable	197,432	-	197,432	-	-	-	-	-
Accrued landfill closure and postclosure costs	-	6,096,437	6,096,437	-	-	-	-	-
Compensated absences payable	522,859	9,571	532,430	-	-	379	-	-
Net pension obligation	388,156	-	388,156	-	-	-	-	-
Total Liabilities	53,097,259	6,187,256	59,284,515	11,423,501	293,086	379	27	1,375
NET ASSETS								
Invested in capital assets, net of related debt	13,396,938	1,332,910	14,729,848	10,157,510	251,208	1,584	-	39,534
Restricted for:								
Register of Deeds	30,967	-	30,967	-	-	-	-	-
Hospital	-	-	-	61,237	-	-	-	-
Working Capital	-	-	-	-	85,925	-	-	-
Future Care and Maintenance Costs	-	-	-	-	-	-	-	100,000
Unrestricted (deficit)	(19,228,369)	(2,694,898)	(21,923,267)	13,627,619	495,062	38,911	90,972	153,839
Total Net Assets	\$ (5,800,464)	\$ (1,361,988)	\$ (7,162,452)	\$ 23,846,366	\$ 832,195	\$ 40,495	\$ 90,972	\$ 293,373

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, 2008

	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets								
					Primary Government			Component Units					
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	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	
Functions/Programs	Expenses												
Primary Government:													
Governmental Activities:													
General government	\$ 2,764,176	\$ 677,758	\$ 11,808	\$ -	\$ (2,074,610)	\$ -	\$ (2,074,610)						
Public safety	10,376,749	924,126	526,668	-	(8,925,955)	-	(8,925,955)						
Transportation	228,242	-	-	171,471	(56,771)	-	(56,771)						
Environmental protection	-	-	-	-	-	-	-						
Economic and physical development	333,567	-	-	275,635	(57,932)	-	(57,932)						
Human services	11,196,564	1,499,949	5,967,518	-	(3,729,097)	-	(3,729,097)						
Community services	2,542,373	286,584	180,085	370,000	(1,705,704)	-	(1,705,704)						
Education	16,596,758	-	-	1,103,970	(15,492,788)	-	(15,492,788)						
Non-departmental and special areas	2,211,016	-	-	-	(2,211,016)	-	(2,211,016)						
Interest on long-term debt	2,115,040	-	-	-	(2,115,040)	-	(2,115,040)						
Total governmental activities	48,364,485	3,388,417	6,686,079	1,921,076	(36,368,913)	-	(36,368,913)						
Business-type activities:													
Solid Waste	6,520,539	1,595,705	-	-	-	(4,924,834)	(4,924,834)						
Water and Sewer	1,085,232	1,201,171	-	-	-	115,939	115,939						
Total business-type activities	7,605,771	2,796,876	-	-	-	(4,808,895)	(4,808,895)						
Component units:													
Granville Medical Center	35,796,809	37,288,970	305,496	147,818	-	-	-	1,945,475	-	-	-	-	
Granville County ABC Board	2,727,638	2,786,802	-	-	-	-	-	-	59,164	-	-	-	
Granville Economic Development Commission	222,765	-	-	-	-	-	-	-	-	(222,765)	-	-	
Granville County Tourism Development Authority	109,788	-	-	-	-	-	-	-	-	-	(109,788)	-	
South Granville Memorial Gardens	47,926	73,520	-	-	-	-	-	-	-	-	-	25,594	
Total component units	\$ 38,904,926	\$ 40,149,292	\$ 305,496	\$ 147,818	\$ -	\$ -	\$ -	\$ 1,945,475	\$ 59,164	\$ (222,765)	\$ (109,788)	\$ 25,594	
General revenues:													
Taxes:													
Property taxes, levied for general purpose					\$ 26,593,546	\$ -	\$ 26,593,546	\$ -	\$ -	\$ -	\$ -	\$ -	
Local option sales tax					9,030,075	-	9,030,075	-	-	-	-	-	
Other taxes					1,019,520	-	1,019,520	-	-	-	156,295	-	
Grants and contributions not restricted to specific program					-	-	-	-	-	221,501	500	-	
Investment earnings, unrestricted					1,317,899	144,531	1,462,430	604,872	18,900	1,317	2,348	4,803	
Miscellaneous, unrestricted					180,056	-	180,056	28,409	-	-	-	-	
Transfers					594,882	(4,278,578)	(3,683,696)	-	-	-	-	-	
Total general revenues, special items and transfers					38,735,978	(4,134,047)	34,601,931	633,281	18,900	222,818	159,143	4,803	
Change in net assets					2,367,065	(8,942,942)	(6,575,877)	2,578,756	78,064	53	49,355	30,397	
Net assets - beginning					(8,167,529)	7,580,954	(586,575)	21,267,610	754,131	40,442	41,617	262,976	
Net assets - ending					\$ (5,800,464)	\$ (1,361,988)	\$ (7,162,452)	\$ 23,846,366	\$ 832,195	\$ 40,495	\$ 90,972	\$ 293,373	

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, 2008

	Major	Nonmajor	
	General	Other	Total
	Fund	Governmental	Governmental
	Funds	Funds	Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 18,640,217	\$ 6,976,927	\$ 25,617,144
Restricted cash	-	-	-
Taxes receivable	2,241,181	-	2,241,181
Accounts receivable	3,045,799	86,818	3,132,617
Due from other funds	64,007	384,731	448,738
Total Assets	<u>\$ 23,991,204</u>	<u>\$ 7,448,476</u>	<u>\$ 31,439,680</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable & accrued liabilities	1,101,841	2,515	1,104,356
Unearned revenues	68,140	-	68,140
Deferred revenues	2,241,181	-	2,241,181
Due to other funds	423,916	64,007	487,923
Total Liabilities	<u>3,835,078</u>	<u>66,522</u>	<u>3,901,600</u>
Fund balances:			
Reserved by State Statute	3,109,806	471,549	3,581,355
Reserved for Register of Deeds	30,967	-	30,967
Unreserved (available for appropriation):			
Designated for subsequent year's expenditures	724,520	-	724,520
Reported in nonmajor:			
Special revenue funds	-	229,895	229,895
Capital projects funds	-	231,450	231,450
Undesignated	16,290,833	-	16,290,833
Undesignated, reported in nonmajor			
Special revenue funds	-	4,781,019	4,781,019
Capital projects funds	-	1,668,041	1,668,041
Total Fund Balances	<u>20,156,126</u>	<u>7,381,954</u>	<u>27,538,080</u>
Total Liabilities and Fund Balances	<u>\$ 23,991,204</u>	<u>\$ 7,448,476</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, 2008

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

Total equity and other credits (Exhibit 4)	\$ 27,538,080
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	15,786,914
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	518,939
Liabilities for earned but deferred revenues in the fund statements	2,241,181
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	<u>(51,885,578)</u>
Net assets of governmental activities (Exhibit 1)	<u><u>\$ (5,800,464)</u></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, 2008**

	Major	Nonmajor	
	General	Other	Total
	Fund	Governmental	Governmental
		Funds	Funds
<u>REVENUES</u>			
Ad valorem taxes	\$ 26,674,614	\$ -	\$ 26,674,614
Sales and other taxes	9,600,420	110,844	9,711,264
Licenses, fees and other revenues	3,203,429	16,838	3,220,267
Unrestricted intergovernmental revenues	-	500	500
Restricted intergovernmental revenues	7,006,551	2,036,522	9,043,073
Investment earnings	1,025,340	336,532	1,361,872
Miscellaneous	243,890	6,229	250,119
	<u>47,754,244</u>	<u>2,507,465</u>	<u>50,261,709</u>
Total Revenues	47,754,244	2,507,465	50,261,709
<u>EXPENDITURES</u>			
Current			
General government	2,504,483	-	2,504,483
Public safety	9,424,566	314,693	9,739,259
Community Services	2,362,405	-	2,362,405
Environmental protection	-	-	-
Economic and physical development	-	317,475	317,475
Human services	11,223,967	-	11,223,967
Non-Departmental & Special Areas	2,349,153	-	2,349,153
Capital Outlay	-	2,878,658	2,878,658
Intergovernmental			
Education	12,983,894	3,622,849	16,606,743
Debt Service			
Bond issuance cost	-	-	-
Principal	296,043	2,466,492	2,762,535
Interest	139,181	1,976,072	2,115,253
	<u>41,283,692</u>	<u>11,576,239</u>	<u>52,859,931</u>
Total Expenditures	41,283,692	11,576,239	52,859,931
Revenues Over (Under) Expenditures	<u>6,470,552</u>	<u>(9,068,774)</u>	<u>(2,598,222)</u>

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, 2008

	Major	Nonmajor	
	General	Other	Total
	Fund	Governmental	Governmental
	Fund	Funds	Funds
<u>OTHER FINANCING SOURCES (USES)</u>			
Issuance of debt	-	3,859,760	3,859,760
Premium on debt	-	-	-
Transfers from other funds	1,160,903	7,655,259	8,816,162
Transfers to other funds	(5,728,670)	(2,492,610)	(8,221,280)
	<u>(4,567,767)</u>	<u>9,022,409</u>	<u>4,454,642</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	1,902,785	(46,365)	1,856,420
Fund Balance - July 1	<u>18,253,341</u>	<u>7,428,319</u>	<u>25,681,660</u>
Fund Balance - June 30	<u>\$ 20,156,126</u>	<u>\$ 7,381,954</u>	<u>\$ 27,538,080</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, 2008

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)	\$ 1,856,420
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	1,828,717
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(125,041)
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.	(1,077,616)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(115,415)</u>
Total changes in net assets of governmental activities (Exhibit 2)	<u><u>\$ 2,367,065</u></u>

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

GRANVILLE COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

	General Fund			Variance with Final Positive Negative
	Original Budget	Final Budget	Actual	
<u>REVENUES</u>				
Ad valorem taxes	\$ 25,722,126	\$ 25,722,126	\$ 26,674,614	\$ 952,488
Sales and other taxes	9,077,633	9,141,133	9,600,420	459,287
Licenses, fees and other revenues	2,748,915	2,786,181	3,203,429	417,248
Restricted intergovernmental revenues	6,441,782	7,241,513	7,006,551	(234,962)
Investment earnings	800,000	800,000	1,025,340	225,340
Miscellaneous	231,000	231,000	243,890	12,890
Total Revenues	45,021,456	45,921,953	47,754,244	1,832,291
<u>EXPENDITURES</u>				
General government	2,592,942	2,683,342	2,504,483	178,859
Public safety	9,537,676	10,277,768	9,424,566	853,202
Community services	2,372,825	2,637,946	2,362,405	275,541
Human services	12,152,615	12,095,316	11,223,967	871,349
Non-departmental and special areas	2,629,624	4,014,291	2,349,153	1,665,138
Education	12,983,894	12,983,894	12,983,894	-
Contingency	180,000	25,171	-	25,171
Debt Service	225,861	435,247	435,224	23
Total Expenditures	42,675,437	45,152,975	41,283,692	3,869,283
Revenues Over (Under) Expenditures	2,346,019	768,978	6,470,552	5,701,574
<u>OTHER FINANCING SOURCES (USES)</u>				
Debt proceeds	-	-	-	-
Transfers from other funds	-	2,043,723	1,160,903	(882,820)
Transfers to other funds	(4,605,500)	(5,555,592)	(5,728,670)	(173,078)
Total Other Financing Sources (Uses)	(4,605,500)	(3,511,869)	(4,567,767)	(1,055,898)
Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(2,259,481)	(2,742,891)	1,902,785	4,645,676

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, 2008

	General Fund			Variance with Final Positive (Negative)
	Original Budget	Final Budget	Actual	
Appropriated Fund Balance	2,259,481	2,742,891	-	(2,742,891)
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	1,902,785	<u>\$ 1,902,785</u>
Fund Balance - July 1			<u>18,253,341</u>	
Fund Balance - June 30			<u>\$ 20,156,126</u>	

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

GRANVILLE COUNTY, NORTH CAROLINA
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

	Enterprise Funds			
	Major Funds		Non-Major Fund	Total Enterprise Funds
	Solid Waste Management	Lyon Station Water and Sewer Fund	Cozart Water and Sewer Fund	
<u>ASSETS</u>				
Current Assets:				
Cash and investments	\$ 3,425,576	\$ -	\$ -	\$ 3,425,576
Taxes receivable	-	-	-	-
Accounts receivable	66,782	-	-	66,782
Total Current Assets	3,492,358	-	-	3,492,358
Noncurrent Assets:				
Deferred Charges-Bond Issuance Costs	-	-	-	-
Capital assets:				
Land, improvements, and construction in progress	1,020,695	-	-	1,020,695
Other capital assets, net of depreciation	312,215	-	-	312,215
Restricted Assets:				
Cash and cash equivalents	-	-	-	-
Total Noncurrent Assets	1,332,910	-	-	1,332,910
Total Assets	\$ 4,825,268	\$ -	\$ -	\$ 4,825,268
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities:				
Accounts Payable	\$ 78,058	\$ -	\$ -	\$ 78,058
Accrued interest payable	-	-	-	-
Customer deposits	-	-	-	-
Unearned Revenue	-	-	-	-
Compensated absences payable	3,190	-	-	3,190
Current portion of long-term debt	-	-	-	-
Total Current Liabilities	81,248	-	-	81,248
Noncurrent Liabilities:				
Accrued landfill closure and postclosure care costs	6,096,437	-	-	6,096,437
Compensated absences payable	9,571	-	-	9,571
Noncurrent portion of long-term debt	-	-	-	-
Total Noncurrent Liabilities	6,106,008	-	-	6,106,008
Total Liabilities	6,187,256	-	-	6,187,256
Net Assets				
Invested in capital assets, net of related debt	1,332,910	-	-	1,332,910
Unrestricted	(2,694,898)	-	-	(2,694,898)
Total Net Assets	\$ (1,361,988)	\$ -	\$ -	\$ (1,361,988)

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, 2008

	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	\$ 1,595,705	\$ 1,051,127	\$ 150,044	\$ 2,796,876
Miscellaneous	-	-	-	-
Total operating revenues	<u>1,595,705</u>	<u>1,051,127</u>	<u>150,044</u>	<u>2,796,876</u>
OPERATING EXPENSES				
Administration	-	153,192	34,484	187,676
Water distribution and sewer collection	-	670,258	141,021	811,279
Landfill closure and postclosure	4,913,192	-	-	4,913,192
Solid waste operations	877,703	-	-	877,703
Landfill operations	705,615	-	-	705,615
Amortization	-	4,995	-	4,995
Depreciation	24,029	45,766	7,219	77,014
Miscellaneous	-	6,838	7,553	14,391
Total operating expenses	<u>6,520,539</u>	<u>881,049</u>	<u>190,277</u>	<u>7,591,865</u>
OPERATING INCOME (LOSS)	<u>(4,924,834)</u>	<u>170,078</u>	<u>(40,233)</u>	<u>(4,794,989)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest and fees	-	(13,906)	-	(13,906)
Interest earned on investments	144,531	-	-	144,531
Total nonoperating revenues (expenses)	<u>144,531</u>	<u>(13,906)</u>	<u>-</u>	<u>130,625</u>
INCOME BEFORE TRANSFERS	<u>(4,780,303)</u>	<u>156,172</u>	<u>(40,233)</u>	<u>(4,664,364)</u>
Transfers from other funds	-	16,723	-	16,723
Transfers to other funds	-	(4,017,908)	(277,393)	(4,295,301)
Total Transfers	<u>-</u>	<u>(4,001,185)</u>	<u>(277,393)</u>	<u>(4,278,578)</u>
CHANGE IN NET ASSETS	<u>(4,780,303)</u>	<u>(3,845,013)</u>	<u>(317,626)</u>	<u>(8,942,942)</u>
TOTAL NET ASSETS-BEGINNING	<u>3,418,315</u>	<u>3,845,013</u>	<u>317,626</u>	<u>7,580,954</u>
TOTAL NET ASSETS-ENDING	<u>\$ (1,361,988)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,361,988)</u>

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, 2008

	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	\$ 1,595,705	\$ 1,051,127	\$ 150,044	\$ 2,796,876
Cash paid for goods and services	(1,476,072)	(830,346)	(138,467)	(2,444,885)
Cash paid to employees for services	(163,029)	(47,160)	(8,291)	(218,480)
Net cash provided by operating activities	(43,396)	173,621	3,286	133,511
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	-	(22,384)	-	(22,384)
Principal paid on debt	-	(539,156)	-	(539,156)
Interest paid on debt	-	(13,906)	-	(13,906)
Net cash provided by capital and related financing activities	-	(575,446)	-	(575,446)
Cash flows from noncapital and related financing activities:				
Transfer-in	-	16,723	-	16,723
Transfer-out	-	(1,280,376)	(171,575)	(1,451,951)
Net cash provided by noncapital and related financing activities	-	(1,263,653)	(171,575)	(1,435,228)
Cash flows from investing activities:				
Interest on investments	144,531	-	-	144,531
Change in assets limited as to use	-	-	-	-
Net cash provided by investing activities	144,531	-	-	144,531
Net increase in cash and cash equivalents	101,135	(1,665,478)	(168,289)	(1,732,632)
Cash and cash equivalents, July 1	3,324,441	1,665,478	168,289	5,158,208
Cash and cash equivalents, June 30	\$ 3,425,576	\$ -	\$ -	\$ 3,425,576

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, 2008

	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)	\$ (4,924,834)	\$ 170,078	\$ (40,233)	\$ (4,794,989)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	24,029	45,766	7,219	77,014
Amortization	-	4,995	-	4,995
Change in assets and liabilities:				
(Increase) decrease in taxes receivable	-	5,308	-	5,308
(Increase) decrease in accounts receivable	23,806	(29,771)	39,270	33,305
Increase (decrease) in accounts payable and accrued liabilities	(10,949)	(51)	(102)	(11,102)
Increase (decrease) in accrued interest payable	-	(1,703)	-	(1,703)
Increase (decrease) in compensated absences payable	1,206	(2,771)	(2,771)	(4,336)
Increase (decrease) in landfill closure and postclosure costs	4,843,346	-	-	4,843,346
Increase (decrease) in unearned revenue	-	(5,457)	-	(5,457)
Increase (decrease) in customer deposits	-	(12,773)	(97)	(12,870)
Total adjustments	4,881,438	3,543	43,519	4,928,500
Net cash provided by operating activities	\$ (43,396)	\$ 173,621	\$ 3,286	\$ 133,511

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, 2008

		Agency Funds
		<hr/>
ASSETS		
Cash and investments	\$	45,539
Due from other fund		<hr/> 39,185
Total Assets	\$	<hr/> <hr/> 84,724
LIABILITIES AND NET ASSETS		
Liabilities:		
Miscellaneous liabilities	\$	45,539
Due to component unit		<hr/> 39,185
Total Liabilities	\$	<hr/> <hr/> 84,724

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, 2008**

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

The County, which is governed by a seven-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally-separate entities for which the County is financially accountable. One component unit of the County has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. The other five discretely presented component units presented below are reported in a separate column in the County's government-wide financial statements in order to emphasize that they are legally separate from the County.

Discretely Presented Component Units

Granville Medical Center

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

Granville County ABC Board

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

Granville Economic Development Commission

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

Granville County Tourism Development Authority

The Granville County Tourism Development Authority (the "Tourism Development Authority") was established on September 18, 2000 by the Granville County Board of Commissioners. The Tourism Development Authority was formed to promote the use and development of Granville County recreational, historic, and tourism resources. Under the authority of HB 1748, and by resolution of the Granville County

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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, 2008, 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

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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.

The County reports the following major enterprise fund:

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

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 Department of Social Services for the benefit of certain individuals, the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina DMV Interest Fund, which accounts for moneys collected and remitted to the DMV, and the Granville County Tourism Development Authority Fund.

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

C. Measurement Focus and Basis of Accounting

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Granville County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For those motor vehicles registered under the staggered system and for vehicles newly-registered under the annual system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2007 through February 2008 apply to the fiscal year ended June 30, 2008. 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

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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 2008 registration renewals will vary from 7 to 18 months after December 31, 2007. 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, Emergency Telephone System 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 2007-2008 fiscal year as necessary. The budgetary amendments affected the following funds: General Fund, School Capital Reserve Fund, Emergency Telephone System Fund, Library Memorial Fund, 35 Million School Bond Fund, Landfill Capital Reserve Fund, Capital Improvements Fund, Vehicle Replacement Fund, Solid Waste Management Fund, Lyon Station Water & Sewer Fund, and Cozart Water & Sewer Fund.

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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. 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, 2007. 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.

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

4. 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.

5. 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.

6. 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 capital assets is reflected in the capitalized value of the asset constructed.

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

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<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.

7. 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.

8. 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, 2008 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.

9. 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

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balances

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

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

The governmental fund types classify fund balances as follows:

Reserved

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

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

Unreserved

Designated for subsequent year's expenditures – portion of total fund balance available for appropriation which has been designated for the adopted 2008-2009 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 \$ (33,338,544) consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 25,722,287
Less Accumulated Depreciation	<u>(9,935,373)</u>
Net capital assets	<u>15,786,914</u>

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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.	423,711
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	95,228
Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not the government-wide	2,241,181
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	(50,374,414)
Compensated absences	(697,145)
Net pension obligation	(388,156)
Premium on bonds	(166,070)
Accrued interest payable	<u>(259,793)</u>
Total adjustment	<u>\$ (33,338,544)</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 \$ 510,645 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	\$ 2,761,083
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	(932,366)
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	(3,859,760)
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	2,762,535

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Amortization on deferred premium payments on debt that is recorded in the statement of activities but not in the fund statements	9,624
Expenses reported on fund statements that are capitalized on government-wide statements-bond issuance and refunding costs	9,985
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	(5,995)
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	(9,411)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(67,036)
Net pension obligation is accrued in the government-wide statements but not in the fund statements because they do not use current resources	(32,973)
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 6-30-08	(43,973)
Reversal of deferred tax revenue recorded at 7-1-07	(2,322,547)
Recording of tax receipts deferred in the fund statements as of 6-30-08	2,241,181
Increase in accrued taxes receivable for year ended 6-30-08	298
Total adjustment	<u>\$ 510,645</u>

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 Senior Services-Nutrition/In-Home Aide by \$11,110 and in a transfer out to the School Capital Reserve Fund by \$175,081. 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:

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Amount</u>
CDBG Fund	\$ 41,840
Series 2005 Public Improvement Bond Fund	22,258
Solid Waste Fund	1,361,988

These deficit fund balances resulted from the County's need to finalize debt funding for ongoing projects and the need for reimbursement for grant 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.

At June 30, 2008, the County's deposits had a carrying amount of \$1,107,910 and a bank balance of \$1,440,838. Of the bank balance, \$100,000 was covered by federal depository insurance, and \$1,340,838 in interest bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2008, Granville County had \$1,325 cash on hand.

At June 30, 2008, the EDC's deposits had a carrying amount of \$39,290 and a bank balance of \$64,053. All of the bank balance was covered by federal depository insurance.

At June 30, 2008, the carrying amount of deposits for Granville County ABC Board was \$737,554 and the bank balance was \$747,076. Of the bank balance, \$100,000 was covered by federal depository insurance, and \$647,076 was covered by collateral held by authorized escrow agents in the name of the State Treasurer. The ABC Board had \$1,575 cash on hand.

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

At September 30, 2007, the Hospital's deposits had a carrying amount of \$13,246,378 and a bank balance of \$13,467,262. Of the bank balance, \$600,000 was covered by federal depository insurance, and \$610,965 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, 2007, in the amount of \$1,450.

At June 30, 2008, the Tourism Development Authority had a carrying amount of \$51,814 and a bank balance of \$51,814. All of the bank balance was covered by federal depository insurance.

At June 30, 2008, the Memorial Gardens had a carrying amount of \$233,435 and a bank balance of \$234,115. All of the bank balance was covered by federal depository insurance.

2. Investments

At June 30, 2008, the County's investments consisted of \$27,979,024 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>
2005	\$ 1,140,642	\$ 2,538	\$ 1,143,180	\$ 288,658	\$ 1,431,838
2006	1,159,475	2,635	1,162,110	188,843	1,350,953
2007	1,261,847	2,635	1,264,482	91,674	1,356,156
2008	<u>795,253</u>	<u>-</u>	<u>795,253</u>	<u>-</u>	<u>795,253</u>
Totals	<u>\$ 4,357,217</u>	<u>\$ 7,808</u>	<u>\$ 4,365,025</u>	<u>\$ 569,175</u>	<u>\$ 4,934,200</u>

4. Receivables

Receivables at the government-wide level at June 30, 2008, 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	\$ 1,324,996	\$ 2,664,892	\$ 1,720,803	\$ 5,710,691
Other Governmental Funds	<u>86,818</u>	<u>-</u>	<u>-</u>	<u>86,818</u>
Total-governmental activities	<u>\$ 1,411,814</u>	<u>\$ 2,664,892</u>	<u>\$ 1,720,803</u>	<u>\$ 5,797,509</u>
Business-type Activities:				
Solid Waste Management	<u>\$ 46,128</u>	<u>-</u>	<u>\$ 20,654</u>	<u>\$ 66,782</u>

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The due from other governments that is owed to the County consists only of local option sales tax in the amount of \$1,531,301, sales tax refund receivable of \$189,502, white goods tax of \$4,657 and scrap tire disposal tax of \$15,997.

5. Capital Assets

Capital asset activity for the year ended June 30, 2008, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 806,618	\$ -	\$ -	\$ 806,618
Construction in Progress	<u>2,450,260</u>	<u>739,908</u>	<u>-</u>	<u>3,190,168</u>
Total capital assets not being depreciated	<u>3,256,878</u>	<u>739,908</u>	<u>-</u>	<u>3,996,786</u>
Capital assets being depreciated:				
Buildings	12,837,268	614,505	-	13,451,773
Improvements other than building	2,271,427	730,376	-	3,001,803
Equipment and Vehicles	<u>4,595,631</u>	<u>676,294</u>	<u>-</u>	<u>5,271,925</u>
Total capital assets being depreciated	<u>19,704,326</u>	<u>2,021,175</u>	<u>-</u>	<u>21,725,501</u>
Less accumulated depreciation for:				
Buildings	5,233,969	337,088	-	5,571,057
Improvements other than building	167,087	127,331	-	294,418
Equipment and Vehicles	<u>3,601,951</u>	<u>467,947</u>	<u>-</u>	<u>4,069,898</u>
Total accumulated depreciation	<u>9,003,007</u>	<u>\$ 932,366</u>	<u>\$ -</u>	<u>9,935,373</u>
Total capital assets being depreciated, net	<u>10,701,319</u>			<u>11,790,128</u>
Governmental activity capital assets, net	<u>\$ 13,958,197</u>			<u>\$ 15,786,914</u>

Primary Government

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

General government	\$ 208,435
Public safety	575,883
Human services	44,582
Community services	<u>103,466</u>
Total depreciation expense	<u>\$ 932,366</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfer to SGWASA</u>	<u>Ending Balances</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 1,020,695	\$ -	\$ -	\$ -	\$ 1,020,695
Total capital assets not being depreciated	<u>1,020,695</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,020,695</u>
Capital assets being depreciated:					
Buildings	107,737	-	-	98,120	9,617
Improvements other than buildings	4,457,925	22,384	-	4,129,033	351,276
Machinery and equipment	<u>317,767</u>	<u>-</u>	<u>-</u>	<u>85,655</u>	<u>231,112</u>
Total capital assets being depreciated	<u>4,883,429</u>	<u>22,384</u>	<u>-</u>	<u>4,312,808</u>	<u>592,005</u>

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfer to SGWASA</u>	<u>Ending Balances</u>
Less accumulated depreciation for:					
Buildings	34,959	1,486	-	28,402	8,043
Improvements other than buildings	1,487,580	62,761	-	1,489,645	60,696
Machinery and equipment	<u>249,769</u>	<u>12,767</u>	<u>-</u>	<u>51,485</u>	<u>211,051</u>
Total accumulated depreciation	<u>1,772,308</u>	<u>\$ 77,014</u>	<u>\$ -</u>	<u>\$ 1,569,532</u>	<u>279,790</u>
Total capital assets being depreciated, net	<u>3,111,121</u>				<u>312,215</u>
Business-type activities capital assets, net	<u>\$ 4,131,816</u>				<u>\$ 1,332,910</u>

Assets for Lyon Station Water & Sewer Fund and Cozart Water & Sewer Fund were transferred to South Granville Water & Sewer Authority (SGWASA) as of December 31, 2008. These items are shown above in a separate column.

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

	<u>Balance July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2008</u>
Capital assets being depreciated:				
Furniture and equipment	\$ 19,610	\$ -	\$ -	\$ 19,610
Less accumulated depreciation for:				
Furniture and equipment	<u>16,225</u>	<u>1,801</u>	<u>-</u>	<u>18,026</u>
Governmental activity capital assets, net	<u>\$ 3,385</u>	<u>\$ 1,801</u>	<u>\$ -</u>	<u>\$ 1,584</u>

Activity for the ABC Board for the year ended June 30, 2008, was as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Capital assets, not being depreciated:			
Land	\$ 110,877	\$ -	\$ 110,877
Capital assets, being depreciated:			
Land Improvements	32,592	21,814	10,778
Buildings	188,672	69,527	119,145
Furniture/equipment	84,699	75,192	9,507
Vehicles	23,208	23,208	-
Computers & software	<u>37,907</u>	<u>37,006</u>	<u>901</u>
Total, capital assets being depreciated	<u>367,078</u>	<u>226,747</u>	<u>140,331</u>
ABC Board capital assets, net	<u>\$ 477,955</u>	<u>\$ 226,747</u>	<u>\$ 251,208</u>

Activity for Granville Medical Center for the year ended September 30, 2007, 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	\$ 172,121	\$ -	\$ 1,736,733
Construction in Progress	<u>61,700</u>	<u>533,002</u>	<u>-</u>	<u>4,702</u>
Total capital assets not being depreciated	<u>1,626,312</u>	<u>705,123</u>	<u>-</u>	<u>2,331,435</u>
Capital assets being depreciated:				
Buildings	15,334,492	53,025	9,218	15,378,299
Land Improvements	1,017,252	-	11,950	1,005,302
Equipment and fixtures	<u>15,108,584</u>	<u>1,330,189</u>	<u>463,466</u>	<u>15,975,307</u>
Total capital assets being depreciated	<u>31,460,328</u>	<u>1,383,214</u>	<u>484,634</u>	<u>32,358,908</u>

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Less accumulated depreciation for:				
Buildings	7,845,542	360,726	9,218	8,197,050
Land Improvements	662,810	58,359	11,950	709,219
Equipment and fixtures	<u>10,945,422</u>	<u>1,331,687</u>	<u>458,802</u>	<u>11,818,307</u>
Total accumulated depreciation	<u>19,453,774</u>	<u>\$1,750,772</u>	<u>\$ 479,970</u>	<u>20,724,576</u>
Total capital assets being depreciated, net	<u>12,006,554</u>			<u>11,634,332</u>
Business-type activities capital assets, net	<u>\$ 13,632,866</u>			<u>\$ 13,965,767</u>

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2008, 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	\$ 1,101,841	\$ -	\$ 259,793	\$ -	\$ 1,361,634
Other Governmental Funds	<u>2,515</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,515</u>
Total-governmental activities	<u>\$ 1,104,356</u>	<u>\$ -</u>	<u>\$ 259,793</u>	<u>\$ -</u>	<u>\$ 1,364,149</u>
Business-type Activities:					
Solid Waste Management	\$ 78,058	\$ -	\$ -	\$ -	\$ 78,058
Lyon Station Water & Sewer Fund	-	-	-	-	-
Cozart Water & Sewer Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total-business-type activities	<u>\$ 78,058</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,058</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 4.86%, 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

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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, 2006, 2007 and 2008 were \$432,176, \$456,836, and \$495,907 respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2006, 2007 and 2008 were \$9,137, \$9343, and \$8,965, respectively. The EDC's contributions to LGERS for the years ended June 30, 2006, 2007 and 2008 were \$5,125, \$5,326, and \$6,847 respectively. The contributions made by the County, the EDC and the ABC Board equaled the required contributions for each year.

b. Law Enforcement Officer's Special Separation Allowance

1. Plan Description

Granville County administers a public employee retirement system (the Separation Allowance), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The County chooses to fund this plan on a pay-as-you-go basis. Actuarial valuations are obtained to help the County plan for the future needs of the retirement plan.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2007, 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>47</u>
Total	<u>48</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 70.

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.

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The annual required contribution for the current year was determined as part of the December 31, 2007 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, 2007, was 23 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>	
6/30/06	\$ 48,358	22.26%	\$ 324,344
6/30/07	41,603	25.87%	355,183
6/30/08	43,737	24.61%	388,156

Annual Pension Cost and Net Pension Obligation for Fiscal Year Ending 6/30/08

Employer annual required contribution	\$ 39,811
Interest on net pension obligation	25,751
Adjustment to annual required contribution	<u>(21,825)</u>
Annual pension cost	43,737
Employer contributions made for fiscal year ending 06/30/08	<u>10,764</u>
Increase (decrease) in net pension obligation	32,973
Net pension obligation beginning of fiscal year	<u>355,183</u>
Net pension obligation end of fiscal year	<u><u>\$ 388,156</u></u>

c. Funded Status and Funding Process:

As of December 31, 2007, the most recent actuarial valuation date, the plan was 0.0 percent funded. The actuarial accrued liability for benefits was \$377,711, and the actuarial value of assets was \$0.00, resulting in an unfunded actuarial accrued liability (UAAL) of \$377,711.

The covered payroll (annual payroll of active employees covered by the plan) was \$1,691,858, and the ratio of the UAAL to the covered payroll was 22.33 percent.

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

d. Supplemental Retirement Income Plan for Law Enforcement Officers

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

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

(CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

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, 2008, were \$106,707, which consisted of \$85,797 from the County and \$20,910 from the law enforcement officers.

e. Registers of Deeds' Supplemental Pension Fund

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

Funding Policy – On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 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, 2008, the County's required and actual contributions were \$4,925.

f. 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 34 retirees are eligible for postretirement health benefits. For the fiscal year ended June 30, 2008, the County made payments for postretirement health benefit premiums of \$133,337. The County obtains health care coverage through private insurers. 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.

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

g. Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but 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, 2008, the County made contributions to the State for death benefits of \$9,165. The contributions to the Death Benefit Plan cannot be separated between the post employment benefit amount and the other benefit amount.

h. 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 September 30, 2007, 2006, and 2005 were \$660,432, \$615,356, and \$529,033, 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 \$6,096,437 reported as landfill closure and postclosure care liability at June 30, 2008, represents the latest estimate for the 30 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

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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)	\$ 68,140	\$ 68,140
Taxes receivable (net) (General)	<u>2,241,181</u>	<u>-</u>
Total	<u>2,309,321</u>	<u>68,140</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 Dees are each individually bonded for \$25,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$10,000.

The County carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years. 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, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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, 2008, 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 has 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. 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. This agreement was refinanced as of May 31, 2003. It now requires 17 semi-annual payments of \$73,267.

lease payments as of the date of their inception.

For Granville County, there are two agreements. In both agreements, title passes to the County at the end of the lease term.

Governmental Activities

The first agreement was executed in May 1996, for the lease of pipe valves and fittings for the water and sewer system for an industrial park and required 30 semi-annual payments of \$57,808. This agreement was refinanced as of May 31, 2003. It now requires 17 semi-annual payments of \$51,718. \$ 290,725

Business-type Activities

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. This agreement was refinanced as of May 31, 2003. It now requires 17 semi-annual payments of \$73,267. This debt was paid off in the current year prior to transfer of assets to SGWASA.

\$ 290,725

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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, 2008:

Year Ending <u>June 30</u>	Governmental <u>Activities</u>	Business- type <u>Activities</u>
2009	\$ 103,436	\$ -
2010	103,436	-
2011	<u>103,436</u>	<u>-</u>
Total Minimum Lease Payments	310,309	-
Less amount representing interest	<u>19,584</u>	<u>-</u>
Present Value of Net Minimum Lease Payments	<u>\$ 290,725</u>	<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, 2007 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>

The Granville Economic Development Commission rents its office space from the City of Oxford for \$833 per month based on a month-to-month agreement. The Commission also leases a postage meter based on a month-to-month agreement at \$38 per month.

c. Installment Purchases

The County's installment purchases at June 30, 2008, are comprised of the following individual issues:

The County entered into an installment purchase agreement on March 15, 2007 for financing of replacement windows for Granville Medical Center for \$1,500,000. The transaction requires monthly payments in the amount of \$11,073 at an interest rate of 3.97%. Title to these assets belong to Granville Medical Center.	\$ 1,406,170
In May 2008, the County entered into an installment agreement for \$3,859,760 with payments due on May 13 and November 13 in installments of \$147,242 through November 13, 2017 and installments of \$91,492, thereafter. Interest will be paid at 3.72 percent. This debt was used to finance E911 equipment for \$1,115,000 and school construction for \$2,744,760.	
E911 Equipment	1,059,251
School Construction (Granville County Schools holds title to these assets upon project completion)	<u>2,653,268</u>
	<u>\$ 5,118,689</u>

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

For Granville County, the future minimum payments as of June 30, 2008, including \$1,358,083 of interest are:

Year Ending <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 372,950	\$ 189,774
2010	376,123	175,647
2011	379,423	161,392
2012	382,857	147,003
2013	386,430	132,475
2014-2018	1,935,260	439,193
2019-2022	1,285,646	112,599
	<u>\$ 5,118,689</u>	<u>\$ 1,358,083</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, 2008, 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*	\$ 5,300,000
\$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*	6,500,000
\$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*	9,025,000
\$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	350,000
\$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*	23,100,000
\$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>690,000</u>
Total	<u>\$ 44,965,000</u>

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

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, 2008**

Year Ending <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 2,450,000	\$ 1,878,319
2010	2,450,000	1,784,193
2011	2,675,000	1,685,669
2012	2,675,000	1,563,519
2013	2,675,000	1,440,819
2014-2018	13,375,000	5,433,994
2019-2023	13,365,000	2,672,912
2024-2026	<u>5,300,000</u>	<u>341,000</u>
	<u>\$ 44,965,000</u>	<u>\$16,800,425</u>

At June 30, 2008, Granville County had a legal debt margin of \$225,169,099.

The Hospital's notes payable at September 30, 2007, are comprised of the following:

3.77 percent note, payable monthly, principal and interest of \$38,095 through September 2011; guaranteed by Granville County	\$ 1,694,891
4.09 percent note, payable monthly, principal of \$166,667 through January 2018; collateralized by real estate.	1,722,221
3.97 percent note, payable monthly, principal and interest of \$11,073 through March 2022; guaranteed by Granville County	<u>1,463,034</u>
Total	<u>\$ 4,880,146</u>

Year Ending <u>September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 642,941	\$ 181,050
2009	661,368	155,808
2010	680,508	129,851
2011	700,389	103,155
2012	255,919	83,669
2013-2017	1,336,729	258,959
2018-2022	<u>602,292</u>	<u>51,237</u>
	<u>\$ 4,880,146</u>	<u>\$ 963,729</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, 2008:

	<u>Balance July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2008</u>	<u>Current Portion of Balance</u>
Governmental activities:					
General obligation bonds	\$ 47,415,000	\$ -	\$ 2,450,000	\$ 44,965,000	\$ 2,450,000
Capitalized leases	380,581	-	89,856	290,725	93,293
Installment Purchases	1,481,608	3,859,760	222,679	5,118,689	372,950
Compensated absences	630,109	697,145	630,109	697,145	174,286
Net pension obligation	<u>355,183</u>	<u>32,973</u>	<u>-</u>	<u>388,156</u>	<u>-</u>

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Total governmental activities	<u>\$ 50,262,481</u>	<u>\$ 4,589,878</u>	<u>\$ 3,392,644</u>	<u>\$ 51,459,715</u>	<u>\$ 3,090,529</u>
	Balance <u>July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2008</u>	Current Portion of <u>Balance</u>
Business-type activities:					
Capitalized leases	\$ 539,156	\$ -	\$ 539,156	\$ -	\$ -
Accrued landfill closure and postclosure costs	1,253,091	5,509,337	665,991	6,096,437	-
Compensated absences	<u>17,098</u>	<u>12,761</u>	<u>17,098</u>	<u>12,761</u>	<u>3,190</u>
Total business-type activities	<u>\$ 1,809,345</u>	<u>\$ 5,522,098</u>	<u>\$ 1,222,245</u>	<u>\$ 6,109,198</u>	<u>\$ 3,190</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

Transfers From/To Other Funds:

General Fund

General Fund	School Capital Reserve Fund	\$ 4,253,708	Restricted portions of Art. 40 & 42 sales tax proceeds
	Landfill Capital Reserve Fund	458,460	Economic incentive repayment
	Revaluation Reserve Fund	58,000	Required annual contributions to set aside funds for 2010 revaluation
	Capital Improvements Fund	275,000	Contribution to fund ongoing capital projects
	Vehicle Replacement Fund	555,000	Annual contribution for ongoing fleet replacement
	R.H. Thornton Library Fund	1,302	Transfer of unexpended library donations
	Series 2005 Public Improvement Bond	<u>127,200</u>	Contribution to fund ongoing capital projects
		<u>\$ 5,728,670</u>	

Special Revenue Fund

School Capital Reserve Fund	35 Million School Bond Fund	\$ 1,009,985	Contribution to fund ongoing capital projects
E911 Communication Fund	General Fund	395,853	Close out E911 landline funds as allowed by State Statute
Capital Improvements Fund	R.H. Thornton Library Fund	24,000	Transfer of unexpended library donations for future capital project
Landfill Capital Reserve Fund	General Fund	765,050	Funding for ongoing economic incentive payments
Landfill Capital Reserve Fund	Lyon Station W&S Fund	<u>16,723</u>	Economic incentive payments for Butner water plant upgrade
		<u>\$ 2,211,611</u>	

Enterprise Fund

Lyon Station W&S Fund	Landfill Capital Reserve Fund	\$ 611,605	Economic incentive payments for Butner water plant upgrade repayment
Wilton Sewer	School Capital Reserve Fund	158,246	Closeout of capital project
Wilton Water	School Capital Reserve Fund	42,538	Closeout of capital project
Stovall Sewer	School Capital Reserve Fund	<u>80,215</u>	Funds transferred to repay loan
		<u>\$ 892,604</u>	

Due To/From Other Funds

General Fund	CDBG Fund	\$ 41,749	Contribution to fund ongoing capital projects
General Fund	Series 2005 Public Improvements	22,258	Contribution to fund ongoing capital projects
School Capital Reserve Fund	General Fund	384,731	Restricted sales tax
Granville County Tourism Development Authority	General Fund	<u>39,185</u>	Occupancy tax proceeds
		<u>\$ 487,923</u>	

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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 \$488,236 and \$16,000 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2008. There was also a contribution made by the County for the library and culinary arts program in the amount of \$26,523 and \$20,800, 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, 2008. 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, 2008. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$20,482 to the Authority to supplement its activities. Complete

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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, 2008. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$25,264 to the Authority to supplement its activities. Complete financial statements for the Authority may be obtained from P.O. Box 368, Henderson, N.C. 27536.

V. Jointly Governed Organization

The County, in conjunction with four other counties and fifteen municipalities, established Kerr-Tar Regional Council of Governments (Council) to coordinate various funding received from federal and State agencies. Each participating government appoints members to the Council's governing board. The County paid membership fees of \$20,154 to the Council during the fiscal year ended June 30, 2008. 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	\$ 637,676	\$ -
Medicaid	33,056,374	17,200,699
Food Stamp Program	5,487,253	-
Energy Assistance	87,526	-
CWS Adoption Assistance	-	98,786
Adoption Assistance	45,189	13,058
Adult Assistance	-	447,582
Foster Care	70,336	17,115
Foster Care at Risk Max	-	913
Title IV-E, Foster Care	-	35,740
Totals	<u>\$ 39,384,354</u>	<u>\$ 17,813,893</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)
12/31/2002	\$ -	\$ 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%
12/31/2007	\$ -	\$ 377,711	\$ 377,711	0.00%	\$ 1,691,858	22.33%

**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
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%
2008	\$ 43,737	24.61%

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	12/31/2007
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	23 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.

GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	2008			2007
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Ad Valorem Taxes:				
Current year	\$ 24,566,126	\$ 25,114,493	\$ 548,367	\$ 21,791,603
Prior year	920,000	1,237,085	317,085	1,127,151
Penalties and interest	236,000	323,036	87,036	261,794
Total	25,722,126	26,674,614	952,488	23,180,548
Sales and Other Taxes:				
Article 39 one percent		2,282,294		2,606,052
Article 40 one-half of one percent		2,573,771		2,835,414
Article 42 one-half of one percent		2,563,538		2,823,836
Article 44 one-half of one percent		1,610,472		1,802,865
State excise tax - Register of Deeds		247,483		316,738
Beer and wine		155,296		187,558
Taxes on federal exempt land		12,525		12,680
Occupancy taxes		155,041		112,187
Total	9,141,133	9,600,420	459,287	10,697,330
Licenses, Fees and Other Revenues:				
Privilege licenses		6,875		6,804
Taxes on Oxford Housing Authority		6,647		6,647
Planning		144,606		114,590
Inspection		523,041		487,279
Sheriff wage refund		90,618		39,474
Boarding state and federal prisoners		31,765		21,119
Ambulance fees		1,467,775		1,107,308
Library fees		41,333		41,037
Rents		24,096		21,551
Sheriff's fees		83,768		73,948
Election fees		29,544		226
Franchise fees		78,299		57,716
Animal control		22,672		23,799
Collection fees		89,600		60,716
Senior Center fitness fees		6,512		6,100
Administrative fees		60,000		60,000
Register of Deeds		322,025		347,615
GAP fees		16,805		20,827
GAP donations		30		200
GIS subscription fees		6,825		-
4-H Best program		2,990		-
Inmate Welfare fund		94		-
Federal and State grants		33,730		29,010
Miscellaneous		109,270		512,399
Sale of library books/abstracts		1,024		582
Sale of fixed assets		3,485		27
Total	2,786,181	3,203,429	417,248	3,038,974

GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	2008		2007	
	Budget	Actual	Variance Positive (Negative)	Actual
Restricted and Intergovernmental				
Revenues:				
Debt Contribution from hospital		132,897		33,218
Medicaid hold harmless		246,510		-
Court facility fees		126,598		112,675
CSC officer's fees		29,386		28,079
Landfill fees		1,487		-
Register of Deeds		6,400		6,275
Federal and State grants		6,180,767		6,006,488
Excise recreation - Heritage		228,446		292,373
Jail fees		15,193		13,887
Miscellaneous		38,867		32,204
Total	7,241,513	7,006,551	(234,962)	6,525,199
Investment earnings	800,000	1,025,340	225,340	1,112,047
Micellaneous Revenues				
Granville County ABC Board	151,000	163,890	12,890	160,300
Granville County Tourism Development Authority	80,000	80,000	-	75,000
Total	231,000	243,890	12,890	235,300
Total Revenues	45,921,953	47,754,244	1,832,291	44,789,398
EXPENDITURES				
<u>General Government</u>				
Board of Commissioners				
Salaries and employee benefits		135,651		126,786
Other operating expenditures		61,450		65,027
Capital outlay		2,604		180
Total	217,837	199,705	18,132	191,993
Administration				
Salaries and employee benefits		220,189		199,852
Other operating expenditures		9,988		11,982
Capital outlay		4,083		1,100
Total	273,907	234,260	39,647	212,934
Board of Elections				
Salaries and employee benefits		157,725		134,263
Other operating expenditures		100,092		69,542
Capital outlay		31,082		1,275
Total	333,296	288,899	44,397	205,080

GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	2008		2007
	Budget	Actual	Variance Positive (Negative)
Finance Department			
Salaries and employee benefits		304,290	250,422
Other operating expenditures		103,131	103,095
Capital outlay		7,083	1,558
Total	427,257	414,504	12,753
Tax Administration			
Salaries and employee benefits		404,449	373,113
Other operating expenditures		157,241	139,704
Capital outlay		14,856	6,749
Total	591,676	576,546	15,130
Register of Deeds			
Salaries and employee benefits		216,373	212,123
Other operating expenditures		44,887	44,192
Capital outlay		295	3,425
Total	288,666	261,555	27,111
Construction Administration			
Salaries and employee benefits		-	-
Other operating expenditures		-	51
Capital outlay		-	-
Total	500	-	500
General Services/Court Facilities			
Salaries and employee benefits		202,824	185,706
Other operating expenditures		325,264	313,832
Capital outlay		926	4,023
Total	550,203	529,014	21,189
Total General Government	2,683,342	2,504,483	178,859
<u>Public Safety</u>			
Other Emergency Services	39,700	37,163	2,537
Sheriff's Department/Detention Center			
Salaries and employee benefits		3,903,666	3,504,495
Other operating expenditures		871,753	1,066,791
Capital outlay		60,966	30,556
Total	4,912,829	4,836,385	76,444
Fire Service	680,146	676,875	3,271

GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	2008		2007	
	Budget	Actual	Variance Positive (Negative)	Actual
Forestry				
Salaries and employee benefits		20,433		18,017
Other operating expenditures		64,953		68,005
Capital outlay		-		-
Total	89,118	85,386	3,732	86,022
Emergency Management				
Salaries and employee benefits		145,921		142,086
Other operating expenditures		33,809		42,179
Capital outlay		4,564		-
Total	199,737	184,294	15,443	184,265
Emergency Services				
Salaries and employee benefits		2,859,441		2,495,615
Other operating expenditures		561,284		378,336
Capital outlay		183,738		129,894
Total	4,356,238	3,604,463	751,775	3,003,845
Total Public Safety	10,277,768	9,424,566	853,202	8,562,920
<u>Community Services</u>				
Cooperative Extension Service				
Salaries and employee benefits		238,140		257,427
Other operating expenditures		63,395		85,458
Capital outlay		-		21,435
Total	356,018	301,535	54,483	364,320
County Library System				
Salaries and employee benefits		439,241		380,520
Other operating expenditures		264,392		219,908
Capital outlay		22,297		5,712
Total	782,490	725,930	56,560	606,140
Recreation & Community Service				
Other operating expenditures		213,061		291,888
Capital outlay		-		-
Total	298,677	213,061	85,616	291,888

GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	2008		2007
	Budget	Actual	Variance Positive (Negative)
Development Services			
Planning			
Salaries and employee benefits		200,884	164,654
Other operating expenditures		32,363	28,356
Capital outlay		8,395	1,229
Inspection Department			
Salaries and employee benefits		360,451	341,078
Other operating expenditures		36,088	34,627
Capital outlay		6,891	1,000
Total	683,529	645,072	38,457
Soil Conservation Program			
Salaries and employee benefits		93,145	88,082
Other operating expenditures		3,395	3,395
Total	98,996	96,540	2,456
Jonesland Park Operations			
Salaries and employee benefits		103,447	88,047
Other operating expenditures		94,879	84,041
Capital outlay		9,577	9,950
Total	245,872	207,903	37,969
Economic Development	172,364	172,364	-
Total Community Services	2,637,946	2,362,405	275,541
Human Services			
Health and Medical Services			
Granville Medical Center		390,944	1,873,583
Granville-Vance District Health Dept.		325,680	300,660
Area Mental Health		136,227	131,690
Total	853,586	852,851	735
Social Services			
Salaries and employee benefits		3,173,024	2,955,051
Other operating expenditures		6,174,602	6,432,470
Capital outlay		20,181	34,574
Total	10,206,317	9,367,807	838,510

GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	2008			2007
	Budget	Actual	Variance Positive (Negative)	Actual
Veterans Services				
Salaries and employee benefits		10,256		9,334
Other operating expenditures		536		440
Total	11,176	10,792	384	9,774
Senior Services				
Salaries and employee benefits		300,587		270,957
Other operating expenditures		139,006		132,982
Capital outlay		7,590		2,866
Total	490,013	447,183	42,830	406,805
Senior Services-Nutrition/In-Home Aid				
Salaries and employee benefits		208,171		191,127
Other operating expenditures		337,163		313,009
Capital Outlay		-		-
Total	534,224	545,334	(11,110)	504,136
Total Human Services	12,095,316	11,223,967	871,349	12,648,743
<u>Education</u>				
Granville County School System				
Current Expense	11,968,276	11,968,276	-	10,319,028
Capital	464,059	464,059	-	268,216
Total	12,432,335	12,432,335	-	10,587,244
Vance-Granville Community College				
Operating expenditures		509,036		489,458
Library		26,523		25,503
Capital Outlay		16,000		42,538
Total	551,559	551,559	-	557,499
Total Education	12,983,894	12,983,894	-	11,144,743
<u>Non-Departmental & Special Areas</u>				
Special Projects	218,905	206,768	12,137	268,222
Pass Thru Funds	484,023	447,205	36,818	503,015
Non-Departmental	3,151,463	1,538,885	1,612,578	1,604,509
Granville County Tourism Development Authority	159,900	156,295	3,605	111,225
Total Non-Departmental & Special Areas	4,014,291	2,349,153	1,665,138	2,486,971

GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	2008			2007
	Budget	Actual	Variance Positive (Negative)	Actual
<u>Debt Service</u>				
South Granville Industrial Park				
Principal		89,856		86,545
Interest		13,581		16,892
Total		103,437		103,437
Hospital Financing				
Principal		75,437		18,392
Interest		57,436		14,826
Total		132,873		33,218
2001 Park Facilities Bond				
Principal		50,000		50,000
Interest		17,400		19,525
Total		67,400		69,525
2005 Public Improvement Bonds				
Principal		25,000		25,000
Interest		30,025		30,775
Total		55,025		55,775
E911 Equipment				
Principal		55,750		-
Interest		20,739		-
Total		76,489		-
Total Debt Service	435,247	435,224	23	261,955
Total Expenditures	45,127,804	41,283,692	3,844,112	39,609,685
Revenues Over (Under) Expenditures	794,149	6,470,552	5,676,403	5,179,713
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers-in:				
Landfill Capital Reserve Fund	1,607,756	765,050	(842,706)	40,000
Emergency Telephone System Fund	435,967	395,853	(40,114)	-
	2,043,723	1,160,903	(882,820)	40,000
Transfers-out:				
School Capital Reserve Fund	(4,078,627)	(4,253,708)	(175,081)	(4,013,426)
Other funds:				
Library Memorial Fund		(1,302)		-
Landfill Capital Reserve Fund		(458,460)		(150,000)
Revaluation Reserve Fund		(58,000)		(58,000)
Capital Improvements Fund		(275,000)		(375,770)
Series 2005 School Bonds		-		(600,000)
Series 2005 Public Improvement Bonds		(127,200)		(603,524)
Solid Waste Fund		-		(98,551)
Vehicle Replacement Fund		(555,000)		(374,500)
Total Other Funds	(1,476,965)	(1,474,962)	2,003	(2,260,345)
Total transfers-out	(5,555,592)	(5,728,670)	(173,078)	(6,273,771)

GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	2008		2007	
	Budget	Actual	Variance Positive (Negative)	Actual
Contingency	(25,171)	-	25,171	-
Debt proceeds	-	-	-	1,500,000
Fund balance appropriated	2,742,891	-	(2,742,891)	-
Total Other Financial Sources (Uses)	(794,149)	(4,567,767)	(3,773,618)	(4,733,771)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	1,902,785	\$ 1,902,785	445,942
Fund Balance-July 1		18,253,341		17,807,399
Fund Balance-June 30		\$ 20,156,126		\$ 18,253,341

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

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, 2008**

	Special Revenue Funds							Capital Projects Funds				
	Revaluation Fund	Landfill Capital Reserve Fund	School Capital Reserve Fund	Emergency Telephone System Fund	CDBG Fund	R. H. Thornton Library Memorial Fund	Series 2005 Public Improvement Bond Fund	35 Million Dollar School Bond Fund	Capital Improvements Fund	Vehicle Replacement Fund	Project Ordinance Activities Fund	June 30,2008
<u>ASSETS</u>												
Current Assets:												
Cash and cash equivalents	\$ 425,844	\$ 1,405,766	\$ 2,365,597	\$ 595,268	\$ -	\$ 217,780	\$ -	\$ 64,757	\$ 1,639,050	\$ 262,865	\$ -	\$ 6,976,927
Restricted cash	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	86,818	-	-	-	-	-	-	-	86,818
Due from other funds	-	-	384,731	-	-	-	-	-	-	-	-	384,731
Total Assets	<u>\$ 425,844</u>	<u>\$ 1,405,766</u>	<u>\$ 2,750,328</u>	<u>\$ 682,086</u>	<u>\$ -</u>	<u>\$ 217,780</u>	<u>\$ -</u>	<u>\$ 64,757</u>	<u>\$ 1,639,050</u>	<u>\$ 262,865</u>	<u>\$ -</u>	<u>\$ 7,448,476</u>
<u>LIABILITIES AND FUND EQUITY</u>												
Liabilities:												
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 91	\$ -	\$ -	\$ -	\$ 689	\$ 1,735	\$ -	\$ 2,515
Due to other funds	-	-	-	-	41,749	-	22,258	-	-	-	-	64,007
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,840</u>	<u>-</u>	<u>22,258</u>	<u>-</u>	<u>689</u>	<u>1,735</u>	<u>-</u>	<u>66,522</u>
Fund Equity:												
Fund Balance												
Reserved by State Statute	-	-	384,731	86,818	-	-	-	-	-	-	-	471,549
Unreserved (available for appropriation):												
Designated for subsequent year's expenditures	-	-	229,895	-	-	-	-	-	152,000	79,450	-	461,345
Unreserved	425,844	1,405,766	2,135,702	595,268	(41,840)	217,780	(22,258)	64,757	1,486,361	181,680	-	6,449,060
Total fund equity	<u>425,844</u>	<u>1,405,766</u>	<u>2,750,328</u>	<u>682,086</u>	<u>(41,840)</u>	<u>217,780</u>	<u>(22,258)</u>	<u>64,757</u>	<u>1,638,361</u>	<u>261,130</u>	<u>-</u>	<u>7,381,954</u>
Total Liabilities and Fund Equity	<u>\$ 425,844</u>	<u>\$ 1,405,766</u>	<u>\$ 2,750,328</u>	<u>\$ 682,086</u>	<u>\$ -</u>	<u>\$ 217,780</u>	<u>\$ -</u>	<u>\$ 64,757</u>	<u>\$ 1,639,050</u>	<u>\$ 262,865</u>	<u>\$ -</u>	<u>\$ 7,448,476</u>

**GRANVILLE COUNTY, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2008**

	Special Revenue Funds							Capital Projects Funds				
	Revaluation Fund	Landfill Capital Reserve Fund	School Capital Reserve Fund	Emergency Telephone System Fund	CDBG Fund	R. H. Thornton Library Memorial Fund	Series 2005 Public Improvement Bond Fund	35 Million Dollar School Bond Fund	Capital Improvements Fund	Vehicle Replacement Fund	Project Ordinance Activities Fund	June 30, 2008
REVENUES												
Restricted intergovernmental revenues	\$ -	\$ -	\$ 1,103,970	\$ 367,042	\$ 275,635	\$ -	\$ 289,875	\$ -	\$ -	\$ -	\$ -	\$ 2,036,522
Unrestricted intergovernmental revenues	-	-	-	-	-	-	-	-	500	-	-	500
Sales and other taxes	-	-	-	110,844	-	-	-	-	-	-	-	110,844
Licenses, fees, and other revenues	-	-	-	16,838	-	-	-	-	-	-	-	16,838
Investment earnings	16,266	51,630	128,279	12,950	-	8,054	6,168	1,289	111,896	-	-	336,532
Miscellaneous	-	-	-	-	-	-	5,000	-	-	1,229	-	6,229
Total Revenues	16,266	51,630	1,232,249	507,674	275,635	8,054	301,043	1,289	112,396	1,229	-	2,507,465
EXPENDITURES												
General government	-	-	-	-	-	-	-	-	-	-	-	-
Education	-	-	649,506	-	-	-	-	2,973,343	-	-	-	3,622,849
Public safety	-	-	-	314,693	-	-	-	-	-	-	-	314,693
Economic development	-	-	-	-	317,475	-	-	-	-	-	-	317,475
Capital outlay	-	-	-	-	-	-	1,082,867	-	1,225,454	570,337	-	2,878,658
Debt service	-	-	-	-	-	-	-	-	-	-	-	-
Principal	-	-	2,466,492	-	-	-	-	-	-	-	-	2,466,492
Interest	-	-	1,976,072	-	-	-	-	-	-	-	-	1,976,072
Bond issuance costs	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	-	-	5,092,070	314,693	317,475	-	1,082,867	2,973,343	1,225,454	570,337	-	11,576,239
Revenues Over (under)												
Expenditures	16,266	51,630	(3,859,821)	192,981	(41,840)	8,054	(781,824)	(2,972,054)	(1,113,058)	(569,108)	-	(9,068,774)
OTHER FINANCING SOURCES (USES)												
Issuance of debt	-	-	-	1,115,000	-	-	-	2,744,760	-	-	-	3,859,760
Premium on debt	-	-	-	-	-	-	-	-	-	-	-	-
Transfers-in (out)	-	-	-	-	-	-	-	-	-	-	-	-
Library Memorial Fund	-	-	-	-	-	-	-	-	(24,000)	-	-	(24,000)
Capital Improvements Funds	-	-	-	-	-	24,000	-	-	-	-	-	24,000
Series 2001 Bond Fund	-	-	-	-	-	-	-	-	-	-	-	-
35 Million Dollar School Bond Fund	-	-	(1,009,985)	-	-	-	-	-	-	-	-	(1,009,985)
Project Ordinance Activities Fund	-	-	280,999	-	-	-	-	-	-	-	-	280,999
School Capital Reserve Fund	-	-	-	-	-	-	-	1,009,985	-	-	-	1,009,985
School Capital Reserve Fund	-	-	-	-	-	-	-	-	-	-	(280,999)	(280,999)
Lyon Station W&S Fund	-	611,605	-	-	-	-	-	-	-	-	-	611,605
Lyon Station W&S Fund	-	(16,723)	-	-	-	-	-	-	-	-	-	(16,723)
Solid Waste Management	-	-	-	-	-	-	-	-	-	-	-	-
General Fund	58,000	458,460	4,253,708	-	-	1,302	127,200	-	275,000	555,000	-	5,728,670
General Fund	-	(765,050)	-	(395,853)	-	-	-	-	-	-	-	(1,160,903)
Total Other Financing Sources (Uses)	58,000	288,292	3,524,722	719,147	-	25,302	127,200	3,754,745	251,000	555,000	(280,999)	9,022,409
Net Change in Fund Balances	74,266	339,922	(335,099)	912,128	(41,840)	33,356	(654,624)	782,691	(862,058)	(14,108)	(280,999)	(46,365)
Fund Balance - July 1	351,578	1,065,844	3,085,427	(230,042)	-	184,424	632,366	(717,934)	2,500,419	275,238	280,999	7,428,319
Fund Balance - June 30	\$ 425,844	\$ 1,405,766	\$ 2,750,328	\$ 682,086	\$ (41,840)	\$ 217,780	\$ (22,258)	\$ 64,757	\$ 1,638,361	\$ 261,130	\$ -	\$ 7,381,954

**GRANVILLE COUNTY, NORTH CAROLINA
REVALUATION FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007**

	2008			2007
	Budget	Actual	Variance Positive (Negative)	Actual
<u>REVENUES</u>				
Investment earnings	\$ 6,000	\$ 16,266	\$ 10,266	\$ 16,245
<u>EXPENDITURES</u>				
General government				
Tax listing	64,000	-	64,000	-
Revenues Over (Under) Expenditures	(58,000)	16,266	74,266	16,245
<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	\$ -	74,266	\$ 74,266	74,245
Fund Balance - July 1		351,578		277,333
Fund Balance - June 30		\$ 425,844		\$ 351,578

**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, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
<u>REVENUES</u>					
Investment earnings	\$ -	\$ 602,660	\$ 51,630	\$ 654,290	\$ 654,290
<u>EXPENDITURES</u>					
Landfill	-	-	-	-	-
Revenues Over (Under) Expenditures	-	602,660	51,630	654,290	654,290
<u>OTHER FINANCING SOURCES (USES)</u>					
Appropriated Fund Balance	712,000	-	-	-	712,000
Transfers-in (out)					
General Fund	3,487,589	690,304	458,460	1,148,764	(2,338,825)
General Fund	(3,487,589)	(1,920,238)	(765,050)	(2,685,288)	802,301
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	611,605	838,755	(10,110)
Lyon Station Water and Sewer Fund	(848,865)	(822,032)	(16,723)	(838,755)	10,110
Total Other Financing Sources (Uses)	-	463,184	288,292	751,476	751,476
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ 1,065,844	339,922	\$ 1,405,766	\$ 1,405,766
Fund Balance - July 1			1,065,844		
Fund Balance - June 30			\$ 1,405,766		

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, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

	2008		Variance	2007
	Budget	Actual	Positive (Negative)	Actual
<u>REVENUES</u>				
Restricted intergovernmental revenues	\$ 1,103,970	\$ 1,103,970	\$ -	\$ 758,693
Investment earnings	46,452	128,279	81,827	113,056
Total Revenues	1,150,422	1,232,249	81,827	871,749
<u>EXPENDITURES</u>				
Education	930,505	649,506	280,999	624,525
Debt Service				
Principal		2,466,492		1,900,000
Interest		1,976,072		1,814,810
Total	4,442,564	4,442,564	-	3,714,810
Total Expenditures	5,373,069	5,092,070	280,999	4,339,335
Revenues Over (Under) Expenditures	(4,222,647)	(3,859,821)	362,826	(3,467,586)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from other funds				
General Fund	4,078,627	4,253,708	175,081	4,013,426
Project Ordinance Activities Fund	280,999	280,999	-	-
Transfers to other funds				
35 Million Dollar School Bond Fund	(1,009,985)	(1,009,985)	-	-
Series 2001 School Bonds	-	-	-	-
Total Other Financing Sources (Uses)	3,349,641	3,524,722	175,081	4,013,426
Excess of Revenues and Other Sources Over (Under)				
Expenditures and Other Uses	(873,006)	(335,099)	537,907	545,840
Appropriated Fund Balance	873,006	-	(873,006)	-
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ -	(335,099)	\$ (335,099)	545,840
Fund Balance - July 1		3,085,427		2,539,587
Fund Balance - June 30		\$ 2,750,328		\$ 3,085,427

**GRANVILLE COUNTY, NORTH CAROLINA
EMERGENCY TELEPHONE SYSTEM FUND
SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007**

	2008			2007
	Budget	Actual	Variance Positive (Negative)	Actual
<u>REVENUES</u>				
Sales and other taxes:				
911 system subscriber fees	\$ 110,307	\$ 110,844	\$ 537	\$ 224,034
Licenses, fees and other revenues				
GIS subscription fees	16,650	16,650	-	19,750
Fees for signs	-	188	188	6,115
Restricted intergovernmental revenues:				
Wireless 911 funds	200,000	367,042	167,042	253,315
Investment earnings				
E911	57	71	14	15,209
Wireless	4,122	12,879	8,757	18,604
Total	4,179	12,950	8,771	33,813
Total Revenues	331,136	507,674	176,538	537,027
<u>EXPENDITURES</u>				
Public safety:				
911 system subscriber fees:				
Salaries		19,776		36,328
Telephone		48,361		111,498
Other operating expenditures		71,078		139,007
Capital outlay		5,114		1,099,056
Total subscriber fees	1,242,014	144,329	1,097,685	1,385,889
Wireless 911:				
Salaries		-		-
Telephone		72,018		10,087
Other operating expenditures		57,389		41,358
Capital outlay		40,957		259,532
Total Wireless 911	219,122	170,364	48,758	310,977
Total Expenditures	1,461,136	314,693	1,146,443	1,696,866
Revenues Over (Under) Expenditures	(1,130,000)	192,981	(969,905)	(1,159,839)

**GRANVILLE COUNTY, NORTH CAROLINA
EMERGENCY TELEPHONE SYSTEM FUND
SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007**

	2008		Variance	2007
	Budget	Actual	Favorable (Unfavorable)	Actual
<u>OTHER FINANCING SOURCES (USES)</u>				
Issuance of Debt-Wireline	1,115,000	1,115,000	-	-
Issuance of Debt-Wireless	-	-	-	-
Fund balance appropriated-wireline	435,967	-	(435,967)	-
Fund balance appropriated-wireless	15,000	-	(15,000)	-
Total	<u>1,565,967</u>	<u>1,115,000</u>	<u>(450,967)</u>	<u>-</u>
Transfers-in (out)				
General Fund	<u>(435,967)</u>	<u>(395,853)</u>	<u>40,114</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,130,000</u>	<u>719,147</u>	<u>(410,853)</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	912,128	<u>\$ 912,128</u>	(1,159,839)
Fund Balance - July 1				
E911 Fund		(702,571)		418,210
Wireless 911		<u>472,529</u>		<u>511,587</u>
Beginning of year totals		<u>(230,042)</u>		<u>929,797</u>
Fund Balance - June 30				
E911 Fund		-		(702,571)
Wireless 911		<u>682,086</u>		<u>472,529</u>
End of year totals		<u>\$ 682,086</u>		<u>\$ (230,042)</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, 2008

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
<u>REVENUES</u>					
Restricted intergovernmental revenues					
Federal and State grants	\$ 400,000	\$ 581,929	\$ 275,635	\$ 857,564	\$ 457,564
<u>EXPENDITURES</u>					
General Government					
Administration	40,000	16,762	28,739	45,501	(5,501)
Relocation	208,000	297,391	206,960	504,351	(296,351)
Rehabilitation	102,000	233,962	54,712	288,674	(186,674)
Clearance	10,000	33,814	9,242	43,056	(33,056)
Urgent Needs	40,000	-	17,822	17,822	22,178
Total	400,000	581,929	317,475	899,404	(499,404)
Revenues Over (Under) Expenditures	-	-	(41,840)	(41,840)	(41,840)
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers from other funds					
General Fund	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ -	-	\$ (41,840)	\$ (41,840)
Fund Balance - July 1			-		
Fund Balance - June 30			\$ (41,840)		

**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, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007**

	2008		Variance	2007
	Budget	Actual	Positive (Negative)	Actual
<u>REVENUES</u>				
Investment Earnings	\$ -	\$ 8,054	\$ 8,054	\$ 9,217
<u>EXPENDITURES</u>				
Library Entrance Remodel	14,000	-	14,000	-
Donations	-	-	-	-
Total Expenditures	14,000	-	14,000	-
Revenues over (under) expenditures	(14,000)	8,054	22,054	9,217
<u>OTHER FINANCING SOURCES (USES)</u>				
Fund balance appropriated	-	-	-	-
Transfer-in(out)				
Capital Improvements Fund	(10,000)	-	10,000	-
Capital Improvements Fund	24,000	24,000	-	-
General Fund	(1,305)	-	1,305	-
General Fund	1,305	1,302	(3)	-
Total other financing sources (uses)	14,000	25,302	11,302	-
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	33,356	<u>\$ 33,356</u>	9,217
<u>FUND BALANCE</u>				
Beginning of year - July 1		184,424		175,207
End of year - June 30		<u>\$ 217,780</u>		<u>\$ 184,424</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, 2008**

	<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	\$ -	\$ 285,000	\$ 285,000	\$ (215,000)
DOT Funds	75,000	-	4,875	4,875	(70,125)
Investment earnings	10,500	30,159	6,168	36,327	25,827
Other revenues					
Donations/Sponsorships	34,500	2,500	5,000	7,500	(27,000)
Total Revenues	620,000	32,659	301,043	333,702	(286,298)
<u>EXPENDITURES</u>					
Issuance Cost		-	-	-	
Construction Cost		355,734	1,082,867	1,438,601	
Total	1,700,724	355,734	1,082,867	1,438,601	262,123
Total Expenditures	1,700,724	355,734	1,082,867	1,438,601	262,123
Revenues Over (Under) Expenditures	(1,080,724)	(323,075)	(781,824)	(1,104,899)	(24,175)
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfer from General Fund	730,724	603,524	127,200	730,724	-
Issuance of debt	350,000	350,000	-	350,000	-
Premium on debt	-	1,917	-	1,917	1,917
Total Other Financing Sources (Uses)	1,080,724	955,441	127,200	1,082,641	1,917
Excess of Revenues and Other Sources Over (Under) Expenditures And Other Uses	\$ -	\$ 632,366	(654,624)	\$ (22,258)	\$ (22,258)
Fund Balance - July 1			632,366		
Fund Balance - June 30			\$ (22,258)		

**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, 2008**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Favorable (Unfavorable)
REVENUES					
Restricted intergovernmental					
Contribution from NC DOT	\$ 50,000	\$ -	\$ -	\$ -	\$ (50,000)
Contribution from GCS CNS	55,735	-	-	-	(55,735)
Investment earnings	1,268,169	1,266,882	1,289	1,268,171	2
Total	1,373,904	1,266,882	1,289	1,268,171	(105,733)
EXPENDITURES					
Issuance Cost	104,774	94,789	9,985	104,774	-
Construction Cost					
Creedmoor		2,857,867	-	2,857,867	
Stovall-Shaw		2,697,709	-	2,697,709	
Butner-Stem Elementary		2,156,427	-	2,156,427	
Hawley Middle		3,221,043	-	3,221,043	
Mount Energy		785,730	-	785,730	
Wilton		420,450	-	420,450	
Central Area High School		19,255,919	2,472,713	21,728,632	
Credle		559,703	49,066	608,769	
Northern Granville		1,097,156	109,099	1,206,255	
West Oxford		651,778	49,752	701,530	
Toler Oak-Hill		610,931	23,202	634,133	
J. F. Webb		1,080,873	120,222	1,201,095	
Mary Potter		584,247	23,068	607,315	
South Granville		2,114,517	116,236	2,230,753	
Total	41,228,197	38,094,350	2,963,358	41,057,708	170,489
Total Expenditures	41,332,971	38,189,139	2,973,343	41,162,482	170,489
Revenues Over (Under) Expenditures	(39,959,067)	(36,922,257)	(2,972,054)	(39,894,311)	64,756
OTHER FINANCING SOURCES (USES)					
Debt issued	38,159,760	35,415,000	2,744,760	38,159,760	-
Premium on debt	189,322	189,323	-	189,323	1
Transfers-in					
General Fund	600,000	600,000	-	600,000	-
School Capital Reserve Fund	1,009,985	-	1,009,985	1,009,985	-
Total Other Financing Sources (Uses)	39,959,067	36,204,323	3,754,745	39,959,068	1
Excess of Revenues and Other Sources Over (Under) Expenditures And Other Uses	\$ -	\$ (717,934)	782,691	\$ 64,757	\$ 64,757
Fund Balance - July 1			(717,934)		
Fund Balance - June 30			\$ 64,757		

**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, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007**

	2008		Variance	2007
	Budget	Actual	Positive (Negative)	Actual
<u>REVENUES</u>				
Restricted intergovernmental revenues				
Federal and State grants	\$ 186,500	\$ -	\$ (186,500)	\$ 47,228
Unrestricted intergovernmental revenues				
Donations	10,000	500	(9,500)	-
Other revenue	5,100	-	(5,100)	-
Investment earnings	67,500	111,896	44,396	154,668
Total Revenues	269,100	112,396	(156,704)	201,896
<u>EXPENDITURES</u>				
Capital Outlay	2,406,234	1,225,454	1,180,780	920,004
Revenues Over (Under) Expenditures	(2,137,134)	(1,113,058)	1,024,076	(718,108)
<u>OTHER FINANCING SOURCES (USES)</u>				
Fund Balance appropriated	1,876,134	-	1,876,134	-
Transfers-in (out)				
Library Memorial Fund	10,000	-	(10,000)	-
Library Memorial Fund	(24,000)	(24,000)	-	-
General Fund	275,000	275,000	-	375,770
Total Other Financing Sources (Uses)	2,137,134	251,000	1,866,134	375,770
Excess of Revenues and Other				
Sources Over (Under) Expenditures and Other Uses	\$ -	(862,058)	\$ (862,058)	(342,338)
Fund Balance - July 1		2,500,419		2,842,757
Fund Balance - June 30		\$ 1,638,361		\$ 2,500,419

**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, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007**

	2008		Variance	2007
	Budget	Actual	Positive (Negative)	Actual
<u>REVENUES</u>				
Investment earnings	\$ 750	\$ -	\$ (750)	\$ -
Miscellaneous				
Sales of fixed assets	16,500	1,229	(15,271)	6,652
Total Revenues	<u>17,250</u>	<u>1,229</u>	<u>(16,021)</u>	<u>6,652</u>
<u>EXPENDITURES</u>				
Capital Outlay				
Vehicles	640,045	570,337	69,708	328,739
Contingency	-	-	-	-
Total Expenditures	<u>640,045</u>	<u>570,337</u>	<u>69,708</u>	<u>328,739</u>
Revenues Over (Under) Expenditures	<u>(622,795)</u>	<u>(569,108)</u>	<u>53,687</u>	<u>(322,087)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Fund Balance appropriated	67,795	-	67,795	-
Transfers-in				
General Fund	555,000	555,000	-	374,500
Solid Waste Management Fund	-	-	-	-
Transfers-out				
Solid Waste Management Fund	-	-	-	-
Total Other Financing Sources (Uses)	<u>622,795</u>	<u>555,000</u>	<u>67,795</u>	<u>374,500</u>
Excess of Revenues and Other				
Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>(14,108)</u>	<u>\$ (14,108)</u>	<u>52,413</u>
Fund Balance - July 1		<u>275,238</u>		<u>222,825</u>
Fund Balance - June 30		<u>\$ 261,130</u>		<u>\$ 275,238</u>

GRANVILLE COUNTY, NORTH CAROLINA
PROJECT ORDINANCE ACTIVITIES FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007

	Wilton Water	Wilton Sewer	Stovall Sewer	Combining Totals	
				June 30, 2008	June 30, 2007
<u>REVENUES</u>					
Restricted intergovernmental revenues					
Federal and State grants	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	-	-	-
Total Revenues	-	-	-	-	-
<u>EXPENDITURES</u>					
Construction/Engineering	-	-	-	-	-
Engineering	-	-	-	-	-
Administration/Design	-	-	-	-	-
Tap Fee/Other	-	-	-	-	-
Construction	-	-	-	-	-
Construction/Contingency	-	-	-	-	-
Total Expenditures	-	-	-	-	-
Revenues Over (Under) Expenditures	-	-	-	-	-
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers-in (out)					
General Fund	-	-	-	-	-
School Capital Reserve Fund	(42,538)	(158,246)	(80,215)	(280,999)	-
Lyon Station Water & Sewer Fund	-	-	-	-	-
Capital Improvement Fund	-	-	-	-	-
Total Other Financing Sources (Uses)	(42,538)	(158,246)	(80,215)	(280,999)	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(42,538)	(158,246)	(80,215)	(280,999)	-
Fund Balances:					
Fund Balance-July 1	42,538	158,246	80,215	280,999	280,999
Fund Balance-June 30	\$ -	\$ -	\$ -	\$ -	\$ 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, 2008**

	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>1,329,962</u>	<u>1,143,045</u>	<u>-</u>	<u>1,143,045</u>	<u>186,917</u>
Revenues Over (Under) Expenditures	<u>(67,609)</u>	<u>(67,609)</u>	<u>-</u>	<u>(67,609)</u>	<u>-</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers-in (out)					
School Capital Reserve Fund	(42,538)	-	(42,538)	(42,538)	-
School Capital Reserve Fund	110,147	110,147	-	110,147	-
Total	<u>67,609</u>	<u>110,147</u>	<u>(42,538)</u>	<u>67,609</u>	<u>-</u>
Excess of Revenues and Other Sources					
Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 42,538</u>	<u>(42,538)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances:					
Beginning of year - July 1			<u>42,538</u>		
End of year - June 30			<u>\$ -</u>		

**GRANVILLE COUNTY, NORTH CAROLINA
WILTON SEWER
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

	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>796,954</u>	<u>757,411</u>	<u>-</u>	<u>757,411</u>	<u>39,543</u>
Revenues Over (Under) Expenditures	<u>158,246</u>	<u>158,246</u>	<u>-</u>	<u>158,246</u>	<u>-</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers-in (out)					
School Capital Reserve Fund	(158,246)	-	(158,246)	(158,246)	-
Total Other Financing Sources (Uses)	<u>(158,246)</u>	<u>-</u>	<u>(158,246)</u>	<u>(158,246)</u>	<u>-</u>
Excess of Revenues and Other Sources					
Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 158,246</u>	<u>(158,246)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances:					
Beginning of year - July 1			<u>158,246</u>		
End of year - June 30			<u>\$ -</u>		

**GRANVILLE COUNTY, NORTH CAROLINA
STOVALL SEWER
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30,2008**

	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	13,508	13,508	-	13,508	-
Administration	4,250	4,250	-	4,250	-
Tap Fee/Other	175,000	175,000	-	175,000	-
Construction	125,027	125,027	-	125,027	-
Total Expenditures	<u>317,785</u>	<u>317,785</u>	<u>-</u>	<u>317,785</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>(94,785)</u>	<u>(94,785)</u>	<u>-</u>	<u>(94,785)</u>	<u>-</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers-in (out)					
School Capital Reserve Fund	(80,215)	-	(80,215)	(80,215)	-
School Capital Reserve Fund	175,000	175,000	-	175,000	-
Total Other Financing Sources (Uses)	<u>94,785</u>	<u>175,000</u>	<u>(80,215)</u>	<u>94,785</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 80,215</u>	<u>(80,215)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances:					
Beginning of year - July 1			<u>80,215</u>		
End of year - June 30			<u>\$ -</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, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

	2008		Variance	2007
	Budget	Actual	Positive (Negative)	Actual
<u>REVENUES</u>				
Operating revenues				
Landfill user fees	\$ 622,160	\$ 526,848	\$ (95,312)	\$ 603,886
Solid waste charges	820,000	947,646	127,646	876,319
Other operating revenues				
White goods		55,612		22,315
Scrap tire disposal tax		60,774		74,401
Compost/Mulch sales		4,575		7,270
Miscellaneous		250		8,734
Total	85,000	121,211	36,211	112,720
Total Operating Revenues	1,527,160	1,595,705	68,545	1,592,925
Nonoperating Revenues				
Interest earned on investments	55,000	144,531	89,531	162,654
Total Revenues	1,582,160	1,740,236	158,076	1,755,579
<u>EXPENDITURES</u>				
Solid Waste Operations				
Professional Services		-		-
Printing		-		230
Supplies and materials		187		588
Manned sites		349,504		338,214
Oil and Anti-Freeze Disposal		2,246		1,057
Freon Removal		6,725		9,360
Waste disposal		269,934		241,630
Container transportation		241,358		244,942
Maintenance and grounds		988		1,560
Miscellaneous		102		
Total	915,197	871,044	44,153	837,581
Site remodeling and construction	30,000	6,659	23,341	2,805
Total Solid Waste Operations	945,197	877,703	67,494	840,386

GRANVILLE COUNTY, NORTH CAROLINA
SOLID WASTE MANAGEMENT
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

	2008		Variance	2007
	Budget	Actual	Positive (Negative)	Actual
Landfill Operations				
Salaries and employee benefits		163,029		156,686
Administrative fee		20,000		20,000
Professional services		90,638		41,824
Credit card charges		422		325
Gas, oil, tires		9,046		5,374
Supplies and materials		5,794		10,679
Brush grinding		39,261		109,927
Travel		405		600
Telephone and postage		5,553		5,265
Utilities		2,903		2,606
Printing		96		-
Maintenance and grounds		15,356		2,371
Advertising		587		1,046
Tire disposal		66,903		80,410
Registration and training		8,069		6,098
Contract services		271,356		279,147
Brush pile maintenance		2,969		13,981
Computer service		725		1,235
Noncapitalized equipment		1,297		1,849
Total Landfill Operations	1,265,923	704,409	561,514	739,423
Budgetary Appropriations				
Capital outlay - landfill	33,000	-	33,000	722,250
Capital outlay - convenience sites	1,457,216	39,762	1,417,454	-
Total	1,490,216	39,762	1,450,454	722,250
Total Expenditures	3,701,336	1,621,874	2,079,462	2,302,059
Revenues Over (Under) Expenditures	(2,119,176)	118,362	2,237,538	(546,480)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers-in/out				
Landfill Capital Reserve Fund	-	-	-	712,000
General Fund	-	-	-	98,551
Fund Balance Appropriated				
Convenience sites	1,627,216	-	(1,627,216)	-
Landfill	406,763	-	(406,763)	-
Solid Waste	85,197	-	(85,197)	-
Total Other Financing Sources (Uses)	2,119,176	-	(2,119,176)	810,551
Revenues Over (Under) Sources and Other Uses	\$ -	\$ 118,362	\$ 118,362	\$ 264,071

GRANVILLE COUNTY, NORTH CAROLINA
SOLID WASTE MANAGEMENT
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

	2008		Variance	2007
	Budget	Actual	Positive (Negative)	Actual
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL				
Excess of revenues over (under) expenditures		\$ 118,362		\$ 264,071
Depreciation		(24,029)		(24,029)
Capital outlay		39,762		722,250
(Increase) decrease in accrued landfill closure and postclosure care costs		(4,913,192)		(35,315)
(Increase) decrease in accrued vacation payable		(1,206)		(3,240)
Net Income (loss)		<u>\$ (4,780,303)</u>		<u>\$ 923,737</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, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

	2008			2007
	Budget	Actual	Variance Positive (Negative)	Actual
<u>REVENUES</u>				
Operating Revenues				
Water and Sewer Fees	\$ 827,730	\$ 827,730	\$ -	\$ 980,176
Water sales - Creedmoor	-	-	-	34,470
Property taxes levied				
Current year		175,840		170,569
Prior year taxes and penalties		3,238		3,879
Total	179,078	179,078	-	174,448
Connections and other revenue				
Connections		14,341		27,274
Miscellaneous		29,978		45,655
Total	44,318	44,319	(1)	72,929
Total	1,051,126	1,051,127	(1)	1,262,023
Nonoperating Revenues				
Interest earned on investments	-	-	-	-
Availability fees	-	-	-	162,360
Administration fee-Stem	-	-	-	-
Fund balance appropriated	3,845,014	-	(3,845,014)	-
Total	3,845,014	-	(3,845,014)	162,360
Total Revenues	4,896,140	1,051,127	(3,845,015)	1,424,383
<u>EXPENDITURES</u>				
Administration				
Salaries and employee benefits		47,160		72,928
Administrative fee		32,447		32,447
Professional services		-		1,090
Postage and telephone		1,450		2,416
Printing		-		364
Travel		48		1,958
Supplies and materials		268		1,155
Contracted services		72,305		122,249
Credit card charges		456		446
Gas, Oil & Tires		(171)		357
Interest		(1,703)		(388)
Non-capitalized equipment		-		3,542
Computer service		2,000		1,908
Total		154,260		240,472

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, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

	2008		Variance	2007
	Budget	Actual	Positive (Negative)	Actual
Water distribution and sewer collection				
Utilities		210		(190)
Water and sewer treatment purchase		664,955		722,373
Water and sewer connections		1,850		-
Meter purchases		3,243		-
Total		670,258		722,183
Total Lyon Station Operations	872,508	824,518	47,990	962,655
Debt service				
Interest		15,609		23,930
Principal		539,156		122,605
Total	15,609	554,765	(539,156)	146,535
Other Expenditures				
Plant Upgrade Contribution	-	-	-	-
Construction	6,838	6,838	-	-
Total	6,838	6,838	-	-
Budgetary Appropriations				
Capital outlay	-	-	-	-
Total Expenditures	894,955	1,386,121	(539,156)	1,109,190
Revenues Over (Under) Expenditures	4,001,185	(334,994)	(4,336,179)	315,193
<u>OTHER FINANCING SOURCES (USES)</u>				
Refinancing lease purchase agreement	-	-	-	-
Debt repayment	-	-	-	-
Transfers-in (out)				
Project Ordinance Activities Fund	-	-	-	-
Landfill Capital Reserve Fund	16,723	16,723	-	-
Landfill Capital Reserve Fund	(611,605)	(611,605)	-	-
Capital Improvement Fund	-	-	-	-
SGWASA	(3,406,303)	(3,406,303)	-	-
	(4,001,185)	(4,001,185)	-	-
Excess of Revenues and Other Sources				
Over (Under) Expenditures and Other Uses	\$ -	\$ (4,336,179)	\$ (4,336,179)	\$ 315,193

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, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

	2008		Variance	2007
	Budget	Actual	Positive (Negative)	Actual
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL				
Excess of revenues over (under) expenditures		\$ (4,336,179)		\$ 315,193
Debt principal		539,156		122,605
Capital outlay		-		-
Depreciation		(45,766)		(104,224)
Amortization		(4,995)		(1,249)
(Increase) decrease in compensated absences payable		2,771		(646)
Net Income		<u>\$ (3,845,013)</u>		<u>\$ 331,679</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, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

	2006			2005
	Budget	Actual	Variance Positive (Negative)	Actual
<u>REVENUES</u>				
Operating Revenues				
Water and Sewer Fees	149,794	149,794	\$ -	\$ 293,379
Miscellaneous	250	250	-	138
Total	150,044	150,044	-	293,517
Nonoperating Revenues				
Interest earned on investments	-	-	-	-
Fund balance appropriated	317,627	-	(317,627)	-
Total	317,627	-	(317,627)	-
Total Revenues	467,671	150,044	(317,627)	293,517
<u>EXPENDITURES</u>				
Administration				
Salaries and employee benefits		8,291		31,783
Registration and training		-		-
Postage and telephone		788		1,287
Printing		-		364
Credit card charges		338		239
Supplies and materials		265		198
Contracted services		20,845		36,024
Travel		-		-
Dues and subscriptions		-		-
Advertising		-		-
Computer service		469		426
Gas, oil and tires		-		-
Water analysis		-		-
Equipment rental		-		-
Non-capitalized equipment		3,488		-
Miscellaneous		-		-
Total		34,484		70,321
Water distribution and sewer collection				
Utilities		49		146
Water and sewer treatment purchase		140,972		162,002
Meter purchases		-		-
Chemicals		-		-
Total		141,021		162,148
Total Operations	182,725	175,505	7,220	232,469

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, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

	2008		Variance	2007
	Budget	Actual	Positive (Negative)	Actual
Budgetary Appropriations				
Other Transfers and Expenditures				
Administration Fee	7,553	7,553	-	7,553
Telemetry Project	-	-	-	-
Total	<u>7,553</u>	<u>7,553</u>	<u>-</u>	<u>7,553</u>
Total Expenditures	<u>190,278</u>	<u>183,058</u>	<u>7,220</u>	<u>240,022</u>
Revenues Over (Under) Expenditures	<u>277,393</u>	<u>(33,014)</u>	<u>(310,407)</u>	<u>53,495</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Refinancing lease purchase agreement	-	-	-	-
Debt repayment	-	-	-	-
Transfers-in (out)				
SGWASA	<u>(277,393)</u>	<u>(277,393)</u>	<u>-</u>	<u>-</u>
	<u>(277,393)</u>	<u>(277,393)</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Sources				
Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (310,407)</u>	<u>\$ (310,407)</u>	<u>\$ (310,407)</u>

RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL

Excess of revenues over (under) expenditures	\$ (310,407)	\$ 53,495
Depreciation	(7,219)	(6,880)
(Increase) decrease in compensated absences payable	-	(646)
Net Income	<u>\$ (317,626)</u>	<u>\$ 45,969</u>

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, 2008

	Agency Funds			
	Social Services Fund	Granville County Tourism Development Authority	DMV Interest Fund	Total Agency Funds
ASSETS				
Cash and investments	\$ 42,756	\$ -	\$ 2,783	\$ 45,539
Due from other fund	-	39,185	-	39,185
Total Assets	<u>\$ 42,756</u>	<u>\$ 39,185</u>	<u>\$ 2,783</u>	<u>\$ 84,724</u>
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Miscellaneous liabilities	42,756	-	2,783	45,539
Due to other funds	-	-	-	-
Due to component unit	-	39,185	-	39,185
Total Liabilities	<u>42,756</u>	<u>39,185</u>	<u>2,783</u>	<u>84,724</u>
Net Assets:				
Unreserved	-	-	-	-
Total Liabilities and Net Assets	<u>\$ 42,756</u>	<u>\$ 39,185</u>	<u>\$ 2,783</u>	<u>\$ 84,724</u>

GRANVILLE COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
<u>Social Services</u>				
Assets				
Cash and cash equivalents	\$ 64,088	\$ 233,785	\$ 255,117	\$ 42,756
Liabilities				
Miscellaneous liabilities	\$ 64,088	\$ 233,785	\$ 255,117	\$ 42,756
<u>Granville County Tourism Development Authority</u>				
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other fund	-	39,185	-	39,185
Total assets	\$ -	\$ 39,185	\$ -	\$ 39,185
Liabilities				
Due to component unit	\$ -	\$ 39,185	\$ -	\$ 39,185
<u>DMV Interest Fund</u>				
Assets				
Cash and cash equivalents	\$ 2,554	\$ 36,762	\$ 36,533	\$ 2,783
Liabilities				
Due to DMV	\$ 2,554	\$ 36,762	\$ 36,533	\$ 2,783
<u>Total - All Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 66,642	\$ 270,547	\$ 291,650	\$ 45,539
Due from other fund	-	39,185	-	39,185
Total assets	\$ 66,642	\$ 309,732	\$ 291,650	\$ 84,724
Liabilities				
Miscellaneous liabilities	\$ 66,642	\$ 270,547	\$ 291,650	\$ 45,539
Due to component unit	-	39,185	-	39,185
Total liabilities	\$ 66,642	\$ 309,732	\$ 291,650	\$ 84,724

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, 2008

Fiscal Year	Uncollected Balance JULY 1, 2007	Additions	Collections and Adjustments	Uncollected Balance JUNE 30, 2008
2008		\$ 25,502,246	\$ 24,349,013	\$ 1,153,233
2007	1,288,520	-	838,334	450,186
2006	358,389	-	197,909	160,480
2005	186,663	-	74,962	111,701
2004	123,339	-	41,708	81,631
2003	92,537	-	21,179	71,358
2002	84,785	-	9,908	74,877
2001	64,292	-	8,191	56,101
2000	50,185	-	3,525	46,660
1999	36,521	-	1,567	34,954
1998	37,316	-	37,316	-
	<u>\$ 2,322,547</u>	<u>\$ 25,502,246</u>	<u>\$ 25,583,612</u>	<u>\$ 2,241,181</u>

Reconcilement with revenues:

Taxes-ad valorem-General Fund

\$ 26,674,614

Interest and Discounts

(1,126,918)

25,547,696

Amounts written off for tax year 1997 - 1998
per statute of limitations

35,918

Total Collections and Credits

\$ 25,583,614

**GRANVILLE COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
JUNE 30, 2008**

	County-wide			Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Total Levy		
Original levy:					
Property taxed at current year's rate	\$ 2,997,456,552	0.755	\$ 22,630,797	\$ 22,630,797	\$ -
Registered motor vehicles taxed at current year's rate	250,522,649	0.755	1,891,446	-	1,891,446
Registered motor vehicles taxed at prio year's rate	140,914,286	0.700	986,400	-	986,400
Total	3,388,893,487		25,508,643	22,630,797	2,877,846
Discoveries:					
Current and prior year's taxes	123,665,695	0.755	933,676	933,676	-
Abatements	(7,263,444)	0.700	(54,839)	(54,839)	-
Total Property Valuation	<u>\$ 3,505,295,738</u>				
Net Levy			26,387,480	23,509,634	2,877,846
Uncollected taxes at June 30, 2008			1,153,233	632,920	520,313
Current year's taxes collected			<u>\$ 25,234,247</u>	<u>\$ 22,876,714</u>	<u>\$ 2,357,533</u>
Current levy collection percentage			<u>95.63%</u>	<u>97.31%</u>	<u>81.92%</u>

STATISTICAL SECTION

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

TABLE 1

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
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	\$ 13,396,938
Restricted	580,799	134,488	107,052	-	-	30,967
Unrestricted	3,939,747	4,453,718	7,951,477	1,896,288	(20,032,740)	(19,228,369)
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>	<u>(5,800,464)</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	1,332,910
Restricted	-	-	-	-	-	-
Unrestricted	2,601,987	1,913,101	2,884,623	3,396,631	3,988,295	(2,694,898)
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>	<u>(1,361,988)</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	14,729,848
Restricted	580,799	134,488	107,052	-	-	30,967
Unrestricted	6,541,734	6,366,819	10,836,100	5,292,919	(16,044,445)	(21,923,267)
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>	<u>\$ (7,162,452)</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 SIX FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Expenses						
Governmental activities:						
General government	\$ 2,089,495	\$ 2,302,821	\$ 2,457,507	\$ 2,844,996	\$ 2,496,066	\$ 2,764,176
Public safety	6,982,275	7,612,578	7,886,433	9,096,766	9,465,578	10,376,749
Transportation	81,109	-	87,213	133,184	161,752	228,242
Environmental Protection	-	-	-	282,791	-	-
Economic and physical development	32,080	3,039	328,880	-	28,224	333,567
Human Services	8,275,311	9,244,877	10,045,609	10,796,551	12,612,304	11,196,564
Community Services	1,777,371	1,905,788	2,022,929	2,005,795	2,610,956	2,542,373
Education	12,658,956	9,862,114	12,140,438	23,610,030	35,180,474	16,596,758
Non-departmental and special areas	1,258,089	2,981,758	1,512,564	1,879,547	2,407,906	2,211,016
Interest on long-term debt	877,787	815,974	849,244	1,760,155	1,938,828	2,115,040
Total governmental activities expenses	34,032,473	34,728,949	37,330,817	52,409,815	66,902,088	48,364,485
Business-type activities						
Water and Sewer	1,147,139	1,176,201	1,322,082	1,249,509	1,340,252	1,085,232
Solid Waste	1,308,277	1,419,918	1,352,833	1,396,116	1,642,393	6,520,539
Total business-type activities	2,455,416	2,596,119	2,674,915	2,645,625	2,982,645	7,605,771
Total primary government expenses	36,487,889	37,325,068	40,005,732	55,055,440	69,884,733	55,970,256
Program Revenues						
Governmental activities:						
Charges for services:						
General government	553,943	601,936	553,307	643,915	610,973	677,758
Public Safety	654,182	790,460	791,072	1,088,446	802,327	924,126
Environmental Protection	-	-	-	370	-	-
Human Services	958,110	1,096,834	1,129,081	1,285,775	1,137,207	1,499,949
Community Services	168,485	196,402	245,038	321,200	354,237	286,584
Operating grants and contributions						
General government	30,583	33,409	42,165	261,063	14,732	11,808
Public Safety	240,534	298,679	312,546	345,704	357,011	526,668
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	5,967,518
Community Services	216,138	263,599	288,268	193,210	193,001	180,085
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	171,471
Economic and physical development	970,065	1,685,124	763,129	333,941	(14,349)	275,635
Community Services	75,000	75,000	75,000	89,631	108,513	370,000
Education	100,000	100,000	200,000	400,000	758,693	1,103,970
Total governmental activities program revenues	8,706,718	10,217,161	9,746,411	10,934,791	10,227,520	11,995,572
Business-type activities						
Charges for services:						
Water and Sewer	1,266,277	1,255,046	1,259,392	1,553,407	1,555,540	1,201,171
Solid Waste	1,375,725	1,342,863	1,438,167	1,434,609	1,592,925	1,595,705
Total business-type activities program revenues	2,642,002	2,597,909	2,697,559	2,988,016	3,148,465	2,796,876
Total primary government program revenues	11,348,720	12,815,070	12,443,970	13,922,807	13,375,985	14,792,448
Net (expenses)/revenue						
Governmental activities						
General Government	(1,504,969)	(1,650,229)	(1,862,035)	(1,933,695)	(1,870,361)	(2,074,610)
Public Safety	(6,071,457)	(6,518,939)	(6,771,411)	(7,362,248)	(8,306,240)	(8,925,955)
Transportation	-	90,182	-	(27,931)	(12,655)	(56,771)
Environmental Protection	-	-	-	(282,421)	-	-
Economic and physical development	937,985	1,702,085	434,249	408,941	(42,573)	(57,932)
Human Services	(2,674,734)	(3,204,254)	(3,668,340)	(4,031,184)	(5,719,019)	(3,729,097)
Community Services	(1,317,748)	(1,370,787)	(1,414,623)	(1,401,754)	(1,955,205)	(1,705,704)
Education	(12,558,956)	(9,762,114)	(11,940,438)	(23,205,030)	(34,421,781)	(15,492,788)
Non-departmental and special areas	(1,258,089)	(2,981,758)	(1,512,564)	(1,879,547)	(2,407,906)	(2,211,016)
Interest on long term debt	(877,787)	(815,974)	(849,244)	(1,760,155)	(1,938,828)	(2,115,040)
Business-type activities						
Water and sewer	119,138	78,845	(62,690)	303,898	215,288	115,939
Solid waste	67,448	(77,055)	85,334	38,493	(49,468)	(4,924,834)
Total primary government net expenses	(25,139,169)	(24,509,998)	(27,561,762)	(41,132,633)	(56,508,748)	(41,177,808)
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	26,593,546
Local option sales tax	6,832,284	8,463,302	9,150,914	9,636,678	10,697,330	9,030,075
Other taxes and licenses	725,801	721,619	785,834	865,181	295,200	1,019,520
Investment earnings	353,028	211,017	574,177	1,994,666	1,878,138	1,317,899
Miscellaneous	245,041	189,931	129,741	309,682	578,191	180,056
Transfers	108,350	(176,600)	-	227,150	(810,551)	594,882
Total general revenues, special items and transfers	26,286,081	27,776,227	29,858,876	35,277,098	36,048,879	38,735,978

TABLE 2

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Total governmental activities	26,286,081	27,776,227	29,858,876	35,277,098	36,048,879	38,735,978
Business-type activities:						
Investment earnings	48,132	33,463	60,065	129,052	162,654	144,531
Miscellaneous	-	-	15,645	246,233	162,360	-
Transfers	(108,350)	176,600	-	(227,150)	810,551	(4,278,578)
Total general revenues, special items and transfers	(60,218)	210,063	75,710	148,135	1,135,565	(4,134,047)
Total business-type activities	(60,218)	210,063	75,710	148,135	1,135,565	(4,134,047)
Total primary government	26,225,863	27,986,290	29,934,586	35,425,233	37,184,444	34,601,931
Changes in Net Assets						
Governmental activities	960,326	3,264,439	2,274,470	(6,197,926)	(20,625,689)	2,367,065
Business-type activities	126,368	211,853	98,354	490,526	1,301,385	(8,942,942)
Total primary government	\$ 1,086,694	\$ 3,476,292	\$ 2,372,824	\$ (5,707,400)	\$ (19,324,304)	\$ (6,575,877)

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 SIX 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
2008	\$ 26,593,546	\$ 9,030,075	\$ 16,922	\$ 1,002,598	\$ 36,643,141

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

TABLE 4

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
General fund						
Reserved by state statute	\$ 2,781,231	\$ 2,888,196	\$ 2,369,164	\$ 2,862,589	\$ 4,026,907	\$ 3,109,806
Reserved For Register of Deeds	47,935	76,488	107,052	-	-	30,967
Unreserved (available for appropriation)						
Designated for subsequent year's expenditures	385,000	1,423,101	1,525,000	612,000	2,259,481	724,520
Designated for redundant water line - Oxford	532,864	-	-	-	-	-
Undesignated	8,543,508	9,709,748	11,871,907	14,332,810	11,966,953	16,290,833
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>	<u>20,156,126</u>
All other governmental funds						
Reserved by state statute	511,438	213,190	320,894	418,445	1,074,342	471,549
Reserved for Register of Deeds	-	-	-	-	-	-
Reserved for school construction	-	-	23,857,405	11,783,531	-	-
Reserved for public improvement construction	-	-	771,360	735,887	632,366	-
Unreserved (available for appropriation)						
Designated for subsequent year's expenditures						
Special revenue funds	376,520	58,157	911,450	896,468	132,227	229,895
Capital Projects	224,338	208,900	190,700	299,700	(496,053)	231,450
Undesignated, reported in nonmajor						
Special revenue funds	4,942,243	4,259,853	4,313,666	4,230,627	3,262,041	4,781,019
Capital Projects	<u>2,308,764</u>	<u>1,910,685</u>	<u>1,799,973</u>	<u>3,046,881</u>	<u>2,823,396</u>	<u>1,668,041</u>
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>	<u>\$ 7,381,954</u>

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

TABLE 5

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Revenues						
Ad Valorem taxes	\$ 17,824,992	\$ 18,279,180	\$ 19,165,754	\$ 21,843,847	\$ 23,180,548	\$ 26,674,614
Sales and other taxes	7,490,134	9,109,739	9,868,620	10,419,305	10,921,364	9,711,264
Licenses, fees and other revenue	2,182,477	2,574,991	2,577,563	3,243,739	3,064,839	3,220,267
Unrestricted Intergovernmental Revenues	8,945	4,376	-	59	-	500
Restricted Intergovernmental Revenues	6,516,470	7,652,510	7,157,237	7,801,743	7,570,086	9,043,073
Investment earnings	355,461	211,017	530,267	2,001,898	1,870,843	1,361,872
Miscellaneous	313,443	253,393	209,480	281,486	241,952	250,119
Total Revenues	34,691,922	38,085,206	39,508,921	45,592,077	46,849,632	50,261,709
Expenditures						
Current:						
General government	1,941,890	2,137,375	2,303,869	2,460,838	2,248,000	2,504,483
Public safety	6,513,300	7,098,716	7,402,563	8,060,394	10,259,786	9,739,259
Community services	1,728,271	1,851,253	1,920,934	2,009,635	2,256,353	2,362,405
Economic and physical development	-	3,039	-	249,843	400	317,475
Human Services	8,252,753	9,221,792	9,971,117	10,673,809	12,648,743	11,223,967
Non-departmental & special areas	1,299,630	2,981,758	1,599,777	1,786,621	2,486,971	2,349,153
Capital Outlay	2,978,167	2,546,476	1,295,200	1,952,219	1,534,687	2,878,658
Intergovernmental:						
Education	12,658,956	9,862,114	12,140,438	23,610,030	35,180,474	16,606,743
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	2,762,535
Interest	888,790	826,281	770,772	1,779,461	1,896,828	2,115,253
Total expenditures	38,261,202	37,756,129	38,684,785	54,638,860	70,624,481	52,859,931
Excess of revenues over (under) expenditures	(3,569,280)	329,077	824,136	(9,046,783)	(23,774,849)	(2,598,222)
Other financing sources (uses)						
Debt proceeds	-	-	26,265,000	-	11,000,000	3,859,760
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	8,816,162
Transfers out to other funds	(3,924,721)	(3,854,191)	(3,825,456)	(5,021,594)	(7,025,771)	(8,221,280)
Total other financing sources (uses)	865,131	(176,600)	26,408,117	227,150	10,237,571	4,454,642
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(2,704,149)	152,477	27,232,253	(8,819,633)	(13,537,278)	1,856,420
Net change in fund balances	\$ (2,704,149)	\$ 152,477	\$ 27,232,253	\$ (8,819,633)	\$ (13,537,278)	\$ 1,856,420
Debt service as a percentage of noncapital expenditures	7.55%	5.44%	5.30%	7.02%	5.68%	9.23%

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

TABLE 6

GRANVILLE COUNTY, NORTH CAROLINA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCES
LAST SIX 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
2008	\$ 26,674,614	\$ 9,030,075	\$ 16,922	\$ 553,423	\$ 36,275,034

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

TABLE 7

**GRANVILLE COUNTY, NORTH CAROLINA
ASSESSED VALUE OF TAXABLE PROPERTY
LAST SIX 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%
2008	\$ 2,997,456,552	\$ 391,436,935	\$ 123,665,695	\$ (7,263,444)	\$ 3,505,295,738	0.755	\$ 26,387,480	\$ 29,948,337	88.11%

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 SIX 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
2008	0.550	0.450	0.490	0.725	0.250	0.095	0.100	0.200	0.100	0.755

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

TABLE 9

**GRANVILLE COUNTY, NORTH CAROLINA
PRINCIPAL PROPERTY TAXPAYERS
JUNE 30, 2008
CURRENT YEAR AND SIX YEARS AGO***

<u>Taxpayer</u>	2008			2003		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Revlon	\$ 70,979,546	1	2.37%	\$ 54,580,442	1	1.95%
Certainteed Corporation	52,117,324	2	1.74%	19,223,791	6	0.69%
CP&L/Progress Energy	37,018,122	3	1.23%	19,984,445	5	0.71%
WAKE EMC	22,791,090	4	0.76%	16,591,183	8	0.59%
Bandag Inc.	21,411,229	5	0.71%	23,520,784	3	0.84%
Alaris Medical Systems, Inc.	20,951,521	6	0.70%	-	-	0.00%
Central leasing USA	18,688,426	7	0.62%	-	-	0.00%
Butner Acquisition Company	18,550,812	8	0.62%	-	-	0.00%
Athol Manufacturing Corp	18,331,039	9	0.61%	-	-	0.00%
C MAC Network Systems, Inc.	16,175,828	10	0.54%	-	-	0.00%
Newton Instrument Company	14,787,325	11	0.49%	23,329,563	4	0.83%
Goldsboro Properties, Inc.	14,383,891	12	0.48%	14,387,591	9	0.51%
C C Mangum Contractors LLC	13,694,638	13	0.46%	-	-	0.00%
Universal Leaf North America	13,517,048	14	0.45%	-	-	0.00%
Wilson Boney & Sons, Inc.	-	-	0.00%	29,619,001	2	1.06%
Georgia Pacific Corp	-	-	0.00%	17,692,132	7	0.63%
Lace Lastics	-	-	0.00%	13,421,005	10	0.48%
Totals	<u>\$ 353,397,839</u>		<u>11.79%</u>	<u>\$ 232,349,937</u>		<u>7.20%</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 SIX 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%	\$ 877,816	\$17,926,159	99.60%
2004	18,238,111	17,328,380	95.01%	828,100	18,156,480	99.55%
2005	19,036,984	18,176,364	95.48%	748,919	18,925,283	99.41%
2006	22,031,861	20,892,320	94.83%	979,061	21,871,381	99.27%
2007	23,253,821	21,965,301	94.46%	838,334	22,803,635	98.06%
2008	\$ 26,387,480	\$ 25,234,247	95.63%	\$ -	\$25,234,247	95.63%

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 SIX 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	1.75%
2004	16,735,000	-	630,765	893,584	18,259,349	346	1.53%
2005	41,855,000	-	550,481	779,848	43,185,329	809	3.45%
2006	39,890,000	-	467,126	661,761	41,018,887	762	3.12%
2007	47,415,000	1,481,608	380,581	539,157	49,816,346	885	3.48%
2008	\$ 44,965,000	\$ 5,118,689	\$ 290,725	\$ -	\$ 50,374,414	915	3.48%

* 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 SIX 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	1.60%	0.64%	341
2004	16,735,000	-	16,735,000	1.40%	0.58%	317
2005	41,855,000	-	41,855,000	3.34%	1.40%	784
2006	39,890,000	-	39,890,000	3.03%	1.26%	741
2007	47,415,000	-	47,415,000	3.41%	1.43%	868
2008	\$ 44,965,000	\$ -	\$ 44,965,000	3.11%	1.28%	817

* 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 SIX FISCAL YEARS***

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Debt limit	\$ 223,721,681	\$ 229,783,061	\$ 239,836,025	\$ 252,878,366	\$ 265,757,959	\$ 280,423,659
Total net debt applicable to limit	25,258,794	23,810,935	48,228,645	45,525,754	53,785,453	55,254,560
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>	<u>\$ 225,169,099</u>
Total net debt applicable to the limit as a percentage of debt limit	11.29%	10.36%	20.11%	18.00%	20.24%	19.70%
Legal Debt Margin Calculation for Fiscal Year 2008						
Assessed value						\$ 3,505,295,738
Add back: exempt real property						-
Total assessed value						<u>3,505,295,738</u>
Debt limit (8% of total assessed value)						280,423,659
Debt applicable to limit:						
General obligation bonds						44,965,000
Installment Obligations						5,118,689
Lease Financing Agreements - Governmental Activities						290,725
Lease Financing Agreements - Business-type Activities						-
Notes Payable-Component Unit						4,880,146
Less: Amount set aside for repayment of general obligation debt						-
Total net debt applicable to limit						<u>55,254,560</u>
Legal debt margin						<u>\$ 225,169,099</u>

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

TABLE 14

**GRANVILLE COUNTY, NORTH CAROLINA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST SIX 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%
2008	55,045	26,265	73	13	8,971	6.5%

* 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 THREE YEARS AGO***

2008				2005			
Employer	Employees	Rank	Percentage of Total County Employment	Employer	Employees	Rank	Percentage of Total County Employment
Revlon	2,000	1	7.74%	Revlon	2,500	1	10.96%
Altec Industries	400	2	1.55%	Selectron	500	2	2.19%
Food Lion Distribution	370	3	1.43%	Food Lion Distribution	350	3	1.53%
Flextronics	350	4	1.35%	Certainteed Corporation	300	4	1.32%
Certainteed Corporation	325	5	1.26%	Ideal Fastener	300	5	1.32%
				Sandusky International/ Athol Division	300	6	1.32%
Ideal Fastener	300	6	1.16%	Altec Industries	250	7	1.10%
Clayton Homes	175	7	0.68%	Bandag, Inc.	250	8	1.10%
Newton Instrument Co.	175	8	0.68%	Clayton Homes	225	9	0.99%
Bandag, Inc.	170	9	0.66%	Lace Lastics	200	10	0.88%
Gate Precast	170	10	0.66%	Newton Instrument Co.	200	11	0.88%
PalletOne of North Carolina, Inc.	165	11	0.64%	Gate Precast	165	12	0.72%
Carolina Sunrock	145	12	0.56%	PalletOne of North Carolina, Inc.	165	13	0.72%
Santa Fe Natural Tobacco Co.	135	13	0.52%				
Total	4,880		18.88%	Total	5,705		25.01%

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 SIX FISCAL YEARS*
 (UNAUDITED)

Function	Fiscal Year					
	2003	2004	2005	2006	2007	2008
General Government	29	31	31	39	39	38
Human Services	85	87	90	95	95	98
Community Services	26.5	26.5	28.5	34.5	35.5	37
Public Safety						
Sheriff's Dept./Detention Center	70	74	77	79.5	79.5	85
Emergency Services	67	71	77	77.5	78.5	78.5
Emergency Management	1.5	1.5	1.5	3.5	3.5	3.5
Solid Waste	2	3	3	5	5	5
Water & Sewer	3	3	3	3	3	0
Total	284	297	311	337	339	345

Source: Granville County Finance Department

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

TABLE 17

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

Function	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Public Safety/Sheriff						
Incident Reports	2,274	1,561	1,611	2,069	1,780	2,072
Miscellaneous Incident Reports	6,269	5,640	5,267	5,611	6,566	6,051
Arrests	1,492	1,420	1,327	1,795	1,238	1,251
Court Papers	6,473	8,599	9,138	9,195	9,194	8,824
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	2,749
Inspections	125	132	163	167	170	206
Solid Waste						
C & D Landfill Tonnage	34,236	42,850	28,184	28,184	29,920	32,833
Convenience Sites Tonnage	6,870	7,387	7,548	7,548	8,563	8,808
Civil Citations	13	12	5	5	6	3
Criminal Citations	2	2	1	1	-	-
Community Services/Library						
Items Added to Collection	9,401	6,467	9,886	7,931	9,060	9,465
Circulation	138,494	144,726	156,423	155,110	154,080	159,820
Internet Use	18,651	14,731	19,013	28,995	31,647	42,658
Program Attendance	8,451	6,121	9,951	7,762	11,803	10,564
Community Services/Planning & Inspections						
Number of Building Permits Issued	321	445	467	613	736	672
Number of Mobile Home Permits Issued	210	144	118	105	80	121
Number of Other Permits Issued (Includes Electrical, Plumbing & Mechanical)	841	837	675	848	507	431
Human Services/Social Services						
Average # Adult Medicaid Eligible Cases	2,135	2,127	2,167	2,253	2,300	2,327
Average # Family & Child Medicaid Cases	2,127	2,456	2,577	2,839	3,116	3,281
Average # Households Receiving Food Stamps	1,283	1,518	1,701	1,953	2,077	2,173
Average \$ Fraud Collections per Month	4,301	3,159	2,501	2,432	3,802	4,147
Education						
School enrollment	8,503	8,649	8,677	8,704	8,804	8,971

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 SIX FISCAL YEARS*
 (UNAUDITED)

Function	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Public Safety						
Sheriff (Stations)	2	2	2	2	2	2
Fire stations	14	14	14	14	14	14
Highways and streets						
Streets (miles)	848	918	918	918	924	1508
Culture and recreation						
Parks	1	1	1	1	1	1
Libraries	4	4	4	4	4	4
Education						
Schools	14	14	14	16	18	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



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

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, 2008, which collectively comprises Granville County's basic financial statements, and have issued our report thereon dated December 9, 2008. 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

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



www.wwc CPA.com



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 (08-1 and 08-2).

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 08-1 and 08-2 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 08-3.

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
December 9, 2008

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

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

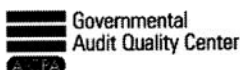
Compliance

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, 2008. 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, 2008.

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



www.wwc CPA.com



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.

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
December 9, 2008

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

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

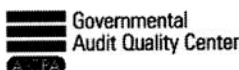
Compliance

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, 2008. 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, 2008.

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



www.wcecpcpa.com



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.

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
December 9, 2008

**GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008**

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
10.551, 10.561	Food Stamp Cluster

**GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008**

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 1,319,503

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

II. Financial Statement Findings

08-1 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, 2008**

08-2 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.

08-3 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 \$186,191 more in total than appropriated in the annual budget ordinance.

Effect: Moneys were spent that had not been appropriated.

Cause: The County inadvertently overspent in the Senior Services-Nutrition/In-Home Aide Dept. and failed to anticipate additional sales tax revenue to be transferred to the School Capital Reserve Fund.

Recommendation: Budget amendments should be adopted when expenditures exceed appropriations. The County should exercise care when booking year-end accruals.

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, 2008**

Section II - Financial Statement Findings

MATERIAL WEAKNESS

08-1 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 County hired additional staff, just after the close of fiscal year 2008 and has taken other actions to incorporate additional controls from the Audit Review Committee to address this issue.

MATERIAL WEAKNESS

08-2 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 have identified training to address this issue and will continue to train staff in the preparation of financial statements.

MATERIAL NONCOMPLIANCE

08-3 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 director and an additional review of budget balances will be conducted by the finance director and internal auditor prior to the end of the fiscal year. 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, 2008**

Prior Year Audit Findings:

Financial Statement Findings

Finding 07-1

Status: The County continues to try to keep duties separated among personnel as much as possible.

Finding 07-2

Status: The County continues to try to obtain additional knowledge concerning preparation of financial statements.

Finding 07-3

Status: The County continues to monitor its expenditures in accordance with the budget. They will strive to make the appropriate amendments to the budget in the future.

GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

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	\$ 32,250	\$ -
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	5,487,253	-
State Administrative Matching			
Grants for the Food Stamp Program	10.561	335,256	-
Total Food Stamp Cluster		5,822,509	-
Total U.S. Dept. of Agriculture		5,854,759	-
<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	19,097	-
Assistance to Firefighters Grant	97.044	39,312	
Emergency Food and Shelter	97.024	8,256	-
Total Federal Emergency Management		66,665	-
<u>U. S. Department of Housing and Urban Development</u>			
<u>Passed-through the NC Department of Commerce:</u>			
Communtiy Development Block Grant	14.228	275,635	
<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	4,151	265
Family Caregiver Support	93.052	6,718	429
Special Programs for the Aging-Title III B			
Grants for Supportive Services and			
Senior Centers	93.044	52,027	204,517
Special Programs for the Aging-Title III C			
Nutrition Services	93.045	70,786	40,561
Total Aging Cluster		133,682	245,772

GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL (DIRECT & PASS- THROUGH) EXPENDITURES	STATE EXPENDITURES
<u>Administration for Children and Families</u>			
Passed-through the N.C. Dept. of Health Human Services:			
Division of Social Services:			
Foster Care and Adoption Cluster:			
Title IV-E Foster Care-Administration	93.658	107,960	15,719
Foster Care - Direct Benefit Payments	93.658	70,336	17,115
Adoption Assistance - Direct Benefit Payments	93.659	45,189	13,058
IV-E Adoption Assistance	93.699	214,950	-
Total Foster Care and Adoption Cluster		438,435	45,892
Temporary Assistance for Needy Families (TANF)	93.558	436,826	-
TANF-Direct Benefit Payments	93.558	637,676	-
N. C. Child Support Enforcement	93.563	413,149	-
Promoting Safe and Stable Families	93.556	8,396	-
Low-Income Home Energy Assistance Block Grant:			
Administration	93.568	205,399	-
Energy Assistance Payments- Direct Benefit Payments	93.568	87,526	-
Permanency Planning-Families for Kids	93.645	15,429	3,949
SSBG-Other Service and Training	93.667	214,856	50,805
Independent Living Grant	93.674	13,318	3,329
Total Administration for Children and Families		2,032,575	58,083
<u>Administration for Children and Families (cont.)</u>			
Division of Child Development:			
<u>Subsidized Child Care</u>			
<u>Child Care Development Fund Cluster:</u>			
Division of Social Services:			
Child Care Development Fund-Administration	93.596	86,784	
Division of Child Development:			
Child Care and Development Block Grant	93.575	473,732	
Child Care and Development Fund-Mandatory	93.596	274,729	
Child Care and Development Fund-Match	93.596	286,788	160,013
Total Child Care Development Fund Cluster		1,122,033	160,013
Social Services Block Grant	93.667	13,595	
TANF	93.558	427,097	
Smart Start			29,795
TANF-Maintenance of Effort			346,362

GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL (DIRECT & PASS- THROUGH) EXPENDITURES	STATE EXPENDITURES
State Appropriations			90,982
More at Four State Funding			
Total Subsidized Child Care Cluster		1,562,725	467,139
<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	33,056,374	17,200,699
Division of Social Services:			
Administration:			
Medical Assistance Program	93.778	528,875	28,008
State Children's Insurance Program- N.C. Health Choice	93.767	33,721	2,910
<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	-	-
Total U.S. Dept. of Health and Human Services		33,618,970	17,231,617
Total federal awards		43,983,446	18,208,516
STATE AWARDS:			
<u>N.C. Dept. of Cultural Resources</u>			
Division of State Library			
State Aid to Public Libraries		-	126,872
Total N.C. Dept. of Cultural Resources			126,872

GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL (DIRECT & PASS- THROUGH) EXPENDITURES	STATE EXPENDITURES
<u>N.C. Dept. of Health and Human Services</u>			
Division of Aging and Adult Services:			
Division of Social Services:			
State/County Special Assistance for			
Adults-Direct Benefit Payments		-	447,582
State Foster Care Benefits Program-Direct		-	35,740
State Foster Care at Risk Max-Direct Program Benefit		-	913
CWS Adoption Subsidy-Direct		-	98,786
State Aid to Countries		-	28,853
Energy Assistance		-	10,207
SSBG State		-	4,116
Smart Start		-	37,335
TANF Insent/Prog Integrity		-	1,380
Total N.C. Dept. of Health and Human Services		-	664,912
<u>N.C. Department of Public Instruction</u>			
Public School Building Capital Fund		-	470,000
N.C. Education Lottery		-	633,970
Total N.C. Department of Public Instruction		-	1,103,970
<u>N.C. Dept. of Environmental and</u>			
<u>Natural Resources</u>			
Soil Technician Grant		-	24,500
Division of Health and Recreation			
Adopt-A-Trail Grant			4,875
PARTF Grant			285,000
Total N.C. Dept. of Environmental and			
Natural Resources		-	314,375
<u>N.C. Dept. of Transportation</u>			
Rural Operating Assistance Program (ROAP)			
ROAP Elderly and Disabled Transportation			
Assistance Program		-	78,981
ROAP Rural General Public Program		-	73,241
ROAP Work First Transitional-Employment		-	14,264
Total N.C. Dept of Transportation		-	166,486

GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL (DIRECT & PASS- THROUGH) EXPENDITURES	STATE EXPENDITURES
<u>N.C Dept. Juvenile Justice and Delinquency Prevention</u>			
Homesteaders		-	20,341
4-H Best		-	38,141
Friends of Youth		-	33,757
Tri-City & IFCS		-	7,333
North Central Alliance for Youth		-	16,500
SOS Grant		-	40,230
Administration		-	44
Total N.C. Dept of Juvenile Justice & Delinquency Prevention		-	156,346
<u>N.C. Dept. of Administration</u>			
Grant Veteran Service		-	2,000
Total State awards		-	2,534,961
Total federal and State awards		\$ 43,983,446	\$ 20,743,477

GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

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	-	-	470,000
Rural General Public Program (ROAP)	-	-	73,241
EDTAP (ROAP)	-	-	12,000
N.C. Dept. of Juvenile Justice and Delinquency Prevention			
Homesteaders	-	-	20,341
NCAY	-	-	16,500
Tri-County & IFCS	-	-	7,333
Friends of Youth	-	-	38,757
Administration	-	-	44