

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the Fiscal Year Ended
June 30, 2009**



Prepared by the
Granville County Finance Department

Finance Director
Michael S. Felts

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

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INTRODUCTORY SECTION



County Of Granville, North Carolina

Post Office Box 1286, Oxford, North Carolina 27565

County Administration
(919) 693-5240

November 12, 2009

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

Maintaining the fiscal strength and stability of county government is perhaps the most important responsibility of the Board of County Commissioners. The Comprehensive Annual Financial Report (CAFR) of Granville County, North Carolina, for the fiscal year ended June 30, 2009, 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, 2009 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, 2009 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, 2009. 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 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, Certainteed, 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 grown and produced in North Carolina.

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 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 08-09 FY due to the tightening economy. In July 2008 the unemployment rate was 6.9% but had risen to 10.9% by June 2009.

The impact of the recession and credit crisis has taken a toll on businesses and industries in Granville County. One substantial bankruptcy and plant closing was Sandusky Athol Industries in Butner. Fortunately most business and industries have been able to withstand this crisis so far without major layoffs or shutdowns. It appears that a recovery is beginning, but the speed of that recovery will continue to impact the local economy.

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

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

Vance-Granville Community College is one of the finest industrial training institutions in the State. The public education in the County is strong and has students performing well. The local schools continue to leverage technology opportunities in order to keep student engaged. 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 Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Granville County Government for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the tenth consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

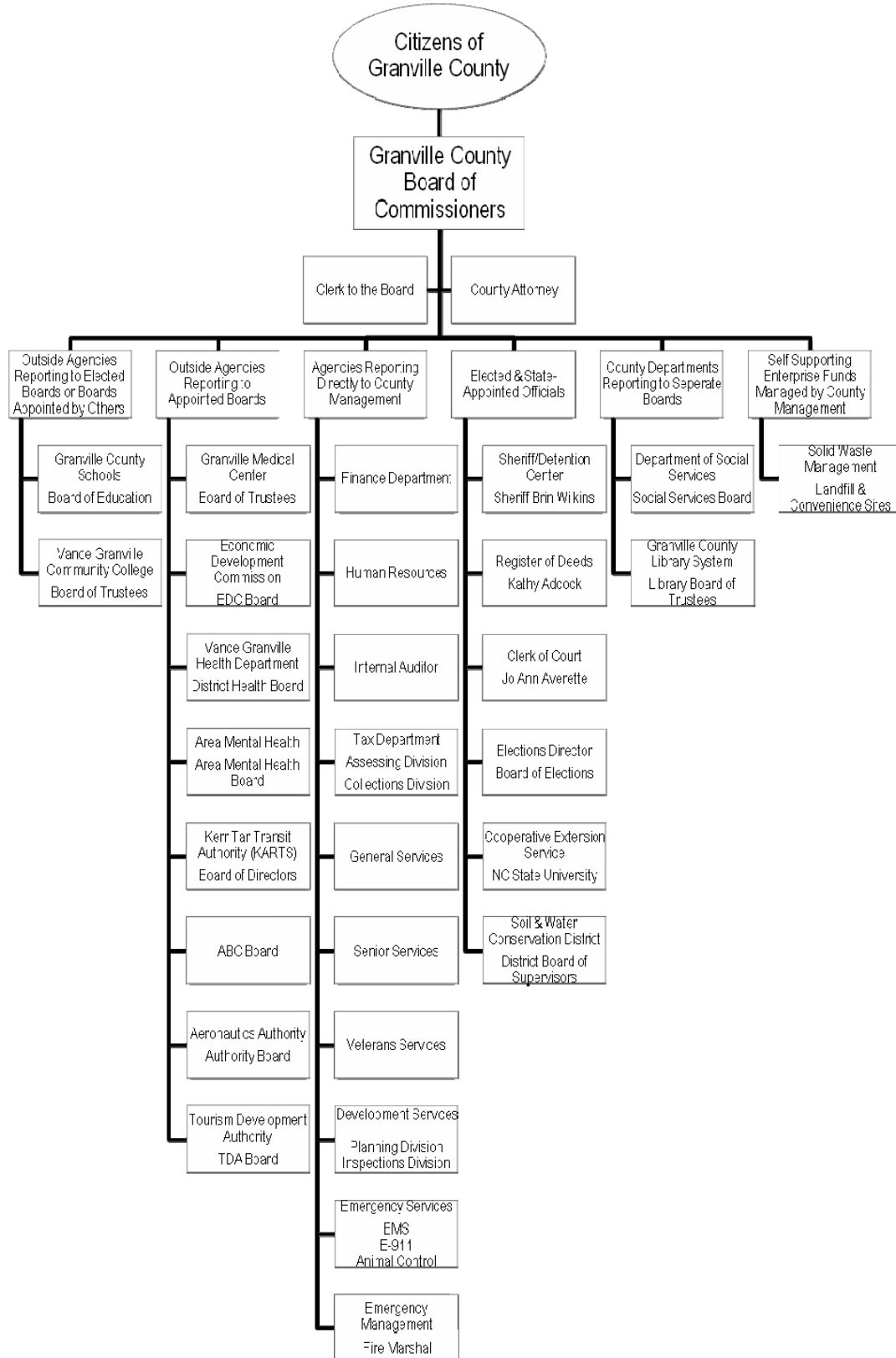
Brian M. Alligood

Brian M. Alligood
County Manager

Michael S. Felts

Michael S. Felts
Finance Director

Granville County Government Organizational Chart



**GRANVILLE COUNTY, NORTH CAROLINA
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2009**

**Board of County
Commissioners**

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

Bobbie R. Wilson, Clerk to the Board

County Officials

Brian M. Alligood	County Manager
Michael S. Felts	Finance Director
Judy D. Stovall	Tax Administrator
Kathy M. Adcock	Register of Deeds
Brindell B. Wilkins	Sheriff
M. Scott Phillips	Director of Development Services
Tonya C. Burnette	Elections Director
Martin T. Bragg	Emergency Services Director
Jason A. Falls	Director of Environmental Programs
Louis W. Bechtel	Director of Social Services
Pello L. Duncan	Veterans Services Director
Kathy B. May	Director of Senior Services
Tresia J. Dodson	Library Director
Paul W. Westfall	Director, Cooperative Extension

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, 2008

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.



President

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

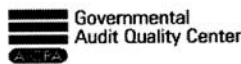
To the Board of County Commissioners
Granville County, North Carolina

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, 2009, 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 on the financial statements, insofar as it relates to the amounts included for Granville Medical Center and the Granville Economic Development Commission, is based solely on the reports of the other auditors.

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Granville County, North Carolina as of June 30, 2009, 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.

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www.wwcecpa.com



In accordance with Government Auditing Standards, we have also issued our report dated November 12, 2009, 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. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance's and the Other Postemployment Benefits' 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 performed 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
November 12, 2009



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, 2009. 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 \$4,355,713 (*net assets*).
- The primary government's total liabilities decreased by \$1,787,613 when compared with the previous fiscal year. This decrease resulted primarily from the repayment of general obligation debt while maintaining operational costs fairly consistent with the previous year.
- At the end of the current fiscal year, Granville County's governmental funds reported combined ending fund balances of \$28,304,882, an increase of \$20,573 in comparison with the prior year. Approximately eighty percent (79.6%) of this total amount, or \$22,537,014, 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 \$18,638,695, or forty-five percent (45%) of total general fund expenditures for the fiscal year.
- Granville County's total debt decreased by \$2,916,266 during the current fiscal year.

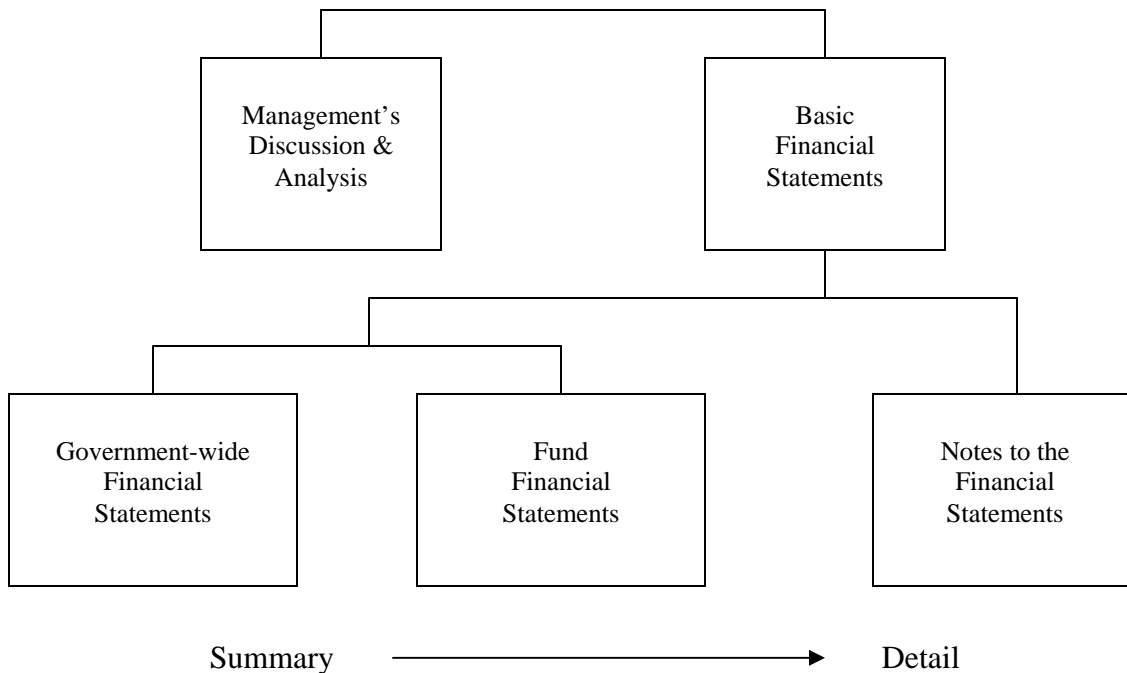
Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Granville County's basic financial statements. The County's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and

fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Granville County.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

The next section of the basic financial statements is the **Notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's non-major governmental funds, all of which are added together in one column on the basic

financial statements. Budgetary information required by the General Statutes of North Carolina can also be found in this part of the statements.

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

Government-wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as general administration, public safety, human services, community services, and education. Property taxes, sales taxes, and state and federal grant funds finance most of these activities. The business-type activity is that which the County charges customers to provide. This includes the solid waste services offered by Granville County. The final category is the component units. Granville County owns Granville Medical Center. The County appoints the board of trustees for the Medical Center and has issued debt on its behalf. Although legally separate from the County, the ABC Board is important to the County because the County is financially accountable for the Board by appointing its members and because the Board is required to distribute its profits to the County. The Granville County 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 an enterprise fund to account for its solid waste operations. This fund is the same as the separate activity shown in the business-type activities in the Statement of Net 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 45 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 \$4,355,713 as of June 30, 2009. The County's net assets increased by \$1,922,753 for that same time period.

During the fiscal year 2008-2009, the County was able to maintain a fairly consistent total level of governmental activities when compared to the previous year. Total governmental expenses in 2008-2009 were \$47,292,425 and total governmental expenses in 2007-2008 were \$48,364,485. This coupled with growth in program revenues and general revenues resulted in the increase in net assets for the year.

The County also decreased the overall debt as of June 30, 2009 when compared to the previous year by \$2,916,266 impacting the primary government total liability.

Granville County's Net Assets

Figure 2

	Governmental		Business-type			
	Activities		Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 32,042,816	\$ 31,509,881	\$ 3,211,884	\$ 3,492,358	\$ 35,254,700	\$ 35,002,239
Capital assets	16,574,497	15,786,914	1,311,992	1,332,910	17,886,489	17,119,824
Total assets	\$ 48,617,313	\$ 47,296,795	\$ 4,523,876	\$ 4,825,268	\$ 53,141,189	\$ 52,122,063
Long-term liabilities outstanding	\$ 49,811,184	\$ 51,459,715	\$ 6,195,695	\$ 6,109,198	\$ 56,006,879	\$ 57,568,913
Other liabilities	1,325,389	1,637,544	164,634	78,058	1,490,023	1,715,602
Total liabilities	\$ 51,136,573	\$ 53,097,259	\$ 6,360,329	\$ 6,187,256	\$ 57,496,902	\$ 59,284,515
Net assets:						
Invested in capital assets, net						
of related debt	\$ 14,464,315	\$ 13,396,938	\$ 1,311,992	\$ 1,332,910	\$ 15,776,307	\$ 14,729,848
Restricted	-	30,967	-	-	-	30,967
Unrestricted	(16,983,575)	(19,228,369)	(3,148,445)	(2,694,898)	(20,132,020)	(21,923,267)
Total net assets	\$ (2,519,260)	\$ (5,800,464)	\$ (1,836,453)	\$ (1,361,988)	\$ (4,355,713)	\$ (7,162,452)

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 95.63% to 96.13%. The overall collections for current year's taxes increased by \$955,755.
- Sales tax revenues decreased approximately \$1,317,471, 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 expenditure led to reversions that exceeded the targeted level of reversions for the fiscal year.
- Long-term liabilities reflecting the County's commitment to solid waste closure and post-closure estimates continue to directly affect the unrestricted governmental net assets in the business-type activities.

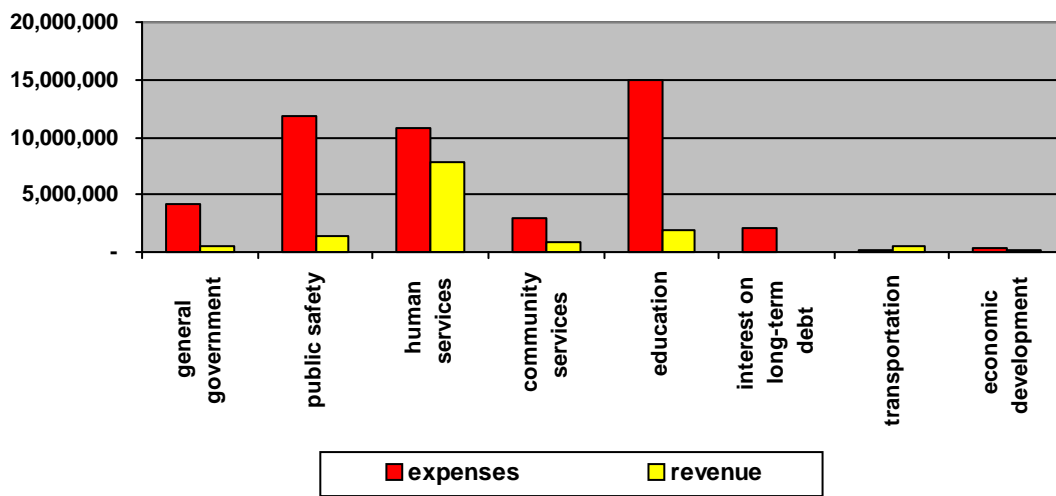
Granville County's Changes in Net Assets
Figure 3

	Governmental		Business-type			
	Activities		Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program Revenues:						
Charges for services	\$ 3,259,113	\$ 3,388,417	\$ 1,525,736	\$ 2,796,876	\$ 4,784,849	\$ 6,185,293
Operating grants and contributions	7,122,684	6,686,079	-	-	7,122,684	6,686,079
Capital grants and contributions	2,839,936	1,921,076	-	-	2,839,936	1,921,076
General revenues:						
Property taxes	27,423,928	26,593,546	-	-	27,423,928	26,593,546
Other taxes	8,379,144	10,049,595	-	-	8,379,144	10,049,595
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Other	802,595	1,497,955	60,025	144,531	862,620	1,642,486
Total revenues	49,827,400	50,136,668	1,585,761	2,941,407	51,413,161	53,078,075
Expenses:						
General government	3,335,294	2,764,176	-	-	3,335,294	2,764,176
Public safety	11,718,664	10,376,749	-	-	11,718,664	10,376,749
Transportation	-	228,242	-	-	-	228,242
Environmental protection	-	-	-	-	-	-
Economic and physical development	82,936	333,567	-	-	82,936	333,567
Human services	10,564,721	11,196,564	-	-	10,564,721	11,196,564
Community services	2,709,884	2,542,373	-	-	2,709,884	2,542,373
Education	14,935,997	16,596,758	-	-	14,935,997	16,596,758
Interest on long-term debt	2,053,147	2,211,016	-	-	2,053,147	2,211,016
Landfill	-	-	2,197,983	6,520,539	2,197,983	6,520,539
Water and sewer	-	-	-	1,085,232	-	1,085,232
Other	1,891,782	2,115,040	-	-	1,891,782	2,115,040
Total expenses	47,292,425	48,364,485	2,197,983	7,605,771	49,490,408	55,970,256
Increase (decrease) in net assets before transfers and special items	2,534,975	1,772,183	(612,222)	(4,664,364)	1,922,753	(2,892,181)
Transfers	-	594,882	-	(4,278,578)	-	(3,683,696)
Increase (decrease) in net assets	2,534,975	2,367,065	(612,222)	(8,942,942)	1,922,753	(6,575,877)
Net assets, beginning, as restated	(5,054,235)	(7,421,300)	(1,224,231)	7,718,711	(6,278,466)	297,411
Net assets, ending	\$ (2,519,260)	\$ (5,054,235)	\$ (1,836,453)	\$ (1,224,231)	\$ (4,355,713)	\$ (6,278,466)

Governmental activities. Governmental activities increased the County’s net assets by \$2,534,975 offsetting the total decline in the net assets for the business-type activities of Granville County. Key elements of this increase are as follows:

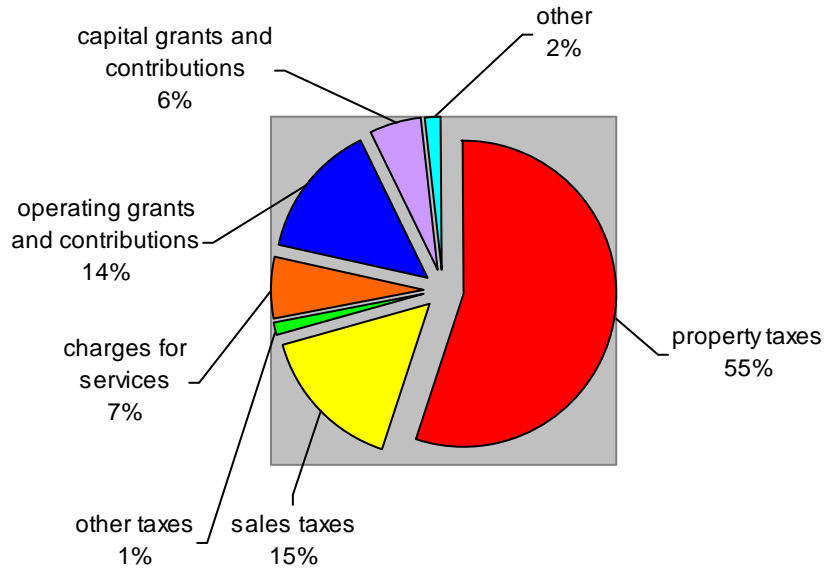
- Property tax collections increased by \$742,006 a result of growth in the tax base and continued improvements to the percentage of taxes collected over the past year.
- Lower expenditures related to school capital construction also played a significant role in the increase of net assets.

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.

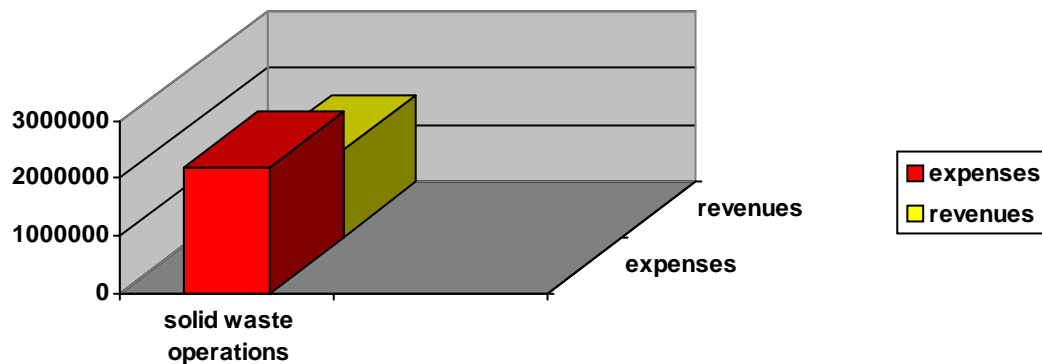
Revenues by Source – Governmental Activities



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 \$(612,222). Key elements of this decrease are as follows:

- Solid waste activities were affected by an increase to professional services related to construction/expansion of the County's landfill site.
- 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.

Fiscal Year 2009 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 \$18,638,695 while total fund balance reached \$21,854,641. The remainder of fund balance is reserved to indicate that it is not available for appropriation under state law (\$3,215,946). 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 45.1 percent of total General Fund expenditures, while total fund balance represents 52.9 percent of that same amount.

At June 30, 2009, the governmental funds of Granville County reported a combined fund balance of \$28,304,882, a .07 percent increase from last year. The primary reasons for this increase are the reduction in capital expenditures and the amount designated for subsequent year's expenditures. In preparing for fiscal year 2009-2010, the Granville County Board of Commissioners took a conservative approach to the budget and used only \$492,435 of fund balance for the General Fund to balance the 2009-2010 budget.

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by \$342,475 of which \$164,053 was attributable to restricted intergovernmental revenues.

The County underestimated sales and other tax revenue by a combined total of \$838,717. Economic conditions and State legislative changes effecting sales tax distributions in 2008-2009 provided challenges to calculating accurate estimates for sales tax proceeds.

The County underestimated the amount of investments earnings by \$179,843 due to significant changes in the economy and earnings rates during fiscal year 2008-2009.

Proprietary Funds. Granville County's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the Solid Waste Fund equaled \$(3,148,445). The total change in net assets for the fund was \$(612,222). This change in net assets primarily results from operating losses related to professional services associated with the County's landfill construction/expansion planning which began in fiscal year 2008-2009.

On January 1, 2008 (fiscal year 2007-2008), 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, 2009 totals \$17,886,489 (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 \$770,758.
- New vehicles and equipment were purchased in the Public Safety Departments.
- Renovations continued to the County's historic courthouse.
- Engineering, planning, and permitting work began on a landfill construction/expansion scheduled to begin operations in 2012.

Granville County's Capital Assets (net of depreciation)

	Governmental		Business-type			
	Activities		Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 806,618	\$ 806,618	\$ 1,020,695	\$ 1,020,695	\$ 1,827,313	\$ 1,827,313
Buildings	7,581,016	7,880,716	1,334	1,574	7,582,350	7,882,290
Improvements other than buildings	3,194,444	2,707,385	280,691	290,580	3,475,135	2,997,965
Equipment and vehicles	1,031,493	1,202,027	9,272	20,061	1,040,765	1,222,088
Machinery and equipment	-	-	-	-	-	-
Construction in progress	3,960,926	3,190,168	-	-	3,960,926	3,190,168
Total	\$ 16,574,497	\$ 15,786,914	\$ 1,311,992	\$ 1,332,910	\$ 17,886,489	\$ 17,119,824

Additional information on Granville County's capital assets can be found in the notes to the financial statements beginning on page 45 of this report.

Long-term debt. At the end of fiscal year 2009, Granville County had total bonded debt outstanding of \$42,515,000, all of which is debt backed by the full faith and credit of the County.

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 42,515,000	\$ 44,965,000	\$ -	\$ -	\$ 42,515,000	\$ 44,965,000

Granville County's total general obligation debt decreased by \$2,450,000 (5 percent) during fiscal year 2008-2009 as a result of principal payments on several series of general obligation bonds.

Granville County received an increase in our rating from Standard & Poor's from an "A+" to an "AA-", and maintained our "A1" rating from Moody's, and our "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 \$237,787,911, 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 10.4%, slightly lower than the state average of 10.7%. As of August 2009, this reflects conditions resulting from the overall downturn in the economy, and has improved from a reported high of 10.9% in June 2009.
- Total taxable sales for the County for fiscal year 2008-2009 were \$205,760,716, slightly up from taxable sales in fiscal year 2007-2008 of \$202,409,479.
- Revlon's Oxford plant continues progress on a \$50,000,000 expansion that began in 2008. Revlon has consolidated all of its North American manufacturing operations to the Oxford, North Carolina facility. The Oxford plant is now the largest cosmetics plant in the world.
- The County has not been immune from the economic downturn that virtually all markets have witnessed in the past year. Still, manufacturing has remained reasonably strong with a good mix of diversity in the local economy.
- The County is working with three of its neighboring counties on the development of new industrial parks. The 525-acre Triangle North Granville Business Park is now being developed in partnership with Millridge Properties.

Budget Highlights for the Fiscal Year Ending June 30, 2010

Governmental Activities: The approved budget for fiscal year 2009-2010 increased the ad valorem tax rate 7.0 cents for a total rate of 82.5 cents per \$100 of assessed valuation. This increase resulted from voter approved 2.5 cent tax increase to fund debt service on public library facility expansions to begin in fiscal year 2009-2010 and a 4.5 cent tax increase for new elementary school construction debt service. The growth in the tax base is based on new property on the books totaling approximately \$113,245,062, or a 3.2% increase. This increase is slightly lower than the previous five-year average of 4.6% and highlights current changes in the economic environment. The County's average reflects the effort of the Board of Commissioner's to encourage the recruitment and expansion of environmentally sound commercial and industrial projects within the county.

Budgeted expenditures for fiscal year 2009-2010 in the General Fund reflect a decrease from the previous fiscal year of 1%. This is primarily due to reduced operating costs and a second year of deferring capital improvements to County facilities and rolling stock.

The fiscal year 2009-2010 budget appropriates \$492,435 of available fund balance, to balance the general fund budget. Total revenues, including appropriated fund balance, reflect a decrease of approximately .3% 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 28.7% increase in operating expenditures due primarily to increased contract prices for the operation of convenience centers and increased expenditures for professional services associated with the engineering and planning of the landfill expansion scheduled to begin providing municipal solid waste services in 2012. Operational cost associated with the manned convenience centers account for approximately 20% of the overall increase with the remaining 80% of cost increases resulting from professional service contracts.

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, 2009

Exhibit 1

	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	\$ 25,922,439	\$ 2,950,334	\$ 28,872,773	\$ 689,933	\$ 848,159	\$ 35,505	\$ 88,726	\$ 144,074
Taxes receivable	2,263,177	-	2,263,177	-	-	-	-	-
Accrued interest receivable on taxes	461,264	-	461,264	-	-	-	-	-
Accounts receivable	3,307,036	261,550	3,568,586	10,026,690	-	-	-	17,047
Inventories	-	-	-	874,361	148,950	-	-	4,334
Prepaid items	-	-	-	396,253	8,094	-	-	-
Due from governmental unit	-	-	-	-	-	-	60,218	-
Restricted assets:								
Cash and cash equivalents	-	-	-	-	-	-	-	100,000
Assets whose use is limited	-	-	-	11,984,093	-	-	-	-
Goodwill	-	-	-	400,000	-	-	-	-
Investment in affiliated organization	-	-	-	-	-	-	-	-
Deferred charges-issuance costs	88,900	-	88,900	-	-	-	-	-
Capital assets								
Land, improvements, and construction in progress	4,767,544	1,020,695	5,788,239	1,790,207	110,877	-	-	39,534
Other capital assets, net of depreciation	11,806,953	291,297	12,098,250	13,255,783	163,160	3,052	-	-
Total Assets	\$ 48,617,313	\$ 4,523,876	\$ 53,141,189	\$ 39,417,320	\$ 1,279,240	\$ 38,557	\$ 148,944	\$ 304,989
LIABILITIES								
Accounts payable & accrued liabilities	\$ 760,611	\$ 164,634	\$ 925,245	\$ 6,128,217	\$ 337,174	\$ 268	\$ 63	\$ -
Accrued interest payable	244,350	-	244,350	-	-	-	-	-
Unearned revenues	103,764	-	103,764	-	-	-	-	1,375
Due to fiduciary funds	60,218	-	60,218	-	-	-	-	-
Premium on bonds	156,446	-	156,446	-	-	-	-	-
Long-term liabilities:								
Due within one year								
Bonds payable	2,450,000	-	2,450,000	-	-	-	-	-
Notes payable	376,123	-	376,123	661,368	-	-	-	-
Capital leases payable	96,863	-	96,863	-	-	-	-	-
Compensated absences payable	188,075	3,616	191,691	2,095,847	-	-	-	-
Due in more than one year								
Bonds payable	40,065,000	-	40,065,000	-	-	-	-	-
Notes payable	4,369,594	-	4,369,594	3,575,808	-	-	-	-
Capital leases payable	100,568	-	100,568	-	-	-	-	-
Accrued landfill closure and postclosure costs	-	6,165,243	6,165,243	-	-	-	-	-
Compensated absences payable	564,225	10,849	575,074	-	-	4,252	-	-
Other postemployment benefits obligation	1,178,103	15,987	1,194,090	-	28,839	-	-	-
Net pension obligation	422,633	-	422,633	-	-	-	-	-
Total Liabilities	51,136,573	6,360,329	57,496,902	12,461,240	366,013	4,520	63	1,375
NET ASSETS								
Invested in capital assets, net of related debt	14,464,315	1,311,992	15,776,307	11,357,379	274,037	3,052	-	39,534
Restricted for:								
Hospital	-	-	-	9,905	-	-	-	-
Working Capital	-	-	-	-	91,160	-	-	-
Future Care and Maintenance Costs	-	-	-	-	-	-	-	100,000
Unrestricted (deficit)	(16,983,575)	(3,148,445)	(20,132,020)	15,588,796	548,030	30,985	148,881	164,080
Total Net Assets	\$ (2,519,260)	\$ (1,836,453)	\$ (4,355,713)	\$ 26,956,080	\$ 913,227	\$ 34,037	\$ 148,881	\$ 303,614

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, 2009

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets							
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units				
					Governmental Activities	Business-Type Activities	Total	Granville Medical Center	Granville County ABC Board	Granville Economic Development Commission	Granville County Tourism Development Authority	South Granville Memorial Gardens
Primary Government:												
Governmental Activities:												
General government	\$ 4,253,006	\$ 487,200	\$ 14,568	\$ -	\$ (3,751,238)	\$ -	\$ (3,751,238)					
Public safety	11,756,164	795,836	676,647	-	(10,283,681)	-	(10,283,681)					
Transportation	142,623	-	177,704	382,062	417,143	-	417,143					
Economic and physical development	357,293	-	3,009	120,224	(234,060)	-	(234,060)					
Human services	10,841,983	1,763,894	6,055,551	-	(3,022,538)	-	(3,022,538)					
Community services	2,952,212	212,183	195,205	417,650	(2,127,174)	-	(2,127,174)					
Education	14,935,997	-	-	1,920,000	(13,015,997)	-	(13,015,997)					
Interest on long-term debt	2,053,147	-	-	-	(2,053,147)	-	(2,053,147)					
Total governmental activities	47,292,425	3,259,113	7,122,684	2,839,936	(34,070,692)	-	(34,070,692)					
Business-type activities:												
Solid Waste	2,197,983	1,525,736	-	-	-	(672,247)	(672,247)					
Total business-type activities	2,197,983	1,525,736	-	-	-	(672,247)	(672,247)					
Component units:												
Granville Medical Center	40,555,084	42,722,818	250,936	132,873	-	-	-	2,551,543	-	-	-	-
Granville County ABC Board	2,884,379	2,958,749	-	-	-	-	-	-	74,370	-	-	-
Granville Economic Development Commission	211,853	-	204,473	-	-	-	-	-	-	(7,380)	-	-
Granville County Tourism Development Authority	149,530	-	-	-	-	-	-	-	-	-	(149,530)	-
South Granville Memorial Gardens	46,845	52,916	-	-	-	-	-	-	-	-	-	6,071
Total component units	\$ 43,847,691	\$ 45,734,483	\$ 455,409	\$ 132,873	\$ -	\$ -	\$ -	\$ 2,551,543	\$ 74,370	\$ (7,380)	\$ (149,530)	\$ 6,071
General revenues:												
Taxes:												
Property taxes, levied for general purpose					\$ 27,423,928	\$ -	\$ 27,423,928	\$ -	\$ -	\$ -	\$ -	\$ -
Local option sales tax					7,712,604	-	7,712,604	-	-	-	-	-
Other taxes					666,540	-	666,540	-	-	-	205,795	-
Grants and contributions not restricted to specific programs					-	-	-	-	-	-	-	-
Investment earnings, unrestricted					536,617	60,025	596,642	541,933	6,055	922	1,644	4,170
Miscellaneous, unrestricted					265,978	-	265,978	16,238	607	-	-	-
Transfers					-	-	-	-	-	-	-	-
Total general revenues, special items and transfers					36,605,667	60,025	36,665,692	558,171	6,662	922	207,439	4,170
Change in net assets					2,534,975	(612,222)	1,922,753	3,109,714	81,032	(6,458)	57,909	10,241
Net assets - beginning, as restated					(5,054,235)	(1,224,231)	(6,278,466)	23,846,366	832,195	40,495	90,972	293,373
Net assets - ending					\$ (2,519,260)	\$ (1,836,453)	\$ (4,355,713)	\$ 26,956,080	\$ 913,227	\$ 34,037	\$ 148,881	\$ 303,614

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, 2009

	Major	Nonmajor	
	General	Other	Total
	Fund	Governmental	Governmental
	Fund	Funds	Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 19,883,938	\$ 6,038,501	\$ 25,922,439
Restricted cash	-	-	-
Taxes receivable	2,263,177	-	2,263,177
Accounts receivable	3,142,257	164,779	3,307,036
Due from other funds	73,689	339,711	413,400
Total Assets	<u>\$ 25,363,061</u>	<u>\$ 6,542,991</u>	<u>\$ 31,906,052</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable & accrued liabilities	741,550	19,061	760,611
Unearned revenues	103,764	-	103,764
Deferred revenues	2,263,177	-	2,263,177
Due to other funds	399,929	73,689	473,618
Total Liabilities	<u>3,508,420</u>	<u>92,750</u>	<u>3,601,170</u>
Fund balances:			
Reserved by State Statute	3,215,946	504,490	3,720,436
Unreserved (available for appropriation):			
Designated for subsequent year's expenditures	492,435	-	492,435
Reported in nonmajor:			
Special revenue funds	-	1,230,872	1,230,872
Capital projects funds	-	324,125	324,125
Undesignated	18,146,260	-	18,146,260
Undesignated, reported in nonmajor			
Special revenue funds	-	3,455,655	3,455,655
Capital projects funds	-	935,099	935,099
Total Fund Balances	<u>21,854,641</u>	<u>6,450,241</u>	<u>28,304,882</u>
Total Liabilities and Fund Balances	<u>\$ 25,363,061</u>	<u>\$ 6,542,991</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, 2009

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

Total equity and other credits (Exhibit 4)	\$ 28,304,882
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	16,574,497
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	550,164
Liabilities for earned but deferred revenues in the fund statements	2,263,177
Long-term liabilities, including bonds payable, accrued interest, pension and other post employment benefits, and compensated absences are not due and payable in the current period and therefore are not reported in the funds	<u>(50,211,980)</u>
Net assets of governmental activities (Exhibit 1)	<u><u>\$ (2,519,260)</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, 2009**

	Major	Nonmajor	
	General	Other	Total
	Fund	Governmental	Governmental
	Funds	Funds	Funds
<u>REVENUES</u>			
Ad valorem taxes	\$ 27,364,379	\$ -	\$ 27,364,379
Sales and other taxes	8,256,308	-	8,256,308
Licenses, fees and other revenues	3,305,715	-	3,305,715
Unrestricted intergovernmental revenues	-	-	-
Restricted intergovernmental revenues	6,806,624	3,203,135	10,009,759
Investment earnings	420,157	116,460	536,617
Miscellaneous	249,445	75,064	324,509
	<u>46,402,628</u>	<u>3,394,659</u>	<u>49,797,287</u>
Total Revenues			
<u>EXPENDITURES</u>			
Current			
General government	2,614,071	335,753	2,949,824
Public safety	10,411,266	215,929	10,627,195
Community Services	2,454,634	11,459	2,466,093
Environmental protection	-	-	-
Economic and physical development	-	78,384	78,384
Human services	10,178,787	-	10,178,787
Non-Departmental & Special Areas	1,891,782	-	1,891,782
Capital Outlay	-	1,654,172	1,654,172
Intergovernmental			
Education	13,255,011	1,680,986	14,935,997
Debt Service			
Bond issuance cost	-	-	-
Principal	358,282	2,557,984	2,916,266
Interest	147,445	1,930,769	2,078,214
	<u>41,311,278</u>	<u>8,465,436</u>	<u>49,776,714</u>
Total Expenditures			
Revenues Over (Under) Expenditures	<u>5,091,350</u>	<u>(5,070,777)</u>	<u>20,573</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, 2009**

	<u>Major</u>	<u>Nonmajor</u>	
	General	Other	Total
	Fund	Governmental	Governmental
	Funds	Funds	Funds
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers from other funds	201,897	4,405,980	4,607,877
Transfers to other funds	<u>(4,340,961)</u>	<u>(266,916)</u>	<u>(4,607,877)</u>
Total Other Financing Sources (Uses)	<u>(4,139,064)</u>	<u>4,139,064</u>	<u>-</u>
Net Change in Fund Balances	952,286	(931,713)	20,573
Fund Balance - July 1, as restated	<u>20,902,355</u>	<u>7,381,954</u>	<u>28,284,309</u>
Fund Balance - June 30	<u><u>\$ 21,854,641</u></u>	<u><u>\$ 6,450,241</u></u>	<u><u>\$ 28,304,882</u></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, 2009**

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)	\$ 20,573
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	787,583
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	59,549
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.	2,925,890
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(1,258,620)</u>
Total changes in net assets of governmental activities (Exhibit 2)	<u><u>\$ 2,534,975</u></u>

GRANVILLE COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

	General Fund			Variance with Final Positive Negative
	Original Budget	Final Budget	Actual	
<u>REVENUES</u>				
Ad valorem taxes	\$ 26,779,839	\$ 26,779,839	\$ 27,364,379	\$ 584,540
Sales and other taxes	9,147,655	9,095,025	8,256,308	(838,717)
Licenses, fees and other revenues	2,724,410	3,155,462	3,305,715	150,253
Restricted intergovernmental revenues	6,687,130	6,851,183	6,806,624	(44,559)
Investment earnings	800,000	600,000	420,157	(179,843)
Miscellaneous	231,000	231,000	249,445	18,445
Total Revenues	46,370,034	46,712,509	46,402,628	(309,881)
<u>EXPENDITURES</u>				
General government	2,619,696	2,793,715	2,614,071	179,644
Public safety	10,184,237	11,030,264	10,411,266	618,998
Community services	2,484,620	2,727,999	2,454,634	273,365
Human services	11,391,024	11,225,292	10,178,787	1,046,505
Non-departmental and special areas	2,051,865	2,964,447	1,891,782	1,072,665
Education	13,255,011	13,255,011	13,255,011	-
Contingency	180,000	64,462	-	64,462
Debt Service	372,854	505,751	505,727	24
Total Expenditures	42,539,307	44,566,941	41,311,278	3,255,663
Revenues Over (Under) Expenditures	3,830,727	2,145,568	5,091,350	2,945,782
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from other funds	-	927,301	201,897	(725,404)
Transfers to other funds	(4,555,247)	(4,533,791)	(4,340,961)	192,830
Total Other Financing Sources (Uses)	(4,555,247)	(3,606,490)	(4,139,064)	(532,574)
Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(724,520)	(1,460,922)	952,286	2,413,208

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, 2009

	General Fund			Variance with Final Positive (Negative)
	Original Budget	Final Budget	Actual	
Appropriated Fund Balance	724,520	1,460,922	-	(1,460,922)
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ -	\$ -	952,286	\$ 952,286
Fund Balance - July 1, as restated			20,902,355	
Fund Balance - June 30			\$ 21,854,641	

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, 2009

	<u>Major Fund</u>	
	<u>Solid Waste Management</u>	<u>Total Enterprise Funds</u>
<u>ASSETS</u>		
Current Assets:		
Cash and investments	\$ 2,950,334	\$ 2,950,334
Accounts receivable	261,550	261,550
Total Current Assets	<u>3,211,884</u>	<u>3,211,884</u>
Noncurrent Assets:		
Capital assets:		
Land, improvements, and construction in progress	1,020,695	1,020,695
Other capital assets, net of depreciation	291,297	291,297
Total Noncurrent Assets	<u>1,311,992</u>	<u>1,311,992</u>
Total Assets	<u>\$ 4,523,876</u>	<u>\$ 4,523,876</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 148,647	\$ 148,647
Accrued liabilities	15,987	15,987
Compensated absences payable	3,616	3,616
Total Current Liabilities	<u>168,250</u>	<u>168,250</u>
Noncurrent Liabilities:		
Accrued landfill closure and postclosure care costs	6,165,243	6,165,243
Other postemployment benefits	15,987	15,987
Compensated absences payable	10,849	10,849
Total Noncurrent Liabilities	<u>6,192,079</u>	<u>6,192,079</u>
Total Liabilities	<u>6,360,329</u>	<u>6,360,329</u>
Net Assets		
Invested in capital assets, net of related debt	1,311,992	1,311,992
Unrestricted	<u>(3,148,445)</u>	<u>(3,148,445)</u>
Total Net Assets	<u>\$ (1,836,453)</u>	<u>\$ (1,836,453)</u>

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

**GRANVILLE COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Major Fund</u>	
	Solid Waste Management	Total Enterprise Funds
OPERATING REVENUES		
Charges for services	\$ 1,525,736	\$ 1,525,736
Total operating revenues	<u>1,525,736</u>	<u>1,525,736</u>
OPERATING EXPENSES		
Landfill closure and postclosure	132,716	132,716
Solid waste operations	971,866	971,866
Landfill operations	1,072,483	1,072,483
Depreciation	20,918	20,918
Total operating expenses	<u>2,197,983</u>	<u>2,197,983</u>
OPERATING INCOME (LOSS)	<u>(672,247)</u>	<u>(672,247)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest earned on investments	60,025	60,025
Total nonoperating revenues (expenses)	<u>60,025</u>	<u>60,025</u>
CHANGE IN NET ASSETS	(612,222)	(612,222)
TOTAL NET ASSETS-BEGINNING, AS RESTATED	<u>(1,224,231)</u>	<u>(1,224,231)</u>
TOTAL NET ASSETS-ENDING	<u>\$ (1,836,453)</u>	<u>\$ (1,836,453)</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, 2009

	<u>Major Fund</u>	
	<u>Solid Waste Management</u>	<u>Total Enterprise Funds</u>
Cash flows from operating activities:		
Cash received from customers	\$ 1,525,736	\$ 1,525,736
Cash paid for goods and services	(1,887,880)	(1,887,880)
Cash paid to employees for services	(173,123)	(173,123)
Net cash provided by operating activities	<u>(535,267)</u>	<u>(535,267)</u>
Cash flows from investing activities:		
Interest on investments	60,025	60,025
Net cash provided by investing activities	<u>60,025</u>	<u>60,025</u>
Net increase in cash and cash equivalents	<u>(475,242)</u>	<u>(475,242)</u>
Cash and cash equivalents, July 1	<u>3,425,576</u>	<u>3,425,576</u>
Cash and cash equivalents, June 30	<u>\$ 2,950,334</u>	<u>\$ 2,950,334</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ (672,247)	\$ (672,247)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	20,918	20,918
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(57,011)	(57,011)
Increase (decrease) in accounts payable and accrued liabilities	86,576	86,576
Increase (decrease) in other postemployment benefits	15,987	15,987
Increase (decrease) in compensated absences payable	1,704	1,704
Increase (decrease) in landfill closure and postclosure costs	<u>68,806</u>	<u>68,806</u>
Total adjustments	<u>136,980</u>	<u>136,980</u>
Net cash provided by operating activities	<u>\$ (535,267)</u>	<u>\$ (535,267)</u>

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, 2009

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 46,610
Due from other fund	<u>60,218</u>
Total Assets	<u><u>\$ 106,828</u></u>
LIABILITIES AND NET ASSETS	
Liabilities:	
Miscellaneous liabilities	\$ 46,610
Due to component unit	<u>60,218</u>
Total Liabilities	<u><u>\$ 106,828</u></u>

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, 2009**

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, 2009**

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, 2009, 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, 2009**

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, 2009**

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 2008 through February 2009 apply to the fiscal year ended June 30, 2009. Uncollected taxes, which were billed during this period, are shown as a receivable on the financial statements.

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

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net 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, Granville Greenway Project Fund and the Library Expansion/Renovation 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 2008-2009 fiscal year as necessary. The budgetary amendments affected the following funds: General Fund, School Capital Reserve Fund, Revaluation Fund, Emergency Telephone System Fund, Library Memorial Fund, Landfill Capital Reserve Fund, Capital Improvements Fund, Vehicle Replacement Fund, Library Renovation/Expansion Fund and Solid Waste Management Fund.

E. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

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

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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. The NCCMT Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

The County pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. Granville Medical Center, the ABC Board, the 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, 2008. 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.

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.

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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:

	<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.

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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, 2009 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 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:

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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.

Unreserved

Designated for subsequent year's expenditures – portion of total fund balance available for appropriation which has been designated for the adopted 2009-2010 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 \$ (30,824,142) 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)	\$ 27,305,987
Less Accumulated Depreciation	<u>(10,731,490)</u>
Net capital assets	<u>16,574,497</u>
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are not available and therefore deferred in the fund statements.	461,264
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	88,900
Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not the government-wide	2,263,177
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	(47,458,148)
Compensated absences	(752,300)

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Other postemployment benefits	(1,178,103)
Net pension obligation	(422,633)
Premium on bonds	(156,446)
Accrued interest payable	<u>(244,350)</u>
Total adjustment	<u>\$ (30,824,142)</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 \$ 2,514,402 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	\$ 1,703,656
Cost of disposed capital assets not recorded in fund statements	(10,699)
Loss on sale of assets not recorded in fund statements	(18,737)
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	(886,637)
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	2,916,266
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 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	(6,328)
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	15,443
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(55,155)
Net pension obligation is accrued in the government-wide statements but not in the fund statements because they do not use current resources	(34,477)

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Other postemployment benefits are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(1,178,103)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements	
Reversal of deferred tax revenue recorded at 7-1-08	(2,241,181)
Recording of tax receipts deferred in the fund statements as of 6-30-09	2,263,177
Increase in accrued taxes receivable for year ended 6-30-09	<u>37,553</u>
Total adjustment	<u>\$ 2,514,402</u>

II. Stewardship, Compliance, and Accountability

A. Deficit Fund Balance or Retained Earnings of Individual Funds

In Exhibit 6 and Exhibit C-1, the following funds had a deficit fund balance as follows:

	<u>Amount</u>
Library Expansion/Renovation Fund	\$ 2,594
Solid Waste Fund	1,852,440

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

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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, 2009, the County's deposits had a carrying amount of \$2,625,856 and a bank balance of \$3,016,361. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$2,766,361 in interest bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2009, Granville County had \$1,425 cash on hand.

At June 30, 2009, the EDC's deposits had a carrying amount of \$35,505 and a bank balance of \$44,964. All of the bank balance was covered by federal depository insurance.

At June 30, 2009, the carrying amount of deposits for Granville County ABC Board was \$844,517 and the bank balance was \$843,261. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$593,261 was covered by collateral held by authorized escrow agents in the name of the State Treasurer. The ABC Board had \$3,642 cash on hand.

At September 30, 2008, the Hospital's deposits had a carrying amount of \$12,672,476 and a bank balance of \$12,697,562. Of the bank balance, \$600,000 was covered by federal depository insurance, and \$2,813,082 was covered by collateral held under the dedicated method and \$9,284,480 was covered by collateral held under the Pooling method.. The Hospital also had cash on hand at September 30, 2008, in the amount of \$1,550.

At June 30, 2009, the Tourism Development Authority had a carrying amount of \$88,726 and a bank balance of \$88,726. All of the bank balance was covered by federal depository insurance.

At June 30, 2009, the Memorial Gardens had a carrying amount of \$244,074 and a bank balance of \$245,001. All of the bank balance was covered by federal depository insurance.

2. Investments

At June 30, 2009, the County's investments consisted of \$26,292,102 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.

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<u>Year Levied</u>	<u>General Fund Tax</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 1,178,898	\$ 67,939	\$ 1,246,837
2007	1,263,757	72,816	1,336,573
2008	1,273,239	73,212	1,346,451
2009	<u>1,418,504</u>	<u>-</u>	<u>1,418,504</u>
Totals	<u>\$ 5,134,398</u>	<u>\$ 213,967</u>	<u>\$ 5,348,365</u>

4. Receivables

Receivables at the government-wide level at June 30, 2009, 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	\$ 1,829,807	\$ 2,724,441	\$ 1,312,450	\$ 5,866,698
Other Governmental Funds	<u>164,779</u>	<u>-</u>	<u>-</u>	<u>164,779</u>
Total-governmental activities	<u>\$ 1,994,586</u>	<u>\$ 2,724,441</u>	<u>\$ 1,312,450</u>	<u>\$ 6,031,477</u>
Business-type Activities:				
Solid Waste Management	<u>\$ 235,568</u>	<u>\$ -</u>	<u>\$ 25,982</u>	<u>\$ 261,550</u>

The due from other governments that is owed to the County consists only of local option sales tax in the amount of \$1,178,288, sales tax refund receivable of \$134,162, white goods tax of \$3,933, scrap tire disposal tax of \$15,144, and solid waste tax distribution of \$6,905.

5. Capital Assets

Capital asset activity for the year ended June 30, 2009, 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>3,190,168</u>	<u>770,758</u>	<u>-</u>	<u>3,960,926</u>
Total capital assets not being depreciated	<u>3,996,786</u>	<u>770,758</u>	<u>-</u>	<u>4,767,544</u>
Capital assets being depreciated:				
Buildings	13,451,773	34,481	-	13,486,254
Improvements other than building	3,001,803	630,143	-	3,631,946
Equipment and Vehicles	<u>5,271,925</u>	<u>268,274</u>	<u>(119,956)</u>	<u>5,420,243</u>
Total capital assets being depreciated	<u>21,725,501</u>	<u>932,898</u>	<u>(119,956)</u>	<u>22,538,443</u>

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	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Less accumulated depreciation for:				
Buildings	5,571,057	334,181	-	5,905,238
Improvements other than building	294,418	143,084	-	437,502
Equipment and Vehicles	<u>4,069,898</u>	<u>409,372</u>	<u>(90,520)</u>	<u>4,388,750</u>
Total accumulated depreciation	<u>9,935,373</u>	<u>\$ 886,637</u>	<u>\$ (90,520)</u>	<u>10,731,490</u>
Total capital assets being depreciated, net	<u>11,790,128</u>			<u>11,806,953</u>
Governmental activity capital assets, net	<u>\$ 15,786,914</u>			<u>\$ 16,574,497</u>

Primary Government

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

General government	\$ 202,079
Public safety	540,980
Human services	37,395
Community services	101,631
Economic development	<u>4,552</u>
Total depreciation expense	<u>\$ 886,637</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	<u>\$ 1,020,695</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,020,695</u>
Total capital assets not being depreciated	<u>1,020,695</u>	<u>-</u>	<u>-</u>	<u>1,020,695</u>
Capital assets being depreciated:				
Buildings	9,617	-	-	9,617
Improvements other than buildings	351,276	-	-	351,276
Machinery and equipment	<u>231,112</u>	<u>-</u>	<u>-</u>	<u>231,112</u>
Total capital assets being depreciated	<u>592,005</u>	<u>-</u>	<u>-</u>	<u>592,005</u>
Less accumulated depreciation for:				
Buildings	8,043	240	-	8,283
Improvements other than buildings	60,696	9,889	-	70,585
Machinery and equipment	<u>211,051</u>	<u>10,789</u>	<u>-</u>	<u>221,840</u>
Total accumulated depreciation	<u>279,790</u>	<u>\$ 20,918</u>	<u>\$ -</u>	<u>300,708</u>
Total capital assets being depreciated, net	<u>312,215</u>			<u>291,297</u>
Business-type activities capital assets, net	<u>\$ 1,332,910</u>			<u>\$ 1,311,992</u>

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

	<u>Balance July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2009</u>
Capital assets being depreciated:				
Furniture and equipment	\$ 19,610	\$ 2,714	\$ -	\$ 22,324
Less accumulated depreciation for:				
Furniture and equipment	<u>18,025</u>	<u>1,247</u>	<u>-</u>	<u>19,272</u>
Governmental activity capital assets, net	<u>\$ 1,584</u>	<u>\$ 1,467</u>	<u>\$ -</u>	<u>\$ 3,052</u>

Activity for the ABC Board for the year ended June 30, 2009, was as follows:

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FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<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	23,987	8,605
Buildings	188,672	72,786	115,886
Furniture/equipment	44,200	35,945	8,255
Vehicles	23,208	23,208	-
Computers & software	<u>53,953</u>	<u>23,539</u>	<u>30,414</u>
Total, capital assets being depreciated	<u>342,626</u>	<u>179,465</u>	<u>163,160</u>
ABC Board capital assets, net	<u>\$ 453,503</u>	<u>\$ 179,465</u>	<u>\$ 274,037</u>

Activity for Granville Medical Center for the year ended September 30, 2008, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 1,736,733	\$ 53,474	\$ -	\$ 1,790,207
Construction in Progress	<u>594,702</u>	<u>580,086</u>	<u>1,174,788</u>	<u>-</u>
Total capital assets not being depreciated	<u>2,331,435</u>	<u>705,123</u>	<u>1,174,788</u>	<u>1,790,207</u>
Capital assets being depreciated:				
Buildings	15,378,299	1,843,723	-	17,222,022
Land Improvements	1,005,302	51,665	-	1,056,967
Equipment and fixtures	<u>15,975,307</u>	<u>1,500,306</u>	<u>129,354</u>	<u>17,346,259</u>
Total capital assets being depreciated	<u>32,358,908</u>	<u>3,395,694</u>	<u>129,354</u>	<u>35,625,248</u>
Less accumulated depreciation for:				
Buildings	8,197,050	365,740	-	8,562,790
Land Improvements	709,219	59,285	-	768,504
Equipment and fixtures	<u>11,818,307</u>	<u>1,348,530</u>	<u>128,666</u>	<u>13,038,171</u>
Total accumulated depreciation	<u>20,724,576</u>	<u>\$1,773,555</u>	<u>\$ 128,666</u>	<u>22,369,465</u>
Total capital assets being depreciated, net	<u>11,634,332</u>			<u>13,255,783</u>
Business-type activities capital assets, net	<u>\$ 13,965,767</u>			<u>\$ 15,045,990</u>

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2009, 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	\$ 741,550	\$ -	\$ 244,350	\$ -	\$ 985,900
Other Governmental Funds	<u>19,061</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,061</u>
Total-governmental activities	<u>\$ 760,611</u>	<u>\$ -</u>	<u>\$ 244,350</u>	<u>\$ -</u>	<u>\$ 1,004,961</u>
Business-type Activities:					
Solid Waste Management	<u>\$ 164,634</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 164,634</u>

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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 5.15% of annual covered payroll. For the EDC, the current rate for employees not engaged in law enforcement is 4.8% of annual covered payroll. The contribution requirements of members and of Granville County, the EDC and the ABC Board are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2007, 2008 and 2009 were \$456,836, \$495,907, and \$538,551 respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2007, 2008 and 2009 were \$9,343, \$8,965, and \$9,611, respectively. The EDC's contributions to LGERS for the years ended June 30, 2007, 2008 and 2009 were \$5,365, \$6,847, and \$5,720 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, 2008, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to but not yet receiving benefits	-

**GRANVILLE COUNTY, NORTH CAROLINA
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Active plan members	<u>47</u>
Total	<u>49</u>

2. Summary of Significant Accounting Policies:

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

3. Contributions

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

The annual required contribution for the current year was determined as part of the December 31, 2008 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, 2008, was 22 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>	
6/30/07	\$ 41,603	25.87%	\$ 355,183
6/30/08	43,737	24.61%	388,156
6/30/09	49,636	30.54%	422,633

Annual Pension Cost and Net Pension Obligation for Fiscal Year Ending 6/30/09

Employer annual required contribution	\$ 46,026
Interest on net pension obligation	28,141
Adjustment to annual required contribution	<u>(24,531)</u>
Annual pension cost	49,636
Employer contributions made for fiscal year ending 06/30/09	<u>15,159</u>
Increase (decrease) in net pension obligation	34,477
Net pension obligation beginning of fiscal year	<u>388,156</u>
Net pension obligation end of fiscal year	<u>\$ 422,633</u>

**GRANVILLE COUNTY, NORTH CAROLINA
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c. Funded Status and Funding Process:

As of December 31, 2008, the most recent actuarial valuation date, the plan was 0.0 percent funded. The actuarial accrued liability for benefits was \$414,361, and the actuarial value of assets was \$0.00, resulting in an unfunded actuarial accrued liability (UAAL) of \$414,361.

The covered payroll (annual payroll of active employees covered by the plan) was \$1,828,912, and the ratio of the UAAL to the covered payroll was 22.66 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 (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 included 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, 2009, were \$117,393, which consisted of \$92,402 from the County and \$24,991 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

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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, 2009, the County's required and actual contributions were \$3,843.

f. Other Postemployment Benefits – Granville County

Healthcare Benefits

Plan Description –Under the terms of a County ordinance, the County administers a single-employer defined benefit Healthcare Benefits Plan (HCB Plan). As of October 21, 1996, this plan provides postemployment healthcare benefits to retirees of the County, provided they have at least twenty years of creditable service with the County. The County pays the full cost of coverage for these benefits through private insurers. Also, the County's retirees can continue to purchase coverage for their dependents at the County's group rates until the retiree reaches the age of 65. The County Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at December 31, 2007, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees receiving benefits	34	-
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	<u>290</u>	<u>46</u>
Total	<u>324</u>	<u>46</u>

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

The current ARC rate is 12.63% of annual covered payroll. For the current year, the County contributed \$157,393 or 1.47% of annual covered payroll. The County obtains healthcare coverage through private insurers. The County's required contributions, under a County resolution, for employees not engaged in law enforcement and for law enforcement officers represented \$136,124 and \$21,269, respectively. The County's obligation to contribute to HCB Plan is established and may be amended by the County Board of Commissioners.

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

**GRANVILLE COUNTY, NORTH CAROLINA
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Annual OPEB Cost and Net OPEB Obligation – The County’s annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County’s net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 1,351,483
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	1,351,483
Contributions made	(157,393)
Increase (decrease) in net OPEB obligation	1,194,090
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	<u>\$ 1,194,090</u>

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 were as follows:

For Year Ended <u>June 30</u> 2009	Annual OPEB <u>Cost</u>	Percentage of Annual OPEB <u>Cost Contributed</u>	Net OPEB <u>Obligation</u>
	\$ 1,351,483	11.65%	\$ 1,194,090

Funded Status and Funding Process – As of December 31, 2007, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$14,015,747. The covered payroll (annual payroll of active employees covered by the plan) was \$10,701,980, and the ratio of the UAAL to the covered payroll was 131.0 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding process, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

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In the December 31, 2007 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 11.00 to 5.00 percent annually. The investment rate included a 3.75 percent inflation assumption. The actuarial value of assets, in any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2007, was 30 years.

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 month's 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, 2009, the County made contributions to the State for death benefits of \$9,944. 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, 2008, 2007, and 2006 were \$754,271, \$660,432, and \$615,356, respectively. The contributions made by the Hospital equaled the required contributions for each year.

**GRANVILLE COUNTY, NORTH CAROLINA
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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 \$6,165,243 reported as landfill closure and postclosure care liability at June 30, 2009, represents the latest estimate for the 29 years of postclosure maintenance and monitoring required for the Oxford and Butner landfills.

The County has met the requirements of a local government financial test that is one option under State and Federal laws and regulations that helps determine if a unit is financially able to meet closure and postclosure care requirements. However, the County has also elected to establish a reserve fund to accumulate resources for the payment of closure and postclosure care costs. The County expects that future inflation costs will be paid from the interest earnings on annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or by future tax revenues.

4. Deferred Revenues/Unearned Revenues

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

	<u>Unearned or Deferred Revenue</u>	<u>Full Accrual Unearned Revenue</u>
Prepaid taxes not yet earned (General)	\$ 103,764	\$ 103,764
Taxes receivable (net) (General)	<u>2,263,177</u>	<u>-</u>
Total	<u>\$ 2,366,941</u>	<u>\$ 103,764</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

**GRANVILLE COUNTY, NORTH CAROLINA
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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 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, 2009, 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

For Granville County, there is one agreement to lease certain equipment. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. The agreement was executed in May 1996, for the lease of pipe valves and fittings for the water and sewer system and requires 30 semi-annual payments of \$57,808. Title passes to the County at the end of the lease term. This agreement was refinanced as of May 31, 2003. This agreement now requires 17 semi-annual payments of \$51,718.

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.

\$ 197,431

**GRANVILLE COUNTY, NORTH CAROLINA
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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, 2009:

Year Ending <u>June 30</u>	Governmental <u>Activities</u>
2010	\$ 103,436
2011	<u>103,436</u>
Total Minimum Lease Payments	206,872
Less amount representing interest	<u>9,441</u>
Present Value of Net Minimum Lease Payments	<u>\$ 197,431</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, 2008 are as follows:

2009	\$ 173,513
2010	178,718
2011	184,080
2012	189,602
2013	195,290
2014-2016	<u>841,532</u>
Total	<u>\$ 1,762,735</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

As authorized by State law [G.S. 160A-20 and 153A-158.1], the County financed various property acquisitions through installment financing. The County's installment purchases at June 30, 2009, 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 belongs to Granville Medical Center. \$ 1,327,683

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 947,750

**GRANVILLE COUNTY, NORTH CAROLINA
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FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

School Construction (Granville County Schools holds title to these assets upon project completion)	2,470,284
	<u>\$ 4,745,717</u>

For Granville County, the future minimum payments as of June 30, 2009, including \$1,168,294 of interest are:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2010	\$ 376,123	\$ 175,646
2011	379,424	161,391
2012	382,858	147,002
2013	386,431	132,474
2014	390,149	117,802
2015-2019	1,844,733	366,557
2020-2023	985,999	67,422
	<u>\$ 4,745,717</u>	<u>\$ 1,168,294</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, 2009, 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*	\$ 4,700,000
\$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*	6,000,000
\$9,500,000 2006 School Series bonds due on May 1 and November 1 in installments of \$9,975-\$657,459 through May 1, 2026; interest at 3.65 - 4.0 percent*	8,550,000
\$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	300,000
\$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*	22,300,000
\$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>665,000</u>
Total	<u>\$ 42,515,000</u>

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

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

Year Ending <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
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	2,675,000	1,318,119
2015-2019	13,375,000	4,865,375
2020-2024	13,315,000	2,137,188
2025-2026	<u>2,675,000</u>	<u>127,224</u>
	<u>\$ 42,515,000</u>	<u>\$14,922,106</u>

At June 30, 2009, Granville County had a legal debt margin of \$237,787,911.

The Hospital's notes payable at September 30, 2008, are comprised of the following:

3.77 percent note, payable monthly, principal and interest of \$38,095 through September 2011; guaranteed by Granville County	\$ 1,294,784
4.09 percent note, payable monthly, principal of \$166,667 through January 2018; collateralized by real estate.	1,555,555
3.97 percent note, payable monthly, principal and interest of \$11,073 through March 2022; guaranteed by Granville County	<u>1,386,837</u>
Total	<u>\$ 4,237,176</u>

Year Ending <u>September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 661,368	\$ 155,808
2010	680,508	129,851
2011	700,389	103,155
2012	255,919	83,669
2013	259,528	73,244
2014-2018	1,245,968	205,851
2019-2022	<u>433,496</u>	<u>31,532</u>
	<u>\$ 4,237,176</u>	<u>\$ 783,110</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, 2009:

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Balance <u>July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2009</u>	Current Portion <u>of Balance</u>
Governmental activities:					
General obligation bonds	\$ 44,965,000	\$ -	\$ 2,450,000	\$ 42,515,000	\$ 2,450,000
Capitalized leases	290,725	-	93,294	197,431	96,863
Installment Purchases	5,118,689	-	372,972	4,745,717	376,123
Compensated absences	697,145	752,300	697,145	752,300	188,075
Net OBEP obligation	-	1,178,103	-	1,178,103	-
Net pension obligation	388,156	34,477	-	422,633	-
Total governmental activities	<u>\$ 51,459,715</u>	<u>\$ 1,964,880</u>	<u>\$ 3,613,411</u>	<u>\$ 49,811,184</u>	<u>\$ 3,111,061</u>
Business-type activities:					
Accrued landfill closure and postclosure costs	\$ 6,096,437	\$ 68,806	\$ -	\$ 6,165,243	\$ -
Compensated absences	12,761	14,465	12,761	14,465	3,616
Net OBEP obligation	-	15,987	-	15,987	-
Total business-type activities	<u>\$ 6,109,198</u>	<u>\$ 99,258</u>	<u>\$ 12,761</u>	<u>\$ 6,195,695</u>	<u>\$ 3,616</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.

C. Interfund Balances and Activity

Transfers From/To Other Funds:

General Fund

General Fund	School Capital Reserve Fund	\$ 3,611,515	Restricted portions of Art. 40 & 42 sales tax proceeds
	Landfill Capital Reserve Fund	310,603	Economic incentive repayment
	Revaluation Reserve Fund	63,000	Required annual contributions to set aside funds for 2010 revaluation
	Capital Improvements Fund	105,000	Contribution to fund ongoing capital projects
	Vehicle Replacement Fund	122,359	Annual contribution for ongoing fleet replacement
	R.H. Thornton Library Fund	3,484	Transfer of unexpended library donations
	Library Expansion/Renovation	125,000	Contribution to fund ongoing capital projects
		<u>\$ 4,340,961</u>	

Special Revenue/Capital Projects Funds

Capital Improvements Fund	Series 2005 Public Imp. Bond Fund	65,019	Funding for ongoing capital projects
Landfill Capital Reserve Fund	General Fund	201,897	Funding for ongoing economic incentive payments
		<u>\$ 266,916</u>	

Due To/From Other Funds

General Fund	Library Expansion/Renovation Fund	\$ 2,594	Contribution to fund ongoing capital projects
General Fund	Series 2005 Public Improvements	71,095	Contribution to fund ongoing capital projects
School Capital Reserve Fund	General Fund	339,711	Restricted sales tax
Granville County Tourism Development Authority	General Fund	60,218	Occupancy tax proceeds
		<u>\$ 473,618</u>	

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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 \$529,397 and \$16,640 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2009. There was also a contribution made by the County for the library in the amount of \$27,584. 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, 2009. 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, 2009. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$23,531 to the Authority to supplement its activities. Complete financial statements for the Authority may be obtained at 943 West Andrews Avenue, Henderson, N.C. 27536.

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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, 2009. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$26,022 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 \$16,124 to the Council during the fiscal year ended June 30, 2009. 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	\$ 640,452	\$ (424)
Medicaid	38,365,248	15,253,029
Food Stamp Program	7,025,714	-
Energy Assistance	209,193	-
CWS Adoption Assistance	-	158,431
Adoption Assistance	48,691	8,511
Adult Assistance	-	458,294
Foster Care	135,819	24,355
Foster Care at Risk Max	-	4,015
Title IV-E, Foster Care	-	3,434
State Foster Home	-	42,263
SFHF Maximization	-	40,557
	<u> </u>	<u> </u>
Totals	<u>\$ 46,425,117</u>	<u>\$ 15,992,465</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

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statement for the refund of grant moneys.

VIII. Subsequent Events

The County issued general obligation bonds in the amount of \$19,815,000 in August 2009. The \$19,815,000 in bonds consists of \$8,000,000 in library bonds, \$1,600,000 in public improvement bonds and \$10,215,000 in refunding bonds.

IX. Restatement of Beginning Net Assets/Beginning Fund Balances

During the 08-09 audit, receivables were found that had not been booked in the past because they were not material to the financial statements. These receivables involve ambulance fees and solid waste revenue. Since these receivables have now become material, it was deemed necessary to book an adjustment that would cause a restatement of beginning net assets and beginning fund balance.

The beginning balance would have changed as follows:

	General Fund <u>Fund Balance</u>	Governmental Activities <u>Net Assets</u>	Business-type Activities <u>Net Assets</u>
Balance, July 1, 2008	\$ 20,156,126	\$ (5,800,464)	\$ (1,361,988)
Change due to additional receivables booked	<u>746,229</u>	<u>746,229</u>	<u>137,757</u>
Balance, restated, July 1, 2008	<u>\$ 20,902,355</u>	<u>\$ (5,054,235)</u>	<u>\$ (1,224,231)</u>

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

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

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2003	\$ -	\$ 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%
12/31/2008	\$ -	\$ 414,361	\$ 414,361	0.00%	\$ 1,828,912	22.66%

**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
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%
2009	\$ 49,636	30.54%

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	12/31/2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	22 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.

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2007	\$ -	\$ 14,015,747	\$ 14,015,747	0.00%	\$ 10,701,980	131.00%

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

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2009	\$ 1,351,483	0.00%

Notes to the Required Schedules:

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

Valuation date	12/31/2007
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay open
Remaining amortization period	30 years
Asset valuation method	Market value of Assets
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend	11.00%-5.00%
Year of Ultimate trend rate	2016
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, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2009		2008	
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Ad Valorem Taxes:				
Current year	\$ 25,542,339	\$ 26,070,248	\$ 527,909	\$ 25,114,493
Prior year	980,000	1,023,336	43,336	1,237,085
Penalties and interest	257,500	270,795	13,295	323,036
Total	26,779,839	27,364,379	584,540	26,674,614
Sales and Other Taxes:				
Article 39 one percent		2,152,448		2,282,294
Article 40 one-half of one percent		2,389,450		2,573,771
Article 42 one-half of one percent		2,376,967		2,563,538
Article 44 one-half of one percent		793,739		1,610,472
State excise tax - Register of Deeds		154,659		247,483
Beer and wine		158,653		155,296
Taxes on federal exempt land		28,201		12,525
Occupancy taxes		202,191		155,041
Total	9,095,025	8,256,308	(838,717)	9,600,420
Licenses, Fees and Other Revenues:				
Privilege licenses		5,959		6,875
Taxes on Oxford Housing Authority		6,647		6,647
Planning		70,084		144,606
Inspection		398,442		523,041
Sheriff wage refund		98,412		90,618
Boarding state and federal prisoners		39,413		31,765
Ambulance fees		1,738,321		1,527,813
Library fees		43,348		41,333
Rents		20,694		24,096
Sheriff's fees		83,160		83,768
Election fees		685		29,544
Franchise fees		73,333		78,299
Animal control		17,694		22,672
Collection fees		92,325		89,600
Senior Center fitness fees		7,819		6,512
Administrative fees		25,000		60,000
Register of Deeds		256,242		322,025
GAP fees		26,053		16,805
GAP donations		-		30
GIS subscription fees		23,375		6,825
4-H Best program		60		2,990
Inmate Welfare fund		53		94
911 subscriber fees		36,897		-
Federal and State grants		4,648		4,238
Miscellaneous		230,893		109,270
Sale of library books/abstracts		1,593		1,024
Sale of fixed assets		4,565		3,485
Total	3,155,462	3,305,715	150,253	3,233,975

GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2009		2008
	Budget	Actual	Variance Positive (Negative)
Restricted and Intergovernmental Revenues:			Actual
Debt Contribution from hospital		132,873	132,897
Medicaid hold harmless		-	246,510
Court facility fees		113,181	126,598
CSC officer's fees		25,923	29,386
Landfill fees		-	1,487
Register of Deeds		6,020	6,400
Federal and State grants		6,307,411	6,210,259
Excise recreation - Heritage		142,782	228,446
Jail fees		13,877	15,193
Floodplain mapping fees		16,150	-
Miscellaneous		48,407	38,867
Total	6,851,183	6,806,624	(44,559)
Investment earnings	600,000	420,157	(179,843)
Micellaneous Revenues			
Granville County ABC Board	151,000	169,445	18,445
Granville County Tourism Development Authority	80,000	80,000	-
Total	231,000	249,445	18,445
Total Revenues	46,712,509	46,402,628	(309,881)
EXPENDITURES			
<u>General Government</u>			
Board of Commissioners			
Salaries and employee benefits		148,110	135,651
Other operating expenditures		65,159	61,450
Capital outlay		1,484	2,604
Total	225,106	214,753	10,353
Administration			
Salaries and employee benefits		252,853	220,189
Other operating expenditures		13,226	9,988
Capital outlay		1,542	4,083
Total	284,761	267,621	17,140
Board of Elections			
Salaries and employee benefits		193,419	157,725
Other operating expenditures		74,743	100,092
Capital outlay		-	31,082
Total	297,323	268,162	29,161

GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2009		2008	
	Budget	Actual	Variance Positive (Negative)	Actual
Finance Department				
Salaries and employee benefits		268,602		304,290
Other operating expenditures		115,303		103,131
Capital outlay		5,607		7,083
Total	413,687	389,512	24,175	414,504
Tax Administration				
Salaries and employee benefits		428,358		404,449
Other operating expenditures		165,730		157,241
Capital outlay		6,216		14,856
Total	614,891	600,304	14,587	576,546
Register of Deeds				
Salaries and employee benefits		216,938		216,373
Other operating expenditures		39,460		44,887
Capital outlay		918		295
Total	289,476	257,316	32,160	261,555
Construction Administration				
Other operating expenditures		320		-
Total	500	320	180	-
General Services/Court Facilities				
Salaries and employee benefits		174,886		202,824
Other operating expenditures		345,537		325,264
Capital outlay		760		926
Total	557,732	521,183	36,549	529,014
Human Resources				
Salaries and employee benefits		43,045		-
Other operating expenditures		1,880		-
Total	48,388	44,925	3,463	-
Internal Auditor				
Salaries and employee benefits		46,340		-
Other operating expenditures		3,635		-
Total	61,851	49,975	11,876	-
Total General Government	2,793,715	2,614,071	179,644	2,504,483
<u>Public Safety</u>				
Other Emergency Services	36,100	29,826	6,274	37,163
Sheriff's Department/Detention Center				
Salaries and employee benefits		4,136,806		3,903,666
Other operating expenditures		860,870		871,753
Capital outlay		36,509		60,966
Total	5,218,626	5,034,185	184,441	4,836,385
Fire Service	704,467	704,467	-	676,875

GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2009		2008	
	Budget	Actual	Variance Positive (Negative)	Actual
Forestry				
Salaries and employee benefits		21,593		20,433
Other operating expenditures		59,696		64,953
Total	92,887	81,289	11,598	85,386
Emergency Management				
Salaries and employee benefits		154,397		145,921
Other operating expenditures		37,480		33,809
Capital outlay		-		4,564
Total	203,617	191,877	11,740	184,294
Emergency Services				
Salaries and employee benefits		3,418,754		2,859,441
Other operating expenditures		716,938		561,284
Capital outlay		233,930		183,738
Total	4,774,567	4,369,622	404,945	3,604,463
Total Public Safety	11,030,264	10,411,266	618,998	9,424,566
<u>Community Services</u>				
Cooperative Extension Service				
Salaries and employee benefits		285,585		238,140
Other operating expenditures		72,769		63,395
Total	417,938	358,354	59,584	301,535
County Library System				
Salaries and employee benefits		463,189		439,241
Other operating expenditures		247,249		264,392
Capital outlay		1,845		22,297
Total	772,626	712,283	60,343	725,930
Recreation & Community Service				
Other operating expenditures		209,226		213,061
Total	254,226	209,226	45,000	213,061

GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2009		2008
	Budget	Actual	Variance Positive (Negative) Actual
Development Services			
Planning			
Salaries and employee benefits		257,414	200,884
Other operating expenditures		26,931	32,363
Capital outlay		3,028	8,395
Inspection Department			
Salaries and employee benefits		368,022	360,451
Other operating expenditures		31,753	36,088
Capital outlay		334	6,891
Total	747,860	687,482	60,378
Soil Conservation Program			
Salaries and employee benefits		97,291	93,145
Other operating expenditures		3,395	3,395
Total	110,071	100,686	9,385
Jonesland Park Operations			
Salaries and employee benefits		107,677	103,447
Other operating expenditures		104,165	94,879
Capital outlay		17,452	9,577
Total	267,969	229,294	38,675
Economic Development	157,309	157,309	-
Total Community Services	2,727,999	2,454,634	273,365
Human Services			
Health and Medical Services			
Granville Medical Center		393,041	390,944
Granville-Vance District Health Dept.		325,670	325,680
Area Mental Health		135,689	136,227
Total	856,042	854,400	1,642
Social Services			
Salaries and employee benefits		3,328,994	3,173,024
Other operating expenditures		4,974,618	6,174,602
Capital outlay		19,340	20,181
Total	9,269,183	8,322,952	946,231

GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2009		2008	
	Budget	Actual	Variance Positive (Negative)	Actual
Veterans Services				
Salaries and employee benefits		11,443		10,256
Other operating expenditures		1,589		536
Total	14,076	13,032	1,044	10,792
Senior Services				
Salaries and employee benefits		333,724		300,587
Other operating expenditures		125,053		139,006
Capital outlay		6,817		7,590
Total	517,962	465,594	52,368	447,183
Senior Services-Nutrition/In-Home Aid				
Salaries and employee benefits		204,504		208,171
Other operating expenditures		318,305		337,163
Total	568,029	522,809	45,220	545,334
Total Human Services	11,225,292	10,178,787	1,046,505	11,223,967
<u>Education</u>				
Granville County School System				
Current Expense	12,313,287	12,313,287	-	11,968,276
Capital	368,103	368,103	-	464,059
Total	12,681,390	12,681,390	-	12,432,335
Vance-Granville Community College				
Operating expenditures		529,397		509,036
Library		27,584		26,523
Capital Outlay		16,640		16,000
Total	573,621	573,621	-	551,559
Total Education	13,255,011	13,255,011	-	12,983,894
<u>Non-Departmental & Special Areas</u>				
Special Projects	202,403	197,691	4,712	206,768
Pass Thru Funds	515,540	367,740	147,800	447,205
Non-Departmental	2,039,204	1,120,556	918,648	1,538,885
Granville County Tourism Development Authority	207,300	205,795	1,505	156,295
Total Non-Departmental & Special Areas	2,964,447	1,891,782	1,072,665	2,349,153

GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2009		2008	
	Budget	Actual	Variance Positive (Negative)	Actual
<u>Debt Service</u>				
South Granville Industrial Park				
Principal		93,294		89,856
Interest		10,143		13,581
Total		103,437		103,437
Hospital Financing				
Principal		78,488		75,437
Interest		54,385		57,436
Total		132,873		132,873
2001 Park Facilities Bond				
Principal		50,000		50,000
Interest		15,275		17,400
Total		65,275		67,400
2005 Public Improvement Bonds				
Principal		25,000		25,000
Interest		29,275		30,025
Total		54,275		55,025
E911 Equipment				
Principal		111,500		55,750
Interest		38,367		20,739
Total		149,867		76,489
Total Debt Service	505,751	505,727	24	435,224
Total Expenditures	44,502,479	41,311,278	3,191,201	41,283,692
Revenues Over (Under) Expenditures	2,210,030	5,091,350	2,881,320	6,530,590
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers-in:				
Landfill Capital Reserve Fund	802,301	201,897	(600,404)	765,050
Library Expansion/Renovation Fund	125,000	-	(125,000)	-
Emergency Telephone System Fund	-	-	-	395,853
	927,301	201,897	(725,404)	1,160,903
Transfers-out:				
School Capital Reserve Fund	(3,804,344)	(3,611,515)	192,829	(4,253,708)
Other funds:				
Library Memorial Fund		(3,484)		(1,302)
Landfill Capital Reserve Fund		(310,603)		(458,460)
Revaluation Reserve Fund		(63,000)		(58,000)
Capital Improvements Fund		(105,000)		(275,000)
Library Expansion/Renovation Fund		(125,000)		-
Series 2005 Public Improvement Bonds		-		(127,200)
Vehicle Replacement Fund		(122,359)		(555,000)
Total Other Funds	(729,447)	(729,446)	1	(1,474,962)
Total transfers-out	(4,533,791)	(4,340,961)	192,830	(5,728,670)

GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2009		2008	
	Budget	Actual	Variance Positive (Negative)	Actual
Contingency	(64,462)	-	64,462	-
Debt proceeds	-	-	-	-
Fund balance appropriated	1,460,922	-	(1,460,922)	-
Total Other Financial Sources (Uses)	(2,210,030)	(4,139,064)	(1,929,034)	(4,567,767)
Excess of Revenues and Other Sources Over (Under)				
Expenditures and Other Uses	\$ -	952,286	\$ 952,286	1,962,823
Fund Balance-July 1, as restated		20,902,355		18,939,532
Fund Balance-June 30		\$ 21,854,641		\$ 20,902,355

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.
- **Granville Greenway Project Fund:** This fund is used to account for the funds associated with the Granville Greenway Project.
- **Library Expansion/Renovation Fund:** This fund is used to account for the funds associated with the expansion and renovation of the County's libraries.

GRANVILLE COUNTY, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2009

	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	Granville Greenway Project Fund	Library Expansion/ Renovation Fund	June 30,2009
<u>ASSETS</u>													
Current Assets:													
Cash and cash equivalents	\$ 159,292	\$ 1,541,349	\$ 1,925,963	\$ 915,212	\$ 237	\$ 216,295	\$ -	\$ -	\$ 1,132,559	\$ 141,233	\$ 6,361	\$ -	\$ 6,038,501
Restricted cash	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	39,779	-	-	75,000	-	50,000	-	-	-	164,779
Due from other funds	-	-	339,711	-	-	-	-	-	-	-	-	-	339,711
Total Assets	<u>\$ 159,292</u>	<u>\$ 1,541,349</u>	<u>\$ 2,265,674</u>	<u>\$ 954,991</u>	<u>\$ 237</u>	<u>\$ 216,295</u>	<u>\$ 75,000</u>	<u>\$ -</u>	<u>\$ 1,182,559</u>	<u>\$ 141,233</u>	<u>\$ 6,361</u>	<u>\$ -</u>	<u>\$ 6,542,991</u>
<u>LIABILITIES AND FUND EQUITY</u>													
Liabilities:													
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 435	\$ 237	\$ 33	\$ 21	\$ -	\$ 18,335	\$ -	\$ -	\$ -	\$ 19,061
Due to other funds	-	-	-	-	-	-	71,095	-	-	-	-	2,594	73,689
Total liabilities	-	-	-	435	237	33	71,116	-	18,335	-	-	2,594	92,750
Fund Equity:													
Fund Balance													
Reserved by State Statute	-	-	339,711	39,779	-	-	75,000	-	50,000	-	-	-	504,490
Unreserved (available for appropriation):													
Designated for subsequent year's expenditures	164,625	-	1,066,247	-	-	-	-	-	251,625	72,500	-	-	1,554,997
Unreserved	(5,333)	1,541,349	859,716	914,777	-	216,262	(71,116)	-	862,599	68,733	6,361	(2,594)	4,390,754
Total fund equity	<u>159,292</u>	<u>1,541,349</u>	<u>2,265,674</u>	<u>954,556</u>	<u>-</u>	<u>216,262</u>	<u>3,884</u>	<u>-</u>	<u>1,164,224</u>	<u>141,233</u>	<u>6,361</u>	<u>(2,594)</u>	<u>6,450,241</u>
Total Liabilities and Fund Equity	<u>\$ 159,292</u>	<u>\$ 1,541,349</u>	<u>\$ 2,265,674</u>	<u>\$ 954,991</u>	<u>\$ 237</u>	<u>\$ 216,295</u>	<u>\$ 75,000</u>	<u>\$ -</u>	<u>\$ 1,182,559</u>	<u>\$ 141,233</u>	<u>\$ 6,361</u>	<u>\$ -</u>	<u>\$ 6,542,991</u>

**GRANVILLE COUNTY, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009**

	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	Granville Greenway Project Fund	Library Expansion/ Renovation Fund	June 30, 2009
REVENUES													
Restricted intergovernmental revenues	\$ -	\$ -	\$ 1,920,000	\$ 477,349	\$ 120,224	\$ -	\$ 290,000	\$ 50,000	\$ 345,562	\$ -	\$ -	\$ -	\$ 3,203,135
Unrestricted intergovernmental revenues	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales and other taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Licenses, fees, and other revenues	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment earnings	6,201	26,877	38,813	11,050	-	3,734	-	-	24,558	5,227	-	-	116,460
Miscellaneous	-	-	-	-	-	2,723	25,000	-	2,748	35,443	9,150	-	75,064
Total Revenues	6,201	26,877	1,958,813	488,399	120,224	6,457	315,000	50,000	372,868	40,670	9,150	-	3,394,659
EXPENDITURES													
General government	335,753	-	-	-	-	-	-	-	-	-	-	-	335,753
Education	-	-	1,566,229	-	-	-	-	114,757	-	-	-	-	1,680,986
Public safety	-	-	-	215,929	-	-	-	-	-	-	-	-	215,929
Economic development	-	-	-	-	78,384	-	-	-	-	-	-	-	78,384
Community services	-	-	-	-	-	11,459	-	-	-	-	-	-	11,459
Capital outlay	-	-	-	-	-	-	353,877	-	886,986	282,926	2,789	127,594	1,654,172
Debt service	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal	-	-	2,557,984	-	-	-	-	-	-	-	-	-	2,557,984
Interest	-	-	1,930,769	-	-	-	-	-	-	-	-	-	1,930,769
Bond issuance costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	335,753	-	6,054,982	215,929	78,384	11,459	353,877	114,757	886,986	282,926	2,789	127,594	8,465,436
Revenues Over (under)													
Expenditures	(329,552)	26,877	(4,096,169)	272,470	41,840	(5,002)	(38,877)	(64,757)	(514,118)	(242,256)	6,361	(127,594)	(5,070,777)
OTHER FINANCING SOURCES (USES)													
Issuance of debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Premium on debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers-in	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Improvements Funds	-	-	-	-	-	-	65,019	-	-	-	-	-	65,019
General Fund	63,000	310,603	3,611,515	-	-	3,484	-	-	105,000	122,359	-	125,000	4,340,961
Total	63,000	310,603	3,611,515	-	-	3,484	65,019	-	105,000	122,359	-	125,000	4,405,980
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-
Series 2005 Public Improvement Bond F	-	-	-	-	-	-	-	-	(65,019)	-	-	-	(65,019)
General Fund	-	(201,897)	-	-	-	-	-	-	-	-	-	-	(201,897)
Total	-	(201,897)	-	-	-	-	-	-	(65,019)	-	-	-	(266,916)
Total Other Financing Sources (Uses)	63,000	108,706	3,611,515	-	-	3,484	65,019	-	39,981	122,359	-	125,000	4,139,064
Net Change in Fund Balances	(266,552)	135,583	(484,654)	272,470	41,840	(1,518)	26,142	(64,757)	(474,137)	(119,897)	6,361	(2,594)	(931,713)
Fund Balance - July 1	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
Fund Balance - June 30	\$ 159,292	\$ 1,541,349	\$ 2,265,674	\$ 954,556	\$ -	\$ 216,262	\$ 3,884	\$ -	\$ 1,164,224	\$ 141,233	\$ 6,361	\$ (2,594)	\$ 6,450,241

**GRANVILLE COUNTY, NORTH CAROLINA
REVALUATION FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008**

	2009			2008
	Budget	Actual	Variance Positive (Negative)	Actual
<u>REVENUES</u>				
Investment earnings	\$ 10,000	\$ 6,201	\$ (3,799)	\$ 16,266
<u>EXPENDITURES</u>				
General government				
Tax listing	383,000	335,753	47,247	-
Revenues Over (Under) Expenditures	(373,000)	(329,552)	43,448	16,266
<u>OTHER FINANCING SOURCES</u>				
Fund balance appropriated	310,000	-	(310,000)	-
Operating transfers-in (out)				
General Fund	63,000	63,000	-	58,000
Total Other Financing Sources (Uses)	373,000	63,000	(310,000)	58,000
Excess of Revenues and Other Sources Over (Under) Expenditures	\$ -	(266,552)	\$ (266,552)	74,266
Fund Balance - July 1		425,844		351,578
Fund Balance - June 30		\$ 159,292		\$ 425,844

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, 2009
WITH COMPARATIVE ACTUAL AMOUNTS 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>					
Investment earnings	\$ -	\$ 654,290	\$ 26,877	\$ 681,167	\$ 681,167
<u>EXPENDITURES</u>					
Landfill	-	-	-	-	-
Revenues Over (Under) Expenditures	-	654,290	26,877	681,167	681,167
OTHER FINANCING SOURCES (USES)					
Appropriated Fund Balance	712,000	-	-	-	712,000
Transfers-in (out)					
General Fund	3,487,589	1,148,764	310,603	1,459,367	(2,028,222)
General Fund	(3,487,589)	(2,685,288)	(201,897)	(2,887,185)	600,404
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	838,755	838,755	-	838,755	-
Lyon Station Water and Sewer Fund	(838,755)	(838,755)	-	(838,755)	-
Total Other Financing Sources (Uses)	-	751,476	108,706	860,182	860,182
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ 1,405,766	135,583	\$ 1,541,349	\$ 1,541,349
Fund Balance - July 1			1,405,766		
Fund Balance - June 30			\$ 1,541,349		

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, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Positive (Negative)	Actual
<u>REVENUES</u>				
Restricted intergovernmental revenues	\$ 1,920,000	\$ 1,920,000	\$ -	\$ 1,103,970
Investment earnings	60,000	38,813	(21,187)	128,279
Total Revenues	1,980,000	1,958,813	(21,187)	1,232,249
<u>EXPENDITURES</u>				
Education	1,566,229	1,566,229	-	649,506
Debt Service				
Principal		2,557,984		2,466,492
Interest		1,930,769		1,976,072
Total	4,488,753	4,488,753	-	4,442,564
Total Expenditures	6,054,982	6,054,982	-	5,092,070
Revenues Over (Under) Expenditures	(4,074,982)	(4,096,169)	(21,187)	(3,859,821)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from other funds				
General Fund	3,804,344	3,611,515	(192,829)	4,253,708
Project Ordinance Activities Fund	-	-	-	280,999
Transfers to other funds				
35 Million Dollar School Bond Fund	-	-	-	(1,009,985)
Series 2001 School Bonds	-	-	-	-
Total Other Financing Sources (Uses)	3,804,344	3,611,515	(192,829)	3,524,722
Excess of Revenues and Other Sources Over (Under)				
Expenditures and Other Uses	(270,638)	(484,654)	(214,016)	(335,099)
Appropriated Fund Balance	270,638	-	(270,638)	-
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ -	(484,654)	\$ (484,654)	(335,099)
Fund Balance - July 1		2,750,328		3,085,427
Fund Balance - June 30		\$ 2,265,674		\$ 2,750,328

**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, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008**

	2009		Variance	2008
	Budget	Actual	Positive (Negative)	Actual
<u>REVENUES</u>				
Sales and other taxes:				
911 system subscriber fees	\$ -	\$ -	\$ -	\$ 110,844
Licenses, fees and other revenues				
GIS subscription fees	-	-	-	16,650
Fees for signs	-	-	-	188
Restricted intergovernmental revenues:				
Wireless 911 funds	274,750	477,349	202,599	367,042
Investment earnings				
E911	-	-	-	71
Wireless	5,000	11,050	6,050	12,879
Total	5,000	11,050	6,050	12,950
Total Revenues	279,750	488,399	208,649	507,674
<u>EXPENDITURES</u>				
Public safety:				
911 system subscriber fees:				
Salaries		-		19,776
Telephone		-		48,361
Other operating expenditures		-		71,078
Capital outlay		-		5,114
Total subscriber fees	-	-	-	144,329
Wireless 911:				
Salaries		30,965		-
Telephone		123,695		72,018
Other operating expenditures		59,319		57,389
Capital outlay		1,950		40,957
Total Wireless 911	279,750	215,929	63,821	170,364
Total Expenditures	279,750	215,929	63,821	314,693
Revenues Over (Under) Expenditures	-	272,470	144,828	192,981

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, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009		Variance Favorable (Unfavorable)	2008
	Budget	Actual		Actual
<u>OTHER FINANCING SOURCES (USES)</u>				
Issuance of Debt-Wireline	-	-	-	1,115,000
Total	-	-	-	1,115,000
Transfers-in (out)				
General Fund	-	-	-	(395,853)
Total Other Financing Sources (Uses)	-	-	-	719,147
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	272,470	\$ 272,470	912,128
Fund Balance - July 1				
E911 Fund		-		(702,571)
Wireless 911		682,086		472,529
Beginning of year totals		682,086		(230,042)
Fund Balance - June 30				
Wireless 911		954,556		682,086
End of year totals		\$ 954,556		\$ 682,086

GRANVILLE COUNTY, NORTH CAROLINA
CDBG FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	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	\$ 275,635	\$ 120,224	\$ 395,859	\$ (4,141)
<u>EXPENDITURES</u>					
General Government					
Administration	37,000	28,739	5,284	34,023	2,977
Relocation	214,100	206,960	6,430	213,390	710
Rehabilitation	102,000	54,712	46,872	101,584	416
Clearance	9,400	9,242	120	9,362	38
Urgent Needs	37,500	17,822	19,678	37,500	-
Total	400,000	317,475	78,384	395,859	4,141
Revenues Over (Under) Expenditures	-	(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			(41,840)		
Fund Balance - June 30			\$ -		

**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, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008**

	2009			2008
	Budget	Actual	Variance Positive (Negative)	Actual
<u>REVENUES</u>				
Donations	\$ 2,700	\$ 2,723	\$ 23	\$ -
Investment Earnings	3,600	3,734	134	8,054
Total Revenues	6,300	6,457	157	8,054
<u>EXPENDITURES</u>				
Library Entrance Remodel	10,000	10,000	-	-
Other Projects	9,785	1,459	8,326	-
Total Expenditures	19,785	11,459	8,326	-
Revenues over (under) expenditures	(13,485)	(5,002)	8,483	8,054
OTHER FINANCING SOURCES (USES)				
Fund balance appropriated	10,000	-	(10,000)	-
Transfer-in(out)				
Capital Improvements Fund	-	-	-	24,000
General Fund	3,485	3,484	(1)	1,302
Total other financing sources (uses)	13,485	3,484	(10,001)	25,302
Revenues and other sources over (under) expenditures and other uses	\$ -	(1,518)	\$ (1,518)	33,356
FUND BALANCE				
Beginning of year - July 1		217,780		184,424
End of year - June 30		\$ 216,262		\$ 217,780

**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, 2009**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Favorable (Unfavorable)
REVENUES					
PARTF Grant	\$ 500,000	\$ 285,000	\$ 215,000	\$ 500,000	\$ -
DOT Funds	75,000	-	75,000	75,000	-
Adopt-a-Trail Grant	4,875	4,875	-	4,875	-
Investment earnings	36,327	36,327	-	36,327	-
Other revenues					
Donations/Sponsorships	34,500	7,500	25,000	32,500	(2,000)
Total Revenues	650,702	333,702	315,000	648,702	(2,000)
EXPENDITURES					
Issuance Cost		-	-	-	
Construction Cost		1,438,601	353,877	1,792,478	
Total	1,796,445	1,438,601	353,877	1,792,478	3,967
Total Expenditures	1,796,445	1,438,601	353,877	1,792,478	3,967
Revenues Over (Under) Expenditures	(1,145,743)	(1,104,899)	(38,877)	(1,143,776)	1,967
OTHER FINANCING SOURCES (USES)					
Transfer from General Fund	730,724	730,724	-	730,724	-
Transfer from Capital Improvements Fund	65,019	-	65,019	65,019	-
Issuance of debt	350,000	350,000	-	350,000	-
Premium on debt	-	1,917	-	1,917	1,917
Total Other Financing Sources (Uses)	1,145,743	1,082,641	65,019	1,147,660	1,917
Excess of Revenues and Other Sources Over (Under) Expenditures And Other Uses	\$ -	\$ (22,258)	26,142	\$ 3,884	\$ 3,884
Fund Balance - July 1			(22,258)		
Fund Balance - June 30			\$ 3,884		

**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, 2009**

	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	\$ 50,000	\$ -
Contribution from GCS CNS	-	-	-	-	-
Investment earnings	1,268,170	1,268,170	-	1,268,170	-
Total	1,318,170	1,268,170	50,000	1,318,170	-
EXPENDITURES					
Issuance Cost	108,124	104,774	3,350	108,124	-
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		3,221,041	8,414	3,229,455	
Mount Energy		785,730	-	785,730	
Wilton		420,450	-	420,450	
Central Area High School		21,728,632	-	21,728,632	
Credle		608,769	-	608,769	
Northern Granville		1,206,255	-	1,206,255	
West Oxford		701,530	-	701,530	
Toler Oak-Hill		634,133	-	634,133	
J. F. Webb		1,201,095	-	1,201,095	
Mary Potter		607,315	-	607,315	
South Granville		2,230,753	-	2,230,753	
Total	41,066,120	41,057,706	8,414	41,066,120	-
Transfer to Granville County Schools	102,993	-	102,993	102,993	-
Total Expenditures	41,277,237	41,162,480	114,757	41,277,237	-
Revenues Over (Under) Expenditures	(39,959,067)	(39,894,310)	(64,757)	(39,959,067)	-
OTHER FINANCING SOURCES (USES)					
Debt issued	38,159,760	38,159,760	-	38,159,760	-
Premium on debt	189,322	189,322	-	189,322	-
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	39,959,067	-	39,959,067	-
Excess of Revenues and Other Sources Over (Under) Expenditures And Other Uses	\$ -	\$ 64,757	(64,757)	\$ -	\$ -
Fund Balance - July 1			64,757		
Fund Balance - June 30			\$ -		

**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, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008**

	2009			2008
	Budget	Actual	Variance Positive (Negative)	Actual
<u>REVENUES</u>				
Restricted intergovernmental revenues				
Federal and State grants	\$ 403,561	\$ 345,562	\$ (57,999)	\$ -
Unrestricted intergovernmental revenues				
Donations	-	-	-	500
Other revenue	83,810	2,748	(81,062)	-
Investment earnings	100,000	24,558	(75,442)	111,896
Total Revenues	<u>587,371</u>	<u>372,868</u>	<u>(214,503)</u>	<u>112,396</u>
<u>EXPENDITURES</u>				
Capital Outlay	<u>1,769,919</u>	<u>886,986</u>	<u>882,933</u>	<u>1,225,454</u>
Revenues Over (Under) Expenditures	<u>(1,182,548)</u>	<u>(514,118)</u>	<u>668,430</u>	<u>(1,113,058)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Fund Balance appropriated	1,142,567	-	1,142,567	-
Transfers-in (out)				
Series 2005 Public Improvement Bond	(65,019)	(65,019)	-	-
Library Memorial Fund	-	-	-	(24,000)
General Fund	105,000	105,000	-	275,000
Total Other Financing Sources (Uses)	<u>1,182,548</u>	<u>39,981</u>	<u>1,142,567</u>	<u>251,000</u>
Excess of Revenues and Other				
Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>(474,137)</u>	<u>\$ (474,137)</u>	<u>(862,058)</u>
Fund Balance - July 1		<u>1,638,361</u>		<u>2,500,419</u>
Fund Balance - June 30		<u>\$ 1,164,224</u>		<u>\$ 1,638,361</u>

**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, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008**

	2009		Variance	2008
	Budget	Actual	Positive (Negative)	Actual
<u>REVENUES</u>				
Investment earnings	\$ 10,000	\$ 5,227	\$ (4,773)	\$ -
Miscellaneous				
Insurance reimbursement	30,545	30,903	358	-
Sales of fixed assets	25,800	4,540	(21,260)	1,229
Total Revenues	<u>66,345</u>	<u>40,670</u>	<u>(25,675)</u>	<u>1,229</u>
<u>EXPENDITURES</u>				
Capital Outlay				
Vehicles	284,833	282,926	1,907	570,337
Contingency	-	-	-	-
Total Expenditures	<u>284,833</u>	<u>282,926</u>	<u>1,907</u>	<u>570,337</u>
Revenues Over (Under) Expenditures	<u>(218,488)</u>	<u>(242,256)</u>	<u>(23,768)</u>	<u>(569,108)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Fund Balance appropriated	96,129	-	96,129	-
Transfers-in				
General Fund	122,359	122,359	-	555,000
Solid Waste Management Fund	-	-	-	-
Transfers-out				
Solid Waste Management Fund	-	-	-	-
Total Other Financing Sources (Uses)	<u>218,488</u>	<u>122,359</u>	<u>96,129</u>	<u>555,000</u>
Excess of Revenues and Other				
Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>(119,897)</u>	<u>\$ (119,897)</u>	<u>(14,108)</u>
Fund Balance - July 1		<u>261,130</u>		<u>275,238</u>
Fund Balance - June 30		<u>\$ 141,233</u>		<u>\$ 261,130</u>

**GRANVILLE COUNTY, NORTH CAROLINA
GRANVILLE GREENWAY PROJECT
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009**

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
<u>REVENUES</u>					
Restricted intergovernmental revenues					
Federal and state grants	\$ 1,164,000	\$ -	\$ -	\$ -	\$ (1,164,000)
Miscellaneous					
Donations	9,150	-	9,150	9,150	-
Total Revenues	1,173,150	-	9,150	9,150	(1,164,000)
<u>EXPENDITURES</u>					
Professional Services		-	2,500	2,500	
Supplies and Materials		-	289	289	
Easements and ROWs		-	-	-	
Greenway Construction		-	-	-	
Construction Contingency		-	-	-	
Total Expenditures	1,398,150	-	2,789	2,789	1,395,361
Revenues Over (Under) Expenditures	(225,000)	-	6,361	6,361	231,361
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers-in (out)					
Capital Improvements Fund	225,000	-	-	-	(225,000)
Total	225,000	-	-	-	(225,000)
Excess of Revenues and Other Sources					
Over (Under) Expenditures and Other Uses	\$ -	\$ -	6,361	\$ 6,361	\$ 6,361
Fund Balances:					
Beginning of year - July 1			-		
End of year - June 30			\$ 6,361		

**GRANVILLE COUNTY, NORTH CAROLINA
LIBRARY EXPANSION/RENOVATION FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Favorable (Unfavorable)
REVENUES					
Investment earnings	\$ 70,000	\$ -	\$ -	\$ -	\$ (70,000)
Total	70,000	-	-	-	(70,000)
EXPENDITURES					
General Library Projects					
Issuance Costs		-	-		
General Contingency		-	-	-	
Total	814,564	-	-	-	814,564
Thornton Expansion					
Architectural Services		-	127,594	127,594	
Furniture & Fixtures		-	-	-	
Construction Renovation		-	-	-	
Contingency		-	-	-	
Total	3,846,978	-	127,594	127,594	3,719,384
South Branch Addition					
Architectural Services		-	-	-	
Furniture & Fixtures		-	-	-	
Land		-	-	-	
Construction & Renovation		-	-	-	
Contingency		-	-	-	
Total	2,489,176	-	-	-	2,489,176
Stovall Addition					
Architectural Services		-	-	-	
Furniture & Fixtures		-	-	-	
Land		-	-	-	
Construction & Renovation		-	-	-	
Contingency		-	-	-	
Total	909,282	-	-	-	909,282
Berea Renovation					
Furniture & Fixtures	10,000	-	-	-	
Total	10,000	-	-	-	10,000
Total Expenditures	8,070,000	-	127,594	127,594	7,942,406
Revenues Over (Under) Expenditures	(8,000,000)	-	(127,594)	(127,594)	7,872,406
OTHER FINANCING SOURCES (USES)					
Debt issued	8,000,000	-	-	-	(8,000,000)
Transfers-in (out)					
General Fund	(125,000)	-	-	-	125,000
General Fund	125,000	-	125,000	125,000	-
Total Other Financing Sources (Uses)	8,000,000	-	125,000	125,000	(7,875,000)
Excess of Revenues and Other Sources Over (Under) Expenditures And Other Uses	\$ -	\$ -	(2,594)	\$ (2,594)	\$ (2,594)
Fund Balance - July 1			-		
Fund Balance - June 30			\$ (2,594)		

ENTERPRISE FUND

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

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

GRANVILLE COUNTY, NORTH CAROLINA
SOLID WASTE MANAGEMENT
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009		Variance Positive (Negative)	2008
	Budget	Actual		Actual
<u>REVENUES</u>				
Operating revenues				
Landfill user fees	\$ 525,000	\$ 399,903	\$ (125,097)	\$ 526,848
Solid waste charges	865,000	966,988	101,988	917,377
Other operating revenues				
White goods		75,532		55,612
Scrap tire disposal tax		58,935		60,774
Solid waste disposal tax		19,518		-
Compost/Mulch sales		4,286		4,575
Miscellaneous		574		250
Total	102,500	158,845	56,345	121,211
Total Operating Revenues	1,492,500	1,525,736	33,236	1,565,436
Nonoperating Revenues				
Interest earned on investments	75,000	60,025	(14,975)	144,531
Total Revenues	1,567,500	1,585,761	18,261	1,709,967
<u>EXPENDITURES</u>				
Solid Waste Operations				
Professional Services		225		-
Printing		453		-
Supplies and materials		4,471		187
Manned sites		369,618		349,504
Oil and Anti-Freeze Disposal		2,902		2,246
Freon Removal		6,122		6,725
Waste disposal		323,852		269,934
Container transportation		264,039		241,358
Maintenance and grounds		184		988
Miscellaneous		-		102
Total	992,200	971,866	20,334	871,044
Site remodeling and construction	30,000	-	30,000	6,659
Total Solid Waste Operations	1,022,200	971,866	50,334	877,703

GRANVILLE COUNTY, NORTH CAROLINA
SOLID WASTE MANAGEMENT
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009		Variance	2008
	Budget	Actual	Positive (Negative)	Actual
Landfill Operations				
Salaries and employee benefits		173,123		163,029
Administrative fee		25,000		20,000
Professional services		456,009		90,638
Credit card charges		522		422
Gas, oil, tires		8,522		9,046
Supplies and materials		17,590		5,794
Brush grinding		31,100		39,261
Travel		521		405
Telephone and postage		4,956		5,553
Utilities		3,199		2,903
Printing		229		96
Maintenance and grounds		4,952		15,356
Advertising		30		587
Tire disposal		61,486		66,903
Registration and training		925		8,069
Contract services		241,162		271,356
Brush pile maintenance		1,560		2,969
Computer service		1,200		725
Noncapitalized equipment		16,376		1,297
Miscellaneous		6,330		-
Total Landfill Operations	1,286,758	1,054,792	231,966	704,409
Convenience sites				
Professional services	120,000	4,308		-
Budgetary Appropriations				
Capital outlay - landfill	50,500	-	50,500	-
Capital outlay - convenience sites	1,457,216	59,602	1,397,614	39,762
Total	1,507,716	59,602	1,448,114	39,762
Total Expenditures	3,936,674	2,090,568	1,730,414	1,621,874
Revenues Over (Under) Expenditures	(2,369,174)	(504,807)	1,864,367	88,093
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers-in/out				
Landfill Capital Reserve Fund	-	-	-	-
General Fund	-	-	-	-
Fund Balance Appropriated				
Convenience sites	1,627,216	-	(1,627,216)	-
Landfill	648,258	-	(648,258)	-
Solid Waste	93,700	-	(93,700)	-
Total Other Financing Sources (Uses)	2,369,174	-	(2,369,174)	-
Revenues Over (Under) Sources and Other Uses	\$ -	\$ (504,807)	\$ (504,807)	\$ 88,093

GRANVILLE COUNTY, NORTH CAROLINA
SOLID WASTE MANAGEMENT
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
			Variance Positive (Negative)	
	Budget	Actual		Actual
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL				
Excess of revenues over (under) expenditures		\$ (504,807)		\$ 88,093
Depreciation		(20,918)		(24,029)
Capital outlay		-		39,762
(Increase) decrease in accrued landfill closure and postclosure care costs		(68,806)		(4,913,192)
(Increase) decrease in other postemployment benefits		(15,987)		-
(Increase) decrease in accrued vacation payable		(1,704)		(1,206)
Net Income (loss)		<u>\$ (612,222)</u>		<u>\$ (4,810,572)</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.

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GRANVILLE COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
<u>Social Services</u>				
Assets				
Cash and cash equivalents	\$ 42,756	\$ 218,074	\$ 217,117	\$ 43,713
Liabilities				
Miscellaneous liabilities	\$ 42,756	\$ 218,074	\$ 217,117	\$ 43,713
<u>Granville County Tourism Development Authority</u>				
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other fund	39,185	60,218	39,185	60,218
Total assets	\$ 39,185	\$ 60,218	\$ 39,185	\$ 60,218
Liabilities				
Due to component unit	\$ 39,185	\$ 60,218	\$ 39,185	\$ 60,218
<u>DMV Interest Fund</u>				
Assets				
Cash and cash equivalents	\$ 2,783	\$ 39,325	\$ 39,211	\$ 2,897
Liabilities				
Due to DMV	\$ 2,783	\$ 39,325	\$ 39,211	\$ 2,897
<u>Total - All Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 45,539	\$ 257,399	\$ 256,328	\$ 46,610
Due from other fund	39,185	60,218	39,185	60,218
Total assets	\$ 84,724	\$ 317,617	\$ 295,513	\$ 106,828
Liabilities				
Miscellaneous liabilities	\$ 45,539	\$ 257,399	\$ 256,328	\$ 46,610
Due to component unit	39,185	60,218		60,218
Total liabilities	\$ 84,724	\$ 317,617	\$ 256,328	\$ 106,828

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, 2009

Fiscal Year	Uncollected Balance June 30, 2008	Additions	Collections and Adjustments	Uncollected Balance June 30, 2009
2009		\$ 26,413,361	\$ 25,354,987	\$ 1,058,374
2008	1,153,233	-	771,411	381,822
2007	450,186	-	114,348	335,838
2006	160,480	-	52,900	107,580
2005	111,701	-	27,369	84,332
2004	81,631	-	14,679	66,952
2003	71,358	-	7,332	64,026
2002	74,877	-	5,272	69,605
2001	56,101	-	5,096	51,005
2000	46,660	-	3,017	43,643
1999	34,954	-	34,954	-
	<u>\$ 2,241,181</u>	<u>\$ 26,413,361</u>	<u>\$ 26,391,365</u>	<u>\$ 2,263,177</u>

Reconciliation with revenues:

Taxes-ad valorem-General Fund

\$ 27,364,379

Interest and Discounts

(1,005,100)

26,359,279

Amounts written off for tax year 1998 - 1999
per statute of limitations

32,086

Total Collections and Credits

\$ 26,391,365

**GRANVILLE COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
JUNE 30, 2009**

	County-wide			Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Total Levy		
Original levy:					
Property taxed at current year's rate	\$ 3,117,166,533	0.755	\$ 23,534,607	\$ 23,534,607	\$ -
Registered motor vehicles taxed at current year's rate	381,288,212	0.755	2,878,726	-	2,878,726
Total	3,498,454,745		26,413,333	23,534,607	2,878,726
Discoveries:					
Current and prior year's taxes	129,114,437	0.755	974,814	950,895	23,919
Abatements	(9,028,382)	0.755	(68,164)	(33,094)	(35,070)
Total Property Valuation	<u>\$ 3,618,540,800</u>				
Net Levy			27,319,983	24,452,408	2,867,575
Uncollected taxes at June 30, 2009			1,058,374	562,659	495,715
Current year's taxes collected			<u>\$ 26,261,609</u>	<u>\$ 23,889,749</u>	<u>\$ 2,371,860</u>
Current levy collection percentage			<u>96.13%</u>	<u>97.70%</u>	<u>82.71%</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 SEVEN FISCAL YEARS*
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
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	\$ 14,464,315
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)	(16,983,575)
Total governmental activities net assets	13,553,073	16,381,616	18,656,086	12,458,160	(8,167,529)	(5,800,464)	(2,519,260)
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	1,311,992
Restricted	-	-	-	-	-	-	-
Unrestricted	2,601,987	1,913,101	2,884,623	3,396,631	3,988,295	(2,694,898)	(3,148,445)
Total business-type activities net assets	5,478,836	5,690,689	5,789,043	6,279,569	7,580,954	(1,361,988)	(1,836,453)
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	15,776,307
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)	(20,132,020)
Total primary government net assets	\$ 19,031,909	\$ 22,072,305	\$ 24,445,129	\$ 18,737,729	\$ (586,575)	\$ (7,162,452)	\$ (4,355,713)

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 SEVEN FISCAL YEARS*
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Expenses							
Governmental activities:							
General government	\$ 2,089,495	\$ 2,302,821	\$ 2,457,507	\$ 2,844,996	\$ 2,496,066	\$ 2,764,176	\$ 4,253,006
Public safety	6,982,275	7,612,578	7,886,433	9,096,766	9,465,578	10,376,749	11,756,164
Transportation	81,109	-	87,213	133,184	161,752	228,242	142,623
Environmental Protection	-	-	-	282,791	-	-	-
Economic and physical development	32,080	3,039	328,880	-	28,224	333,567	357,293
Human Services	8,275,311	9,244,877	10,045,609	10,796,551	12,612,304	11,196,564	10,841,983
Community Services	1,777,371	1,905,788	2,022,929	2,005,795	2,610,956	2,542,373	2,952,212
Education	12,658,956	9,862,114	12,140,438	23,610,030	35,180,474	16,596,758	14,935,997
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	2,053,147
Total governmental activities expenses	34,032,473	34,728,949	37,330,817	52,409,815	66,902,088	48,364,485	47,292,425
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	2,197,983
Total business-type activities	2,455,416	2,596,119	2,674,915	2,645,625	2,982,645	7,605,771	2,197,983
Total primary government expenses	36,487,889	37,325,068	40,005,732	55,055,440	69,884,733	55,970,256	49,490,408
Program Revenues							
Governmental activities:							
Charges for services:							
General government	553,943	601,936	553,307	643,915	610,973	677,758	487,200
Public Safety	654,182	790,460	791,072	1,088,446	802,327	924,126	795,836
Environmental Protection	-	-	-	370	-	-	-
Human Services	958,110	1,096,834	1,129,081	1,285,775	1,137,207	1,499,949	1,763,894
Community Services	168,485	196,402	245,038	321,200	354,237	286,584	212,183
Operating grants and contributions							
General government	30,583	33,409	42,165	261,063	14,732	11,808	14,568
Public Safety	240,534	298,679	312,546	345,704	357,011	526,668	676,647
Transportation	-	-	-	-	-	-	177,704
Economic and physical development	-	20,000	-	75,000	-	-	3,009
Human Services	4,642,467	4,943,789	5,248,188	5,479,592	5,756,078	5,967,518	6,055,551
Community Services	216,138	263,599	288,268	193,210	193,001	180,085	195,205
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	382,062
Economic and physical development	970,065	1,685,124	763,129	333,941	(14,349)	275,635	120,224
Community Services	75,000	75,000	75,000	89,631	108,513	370,000	417,650
Education	100,000	100,000	200,000	400,000	758,693	1,103,970	1,920,000
Total governmental activities program revenues	8,706,718	10,217,161	9,746,411	10,934,791	10,227,520	11,995,572	13,221,733
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	1,525,736
Total business-type activities program revenues	2,642,002	2,597,909	2,697,559	2,988,016	3,148,465	2,796,876	1,525,736
Total primary government program revenues	11,348,720	12,815,070	12,443,970	13,922,807	13,375,985	14,792,448	14,747,469
Net (expenses)/revenue							

TABLE 2

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Governmental activities							
General Government	(1,504,969)	(1,650,229)	(1,862,035)	(1,933,695)	(1,870,361)	(2,074,610)	(3,751,238)
Public Safety	(6,071,457)	(6,518,939)	(6,771,411)	(7,362,248)	(8,306,240)	(8,925,955)	(10,283,681)
Transportation	-	90,182	-	(27,931)	(12,655)	(56,771)	417,143
Encironmental Protection	-	-	-	(282,421)	-	-	-
Economic and physical development	937,985	1,702,085	434,249	408,941	(42,573)	(57,932)	(234,060)
Human Services	(2,674,734)	(3,204,254)	(3,668,340)	(4,031,184)	(5,719,019)	(3,729,097)	(3,022,538)
Community Services	(1,317,748)	(1,370,787)	(1,414,623)	(1,401,754)	(1,955,205)	(1,705,704)	(2,127,174)
Education	(12,558,956)	(9,762,114)	(11,940,438)	(23,205,030)	(34,421,781)	(15,492,788)	(13,015,997)
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)	(2,053,147)
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)	(672,247)
Total primary government net expenses	<u>(25,139,169)</u>	<u>(24,509,998)</u>	<u>(27,561,762)</u>	<u>(41,132,633)</u>	<u>(56,508,748)</u>	<u>(41,177,808)</u>	<u>(34,742,939)</u>
Genreal 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	27,423,928
Local option sales tax	6,832,284	8,463,302	9,150,914	9,636,678	10,697,330	9,030,075	7,712,604
Other taxes and licenses	725,801	721,619	785,834	865,181	295,200	1,019,520	666,540
Investment earnings	353,028	211,017	574,177	1,994,666	1,878,138	1,317,899	536,617
Miscellaneous	245,041	189,931	129,741	309,682	578,191	180,056	265,978
Transfers	108,350	(176,600)	-	227,150	(810,551)	594,882	-
Total general revenues, special items and transfers	<u>26,286,081</u>	<u>27,776,227</u>	<u>29,858,876</u>	<u>35,277,098</u>	<u>36,048,879</u>	<u>38,735,978</u>	<u>36,605,667</u>
Total governmental activities	<u>26,286,081</u>	<u>27,776,227</u>	<u>29,858,876</u>	<u>35,277,098</u>	<u>36,048,879</u>	<u>38,735,978</u>	<u>36,605,667</u>
Business-type activities:							
Investment earnings	48,132	33,463	60,065	129,052	162,654	144,531	60,025
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	<u>(60,218)</u>	<u>210,063</u>	<u>75,710</u>	<u>148,135</u>	<u>1,135,565</u>	<u>(4,134,047)</u>	<u>60,025</u>
Total business-type activities	<u>(60,218)</u>	<u>210,063</u>	<u>75,710</u>	<u>148,135</u>	<u>1,135,565</u>	<u>(4,134,047)</u>	<u>60,025</u>
Total primary government	<u>26,225,863</u>	<u>27,986,290</u>	<u>29,934,586</u>	<u>35,425,233</u>	<u>37,184,444</u>	<u>34,601,931</u>	<u>36,665,692</u>
Changes in Net Assets							
Governmental activities	960,326	3,264,439	2,274,470	(6,197,926)	(20,625,689)	2,367,065	2,534,975
Business-type activities	126,368	211,853	98,354	490,526	1,301,385	(8,942,942)	(612,222)
Total primary government	<u>\$ 1,086,694</u>	<u>\$ 3,476,292</u>	<u>\$ 2,372,824</u>	<u>\$ (5,707,400)</u>	<u>\$ (19,324,304)</u>	<u>\$ (6,575,877)</u>	<u>\$ 1,922,753</u>

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

TABLE 3

**GRANVILLE COUNTY, NORTH CAROLINA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST SEVEN 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
2009	\$ 27,423,928	\$ 7,712,604	\$ 23,583	\$ 642,957	\$ 35,803,072

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

TABLE 4

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
General fund							
Reserved by state statute	\$ 2,781,231	\$ 2,888,196	\$ 2,369,164	\$ 2,862,589	\$ 4,026,907	\$ 3,109,806	\$ 3,215,946
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	492,435
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	18,146,260
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>	<u>21,854,641</u>
All other governmental funds							
Reserved by state statute	511,438	213,190	320,894	418,445	1,074,342	471,549	504,490
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	1,230,872
Capital Projects	224,338	208,900	190,700	299,700	(496,053)	231,450	324,125
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	3,455,655
Capital Projects	2,308,764	1,910,685	1,799,973	3,046,881	2,823,396	1,668,041	935,099
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>	<u>\$ 6,450,241</u>

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

TABLE 5

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Revenues							
Ad Valorem taxes	\$ 17,824,992	\$ 18,279,180	\$ 19,165,754	\$ 21,843,847	\$ 23,180,548	\$ 26,674,614	\$ 27,364,379
Sales and other taxes	7,490,134	9,109,739	9,868,620	10,419,305	10,921,364	9,711,264	8,256,308
Licenses, fees and other revenue	2,182,477	2,574,991	2,577,563	3,243,739	3,064,839	3,220,267	3,305,715
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	10,009,759
Investment earnings	355,461	211,017	530,267	2,001,898	1,870,843	1,361,872	536,617
Miscellaneous	313,443	253,393	209,480	281,486	241,952	250,119	324,509
Total Revenues	34,691,922	38,085,206	39,508,921	45,592,077	46,849,632	50,261,709	49,797,287
Expenditures							
Current:							
General government	1,941,890	2,137,375	2,303,869	2,460,838	2,248,000	2,504,483	2,949,824
Public safety	6,513,300	7,098,716	7,402,563	8,060,394	10,259,786	9,739,259	10,627,195
Community services	1,728,271	1,851,253	1,920,934	2,009,635	2,256,353	2,362,405	2,466,093
Economic and physical development	-	3,039	-	249,843	400	317,475	78,384
Human Services	8,252,753	9,221,792	9,971,117	10,673,809	12,648,743	11,223,967	10,178,787
Non-departmental & special areas	1,299,630	2,981,758	1,599,777	1,786,621	2,486,971	2,349,153	1,891,782
Capital Outlay	2,978,167	2,546,476	1,295,200	1,952,219	1,534,687	2,878,658	1,654,172
Intergovernmental:							
Education	12,658,956	9,862,114	12,140,438	23,610,030	35,180,474	16,606,743	14,935,997
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	2,916,266
Interest	888,790	826,281	770,772	1,779,461	1,896,828	2,115,253	2,078,214
Total expenditures	38,261,202	37,756,129	38,684,785	54,638,860	70,624,481	52,859,931	49,776,714
Excess of revenues over (under) expenditures	(3,569,280)	329,077	824,136	(9,046,783)	(23,774,849)	(2,598,222)	20,573
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	4,607,877
Transfers out to other funds	(3,924,721)	(3,854,191)	(3,825,456)	(5,021,594)	(7,025,771)	(8,221,280)	(4,607,877)
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	20,573
Net change in fund balances	\$ (2,704,149)	\$ 152,477	\$ 27,232,253	\$ (8,819,633)	\$ (13,537,278)	\$ 1,856,420	\$ 20,573
Debt service as a percentage of noncapital expenditures	7.55%	5.44%	5.30%	7.02%	5.68%	9.74%	10.39%

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

TABLE 6

GRANVILLE COUNTY, NORTH CAROLINA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCES
LAST SEVEN 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
2009	\$ 27,364,379	\$ 7,712,604	\$ 23,583	\$ 520,121	\$ 35,620,687

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

TABLE 7

**GRANVILLE COUNTY, NORTH CAROLINA
ASSESSED VALUE OF TAXABLE PROPERTY
LAST SEVEN 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%
2009	\$ 3,117,166,533	\$ 381,288,212	\$ 129,114,437	\$ (9,028,382)	\$ 3,618,540,800	0.755	\$ 27,319,983	\$ 31,730,526	86.10%

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 SEVEN FISCAL YEARS***

Fiscal Year	City of Oxford	Town of Stem	Town of Stovall	City of Creedmoor	Town of Butner^	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
2009	0.550	0.450	0.490	0.725	0.250	n/a	0.100	0.200	0.100	0.755

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

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

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

TABLE 9

**GRANVILLE COUNTY, NORTH CAROLINA
PRINCIPAL PROPERTY TAXPAYERS
JUNE 30, 2009
CURRENT YEAR AND SEVEN YEARS AGO***

<u>Taxpayer</u>	2009			2003		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Revlon	\$ 70,207,783	1	1.94%	\$ 54,580,422	1	1.90%
Certainteed Corporation	55,025,422	2	1.52%	19,223,791	6	0.67%
CP&L/Progress Energy	38,724,859	3	1.07%	19,984,445	5	0.70%
WAKE EMC	24,075,284	4	0.67%	16,591,183	8	0.58%
Bandag Inc.	22,107,875	5	0.61%	23,520,784	3	0.82%
Cardinal Health 303, LLC	18,832,534	6	0.52%	-	-	0.00%
Butner Acquisition Company	18,550,812	7	0.51%	-	-	0.00%
Mainline Contracting Inc.	18,519,928	8	0.51%	-	-	0.00%
SantaFe Natural Tobacco Company	18,133,597	9	0.50%	-	-	0.00%
Central Leasing USA Inc.	16,838,516	10	0.47%	-	-	0.00%
C C Mangum Contractors LLC	14,966,560	11	0.41%	-	-	0.00%
Newton Instrument Company	14,590,476	12	0.40%	23,329,563	4	0.81%
Goldsboro Properties, Inc.	14,383,891	13	0.40%	14,387,591	9	0.50%
Universal Leaf North America	13,025,038	14	0.36%	-	-	0.00%
Hannaford Brothers	-	-	0.00%	29,619,001	2	1.03%
Georgia Pacific Corp	-	-	0.00%	17,692,132	7	0.62%
Lace Lastics	-	-	0.00%	13,421,005	10	0.47%
Totals	<u>\$ 357,982,575</u>		<u>9.89%</u>	<u>\$ 232,349,917</u>		<u>7.01%</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 SEVEN 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%	\$ 885,148	\$ 17,933,491	99.64%
2004	18,238,111	17,328,380	95.01%	842,779	18,171,159	99.63%
2005	19,036,984	18,176,364	95.48%	776,288	18,952,652	99.56%
2006	22,031,861	20,892,320	94.83%	1,031,961	21,924,281	99.51%
2007	23,253,821	21,965,301	94.46%	952,682	22,917,983	98.56%
2008	26,387,480	25,234,247	95.63%	771,411	26,005,658	98.55%
2009	\$ 27,319,983	\$ 26,261,609	96.13%	\$ -	\$ 26,261,609	96.13%

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 SEVEN 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	1.61%
2005	41,855,000	-	550,481	779,848	43,185,329	809	3.58%
2006	39,890,000	-	467,126	661,761	41,018,887	762	3.26%
2007	47,415,000	1,481,608	380,581	539,157	49,816,346	885	3.60%
2008	44,965,000	5,118,689	290,725	-	50,374,414	915	3.55%
2009	\$ 42,515,000	\$ 4,745,717	\$ 197,431	\$ -	\$ 47,458,148	844	3.20%

* 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 SEVEN 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	1.48%	0.58%	317
2005	41,855,000	-	41,855,000	3.47%	1.40%	784
2006	39,890,000	-	39,890,000	3.17%	1.26%	741
2007	47,415,000	-	47,415,000	3.53%	1.43%	868
2008	44,965,000	-	44,965,000	3.17%	1.28%	817
2009	\$ 42,515,000	\$ -	\$ 42,515,000	2.87%	1.17%	756

* 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 CAOLINA
LEGAL DEBT MARGIN INFORMATION
LAST SEVEN FISCAL YEARS*

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Debt limit	\$ 223,721,681	\$ 229,783,061	\$ 239,836,025	\$ 252,878,366	\$ 265,757,959	\$ 280,423,659	\$ 289,483,264
Total net debt applicable to limit	25,258,794	23,810,935	48,228,645	45,525,754	53,785,453	55,254,560	51,695,353
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>	<u>\$ 237,787,911</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%	17.86%
Legal Debt Margin Calculation for Fiscal Year 2009							
Assessed value							\$ 3,618,540,800
Add back: exempt real property							<u>-</u>
Total assessed value							3,618,540,800
Debt limit (8% of total assessed value)							289,483,264
Debt applicable to limit:							
General obligation bonds							42,515,000
Installment Obligations							4,745,717
Lease Financing Agreements - Governmental Activities							197,431
Lease Financing Agreements - Business-type Activities							-
Notes Payable-Component Unit							4,237,205
Less: Amount set aside for repayment of general obligation debt							<u>-</u>
Total net debt applicable to limit							<u>51,695,353</u>
Legal debt margin							<u>\$ 237,787,911</u>

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

TABLE 14

**GRANVILLE COUNTY, NORTH CAROLINA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST SEVEN 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	21,379	72	13	8,503	8.6%
2004	52,824	21,443	67	13	8,649	7.4%
2005	53,356	22,589	73	13	8,677	6.5%
2006	53,840	23,361	73	13	8,704	5.1%
2007	54,606	24,616	73	13	8,756	5.2%
2008	55,045	25,763	73	13	8,831	6.5%
2009	56,250	26,356	73	13	8,786	10.4%

* 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 FOUR YEARS AGO***

2009				2005			
Employer	Employees	Rank	Percentage of Total County Employment	Employer	Employees	Rank	Percentage of Total County Employment
Revlon	2,000	1	7.72%	Revlon	2,500	1	10.96%
Flextronics	350	2	1.35%	Selectron	500	2	2.19%
Altec Industries	350	3	1.35%	Food Lion Distribution	350	3	1.53%
Food Lion Distribution	300	4	1.16%	Certaineed Corporation	300	4	1.32%
Ideal Fastener	300	5	1.16%	Ideal Fastener	300	5	1.32%
Certaineed Corporation	300	6	1.16%	Sandusky International/ Athol Division	300	6	1.32%
Clayton Homes	250	7	0.97%	Altec Industries	250	7	1.10%
Bandag, Inc.	200	8	0.77%	Bandag, Inc.	250	8	1.10%
Newton Instrument Co.	175	9	0.68%	Clayton Homes	225	9	0.99%
PalletOne of North Carolina, Inc.	175	10	0.68%	Lace Lastics	200	10	0.88%
Gate Precast	165	11	0.64%	Newton Instrument Co.	200	11	0.88%
Dill Air Controls Products, LLC	125	12	0.48%	Gate Precast	165	12	0.72%
Hanes Dye & Finishing	125	13	0.48%	PalletOne of North Carolina, Inc.	165	13	0.72%
Carolina Sunrock	125	14	0.48%	Total	5,705		25.01%
Total	4,940		19.07%				

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 SEVEN FISCAL YEARS*
 (UNAUDITED)

Function	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
General Government	29	31	31	39	39	38	40
Human Services	85	87	90	95	95	98	98
Community Services	26.5	26.5	28.5	34.5	35.5	37	37
Public Safety							
Sheriff's Dept./Detention Center	70	74	77	79.5	79.5	85	85
Emergency Services	67	71	77	77.5	78.5	78.5	78.5
Emergency Management	1.5	1.5	1.5	3.5	3.5	3.5	3.5
Solid Waste	2	3	3	5	5	5	5
Water & Sewer	3	3	3	3	3	-	-
Total	284	297	311	337	339	345	347

Source: Granville County Finance Department

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

TABLE 17

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

Function	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Public Safety/Sheriff							
Incident Reports**	2,274	1,561	1,611	2,069	1,780	2,072	7,641
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	1,117
Court Papers	6,473	8,599	9,138	9,195	9,194	8,824	9,096
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	2,755
Inspections	125	132	163	167	170	206	141
Solid Waste							
C & D Landfill Tonnage	34,236	42,850	28,184	28,184	29,920	32,833	19,810
Convenience Sites Tonnage	6,870	7,387	7,548	7,548	8,563	8,808	8,572
Civil Citations	13	12	5	5	6	3	5
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	8,231
Circulation	138,494	144,726	156,423	155,110	154,080	159,820	165,076
Internet Use	18,651	14,731	19,013	28,995	31,647	42,658	68,323
Program Attendance	8,451	6,121	9,951	7,762	11,803	10,564	6,347
Community Services/Planning & Inspections							
Number of Building Permits Issued	321	445	467	613	736	672	612
Number of Mobile Home Permits Issued	210	144	118	105	80	121	69
Number of Other Permits Issued (Includes Electrical, Plumbing & Mechanical)	841	837	675	848	507	431	466
Human Services/Social Services							
Average # Adult Medicaid Eligible Cases	2,135	2,127	2,167	2,253	2,300	2,327	2,317
Average # Family & Child Medicaid Cases	2,127	2,456	2,577	2,839	3,116	3,281	3,562
Average # Households Receiving Food Stamps	1,283	1,518	1,701	1,953	2,077	2,173	2,365
Average \$ Fraud Collections per Month	4,301	3,159	2,501	2,432	3,802	4,147	4,242
Education							
School enrollment	8,503	8,649	8,677	8,704	8,756	8,831	8,786

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

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

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

TABLE 18

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

Function	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Public Safety							
Sheriff (Stations)	2	2	2	2	2	2	2
Fire stations	14	14	14	14	14	14	14
Highways and streets							
Streets (miles)	848	918	918	918	924	1508	1508
Culture and recreation							
Parks	1	1	1	1	1	1	2
Libraries	4	4	4	4	4	4	4
Education							
Schools	14	14	14	16	18	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



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Report On Internal Control Over Financial Reporting And On Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

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, 2009, which collectively comprises Granville County's basic financial statements, and have issued our report thereon dated November 12, 2009. We did not audit the financial statements of Granville Medical Center or the Granville Economic Development Commission. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and in our opinion, insofar as it relates to the amounts included for Granville Medical Center and Granville Economic Development Commission, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The financial statements of Granville County ABC Board, Granville Medical Center, Granville County Tourism Development Authority and South Granville Memorial Gardens were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Granville County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Granville County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Granville County's internal control over financial reporting.

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

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

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County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies described in the accompanying schedule of findings and response to be significant deficiencies in internal control over financial reporting (09-1, 09-2).

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 09-1 as a material weakness.

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.

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
November 12, 2009

Winston, Williams, Creech, Evans & Company, LLP

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

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, 2009. 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, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and the State Single Audit Implementation Act, and which are described in the accompanying schedule of findings and questioned costs as Finding 09-3.

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Internal Control Over Compliance

The management of Granville County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Granville County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Granville County's internal control over compliance.

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

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 09-3 to be significant deficiencies.

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. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

The County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. 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
November 12, 2009

Winston, Williams, Creech, Evans & Company, LLP

Certified Public Accountants



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

To the Board of County Commissioners
Granville County, North Carolina

Compliance

We have audited the compliance of Granville County, North Carolina, with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2009. 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; applicable sections of OMB Circular A-133, as described in the Audit Manual For Governmental Auditors in North Carolina and the State Single Audit Implementation Act. Those standards, applicable section 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, 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 State programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with applicable section of OMB Circular A-133 and the State Single

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Audit Implementation Act, and which are described in the accompanying schedule of findings and questioned costs as Finding 09-3.

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.

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 below. However, as we discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 09-3 to be significant deficiencies.

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. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

The County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. 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, 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
November 12, 2009

**GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? ☒ Yes ☐ No

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

Noncompliance material to financial statements noted ☐ Yes ☒ No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? ☐ Yes ☒ No

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

Noncompliance material to federal awards ☐ Yes ☒ No

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 ☒ Yes ☐ No

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.778	Medical Assistance
93.575, 93.596, 93.667, 93.558	Subsidized Child Care
93.658	Foster Care

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 1,531,926

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

**GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

Identification of major state Programs:

Program Name

Medical Assistance

Subsidized Child Care

Public School Building Capital Fund

II. Financial Statement Findings

09-1 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.

09-2 Restatement of Beginning Net Assets/Beginning Fund Balances

SIGNIFICANT DEFICIENCY

Criteria: Assets material to the financial statements should be recorded in the period in which they become material.

Condition: Significant increase in revenue required detail review of accounts receivable for ambulance services.

Effect: Fund balance could be misstated.

Cause: Significant increases in revenue led to the discovery that accounts receivable not previously booked had become material.

Recommendation: Change in financial conditions should be monitored more closely for possible financial statement impact.

Views of responsible officials: The County agrees with this finding.

III. Federal Award Findings and Questioned Costs

09-3 Improper payment for Child Care

SIGNIFICANT DEFICIENCY/NONCOMPLIANCE

Criteria: Payments were made to providers for incorrect amounts and in error.

Condition: Granville County has two employees in Child Care. Payments are not being reviewed before being paid.

Effect: Payments were issued for a noneligible child and County is issuing overpayments and underpayments to the child care providers.

Cause: The County has a small staff and proper care was not taken to review case files and authorizations before issuance of the payments.

**GRANVILLE COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Recommendation: Control procedures should be put into place to ensure that child care providers are paid in accordance with State approved rates. Attendance needs to be reviewed to determine that payment is appropriate. Terminated cases need to be sure to be removed from payment registers.

Views of responsible officials and planned corrective actions: The County agrees with this finding. The County intends to put a procedure in place to handle the problems above.

IV. State Award Findings and Questioned Costs

See Finding 09-3.

Section II - Financial Statement Findings

MATERIAL WEAKNESS

09-1 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.

09-2 Restatement of Beginning Net Assets/Beginning Fund Balances

Name of contact person: Michael Felts, Finance Officer

Corrective Action: None required.

Proposed Completion Date: N/A

SIGNIFICANT DEFICIENCY

09-3 Improper Payment for Child Care

Name of contact person: Michael Felts, Finance Officer

Corrective Action: The County plans to put a procedure in place to verify that payments are made correctly for child care. The County will use their internal auditor to help evaluate this situation and seek to improve the controls in place.

Proposed Completion Date: The County intends to take action to address this problem during fiscal year 2009-2010.

**GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Prior Year Audit Findings:

Financial Statement Findings

Finding 08-1

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

Finding 08-2

Status: The Finance Officer has taken additional coursework to obtain additional knowledge concerning financial reporting.

Finding 08-3

Status: The County did a better job of monitoring the expenditures for 08-09. The County had no instances of noncompliance related to this in the current fiscal year.

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, 2009

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	\$ 24,627	\$ -
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	7,025,714	-
State Administrative Matching			
Grants for the Food Stamp Program	10.561	338,329	-
Total Food Stamp Cluster		7,364,043	-
Total U.S. Dept. of Agriculture		7,388,670	-
<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	27,271	-
Emergency Food and Shelter	97.024	8,955	-
Total Federal Emergency Management		36,226	-
<u>U. S. Department of Housing and Urban Development</u>			
Passed-through the NC Department of Commerce:			
Communtiy Development Block Grant	14.228	78,384	
<u>U. S. Dept. of Justice</u>			
Bureau of Justice Assistance			
Byne Formula Grant	16.579	7,037	-
State Criminal Alient Assistance Program	16.606	1,680	-
Total U. S. Dept. of Justice		8,717	-
<u>U. S. Dept of Transportation</u>			
Federal Highway Administration			
Passed through N. C. Dept. of Environment and Natural Resources			
Recreational Trails Program	20.219	50,000	-
<u>Elections Assistance Commission</u>			
State Board of Elections			
HAVA Grant	90.401	62,980	-

GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL (DIRECT & PASS- THROUGH) EXPENDITURES	STATE EXPENDITURES
<u>U.S. Dept. of Health & Human Services</u>			
<u>Administration on Aging</u>			
Passed-through Kerr Tar Council of Governments:			
<u>Aging Cluster:</u>			
Special Programs for the Aging-Title III F			
Health Promotion	93.043	3,975	254
Family Caregiver Support	93.052	5,793	370
Special Programs for the Aging-Title III B			
Grants for Supportive Services and Senior Centers	93.044	67,950	238,013
Special Programs for the Aging-Title III C			
Nutrition Services	93.045	62,617	36,983
Total Aging Cluster		140,335	275,620
<u>Administration for Children and Families</u>			
Passed-through the N.C. Dept. of Health Human Services:			
Division of Social Services:			
<u>Foster Care and Adoption Cluster:</u>			
Title IV-E Foster Care-Administration	93.658	119,922	15,477
Foster Care - Direct Benefit Payments	93.658	135,819	24,355
Adoption Assistance - Direct Benefit Payments	93.659	48,691	8,511
Total Foster Care and Adoption Cluster		304,432	48,343
Temporary Assistance for Needy Families (TANF)	93.558	677,552	-
TANF-Direct Benefit Payments	93.558	640,452	(424)
N. C. Child Support Enforcement	93.563	500,170	-
Promoting Safe and Stable Families	93.556	1,265	-
Low-Income Home Energy Assistance Block Grant:			
Administration	93.568	310,747	-
Energy Assistance Payments-Direct Benefit Payments	93.568	209,193	-
Permanency Planning-Families for Kids	93.645	18,976	5,152
SSBG-Other Service and Training	93.667	214,755	46,506
Independent Living Grant	93.674	8,582	2,146
Total Administration for Children and Families		2,886,124	101,723

GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL (DIRECT & PASS- THROUGH) EXPENDITURES	STATE EXPENDITURES
<u>Administration for Children and Families (cont.)</u>			
Division of Child Development:			
<u>Subsidized Child Care</u>			
<u>Child Care Development Fund Cluster:</u>			
Division of Social Services:			
Child Care Development Fund-Administration	93.596	87,433	-
Division of Child Development:			
Child Care and Development Block Grant	93.575	572,200	-
Child Care and Development Fund-Mandatory	93.596	198,850	-
Child Care and Development Fund-Match	93.596	373,024	205,011
Total Child Care Development Fund Cluster		<u>1,231,507</u>	<u>205,011</u>
Social Services Block Grant	93.667	11,259	-
TANF	93.558	233,309	-
Smart Start		-	28,556
TANF-Maintenance of Effort		-	58,015
State Appropriations		-	96,422
Total Subsidized Child Care Cluster		<u>1,476,075</u>	<u>388,004</u>
<u>Centers for Medicare and Medicaid Services</u>			
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Medical Assistance:			
Direct Benefit Payments:			
Medical Assistance Program	93.778	38,365,248	15,253,029
Division of Social Services:			
Administration:			
Medical Assistance Program	93.778	539,609	17,355
State Children's Insurance Program- N.C. Health Choice	93.767	<u>31,833</u>	<u>2,592</u>
Total U.S. Dept. of Health and Human Services		<u>43,439,224</u>	<u>16,038,323</u>
Total federal awards		<u>51,064,201</u>	<u>16,038,323</u>
STATE AWARDS:			
<u>N.C. Dept. of Cultural Resources</u>			
Division of State Library			
State Aid to Public Libraries		-	117,481
Total N.C. Dept. of Cultural Resources		<u> </u>	<u>117,481</u>

GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

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		-	458,294
State Foster Care Benefits Program-Direct		-	3,434
State Foster Care at Risk Max-Direct Program Benefit		-	4,015
CWS Adoption Subsidy-Direct		-	158,431
State Aid to Counties		-	28,853
Energy Assistance		-	9,340
SSBG State		-	(10,131)
Smart Start		-	37,179
TANF Insent/Prog Integrity		-	1,090
State Foster Home-Direct		-	42,263
SFHF Maximization-Direct		-	40,557
Total N.C. Dept. of Health and Human Services		-	773,325
<u>N.C. Department of Public Instruction</u>			
Public School Building Capital Fund		-	1,920,000
Total N.C. Department of Public Instruction		-	1,920,000
<u>N.C. Dept. of Environmental and</u>			
<u>Natural Resources</u>			
Soil Technician Grant		-	25,500
Division of Health and Recreation			
Water Resources Grant		-	25,000
PARTF Grant		-	215,000
Total N.C. Dept. of Environmental and Natural Resources		-	265,500
<u>N.C. Dept. of Transportation</u>			
Rural Operating Assistance Program (ROAP)			
ROAP Elderly and Disabled Transportation Assistance Program		-	78,539
ROAP Rural General Public Program		-	84,291
ROAP Work First Transitional-Employment		-	14,874
Construction - SR 1004		-	182,072
Construction - Stem School Driveway/parking lot		-	50,000
Construction - NC 96 turning lane		-	45,000
Construction - Wilton EMS driveway		-	13,770
Construction - Oak Hill EMS driveway		-	16,220
Total N.C. Dept of Transportation		-	484,766

GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

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>			
4-H Best		-	50,498
Friends of Youth		-	32,176
Tri-City & IFCS		-	9,958
North Central Alliance for Youth		-	16,660
SOS Grant		-	46,063
Administration		-	390
Total N.C. Dept of Juvenile Justice & Delinquency Prevention		-	155,745
<u>N.C. Dept. of Administration</u>			
Grant Veteran Service		-	2,000
Total State awards		-	3,718,817
Total federal and State awards		\$ 51,064,201	\$ 19,757,140

GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

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	-	-	1,920,000
Rural General Public Program (ROAP)	-	-	84,291
EDTAP (ROAP)	-	-	78,539
N.C. Dept. of Juvenile Justice and Delinquency Prevention			
NCAY	-	-	16,600
Tri-County & IFCS	-	-	9,958
Friends of Youth	-	-	32,176
Administration	-	-	390